

# ANNUAL REPORT AND ACCOUNTS 1993-94



THE VALUATION  
OFFICE

## AGENCY OBJECTIVES

TO PROVIDE GOOD QUALITY,  
COST-EFFECTIVE VALUATION AND  
ESTATE SURVEYING SERVICES, INCLUDING  
SPECIALIST ADVICE ON MINERALS,  
TO GOVERNMENT AND THE  
WIDER PUBLIC SECTOR



TO GIVE A FAIR, PROMPT AND  
HELPFUL SERVICE TO CLIENTS,  
TAXPAYERS AND RATEPAYERS  
AND TO ACT IN ACCORDANCE WITH  
THE PRINCIPLES OF THE CITIZEN'S  
CHARTER



TO ATTRACT AND RETAIN WELL  
MOTIVATED, PROPERLY TRAINED  
AND EFFICIENT STAFF AND TO  
ASSIST THEM TO ACHIEVE  
THEIR FULL POTENTIAL

# **The Valuation Office**

An Executive Agency of the Inland Revenue

## **ANNUAL REPORT AND ACCOUNTS 1993/94**

Presented to Parliament in pursuance of the  
Exchequer and Audit Departments Act 1921

Ordered by the House of Commons  
to be printed 20 July 1994



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# CHIEF EXECUTIVE'S STATEMENT

I am very pleased to present this Annual Report and Accounts. It is the third to be published by the Valuation Office and the first since I became its Chief Executive.

The Valuation Office exists to provide land and property valuation services to Government and the public sector. It seeks to do so efficiently and cost effectively across all areas of its activities and places considerable emphasis on maintaining and improving standards of service to customers and clients.

The year placed some heavy demands upon the Agency. In particular the new Council Tax lists came into force on 1 April 1993 and some 914,000 taxpayers lodged proposals with us in the 8 months to 30 November. By 31 March 1994 we had cleared just over 300,000 of these - against a target of 280,000. Whilst this is a very encouraging start, we do not underestimate the scale of the task that still lies ahead.

As well as continuing to clear appeals against the 1990 Rating lists, the Agency has also been progressing preparations for the 1995 lists which will be published in draft later this year.

Overall the Agency met 6 out of 9 of its key targets and 6 out of 8 of its other targets.

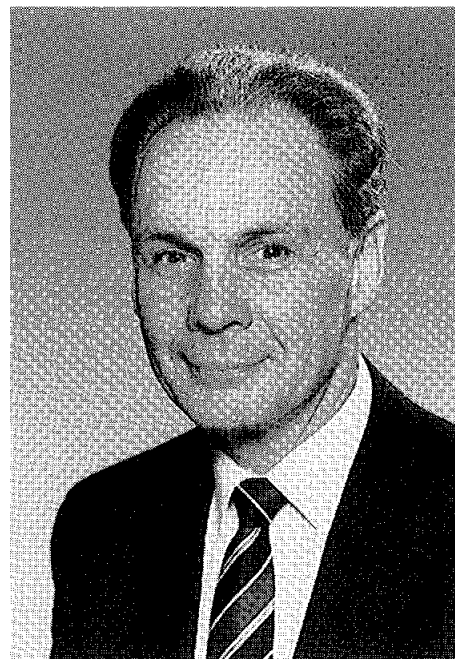
Achievement of these results would have been impossible without the continuing support and efforts of the staff of the Agency. Once again they have proved that operational problems can be solved and successful outcomes attained by commitment and application.

I would also like to pay tribute to the efforts of my predecessor, Rex Shutler, who as the first Chief Executive, guided the Valuation Office through the transition to agency status, encouraged a more customer-orientated focus and set in train continuing reviews to prepare for the future.

The Agency will continue to evolve as the circumstances in which we work change and develop. I have no doubt that everyone in the Agency will respond to the future challenges in a way that will see the Valuation Office emerge as an organisation allying the best of the past with imaginative ideas and innovative practices for the future.



**JOHN LANGFORD**  
Chief Executive



# THE YEAR'S MAIN ACHIEVEMENTS

TARGET FOR  
CLEARANCE OF COUNCIL TAX  
APPEALS BEATEN



PROGRESS ON CLEARANCE OF  
RATING APPEALS MAINTAINED



TIMETABLE FOR RATING  
REVALUATION PROJECT ON COURSE



QUALITY TARGETS FOR TIMELINESS IN  
HANDLING CASEWORK AND REPLYING TO  
CORRESPONDENCE EXCEEDED



FINANCIAL EFFICIENCIES AMOUNTING  
TO 3.1% ACHIEVED



NEW STAFF GRADING STRUCTURE INTRODUCED



# RESULTS 1993/94

<b>AGAINST KEY TARGETS</b>			
	1993/94 Target	1993/94 Result	Target Achieved
<b>Casework Volumes</b>			
council tax appeal work	280,000	300,630	Yes
rating appeal work	295,000	312,195	Yes
Inland Revenue work	112,000	97,592	No
work for other Government Depts	130,000	117,768	No
<b>Financial performance and cost efficiency</b>			
Net expenditure (£m)	0.001	-4.161	Yes
Efficiency savings	2.5%	3.1%	Yes
<b>Quality Control</b>			
Replies to correspondence within 28 days	90%	94%	Yes
Valuation variation *+	82%	76%	No
Timeliness of case work *#	84%	96%	Yes

\* Subject to a statistical margin of accuracy of  $\pm 3\%$

+ Valuation variation is based on a comparison between initial and final valuations once all the facts are known. The indicator shows the percentage of initial valuations falling within a valuation tolerance of 10%

# Timeliness is judged against statutory time limits (where these exist) or internal time limits (including those embodied in service level agreements with client bodies) for the main types of casework.

<b>AGAINST OTHER TARGETS</b>			
	1993/94 Target	1993/94 Result	Target Achieved
<b>Operational</b>			
Number of pre-October 1990 rating appeals outstanding at year end	NIL	51,213	No
<b>Productivity</b>			
Valuer	335	340	Yes
All staff	125	131	Yes
<b>Unit Costs (Indexed to 1993/94 Target)</b>			
Council Tax	100.0	68.9	Yes
Rating	100.0	94.8	Yes
Revenue	100.0	91.4	Yes
Other work	100.0	90.2	Yes
<b>Structure</b>			
Number of local offices	112	113	No



# INTRODUCTION

## **History and current responsibilities**

The Valuation Office, originally established over 80 years ago, is an Executive Agency within the Inland Revenue. It values land and buildings throughout England, Scotland and Wales for a wide variety of purposes. It has an extensive range of clients in the public sector.

Its major activities embrace council tax and rating work in England and Wales, work for the Inland Revenue in connection with the capital taxes, and valuation and estate surveying work for other government departments, public bodies and local authorities. The Agency is also responsible for making and recovering contributions in lieu of rates in relation to Crown occupations.

The statutory and other authorities under which the Agency carries out these functions are described in its Framework Document.

## **Organisation and Structure**

The Agency's Chief Executive is responsible for the efficient and effective management of the Agency and accountable for its performance to the Chairman of the Board of Inland Revenue, and through the Chairman to Treasury Ministers. The Chief Executive is assisted by a Management Board of senior Agency staff.

The Agency has 113 local offices distributed throughout England, Scotland and Wales and 11 regional offices.

# THE MAIN WORK PROGRAMMES

## COUNCIL TAX

The Agency is responsible for council tax valuation work in England and Wales.

As last year's Report recorded, by 31 March 1993 the Agency had ascribed some 21 million dwellings in England and Wales to one of 8 valuation bands ready for the commencement of Council Tax on 1 April 1993. From the latter date the public had an 8 month period in which to make a proposal for a change in their council tax valuation banding. Thereafter the grounds on which a proposal can be made are more restricted.

It was apparent that the Agency could expect a considerable number of "initial" proposals before the 30 November deadline. Estimating this number for planning purposes had been extremely difficult but the original forecast of up to 1 million was borne out by the facts in that 914,190 "initial" proposals were actually received.

Effective handling of these proposals was always going to be an important priority and the targets set by the Agency to deal with them were as follows:

*all proposals to be acknowledged within 14 days of receipt*

*those proposals immediately identified as well founded to be dealt with within 60 days of receipt*

*those proposals where the banding appeared to be correct to receive a response within 90 days of receipt*

*in all other cases, a named contact to be provided within 120 days of receipt who would take responsibility for making and maintaining contact whilst the proposal was being investigated and discussed with cases of hardship being given priority.*

The results in relation to these targets were:  
action within -

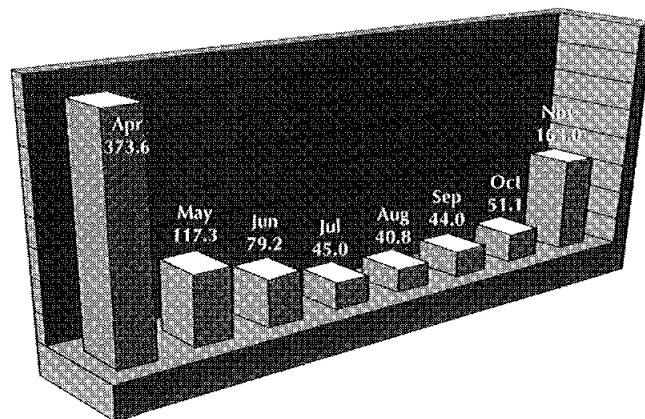
60 days - 39% achievement

90 days - 54% achievement

120 days - 86% achievement

Performance against the targets was complicated by the uneven pattern of receipt of the proposals.

## Receipt of Council Tax Proposals ('000s)



As a result of delay in installing a software modification results for the 14 day target for acknowledgement are only available from 1 June. These show an 89% achievement.

Whilst these results in relation to response times are disappointing, the overall clearance showed a more successful picture. Against a target of 280,000, the Agency achieved settlement of 300,630 proposals. This is an encouraging start and means that the Agency remains confident that it will have secured clearance of 4 out of 5 of the "initial" proposals by 31 December 1994 as planned.

Another important aspect of the Agency's activities in the council tax field is the obligation to keep the Valuation Lists up to date by reviewing bandings to take account of completion of new properties, alterations to existing properties, changes in occupation and where appropriate the amendment of bandings as a consequence of settling appeals on adjoining properties.

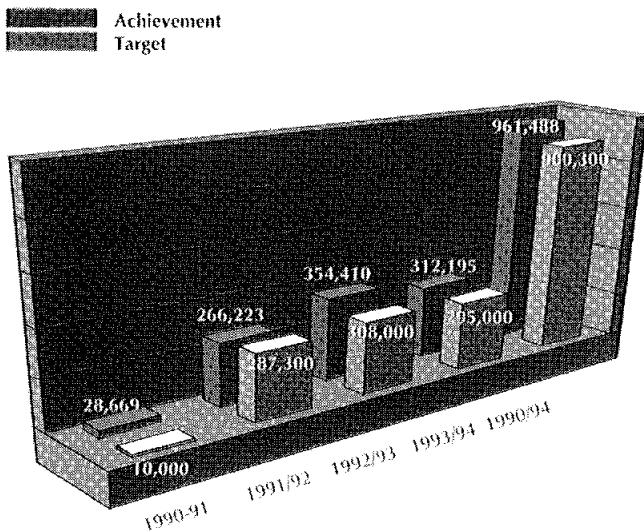
Again volumes of activity had been extremely difficult to assess in advance and in the event this area of work proved to be significantly greater in volume than expected. In all 631,216 bandings were reviewed against an expectation of 300,000. A number of these were changes initiated by the Agency as a result of settling proposals on similar properties nearby, although no separate figure for this particular type of change is available.

## RATING

### the 1990 Rating Lists

Dealing with appeals made by the occupiers of non-domestic property requesting changes to their assessments in the 1990 Rating Lists for England and Wales continued to be a substantial and important area of activity for the Agency. The overall target for clearance of these appeals (295,000) was exceeded with 312,195 being settled. This brought the total number of appeals settled since the lists came into effect on 1 April 1990 to 961,488 against an aggregate target of 900,300.

### Clearance of Rating Appeals 1990/94



However a secondary target in this field was not achieved. The Agency had expected to clear virtually all pre-October 1990 appeals by 31 March 1994. In the event there were still 51,213 outstanding at the end of the year. Several factors contributed to this, for example where resolution of an appeal is contingent on the outcome of similar cases referred to the higher courts. Additionally a purely chronological approach is not always practical and cost-effective, for example where there are a number of appeals made at different times on similar properties and resolution of one case in isolation would not be appropriate. One of the Agency's priorities in the early months of 1994/95 is to make substantial inroads into these pre-October 1990 cases, redirecting resources where needed to achieve this.

The need to keep the 1990 Rating Lists up to date continued. Activity was at broadly similar levels to that experienced in previous years, with 241,767 cases being handled against a target of 222,000.

### the 1995 Rating Lists

Work continued on the preparatory steps necessary for production of new Rating Lists coming into force on 1 April 1995. A major event during the year under review was the issue of forms of return to owners and occupiers to gather the rental and other information necessary to undertake the valuation of around 1.7 million non-domestic properties in England and Wales. The information provided was analysed and preparations commenced to be able to arrive at "first-pass" valuations by the early summer of 1994. Computer support will greatly assist this process for the first time.

## INLAND REVENUE WORK

The Agency fell short of its target (97,592 against a target of 112,000) for clearance of cases for the Inland Revenue - mainly concerned with capital gains and inheritance taxes. However special efforts were made during the year to reduce the volumes of older outstanding cases. This initiative proved to be very successful and contributed significantly to a reduction in the proportion of cases outstanding from 32% to around 21%. In general overall demands on the Agency in this area of work have shown signs of reducing but further efforts to reduce the volume of outstanding cases will nevertheless continue.

## **WORK FOR OTHER GOVERNMENT DEPARTMENTS AND PUBLIC BODIES**

The Agency planned to deal with up to 130,000 cases for other Government Departments and public bodies for whom it is authorised to act. Within this total some 100,000 were expected to be chargeable, the balance being made up of cases arising under e.g. the Housing Acts where statute does not permit the levying of a charge.

In the event 117,768 were undertaken of which 27,150 were statutory non-chargeable cases.

Again there has been a considerable variety in the nature of the services provided, including a substantial number of acquisitions and compensation claims arising from the Department of Transport's extensive roads programme; statutory determinations and valuations for disposals; and asset valuations for 3rd wave NHS Trusts, Defence Agencies, Department of Transport and other public bodies including local authorities and housing associations.

Although the target of 130,000 cases was not met the outcome must be regarded as a satisfactory achievement against increasing pressure on Government Departments, public bodies and local authorities to market test their valuation requirements, and increased competition from the private sector.

## **CROWN PROPERTY UNIT**

The Crown Property Unit is the section within the Agency responsible for all matters concerning the assessment, payment and recovery of contributions in lieu of rates.

Monies raised through the recovery of contributions in lieu of rates from occupying departments are directed to the non-domestic rates pools for England and Wales or to the individual charging authorities elsewhere. The Unit also makes equivalent payments in respect of foreign Missions, with partial recovery from the occupiers.

The Unit administers the Contributions in Lieu of Rates (CILOR) Vote (Class XVII Vote 9 in 1993/94) through which all these monies other than the Unit's own administrative expenditure pass. Because of some additional receipts and delay in respect of one payment, net income on the CILOR Vote, being receipts of £566.518m less payments of £565.727m, was £0.791m in 1993/94, well within the planned ceiling for net outgoings of £54.925m.

The nature of its business - including the maintenance of records about the occupation of land and buildings - brings the Unit into direct contact with all government departments, and also involves maintaining good working relationships with charging authorities.

In order to improve further the standards of service to its clients, the Unit has developed and installed new computer software which became operational at the start of April 1994. This will improve the speed and precision of billing and monitoring arrangements

# PRODUCTIVITY AND TECHNOLOGY

## INTRODUCTION

The Agency would not have been able to achieve success in its work programmes without the full support of its staff through their contributions to the Agency's productivity and thus efficiency. Continuing investment in information technology has helped to reinforce these improvements. Some of the main highlights are reviewed below.

## STAFF DEPLOYMENT AND PRODUCTIVITY

Targets for both overall productivity (targeting the annual average output of cases per staff year in local offices, weighted for complexity) and valuer productivity (targeting output of caseworking valuers only) were exceeded - overall productivity was 131 against a target of 125, valuer productivity 340 against a target of 335.

Supporting the productivity improvements, the Agency ended the year inside its ceiling of 5285 for the deployment of permanent staff years. In the event the resource used was 4953 although part of this was attributable to the reduced volumes of work outside the rating and council tax fields. Overtime, casual and fixed term appointments accounted for 1477 staff years, some 156 staff years above plans. This is an encouraging outcome in a year of intense activity where the flexible use of non-permanent staff was particularly vital as the Agency responded quickly to the unfolding picture on the numbers and geographical distribution of incoming Council Tax cases.

## INFORMATION TECHNOLOGY

A range of new and enhanced computer systems and software applications were implemented throughout the Agency. These included applications to deal with Council Tax appeals and List maintenance and further phases of the Valuation Support Application for the 1995 Revaluation. The latter has increased the degree of automation possible in the processes of adjustment and analysis of rents and establishment of valuation patterns and levels. By the early summer of 1994 the software will have facilitated "first-pass" valuations of some 1.4 million properties in the so-called "bulk" classes (i.e. shops, offices and industrials).

As a consequence of the Agency's investment over recent years an extensive database of information about property has been established. In conjunction with other departments and under Land Registry chairmanship, the Agency is involved in examining the degree to which elements of the database could be more widely used as part of a National Land Information System.

The Agency has been working closely with the parent Department's Information Technology Office (ITO) in drawing up procedures to handle the transfer of software development from ITO to their chosen strategic partner (EDS) in the summer of 1994. It is anticipated that even better value for money for the Agency and increased flexibility of response will result.

# FINANCIAL PERFORMANCE AND COST EFFICIENCY

## FINANCIAL ASPECTS

### Appropriation Accounts

The Agency has its own Vote for administrative expenditure and is subject to net running costs control whereby the key financial focus is the difference between expenditure and receipts i.e. "net expenditure". During 1993/94 the net expenditure target was £1000. Receipts for the year were less than anticipated but reductions in current expenditure, including a lower level of spending on accommodation charges and some savings on maintenance charges for information technology more than compensated for the shortfall so receipts actually exceeded expenditure by £4.161m, i.e. the target was more than met.

Within the total, capital expenditure of some £5.1m was in accordance with plans.

### Accruals Accounts

As the accruals Accounts which follow record, the Agency achieved a surplus of £16.468m. This is mainly attributable to an increase in work in progress at the year end of £10.810m reflecting the ongoing commitments in relation to Council Tax and Rating appeals plus the preparatory work for the production of the new Rating lists for 1 April 1995.

### Efficiency and Unit Costs

The net expenditure outturn was reflected in reductions in unit costs against target as follows:

	<i>Target</i>	<i>Result</i>
<i>Council Tax</i>	<i>100.0</i>	<i>68.9</i>
<i>Rating</i>	<i>100.0</i>	<i>94.8</i>
<i>Revenue</i>	<i>100.0</i>	<i>91.4</i>
<i>Other work</i>	<i>100.0</i>	<i>90.2</i>

The result for Council Tax was particularly affected by the large volume of maintenance work.

Overall, financial efficiency savings of 3.1% were achieved.

### Paybill

The paybill outturn, as referred to in the Accounts, was £127.015m.

## AUDIT SYSTEMS AND CONTROLS

### Consultancy, Inspection and Review

Work continued on the staff inspection programme involving around 500 posts in the Agency's head and regional offices. The final report on this exercise was slightly delayed due to changes within the structure of the Chief Executive's Office but is still expected in the early part of 1994/95.

The analysis of the results of the extensive work measurement programme was completed during 1993 and applied to planning the use of the Agency's resources for 1994/95. A rolling programme of work measurement to update the information will continue.

### Internal Audit

Internal audit inspections and advice continued throughout the year thus providing the Chief Executive with the assurances needed on various aspects of the Agency's systems and programmes. Studies in 1993/94 covered a wide range of both operational and financial issues including the handling of council tax work, costing and charging systems and various computer applications. Advice was also given in connection with the Agency's market testing programme.

### External Audit

During the year the National Audit Office undertook a value for money study of the Agency's work on the initial banding of dwellings for Council Tax purposes and on its early experiences of handling appeals. Their report "Council Tax Valuations in England and Wales" was published on 8 April 1994.



# ORGANISATION AND STRUCTURE

## **OFFICE STRUCTURE AND ACCOMMODATION**

The Agency ended 1993/94 with 113 local offices, one more than its target. It is anticipated that the remaining closure from the current rationalisation programme will occur in late 1994.

During the year, consultations opened with the trade unions on ways of allocating space within local offices which would facilitate the closer team working envisaged by the grade restructuring changes introduced during the year. In several offices pilot schemes of various forms of working in suites of accommodation rather than cellular offices were undertaken and the benefits and disbenefits evaluated.

### **Internal Reviews**

During the year the Agency set up a series of internal reviews under the general umbrella title of "Project 2000". The areas covered were:

*Work Processes and Functions*

*Organisation*

*Human Resources*

*Communications*

*Customer Service.*

Detailed consideration of the findings of these reviews and the development of action plans will take place during 1994/95.

# PEOPLE IN THE AGENCY

## PERSONAL REVIEW SYSTEM

The new Agency-wide personal review system, to manage performance and foster staff development, became fully operational in 1993/94. Under the scheme, each individual member of staff discusses and agrees with his or her line manager specific personal objectives, targets and quality standards derived from the office's or section's contribution to the Agency's overall goals. Staff are also encouraged to specify their own personal development objectives to ensure that each individual's role in the Agency can grow and widen with experience. There was close consultation with national Trade Union Side in an endeavour to ensure a smooth transition to the new system and eliminate as far as possible any initial problems.

## PAY AND GRADING

During the course of 1993/94 the Agency received delegated authority to set its own pay and grading structure. Plans for the review of the latter in the Agency, involving the rationalisation and reduction in the number of existing grades (from 13 to 9) were already well advanced and implementation commenced almost as soon as delegation was received. The negotiations with national Trade Union Side leading to a new Agency-wide pay agreement proved time consuming, but nevertheless the new pay agreement proposed after negotiations was supported by the majority of union members and has been implemented.

## MANAGEMENT TRAINING

Over the course of the year key managers within the Agency including those in charge of its local offices attended one of a series of week long management development workshops held in Sheffield, in order to facilitate their own self development and give them an insight into the ways in which the Agency was changing and adapting itself to face the more commercially competitive and client/customer orientated environment in which it operates.

## EQUAL OPPORTUNITIES

The Agency, as in previous years, produced a Programme of Action for the year designed to achieve its aims of improving opportunities for women, staff from ethnic minority groups and disabled persons.

Of the specific objectives set out in the Business Plan for 1993/94 the following were achieved:

*at least 50% of all recruitment boards had female and/or ethnic representation*

*a random 5% of performance agreements/promotion assessments were checked for bias or discrimination - none was found*

*25% of all managers received an equal opportunities awareness module in residential training courses*

*£20,000 was spent on provision of new facilities for disabled customers and staff.*

The remaining objective i.e. to review promotion monitoring exercises was delayed because of the extensive work undertaken in connection with the new pay and grading structure of the Agency. It is intended to complete the promotion review in 1994/95.

# CUSTOMER SERVICE AND QUALITY

## CUSTOMER SERVICE

The Agency seeks to satisfy all its clients and customers by providing efficient and cost effective services tailored to their individual needs. It aims to act at all times in accordance with the principles of the Citizen's Charter.

## CUSTOMER SURVEY

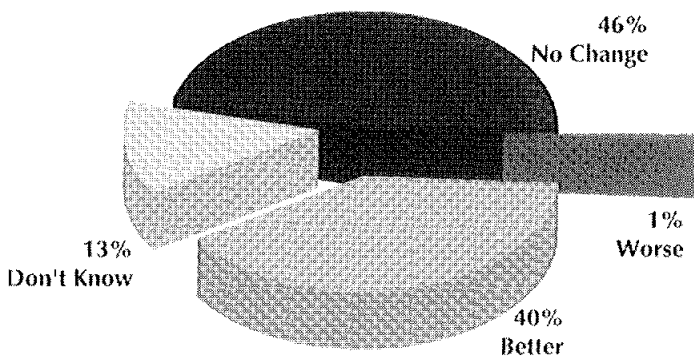
Early in 1994 the Agency commissioned independent consultants to carry out a comprehensive survey of its public sector clients. The primary aim was to help the Agency to understand how well it was actually servicing their needs. It also sought to establish their likely future requirements. The findings of the survey will be reported back to those clients but the main results are summarised below.

Overall the survey showed that 95% of central government departments for whom the Agency acts were generally satisfied with the service they received. But while the Agency's traditional strengths of integrity, independence, discretion and impartiality were recognised, some areas for improvement, in particular those connected with speed of response, were identified.

Participants in the survey were also asked to compare their level of satisfaction with the service received with the situation just prior to the Agency's launch nearly three years ago. As the chart below shows 40% felt that there had been an improvement in service while 46% considered that there had been no change. The implication is that while some progress has been made, there remains scope for further improvements

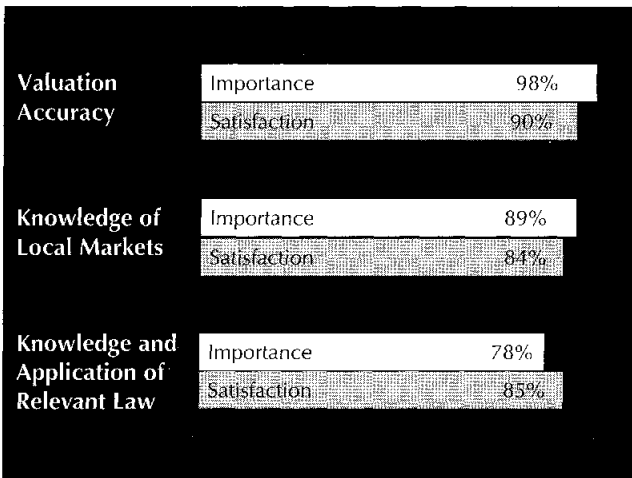
The survey further confirmed that clients' requirements are becoming better defined and generally more demanding. Changing and increased competition have been major factors with public sector clients very much in the position of "intelligent customer", better informed and better equipped to specify and secure high standards in work undertaken for them.

The survey asked Departments of central government to judge the Agency's performance under four main headings competence, quality and service, style and image, and communication. The details of the findings are shown overleaf.

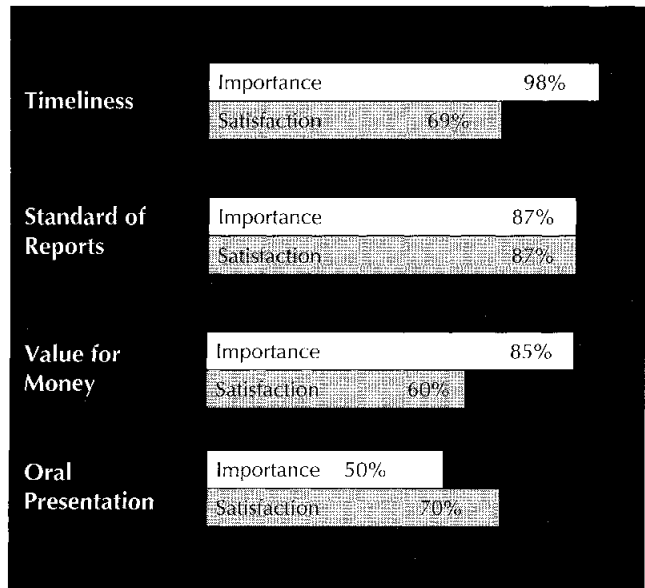


## RESULTS OF CUSTOMER SURVEY

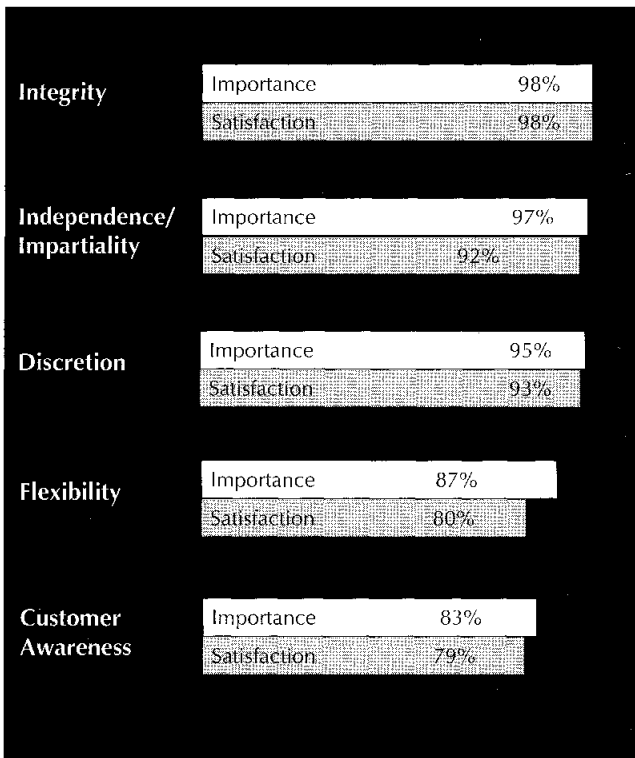
### Competence



### Quality and Service



### Style and Image



### Communications



**Note :** "importance" refers to the percentage of clients who considered the particular aspect "very" or "fairly" important.

The findings of the survey have provided important information and the Agency is currently addressing the changes which it needs to make in response to some of the views expressed.

Further surveys will be commissioned in the future in order to stay attuned to the needs of the Agency's customers

## MARKET TESTING

A major proportion of the Agency's key activities is tied by statute but where this does not apply clients are increasingly market testing the valuation services they receive. This increased competition is a constant and very real driver for further efficiencies and effectiveness of service. The Agency continues to demonstrate value for money in its success in bidding for untied work from Government Departments, public bodies and local authorities. In 1993/94 some £12.5m of the Agency's activities were subject to direct competition in this way.

Additionally the Agency undertook its own market testing programme covering a range of support services (messengerial, security and other administrative support services) in its head office involving 32 posts. The "in-house" bid was successful against outside competition. Further preparatory work was undertaken regarding head office training, and secretarial and typing services.

## COMPLAINTS

In 1993/94, in line with the principles of the Citizen's Charter, the Agency reviewed and streamlined its complaints procedure in order to make it easier for the public to understand how to lodge and pursue a complaint. It published a booklet "You and the Valuation Office" which is freely available at all offices and sets out the standards of service the public can expect and what to do if they are not satisfied. Should a customer remain dissatisfied it provides information on how further to pursue the matter whether by reference to the Inland Revenue Adjudicator or, where appropriate, the Parliamentary Commissioner for Administration.

During the year the Inland Revenue Adjudicator received 18 complaints about matters handled by the Agency: 16 were resolved by further action on the Agency's part leaving 2 for more detailed investigation.

## QUALITY OF SERVICE

The Agency attaches great importance to the maintenance of quality standards and three of its nine key targets are specifically directed towards this area.

Particularly pleasing was the success in achieving a 94% level of replying to correspondence within 28 days against a target of 90%.

This particular target has been further strengthened for 1994/95 to a level of 100% within 35 days.

The other targets in the quality field relate specifically to casework and concern timeliness and valuation variation. The index for timeliness showed a performance well above target (at 96% against 84%) which reflected a good performance on the rating front, and also the further reduction of work in hand for the Inland Revenue.

The valuation variation factor came in below target (76% against 82%). Although disappointing this is not seen as implying a general falling off in quality standards. Several factors affected this result, in particular a concentration on resolving the older Inland Revenue cases with more chance of a significant difference between "before" and "after" valuations, and the settlement of some of the older and more contentious 1990 List rating cases.

# A LOOK AHEAD

## KEY TARGETS FOR 1994/95

The Agency's key targets for 1994/95 were announced by the Paymaster-General on 22 April 1994. They are as follows:

### OPERATIONAL

- **Council Tax** -  
*To clear in aggregate some 730,000 appeals against the Council Tax Valuation Lists by 31 December 1994*
- **Rating** -  
*To clear 260,000 appeals against the 1990 Rating Lists  
and  
To complete the revaluation of some 1.7 million non- domestic properties for new rating lists coming into effect on 1 April 1995*
- **Direct Taxes** -  
*To undertake 75,000 valuation cases for the Inland Revenue for capital gains and inheritance tax purposes*
- **Other** -  
*To undertake 66,000 cases (and achieve receipts of some £25 million) in respect of chargeable work for other government departments, public bodies and local authorities.*

### FINANCIAL PERFORMANCE AND COST EFFICIENCY

*To ensure the Agency's net operating costs are at least fully covered by receipts*

*To achieve efficiency savings of at least 4% on the Agency's gross expenditure*

*To break even, year on year, within each business segment after charging for the full cost of services including notional interest of 6% on the average working capital*

### QUALITY OF SERVICE

*To reply to 90% of all correspondence within 28 days of receipt and the remaining 10% within a further 7 days*

*To achieve agreed or specified time limits in 95% of cases undertaken*

*To achieve a specified valuation quality standard in 83% of cases carried out*

## OTHER MAJOR EVENTS IN 1994/95

Apart from the specific matters set out above, a comprehensive review of the Agency and its Framework Document is scheduled to commence in 1994/95 as part of the normal "Next Steps" arrangements

Further information is available in the Agency's Business Plan published on 31 May 1994

# KEY RESULTS 1990/94

	1990/91	1991/92	1992/93	1993/94
<b>Casework Volumes</b>				
council tax appeal work	N/A	N/A	N/A	300,630
rating appeal work	28,660	266,223	354,410	312,195
Inland Revenue work	138,900	119,183	119,733+	97,592+
work for other Government Depts	187,900	119,384+	130,613+	117,768+
<b>Financial performance and cost efficiency</b>				
Net expenditure (£m)	N/A	N/A	-11.572	-4.161
Efficiency savings	4.1%	3.8%	3.7%	3.1%
<b>Quality</b>				
Replies to correspondence within 28 days	N/A	N/A	93%	94%
Valuation variation *	N/A	81%	78%+	76%+
Timeliness of case work *	N/A	81%	91%	96%

+Target not achieved

\* Subject to a statistical margin of accuracy of  $\pm 3\%$





# ACCOUNTS



## ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1994

### Foreword To The Accounts

#### History and statutory background

The Valuation Office is an Executive Agency of the Inland Revenue. Bringing together the hitherto separate Valuation Office organisations in England and Wales (established in 1910) and in Scotland (established 1911), the Agency was launched under the Next Steps initiative on 30 September 1991. It provides valuation and estate surveying services, including advice on minerals, to Government Departments and the public sector. The main statutory and other authorities relating to its work are set out in an Annex to its Framework Document. To these needs to be added the Local Government Finance Act 1992 which inter alia governs work on the Council Tax front.

#### Review of activities

The Agency's main activities in 1993-94 were:

- non-domestic rating valuation work and council tax banding valuation work for the Department of the Environment and the Welsh Office
- valuation work for the Inland Revenue
- valuation work for other Government Departments, non-departmental public bodies and some local authorities.

#### Future developments and Corporate Strategy

The Agency's main activities in 1994-95 will be similar. Rating valuation work will include the revaluation of non-domestic properties for new Rating lists to come into force on 1 April 1995. Mr R R B Shutler retired from public service on 31 March 1994 and as the result of an open competition Mr A J Langford, previously a Deputy Chief Executive, was appointed to the post of Chief Executive with effect from 5 April 1994. There have been no other significant developments since the end of 1993-94. The Agency's overall strategy is set out in its Corporate Plan to 31 March 1997 which was published on 28 June 1993.

#### Management Board

The Agency's Management Board is non-statutory. During the year 1993-94 its membership comprised:

R R B Shutler	Chief Executive
A J Langford	Deputy Chief Executive
R J Pawley	Deputy Chief Executive
P Upton	Director of Operations
R A Dales	Director of Taxation and Land Services (until 8 May 1993, then appointed Director of Customer Services on 9 May 1993)
A MacLaren	Chief Valuer (Scotland)
M J Loveridge	Director of Customer Services (retired from public service on 8 May 1993 and was succeeded by Mr R A Dales above)
D K Park	Director of Finance and Planning

## **Results, Notional Interest and Appropriations**

The operating surplus for the period 1993-94 was £m 18.1 (1992-93 £m 3.3). After the deduction of notional interest of 6% on average capital employed the surplus for the year was £m 16.5 (1992-93 £m 2.6). Of this, the sum of £m 4.2 (1992-93 £m 11.6) will be surrendered to the Consolidated Fund as appropriations in aid. The retained surplus for the year was £m 11.0; in 1992-93 there was a deficit of £m 1.4.

## **Land and Buildings**

The Agency holds no financial interest in land or buildings.

## **Fixed Assets**

Movements on fixed assets are set out in Note 6 to the accounts.

## **Notional income and expenditure**

The Agency is currently precluded from levying charges for certain statutory work outside the rating and council tax fields; the bulk of this comprises Right to Buy valuations in Scotland and Right to Buy determinations in England and Wales. Gross income and expenditure in respect of this statutory work has been valued at planned cost.

## **Research and development**

The Agency does not carry out any research and development.

## **Political and charitable donations**

The Agency made no political or charitable donations.

## **Disabled persons**

The Agency employs some 63 registered disabled persons (1992-93 - 48). It makes every effort to provide suitable work place facilities for disabled people and to encourage applications from suitably qualified disabled people for vacancies. It also makes every effort to provide career development for disabled persons.

If any member of staff becomes disabled every effort is made to allow them to continue in the Agency's employment. This may involve an offer of an alternative job, re-training where necessary or the provision of adapted furniture and/or equipment.

## **Employee involvement**

The Agency maintains regular communications and contact with managers and staff through meetings, seminars, circulars, information bulletins, videos and a staff magazine. It also has well established arrangements for formal consultation with recognised Trade Union representatives on all significant developments affecting staff.

**A J Langford**  
**Chief Executive**  
**15 July 1994**

## **ACCOUNTS FOR 1993-94**

### **Introduction to the Accounts**

The Valuation Office is a supply financed Agency within the Inland Revenue.

The Chief Executive of the Agency is Accounting Officer for the Agency's administrative Vote (Class XVII, Vote 7). Since 1 April 1992 this Vote has been subject to net running costs control.

The Chief Executive is also Accounting Officer for the Contributions in Lieu of Rates Vote (Class XVII, Vote 9), which covers non-administrative expenditure and receipts of the Agency's Crown Property Unit. As this expenditure and receipts are outside the administrative activity of the Agency they have not been included in these accounts.

## **ACCOUNTS FOR 1993-94**

### **Statement of Agency's and Chief Executive's Responsibilities**

Under Section 5 of the Exchequer and Audit Departments Act 1921 the Treasury have directed the Valuation Office Agency to prepare a statement of accounts for each financial year in the form and on the basis set out in the accounts direction at Appendix 1 to these financial statements. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Agency are required to:

- observe the accounts direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer for the Treasury has appointed the Chief Executive of the Valuation Office as the Accounting Officer for the Agency. His responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accounting Officer's Memorandum, issued by the Treasury and published in "Government Accounting" (HMSO).

## **ACCOUNTS FOR 1993-94**

### **Auditor's Report**

#### **The Certificate of the Comptroller and Auditor General To The House of Commons**

I have audited the financial statements on pages 31 to 42 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 35 and 36.

#### **Respective responsibilities of the Agency and Chief Executive and auditors**

As described on page 28 the Chief Executive is responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

#### **Basis of Opinion**

I certify that I have examined the financial statements referred to above in accordance with the Exchequer and Audit Departments Act 1921 and the National Audit Office auditing standards, which include relevant Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the body's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In my opinion the financial statements give a true and fair view of the state of affairs of the Valuation Office Agency at 31 March 1994 and of its surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and with the directions made thereunder by the Treasury.

John Bourn  
Comptroller and Auditor General  
19 July 1994

National Audit Office  
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London SW1W 9SP





# VALUATION OFFICE AGENCY

## Income and Expenditure Account for the year ended 31 March 1994

		1994		1993
	Notes	£'000	£'000	Restated £'000
Gross Income	2	196,358		205,755
Change in value of work in progress	7	10,810		(8,042)
			<u>207,168</u>	<u>197,713</u>
Staff costs	3	127,015		121,687
Depreciation	6	5,032		6,753
Other operating costs		<u>57,024</u>		<u>66,007</u>
			<u>189,071</u>	<u>194,447</u>
Operating surplus	4		18,097	3,266
Notional interest payment	5		1,629	673
Surplus for year			<u>16,468</u>	<u>2,593</u>
Appropriations in Aid	10 & 13		4,161	11,572
			<u>12,307</u>	<u>(8,979)</u>
Retained surplus/(deficit) brought forward			(1,356)	7,623
Retained surplus/(deficit) carried forward			<u>10,951</u>	<u>(1,356)</u>

The notes on pages 35 to 42 form part of these accounts.

## Balance Sheet as at 31 March 1994

	Notes	31 March 1994		31 March 1993 Restated	
		£'000	£'000	£'000	£'000
Tangible fixed assets	6		12,332		14,671
Current assets:					
Work in progress	7	18,381		7,571	
Debtors	8	10,233		14,447	
		28,614		22,018	
Current liabilities:					
Creditors:					
amounts falling due within one year	9	9,101		13,856	
Net current assets			19,513		8,162
Total assets less current liabilities			<u>31,845</u>		<u>22,833</u>
Financed by Capital and Reserves:					
General reserve	10		30,754		22,721
Revaluation reserve	10		1,091		112
			<u>31,845</u>		<u>22,833</u>

The notes on pages 35 to 42 form part of these accounts.

**A J Langford**  
**Chief Executive**  
**15 July 1994**

## Cash Flow Statement for the year ended 31 March 1994

		1994		1993 Restated	
	Notes	£'000	£'000	£'000	£'000
<b>Operating activities</b>					
Cash received from customers			190,566		183,196
Cash payments to suppliers		(57,182)			(46,058)
Cash payments to and on behalf of employees	1(f) & 3	(113,410)			(105,938)
Superannuation paid	1(f) & 3	(13,605)			(13,658)
Total cash payments			(184,197)		(165,654)
Net cash inflow from operating activities	12			6,369	17,542
<b>Investing Activities</b>					
Purchase of tangible fixed assets	6		(2,208)		(5,970)
Net cash outflow from investing activities				(2,208)	(5,970)
<b>Surplus payable to Consolidated Fund (Class XVII Vote 7) (1993 - Class XVIII Vote 7)</b>					
	10 & 13			4,161	11,572

The notes on pages 35 to 42 form part of these accounts

## Statement of Recognised Gains and Losses for the year ended 31 March 1994

	1994	1993 Restated
	£'000	£'000
Surplus for the year	16,468	2,593
Unrealised surplus on revaluation of fixed assets	<u>1,548</u>	<u>(1,435)</u>
Total gains and losses relating to the financial year	<u>18,016</u>	<u>1,158</u>

The comparative figures for 1992-93 are shown after prior year adjustments which reduced the surplus by £577,000 and reduced the unrealised surplus on revaluation by £33,000.

The notes on pages 35 to 42 form part of these accounts

## Notes to the Accounts

### 1. Accounting Policies

#### a. Basis of accounting

These financial statements have been prepared on an accruals basis in accordance with Treasury guidance for supply financed Executive Agencies. In so far as is appropriate, the provisions of the Companies Act 1985 and accounting standards issued or adopted by the Accounting Standards Board have been applied.

The financial statements are drawn up under the historical cost convention, modified by the inclusion of tangible fixed assets at their value to the business by reference to current cost.

#### b. Notional charges and Expenditure

Treasury guidance stipulates that notional charges should be included for insurance, audit fee and interest (see Note 1(g)).

From 1 April 1993 all work performed by the Agency on behalf of the Inland Revenue (the parent department) became chargeable at agreed rates; prior to that date all such work was treated as notional expenditure for inclusion in the accounts.

#### c. Notional Income

The turnover of the Agency includes notional income for services provided by the Valuation Office directly to the public where statute prohibits the levying of a charge. There is no cash payment for these services, but a notional sale is recorded in the Income and Expenditure Account based upon a notional fee calculated in accordance with the Treasury fees and charges guide.

From 1 April 1993 all work performed by the Agency on behalf of the Inland Revenue (the parent department) became chargeable at agreed rates; prior to that date all such work was treated as notional income for inclusion in the accounts.

#### d. Depreciation

Depreciation is charged at a rate chosen to recover the replacement cost less estimated residual value of all tangible fixed assets over their estimated useful life. The asset lives currently estimated for each class of asset are as follows:

Motor vehicles	7 years
Computer equipment	5 years
Furniture and other office equipment	7 years
Audio and film equipment	3 years

#### e. Work in progress

Work in progress is defined as the value of output services which are incomplete or complete but undelivered. The figures in these financial statements are an estimate of the volume of incomplete and complete but undelivered work valued at the lower of (apportioned) total cost, including an allowance for actual and notional overheads, and recoverable amount.

#### f. Pensions

All permanent staff are covered by the provisions of the Principal Civil Service Pension Scheme, to which the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. Contributions are paid to the Paymaster General at rates determined from time to time by the Government Actuary; the rate for 1993-94 was 13.5% of reckonable pay (1992-93 17%). During 1993-94 superannuation

contributions were made in respect of all permanent staff. In 1992-93 contributions were only made in respect of staff engaged on chargeable activities and a similar notional accrual made for staff engaged in work treated as notional income.

g. Notional Interest

The method for calculating Notional Interest has been revised and this is now based on a rate of 6% on average capital employed. The 1992-93 comparative figures have been recalculated using the revised method.

h. Adjustments to the Accounts

As a result of changes in methodology and some errors it has been necessary to make adjustment to some figures previously published in the 1992-93 accounts. Where adjustments have been made the 1992-93 figures are shown as Restated. As the result of these adjustments the Reserves have increased by £468,000.

i. Banking and Cash

As the Valuation Office is an Executive Agency of the Inland Revenue, under the Public Accounts and Charges Act 1891 the Agency's banking arrangements are combined with those of the parent Department and therefore no cash is held at the year end.

**2. Gross Income and Segmental Analysis**

a. Gross income, which is stated net of Value Added Tax, represents amounts invoiced to customers and other statutory, non-chargeable work. The latter has been included in the accounts based upon a notional fee calculated in accordance with the Treasury Fees and Charges Guide.

From 1 April 1993 all work performed by the Agency on behalf of the Inland Revenue (the sponsor department) became chargeable at agreed rates; prior to that date all such work was treated as notional income and expenditure for inclusion in the accounts.

b. The financial objective is to break even, on a full cost basis, within each business segment.

1993-94	Gross Income	Change in work in progress increase/ (decrease)	Cost (1)	Surplus/ (deficit)
	£'000	£'000	£'000	£'000
Chargeable Activities				
Rating	122,930	8,471	120,129	11,272
Council Tax	36,503	3,160	42,467	(2,804)
Other valuation work	16,142	(259)	10,645	5,238
Taxation	16,209	(554)	13,096	2,559
Crown Property Unit	1,148	0	946	202
Notional Activities (2)				
Statutory non-chargeable	3,426	(8)	3,417	1
<b>Total</b>	<b>196,358</b>	<b>10,810</b>	<b>190,700</b>	<b>16,468</b>

(1) Full cost, as shown in the Income and Expenditure Account, is apportioned to each business segment on the basis of the planned cost of each segment.

(2) Notes 1(b) and (c).

1992-93 Restated	Gross Income	Change in work in progress increase/ (decrease)	Cost (1)	Surplus/ (deficit)
	£'000	£'000	£'000	£'000
<b>Chargeable Activities</b>				
Rating	122,224	(1,967)	118,612	1,645
Council Tax	41,086	(5,625)	34,976	485
Other valuation work	18,325	196	18,268	253
Crown Property Unit	975	0	1,074	(99)
<b>Notional Activities (2)</b>				
Taxation	20,453	(597)	19,583	273
Statutory non-chargeable	2,692	(49)	2,607	36
<b>Total</b>	<u>205,755</u>	<u>(8,042)</u>	<u>195,120</u>	<u>2,593</u>

(1) Full cost, as shown in the Income and Expenditure Account, is apportioned to each business segment on the basis of the planned cost of each segment.

(2) Notes 1(b) and (c).

### 3. Staff Costs

	1994	1993 Restated
	£'000	£'000
<b>a. Staff Costs</b>		
Salaries, wages and allowances	104,792	98,391
Social Security costs	8,618	7,547
Other Pension costs (Note 1(f))	13,605	15,749
	<u>127,015</u>	<u>121,687</u>

### b. Staff Numbers

The average number of employees during the year was as follows:

	1994	1993 Restated
Professional	2,150	2,241
Non-professional	3,911	3,610
	<u>6,061</u>	<u>5,851</u>

#### c. Senior Staff Remuneration

The Chief Executive's total actual remuneration was £77,152 (1992-93 £72,696) including bonus and taxable benefits. He is an ordinary member of the Principal Civil Service Pension Scheme. All the other members of the Management Board are Agency staff and their remuneration, together with the Chief Executive's, is included with other higher paid employees (defined as Unified Grade 5 and above) in the following table:

Salary range		1994	1993
From	To	Number	Number
£	£	in range	in range
30,000	39,999	—	—
40,000	49,999	21	23
50,000	59,999	4	2
60,000	69,999	—	—
70,000	79,999	1	1

#### 4. Operating Surplus

This is stated after charging:

		1994	1993
	Note	£'000	Restated £'000
Hire of plant & machinery and charges for operating leases		341	274
Notional operating charges	1(b)	800	773
Notional Auditor's remuneration	1(b)	110	125
Depreciation charge for year	6	5,032	4,527
Depreciation adjustment on disposal	6	(369)	881
Deficit on revaluation of computer equipment	6	—	1,245

#### 5. Notional interest payment

Interest has been calculated at a rate of 6% on average capital employed (Notes 1(b) & (g)).



## 6. Tangible fixed assets

	Computer Equipment	Furniture & Other Equipment (1)	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 1993				
Restated	19,565	2,242	2,445	24,252
Additions	1,138	200	870	2,208
Revaluation	1,397	50	101	1,548
Disposals	(265)	(7)	(591)	(863)
At 31 March 1994	<u>21,835</u>	<u>2,485</u>	<u>2,825</u>	<u>27,145</u>
Depreciation at 1 April 1993				
Restated	7,424	1,338	819	9,581
Charge for year	4,289	344	399	5,032
Revaluation	515	29	25	569
On disposals	(102)	(6)	(261)	(369)
At 31 March 1994	<u>12,126</u>	<u>1,705</u>	<u>982</u>	<u>14,813</u>
Net book amounts at 1 April 1993				
Restated	<u>12,141</u>	<u>904</u>	<u>1,626</u>	<u>14,671</u>
Net book amounts at 1 April 1994	<u>9,709</u>	<u>780</u>	<u>1,843</u>	<u>12,332</u>

(1) Includes audio visual equipment

## 7. Work in progress

	1994	1993
	£'000	£'000
Rating	11,460	2,989
Council Tax	3,160	0
Revenue work	1,188	1,742
Other valuation work	2,499	2,758
Statutory non-chargeable	74	82
	<u>18,381</u>	<u>7,571</u>

**8. Debtors: amounts falling due within one year**

	1994	1993 Restated
	£'000	£'000
Receipts held by Inland Revenue – Note 13	4,161	11,572
Trade debtors	4,873	2,719
Prepayments and accrued income	1,199	156
	<u>10,233</u>	<u>14,447</u>

**9. Creditors: amounts falling due within one year**

	1994	1993 Restated
	£'000	£'000
Receipts payable to Consolidated Fund – Note 13	4,161	11,572
Trade creditors	965	1,201
Accruals	529	444
Advance receipts	3,446	639
	<u>9,101</u>	<u>13,856</u>

## 10. Reserves

	General	Revaluation	Total
Summary of Reserves	£'000	£'000	£'000
At 1 April – Restated	22,721	112	22,833
Movement	8,033	979	9,012
At 31 March	<u>30,754</u>	<u>1,091</u>	<u>31,845</u>

	1994	1993 Restated
a. General Fund	£'000	£'000
At 1 April	22,721	30,439
Net payments to Consolidated Fund	(11,572)	3,727
Non-cash transactions	3,137	(14,038)
Income and Expenditure Account	16,468	2,593
At 31 March	<u>30,754</u>	<u>22,721</u>

	Realised	Unrealised	Total
b. Revaluation Reserve	£'000	£'000	£'000
At 1 April 1993 – Restated	71	41	112
Depreciation adjustment	(46)	46	0
Revaluation of tangible fixed assets less supplementary depreciation	979	0	979
At 31 March 1994	<u>1,004</u>	<u>87</u>	<u>1,091</u>

## 11. Commitments and contingent liabilities

### (a) Capital

At 31 March the following future capital expenditure had been authorised:

	1994	1993
	£'000	£'000
Contracted	345	200
Authorised but not contracted	–	434

### (b) Contingent liabilities

There are a number of legal claims or potential claims against the Agency, the outcome of which cannot at present be stated with certainty. None of these claims has been settled and no securities have been issued in respect of any of the legal claims or potential claims. Full provision is made in these financial statements for all liabilities which are expected to materialise and a prudent estimate of the value of such claims is £250,000.

### 12. Cashflow reconciliation

Reconciliation of operating profit to net cash inflow from operating activities.

	1994	1993
	£'000	Restated £'000
Operating surplus	18,097	3,266
Depreciation charge	5,032	6,753
(Increase)/decrease in work in progress	(10,810)	8,042
Decrease in debtors	4,214	12,690
Imprest account settlements after year end	(2,807)	(44)
Services supplied at notional charge	(3,426)	(23,145)
(Decrease) in creditors	(4,755)	(14,612)
Services received at notional charge	910	23,852
Change in VAT net liabilities	(86)	(200)
Transfers between capital and revenue	0	940
Net cash inflow from operating activities	<u>6,369</u>	<u>17,542</u>

### 13. Performance against key financial targets

The key financial target set by the Economic Secretary to the Treasury for 1993-94 was: to limit the Agency's net cash expenditure to £1,000 (1992-93 £m 1.365). This target was exceeded as the Agency generated net cash receipts of £m 4.161 (1992-93 £m 11.572) which will be surrendered to the Consolidated Fund.

# APPENDIX 1

## Valuation Office Agency

### Accounts Direction given by the Treasury

The Treasury, in pursuance of Section 5 of the Exchequer and Audit Departments Act 1921, hereby gives the following Direction:

1. The statement of accounts which it is the duty of the Valuation Office Agency to prepare in respect of the financial year ended 31 March 1993 and in respect of any subsequent financial year shall comprise:

- a a foreword;
- b an income and expenditure account;
- c a balance sheet; and
- d a cash flow statement

including in each case such notes as may be necessary for the purposes referred to in the following paragraphs.

2. The Valuation Office Agency shall observe all relevant accounting and disclosure requirements given in "Government Accounting" and in the Treasury booklet "Trading Accounts: A Guide for Government Departments and Non-Departmental Public Bodies" (the "Trading Accounts booklet") as amended or augmented from time to time.

3. The statements of accounts referred to above shall give a true and fair view of the income and expenditure, state of affairs, and cash flow of the Valuation Office Agency. Subject to the foregoing requirement, the statement of accounts shall also, without limiting the information given and as described in Schedule 1 to this Direction meet:

- a the accounting and disclosure requirements of the Companies Act;
- b best commercial accounting practice including accounting standards issued or adopted by the Accounting Standards Board as amended or augmented from time to time; and
- c any disclosure and accounting requirements which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view; and
- d any additional disclosure requirements contained in "The Fees and Charges Guide", in particular those relating to the need for segmental information for different services provided,

insofar as these are appropriate to the Valuation Office Agency and are in force for the financial period for which the statement of accounts is to be prepared.

4. Additional disclosure requirements are set out in Schedule 2 of this Direction.

5. The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of:

- a fixed assets at their value to the business by reference to current cost; and
- b stocks will be valued at the lower of cost or net current replacement cost if materially different, and net realisable value.

**Treasury Officer of Accounts**

**12 October 1993**

## **SCHEDULE 1**

### **Application of the Companies Act's Requirements**

1. The disclosure exemptions permitted by the Companies Act in force for the financial period for which the statement of accounts is to be prepared shall not apply to the Valuation Office Agency unless specifically approved by the Treasury.
2. The foreword shall contain the information required by the Companies Acts to be disclosed in the Directors' Report, to the extent that such requirements are appropriate to the Valuation Office Agency.
3. In preparing its income and expenditure account and balance sheet, the Valuation Office Agency shall adopt respectively format 2 and format 1 prescribed in Schedule 4 to the Companies Act 1985, as amended by the Companies Act 1989, to the extent that such requirements are appropriate to the Valuation Office Agency. Regard should be had to the examples in Annex C of the Trading Accounts booklet, in particular the need to strike the balance sheet totals at "Total Assets less Current Liabilities".
4. The foreword and balance sheet shall be signed and dated.

## **SCHEDULE 2**

### **Additional Disclosure Requirements**

1. The foreword shall state that the accounts have been prepared in accordance with a direction given by the Treasury in pursuance of Section 5(1) of the Exchequer and Audit Departments Act 1921.
2. The foreword shall include a brief history of the Valuation Office Agency and its statutory background. Regard should be had to Annexes B and C of the Trading Accounts booklet.
3. The notes to the accounts shall include, inter alia, details of key corporate financial targets set by the responsible Minister together with an indication of the performance achieved.
4. The Accounts Direction shall be reproduced as an appendix to the accounts.



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# ANNUAL REPORT AND ACCOUNTS 1993-94



THE VALUATION  
OFFICE

## **AGENCY OBJECTIVES**

TO PROVIDE GOOD QUALITY,  
COST-EFFECTIVE VALUATION AND  
ESTATE SURVEYING SERVICES, INCLUDING  
SPECIALIST ADVICE ON MINERALS,  
TO GOVERNMENT AND THE  
WIDER PUBLIC SECTOR



TO GIVE A FAIR, PROMPT AND  
HELPFUL SERVICE TO CLIENTS,  
TAXPAYERS AND RATEPAYERS  
AND TO ACT IN ACCORDANCE WITH  
THE PRINCIPLES OF THE CITIZEN'S  
CHARTER



TO ATTRACT AND RETAIN WELL  
MOTIVATED, PROPERLY TRAINED  
AND EFFICIENT STAFF AND TO  
ASSIST THEM TO ACHIEVE  
THEIR FULL POTENTIAL