

# The Valuation Tribunal Service

Annual Report and Accounts 2009-10





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**Annual Report and Accounts 2009-10**

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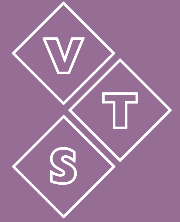
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# Chairman's statement



**Anne Galbraith CBE**  
**Chairman**  
**Valuation Tribunal Service**

Without doubt, the most notable event of the year has been the launch of the Valuation Tribunal for England (VTE), on 1 October 2009. On that date, we bade farewell to 56 separate valuation tribunals, and witnessed the transfer of almost 600 members to the new Tribunal. The event was marked by a launch in the historic premises of the Royal Institution – surely a most suitable environment for this historic change. The implementation programme necessary for this major change, whether in training for our staff, or facilitating training for members, or in our information technology systems, or our guidance leaflets has all been tackled enthusiastically, with real commitment to ensure a smooth transition.

As we have moved forward to implement our strategy of rationalising our estate, we have said goodbye to a number of long-serving staff. We have also created opportunities for others to work more flexibly, on remote and mobile working contracts. This has ensured that we retain expertise and experience to service tribunal hearings, and also allows us to use our staff resource more flexibly. The first staff members to work on this basis have been an important resource in assisting us to set up this system effectively, and when much needed changes to our information technology are delivered later this year, they will be able to function in a 'virtual' office world.

Estate rationalisation is only one of the ways in which we aim to deliver on our objective to improve efficiency and economy in the service. It is worth reflecting that just before the creation of the Valuation Tribunal Service (VTS) in 2004, the budget for the service was over £13 million whereas in the year under report, we have delivered the service for less than £10 million. We have reduced our number of office locations from 23 to eight, and our staffing has reduced by one third. These major efficiencies have also been achieved during a period of great change for the service, against a backdrop of doing more to support users through the process and seeing an improvement in their satisfaction ratings. Our staff, led by our new Chief Executive, Tony Masella, can be rightly proud of these achievements.



At the end of the year, we said goodbye to one of our Board members, Irene Robinson, who had served since the creation of the VTS, and we look forward to welcoming Margaret May as our new Board member. Michael Tildesley resigned from the Board on his appointment as one of the four VTE Vice-Presidents and, though we miss him on the Board, we are grateful that his talents are still retained for the VTE.

Of course, the service will not stand still. We will continue to look for ways in which we can improve our support for the VTE, offer an enhanced service for our users and meet new challenges in a more constrained financial environment. We are actively engaged in dialogue with the Tribunals Service, recognising that the direction of travel may be for the VTE and the VTS to move into the new First-tier Tribunal and Tribunals Service respectively. This programme of work would require us to continue to work hard and engage effectively with all our relevant stakeholders. We look forward to the challenges that the future brings, and I thank all who have contributed to our year of achievement in 2009-10.

**Anne Galbraith CBE**

Chairman, Valuation Tribunal Service



The launch of the Valuation Tribunal for England (VTE), on 1 October 2009



# Chief Executive's statement



**Antonio Masella**  
Chief Executive  
Valuation Tribunal Service

It is my privilege as Chief Executive of the Valuation Tribunal Service (VTS) to welcome you to this report reflecting on our continued determination to enhance the end-to-end experience of Valuation Tribunal users.

On 1 October one of our long-term objectives came into fruition with the establishment of the Valuation Tribunal for England (VTE). This represented the culmination of a journey initiated by the VTS to seek the modernisation of the former 56 valuation tribunals. We are working with the President of the VTE to improve user accessibility to tribunal hearings as we continue to respond to new guidance issued by him.

The introduction of the VTE also provided the opportunity to revamp and rebrand our website. The Listing and Decision pages continue to remain a useful source of information for our tribunal users.

We have reviewed our service delivery in the light of the establishment of the VTE and have replaced our previous four-region structure by a unified, national operational structure, headed by an Operations Manager. This change will help to provide more effective and efficient management of office resources and will introduce greater consistency in processes.

During the year we refreshed our governance processes, supported by the appointment of a Corporate Services Manager. We also established a Finance Committee and a Programme Management Board, with terms of reference. I am grateful to Board members and staff for taking on these important committee roles.

We will shortly enter a new phase as we begin to capitalise on information technology developments we planned last year. These will equip us to provide a much more responsive service to our stakeholders' ever-growing service delivery expectations.

I would like to thank all my staff in all roles for the contributions they have made during the year, sometimes in difficult circumstances. Our success is a direct result of their effort and continued commitment.

A handwritten signature in black ink, appearing to read 'Antonio Masella', written in a cursive style.

**Antonio Masella**  
Chief Executive  
Valuation Tribunal Service









# Our services and what we do

We received over 120,000 appeals during the year

# 120



## The Valuation Tribunal Service

The Valuation Tribunal Service (VTS) was set up by the Local Government Act 2003 and established as a non-departmental public body on 1 April 2004. Sponsored by the Department for Communities and Local Government (CLG), the VTS supports the operation of the Valuation Tribunal for England by providing the following services:

- accommodation
- staffing (including clerks to tribunal panels)
- information technology
- equipment
- training for members and staff (including the Clerk to the Tribunal)
- general advice about procedure relating to the proceedings before the Tribunal.

## The Valuation Tribunal for England

Established by the Local Government and Public Involvement in Health Act 2007, the Valuation Tribunal for England (VTE) is a statutory body with jurisdiction to hear appeals against:

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

On 1 October 2009, the VTE replaced the former 56 valuation tribunals in England each of which was headed by a president elected by its membership. The VTE is headed by a national President, Professor Graham Zellik CBE QC, who was appointed by the Lord Chancellor in January 2009.

The members of the former valuation tribunals transferred across to the VTE, subject to signing up to new terms and conditions. Members are unpaid 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 receive reimbursement of expenses incurred, based on prescribed amounts determined by the Secretary of State. In certain circumstances, members may also receive reimbursement at prescribed rates in respect of financial loss incurred as a result of undertaking tribunal duties. A tribunal panel normally consists of a chairman and two members; they are supported at hearings by a salaried clerk who provides legal, procedural and technical advice.



## Workload

Where a ratepayer or council tax payer cannot reach agreement with the Valuation Office Agency (VOA) or council about their business rates or council tax valuation or liability, they can appeal to the VTE.

During the year, we received 120,000 appeals, a slight rise on 2008-09. Almost 95,000 appeals were carried forward in April 2009. Not all the appeals we receive follow through to a hearing, as some are agreed through negotiation between the parties in the period leading up to the hearing date. 63% of all types of appeals listed for hearing were settled in 2009-10.

During the year, 130,000 appeals were cleared and the table below shows the detail of these figures by appeal type. There remain a small number of appeals outstanding from the 1995 and 2000 rating lists that are awaiting relevant higher court decisions, or where national negotiations are under way.

Type of appeal	Brought forward	Received	Cleared	Carried forward
Non-domestic Completion Notice appeals	123	491	441	173
Non-domestic rates 1995 Rating List	64	–	24	40
Non-domestic rates 2000 Rating List	2,183	21	1,570	634
Non-domestic rates 2005 Rating List	90,182	115,909	123,976	82,115
Council tax Completion Notice appeals	191	594	715	70
Council tax valuation list and invalidity notice appeals	1,494	2,321	2,182	1,633
Council tax valuation appeals (pre Appeals Direct)	273	–	222	51
Council tax liability	442	840	885	397
Penalties for non-domestic rates returns	23	20	41	2
<b>Total</b>	<b>94,975</b>	<b>120,196</b>	<b>130,056</b>	<b>85,115</b>

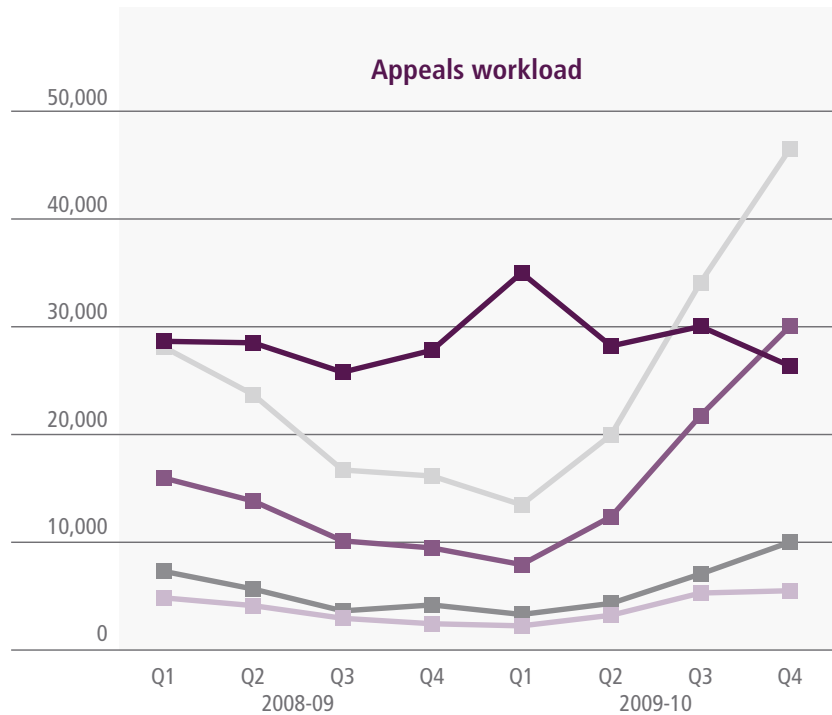
Please note that some 'Brought forward' figures this year differ slightly from the 'Carried forward' figures reported last year. This is due to the appeals statistics package, to be replaced in 2010, which takes a snapshot of data at a fixed point in time. This data can change over the course of a day, due for example to re-instatements of settlements of appeals.

Receipts of non-domestic rating appeals increased by 12,000 over last year's figure as the life of the 2005 rating list came to an end; council tax valuation appeals receipts remain at a similar figure to last year.



The chart below shows the workload of tribunal offices for 2009-10 compared to the previous year, quarter by quarter.

- Appeals received
- Appeals listed
- Appeals decided
- Appeals deferred
- Appeals settled



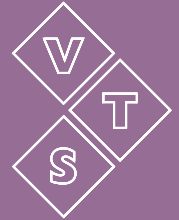
A key service standard commitment for VTS staff is to issue a tribunal panel's reasoned decision (in a contested case) to the parties within one month of the hearing date. This is important because our customer surveys show that early receipt of the decision is significant to tribunal users. In 2009-10, a total of 3,168 such decisions were issued, 94.5% of which were issued within one month.

During the year, 1,472 tribunal hearings were held. We listed 33% more appeals than in the previous financial year; 2,067 appellants attending a hearing to pursue an appeal in person and 952 appeals were determined in the absence of the appellant by request.

**33**

We listed 33% more appeals this year than last

# Our people



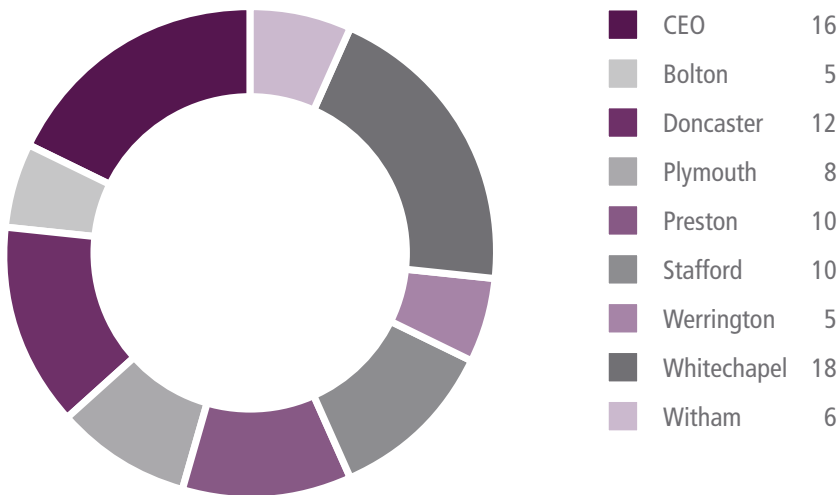
## Staff

During 2009-10 we continued with our estates optimisation programme resulting in a decrease in the numbers employed from 104 to 90. The distribution of staff among our offices is shown below. The representation of ethnic minorities within the workforce increased from 10.6% to 14.6%.

During the year, four people joined the VTS. Of the 18 people who left, 13 were as a result of redundancy, one was dismissed, two resigned and two left by mutual agreement. Despite the reduction in headcount, our average age remained at 47 years. However, average length of service has fallen to 15 years (from 22 years in 2008-09).

Our policy of retaining experienced staff led us to increase the number of remote and mobile workers to 10, allowing us greater flexibility in delivering a national service.

Number of staff



We administer a total of 29 pension schemes with 91% (81) of our staff being members.

During the year there were 745 days staff sickness absence recorded, giving an average of 7.8 days per person (7.7 per FTE) compared with 10.1 in 2008-09. The absenteeism rate for the VTS is 3.1%, which compares favourably with an overall UK absence rate of 3.3% and a public sector rate of 4.3% (according to the CIPD Annual Absence Survey – July 2009).



# 7.8

Days lost through sickness absence per member of staff fell from 10.1 to 7.8



**Training for staff increased  
from 4.5 to 5.5 days  
per FTE this year**

**5.5**



## **Tribunal members**

When the VTE was established on 1 October 2009, all existing members of the 56 valuation tribunals were afforded the opportunity to transfer to the VTE subject to signing a set of terms and conditions.

A total of 95 members decided not to transfer to the VTE, whilst a further 101 resigned or retired. Four new members joined during the year, so the net reduction in members was 192.

Member numbers at 31 March 2010 were therefore 561, of whom 22% were female (an increase of 2% on the previous year). Those from ethnic minority groups represent 7.1% (6.6% in 2008-09), whilst 8% were recorded as having a disability (6.4% in 2008-09).

## **Developing our people**

### **Staff**

Our commitment to the Continuing Professional Development (CPD) of our workforce was strengthened through the incorporation of a minimum 20 hours CPD for all professionally qualified staff within their annual performance development review.

We actively support our staff to achieve the professional qualification accredited by the Institute of Revenues, Rating and Valuation (IRRV) providing financial assistance and liaising with the IRRV on the most appropriate route to qualification. During 2009-10 we sponsored 12 applications for qualification sponsorship of which seven related to the IRRV.

We delivered a total of 534 days training to our people which equated to an average of 5.5 days per FTE (an increase of one day compared to the previous year). The training programmes delivered included professional, technical and managerial courses, including a new course on Lean Six Sigma that will assist staff to participate in refining our processes to make them more consistent and efficient.





The new Valuation Tribunal exhibition stand at the IRRV Annual Conference in Bournemouth, 2009

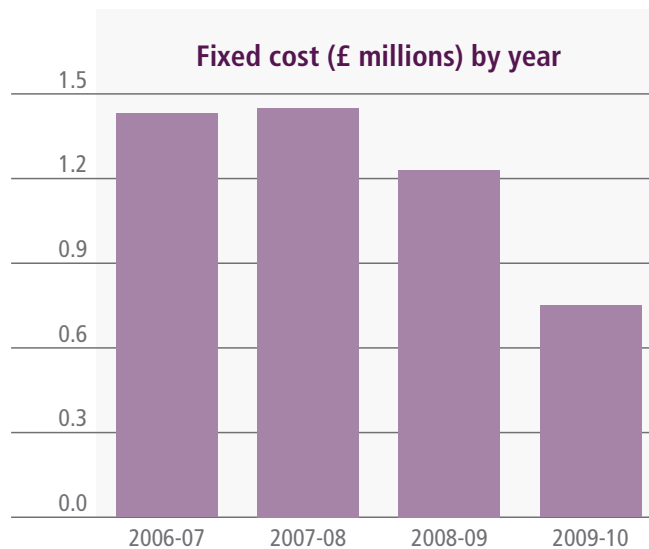
## Members

The training and development programme for 2009-10 was largely driven by the establishment of the VTE and the need to familiarise members with the new regulations. In addition we delivered a range of courses including preparation for the member appraisal system and training specifically aimed at those who are chairmen.

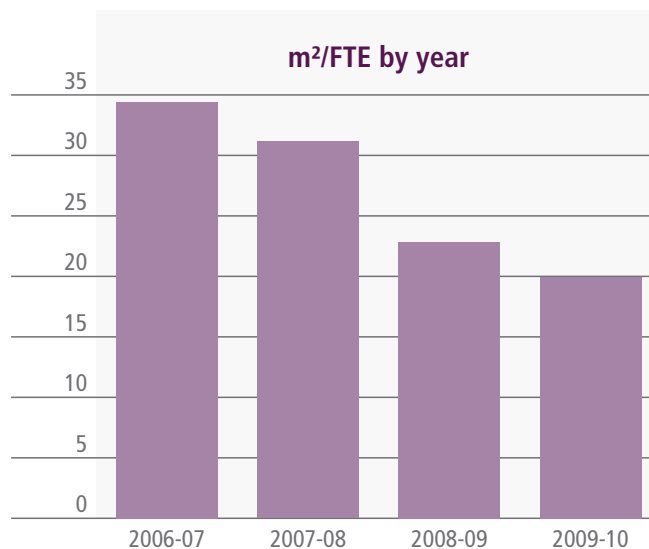
A total of 110 days training were delivered during the year, equivalent to 1.5 days per member.

On 2-3 March 2010, a Chairmen's Conference was held in London and attended by 171 delegates. The guest speakers were Richard Gordon QC, Professor Dame Hazel Genn DBE QC LLD FBA, Judge Roger Goodier and Guy Roots QC. The sessions were hosted by the VTE Vice-Presidents: Alfred Clark, Fiona Dickie, David Hogg CB and Michael Tildesley OBE.

# The estate



As a result of leases coming to an end, we vacated our Horsham, Leamington and Nottingham offices. These closures have resulted in reducing our fixed costs by 39%, bringing the VTS estate footprint to 1,000m<sup>2</sup>.



The m<sup>2</sup> per full-time staff equivalent (FTE) now stands at 20 m<sup>2</sup>/FTE, representing a reduction of 12.6% on last financial year's figure, and a 42% reduction since 2006-07.

During the year we have centralised our gas and electricity contracts and we estimate that this approach will provide efficiency savings of up to 15%.







## Environment and corporate social responsibility

We acknowledge our responsibility to have sound environmental practices and have published an Environmental Policy to demonstrate our commitment in supporting the Sustainable Operations on the Government estate targets on carbon emissions.

## Health and safety

As part of our ongoing commitment to preserve the health, safety and wellbeing of our staff, the VTE members and others who are lawfully on our premises, we conducted a health and safety audit during the year. This audit examined the health and safety policies and practices within the organisation, and showed a 10% improvement since the previous audit (based on the ISO 18001 scoring system).

During the year under review, there were no accidents on VTS premises.

## Estate changes next year

We will be optimising our estate further and closing our Werrington office in July 2010 following a Board decision to exercise the break clause. The administration carried out from that office will transfer to our office in Witham.



# 39

Fixed costs for the estate  
have reduced by 39%  
this year from last



# Governance and leadership

The VTS Board, April 2010

Peter Lawton, Margaret May,  
Anne Galbraith, John O'Shea,  
Graham Zellick, Ronald  
Barham and Ian Tighe



## Corporate Governance: The VTS Board

The VTS is governed by a non-executive Board of seven, three of whom are required by statute to be chairmen of the Valuation Tribunal for England (VTE). The President of the VTE, appointed by the Lord Chancellor, is an *ex-officio* member of the Board. The Chairman and other members of the Board are appointed by the Secretary of State and accountable to Communities and Local Government. Ministerial appointments to the VTS are subject to the Code of Practice of the Commissioner for Public Appointments. The Chairman ensures that new Board members receive appropriate induction and training on appointment covering all aspects of the VTS's operations.

There is a clear division of responsibility between the Chairman and the Chief Executive. The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role. The Chief Executive has 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.

Members of the Board have corporate responsibility for ensuring that the VTS complies with statutory and administrative requirements for the use of public funds and ensuring that high standards of corporate governance are observed at all times. The Board establishes the overall strategic direction of the organisation. It approves the VTS's Corporate and Business Plans and its Annual Budget. It also oversees the delivery of planned results by monitoring performance against agreed strategic objectives and targets.



The Board has met formally on seven occasions during the year. In addition the Board has met on three occasions to discuss strategic matters. The Chief Executive and Directors are present during Board meetings.

The Board is serviced by a secretary who also fulfils a governance officer role; members are provided with appropriate and timely information to enable them to discharge their duties effectively.

The Board is supported by a number of committees each with terms of reference. During 2009-10 the standing committees of the Board were:

- Audit Committee
- Finance Committee
- Remuneration Committee
- Training Strategy Committee (until 1 October 2009).

The activities of these committees are regularly reported to the Board and their minutes are made available to all members.

A Register of Interests of the Board members is maintained and is reviewed by the Audit Committee. The register is held by the Finance Director. On specific issues where there may be a potential conflict of interest, members are required to declare their interest and, if appropriate, to withdraw from discussions.

## Membership during 2009-10

### Chairman

Anne Galbraith CBE was first appointed in 2003 and was re-appointed from 30 September 2010 to a term expiring on 31 March 2012. Mrs Galbraith attended seven Board meetings during the year.

### Deputy Chairman

Peter Lawton was re-appointed from April 2008 to a term expiring on 31 March 2011 and he became Deputy Chairman on 1 April 2008. He attended seven Board meetings during the year.

### Members

Dr Ronald Barham was re-appointed from 1 April 2009 to a term expiring on 31 March 2011. He attended six Board meetings during the year.

Michael Tildesley OBE resigned as a Board member on his appointment as a Vice-President of the VTE with effect from 30 September 2009. Before that date, he attended two Board meetings in the year.



Irene Robinson was re-appointed on 1 April 2007 to a term expiring on 31 March 2010. She attended five Board meetings during the year.

Ian Tighe was appointed from 1 April 2008 to a term expiring on 31 March 2011. He attended six Board meetings during the year.

John O'Shea was appointed from 1 April 2008 to a term expiring on 31 March 2011. He attended seven Board meetings during the year.

Professor Graham Zellick CBE QC (VTE President) attended five Board meetings.

## **Board Committees**

### **Audit Committee**

The Audit Committee meets at least four times a year; it also meets with Internal and External Auditors. The Committee supports the Board in its responsibilities for issues of risk control and governance, by reviewing the comprehensiveness of assurances that are in place. The Committee comprises three members of the Board, one of whom acts as Chair of the Committee, and one independent member. Members of the committee during 2009-10 were:

- John O'Shea (Chairman)
- Ronald Barham
- Peter Lawton
- James Stockwell (Independent member).

The Chief Executive and Finance Director also attend the meetings.

During 2009-10 the Committee met four times.

### **Finance Committee**

This Committee was established in June 2009 and comprises at least three Board members. It meets at least four times a year and its main purposes are to monitor all financial aspects of the organisation and support the Accounting Officer to ensure that the VTS operates within the financial guidelines set out in current funding arrangements with the Department and its own Standing Financial Instructions. Its members during 2009-10 were:

- Anne Galbraith CBE (Chairman)
- Irene Robinson
- Ian Tighe.

The Chief Executive and Finance Director also attend the meetings.

During 2009-10 the Committee met six times.



### Remuneration Committee

The Remuneration Committee’s main task is the annual consideration of the performance of the Chief Executive and the Executive Management Team. Further details of the work of the Committee are given in the Remuneration Report (page 30). The Remuneration Committee comprises three Board members, one of whom acts as Chair of the Committee. Members of the Committee during 2009-10 were:

- Peter Lawton (Chairman)
- Anne Galbraith
- Ronald Barham.

During 2009-10, the Committee met four times.

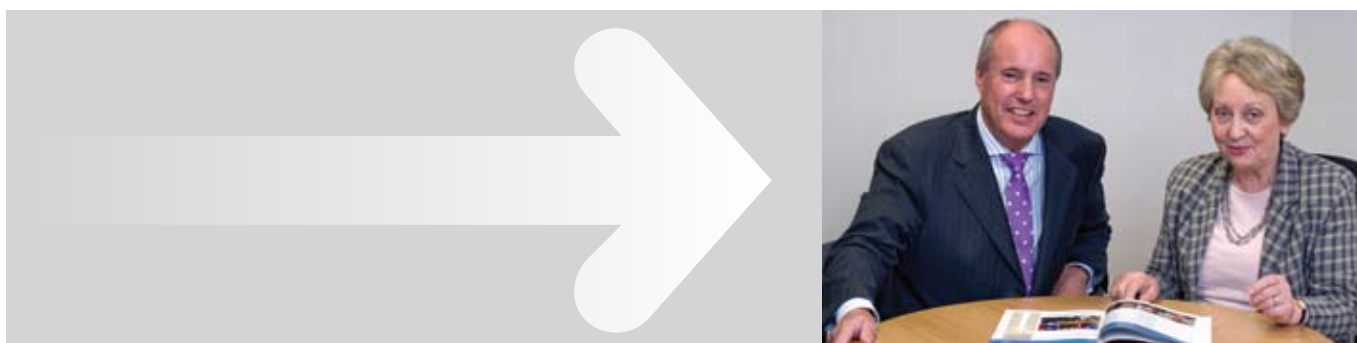
### Training Strategy Committee

The Training Strategy Committee was established to provide a greater focus on training undertaken by the voluntary membership. The Training Strategy Committee became an advisory committee to the President on the establishment of the Valuation Tribunal for England.

Members of the Committee are:

- Peter Lawton (Chairman)
- Graham Zellick QC (President of the Valuation Tribunal for England)
- David Hogg CB (Vice-President)
- Michael Tildesley OBE (Vice-President)
- Philip Harrison (formerly President of Manchester North Valuation Tribunal)
- Jim Dixon (formerly President of Lincolnshire Valuation Tribunal)
- Judi Ellis (formerly President of Kent Valuation Tribunal)
- John Birkbeck (formerly President of Cornwall Valuation Tribunal)
- David Sheard (formerly President of West Yorkshire Valuation Tribunal)
- Tony Ritchie (formerly President of London South East Valuation Tribunal)
- Jon Bestow (Registrar/Clerk)
- Tracey Banham (Training Manager and Committee Secretary).

**The VTS Chairman,  
Anne Galbraith with Deputy  
Chairman, Peter Lawton**





## Leadership

### Executive Management Team

The role of the Executive Management Team (EMT) is to implement operational and strategic Board-approved plans, and provide strategic direction for staff. Until 2 July 2009, the EMT comprised the Chief Executive, Corporate Director, Finance Director, Developments Director and the Interim HR Director. Post-July, the EMT comprised:

Name	Position	Appointment started	Appointment ends
Antonio Masella	Chief Executive	2 July 2009	Permanent
Alan Begg	Finance Director	15 May 2006	Permanent
Murray Campbell	Developments Director	1 May 2008	25 March 2010
Peter Fanning	Interim HR Director	30 June 2008	30 April 2010

### Senior Management Team

The Senior Management Team (SMT) was responsible for providing the day to day operational control. Until 4 January 2010 the SMT comprised members of the EMT and Regional Managers (North, Central, East and South).

The regional structure was replaced on 4 January 2010 with the appointment of an Operations Manager with full responsibility for:

- all operational staff (administrative and professional), office and home based
- financial resources affecting offices
- successful delivery of performance across all offices
- successful achievement of national consistency of processes.

### Programme Management Group

The Programme Management Group (PMG) was established in May 2009 and meets monthly. Key outcomes and issues are reported to the Board. The PMG ensures that new activity is properly planned, structured and resourced and that cases for change are made and shared for approval by the Board as required. A key part of this activity is constantly to assess and reassess risk and benefits to ensure that the approved outcomes remain achievable. The PMG also ensures that the programme is prioritised to meet the Board's stated requirements.



Members of the PMG during the year were:

<b>Name</b>	<b>Role</b>
Antonio Masella (Chief Executive)	Business Change Director
Murray Campbell (Developments Director)	Programme Manager
Alan Begg (Finance Director)	
Peter Fanning (Interim HR Director)	
Ian Tighe (VTS Board member)	
Michael Harkin (IT Manager)	
Lee Anderson (Operations Manager)	

Project managers also attended meetings as required.

## Risk management

We view the management of risk as a key component of our governance framework. We adopt a system for managing risks, which complies with the principles set out in the 'Orange Book', Management of Risks – Principles and Concepts, published by HM Treasury in October 2004. During the year we have redesigned our approach to risk and have set this out in our Risk Management Policy. This Policy sets the tone and influences the culture of risk management throughout the organisation, determining the acceptable levels of risk exposure and the appropriate risk controls.

One of our objectives in establishing the risk appraisal process is to achieve assurance that we are managing our key risk exposures in an appropriate manner. This internal assurance enables us to comply with the requirements placed upon us. However, the overriding objective of the process is to provide us with the means to protect ourselves from the adverse effects of risk and to facilitate progress with meeting our organisational aims.

Key risk indicators are identified and closely monitored in our organisation-wide risk register, which is reviewed and updated quarterly by the EMT, monitored by the Audit Committee and reviewed by the Board. The Accounting Officer and EMT propose, support and implement risk policies agreed by the Board, and encourage an open and receptive approach to solving problems by risk owners and managers at executive and individual office level. Our risk management framework is closely aligned with the processes of internal control, accounting policies, audit policies and reviews (in conjunction with CLG) of the Management Statement and Financial Memorandum issued to the Board.



# Our public interests

## Equality and diversity

We developed our policies relating to equality and diversity to ensure that we met our statutory obligations under the Disability Discrimination Act 2005. We continue to make our family of guidance leaflets available in the nine most commonly used languages in the country (English, Arabic, Bengali, Chinese, Gujarati, Polish, Punjabi, Urdu and Vietnamese). During the year, we accommodated 15 requests for translations of four of our leaflets into six of the different languages. We have also provided 10 interpreters for Arabic, Gujarati, Turkish, Chinese, Russian and Urdu speakers.

## Disability

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.

VTS guidance leaflets and tribunal decision documents are offered in Braille, large print and audio CD. During the year we received eight requests for large print versions and three requests for audio versions (that have been made available on our website). Signers and other communication assistance are provided on request to enable hearing-impaired appellants to participate fully when attending a hearing. Since the creation of the VTS we have carried out work to our estate to ensure that wherever reasonable to do so, our offices have been adapted to comply with the Disability Discrimination Act requirements.

Our website includes a link enabling the public to download, free of charge, 'Browse aloud' software for use on their PCs. This software reads 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. During the year the software was downloaded about 130 times each month.

## Customer survey

This year we decided to move away from single, annual surveys and commissioned monthly 'rolling' telephone surveys of appellants (or their representatives) who had attended a hearing in the preceding month. This allows us to receive feedback and, where necessary, respond quickly with improvement initiatives. We now have responses from tribunal users who have attended hearings since November 2009. This gives us six months' (two quarters') data from telephone interviews with appellants (or their representatives), with an average of 51 interviews being conducted per month.





Looking at overall satisfaction levels (where the VTS scores 8, 9 or 10 out of 10), these have shown a small increase over the two quarters (from 50% to 57%). This was mainly due to improved scoring from those whose appeals were unsuccessful. It is pleasing that, among those whose appeals were not successful, 47% remained satisfied with our service in the second Quarter.

The 57% satisfaction rating compares reasonably with similar public bodies such as the Appeals Service, the Parking and Traffic Appeals Service, the Vehicle and Operator Services Agency and the Rural Payments Agency.

## Complaints

The VTS maintains a register of all complaints received in its offices. Our Customer Charter and Complaints Policy were both revised. They are published on the VTS website and issued to anyone expressing dissatisfaction with the service they receive from the administration.

During the year under review, 37 complaints about the administration were registered (compared to 30 complaints in 2008-09 and 49 in 2007-08). Three complaints were referred to the Corporate Director/CEO for investigation for maladministration (three in 2008-09 and six in 2007-08); no instances of maladministration were found. One case from 2008-09 was this year referred to the Parliamentary and Health Services Ombudsman. Following an investigation, maladministration was not found, however a small consolatory payment was made to the complainant.

## The Data Protection Act 1998 and Freedom of Information Act 2000

During the year, the VTS received and responded to 26 requests made under these Acts, (compared to 20 in 2008-09 and nine in 2007-08). No internal reviews were carried out; no cases were referred to the Information Commissioner.



**I was kept informed, when I arrived at the venue it was organised and professional and the meeting itself was helpful and I could put my point across. I found it quite easy to speak to the people in the room**



An appellant's comment made to independent researcher during the survey: Kadence International 2010



# Management commentary

12 objectives were fully met relating to service delivery and the VTE implementation

# 12



During the year, as well as successfully implementing the VTE on 1 October, with the necessary rebadging exercise that included the launch of a completely revamped website, we ran five other major projects. Most of these have now been completed and converted to 'business as usual'. The change from a regional to a national structure, and the adaptations that were needed to maximise the effectiveness of having a small but significant proportion of the workforce home-based, have also impacted on the year's activity. Nonetheless, in a year that saw our workforce reduce by 14 and net expenditure about £1 million less than last year, we received 12,000 more appeals and listed 33% (almost 30,000) more appeals than in 2008-09.

A full account of our performance against the Business Plan for 2009-10 and our performance against the Key Performance Indicators that we set to demonstrate improvement can be found on our website. 12 objectives, all of which related to improved service delivery and the implementation of the VTE, were fully completed. Five objectives were partially met, but we continue to progress these.

## Key performance indicators

In our Business Plan for 2009-10, we set ourselves a number of performance indicators. Reporting on several of these was reliant on our having in place a management information system; in the event this was delayed and will be implemented in summer 2010. Of those we can report on accurately, we exceeded our target for the number of decisions issued within one month of the hearing and our target for reducing the number of days of staff sickness absence. We met our 3% efficiency savings target. However, we did not meet a target of responding to 95% of complaints within 10 working days (achieving 87.5%). This is an area where we shall be looking for improvement in 2010-11, when our targets are defined better and our performance against the targets can be measured more accurately.



## Some of our highlights include:

### Strategic priority 1 – Continue to improve our service delivery to all the parties to an appeal

<p>We will benchmark and monitor our levels of tribunal user satisfaction, against other relevant public bodies and our own past survey results. We will seek to implement best practice initiatives by a gap analysis of satisfaction levels to identify areas of improvement</p>	<p><i>Focus groups were used to provide valuable feedback on our guidance leaflets and website, so that their expectations would be taken into account when changes were made.</i></p> <p><i>A pilot exercise of enhanced active case management was run in three of our offices. The perceptions of tribunal users experiencing this were evaluated and the successful aspects of the process have now been implemented in all offices.</i></p> <p><i>A 'rolling' telephone survey of tribunal users was set up to interview those who have attended tribunal hearings in the preceding month. This provides speedy quantitative and qualitative feedback enabling us to respond quickly. It also benchmarks us against similar bodies and results so far provide reasonable comparison.</i></p>
<p>Working in partnership with the President we will undertake a wide range of initiatives to realise measurable improvements in the tribunal user's experience</p>	<p><i>We revamped our website and prioritised the needs of first-time users of our service.</i></p> <p><i>A modelling exercise was carried out that suggested that local justice could be delivered using 80 optimum locations for venues around England; this is being taken forward in 2010-11.</i></p> <p><i>We have contributed to professional journals and spoken to different forums about the VTS/VTE. The VTE Users' Group was set up with representatives from professional bodies, Federation of Small Businesses, Lands Tribunal, billing authorities and the VOA.</i></p>

90

**We exceeded our target of issuing 90% of reasoned decisions within one month of the hearing date**

### Strategic Priority 2 – Support the VTE President and CLG in the preparation and set up of the VTE to ensure successful implementation on 1 October 2009

We will support the President in the delivery of improved judicial processes

*We worked with CLG on regulatory changes and terms and conditions of appointment to the VTE. 12 Practice Statements and a Model Procedure were issued by the President and publicised; a training programme for members was developed and carried out. A member booking system for the single national Tribunal was initiated.*

### Strategic Priority 3 – Deliver an efficient and effective service that provides excellent value for money

We will improve our financial effectiveness and efficiency

*All SAP processes are now centralised in Head Office. The Finance Committee was set up in July 2009 to provide close review and scrutiny on behalf of the Board. Regular reporting mechanisms were put in place between delegated budget holders and the EMT, the EMT and the Finance Committee and Board.*

### Strategic Priority 4 – Develop our IT to improve service delivery

We will improve our IT systems in support of our change agenda

*The appeals database and the website were changed to reflect the VTS/VTE as a 'joined-up' service for tribunal users. Changes to the appeals database to meet the needs of the 2010 revaluation were implemented. Developments to move from Gsx to Gsi security systems, to enable remote and mobile access to our systems and to bring into play a management information system for appeals data were all initiated but delayed and will be finished in 2010-11.*

### Strategic Priority 5 – Develop our valued staff to provide a motivated workforce and excellent service to users

We will motivate, retain and develop our staff

*Head Office staff and network staff were put onto a common pay scale. A revised appraisal system was developed. CPD for professional staff was introduced (20 hours a year). A national Staff Conference was held. A staff survey was delayed due to the ongoing operational activity. 10 people were employed as 'remote and mobile' working staff, when their offices were closed.*







# Financial review

## **Delivery of an efficient service that provides value for money**

Further progress was made in the application of the budgetary control mechanism with budget holders supported by a further update of the Budget Holder User Manual for guidance. With the introduction of the Valuation Tribunal for England (VTE) on 1 October 2009, the delegations of authority were reviewed in order to monitor activity expenditure for both the VTE and VTS through various budgets. In all areas tighter controls were exerted which resulted in greater emphasis being placed on the quality of variance reporting into Finance. The introduction of a contracts register focussed further attention on the value for money obtained from renewable contracts. The VTS responded to the Government's Efficiency Review in July 2009. However, in advance of promoting even greater efficiencies internally, certain strategic decisions were taken by the Board to close three offices by July 2009, whilst protecting the delivery of front-line services.

## **Funding**

We received sufficient funds as grant in aid to meet our overall expenditures. The Statement of Cash Flow, as set out on page 46, which analyses net cash flow from operating activities, identifies cash spent by the VTS on capital expenditure and shows grant in aid that the VTS drew down from its sponsoring department in order to finance its activities.

## **Asset management**

The main aim of VTS asset management is to ensure that appropriate non-current assets are held to meet our objectives.

## **Outturn against estimates 2009-10**

Net expenditure per the Net Expenditure Account for the year on page 44 shows £9,027,000 on ordinary activities (£10,231,000 in 2008-09). Adjusted for pensions, the net expenditure increases to £9,411,000 (£10,459,000 in 2008-09).





## Financial summary

Expenditure for the financial year to 31 March 2009 was £9,411,000. This was held below the budget of £9,719,000 and the revised revenue grant in aid limit of £9,573,000.

VTS expenditures were contained within funding limits for both revenue and capital through the year. Revenue expenditure includes certain dilapidation provisions 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 £10,192,000.

The Department Expenditure Limit (DEL) budget for the year was £11,439,000, made up of £10,639,000 resource and £800,000 capital. This budget took account of a pre-agreed funding withdrawal for 2008-09 of £920,000 from the Resource budget to acknowledge funds no longer required in the year.

Day to day responsibility for financial management of the VTS's activities is managed by the EMT. During the course of the year, the EMT, with engagement also by the SMT, reviewed the three-year Corporate Plan and conducted close monitoring of all financial activities. The SMT was disbanded in December 2009 following a pre-agreed staff structural reorganisation.



# 9411

Total expenditure was  
£9,411,000, held below the  
revised grant in aid limit  
of £9,573,000





# 1597

The total net book value  
of the non-current assets as  
at 31 March 2010  
was £1,597,000

## Non-current assets

The total net book value of the non-current assets as at 31 March 2010 was £1,597,000. 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 2010. The additions to non-current assets comprised £42,000 property, plant and equipment assets and £696,000 intangible assets. The assets under construction at March 2009 were added as intangible assets during the year and a further £206,000 was added at year end, representing software under development, due for completion by June 2010.

The VTS offices in Horsham, Leamington Spa and Nottingham were closed by June 2009. These office closures were the direct result of expiry of the respective leases and as a consequence of the estate strategy embarked on in 2007-08. Commitments at the statement of financial position date for lease agreements in force and due to be paid are shown on page 64, Note 16. On page 64, Note 17 refers to the capital commitments entered into at the statement of financial position date, amounting to £446,000.

## Pension liabilities

For the purposes of IAS 19, pension scheme liabilities of £21,974,000 have been recognised in the statement of financial position. The net movement in liability from 2008-09 increased by £9,508,000. These 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 2010 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 29 pension funds administered outside the control of the VTS for which valuations are returned for the schemes by actuarial reports at the year end.

## Events since the end of the financial year

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







## Payments to suppliers

The VTS introduced the Government's 10-day prompt payment target for all suppliers from April 2009. At the statement of financial position date, no invoices were in dispute and the VTS had not incurred interest charges related to late payments. In 2009-10, the VTS paid 88% within the target cycle. The VTS centralised all accounting into Head Office in October 2009 and is now better placed to respond to payment targets and cycles for the future.

## Going concern

The Board confirms that, after making appropriate enquiries with the sponsoring department, it has a reasonable expectation that the VTS has adequate resources to continue its operations for the foreseeable future. The statement of financial position shows net liabilities of £21,178,000. 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 2009-10 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. Provision for future years is provided for within HM Treasury's Spending Review, the current round of which was extended, to expire in 2011. Funding for future years is dependent on the new Government's review of the allocation of resources, and the outcome of discussions between HM Treasury and the sponsoring department. In April 2010, CLG confirmed funding for 2010-11 with indicative allocation for the following two years. It has accordingly 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. AHL Limited, the Board's Internal Auditors, were merged into the accountancy practice of Moore Stephens in January 2010 and will continue to act as the VTS's internal auditors for their final year to 31 March 2011.



# Remuneration report

## Board members' emoluments and expenses

The remuneration of the Chairman is determined by the Secretary of State and at 31 March 2010 was £63,000 per annum. Six 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. Board members can be appointed for a term up to three years. When their first term of office comes to an end, a second term of appointment may be offered by the Secretary of State. One member resigned in 2009 on being appointed a Vice-President of the VTE. At 31 March 2010, one independent member ended her term of office, and did not seek re-appointment. This independent member was replaced on 1 April 2010 following a selection process conducted in accordance with the processes of the Office of the Commissioner for Public Appointments. Board Members receive an annual appraisal from the Chairman, who in turn is appraised annually by the sponsoring department. The VTE President is an ex-officio member of the Board.

## Executive Management Team

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. Directors, who with the Chief Executive comprise the Executive Management Team, receive annual pay increases in line with all other VTS staff. For the year commencing 1 April 2009, the pay award was 1.0%.

## Proportion of remuneration subject to performance

The Remuneration Committee considers annually the performance of the Chief Executive against the objectives set for the year. The Remuneration Committee also considers recommendations from the Chief Executive about the performance of the Directors.

Each Director is appraised by the Chief Executive with additional comment from the Chairman. The incentive scheme for the Chief Executive and Directors is restricted to a maximum of 10% of gross salary. The Remuneration 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 sponsor department.

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

The Chairman's third term of office was extended by the Secretary of State from September 2010 to 31 March 2012.

The Chief Executive and two Directors are appointed on permanent contracts.



## Audited information

The salary and pension entitlements of the Chairman and Chief Executive were as follows:

	Period ended 31 March 2010 £'000	Period ended 31 March 2009 £'000
The emoluments of the Chairman, Anne Galbraith:		
– Basic salary	63	61
<b>Total emoluments</b>	<b>63</b>	<b>61</b>

The emoluments of the Chief Executive, Dr Christina Townsend, for the period 1 April 2009 to 1 July 2009:

– Basic salary	21	83
– London weighting	1	3
– Performance related pay <sup>1</sup>	–	–
– Employer pension contribution	7	16
<b>Total emoluments</b>	<b>29</b>	<b>102</b>
– Pension increase (net of inflation)	1	2
– Total accrued pension at 31 March	5	4

Dr Christina Townsend left the organisation on 1 July 2009 and Antonio Masella was appointed acting Chief Executive on 2 July 2009 and Chief Executive on 1 February 2010.

The emoluments of the Chief Executive, Antonio Masella, for the period 2 July 2009 to 31 March 2010:

– Basic salary	60
– London weighting	2
– Performance related pay <sup>1</sup>	6
– Employer pension contribution	15
<b>Total emoluments</b>	<b>83</b>
– Pension increase (net of inflation)	6
– Total accrued pension at 31 March	29

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

Name	Period ended 31 March 2010 £'000	Period ended 31 March 2009 £'000
Anne Galbraith	63	61
Peter Lawton	7	7
Ronald Barham	6	6
Irene Robinson	6	6
John O'Shea	6	6
Ian Tighe	6	6
Michael Tildesley (resigned 30 September 2009)	3	6
<b>Total</b>	<b>97</b>	<b>98</b>

The emoluments of the Directors were as follows:

	Period ended 31 March 2010 £'000	Period ended 31 March 2009 £'000
The emoluments of the Corporate Director, Antonio Masella for the period 1 April 2009 to 1 July 2009*:		
– Basic salary	17	59
– London weighting	1	3
– Performance related pay <sup>1</sup>	–	6
– Employer pension contribution	1	12
<b>Total emoluments</b>	<b>19</b>	<b>80</b>
– Pension increase (net of inflation)	–	–
– Total accrued pension at 31 March	–	21

\* The emoluments for the corresponding period in 2008-09 are for a full 12 months.

The emoluments of the Finance Director, Alan Begg, for the period 1 April 2009 to 31 March 2010:

– Basic salary	60	59
– London weighting	3	3
– Performance related pay <sup>1</sup>	6	6
– Employer pension contribution	14	12
<b>Total emoluments</b>	<b>83</b>	<b>80</b>
– Pension increase (net of inflation)	2	1
– Total accrued pension at 31 March	12	9

The emoluments of the Developments Director, Murray Campbell, for the seconded period 1 April 2009 to 25 March 2010:

– Basic salary	56	53
– London weighting	–	–
– Performance related pay <sup>1</sup>	–	4
– Employer pension contribution	9	8
<b>Total emoluments</b>	<b>65</b>	<b>65</b>
– Pension increase (net of inflation)	2	3
– Total accrued pension at 31 March	21	19

The emoluments of the interim HR Director, Peter Fanning, for the period 1 April 2009 to 31 March 2010:

– Basic salary	69	67
– London weighting	3	3
– Performance related pay <sup>1</sup>	–	7
– Employer pension contribution	–	–
<b>Total emoluments</b>	<b>72</b>	<b>77</b>
– Pension increase (net of inflation)	–	–
– Total accrued pension at 31 March	–	–

<sup>1</sup> Performance pay refers to the accrual at the end of each financial year.





The calculations of accrued benefits and cash equivalent transfer values have been calculated by the administrators to the relevant local authorities, namely London Pensions Fund Authority and Berkshire Pension Fund. We have calculated the real increase in pension and lump sum earned over 2009-10 and the real increase in transfer value using the rate of inflation over the period 31 March 2008 to March 2010, based on the change in the level of the Retail Prices Index (RPI). This was 4.4%. We have allowed for this rate of deflation in our calculations. This is consistent with the approach to quoting an 'increase in value of benefits after inflation' taken in previous years.

The Directors' remuneration figures disclose a real increase in transfer values of around 22% for those members who remained in service over the year. The total real increase in transfer values, including all members, was around 30%.

The number of staff, including the Chief Executive, whose annual rate of remuneration as at 31 March 2010 exceeded £40,000 (excluding pension contributions and performance related pay but including any benefits in kind and London Weighting) was 22.

<b>Remuneration band</b>	<b>Period ended 31 March 2010 Number</b>
£40,000 to £44,999	6
£45,000 to £49,999	8
£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	1
£75,000 to £79,999	–
£80,000 to £84,999	–
£85,000 to £89,999	1

**Antonio Masella**

Chief Executive and Accounting Officer,  
Valuation Tribunal Service

29 June 2010

# Foreword to the financial statements

The financial statements have been prepared in line with a direction issued by HM Treasury in accordance with the Local Government Act 2003.

## **Statutory basis**

The VTS is a non-departmental public body (NDPB) and its constitution is set out in section 105 and Schedule 4 to the 2003 Act.

## **International Accounting Standard 19 'Employee Benefits'**

Under HM Treasury guidance, the VTS has implemented International Accounting Standard (IAS) 19. The VTS prepares its Accounts in accordance with the Financial Reporting Manual (IFReM) as it applies to NDPBs. Under IAS 19, the additional costs associated with paying benefits early, or granting additional service, where staff members retire on unreduced pension on redundancy or efficiency grounds have been recognised in full in the Net Expenditure Statement in the year the requirement is granted.

## **Statement of the Board's and Chief Executive's Responsibilities**

Under the Local Government Act 2003, the Board and the Chief Executive of the Valuation Tribunal Service are required to prepare a statement of Accounts for each financial year, in the form and on the basis determined by the Secretary of State, with the consent of HM Treasury.

The Accounting Officer for the sponsoring department designated Antonio Masella as the VTS's Accounting Officer for the accounting period 2 July 2009 to 31 March 2010.

At March 2010 Mr Masella had responsibility for the propriety and regularity of the public finances and for the keeping of proper records, as set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by HM Treasury and published in Managing Public Money by the Stationery Office.

The annual Accounts are prepared on an accruals basis and must show a true and fair view of the VTS's state of affairs at the year end, and of its income and expenditure and cash flows for the financial year.



In preparing these Accounts, the Chief Executive is required to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments and estimates on a reasonable basis
- state whether or not applicable accounting standards have been followed and disclose and explain any material departures in the financial statements
- prepare annual Accounts on a going concern basis unless it is inappropriate to presume that the VTS will continue in operation.

In addition the Chief Executive should:

- confirm that all reasonable steps have been taken to make the auditors aware of any relevant audit information.

**Antonio Masella**

Chief Executive and Accounting Officer,  
Valuation Tribunal Service

29 June 2010

**Anne Galbraith CBE**

Chairman,  
Valuation Tribunal Service

29 June 2010

# Statement on internal control

## Scope of responsibility

From 1 July 2009, I was acting Chief Executive and Accounting Officer, following the departure of Dr Townsend, and I was appointed substantively to these roles from 1 February 2010. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of VTS policies, aims and objectives. I also have personal responsibility for safeguarding the public funds and VTS assets, in accordance with the responsibilities assigned to me in HM Treasury's Managing Public Money. I share responsibility with the Board to comply with the Management Statement and Financial Memorandum issued by CLG and in particular in providing the necessary assurances on the adequacy, effectiveness and efficiency, control and governance of systems and processes.

I have no role in the make up of the membership of the Valuation Tribunal for England, (VTE) which was set up by statute on 1 October 2009; my role is limited to paying the salary (and associated employer costs) to the President, daily fees payable to Vice-Presidents (two days per month) and the reimbursement to members in accordance with the Secretary of State's Determination issued on 13 November 2008 and guidance circulated. Nor do I have any role in the management, appraisal or discipline of tribunal members, nor the judicial processes associated with it. These responsibilities lie with the President of the VTE.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to an acceptable and reasonable level rather than eliminate risk altogether, whilst achieving the policies, aims and objectives of the VTS; it can therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of VTS policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the VTS for the year ended 31 March 2010 and up to the date of approval of the Annual Report and Accounts and accords with HM Treasury guidance.

Over the year the risk management process and policy were further improved.

## Capacity to handle risk

There is a clear understanding and ownership of risk at Board and Executive Management level. Whilst every member of staff within the VTS has a responsibility to ensure that the VTS's exposure to risk is managed, overall leadership of the VTS risk management process rests with senior management. They are responsible for promoting and embedding a risk management culture within the VTS, which includes setting the risk management framework within which the VTS operates. The risk management framework was reviewed and updated in 2009-10.

Risk awareness continues at operational and departmental levels through individual operational risk registers which in turn provide certain inputs at the strategic level. An important part of our risk management framework is to ensure that staff have the appropriate skills, knowledge and understanding to discharge their risk management responsibilities.







As Accounting Officer, I act as the risk champion for the VTS to ensure that appropriate mechanisms are in place to identify, monitor and control risk and for advising senior management on the actions needed in order to comply with our corporate governance requirements. The Board regularly monitors the organisation's risk register and delegates to the Audit Committee the responsibility for ensuring that the risk management responsibilities are discharged efficiently, effectively and economically.

The VTS aims to empower all staff to assume responsibility for contributing to effective risk management. This is achieved by robust systems and processes which enable the identification, assessment, analysis and management of risk at appropriate levels for all operational, corporate and project related risks. During 2009-10 we have made significant progress in developing our capability to manage risk. We have reviewed and refreshed our risk management processes to ensure a consolidated and common methodology is in place given recent changes.

The Audit Committee oversees VTS risk management and discharges its duty of governance to the VTS Board by 'testing' that there are effective processes in place to manage risk. From time to time particular areas of operation have been selected to identify risk and obtain management assurances that there are robust processes in place. With an updated risk management policy in place, the strategy will be to balance controls with resources available whilst operating within the governance framework.

The Audit Committee met four times through the year to review risk management processes as a standing agenda item.

## The risk and control framework

In October 2009 I introduced a new risk management framework composed of a hierarchy of registers with separate registers for Health and Safety and Data Security. All registers are reviewed quarterly with an assessment made on those risks which may impact on the VTS. Where decisions are taken on activity affecting the VTS, risk quantification and mitigation measures are reported separately and managed through to completion of the task in hand with supporting documentation held on file. This framework is aimed at ensuring ownership and awareness of risk and that adequate processes are in place and properly implemented.

We use risk management to:

- take a proactive approach, anticipating events before they happen
- take a balanced view of opportunities and threats
- facilitate better informed and evidenced decision making
- improve contingency planning
- help achievement of demanding performance targets
- help establishment and maintenance of appropriate corporate ethics
- increase efficiency and improved use of resources
- inform resource allocation at strategic and operational levels.



The Audit Committee provides the Board with an independent and objective review of the adequacy and effectiveness of the organisation's risk management approach. This Committee receives the risk register quarterly and reviews any audit reports, which inform decisions.

Shortly after I was appointed as Acting Chief Executive, in line with the wishes of the Board, the Finance Committee of the Board was established. This Committee acts as a further measure of assurance for the Board that the processes for setting the budget for the VTS are robust and that the resources allocated to the VTS are being used in ways which are effective and efficient, and which represent value for money.

During the year, Internal Audit conducted a review of our risk management strategy and concluded:

*'Reasonable assurance can be provided over the effectiveness of the VTS processes for managing risks. We have found that the risk management framework introduced in October 2009 is robust and has a high level of buy-in from senior staff.'*

## Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the executive managers within the VTS who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. When I was appointed as Acting Chief Executive and Acting Accounting Officer in July 2009, I recognised that issues raised by audit reports needed to be more systematically followed through. I established a log of all outstanding recommendations which is regularly updated so that progress in implementing the recommendations can be monitored, and in particular I addressed the recommendations made by internal audit relating to governance and the use of consultants. In a follow up report on their recommendations in relation to governance, Internal Audit concluded:

*'We feel that commendable progress has been made in the implementation of the recommendations made in our previous review. Since the appointment to post of the Acting Chief Executive in July 2009, much energy has been put into developing management arrangements. This has been done in an environment of transparency and openness. Going forward, a priority for the organisation will be to embed the changes which have been made to ensure that their benefits are realised.'*

A follow up review on their recommendations in relation to use of consultants concluded:

*'We can provide reasonable assurance on the implementation of the recommendations previously made on the use of consultants within the VTS.'*



On the basis of the results of the reviews undertaken during the year, Internal Audit has provided me with reasonable assurance on the effectiveness of the VTS risk management, control, IT development and VTE programmes, use of consultants, financial control and governance processes. Limited assurance was provided in respect of their audit of VTE members' expenses. 12 recommendations were made which we have addressed through the issuing of guidance to members on the claiming of expenses and financial loss allowance when on approved duties. This document was agreed with the VTE President and issued to all VTE members.

The Audit Committee is responsible for ensuring, as far as possible, that appropriate mechanisms are in place for the assessment of risk and advising on the effectiveness of controls prior to signing off the Statement on Internal Control. I attend all meetings of the Programme Management Group (PMG) and project assurance mechanisms related to risk are discussed and recorded. Each meeting is apprised of actions taken and each risk is matched to an operational risk register to which managers report.

The VTS Board has corporate responsibility for ensuring that the aims and objectives set by the Secretary of State are fulfilled, and for promoting the efficient and effective use of staff and other resources. Clear responsibility for managing risk lies with the Board, Directors and staff. Internal Audit reviews and supports this process by focusing on key risks and by auditing the risk management process and its application. Quarterly assurance reports are provided to the Audit Committee on risk-based activity programmes, taking into account the business requirements in collaboration with senior management.

Reliable information is a key requirement of an effective internal control system. The PMG and the quarterly review of risk registers which record movement in the severity of risks were fully established processes set out in the latter part of the year, established to provide a compliance and assurance system to support the performance of mandatory management checks.

Budget holders within the organisation who have responsibility for the development and maintenance of the system of internal control within their service area have provided me with assurance via an annual letter of management representation assurance which confirms that internal controls have operated effectively during the year; financial information for their service is to the best of their knowledge correct and there is no material information of which they are aware that I have not been made aware of.

For 2009-10 Internal Audit concluded that:

*'We are satisfied with the degree of importance management place on internal audit recommendations and implementation of these. Management is addressing all matters arising and recommendations made and a monitoring process is in place through the Executive Management Team. The implementation of recommendations is monitored and reported to the Audit Committee.'*

## Information security

During 2009-10 we continued to develop our approach to data handling and information security using HMG's Security Policy Framework (SPF). In September 2009 we held several staff awareness sessions across our network of eight offices where all staff were introduced to the principles of data handling through completion of a mandatory e-learning module. This exercise was followed by face to face awareness sessions across each office by a specialist information advisor, who was also engaged to review the Data Security Manual. Their analysis confirmed that the VTS manual conformed to SPF standards. The VTS also satisfies the staff training requirement of the Cabinet Office as part of its compliance measures.

We are preparing to migrate from a Gsx to Gsi network and have prepared risk management accredited documents (RMADS) necessary to support this conversion, which have been submitted to the sponsoring department's Data Security Officer. The Board has appointed my Finance Director as the SIRO and I have assigned responsibility for the progressing of information handling and security to him.

The SIRO and each information asset owner provide an annual confirmation that they have reviewed their areas of responsibility, with amendments where necessary introduced to the information risk assessments carried out.

A data security risk register is in place that allows each information asset owner the ability to raise risks and implement any necessary mitigation actions.

We have also revisited our business continuity planning and have made significant revisions to reflect the changing organisation. Our aim is to roll out this revision, with local plans, by July 2010.

During the year our Internal Auditors reviewed our data handling and security measures against the SPF, and were satisfied with progress in readiness to complete the 2009-10 Annual Return. I submitted the Return on 20 May 2010 to our sponsoring department. In due course we will publish the Security Manual on our intranet. In advance of doing so we have issued three key staff policies covering email use, clear desk and an acceptable data use policy which will now become a governance attachment to staff terms and conditions. These key policies further support the issue last year of a document retention and disposal policy, which acted as a reminder to staff on the treatment of (sensitive) personal data.

To mitigate threats to the integrity of the VTS's data in holding and communicating them, key staff have been issued with iron keys (a high security USB) to use for information downloads. Restrictions imposed on the copying of data have been re-emphasised. The VTS continues to operate on its accredited Gsx email security system until such time as conversion to Gsi is fully approved.



## Significant internal control issues

Through 2009-10 there have been no significant internal control weaknesses reported. We undertook some IT development work during the year which gave rise to a number of projects under constant review by the PMG. On many of these projects there are interdependencies and, whilst these have not been implemented this financial year, the current expectation is that all these projects will be completed by August 2010 and this is not expected to give rise to internal control issues.

The recent departure of key members of my EMT has given rise to capacity issues at senior management level. The current freeze on recruitment has meant that the Board has not been able to recruit to date a business critical post. However, a business case has been submitted to our sponsoring department to address this.

The funding valuations of the 29 separate pension schemes to which the VTS contributes as the employer (and which include inherited obligations following our establishment in 2004) have reduced due to performance in investment markets, rising expectations of future inflation and longevity of membership. The year on year increase in our pension deficit, which has almost doubled in the last 12 months, is likely to give rise to claims both for shortfalls and increased employer pension contributions.

The uncertainty in future budget allocation following the Government's announcement on savings will inevitably place some further challenges on the service we provide to our stakeholders.

My review confirms that the VTS has a generally sound system of internal control that supports the achievements of its policies, aims and objectives, and this view is supported by the annual report presented to the VTS Audit Committee by the Internal Auditors.

The VTS will, through Internal Audit and its Audit Committee, continue to review processes and ensure that appropriate controls are in place.

Signed by

**Antonio Masella**  
Accounting Officer  
29 June 2010

# 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 2010 under the Local Government Act 2003. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Reserves 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 Chief Executive and auditor

As explained more fully in the Statement of Chief Executive's Responsibilities, the Chief Executive is 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 the financial statements in accordance with applicable law and 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 am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Opinion on regularity

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

## 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 2010 and of its net expenditure, changes in reserves and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government Act 2003 and directions issued thereunder by the Secretary of State.





## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Local Government Act 2003 directions issued under by the Secretary of State; 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
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control 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

2 July 2010





# Net expenditure account

## for the year ended 31 March 2010

	Note	2009-10 £'000	2008-09 £'000
<b>Expenditure</b>			
Staff costs	2	4,260	5,338
Other expenditure	3	4,328	4,631
Depreciation and amortisation	4	439	262
<b>Net expenditure</b>		<b>9,027</b>	<b>10,231</b>
Cost of capital	7	(586)	(372)
Interest payable		970	600
<b>Net expenditure after cost of capital and interest</b>	<b>13</b>	<b>9,411</b>	<b>10,459</b>

The notes on the accompanying pages form part of these accounts.





# Statement of financial position

as at 31 March 2010

2009-10

The Valuation Tribunal Service Annual Report and Accounts

	Note	12 months to 31 March 2010 £'000	12 months to 31 March 2009 £'000	12 months to 31 March 2008 £'000
<b>Non-current assets</b>				
– Property, plant and equipment	5	519	945	749
– Intangible assets	6	1,078	471	238
<b>Total non-current assets</b>		<b>1,597</b>	<b>1,416</b>	<b>987</b>
<b>Current assets</b>				
– Trade and other receivables	8	331	403	637
– Cash and cash equivalents	9	7	101	153
<b>Total current assets</b>		<b>338</b>	<b>504</b>	<b>790</b>
<b>Total assets</b>		<b>1,935</b>	<b>1,920</b>	<b>1,777</b>
<b>Current liabilities</b>				
– Trade and other payables	10	(1,089)	(1,400)	(682)
– Provisions for liabilities and charges	11	(50)	(249)	(732)
<b>Total current liabilities</b>		<b>(1,139)</b>	<b>(1,649)</b>	<b>(1,414)</b>
<b>Non-current assets plus/less current assets/liabilities</b>		<b>796</b>	<b>271</b>	<b>363</b>
<b>Non-current liabilities</b>				
– Pension liabilities	12	(21,974)	(12,466)	(9,170)
<b>Total non-current liabilities</b>		<b>(21,974)</b>	<b>(12,466)</b>	<b>(9,170)</b>
<b>Assets less liabilities</b>		<b>(21,178)</b>	<b>(12,195)</b>	<b>(8,807)</b>
<b>Reserves</b>				
– Net Expenditure Reserve	13	796	271	363
– Pension Fund Reserve	12	(21,974)	(12,466)	(9,170)
		<b>(21,178)</b>	<b>(12,195)</b>	<b>(8,807)</b>

The financial statements were approved on behalf of the Board on 23 June 2010 and were signed on its behalf by:

**Antonio Masella**

Chief Executive and Accounting Officer  
29 June 2010

**Anne Galbraith CBE**

Chairman  
29 June 2010

# Statement of cash flows

## for the year ended 31 March 2010

	Note	2009-10 £'000	2008-09 £'000
<b>Cash flows from operating activities</b>			
Net expenditure after cost of capital and interest		(9,411)	(10,459)
Adjustment for cost of capital	7	(586)	(372)
Depreciation and amortisation	4	439	262
Decrease in trade and other receivables	8	72	234
Decrease in trade payables	10	(311)	718
Movement in provisions	11	(199)	(483)
Adjustment on capitalisation from prior year	13	33	–
<b>Net cash outflow from operating activities</b>		<b>(9,963)</b>	<b>(10,100)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(42)	(406)
Purchase of intangible assets	6	(696)	(287)
<b>Net cash outflow from investing activities</b>		<b>(738)</b>	<b>(693)</b>
<b>Cash flows from financing activities</b>			
Grant in aid received from sponsoring department	13	10,192	10,136
IAS 19 pension adjustments		415	605
<b>Net financing</b>		<b>10,607</b>	<b>10,741</b>
<b>Net decrease in cash and cash equivalents in the period</b>	<b>9</b>	<b>(94)</b>	<b>(52)</b>
<b>Cash and cash equivalents at 1 April 2009</b>		<b>101</b>	<b>153</b>
<b>Cash and cash equivalents at 31 March 2010</b>		<b>7</b>	<b>101</b>





# Statement of changes in reserves

## for the year ended 31 March 2010

2009-10

The Valuation Tribunal Service Annual Report and Accounts

Note	Net Expenditure Reserve £'000	Pension Reserve £'000	Total Reserve £'000
<b>Balance as at 1 April 2008</b>	363	(9,170)	(8,807)
<b>Changes in reserves year ended 31 March 2009</b>			
Net Expenditure after cost of capital and interest	(10,459)	–	(10,459)
Non-cash charges – cost of capital	(372)	–	(372)
Non-cash charges – depreciation and amortisation	262	–	262
Transfers between reserves	605	(605)	–
Provision for assets under construction	213	–	213
Movement on pensions	12	–	(2,691)
<b>Total recognised expenditure for year ended 31 March 2009</b>	<b>(9,388)</b>	<b>(12,466)</b>	<b>(21,854)</b>
Grant in aid treated as financing	10,136	–	10,136
Grant in aid used against purchases of non-current assets	(477)	–	(477)
<b>Balance as at 31 March 2009</b>	<b>12/13</b>	<b>271</b>	<b>(12,466)</b>
<b>Changes in reserves year ended 31 March 2010</b>			
Net Expenditure after cost of capital and interest	(9,411)	–	(9,411)
Cost of capital	(586)	–	(586)
Prior year asset adjustment	(38)	–	(38)
Revaluation of assets	(47)	–	(47)
Movement on pensions	415	(9,508)	(9,093)
<b>Total recognised expenditure for year ended 31 March 2010</b>	<b>(9,396)</b>	<b>(21,974)</b>	<b>(31,370)</b>
Grant in aid received from sponsoring department	10,192	–	10,192
<b>Balance as at 31 March 2010</b>	<b>13</b>	<b>796</b>	<b>(21,974)</b>



# Notes to the accounts

## 1 Statement of accounting policies

### 1.1 Basis of preparation

These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (iFRoM) issued by HM Treasury. The accounting policies contained in the iFRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The accounting policies also meet the accounting and disclosure requirements of the Companies Act 2006 to the extent these are appropriate. Where the iFRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Valuation Tribunal Services (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.

### Standards adopted by the VTS

IAS 1 'Presentation of financial Statements' – Amendments. This amendment aims to assist users in their ability to analyse and compare the information given in the financial statements. Changes include changes to titles of some of the financial statements and changes to the components of financial statements. The amendment is effective for periods commencing on or after 1 January 2009.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies.

The VTS has adopted IFRS formally for the first time in the 12 months' accounts to 31 March 2010, with comparative figures similarly prepared. The standards do not have any significant impact on the VTS. In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the adoption of IFRS were not included in spring Supplementary Estimates for 2009-10 on the basis that the PPA numbers could have been misleading, particularly where transactions may well have pre-dated the 2001-02 cut off point for reporting PPAs, as only part of an obligation would have been included. PPAs arising from a change in accounting policy related to other than IFRS were included in the Estimates in line with conventional arrangements. Note 1.5 summarises the movements in Reserves and Net Expenditure as a result of first-time adoption of IFRS on the VTS.

VTS has not adopted any new international financial reporting standards ahead of their effective dates. IFRS 8 Operating Segments has been issued however, whilst effective for 2009-10, has no impact on the VTS.

### 1.2 Non-current assets

The VTS has elected to adopt for property, plant and equipment and intangible assets, to depreciate as per historical cost as a proxy for the fair value because the difference between carrying value and fair value is deemed immaterial.

#### 1.2a 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 £1,000 including VAT. Individual items valued at less than this threshold are capitalised if they constitute integral parts of a composite asset that is in total valued at more than the capitalisation value.





The VTS does not hold any financial interest in land or buildings; it occupies various premises rented or leased from a number of landlords.

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 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 net expenditure account 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 31 March 2010 to revalue property, plant and equipment in line with HM Treasury policy. 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 assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### 1.2b 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

Work in progress is 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 have been included in 'development expenditure' (Note 6) and will not be amortised until the assets are brought into use.

#### 1.4 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 2010.

#### 1.5 Grant in aid

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

The grant in aid received is differentiated between Revenue and Capital and is credited in the Net Expenditure Reserve.

#### 1.6 Employee Benefits

In compliance with its Accounts Direction and the iFReM, 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. All 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 admitted to the 29 separate LGPS pensions 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 define 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 liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the year end date less the fair value of plan 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 equity in the Statement of Changes in Reserves in the period in which they arise.

Past service costs are recognised immediately in the net expenditure account, 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 this case, the past service costs are amortised on a straight-line basis over the vesting period.







The VTS pays for the pension entitlements of existing and retired employees and also bears the full cost of the LGPS benefits for employees who retire early or with an enhanced pension. The total cost of granting early retirements or enhancements is charged to the net expenditure account 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 surplus. The total net deficit arising for the VTS, as at 31 March 2010, is £21,974,000. 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 for each employer, such as the VTS, to ensure that existing assets and future contributions will be sufficient to meet future pension payments.

The VTS is an NDPB, sponsored by CLG. 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.

### 1.7 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 Net Expenditure Account on a straight-line basis over the period of the lease.

### 1.8 Provisions

The VTS provides for legal or constructive obligations which are of uncertain timing or amount at 31 March 2010 on the basis of the best estimate of the expenditure required to settle the obligation. This practice conforms to IAS 37.

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

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury discount rate of 2.2% (2008-9, 3.2%) in real terms.

Property dilapidations are treated as provisions and are recognised in terms of the obligations within the VTS's leases on buildings which VTS still occupies. Where buildings have been vacated, these have been included in payables.

### 1.9 VAT

The VTS is not VAT registered. Therefore 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.

### 1.10 Taxation

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



### 1.11 Liquidity risk

The VTS's net revenue resource requirements are financed by resources voted annually by Parliament, just as with its capital expenditure. The VTS is not, therefore, exposed to significant liquidity risks.

### 1.12 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.

### 1.13 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.

### 1.14 Credit risk

Credit risk arises from deposits with banks and financial institutions and outstanding receivables. The VTS is not exposed to any significant credit risk as deposits are only made with banks and financial institutions with good independent credit ratings.

### 1.15 First-time adoption of IFRS

	<b>Capital Reserve £'000</b>	<b>General Reserve £'000</b>	<b>Net Expenditure Reserve £'000</b>
Tax payers' equity at 31 March 2008 under UK GAAP	1,798	(1,395)	403
Adjustment for:			
IAS 19 Employee benefits: accruals for holidays at year end	–	(40)	(40)
<b>Tax payers' equity at 31 March 2008 under IFRS</b>	<b>1,798</b>	<b>(1,435)</b>	<b>363</b>
Net Expenditure for 2007-08 under UK GAAP		(9,751)	
Adjustment for:			
IAS 19 Employee benefits: accruals for holidays at year end		(40)	
<b>Net Expenditure for 2007-08 under IFRS</b>		<b>(9,791)</b>	
Tax payers' equity at 31 March 2009 under UK GAAP	1,203	(890)	313
Adjustment for:			
IAS 19 Employee benefits: accruals for holidays at year end	–	(42)	(42)
Non-current Assets' provisions	(142)	142	–
<b>Tax payers' equity at 31 March 2009 under IFRS</b>	<b>1,061</b>	<b>(790)</b>	<b>271</b>
Net Expenditure for 2008-09 under UK GAAP		(10,458)	
Adjustment for:			
IAS 19 Employee benefits: accruals for holidays at year end		(1)	
<b>Net Expenditure for 2008-09 under IFRS</b>		<b>(10,459)</b>	

The adoption of IAS 19 Employee Benefits requires the VTS to account for the value of paid holiday leave that is unused at the year end.

The adoption of IFRS had no impact on the cash position of the VTS.



## 2 Staff costs and related numbers

	2009-10 £'000	2008-09 £'000
<b>The payroll costs for the VTS were as follows:</b>		
Wages and salaries	3,081	3,439
Social security costs	265	289
pension costs – payment to funded schemes	815	642
– net cost of employer benefits	(555)	188
	<b>3,606</b>	<b>4,558</b>
<b>Other staff costs</b>		
Redundancy payments and provisions	501	691
Fringe benefits	3	4
Agency costs	110	50
Other staff costs	40	35
	<b>654</b>	<b>780</b>
<b>Total staff costs</b>	<b>4,260</b>	<b>5,338</b>
<b>The average number of whole-time equivalent persons employed during the year was as follows:</b>		
Full time equivalent permanent staff	106	108
Fixed and short term contract, and agency staff	4	5
<b>Total</b>	<b>110</b>	<b>113</b>

## 3 Other expenditure

	2009-10 £'000	2008-09 £'000
<b>3a Board expenditure</b>		
Emoluments	97	98
Training	3	9
Travel and subsistence	33	36
<b>Total Board expenditure</b>	<b>133</b>	<b>143</b>
<b>3b Valuation Tribunal For England (VTE)</b>		
Staff costs	178	35
Travel and subsistence	15	–
Financial loss allowance	57	52
Training and conferences	177	229
Members' meetings and expenses	283	265
Other expenses	82	–
<b>Total VTE expenditure</b>	<b>792</b>	<b>581</b>

	2009-10 £'000	2008-09 £'000
<b>3c Other administrative expenditure</b>		
Travel and subsistence	168	175
Furniture and office equipment	8	1
Telecommunications and postage	329	358
Publications, printing, publicity and research	152	132
Recruitment, training and conferences	156	190
Meeting expenses	26	28
Office supplies	30	39
Subscriptions to professional bodies	19	12
Support services <sup>1</sup>	952	959
Information technology	394	394
<b>Total other administrative expenditure</b>	<b>2,234</b>	<b>2,288</b>
Internal audit fees	34	30
External audit fees	43	39
<b>Total administrative expenditure</b>	<b>3,236</b>	<b>3,081</b>
<b>3d Estates expenditure</b>		
Domestic services	50	62
Heating and lighting	58	42
Fixed and variable maintenance	87	91
Insurance	16	15
Professional services	11	31
Rates	136	234
Rent – paid as operating leases (buildings)	526	788
Security	4	6
Hearing venues	115	84
Service charges	64	207
Office refurbishments	69	102
Removals and storage	5	23
Strategic provisions	(49)	(135)
<b>Total estates expenditure</b>	<b>1,092</b>	<b>1,550</b>
<b>Total other expenditure</b>	<b>4,328</b>	<b>4,631</b>

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



## 4 Depreciation and amortisation

	Note	2009-10 £'000	2008-09 £'000
<b>Property, plant and equipment</b>			
Depreciation charge, including assets written off for the year	5	360	210
Gain on sale of non-current assets		–	(2)
<b>Intangible assets</b>			
Amortisation for year	6	79	54
<b>Total depreciation and amortisation charge for year</b>		<b>439</b>	<b>262</b>

## 5 Property, plant and equipment

	Leasehold improvements £'000	Furniture and fittings £'000	Information technology £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2009	467	153	979	1,599
Additions	–	11	31	42
Disposals, including assets written off	(14)	(55)	(346)	(415)
Revaluations	–	3	–	3
Impairments	(44)	–	(37)	(81)
<b>At 31 March 2010</b>	<b>409</b>	<b>112</b>	<b>627</b>	<b>1,148</b>
<b>Depreciation</b>				
At 1 April 2009	(43)	(84)	(527)	(654)
Disposals	–	54	340	394
Charge for period	(100)	(26)	(234)	(360)
Prior year adjustment	–	–	(9)	(9)
<b>At 31 March 2010</b>	<b>(143)</b>	<b>(56)</b>	<b>(430)</b>	<b>(629)</b>
<b>Net book value at 31 March 2010</b>	<b>266</b>	<b>56</b>	<b>197</b>	<b>519</b>
<b>Net book value at 31 March 2009</b>	<b>424</b>	<b>69</b>	<b>452</b>	<b>945</b>

## 6 Intangible assets

	IT development expenditure £'000	IT software and licences £'000	Total £'000
<b>Cost or valuation</b>			
At 1 April 2009	213	366	579
Additions	206	490	696
Disposals	(10)	–	(10)
<b>At 31 March 2010</b>	<b>409</b>	<b>856</b>	<b>1,265</b>
<b>Amortisation</b>			
At 1 April 2009	–	(108)	(108)
Charge for period	–	(79)	(79)
<b>At 31 March 2010</b>	<b>–</b>	<b>(187)</b>	<b>(187)</b>
<b>Net book value at 31 March 2010</b>	<b>409</b>	<b>669</b>	<b>1,078</b>
<b>Net book value at 31 March 2009</b>	<b>213</b>	<b>258</b>	<b>471</b>

## 7 Notional costs

Guidance given by HM Treasury in respect of NDPBs' Annual Reports and Accounts requires NDPBs to disclose the full cost of their activities in their accounts. The VTS has therefore included in its Accounts, charges for the notional cost of capital.

The cost of capital shown in the accompanying table has been arrived at by calculating a rate of 3.5% to the average capital employed.

The average capital employed is defined as the average total net assets over the year. Total net assets exclude bank balances.

	2009-10 £'000	2008-09 £'000
Capital employed as at 1 April	(12,296)	(8,920)
Capital employed as at 31 March	(21,185)	(12,296)
Average capital employed	(16,741)	(10,608)
<b>Notional cost of capital @3.5%</b>	<b>(586)</b>	<b>(372)</b>

## 8 Trade receivables and other current assets

Amounts falling due within one year:

	2009-10 £'000	2008-09 £'000
Prepayments and accrued income	331	403
<b>Represented by bodies external to Government</b>	<b>331</b>	<b>403</b>



## 9 Cash and cash equivalents

	2009-10 £'000	2008-09 £'000
Cash at bank and in hand at 1 April	101	153
Decrease in cash for the year	(94)	(52)
<b>Cash at bank and in hand held at:</b>	<b>7</b>	<b>101</b>

### The following balances at 31 March were held at:

HM Paymaster General Account	5	96
Commercial banks and cash in hand	2	5
<b>Total balance at 31 March</b>	<b>7</b>	<b>101</b>

## 10 Trade payables and other current liabilities

### Amounts falling due within one year:

	2009-10 £'000	2008-09 £'000
Accruals and deferred income	1,089	1,400
<b>Represented by bodies external to Government</b>	<b>1,089</b>	<b>1,400</b>

## 11 Provisions for liabilities and charges

	2009-10 £'000	2008-09 £'000
Balance at 1 April	249	732
Provisions utilised in the year	(200)	(333)
Provisions not required written back	(49)	(363)
Dilapidations based on third party valuations	50	213
<b>Balance at 31 March</b>	<b>50*</b>	<b>249*</b>

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

	Dilapidations £'000	Dilapidations £'000
In remainder of the Spending Review period to 2011	50	50
Between 2012 and 2016	–	–
Between 2017 and 2021	–	–
Thereafter	–	–
<b>Balance at 31 March 2010</b>	<b>50</b>	<b>50</b>



## 12 Non-current liabilities

	2009-10 £'000	2008-09 £'000
Pension liabilities at 1 April	12,466	9,170
Addition in period	9,508	3,296
<b>At 31 March</b>	<b>21,974</b>	<b>12,466</b>

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 LGPS funds have been based on updated valuations and allowances for investment experience and cash flows between 31 March 2007 and 31 March 2010. The pension disclosures at 31 March 2010 are in accordance with IAS 19. All other movements for the period are assumed to be in line with assumptions made in the funding valuations. IAS 19 allows the use of approximate valuations, rather than full valuations and therefore the latest funds' valuations take account of the different financial assumptions required under this accounting standard for the year to 31 March 2010. Asset returns are based on actual Fund returns for the period 1 April 2009 to 31 December 2009 with estimated returns in line with index returns thereafter. All Funds other than four have had bid values applied to asset values at 31 March 2010 as required by IAS 19. Of the four LGPS Funds' asset values not based on bid values, a mid/bid spread adjustment of 0.4% has been applied.

The financial assumptions used for purposes of the IAS 19 calculations for the two years to 31 March 2010 are shown in the table below.

Assumptions as at	31 March 2010 % p.a.	Real % p.a.	31 March 2009 % p.a.	Real % p.a.
Price increases	3.8	–	3.1	–
Salary increases	4.8	1.0	4.6	1.5
Pension increases	3.8	–	3.1	–
Discount rate	5.5	1.6	6.9	3.7





## 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 2010 for the year to 31 March 2011).

Under IAS19, assumptions regarding the expected return on assets are expected to be the Employer's best estimate of future experience. We have provided expected returns derived from HRAM (the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP). This is consistent with the approach taken in previous years.

Details of the expected returns recommended by the actuaries as at 31 March 2010, along with comparative figures at 31 March 2009 and 31 March 2009 are detailed below. They believe that these are best estimates regarding expected return and therefore comply with both accounting standards.

<b>Asset class</b>	<b>Expected return at 31 March 2010</b>	<b>Expected return at 31 March 2009</b>
Equities	7.8%	7.0%
Bond	5.0%	4.4%
Property	5.8%	4.9%
Cash	4.8%	4.0%

There is a range of actuarial assumptions that are acceptable under the requirements of both accounting standards, 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 Hymans have been informed that it has been allowed for in the future service rate for each Fund.



## 12a Revenue account costs for the year to 31 March 2010

### Analysis of amount charged to Net Expenditure Account

Year ended	31 March 2010 £'000	(% of payroll)	31 March 2009 £'000	(% of payroll)
Current service cost	357	12.5%	480	15.1%
Interest cost	2,240	78.6%	2,407	75.5%
Expected return on employer assets	(1,270)	(44.6%)	(1,807)	(56.7%)
Past service cost	–	–	193	6.1%
Losses on curtailment and settlements	272	9.5%	194	6.1%
<b>Total</b>	<b>1,599</b>	<b>56.0%</b>	<b>1,467</b>	<b>46.0%</b>
Actual return on plan assets	7,052	–	(5,191)	–

### Movement in (deficit) during the year

Year ended	31 March 2010 £'000	31 March 2009 £'000
<b>Reconciliation of defined benefit obligation</b>		
Opening defined benefit obligation	32,931	35,238
Current service cost	357	480
Interest cost	2,240	2,407
Contributions by members	236	261
Actuarial losses/(gains)	14,875	(4,307)
Past service costs	–	193
Losses/(gains) on curtailments	272	194
Liabilities extinguished on settlements	–	–
Liabilities assumed in a business combination	–	–
Exchange differences	–	–
Unfunded benefits paid	(99)	(98)
Benefits paid	(1,716)	(1,437)
<b>Closing defined benefit obligation</b>	<b>49,096</b>	<b>32,931</b>
<b>Reconciliation of fair value of employer assets</b>		
Opening fair value of employer assets	20,465	26,068
Expected return on assets	1,270	1,807
Contributions by members	236	261
Contributions by the employer	1,085	764
Contributions in respect of unfunded benefits	99	98
Actuarial gains/(losses)	5,782	(6,998)
Assets distributed on settlements	–	–
Assets acquired in a business combination	–	–
Exchange differences	–	–
Unfunded benefits paid	(99)	(98)
Benefits paid	(1,716)	(1,437)
<b>Closing fair value of employer assets</b>	<b>27,122</b>	<b>20,465</b>





### Statement of financial position disclosure as at 31 March 2010

Assets (Employer)	Long Term Return at 31 March 2010 % p.a.	Assets at 31 March 2010 £'000	Long Term Return at 31 March 2009 % p.a.	Assets at 31 March 2009 £'000
Equities	7.8	18,173	7.0	14,740
Bonds	5.0	6,028	4.4	3,447
Property	5.8	1,800	4.9	1,227
Cash	4.8	1,121	4.0	1,051
<b>Total</b>	<b>6.9</b>	<b>27,122</b>	<b>6.3</b>	<b>20,465</b>

Net pension asset/(liability) as at	31 March 2010 £'000	31 March 2009 £'000
Fair value of employer assets	27,122	20,465
Present value of funded liabilities <sup>1</sup>	47,502	31,495
<b>Net (under)/overfunding in funded plans</b>	<b>(20,380)</b>	<b>(11,030)</b>
Present value of unfunded liabilities <sup>2</sup>	1,594	1,436
Unrecognised past service cost	–	–
<b>Net pension asset/(liability)</b>	<b>(21,974)</b>	<b>(12,466)</b>
Amount in the statement of financial position:		
Liabilities	21,974	12,466
Assets	–	–
<b>Net pension asset/(liability)</b>	<b>(21,974)</b>	<b>(12,466)</b>

1 The actuaries estimate that this liability comprises of approximately £24,109,000, £6,148,000 and £17,245,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2010. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain Funds where there has been membership movement between active, deferred and pensioner classes. However, the actuaries are satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

2 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 as at the time of death of the member.

## 12b History of experience gains and losses

Year ended	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000	31 March 2006 £'000
Fair value of employer assets	27,122	20,465	26,068	27,892	26,255
Present value of defined benefit obligation	(49,096)	(32,931)	(35,238)	(41,086)	(34,627)
Experience gains/(losses) on assets	5,782	(6,998)	(3,256)	182	3,622
% of assets	(21.3%)	(34.2%)	(12.5%)	0.7%	13.8%
Experience gains/(losses) on liabilities	63	63	3,075	268	(78)
% of liabilities	0.1%	0.2%	8.7%	0.7%	(0.2%)
Actuarial gains/(losses) on liabilities	(14,875)	4,307	7,552	(4,696)	(3,629)
% of liabilities	(30.3%)	13.1%	21.4%	(11.4%)	(10.5%)

### Projected pension expense for the year to 31 March 2011

#### Analysis of projected amount to be charged to operating profit for the year to 31 March 2011

Year ended	31 March 2011	
	£'000	(% of payroll)
Service cost	677	23.5
Interest cost	2,684	93.3
Expected return on employer assets	(1,832)	(63.7)
Past service cost (gain)	–	–
Losses/(gains) on curtailment and settlements	–	–
<b>Total net revenue account cost</b>	<b>1,529</b>	<b>53.1</b>

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur during 2010-11.



### 13 Reconciliation of Net Expenditure Reserve

	Capital Reserve £'000	General Reserve £'000	Net Expenditure Reserve £'000
<b>Balance at 31 March 2008</b>	<b>1,798</b>	<b>(1,435)</b>	<b>363</b>
Net Expenditure	–	(10,459)	(10,459)
Non-cash charges-cost of capital	–	(372)	(372)
Non-cash charges-depreciation and amortisation	–	262	262
Prior year adjustment	(811)	811	–
Transfers between reserves	–	605	605
Provision for assets under construction	–	213	213
Grant in aid treated as financing	551	9,585	10,136
Grant in aid used against purchases of non-current assets	(477)	–	(477)
<b>Balance at 31 March 2009</b>	<b>1,061</b>	<b>(790)</b>	<b>271</b>
Capitalisation of prior year assets' provisions	142	(142)	–
Capital additions in the year	738	(738)	–
Transfer of work in progress to capital	213	(213)	–
Depreciation on assets capitalised	(377)	377	–
Disposals and write-offs of property, plant and equipment at net book value	(61)	61	–
Capital adjustments from prior year	(33)	33	–
Asset revaluations	(78)	–	(78)
Prior year depreciation adjustment	(9)	–	(9)
Cost of capital	–	(586)	(586)
Expenditure for the year	–	(9,411)	(9,411)
Prior year rounding adjustment	–	2	2
Grant in aid	619	9,573	10,192
Pension movement	–	415	415
<b>Balance at 31 March 2010</b>	<b>2,215</b>	<b>(1,419)</b>	<b>796</b>

### 14 Grant in aid financing

The VTS receives grant in aid from its sponsoring department most of which is received for operational activities. Such recurring income is credited to the Net Expenditure Reserve as the grant is accepted as financing, not income, since the grant is seen as a contribution from a controlling party giving rise to a financial interest in the residual interest of the VTS. The VTS would look to its sponsoring department for additional funds to pay cash obligations if required which would be then drawn down through the supplementary estimates funding process.

Capital grant in aid is credited also to the Net Expenditure Reserve on receipt as such grants are separated from revenue and represent funds to purchase non-current assets. An annual amount is released to offset the depreciation charge on assets purchased through grant funding, such charge being shown in the Net Expenditure Account.

## 15 Pension fund reserve

The Reserve represents the accumulated net movement on assets and liabilities across all the 31 pension funds to which the VTS pays employer contributions. The actuarial valuations of all the 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.

## 16 Commitments under non-private finance initiative leases

These were annual commitments as at 31 March 2010 to pay rentals under operating lease agreements as follows:

	2009-10 £'000	2008-09 £'000
<b>Buildings</b>		
Leases that:		
Expire within 1 year	469	501
Expire after 1 year but no more than 5 years	1,077	1,425
Expire after more than 5 years	–	32
	<b>1,546</b>	<b>1,958</b>

There were no annual commitments as at 31 March 2010 to pay rental on office equipment under lease agreements.

## 17 Capital commitments

As at 31 March 2010, there were capital commitments amounting to £446,000, of which £206,000 has been provided for at the statement of financial position date. The commitments relate to agreements with Cap Gemini to complete rating valuation software in April at £25,000, and to deliver a management information statistical database by June 2010.

## 18 Related party transactions

The VTS is an NDPB sponsored during 2009-10 by the Department for Communities and Local Government (CLG), 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 CLG's Finance and Shared Services Division (FSSD).

The values of related party transactions are as follows with:

- grant in aid of £10,192,000 was received from CLG, of which £9,573,000 was Revenue
- payments of £1,198,000 were made to VOA for IT services relating to support and maintenance
- payments of £104,000 were made to FSSD for accounting services
- payments of £260,000 were made to the LGPS Pension Fund representing employers' contributions for the year.

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





## 19 Contingent liabilities

The VTS has a contingent liability as at 31 March 2010 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 to 31 March 2010. The sponsoring department has been made aware of the situation, since the VTS has not set aside funds for the full value of rent payable should the landlord eventually be traced. As at 31 March 2010, the accrued rent amounts to £295,000.

## 20 Financial instruments

Financial Reporting Standard IAS 32/39, Derivatives and Other Financial Instruments, requires disclosure of the impact of 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.

## 21 Events after the reporting period

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

The VTS has received its indicative funding allocation for 2010-11 from its sponsoring department, albeit the confirmation relates to indicative funding in place less a sum of £700k communicated as being a likely reduction to the total budget. The VTS has no reason to believe that notification of budget funding will not be confirmed and therefore VTS will carry forward a review of its estate portfolio with the intention of progressing further operational changes during 2010-11.

# 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 financial statements 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 state of affairs at the year end. Subject to this requirement, the financial statements for 2009-10 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 additional disclosure requirements of the Secretary of State.

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

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

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



An officer in the Department for Communities and Local Government

31 March 2010







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