The Valuation Tribunal Service

Annual Report and Accounts 2011-12

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Chairman's statement

During a year of consolidation of earlier changes, it has been heartening to see the Valuation Tribunal Service (VTS) continuing to deliver developments and improvements in the service it offers to users of the Valuation Tribunal for England (VTE). Changed role descriptions for our staff have allowed greater case management support to be given ahead of Tribunal hearings. We have improved telephone access to all of our staff, and have responded to feedback in user surveys. We have continued to drive down our costs, to the extent that a service which cost in excess of £13m in 2003 is now dealing with increased workload for less than £9m. Our staff numbers have halved and the decision to reduce the number of offices to two is working well. So, when viewed through the prism of 'business as usual', there is a good story to tell.

However, we need to be constantly mindful of our proposed direction of travel which is to move the VTS into Her Majesty's Courts and Tribunals Service, ideally at the same time as the VTE becomes assimilated into a new First-Tier Tribunal Property Chamber. Discussions about these moves have now been going on for some time, and the key issues to be resolved before such transfers can take place are now much more clearly understood. A programme of work to undertake the necessary public consultations, draft new rules and regulations, sort out employment matters and maintain communication with key stakeholders forms a complex project and the timetable to complete the necessary steps is still not firmly determined. Although we recognise how unsettling this can be for our staff, it is a testament to their professionalism that we have maintained an effective service, even when staff shortages have placed additional burdens on the team.

Procedural changes introduced into our systems by the President of the VTE are now becoming better understood by many users of the Tribunal. However, some of the new processes have undoubtedly created a need for greater administrative support and communication, and the VTS has sought opportunities to refine and adapt processes to best serve our stakeholders.

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I would also like to pay tribute to the Board members of the VTS. The programme of change already undertaken and still to come has meant that we have needed to think even more seriously about risks and business continuity, management of reduced resource, achieving value for money and maintaining the quality of our service. The combined experience of the Board members provides an effective degree of challenge for our directors, and we continue to benefit from energetic and positive commitment from our Chief Executive, Tony Masella, to whom I record my personal thanks. We continue to enjoy an open working relationship with our sponsor team in the Department for Communities and Local Government (DCLG). During the year, one of its key members, Wendy McGregor, retired from DCLG. She had been an outstanding friend to the VTS since its inception. We pay tribute to her for the determination she brought to our concerns, and wish her a fulfilling retirement.

Anne Galbraith CBE
Chairman, Valuation Tribunal Service

Chief Executive's statement

As Chief Executive and Chief Operating Officer, I am pleased to present the Annual Report and Accounts for this eighth year of business of the VTS.

The VTS has continued to deliver positive results despite the various pressures we have faced during the year. This year has again been one of particular challenge as we emerged as a restructured organisation.

Changing how we operate remains key to achieving our vision and we continue to invest in our staff and across all areas of the business, further developing the intelligence tools and information technology we introduced to better position ourselves in delivering our service. Managers will be key to these changes, as they lead by example to achieve outcomes.

Expectations from users rise in the light of Practice Statements introduced by the President of the VTE. This has increased the demand for our service in an environment where financial pressures continue to grow.

I recognise that these times of great change and uncertainty in the public sector are unsettling for staff. Our challenge is therefore to ensure that focus is maintained on the delivery of our services. However, the experience of the past year is proof positive of the dedication and commitment of our staff. I am grateful for their hard work, and I know that with their continued support we can confront the challenges of 2012-13 with confidence and determination, which will continue to set us apart as the appeal body for business rates and council tax appeals.

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

- accommodation
- staffing (including clerks to tribunals)
- 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 valuation
- council tax liability
- completion notices
- penalty notices for failure to provide requested rental 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 council tax liability appeals) 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 in volume.

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.

Liability 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.

Workload

Around 272,000 appeals were brought forward in April 2011, following high receipts during the first year of the 2010 rating list. During 2011-12, appeal receipts fell to just below 180,000. Not all appeals received 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 38% of all types of appeals listed for hearing were settled and 33% were struck out.

During the year, 178,000 appeals were cleared and the following table shows the detail of these figures by appeal type. There remain a small number of appeals outstanding against earlier rating lists that are awaiting relevant higher court decisions, or where national negotiations are under way.

Appeal groups	Brought forward	Received	Cleared	Carried forward
Council tax completion notice	80	180	210	50
Council tax liability	380	900	830	450
Council tax notice of invalidity	450	130	510	70
Council tax valuation	1,410	2,040	2,450	1,000
Non-domestic completion notice	150	130	130	150
Non-domestic penalty notice	10	10	20	0
Non-domestic transitional certificate	150	70	60	160
Non-domestic rating list 2000	240	0	100	140
Non-domestic rating list 2005	104,300	7,200	38,800	72,700
Non-domestic rating list 2010	165,300	168,600	134,900	199,000
Total	**272,470**	**179,260**	**178,010**	**273,720**

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, 1,370 tribunal hearings were held, almost the same as last year, on which we listed over 118,000 appeals. This year, as a result of a VTE Practice Statement, the process of exchanging parties' statements of case before the hearing was introduced, for appeals against the 2010 rating list. This meant that, over the year, almost 20,000 statements had to be processed, adding considerably to workload.

Around 2,750 appellants or their representatives attended a hearing to pursue an appeal in person and around 1,190 appeals were determined in the absence of the appellant by request. This is an 18% increase on last year, which translated into an increased number of reasoned decisions.

20,000

Almost 20,000 statements of case were processed.

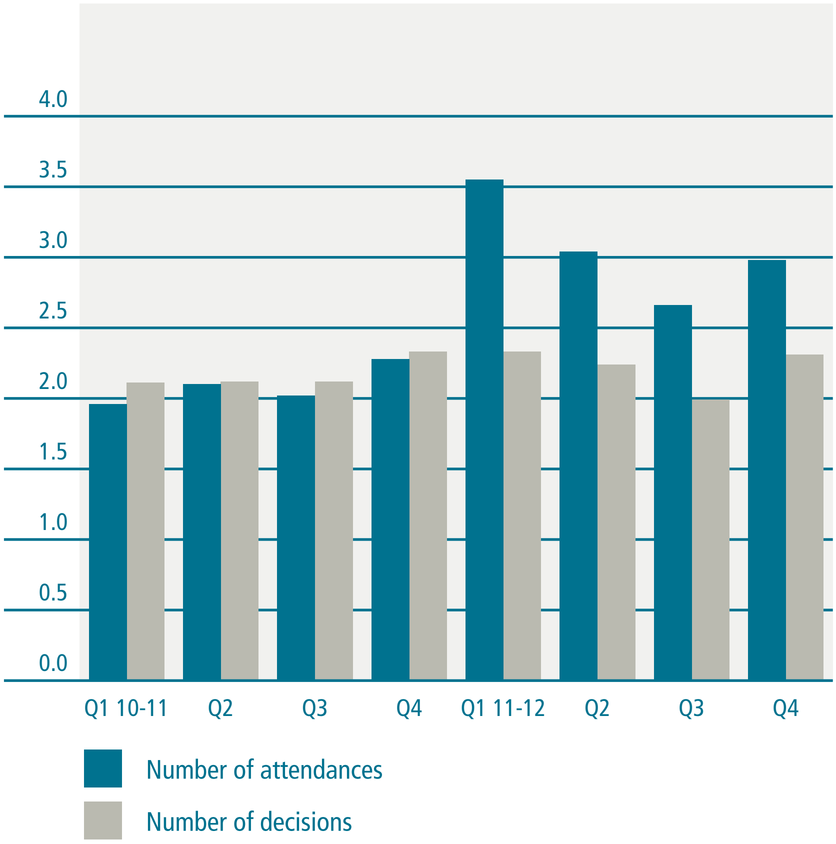
Number of decisions issued increased by 45%.

45%

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 user surveys highlight that early receipt of the decision is important to our tribunal users. This year, using our management information system linked directly into the appeals database, we have been able to report more accurately on this measure. In 2011-12, 4,200 such decisions were issued, of which 75% were issued to the parties within one month. This is lower than last year's figure of 86% but the number of decisions issued this year has increased by 45%. Nevertheless, we have a number of initiatives in place to improve our performance against this indicator.

Chart 1 shows the large increase in cases requiring a full hearing from 2010-11 to 2011-12.

Chart 1



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Our people

Staff

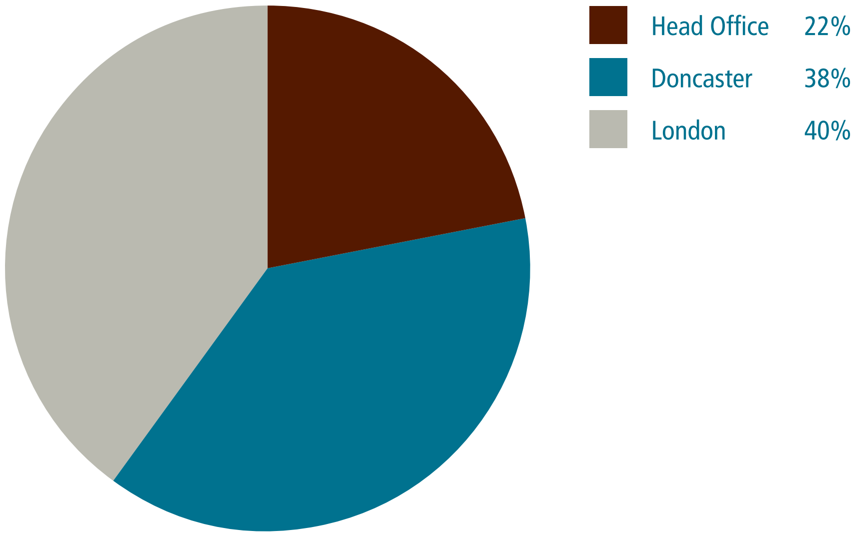
Our staff numbers increased from 67 to 73 following approval from the Secretary of State. Our complement of staff is 81 full-time equivalent posts, and we will be recruiting to this number during the course of the year, having secured the necessary approval from DCLG. Our average staff headcount across the year was 73.8 (compared to 80 in 2010-11), 8.9% below our lean complement.

From 1 April 2011, we began to operate 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 also incorporated within the Whitechapel office.

With the optimisation of our estate, we have further built on our group of home-based, qualified staff who work peripatetically, advising hearing panels throughout England. We increased the size of our home-based workforce during 2010-11 from 10 to 21; this has now fallen to 19 as a consequence of one resignation and one retirement.

Chart 2 shows the distribution of optimum posts. This includes our peripatetic home-based staff who have an allocated office for management purposes.

Chart 2



The representation of ethnic minorities within the workforce increased from 14.9% to 17.8%.

Of the seven people who left our employment during the year, six resigned and one retired.

Our average age reduced from 45.5 to 44.9 years, with a median age of 47.5. Average length of service fell to 12.7 years (from 13.6 years in 2010-11).

The VTS inherited pension liabilities in a number of local government schemes and, at 31 March 2012, 86% (63) of our current employees were members of these schemes.

During the year there were 683 days staff sickness absence recorded, giving an average of 9.2 days per person compared with 9.6 days in 2010-11.

The absenteeism rate due to sickness is 4.2% for the VTS (4.3% for 2010-11). This compares with an overall UK rate of 3.4% and a public sector rate of 4.0% (*CIPD Annual Absence Survey, 2011*). 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 0.27 days.

Valuation Tribunal for England (VTE) members

As at 31 March 2012, there were 376 members, a reduction of approximately 17% from last year's closing figure. This reduction is due to members reaching the statutory retirement age (72 years) and resignations for personal reasons. The equality breakdown remains fairly consistent, with 20% being female and 6.9% being from ethnic minority groups. The percentage recorded as having a disability rose slightly from 7.1% to 7.7%.

During the year, we improved the capability and functionality of the HR and Training Database for members' data, including a central booking system, which records and enables reporting on member activity.

8.9%

Our average staff headcount across the year was 73.8, 8.9% below our lean complement.

610

610 days' training were delivered, equivalent to 1.6 days per member.

Developing our People

Staff

Continuing Professional Development (CPD) for all our staff remains a key priority. A minimum of 20 hours CPD is a requirement for all our technical staff.

Over the year, 364 days of training was provided to our staff, an average of 4.9 days training per staff member compared to 1.3 days last year. This increased figure reflects the arrival of new managerial staff into the VTS following our restructuring in 2010-11 and the introduction of revised business practices. Training programmes delivered professional, technical and managerial courses. These included specific courses on council tax and non-domestic rating for our professional staff, as well as time management training. We arranged Prince 2 Foundation training for those involved in project management, as well as training in business continuity and incident response, and risk management. All of these courses were aimed at assisting us to deliver our services better with a reduced cohort of staff.

VTE members

The members' training and development programme for 2011-12 was reviewed to ensure that all elements of training were captured – including the training provided in a variety of member meetings. The number of appraisals for Chairmen also increased during the year, underpinned by a successful national training event for appraisers which highlighted best practice and led to greater consistency in conducting appraisals.

In all, 610 days' training were delivered during the year, equivalent to 1.6 days per member, exceeding our performance target to deliver 1.5 day's training a year per member.

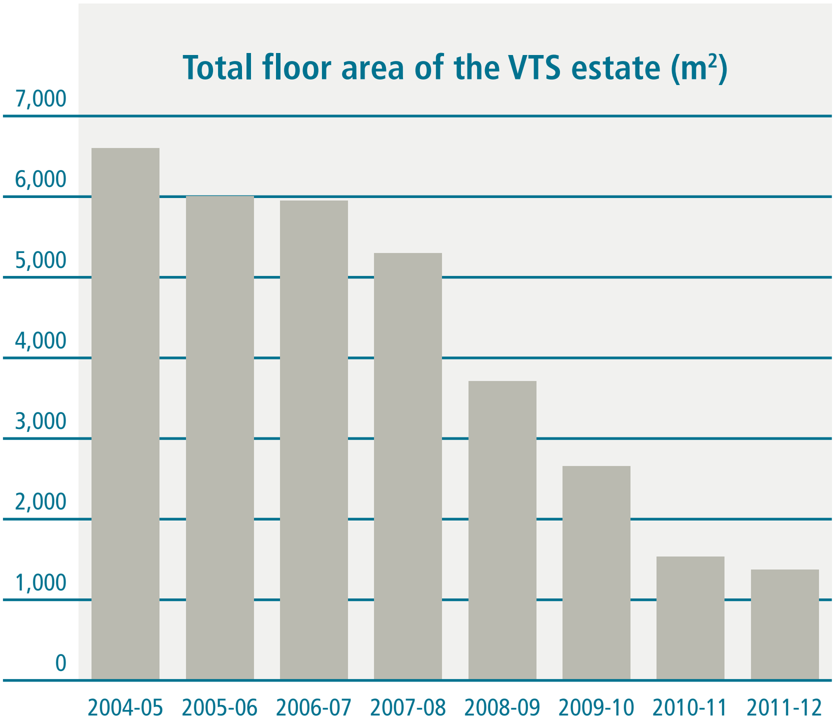
The estate

Our estate footprint has reduced significantly since the VTS was established in 2004 and the chart below shows this reduction over the years. We now operate from two administrative centres, both of which provide in-house hearing rooms.

As at 31 March 2012, the Witham office remains in the VTS estate portfolio although not operational. The intention remains to surrender this lease no later than July 2012 to the Treasury Solicitor under the doctrine of bona vacantia.

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

Chart 3



Our public interests

Equality and diversity

We developed our policies relating to equality and diversity to ensure that we met our statutory obligations. These obligations continue and are now enhanced 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 four interpreters for appellants attending hearings (in Tamil (two), Turkish and Urdu).

Guidance leaflets and tribunal decision documents can also be made available in Braille and large print. Audio versions of all new guidance booklets are available to download from our website. Signers and other communication assistance are provided on request to enable hearing-impaired appellants to participate fully when attending a hearing. We ensure that as far as possible our offices and hearing venues comply with the access requirements of the previous Disability Discrimination Act (most of which are now encompassed within the Equality Act 2010). If necessary, hearings may be arranged 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 120 times during the year by our website visitors.

56%

Overall satisfaction levels of appellants averaged 56% during the year.

Through recycling, we saved 100 trees from destruction.

100

Tribunal user survey

We commission monthly surveys of appellants who have attended a hearing in the preceding month. This allows 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 56% during the year, compared to 53% for the previous year. Finding comparable results for similar bodies for the purposes of benchmarking is problematic, since satisfaction with an appeals service is heavily influenced by whether appellants are successful in their appeals. So it is an important measure for us that, among those whose appeals were not successful, 40% were satisfied with the service provided in 2011 (38% in 2010).

Separately, we commissioned a survey of professional representatives in 2011. The 44 interviewed had attended a hearing since the procedural and administrative changes made early in the year, but most also had previous experience of dealing with an appeal at the Valuation Tribunal. The procedural changes were viewed as most significant; 34 were satisfied or very satisfied with the overall service provided by the VTS.

Action points have been compiled from the reports of the two surveys and we shall be addressing these in the coming year.

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, Doncaster office has saved 48.1 trees from destruction and the London office 52.5 trees.

Health and safety

As part of our ongoing commitment to preserve 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 two recorded accidents of a minor nature; neither resulted in any absence from work.

recycle

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Complaints

The VTS maintains a register of all complaints received. Our Customer Charter and Complaints Policy document was revised during the year and is published on the VTS website. This is issued to anyone expressing dissatisfaction with the service they receive from the administration.

During the year, 21 complaints about the administration were registered (compared to 34 complaints in 2010-11). One complaint was referred to the Chief Executive for investigation for maladministration (one in 2010-11); 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 15 requests made under these Acts, (13 in 2010-11). No internal reviews were carried out and no cases were referred to the Information Commissioner.

Data security and information risk

The VTS has looked very carefully at how it uses data, particularly personal data and has again provided the assurances necessary to DCLG from an internal appraisal of the security risk management processes, which are proportional to the identified risks and size of the organisation. In so doing, DCLG has confirmed for the second year the classification of Category 3 on the VTS, which provides the written assurances necessary to Cabinet Office to deliver the requirements of the security policy framework. The VTS continues to enhance its performance in terms of managing information risk and making the best use of its information whilst implementing appropriate protective measures. For 2011-12, no incidents were reported on information risk-related incidents. The VTS's own internal data handling group ensures that all employees support a culture that values, protects and uses information for the public good, supported regularly through reviews by the senior information risk owner and the VTS Board.

Management commentary

Performance against objectives

During the year, we embedded many of the changes that we achieved last year following our organisational restructuring. We continued to tweak our IT systems to automate processes as far as possible to meet the requirements of the VTE, and we enhanced our HR and Training database improving the recording, monitoring and reporting of member activity. We have also improved on our management information systems (MIS) and are using these more to monitor performance. We are extending MIS to our telephone systems.

A full account of our performance against the Business Plan for 2011-12 and our performance against the key performance indicators that we set to demonstrate improvement can be found on our website, www.valuationtribunal.gov.uk. Fourteen objectives, which related to improved service delivery, support for the VTE and building capacity were fully completed. Five were completed in part.

Highlights include:

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

What we did

We encouraged and maintained our relationship with our stakeholders by engaging them in our decisions and understanding better their expectations through the VT Users' Group and attendance at meetings of professional bodies.

We held a training day for all VTE appraisers and following this we updated the guidance and documentation to help smooth the appraisal process for a lay membership.

We introduced new guidance for our users in the form of checklists and flow diagrams so that they can better understand the appeal journey.

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

What we did

Monthly, quarterly and annual user survey reports were received and acted upon.

We embedded the new management structure so that it was more responsive to modern needs.

We set performance targets within our new environment for our home-based staff and our aim now will be to introduce similar meaningful targets for our in-house staff.

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

What we did

We maximised the capability of our investment in our Management Information System and are now able to gather a variety of information to help our planning and decision making.

We took advantage of back-office shared services wherever possible to minimise unnecessary costs so that we could invest in our front line services.

The new, leaner, management system has reduced delays in decision making.

The introduction of a national IT-based member allocation system has begun to pay dividends over manual, local systems, with further benefit anticipated.

The recent initiative of having fewer, regional hearings for large lists of non-domestic rating appeals allows better allocation of staff and member resources, and reduces costs associated with hearings.

Key governance documents have been reviewed in accordance with an annual programme and Internal Audit recommendations addressed and monitored regularly by senior management.

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

What we did

We introduced a training programme for staff, focussing on technical and soft skills, and have increased average days' training to 4.9 days per person.

We redesigned our intranet as a communication tool and the main source of information for all staff, including those who are home-based.

We introduced a meeting structure to enhance communication processes at all levels.

Our leaner structure has focussed staff on specialist tasks and opened up opportunities for progression, in ways that were not possible previously.

Key performance indicators

In our Business Plan for 2011-12, we set ourselves a number of performance indicators, which proved challenging following the restructuring of the organisation. What we achieved against what we set out to achieve is shown below.

Performance indicator	2011-12 target	2011-12 performance		2010-11 performance
Tribunal users are satisfied that we meet the commitments in our Customer Charter	90%	Listing council tax appeals within 5 months of receipt	**92%**	88%
		telephone messages	**51%**	80%
		emails	**81%**	77%
		letters	**31%**	13%
Overall satisfaction level of Tribunal users who have attended a hearing	As good as or better than comparable organisations		**56%**	53%
		successful appellants	**87%**	77%
		unsuccessful appellants	**40%**	38%
		(Current data from comparable adjudicating bodies has been difficult to source for use in benchmarking this year)		
Tribunal decisions issued within one month of the hearing date	92%	This was due to a combination of staff losses whilst awaiting approval to recruit under the moratorium, and some long term sickness absences	**75%**	86%
Invoices are paid within 10 days of receipt	90% within 10 days	Exceeded, 88% within 5 days (Government target changed after KPI published)	**88%**	92% within 10 days
Employee satisfaction level	As good as or better than comparable organisations	No survey was carried out this year because of loss of staff and impact of uncertainty on our future following the Public Bodies Act 2011		–
Reduction in days lost through staff sickness absence, per full-time equivalent (FTE) member of staff	Fewer than 8 days	Not met	**9.2 days**	9.6 days
Staff receiving two or more days' training (FTE)	80%	Exceeded Average of 4.9 days	**83%**	– Average of 1.3 days
Number of days' training per VTE member	1.5 days	Exceeded	**1.6 days**	0.98 days
Reduced fixed costs for our estate	Below £400/m²	Not met. However, this still represents a 22% reduction on last year's costs	**£413/m²**	£526/m²

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We recognise that, as a service delivery organisation, we need to do more to meet the targets we set ourselves for responding to post and phone messages. We also need to improve on the speed with which we issue VTE decisions. These are two areas that we are focussing on in the new financial year.

Forward look

Discussions with DCLG, Her Majesty's Courts and Tribunals Service (HMCTS) and the Ministry of Justice will continue to investigate possible solutions that will permit the transfer of functions to HMCTS. However, in the meantime, the VTS still exists as a legal entity, and needs to discharge its statutory function and continue to deliver its service against this backdrop and in the knowledge of unconfirmed funding beyond 2012-13. 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 Tribunal user surveys and focus groups;
- remaining accessible to users and focussing on their needs;
- offering cost effective procedures; and
- maintaining appropriate systems and organisation.

The Board has agreed its strategic objectives for the year ahead and published them in its Forward Plan – *A continuing vision* on 1 April 2012. 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.

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Financial review

Delivery of an efficient service that provides value for money

Budgetary control continues to play a vital part in the management of our use of public funds. Whilst budgets continue to be squeezed, regular reviews with budget holders support the internal control processes to achieve the necessary standards of regularity and propriety.

From 1 April 2011 the VTS has operated from only two offices following a reorganisation. One remaining office, at Witham, from which no staff operate, is subject to a transfer of ownership after March 2012. The reorganisation, combined with the successful introduction through the year of more efficient business processes, and a home working culture for a number of technical staff, has resulted in an estate cost reduction of 36%. Continued financial measures will seek to gain even more added value from the 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.

Funding

We managed our grant in aid to meet our overall expenditure. The Statement of Cash Flows, as set out on page 43, which analyses net cash flow from operating activities, identifies cash spent on capital expenditure and shows grant in aid that we drew down from the sponsoring 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 2011-12

Net expenditure per the Statement of Comprehensive Net Expenditure for the year, shown on page 41, shows £8,292,000 on ordinary activities (£3,439,000 in 2010-11). Adjusted for pensions, the total expenditure increases to £13,089,000 (and decreases to £1,785,000 in 2010-11).

Financial summary

Expenditure for the financial year to 31 March 2012 was £8,760,000. This was held below the budget of £9,400,000 and the revised revenue grant in aid limit of £8,915,300. As the current year did not bear the same effect of the change in the inflationary measure from Retail Prices Index (RPI) to Consumer Prices Index (CPI), introduced in 2010-11, there was no pension gain (£5,363,000 in 2010-11). As a consequence, actual expenditure was higher for the year than in 2010-11.

Excluding the effect of pension movements from March 2011, our expenditures were contained within funding limits through the year. Revenue expenditure includes a dilapidation provision of £80,820, 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 sponsor Department was £8,915,300.

Day-to-day responsibility for financial management of activities lies with the Strategic Management Group (SMG). During the course of the year, 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 2012 was £1,004,000. The movements in non-current assets for the year 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 2012. The additions to non-current assets are shown in Note 5, comprising property, plant and equipment assets.

The Witham office is now subject to a Deed of Surrender in 2012 following the doctrine of bona vacantia with the Treasury Solicitor, negotiated before the end of the financial year and following years of trying unsuccessfully to trace the absent landlord. The VTS's liability for the settlement value under this Deed is included in liabilities. Commitments at the Statement of Financial Position date for lease agreements in force and due to be paid are shown on page 42. On page 63, Note 15 refers to there being no capital commitments entered into at the Statement of Financial Position date.

We achieved 88% within the five-day prompt payment target for suppliers.

88%

Pension liabilities

For the purposes of IAS 19, pension scheme liabilities of £18,489,000 have been recognised in the Statement of Financial Position. The net movement in liability from 2010-11 increased by £3,730,000. The Government's decision to use CPI rather than the RPI as the inflation measure for increases in public sector pensions from 1 April 2011 and the revaluation of deferred pensions have been accounted for in the actuarial valuation; the 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 2012 there were no material financial liabilities other than those shown in these Accounts. The accounting for IAS 19, pension liabilities, is dependent on the annual valuations of 32 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 2011-12 the VTS sought to establish its overall liability with 14 non-active pension schemes where contributions are paid annually for additional benefits to past employees and pensioners. The VTS entered into exit agreements with two such schemes and will endeavour to continue to reduce its overall pension liability where funds allow and when opportunities arise for further settlement agreements to be entered into with the relevant local government pension scheme (LGPS).

The VTS is an NDPB, sponsored by DCLG. As such, there is no risk 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.

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. The transfer of ownership of the Witham office to the Treasury Solicitor is expected to be concluded by July 2012, at the value provided for at the Statement of Financial Position date.

Payments to suppliers

The VTS upholds the Government's revised five-day prompt payment target for suppliers and achieved 88% within the target cycle. In 2010-11 we reported on a 10-day payment 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 value of £500.

Going concern

The Statement of Financial Position shows net liabilities of £18,276,000. 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 2011-12 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 2012-13 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 2011-12 and will continue for 2012-13.

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
12 June 2012

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 which is 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 2011, 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 fourth term of office from 31 March 2012 to 31 October 2013.

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

Audited information

Fees and emoluments for non-executive members of the VTS Board:

Name	Period ended 31 March 2012 £'000	Period ended 31 March 2011 £'000
Anne Galbraith*	65	64
Peter Lawton	7	7
Ronald Barham	6	6
Margaret May	6	6
John O'Shea	6	6
Ian Tighe	6	6
Total	**96**	**95**

* The remuneration of the Chairman is inclusive of employer's national insurance contributions of £7.5k (2010-11: £7k).

The emoluments of the Chief Executive, Antonio Masella:		
– Basic salary	86	86
– London weighting	3	3
– Performance related pay[1]	8	7
– Employer pension contribution	25	23
Total emoluments	**122**	**119**

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

The emoluments of the Finance Director, Alan Begg:		
– Basic salary	63	62
– London weighting	3	3
– Performance related pay[1]	2	3
– Employer pension contribution	17	16
Total emoluments	**85**	**84**

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

The emoluments of the interim HR Director, Peter Fanning*:		
– Basic salary	–	6
– London weighting	–	–
– Employer pension contribution	–	–
Total emoluments	**–**	**6**

* Emoluments for 2010-11 are based on employment from 1-30 April 2010.

Cash Equivalent Transfer Values (CETV)

Name	Real increase in accrued pension and related lump sum (nearest £k)	Total accrued pension at 31/3/12 and related lump sum (nearest £k)	CETV at 31/3/11 (nearest £k)	CETV at 31/3/12 (nearest £k)	Real increase in CETV after adjustment[1] at 31/3/12 (nearest £k)
Antonio Masella					
Pension	0	36	473	564	6
Lump sum	-3	89			
Alan Begg					
Pension	2	17	265	325	7
Lump sum	2	37			

1 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 CETV have been calculated by the administrators to the relevant local authority, namely the London Pensions Fund Authority. 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 2012 and the real increase in transfer values have been based on the change in the level of the most recent published RPI over the previous 12 months at 3.7%. 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 addition on-cost to the VTS resulting from additional service and changes to salary. The real increase in transfer values of around 2% differs from accrued benefit changes for those in service over the year by reason of (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 Funds. The CETV 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 9.1%. Excluding personal AVC related benefits, the average drops to around 5%. Total salary increase over the year is around 0.2% (2010-11: 8%).

The number of staff, including the Chief Executive, whose annual rate of remuneration as at 31 March 2012 exceeded £40,000 (excluding pension contributions and performance related pay but including any London weighting) was 21. There were no non-cash benefits in kind.

Two staff who received performance payments in 2011-12 in addition to annual remuneration are shown in the following table.

Remuneration band	Period ended 31 March 2012 Number
£40,000 to £44,999	5
£45,000 to £49,999	9
£50,000 to £54,999	3
£55,000 to £59,999	2
£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 2012
£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 2011-12 was £95,000-£100,000 (2010-11: £95,000-£100,000). This was 2.7 times (2010-11: 2.7 times) the median remuneration of the workforce, which was £35,430 (2010-11: £35,430). In 2011-12, Nil (2010-11: Nil) employees received remuneration in excess of the highest paid director. Remuneration ranged from £17,000 to £68,000 (2010-11: £13,000 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 pensions.

In both financial years the VTS abided by the Government's pay freeze 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 2012	
Remuneration band of highest paid director (£)	**95,000-100,000**
Median total remuneration (£)	**35,430**
Ratio	**2.7**

Ratio of top to median staff pay as at 31 March 2011	
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

12 June 2012

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 *Government 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.

Governance statement

Scope of responsibility

As Chief Executive and Accounting Officer for the Valuation Tribunal Service (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 Valuation Tribunal for England (VTE) other than to provide within the VTS budget for the staff costs of the VTE President, daily fees payable to the Vice-Presidents, reasonable costs associated with the appropriate training of VTE members and the 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.

In October 2010 Government announced its proposal that the VTS was to be abolished, with its functions transferred to Her Majesty's Court and Tribunals Service (HMCTS) and that the VTE would also be abolished and its jurisdiction transferred to a new First-Tier Tribunal Property Chamber. The VTS is included within the schedules to the Public Bodies Act 2011. Although the VTS and VTE have been in lengthy dialogue with both DCLG and the Ministry of Justice, dates for abolition/transfer have not been firm. This has presented the VTS with great challenges in maintaining a 'business as usual' environment in a period of great uncertainty for the organisation. This direction of travel was very much linked with the creation of the Property Chamber. However, discussions on the VTS and VTE have now been de-coupled from that process and separate 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. Managing members of the VTE is a matter for the President and Vice-Presidents, although there is a regular three-way meeting between the VTS Chairman, the President and me to discuss and address matters of mutual interest. I ask the VTE to maintain and review quarterly a risk register and submit it to me so that I am kept apprised of issues affecting the membership and the VTE in general.

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, used economically, efficiently and effectively at all times. The VTS is governed by a non-executive Board of seven, three of whom must be senior members of the VTE. The VTE President is an ex-officio member. 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 complies with the principles of the Corporate Governance Code through the Management Statement and Financial Memorandum governing 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 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 accessible, timely and honest description of key activities and outcomes and is an important source of information and assurance. The Finance Director and I attend all meetings.

The Board keeps its Corporate Governance Framework up to date, and reviews this annually. The current framework was reviewed during the year and includes terms of reference for 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 focussing on pensions, organisational business processes and embedding the new organisation structure. 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 30 September 2012, who attended all seven meetings during the year;
- Dr Ronald Barham, appointed until 30 September 2012, who attended six meetings during the year;
- Margaret May, appointed until 31 March 2013, who attended seven meetings during the year;
- John O’Shea, appointed until 30 September 2012, who attended seven meetings during the year;
- Ian Tighe, appointed until 30 September 2012, who attended six meetings during the year;
- Professor Graham Zellick CBE, QC (VTE President), an ex-officio member of the Board, who attended six meetings during the year.

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

The Board undertook an assessment of its effectiveness using a bespoke on-line survey with an independent evaluation of results. The conclusions were positive regarding relationships at Board and Executive levels. In addition, the Board also received feedback on external stakeholder perceptions of the service provided through presentations of the findings of the Tribunal user surveys carried out during 2011-12.

The focus of the Board during the year has been very much on maintaining normal service despite the Government's moratoria, coupled with the knowledge of the Government's proposals regarding abolishing the VTS and transferring its functions to HMCTS. The uncertainty around this proposal has naturally caused concern for staff. Managing expectations of staff has been critical and this has been managed by regular internal communication. I write to staff individually to apprise them of developments. I continue to have a dialogue with officials in both DCLG and HMCTS so that I am kept abreast of any progress.

Following a Board Strategy Day in October 2011, the complications of operating numerous pension funds have focussed the Board's attention on investigating ways of mitigating pension liabilities. Our pension liability is proving to be an obstacle to discussions on a move to HMCTS, so a decision was subsequently taken by the Board to pursue affordable cessation valuations of non-active pension funds. A major challenge in itself, this approach has resulted in successfully reducing our overall pension liability by eliminating two such schemes at 31 March 2012. We will continue to address the possibility of bringing to an end more pension funds where we have no active employees and where affordable to do so.

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

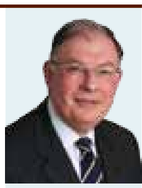
The Audit Committee provides the Board with an independent view of the assurance framework, overseeing the risk management strategy through 'tests' of the various risk registers to ensure that processes in place are effective and robust. I attend the Audit Committee to provide update to the risk register and present various reports. Internal and External Auditors also attend meetings. The Committee met four times during the year and 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. 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, and Incident Response and Business Continuity Plan. The Audit Committee also considered all internal audit reports and progress against management responses regarding the various recommendations.

The Finance Committee monitors all financial aspects of the VTS and supports me, as the Accounting Officer. This Committee comprises three Board members (including the VTS Chairman) and met five 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.

The Remuneration and Terms of Service Committee determines policy on executive remuneration and terms and conditions of service. This Committee also exercises general oversight on matters relating to staff pay and performance. During 2011-12 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 members. It is tasked with ensuring that VTS resources are committed appropriately in the provision of training. The Chairman is a Board member appointed by the VTS Chairman. Members are appointed to the Group by the VTE President. The Committee met twice during the year and have developed a programme, which included member appraisal training.

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

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.

Contents

There are four management committees that provide me with additional support, through a revised structure introduced in May 2011:

- 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 in 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, 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. During the year we have again invested in project management training for our staff. As Chief Executive, I chair the meetings of the PMG, which met 10 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 Forward Plan for 2012-15, incorporating the Business Plan for 2012-13, received ministerial approval in March 2012.

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 Valuation Tribunal for England;
- 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 19 objectives set in 2011-12, 14 were fully completed and five were completed in part; further work in these areas will be our focus for 2012-13.

On my behalf, the Finance Director prepares and submits an annual budget to the Board for approval prior to the commencement 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.

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.

This is the first year that we have operated from a two office operational structure following our organisational restructuring, which was a multifaceted change programme with numerous deliverables across changing timelines. Significant financial benefits have already been achieved through the estates rationalisation in terms of reductions in overheads and associated estate operating costs. At an operational level, the restructuring has optimised the number of operating centres and has delivered the associated benefit of larger, more effective teams. The new management and staffing structure has introduced a fresh impetus to our performance management with clarity in staff roles and responsibilities, and created a more flexible workforce of home-based staff (20) to support hearings held 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. The policies on fraud and whistle-blowing were reissued in the year and these, together with other specific staff policies, took account of the Bribery Act 2010.

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 its risk management strategy is implemented and managed effectively and I held a training session in May 2011 for senior staff with risk register responsibilities. There are a number of risk registers underpinning the central 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 strategic risk register in conjunction with the SMG at each meeting.

We have embedded a culture where risk 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 2011-12 by Internal Audit.

During the year the Board has approved a Business Continuity and Incident Response Plan and incident managers received business continuity training. An awareness training programme has being rolled out to all staff. We have experienced an actual incident of IT failure across our network which allowed us to demonstrate in a live environment the effectiveness of this Plan. A lessons learnt approach to this incident has resulted in revising the Business Continuity and Incident Response Plan.

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 security breaches during the year and there were no significant control weaknesses during the year ended 31 March 2012 or up to the date of approval of our Annual Report and Accounts.

Staff are required to pass an on-line e-learning module on data handling. This process is managed and monitored by the 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 grip, 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 meetings.

Four audits were conducted in the 2011-12 internal audit plan, spanning the areas of service operations and management information systems, human resources and payroll, outsourced IT contracts and pension reporting to the Board. Internal Audit provides an assurance level within each of their reports. During 2011-12 a revised RAG assurance system was adopted using five levels of assurance (green, amber-green, amber, amber-red or red). From the audits conducted two were classed as 'green' and two 'amber-green'; none received 'amber', 'amber-red' or 'red'.

In addition to the four specific audits, there was a follow-up audit to monitor progress on management recommendations. This covered governance, key financial controls, project management, risk management, data handling and security and members' training. Of the 21 recommendations, 20 were assessed as 'satisfactory'. One recommendation is to be assessed again during the 2012-13 follow-up.

Internal Audit has provided me with confirmation that on the basis of work completed in 2011-12, 'reasonable assurance' is given on the VTS's risk management, control and governance processes.

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 Team (SMG): In 2011, I undertook an exercise to reshape the organisational management and leadership meetings. The meeting structure was implemented in May 2011. I chair the SMG which is convened monthly. The SMG considers all strategic and policy issues affecting the delivery of VTS aims and objectives and has collective responsibility for 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 meets monthly to monitor any programme of projects in operation and to consider risk implications of projects brought before it. I chair the PMG.

Personal Assurance: I have gained personal assurance through attending various meetings with operation 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 uncertainty covering whether or not the VTS will be abolished has understandably presented 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 for the direction of travel of the VTS and VTE has inevitably had a negative impact on staff. Managing a de-motivated workforce, in a period where workload continues to increase, will be a major challenge that we will face as discussions continue to find a solution agreeable to both DCLG and the Ministry of Justice that protects the specialist knowledge, built up over many years, of non-domestic rating and council tax appeals. The moratorium on recruitment will impact on appointing new staff to replace those lost through resignations and/or natural wastage. We will continue to work with our sponsoring Department to find more speedy solutions with the framework of moratoria in place.

2. The majority of Board member appointments expire in September 2012. Continuity at this stage of our development is important and it would be detrimental to all that has been achieved to lose the experience of all four Board members whose terms cease on 30 September 2012.

3. The introduction of Council Tax Support appeals in April 2013, will lead to a new type of appeal being administered by the VTS and heard by the VTE. At this stage, the projected workload resulting from this potential new area of work is unknown. The impact this will have on financial and staff resources remains unclear, so we will be working with our sponsors to address any impact.

Two on-going concerns remain, which I consider present a risk to our operations.

Firstly, the various Government moratoria, coupled with the slimming down of Departmental personnel, have meant that securing any necessary approvals has been a slow process. Delays in getting decisions from our sponsoring Department naturally impact on our ability to maintain a customer facing front line service. The risk here is to our ability to administer appeals effectively whilst the approval mechanisms are being applied.

Secondly, pensions continue to be an area of concern for us. During the year we successfully undertook an exercise with a view to eliminating liabilities with several non-active schemes. Having concluded two exit agreements, we propose during the coming year to continue to focus on mitigating our pension deficits further. However, in an environment where our funding is reduced by 5.3% from 2011-12, the strain on resources to meet increased employer contributions is not likely to ease in 2012-13.

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 it considers best calculated to secure its efficient and independent operation. Meeting VTE expectations within the financial constraints of an annually reduced budget requires fine balancing. Therefore, harmonising expectations with what is feasible within the current financial climate will no doubt present its own challenges for us.

We are determined to maintain the delivery of our service effectively during this period of uncertainty. We will continue to closely manage our risks in this regard and to keep under review the implications of our pension liability for non-active pension funds. Our overwhelming priority remains to administer the council tax and business rate appeals.

Antonio Masella
Accounting Officer
Valuation Tribunal Service
12 June 2012

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 2012 under the Local Government Act 2003. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. 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 2012 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 my 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 Her Majesty's 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 Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the 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

15 June 2012

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 accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

Statement of Comprehensive Net Expenditure
for the year ended 31 March 2012

	Note	2011-12 £'000	2010-11 £'000
Expenditure			
Staff costs	2	4,236	4,079
Other expenditure	3	3,557	4,179
Staff costs and other expenditure		7,793	8,258
Pension gain from change in inflation measure	12a	–	(5,363)
Depreciation and amortisation	4	499	544
Net expenditure		**8,292**	**3,439**
Finance charges arising from pension valuations	12a	468	836
Net expenditure after interest		**8,760**	**4,275**
Other comprehensive expenditure			
Net gain on revaluation of property, plant and equipment	5	(3)	(4)
Actuarial loss/(gain) on pension schemes		4,332	(2,486)
Total comprehensive expenditure for the year ended 31 March 2012	11	**13,089**	**1,785**

All results are from continuing operations.

The notes on pages 45 to 64 form part of these accounts.

Statement of Financial Position
as at 31 March 2012

	Note	12 months to 31 March 2012 £'000	12 months to 31 March 2011 £'000
Non-current assets			
– Property, plant and equipment	5	302	443
– Intangible assets	6	702	1,021
Total non-current assets		**1,004**	**1,464**
Current assets			
– Trade and other receivables	7	271	212
– Cash and cash equivalents	8	1	3
Total current assets		**272**	**215**
Total assets		**1,276**	**1,679**
Current liabilities			
– Trade and other payables	9	(982)	(969)
– Provisions	10	(81)	(54)
Total current liabilities		**(1,063)**	**(1,023)**
Total assets less current liabilities		**213**	**656**
Non-current liabilities			
– Pension liabilities	12	(18,489)	(14,759)
Total non-current liabilities		**(18,489)**	**(14,759)**
Assets less liabilities		**(18,276)**	**(14,103)**
Taxpayers' equity			
– Net Expenditure Reserve	11	213	656
– Pension Fund Reserve	13	(18,489)	(14,759)
		(18,276)	**(14,103)**

The notes on pages 45 to 64 form part of these accounts.

The financial statements were approved by the Board on 6 June 2012 and were signed on its behalf by:

Antonio Masella

Chief Executive and Accounting Officer
Valuation Tribunal Service

12 June 2012

Anne Galbraith CBE

Chairman
Valuation Tribunal Service

12 June 2012

Contents

Statement of Cash Flows
for the year ended 31 March 2012

	Note	2011-12 £'000	2010-11 £'000
Cash flows from operating activities			
Net expenditure after interest		(8,760)	(4,275)
Depreciation and amortisation	4	499	544
Pension gain		–	(5,363)
Pension payments		(600)	638
(Increase)/decrease in trade and other receivables		(59)	119
Increase/(decrease) in trade payables		13	(120)
Use of provisions	10	27	4
Prior year adjustment		(1)	1
Net cash outflow from operating activities		**(8,881)**	**(8,452)**
Cash flows from investing activities			
Net purchase of property, plant and equipment	5	(36)	(175)
Purchase of intangible assets	6	–	(237)
Net cash outflow from investing activities		**(36)**	**(412)**
Cash flows from financing activities			
Grant in aid received from sponsoring Department	11	8,915	8,860
Net financing			
Net decrease in cash and cash equivalents in the period		**(2)**	**(4)**
Cash and cash equivalents at 1 April 2011		**3**	**7**
Cash and cash equivalents at 31 March 2012	8	**1**	**3**

The notes on pages 45 to 64 form part of these accounts.

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2012

	Note	SoCNE Reserve £'000	Pension Reserve £'000	Total Reserve £'000
Balance at 31 March 2010		**796**	**(21,974)**	**(21,178)**
Changes in Taxpayers' Equity 2010-11				
Recognised in Statement of Total Comprehensive Net Expenditure		(1,785)	–	(1,785)
Movement on pensions		(7,215)	7,215	–
Grant in aid from sponsoring Department		8,860	–	8,860
Balance at 31 March 2011	11	**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	11	**213**	**(18,489)**	**(18,276)**

The notes on pages 45 to 64 form part of these accounts.

Notes to the Accounts

1 Statement of accounting policies

1.1 Basis of preparation

The VTS is a non-departmental public body (NDPB) and its constitution is set out in Section 105 of and Schedule 4 to the Local Government Act 2003. These financial statements have been prepared in accordance with an Accounts Direction issued by the Department with the consent of HM Treasury in accordance with the 2003 Act and the 2011-12 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 VTS's new sponsoring Department.

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 financial statements.

The Statement of Financial Position shows net liabilities of £18,276,000 at 31 March 2012. 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 2011-12 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. However funding for 2012-13 and 2013-14 is indicative only, and therefore, should the VTS transfer and be merged the liability for all future pension payments will fall on the new 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 as interpreted to apply for 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 IAS 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 – Financial Instruments: Disclosures; the VTS need not comply with the current standard but further reference is made in Note 17 to the financial statements.

Major FReM changes for 2011-12

The VTS has reviewed the major FReM changes for 2011-12 and determined that none will have a significant impact on the VTS's financial statements.

IAS 24 – Related Party Disclosures Amendment: The VTS interprets this amendment in accordance with Note 16 to 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. This change to the capitalisation policy was approved by the VTS Board in March 2010. 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 several landlords. The VTS has property lease obligations on three offices as at 31 March 2012.

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. The carrying amount of the replaced part is derecognised. 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 their cost to their residual values over their estimated useful lives, as follows:

Information Technology	3 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 and accounting standards. For this purpose, the VTS applies indices appropriate to each class of assets. 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 software development employee costs 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 2012 (2011: £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 an NDPB.

Grant in aid received 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). In 2010-11 there was a net past service gain due primarily to the change of the inflation measure from RPI to CPI.

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 2012 is £18,489,000. 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 2011-12 the VTS sought to establish its overall liability with 14 non-active pension schemes where contributions are paid annually for additional benefits to past employees and pensioners. The VTS will endeavour to reduce such liabilities where funds allow and agreements for full settlement can 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 2012 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 3% (2010-11: 2.9% 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 amounts 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 esimate of the liability which has been incurred.

Note 12 sets out the Valuation Tribunal Service's pension liability, and sets out the judgements, estimates and assumptions made in respect of this.

2 Staff numbers and related costs

	Note	2011-12 £'000	2010-11 £'000
Staff costs comprise:			
Wages and salaries		2,533	2,596
Social security costs		222	218
Pension costs – current service cost	12a	462	558
– loss/(gain) on curtailments	12a	811	(28)
– other		144	115
– past service gain	12a	–	(5,363)
		4,172	**(1,904)**
Other staff costs			
Redundancy payments and provisions		–	418
Fringe benefits		4	4
Agency costs		60	200
Other staff costs		–	(2)
		64	**620**
Total net costs		**4,236**	**(1,284)**

Note: Staff costs before past service gain were £4,236k (2010-11: £4,079k) as shown on the Statement of Net Comprehensive Expenditure. Staff costs before past service gain and loss/(gain) on curtailments were £3,425k (2010-11: £4,107k).

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.

In 2010-11 there was a past service gain relating to the change in the inflation measure from RPI to CPI which was applied to payments and deferred contributions. As CPI is lower on average than RPI, the cost of providing benefits was reduced as a result. The change to CPI rather than the previous year's RPI calculation method followed HM Treasury guidance and CPI has been applied for 2011-12.

Average number of persons employed

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

2011-12	Permanent staff	Others	2011-12 Total	2010-11 Total
Directly employed	73	1	74	79
Other	0	2	2	8
Total	**73**	**3**	**76**	**87**

2.1 Reporting compensation schemes – exit packages

Comparative data for 2010-11 is shown in brackets.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	–	0 (4)	0 (4)
£10,000 – £25,000	–	0 (7)	0 (7)
£25,000 – £50,000	–	0 (5)	0 (5)
£50,000 – £100,000	–	0 (2)	0 (2)
£100,000- £150,000	–	0 (0)	0 (0)
£150,000 – £200,000	–	0 (0)	0 (0)
Total number of exit packages by type	–	0 (18)	0 (18)
Average resource cost/£	**–**	**0k (24k)**	**0k (24k)**

In 2010-11 payments were made in accordance with the VTS's redundancy and organisational change policy and include costs for early retirement where applicable.

3 Other expenditure

	2011-12 £'000	2010-11 £'000
3a Board expenditure		
Emoluments	95	94
Training	4	1
Travel and subsistence	20	26
Total Board expenditure	**119**	**121**

	2011-12 £'000	2010-11 £'000
3b Valuation Tribunal For England (VTE)		
Staff costs	130	126
Travel and subsistence	1	17
Financial loss allowance	55	47
Training	23	40
Members' meetings and expenses	302	301
Tribunal hearings	212	154
Other expenses	69	67
Total VTE expenditure	**792**	**752**

	2011-12 £'000	2010-11 £'000
3c Other administrative expenditure		
Travel and subsistence	147	121
Furniture and office equipment	4	2
Telecommunications and postage	345	246
Publications, printing and customer services	48	90
Recruitment, training and development	102	115
Meeting expenses	10	11
Office supplies	52	38
Subscriptions to professional bodies	9	15
Support services[1]	834	847
Information technology	393	525
Total other administrative expenditure	**1,944**	**2,010**
Internal audit fees	21	30
External audit fees	40	38
Total administrative expenditure	**2,916**	**2,951**

1 includes legal fees and outsourced contracts e.g. accounting system, IT support, payroll.

	2011-12 £'000	2010-11 £'000
3d Estates expenditure		
Domestic services	29	42
Heating and lighting	18	25
Variable maintenance	31	62
Insurance	8	13
Professional services	5	27
Rates	107	150
Rent – paid as operating leases (buildings)	284	420
Security	6	8
Service charges	90	94
Office refurbishments	13	(12)
Removals and storage	–	17
Building risk assessments	6	3
Organisational change costs	44	379
Total estates expenditure	**641**	**1,228**
Total other expenditure	**3,557**	**4,179**

4 Depreciation and amortisation

	Note	2011-12 £'000	2010-11 £'000
Property, plant and equipment			
Depreciation charge, including asset write-off	5	180	250
Intangible assets			
Amortisation for year	6	319	294
Total depreciation and amortisation charge for year		**499**	**544**

5 Property, plant and equipment

	Leasehold improvements £'000	Furniture and fittings £'000	Information technology £'000	Total £'000
Cost or valuation				
At 1 April 2011	350	55	237	642
Additions	–	23	14	37
Disposals, including assets written off	(1)	–	–	(1)
Revaluations	–	1	2	3
At 31 March 2012	**349**	**79**	**253**	**681**
Depreciation				
At 1 April 2011	(115)	(22)	(62)	(199)
Disposals	–	–	–	–
Charge for period	(96)	(15)	(69)	(180)
At 31 March 2012	**(211)**	**(37)**	**(131)**	**(379)**
Net book value at 31 March 2012	**138**	**42**	**122**	**302**
Net book value at 31 March 2011	**235**	**33**	**175**	**443**

No assets are held under finance leases.

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

	Leasehold improvements £'000	Furniture and fittings £'000	Information technology £'000	Total £'000
Cost or valuation				
At 1 April 2010	409	112	627	1,148
Additions	62	–	113	175
Disposals, including assets written off	(121)	(57)	(507)	(685)
Revaluations	–	–	4	4
At 31 March 2011	**350**	**55**	**237**	**642**
Depreciation				
At 1 April 2010	(143)	(56)	(430)	(629)
Disposals	121	55	504	680
Charge for period	(93)	(21)	(136)	(250)
At 31 March 2011	**(115)**	**(22)**	**(62)**	**(199)**
Net book value at 31 March 2011	**235**	**33**	**175**	**443**
Net book value at 31 March 2010	**266**	**56**	**197**	**519**

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 2011	599	903	1,502
At 31 March 2012	**599**	**903**	**1,502**
Amortisation			
At 1 April 2011	(113)	(368)	(481)
Charge for period	(134)	(185)	(319)
At 31 March 2012	**(247)**	**(553)**	**(800)**
Net book value at 31 March 2012	**352**	**350**	**702**
Net book value at 31 March 2011	**486**	**535**	**1,021**

	IT development expenditure £'000	IT software and licences £'000	Total £'000
Cost or valuation			
At 1 April 2010	409	856	1,265
Additions	190	47	237
At 31 March 2011	**599**	**903**	**1,502**
Amortisation			
At 1 April 2010	–	(187)	(187)
Charge for period	(113)	(181)	(294)
At 31 March 2011	**(113)**	**(368)**	**(481)**
Net book value at 31 March 2011	**486**	**535**	**1,021**
Net book value at 31 March 2010	**409**	**669**	**1,078**

7 Trade receivables and other current assets

Amounts falling due within one year:

	2011-12 £'000	2010-11 £'000
Prepayments and accrued income	260	202
Season ticket interest free loans	11	10
Total represented by bodies external to Government	**271**	**212**

8 Cash and cash equivalents

	2011-12 £'000	2010-11 £'000
Cash at bank and in hand at 1 April	3	7
Decrease in cash for the year	(2)	(4)
Cash at bank and in hand held at 31 March	**1**	**3**
The following balance 31 March was held at:		
Commercial banks and cash in hand	1	3
Total balance at 31 March	**1**	**3**

9 Trade payables and other current liabilities

Amounts falling due within one year:

	2011-12 £'000	2010-11 £'000
Accruals and deferred income	982	969
Balance at 31 March 2012	**982**	**969**

The VTS has a liability as at 31 March 2012 in relation to its Witham office for which rent has been provided since 2004. The VTS has taken all reasonable steps to trace the landlord, yet has not paid over the full value of rent accrued at 31 March 2012. During 2011 the VTS entered into negotiation with the Treasury Solicitor's Department (TSOL) regarding bona vacantia for transfer of rent and dilapidations' liability. Agreement was reached in March 2012 between TSOL and the VTS for a Deed of Surrender to be signed by the end of May 2012 to recognise TSOL as the new landlord. Entitlement to the agreed accrued rent at 31 March 2012 would pass to TSOL. The sponsoring Department has been made aware of this new situation, since the VTS has not set aside funds for the full value of the liability payable to TSOL in 2012-13. As at 31 March 2012 the total liability accrued amounts to £280,000.

10 Provisions for liabilities and charges

	2011-12 £'000	2010-11 £'000
Balance at 1 April	54	50
Provisions utilised in the year	(17)	(34)
Provisions not required written back	(37)	(16)
Dilapidations based on third party valuations	81	54
Balance at 31 March	**81***	**54***

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

Analysis of expected timing of discounted flows:

	2011-12 Dilapidations £'000	2010-11 Dilapidations £'000
Not later than one year	81	54
Later than one year and not later than five years	–	–
Later than five years	–	–
Balance at 31 March	**81***	**54***

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

11 Reconciliation of Net Expenditure Reserve

	Capital Reserve £'000	SoCNE Reserve £'000	Total Expenditure Reserve £'000
Balance at 31 March 2011	**2,416**	**(1,760)**	**656**
Capital additions, less disposals in the year	36	(36)	–
Depreciation on assets capitalised	(499)	499	–
Expenditure for the year	–	(8,760)	(8,760)
IAS 19 pension cost movement	–	(600)	(600)
Grant in aid	–	8,915	8,915
Rounding	–	2	2
Balance at 31 March 2012	**1,953**	**(1,740)**	**213**

Total Reserve is shown in the Statement of Financial Position as part of the Taxpayers' Equity.

From 1 April 2011 grant in aid was received as a total resource allocation and therefore the full grant in aid, £8,915,000, has been credited into the SoCNE Reserve.

12 Non-current pension liabilities

	2011-12 £'000	2010-11 £'000
Net pension liabilities at 1 April	14,759	21,974
Addition/(reduction) in period	3,730	(7,215)
Net pension liabilities at 31 March	**18,489[1]**	**14,759[1]**

1 As shown in Statement of Financial Position on page 42.

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 32 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 2012. During the year, the VTS settled in full its liability with one pension fund and concluded an exit agreement with another. For both funds the cessation payments and the liability as a settlement loss have been accounted for and the liabilities and assets of these funds have been removed as at 31 March 2012 following these settlement payments.

The pension disclosures at 31 March 2012 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 2012. The actuaries were unable to obtain valuation data from three LGPS funds as at 31 March 2011 but their valuation results have been allowed for in preparing the disclosures at that date. 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 2012, 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 2012 are shown in the table below.

Assumptions as at	31 March 2012 % per annum	Real % per annum	31 March 2011 % per annum	Real % per annum
Price increases	2.5	–	2.8	–
Salary increases	4.3	1.8	5.1	2.3
Pension increases	2.5	–	2.8	–
Discount rate[1]	4.6	2.1	5.5	2.7

1 Based on the gross redemption yield on the iboxx Sterling Corporate Index over 15 years for both years.

Employer contribution rates vary between schemes, with the current contribution rate for future services ranging from 7.7% to 23.3%. Life expectancy assumptions vary between schemes, with male life expectancy at 62 varying between 21.3 and 24.9 years.

Expected return on assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2012 for the year to 31 March 2013).

IAS 19 requires that the expected return on assets is to be the employer's best estimate of future experience, having taken actuarial advice and use of the relevant asset model adopted by Hymans Robertson LLP.

The expected returns adopted as at 31 March 2012 and 31 March 2011 are shown in the table below, which the VTS's actuaries believe are best estimates regarding expected return and therefore comply with IAS 19.

Asset class	Expected return at 31 March 2012 % per annum	Expected return at 31 March 2011 % per annum
Equities	6.3	7.5
Bonds	4.0	4.9
Property	4.4	5.5
Cash	3.5	4.6

There is a range of actuarial assumptions that are acceptable under the requirements of IAS 19, particularly in respect of the expected return on equities. The actuaries consider that these assumptions are within the acceptable range. The assumed returns are net of administration and investment expenses. Allowance has been included in the cost of accruing benefits for expenses to the extent that we have been informed that it has been allowed for in the future service rate for each fund. As required under IAS 19, the projected unit method of valuation has been used to calculate the service cost.

12a Revenue account costs for the year to 31 March 2012

Analysis of amount charged to Statement of Comprehensive Net Expenditure

	31 March 2012		31 March 2011	
Year ended	£'000	% of payroll	£'000	% of payroll
Current service cost	462	20.0	558	22.7
Past service cost/(gain)	–	–	(5,363)	(218.3)
Curtailment and settlements – loss/(gain)	811	35.0	(28)	(1.1)
Interest cost	2,314	99.9	2,673	108.8
Expected return on employer assets	(1,846)	(79.7)	(1,837)	(74.8)
Total included in staff costs and finance charges	**1,741**	**75.0**	**(3,997)**	**162.7**
Actual return on plan assets	1,826	–	1,522	–

Movement in deficit during the year

Year ended	31 March 2012 £'000	31 March 2011 £'000
Reconciliation of defined benefit obligation		
Opening defined benefit obligation	42,578	49,096
Current service cost	462	558
Interest cost	2,314	2,673
Contribution by members	188	167
Actuarial losses/(gains)	4,312	(2,802)
Past service costs/(gains)	–	(5,363)
Losses/(gains) on curtailments	811	(28)
Liabilities extinguished on settlements	(3,144)	–
Unfunded benefits paid	(100)	(113)
Benefits paid	(1,545)	(1,609)
Closing defined benefit obligation	**45,876**	**42,579**
Reconciliation of fair value of employer asset		
Opening fair value of employer assets	27,820	27,122
Expected return on assets	1,846	1,837
Contributions by members	188	167
Contributions by the employer	2,241	618
Contributions in respect of unfunded benefits	100	113
Actuarial (losses)/gains	(20)	(315)
Assets distributed on settlements	(3,144)	–
Unfunded benefits paid	(100)	(113)
Benefits paid	(1,545)	(1,609)
Closing fair value of employer assets	**27,386**	**27,820**

Statement of Financial Position disclosure as at 31 March 2012

The asset values as at 31 March 2012 and 31 March 2011 are shown in the table below:

Assets	Value as at 31 March 2012	Asset distribution	Value as at 31 March 2011	Asset distribution
Equities	18,847	68.8%	19,051	68.5%
Bonds	5,740	21.0%	5,851	21.0%
Property	2,045	7.5%	2,088	7.5%
Cash	754	2.8%	830	3.0%
Total	**27,386**	**100.0%**	**27,820**	**100.0%**

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

As at 31 March 2012 unfunded benefits amounted to £99,894 for 50 individuals where either the VTS is paying directly to the pensioner or where the administering authority is acting as paying agent.

12b History of experience gains and losses

Year ended	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000
Fair value of employer assets	27,386	27,820	27,122	20,465	26,068
Present value of defined benefit obligation	(45,876)	(42,579)	(49,046)	(32,931)	(35,238)
Experience (losses)/ gains on assets	(20)	(315)	5,782	(6,998)	(3,256)
% of assets	(0.1)	(1.1)	21.3	(34.2)	(12.5)
Experience (losses)/ gains on liabilities	(262)	2,323	63	63	3,075
% of liabilities	(0.6)	5.5	0.1	0.2	8.7
Actuarial (losses)/ gains on liabilities	(4,050)	479	(14,876)	4,307	7,552
% of liabilities	(8.8)	1.1	(30.3)	13.1	21.4

Note – the figures shown up to 31 March 2009 are those recognised previously under FRS 17.

Projected pension expense for the year to 31 March 2013

Analysis of projected amount to be charged to operating profit for the year to 31 March 2013.

Year ended	31 March 2013 £'000	% of payroll
Service cost	543	22.5
Interest cost	2,089	86.5
Expected return on employer assets	(1,517)	(62.8)
Total net revenue account cost	**1,115**	**46.2**

Note – these figures are indicative and exclude the capitalised cost of any early retirements or augmentations which may occur during 2012-13.

13 Pension Fund Reserve

The Reserve represents the accumulated net movement on assets and liabilities across all 30 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.

14 Commitments under non-private finance initiative leases

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

	2011-12 £'000	2010-11 £'000
Buildings		
Not later than one year	305	350
Later than one year and not later than five years	196	595
Later than five years	–	–
	501	**945**

There were no annual commitments as at 31 March 2012 to pay rental on office equipment under lease agreements.

15 Capital commitments

There were no capital commitments authorised and not contracted for at 31 March 2012 (2011: £Nil).

16 Related party transactions

The VTS is an NDPB sponsored during 2011-12 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 with:

- Grant in aid of £8,915,300 was received from DCLG
- Payments of £1,079,348 were made to VOA for IT support and maintenance services
- Payments of £98,400 were made to FSSD for accounting services
- Payments of £920,252 were made to the LGPS Pension Fund representing employer's contributions for the year for funded and unfunded schemes, excluding settlements.

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

17 Financial instruments

Financial Reporting Standard 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.

18 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 15 June 2012.

The VTS reviewed with its sponsoring Department its overall pension liabilities ahead of a transfer to HMCTS, as outlined in the Public Bodies Act 2011. Whilst no transfer is imminent before autumn 2013, at the earliest, LGPS regulations require that an assessment is made of ongoing obligations in the various schemes to which the VTS acts as the employer. The VTS undertook an exercise in 2011 to identify precisely the composition of payments across its active and non-active schemes. This review led to agreement with two non-active schemes to execute exit agreements for full settlement of all VTS liability. The VTS will aim to reduce its exposure as far as is practicable to any further pension deficits that may yet be communicated following the last 2010 triennial valuation 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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