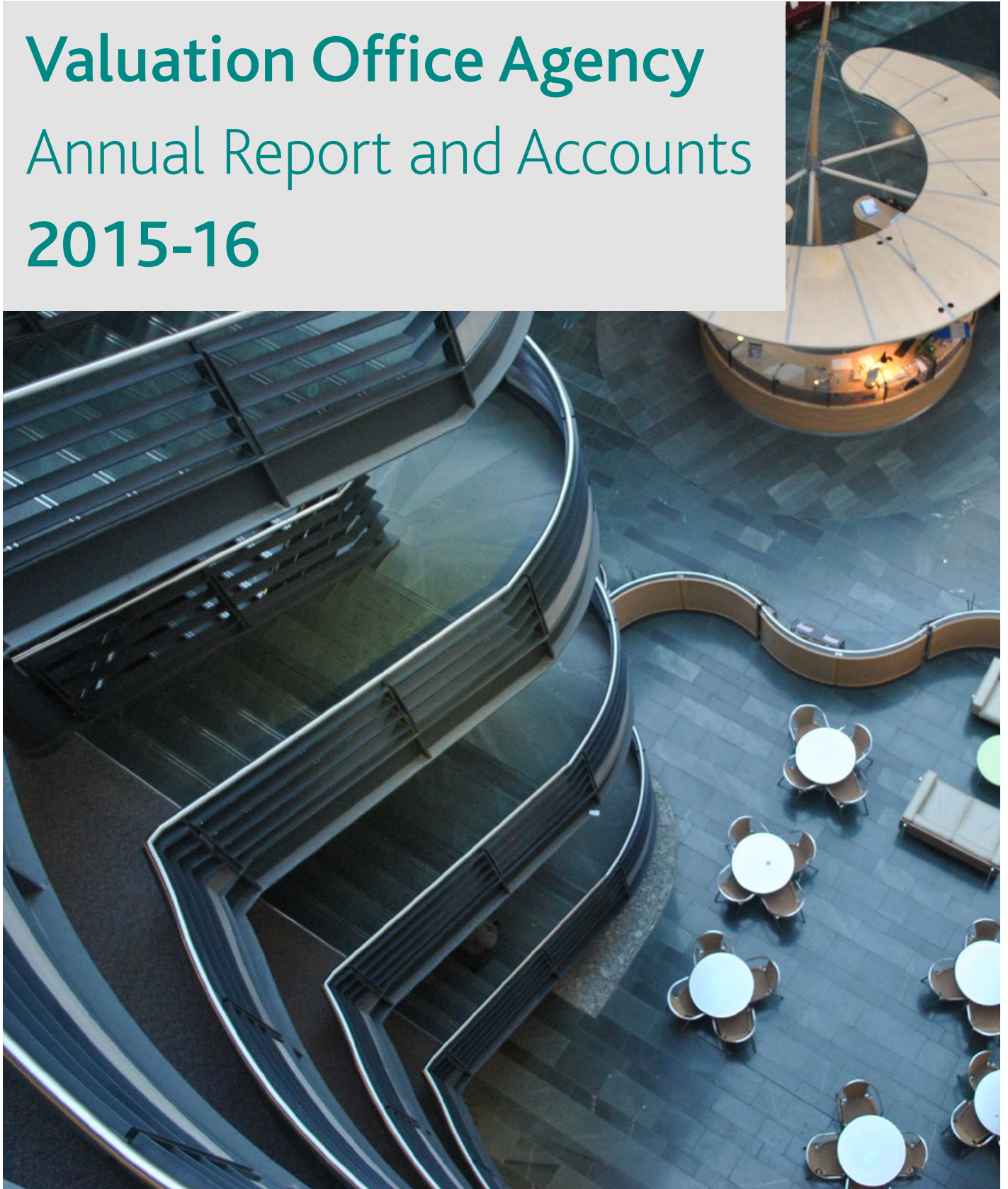




Valuation Office
Agency

Valuation Office Agency Annual Report and Accounts 2015-16



Valuation Office Agency

Annual Report and Accounts

2015-16

Presented to House of Commons pursuant to section 7 of the Government Resources and Accounts Act 2000.

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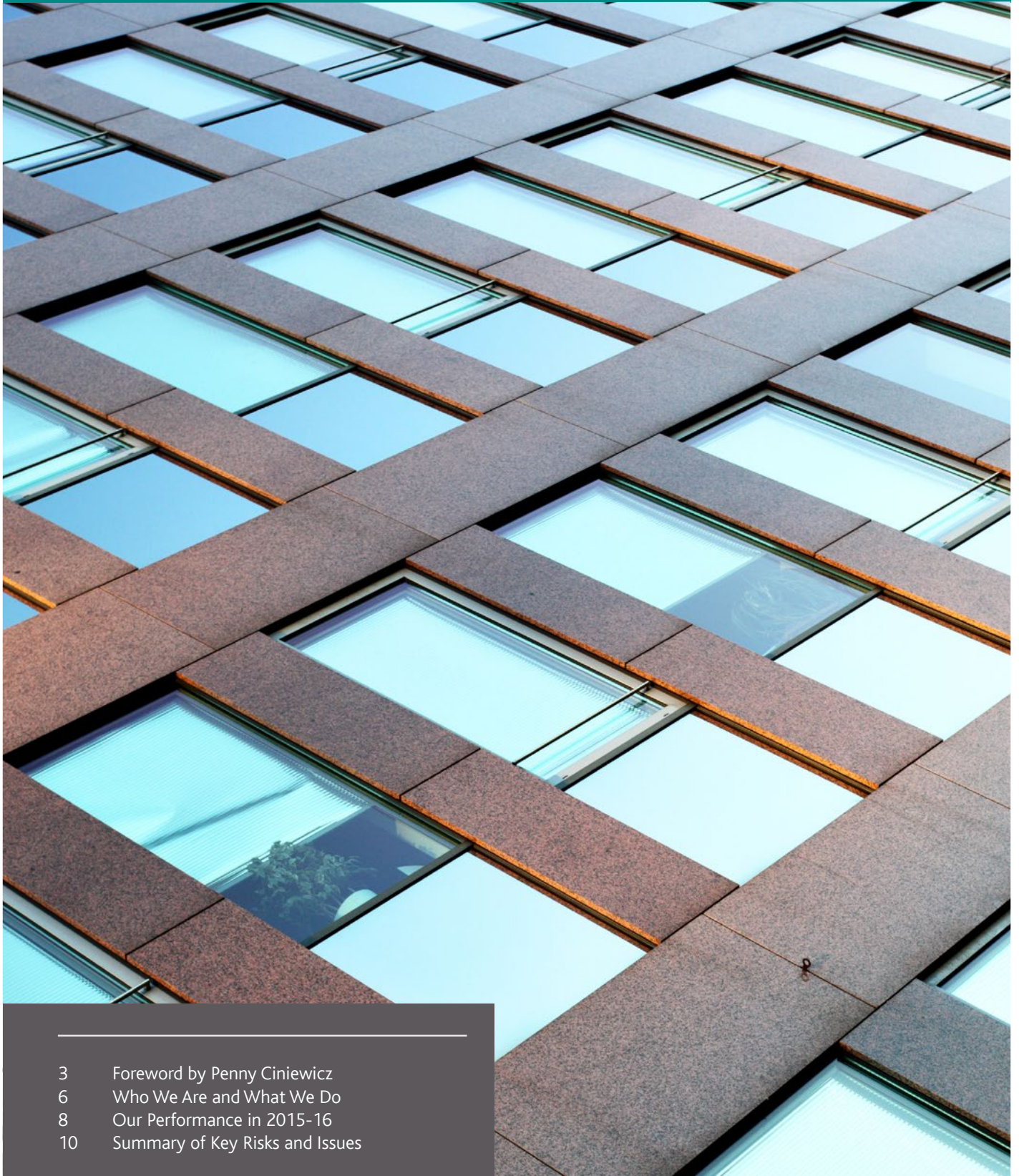
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OVERVIEW



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Foreword by Penny Ciniewicz

"During the year we have also continued to invest in the development of people who work in the Agency, as it is only through their skills, expertise and dedication that we will be able to continue to innovate and deliver."



Penny Ciniewicz Chief Executive

As you would expect from an operational Agency, 2015-16 has been a year in which we have focused our resources and efforts on delivering effective and efficient services for our customers and clients. But we have also been delivering the early stages of a fundamental transformation of the Agency, which will enable us to offer new services in a more digital and cost-effective way. We have provided the government with advice and expertise to support improvements to the non-domestic rating (NDR) appeals system to make it fairer, simpler and speedier. These changes will provide businesses and local government with greater certainty and stability over their finances. During the year we have also continued to invest in the development of people who work in the Agency, as it is only through their skills, expertise and dedication that we will be able to continue to innovate and deliver.

This year we have delivered a strong performance across many of our services. Two of our major priorities for the past year were: delivery of the Chancellor's target to clear 95% of non-domestic rating appeals in England outstanding on 30 September 2013 by July 2015; and delivery of the NDR Revaluation, which

comes into effect on 1 April 2017. Colleagues across the Agency have worked energetically together to deliver these priorities, demonstrating flexibility and expertise, and I am proud of what we have achieved.

On the Chancellor's target, we cleared more than 94% of these outstanding appeals by the end of July 2015, and by 31 October 2015 we had cleared more than 95%. The remaining appeals were either in litigation (most awaiting a hearing at Valuation Tribunal) or were held up at the request of the ratepayer.

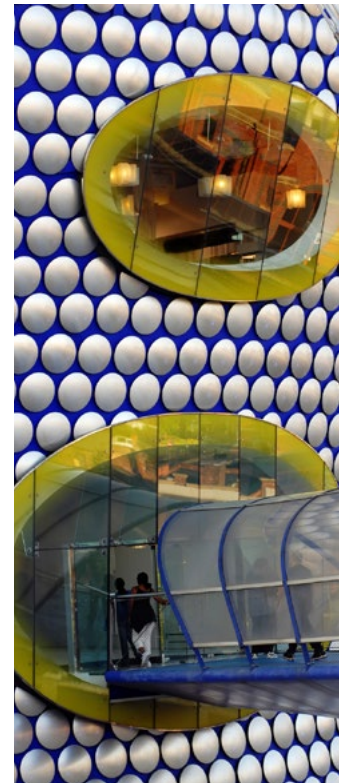
Our work on the 2017 NDR Revaluation has been demanding and complex. Revaluations are designed to ensure that non-domestic rates, commonly known as business rates, are based on up-to-date property values. This maintains fairness in the system by redistributing the total amount payable to reflect changes in the property market. In doing this work, colleagues across the Agency had valued approximately 1.76m properties by the end of March 2016.

The Agency has also continued to deliver excellent results across our other services such as: property valuations for council tax purposes; domestic property rental valuations for local authorities so that they can pay Housing Benefits; property valuations for Inheritance Tax; and providing property valuation advice to the wider public sector.

In the coming year, the Agency will continue to deliver on our service commitments while taking the next steps in our transformation journey. In 2015-16 we started to put in place the IT infrastructure we need to create new digital services for our customers; this will also help us to deliver our work more efficiently. We developed a new digital system for collecting rent and lease details from business ratepayers. We also built a new portal to allow billing authorities to send us reports about new properties or changes to properties more easily. We are trialling these services and will refine them based on customers' feedback.

Delivering the range of services and volume of work that we do in tandem with transforming the Agency requires continued investment in the people who work here. In the last year, we supported 84 people in undertaking new qualifications across our property surveying, operational delivery, project management, IT and HR professions. We also recruited 30 people to our graduate surveyor scheme and sponsored over 200 people to undertake surveying qualifications. We remain one of the largest employers of professional surveyors in the UK. We are on track to ensure that 2.3% of our workforce is made up of apprentices by the end of 2016-17. And we invested in leaders at all levels, involving them in over 40 workshops designed to improve how we manage and lead.

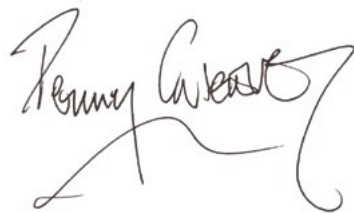
While our People Survey engagement score remains low, it rose by five percentage points to 48% in 2015 and we saw significant improvements in scores relating



“Revaluations are designed to ensure that non-domestic rates are based on up-to-date property values.”

to leadership. We will be looking for a further step change in the year ahead to improve how colleagues feel about working in the Agency. We will also continue to support colleagues in the Agency as we enter the next phase of our transformation.

I am proud of what we have achieved as an Agency in 2015-16. We have delivered the services we said we would deliver; we have played a full and important part in helping the government to put in place plans to reform non-domestic rates; we have created firm foundations for the transformation of the Agency; and we have provided our people with the support and development they need to ensure that we are successful.

A handwritten signature in black ink, appearing to read 'Penny Ciniewicz', with a large, stylized flourish extending from the bottom right.

Penny Ciniewicz
Chief Executive
5 July 2016

Who we are and what we do

Who we are

The Valuation Office Agency (VOA) is an executive agency of HM Revenue & Customs (HMRC) and employs approximately 3,600 people, based on full-time equivalents, with an office estate across 62 locations in England, Wales and Scotland.



The VOA's core purpose

To provide the valuations and property advice required to support taxation and benefits.



The VOA's vision

The VOA's customers have confidence in its valuations and advice. As a modern professional organisation with expert and committed people, it acts fairly, consistently and efficiently.



The VOA's strategic objectives

Target and achieve customer trust

Drive quality and consistency through improved processes

Develop and sustain the right capabilities

Sustainably reduce cost and improve value for money

Income £207.9m

Department for Communities and Local Government **£164.4m**

Property Services **£15.1m**

Department for Work and Pensions **£9.6m**

Welsh Government **£9.4m**

HM Revenue & Customs (HMRC) **£9.0m**

Other **£0.4m**

Expenditure £209.4m

Staff Costs **£148.4m**

Other Running Costs **£18.8m**

IT **£15.6m**

Accommodation **£15.3m**

Depreciation/impairment **£8.9m**

Early Departure Scheme **£2.4m**

In 2015-16, the VOA made an operating deficit of £1.52m. This was as a result of HM Treasury rules, which state that the non-cash transactions totalling £1.94m, which relate to the Local Government Pension Scheme and are required by accounting standards to be charged to operating costs, cannot be offset by income, as the Agency had in prior years.

Although no corresponding income is shown in the Statement of Comprehensive Net Expenditure, these costs are fully funded by the Agency's sponsor department HMRC.

Prior to these costs being accounted for, the Agency made a surplus of £0.42m.

What we do

The work we do enables the collection of approximately £50bn of revenue in non-domestic rates and council tax in England and Wales. This money allows central and local government to pay for essential services.

We deliver our services through four main business streams:

- Non-domestic Rating
- Council Tax and Housing Allowances
- Statutory Valuations Team
- Property Services



Non-Domestic Rating

- We compile and maintain statutory lists of the rateable values for 1.9m assessments for non-domestic rating, enabling the collection of approximately £24bn in non-domestic rates by local authorities across England and Wales.



Council Tax

- We compile and maintain statutory lists of council tax bands for 25m domestic properties, enabling the collection of approximately £26bn in council tax across England and Wales.



Housing Allowances

- We determine Local Housing Allowances (LHA) rates across England.
- We advise local authorities of the maximum subsidy level payable for Housing Benefit claims under the local reference rent system.
- We maintain a register of Fair Rents for regulated tenancies and valuations in England.



Statutory Valuations Team

- We provide statutory valuations to support Inheritance Tax, Capital Gains Tax and other taxes administered by HM Revenue & Customs.
- We determine Right to Buy appeals in England and Wales and we carry out valuations for Right to Buy in Scotland.
- We decide appeals against the Community Infrastructure Levy.
- We provide valuations for the Department for Work and Pensions to support the administration of benefits.



Property Services

- We provide a range of independent property advice and valuations right across the public sector, in cases where there is a public function and/or public money involved.

We also provide advice to ministers on valuation and property matters.

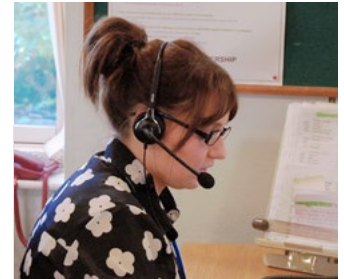
Our four Network Support Offices handle centralised processing work and much of our initial telephone contact and correspondence with our customers. By providing these services centrally, we ensure greater consistency in the service we provide to our customers and provide better value for money.

The delivery work of our operational business streams and Network Support Offices is supported by our corporate services and a range of shared services provided by HMRC, Civil Service HR and other providers.

Our performance in 2015-16

Cleared more than
94%

of non-domestic rating appeals in England outstanding on 30 September 2013 by July 2015, against the Chancellor's target of 95% and cleared more than 95% of these outstanding appeals by 31 October 2015



30 seconds

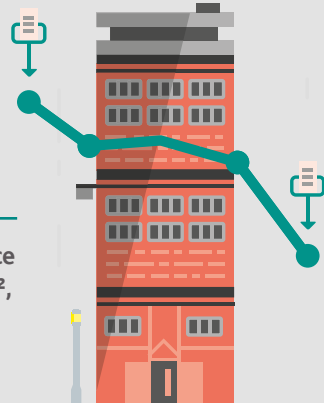
Answered 90% of calls to our central switchboard within an average of 30 seconds

Consumer Prices Index - housing

Strengthened our production process for the statistical information provided to the Office for National Statistics for the Consumer Prices Index measure of inflation including owner occupied housing costs - CPI(H)

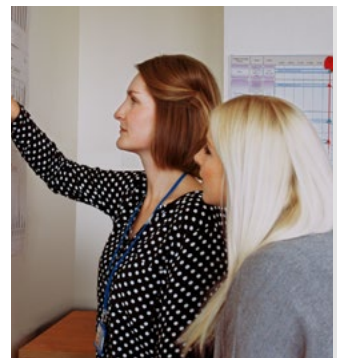
Reduced office space by **3,500m²**

Reduced the amount of office space we occupy by 3,500m², which we expect to deliver annualised running cost savings of £1.3m



Rent and Lease Details form

Launched our new digital Rent and Lease Details form which enables business ratepayers to provide information more quickly and easily online



Processes streamlined

Streamlined our internal council tax processes, improving productivity

Exceeded Housing Allowances targets

Exceeded all our Housing Allowances targets on timeliness and quality again this operational year

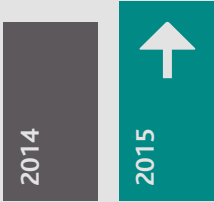


Official statistics redesign

Redesigned our official statistics publications to make them easier to interpret and more informative

48%

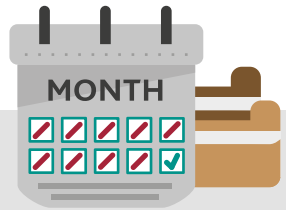
People engagement score



Increased our People Engagement score from 43% in 2014 to 48% in 2015

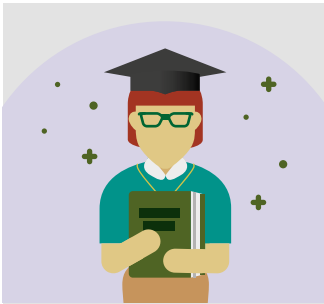
Exceeded milestone of valuing 85%

of the 1.9m properties in the rating lists for England and Wales for the 2017 non-domestic rating revaluation by 11 March 2016 - achieving 90%



SVT targets

Met or exceeded all our Statutory Valuations Team (SVT) casework timeliness targets



Student of the Year

Alison Fox, while in the VOA's Activity Costing team, was named the Institute of Management Services Student of the Year 2015

Launched two new apprenticeship schemes under the government's Trailblazer initiative



Improved our Information Technology infrastructure

so we have a platform for new digital tools and ways of working



Appointed to the Welsh Government Framework for Estate Professional Services

Summary of Key Risks and Issues

We identify risks and issues which pose a threat to our performance. We then mitigate and manage these risks and issues to reduce or prevent their impacting the successful delivery of our objectives. More detailed explanation can be found on pages 56 to 58.

Risks which emerged during the year include:

- **Check, Challenge, Appeal (CCA) - There is a risk to the Agency that...we fail to deliver CCA in a way that delivers the government's objectives.**
 - To mitigate this risk the Agency has: developed a comprehensive change programme to deliver CCA; secured appropriate resource; engaged extensively internally and externally; reprioritised expertise, energy and activity to give CCA the best chance of success.

Risks which the Agency continues to manage include:

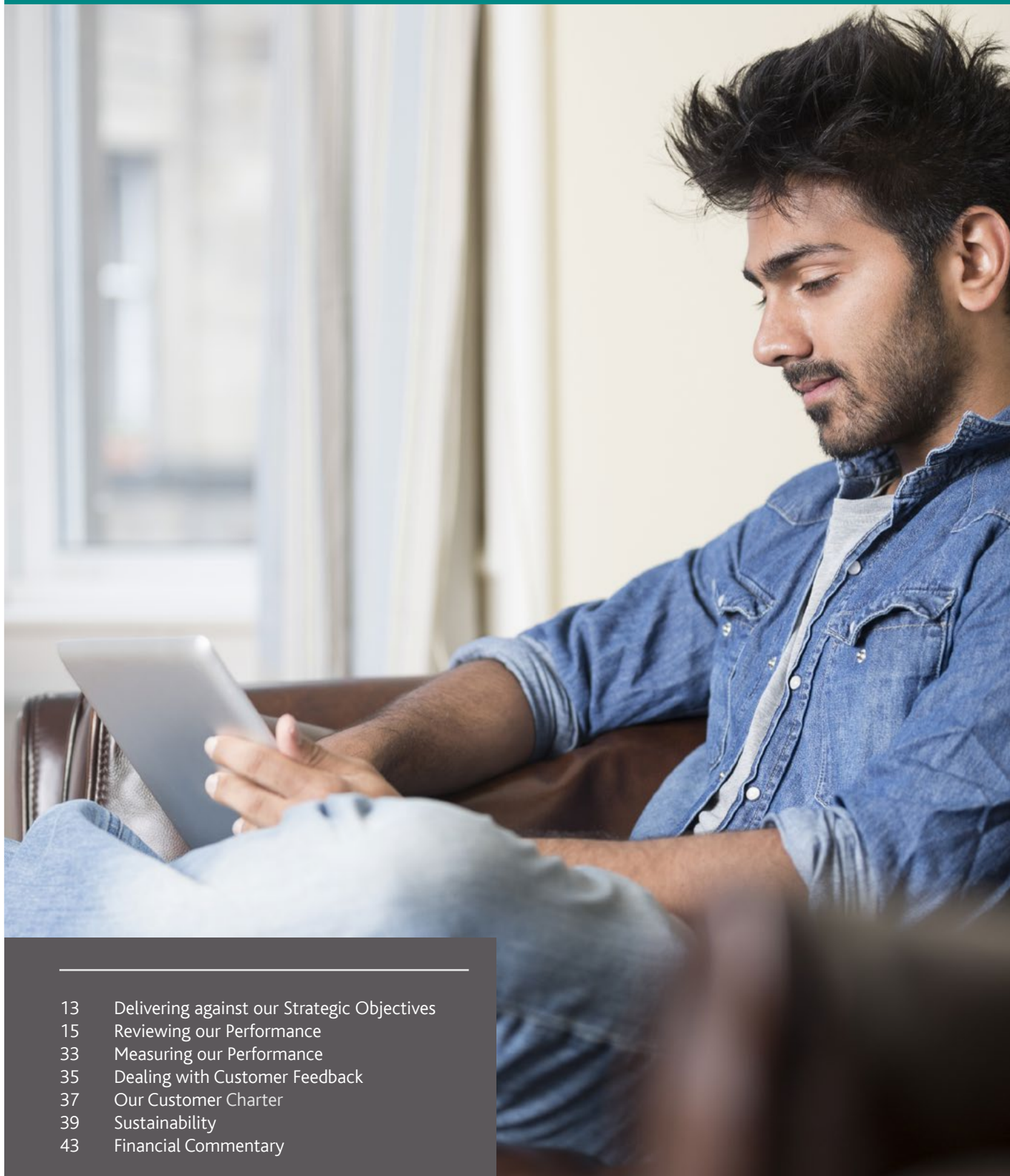
- **Managing estates - There is a risk to the Agency that...the future size, location, and quality of our estate adversely affects the Agency's ability to deliver services efficiently or effectively.**
 - To mitigate this risk the Agency will ensure the provision and agreement of workforce planning future requirements; build in flexibility arrangements with suppliers to allow provision for extra capacity if required; take an incremental approach to estates rationalisation; co-ordinate and align with HMRC, Government Property Unit and others in terms of timing and locations; and finalise the VOA 'core' office design specification.
- **Managing resources - There is a risk to the Agency that...we fail to understand, attract, develop and retain the skills and knowledge required to deliver our services.**
 - To mitigate this risk the Agency continues to develop its strategic workforce plan, working with colleagues leading on significant pieces of change so we understand the impact on overall resource need. We will finalise the people deal changes during 2016-17 and draw it all together and publicise it, so it is clear what the offer is.
- **Leadership - There is a risk to the Agency that...our leaders and managers do not have the capability or confidence to move the organisation from where it is now to where it needs to be in the future.**
 - To mitigate this risk the Agency will invest in the skills of our leaders and managers, working with them to develop the future of the Agency and equipping them with the knowledge and capability to lead their teams during our transformation.

- **Working with key stakeholders - There is a risk to the Agency that...we fail to work effectively with central and local government to deliver the government's policies.**
 - To mitigate this risk the Agency has put in place Local Authority Relationship Managers, has developed a stakeholder strategy and has created a stakeholder function.
- **Managing our policy environment - There is a risk to the Agency that... we are unable to influence our policy environment in order to sustain the delivery of key services.**
 - To mitigate this risk the Agency has: developed a policy function and is in the process of recruiting the required capability; actively engages with HM Treasury on current and emerging policy issues; is in the process of discussing a new policy partnership approach to working with the Department for Communities and Local Government; and is an active member of HMRC's policy forum.



“... the Agency will invest in the skills of our leaders and managers, working with them to develop the future of the Agency ...”

PERFORMANCE ANALYSIS



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Delivering against our Strategic Objectives



“... the vision of the government’s estate strategy is to create an efficient, fit-for-purpose and sustainable estate whose performance matches the best of the private sector.”

Over the last year, we worked to:

- target and achieve customer trust
- drive quality and consistency through improved processes
- develop and sustain the right capabilities
- sustainably reduce cost and improve value for money

Here is a summary of how we have delivered against these objectives.

Target and achieve customer trust

Feedback from our annual customer survey indicates that the vast majority of our customers consider us to be professional, polite and friendly. However, we know we can do better when it comes to responding to our customers’ requests in a clear and timely manner.

We continue to work on improving our customers’ access to information, and on resolving more of their queries quickly and clearly. Over the course of the year we have conducted extensive research with expert research teams to help us build a better understanding of who our customers are and how they want to interact with us.

Drive quality and consistency through improved processes

We have been working to improve the quality and consistency of our services, review our existing processes and design new ones to be as simple and intuitive as possible for both our customers and our people.

We have been piloting continuous improvement techniques to help us improve what we do. We reviewed and mapped key processes to identify efficiency opportunities and find ways to solve problems and do things better.

Develop and sustain the right capabilities

The capability of all our people remains central to our being able to deliver the service our customers expect.

To build this capability, we have continued to recruit people with the right skills, developing all our professionals in areas such as surveying, operational delivery, digital and technology, data analysis, policy, strategy and finance. We have also continued to invest in the leadership and management skills of our leaders and managers.

Sustainably reduce cost and improve value for money

We continued to find ways to sustainably reduce our operating costs, drawing on digital solutions where appropriate, while maintaining the quality of the services we provide.

In addition the vision of the government's estate strategy is to create an efficient, fit-for-purpose and sustainable estate whose performance matches the best of the private sector.

Both support the government's aim of fiscal consolidation, and feature heavily in our transformation programme.

Our 2015-16 performance

To ensure the delivery of our objectives for 2015-16, we focused on nine priorities that fall into three themes, as outlined in our 2015-16 Business Plan commitments:

Delivery

- Non-domestic rating appeals clearance commitment made by the Chancellor in his Autumn Statement 2013
- NDR Revaluation 2017
- Delivering for our clients and customers

Transformation

- Our transformation programme
- Provide more effective technology to help people do their jobs
- Make our processes easier for our customers and our people

People

- Improve our leadership
- Support our managers to succeed
- Sustain, build and be proud of our professions



“To ensure that our work on Revaluation 2017 continued to go smoothly and to schedule, we increased our Revaluation 2017 workforce by 400 people ...”

Reviewing our performance

This section provides an overview of how we performed against our 2015-16 Business Plan commitments.

Delivery

Non-domestic rating appeals clearance commitment made by the Chancellor in his Autumn Statement 2013

We continued working with the Valuation Tribunal Service to deliver the Chancellor's 2013 Autumn Statement commitment – that 95% of non-domestic rating appeals in England outstanding on 30 September 2013 would be cleared by July 2015.

We cleared more than 94% by the end of July 2015, and by 31 October 2015 we had cleared more than 95% of these outstanding appeals.

The remaining appeals were either in litigation (most awaiting a hearing at Valuation Tribunal) or were held up at the request of the ratepayer.

Non-domestic rates reform

Throughout the year we worked with stakeholders in HM Treasury and the Department for Communities and Local Government (DCLG) to identify ways in which the administration of non-domestic rates, commonly known as business rates, could be improved. In particular, we are working to deliver the reforms to the non-domestic rating appeals system that were announced by the Chancellor and have now passed through Parliament as part of the Enterprise Act 2016. This Act was announced in the 2015 Queen's Speech. It will form the primary legislation that is needed to enable a modernised business rates appeals system to be in place from 1 April 2017.

On 30 October 2015, DCLG launched the public consultation on the proposed reformed appeals system, to be built around three stages: 'Check, Challenge, Appeal'. We provided detailed evidence and analysis for the consultation and held meetings with stakeholder groups including industry and representative bodies. The consultation closed in early 2016.

The Check, Challenge, Appeal system will be in place when the new rating list comes into effect on 1 April 2017. The system will apply in England only. We expect the changes to result in:

- clearer understanding of expectations from all parties on actions required, and timescales within which to complete;
- earlier discussion and exchange of necessary information between parties; and
- as many cases as possible being resolved at one of the first two stages – Check and Challenge. We expect this to result in a reduction in the number of appeals listed for Valuation Tribunal hearing.

Developing innovative solutions

Case Study



To help us identify the right levels of training for the people doing our revaluation work, we used a diagnostic tool developed by our internal Learning and Development team. This tool - which won this team our 2015 internal People Award for Innovator of the Year - provided a comprehensive testing mechanism for assessing the tools and skills that people actually needed. As people came to our revaluation work with varying levels of expertise, the tool saved us time and money by enabling us to target the training we delivered and to progress our revaluation work as efficiently as possible.



Non-domestic rating revaluation 2017

Revaluations are designed to ensure that business rates are based on up-to-date property values. This maintains fairness in the system by redistributing the total amount payable to reflect changes in the property market. Therefore, Revaluation 2017 is a key programme of work for the customers we serve.

The revaluation comes into effect on 1 April 2017. On 1 July 2015, we started carrying out the 1.9m valuations needed across England and Wales and, since then, we have made good progress towards delivering the programme.

To ensure that our work on Revaluation 2017 continued to go smoothly and to schedule, we increased our Revaluation 2017 workforce by 400 people, either by redeploying them from other work areas or by recruiting them from outside the Agency. To give them the right tools and skills to help them to deliver the Revaluation, we delivered over 50 training events to around 350 people. We also continued to collect and analyse market information and evidence to support our valuations. Once we have completed the bulk of our Revaluation 2017 work, we expect most of our rating caseworkers to return to non-domestic rating casework.

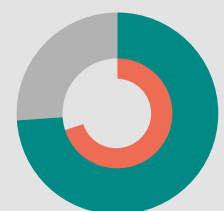
In January 2016 we exceeded our first key milestone of valuing 70% and validating (quality assuring) 40% of the 1.9m properties in the rating lists for England and Wales (achieving 74% and 54%, respectively). We also exceeded our second milestone of 85% valued and 60% validated as at 11 March 2016 (achieving 90% and 81%, respectively).

Throughout our work on Revaluation 2017, we have kept key stakeholders, including local authorities, industry bodies and ratepayer representative groups, informed about the progress we are making and sought to involve them in discussions.

January 2016 Revaluation Milestones

Valuing Milestone

70% Valuing Target 74% Achieved



Validating Milestone

40% Validating Target 54% Achieved



March 2016 Revaluation Milestones

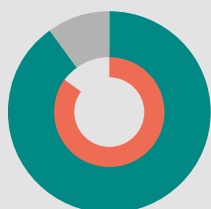
Valuing Milestone

85%

Valuing Target

90%

Achieved



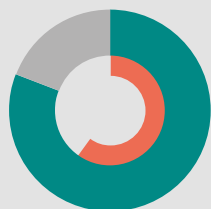
Validating Milestone

60%

Validating Target

81%

Achieved



Delivering for our clients and customers

Non-Domestic Rating (NDR)

As well as delivering the Chancellor's NDR commitments and our work on Revaluation 2017, we continued to clear those outstanding NDR appeals not included in the Chancellor's commitment. This year, we settled a total of 84,170 appeals relating to the 2005 and 2010 rating lists.

Our team of Local Authority Relationship Managers provided ongoing support to our 326 local authority partners in managing the Business Rate Retention Scheme in England. This enables local authorities to retain 50% of the business rates growth in their area and to pool business rates with other local authorities. The information we provided included monthly appeals data and details about significant changes to their local rating list.

We raise and investigate reports after we receive information about property changes from billing authorities or business ratepayers, as part of our ongoing work to maintain the rating lists. This year we cleared a total of 295,320 NDR maintenance reports relating to the 2005 and 2010 rating lists.

Of the reports we raised, we cleared:

- 52.8% in 12 days against a target of 50%
- 70.1% in 25 days against a target of 75%
- 97.0% in 90 days against a target of 99%.

There is an increasing demand from billing authorities on our non-domestic rating teams to update the rating lists to support the Business Rates Retention incentives. During this year we introduced a prioritisation process to help us better plan this work in accordance with our statutory duty and to help balance pressures for our people. This, together with the increasing complexity of this work, explains the decline in the timeliness measures for non-domestic rating. Delivering Revaluation 2017 valuation work has also impacted on these timeliness measures.

During this year we have changed our operational approach following a significant legal decision. The Supreme Court decision on *Woolway (VO) v Mazars* in July 2015 changed the way that occupations separated by communal or public areas are assessed. To ensure that our people fully understood the implications of this decision, we updated our guidance, both internal and external, and ran workshops and team discussions.

For non-domestic rating customers not represented by an agent, our latest customer tracking survey¹, demonstrated that:

¹ The non-domestic rating customer tracking survey results presented in this document are from a survey carried out in 2014-15. Fieldwork for the 2015-16 year is still ongoing. The results from the 2015-16 survey will be available later in 2016 and the final report will be published in November 2016 on GOV.UK.

- half (50%) of non-domestic rating (NDR) customers who were unrepresented (i.e. not represented by an agent) rated their overall experience of dealing with the VOA as good. This was an improvement on 2013-14, when the figure was 41%.
- just over half (51%) of unrepresented customers agreed that they trusted the VOA to get the outcome of their appeal right.
- over half of unrepresented customers (52%) said that their appeal was resolved within six months.
- around half (51%) of unrepresented NDR customers thought the VOA had dealt fairly with their case – a similar proportion to 2013-14 (52%).

For non-domestic rating customers represented by an agent, our latest customer tracking survey demonstrated that:

- almost half (49%) of NDR customers who were represented by an agent agreed that they trusted the VOA to get the outcome of their appeal right.
- 34% of represented NDR customers said their appeal took less than six months to conclude.

Council Tax

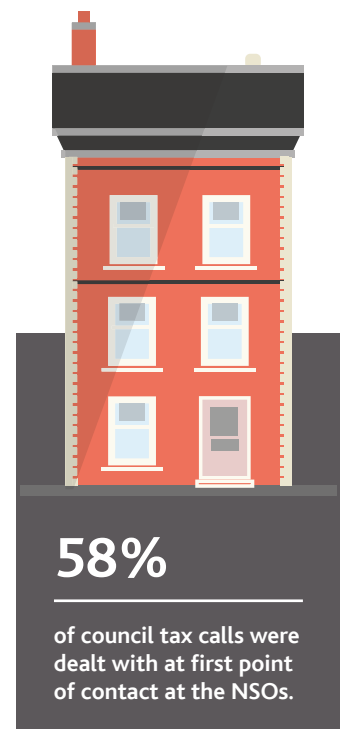
We ensured that our customers got the information they needed more quickly, as our Network Support Offices resolved around 58% of council tax calls at first point of contact. This meant these calls did not need to be passed on to colleagues in other parts of the organisation.

We strengthened the quality of our council tax banding decisions, including acting on our people's suggestions for improvement. We ran workshops with colleagues to gather ideas about what we could do to make our processes more efficient without compromising quality or customer service. We implemented the best suggestions in June 2015. This work has enabled us to streamline our internal processes and the suggestions have resulted in our in-year efficiency and productivity challenge being fully met, meaning that the cost per maintenance report has decreased.

More detailed statistics summarising the number of council tax band reviews and proposals received and cleared will be available as Official Statistics on GOV. UK in August 2016.

For council tax customers not represented by an agent, our latest customer tracking survey² demonstrated that:

- around three in five (58%) rated their overall experience of dealing with the VOA as good.



² The council tax customer tracking survey results presented in this document are from a survey carried out in 2014-15. Fieldwork for the 2015-16 year is still ongoing. The results from the 2015-16 survey will be available later in 2016 and the final report will be published in November 2016 on GOV.UK.

Responding rapidly to customer needs

Case Study



We took immediate action in the wake of the severe flooding in December 2015, which affected Cumbria, Lancashire, Yorkshire and the Tyne Valley. As well as conducting extensive fact-finding and fieldwork, we made customer contact a priority – taking proactive action as well as responding rapidly to appeals and enquiries, and ensuring people knew how best to access the support available. Throughout we worked closely with local billing authorities to exchange information and ensure a co-ordinated response.

We made prompt decisions to recognise the impact of the flooding on rateable values and council tax, examining each case on its own merits to ensure fair treatment across the board. We temporarily reduced 680 non-domestic assessments which were incapable of repair. Customers, billing authorities and other interested parties thanked us for our actions and clear communication.



- the proportion who reported a poor experience had decreased compared with 2013-14 (26% in 2014-15 compared to 30% in 2013-14).
- approximately half (49%) said they trusted the VOA to get the outcome of their appeal right. This is similar to responses in previous years.
- nearly nine in ten customers (88%) said their appeal was resolved within six months.
- around half (51%) agreed that their case had been fairly dealt with.

For taxpayers represented by an agent, our latest customer tracking survey demonstrated that:

- approximately two-thirds (64%) agreed they trusted the VOA to get the outcome of their appeal right.
- approximately three in five (59%) reported that their appeal had been resolved within six months.



Network Support Offices (NSOs)

Our four Network Support Offices handle centralised processing work and much of our initial telephone and correspondence with customers. During the year we made further strides in improving the quality and consistency of our customer service and we are using continuous improvement tools and techniques to help us do this. This approach also gives people more ownership and influence over how they do their work. The tools and techniques comprise structured problem solving, escalation of issues, and planning and forecasting tools.

Following a change in non-domestic rating (NDR) regulations announced in the Chancellor's Autumn Statement in 2014, in February 2015 we received a large volume of NDR proposals to alter the rating lists (appeals) in a two month period. The Network Support Offices (NSOs) sought assistance from the wider NDR business stream to meet the demand. By using these more rigorous planning and forecasting tools, teams in the NSOs were better able to accurately estimate the level of resource required to meet the registration and validity deadlines on NDR proposals and track progress in detail. This allowed the NSO teams to provide better management information to colleagues in the non-domestic rating business stream, regular assurance on progress against targets and ultimately register these appeals more quickly and efficiently.

Our Network Support Office in Halifax handles the receipt and registration of hard copy forms completed by business ratepayers which provide rent and lease details. Continuous improvement techniques have allowed NSO teams to better monitor receipt levels and use the resource in the team flexibly to meet demand: when receipt levels are low, resource is freed up and deployed to other high priority work.

Housing Allowance timeliness targets

Against our target to...

Determine 96% of Housing Benefit claims where no inspection is required in 3 days

...we achieved

99.9%

Determine 96% of Housing Benefit claims requiring an inspection within 15 working days

...we achieved

99.8%

Determine 96% of Housing Benefit claims requiring redeterminations within 15 working days

...we achieved

99.8%

Determine 96% of pre-tenancy Housing Benefit determinations within 4 working days

...we achieved

100.0%

Determine 95% Fair Rent Registrations in 40 working days

...we achieved

99.4%

In line with other government departments, we monitor the quality of our response to the calls we receive; we also use feedback from customers and colleagues to identify ways in which we can improve. Using real time monitoring information for our call handling work, we are able to track call volumes and allocate our resource effectively to be able to deliver our target of answering 90% of calls to our NSOs within an average of 30 seconds.

Our call handlers can now resolve a much broader range of enquiries without requiring specialist input, meaning quicker resolution of some of our customers' enquiries. In the last year we have increased first call resolution from an average of 7.49% for council tax calls and 11.21% for NDR calls (October to March 2014-15), to an average of 57.63% for council tax calls and 44.81% for NDR calls (October to March 2015-16). As well as resolving more of our customers' calls at the first point of contact, this also allows our specialist operational colleagues to focus on more complex valuation enquiries.

Housing Allowances

Our Housing Allowances team provides property rental valuations and information to local authorities, landlords and tenants. The main areas of work the team covers are valuations for Fair Rents, and determinations for Local Housing Allowances and Housing Benefit purposes. We exceeded all our targets on timeliness and quality again this operational year.

During the year, three national landlords and a regionally-based lettings agency chain submitted lettings information using our secure digital data transfer service. We anticipate adding new users who have expressed a preference in using the service in 2016-17. Further consultation with partners and lessons learned around the consistency of data held centrally will inform our future digital services.

In January 2016 we published the 2016-17 Local Housing Allowances Rates for England on the GOV.UK website, ensuring all local authorities were aware. We published these figures at the same time as Rent Officer Services in Scotland and Wales made their rates available and followed a similar style, making it easier for customers to compare figures.

The data we gather on rents feeds into the Office for National Statistics' Retail and Consumer Prices Indices, and new experimental Index of Private Housing Rental Prices. This work is evolving and we continue to explore how we can improve our supply of information and broaden the use of our data.

Statutory Valuations Team

We support HMRC's work on Capital Gains, Inheritance Tax and other areas of tax compliance. Our Statutory Valuations Team continued to deliver property valuation advice in all these areas, ensuring the right amount of tax was paid.

- Our Statutory Valuations Team achieved an income of £11.8m this year, exceeding the £11.3m income plan. In addition, all quality standards were met or exceeded.

- The team has exceeded all HMRC service level agreement timeliness targets this year, helping to support HMRC deliver its targets.
- The team delivered all Community Infrastructure Levy service level agreement targets, including 100% timeliness for appeals.
- Income from Right to Buy work in Scotland increased by 34% prior to the cessation in Scotland of the Right to Buy in August 2016.
- In England and Wales, the number of Right to Buy determinations (where we determine the value if the owner and occupier cannot agree) has increased by 27%.

Property Services

In 2015-16 our Property Services team (also known as District Valuer Services) generated £15.1m through the provision of valuations and property advice to clients across the public sector. This was achieved despite Property Services operating in 2015-16 with its lowest ever number of staff in post brought about through, for example, internal transfers, retirements and some difficulties with external recruitment. We were able to limit the resulting income reduction to only £0.4m below our target while our overall costs fell by a significantly higher amount. Accordingly, we still covered all our costs and complied with 'Managing Public Money', the HM Treasury publication which sets out how to handle public funds.

We are on a number of key Procurement Frameworks: these include Crown Commercial Services, Homes and Communities Agency, and Eastern Shires Purchasing Organisation. We were also recently appointed to the Welsh Government Framework for Estate Professional Services. During the year we were appointed as sole valuation services supplier to Highways England to support their infrastructure projects, and we continued to work on the High-Speed 2 (HS2) rail link.

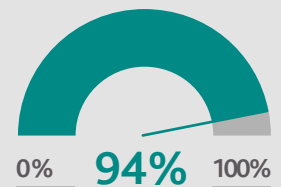
We delivered the 2015 Market Value Survey for the Department for Communities and Local Government (DCLG). This involved the desktop valuation of around 12,300 properties across England, as well as providing DCLG with accurate and up-to-date data on house values across all property types.

Our most recently published annual Property Services customer survey³ indicated that:

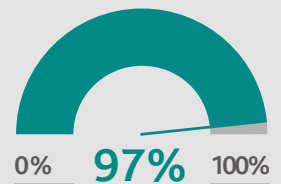
- 94% of our customers were satisfied or very satisfied with the service our Property Services team provided.
- 97% of our customers were satisfied or very satisfied with our independence and impartiality.
- 97% of our customers were satisfied with our professionalism.

³ The Property Services customer survey results presented in this document are from a survey carried out in 2014-15. Fieldwork for the 2015-16 year is still ongoing. The results from the 2015-16 survey will be available later in 2016 and the final report will be published in November 2016 on GOV.UK.

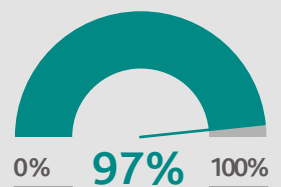
Property Services Customer Survey



94% of our customers were satisfied or very satisfied with the service our Property Services team provided.



97% of our customers were satisfied or very satisfied with our independence and impartiality.



97% of our customers were satisfied with our professionalism.

Transformation

Our transformation programme

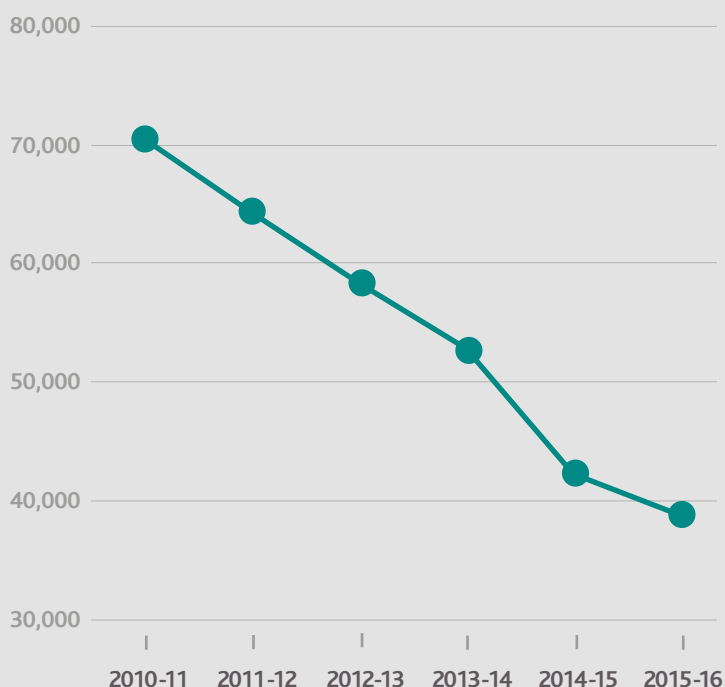
In 2015-16 we continued to make progress on transforming the Agency to deliver better, more efficient services for our customers and clients. Our transformation programme is the most complex and ambitious programme of change we have ever undertaken. This year we further broadened its scope to encompass the delivery of reforms to the non-domestic rating appeal system (Check, Challenge, Appeal) that were announced by the Chancellor and have now passed through Parliament as part of the Enterprise Act 2016.

Estates reduction 2010-16

Total estates cost (£m)

Year	Total estates cost (£m)	Cumulative percentage reduction (cost)
2010-11	£20.6	
2011-12	£20.3	↓ 1%
2012-13	£17.4	↓ 16%
2013-14	£18.3	↓ 11%
2014-15	£15.7	↓ 24%
2015-16	£15.3	↓ 26%

Total estate at financial year end (m²)



Cumulative percentage reduction (size)



This year we:

- established new 'agile' development teams based in our Digital Centre (which we also completed this year). Agile is a way of delivering projects in small steps rather than trying to deliver everything at once; it puts the needs of the people using our services and systems at the heart of the project. Our agile teams will work across the Agency to deliver great services for our internal and external customers, meeting the Government Digital Service standard - we delivered the first of these this year (see page 26).
- delivered the first tranche of activity to transform our estates, reducing the amount of office space we occupy by 3,500m² and closing seven of our offices. We expect these changes to deliver annualised running cost savings of £1.3m.
- invested in our future locations to enable more flexible ways of working; these are the locations where we think we need to be located to support our plans to keep the right expertise and deliver our services in a more efficient way in the future. We have made it easier for our people to work from different places while accessing the data and programs they need: during the year we installed a network of 33 modern video-conferencing and collaboration suites. We also expanded our home working network, enabling more people to work from home.
- conducted extensive research to inform our transformation, improving our understanding of the reasons customers contact us and the channels they use; an essential first step in enabling us to redesign our services to make it easier for our customers and our people to use them.
- carried out other research into how we provide information to and receive it from partner organisations - information such as reports from billing authorities and Stamp Duty data - as well as how our internal processes and structure operate.
- delivered important building blocks to support us in our transformation, including a new system for our desktone telephony across the Agency and upgrading the operating system used on our PCs.
- worked with users of some of our services to test ways of explaining or presenting information; this will help to ensure we communicate with our customers in a clear and accessible way. For example, we developed new pages for GOV.UK to help customers navigate our published information and to answer their queries more quickly through digital channels.

Our transformation activity is now heavily focused on the delivery of Check, Challenge, Appeal (CCA). We continued to align our transformation plans to enable delivery of CCA, prioritising those elements of our programme which align most closely with the changes we need to make to deliver CCA successfully.

We have built a small programme team to oversee and manage the delivery of this major programme of change. During the year we:

- worked closely with the Department for Communities and Local Government in support of the legislation which has now passed through Parliament as part of the Enterprise Act 2016.
- consulted with a variety of stakeholders and customers from industry, the agent community and representative bodies to ensure their feedback informs our development of a more efficient appeals system.
- developed an alpha version of the online 'Check' stage - this is a working prototype which stakeholders can use to test and refine the system before it is launched.
- designed the high level processes; we have aimed to make these processes as clear and simple as possible for our customers and our people.

“We have built a small programme team to oversee and manage the delivery of this major programme of change.”



Provide more effective technology to help people do their jobs

We continued to improve our technology infrastructure to give us better tools for the job and underpin further planned improvements. The improvements we have made help us move towards our objective to become digital by default and provide a better service for our external customers.

We set up our Digital Centre to support this work, providing a new flexible working space for our digital and technology teams to use agile tools and techniques to deliver our services. These teams included specialist user researchers to make sure our services are as straightforward and intuitive as possible, as well as embedded experts from our operational teams. This ensured that our public-facing services were built around our users. We used the Government Digital Service (GDS) standard to ensure we delivered best practice. As a result we passed a rigorous GDS assessment for good quality digital services, including providing 'assisted digital' options to make sure that our services are inclusive.

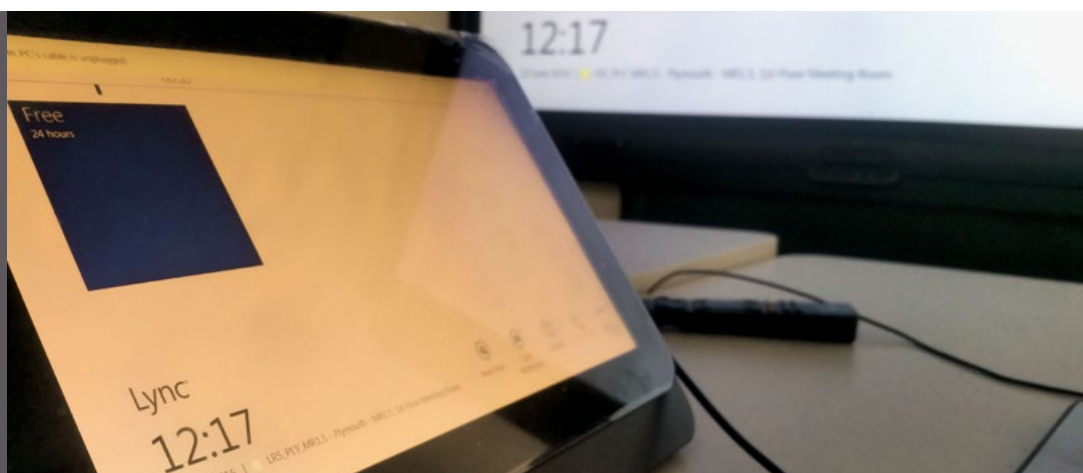
We developed a new digital system for collecting rent and lease details from business ratepayers (formerly these were hard copy Forms of Return). We launched this system as a beta service after it had passed the Government Digital Service assessment. This new system means our customers can provide information to us more quickly and it also saves us from re-entering data manually. Launching the beta service means the new system is available for customers to trial and we can refine it based on their feedback. It will run parallel with our old service before we switch over completely. From January to April 2016, we received nearly 27,000 submissions via the new service, helping us to collect up-to-date information in preparation for the non-domestic rating revaluation. We have gradually invited more and more people to use it, with customer satisfaction rates of over 70% for the digital service. Our target is for 80% of submissions to be via the new online service by June 2016.

We built a new portal to allow billing authorities to send us reports about new properties or changes to properties more easily. This saves them time and helps to ensure we get the information we need to set correct rateable values more quickly. The new digital system is simple to use and completely based around what billing authorities need. We have invited 18 billing authorities to help trial the service, sending us reports about domestic properties in the first instance. We will invite the billing authorities to give us feedback on it and use their feedback to improve the service further. We then plan to widen the pilot to include more billing authorities and to cover reports on non-domestic properties.

We have developed an online Register of Fair Rents which will improve our Electronic Rent Register tool so that customers can check details about regulated tenancy properties. The new tool has been built to be as simple as possible to use and, in developing the tool, we involved people who use it to make sure it does what they need it to.

33 smart rooms installed

also known as video-conferencing and collaboration suites.



For much of this work, we made use of HMRC's digital platform to host our new public services. This enabled us to develop the services quickly, using a secure and established service already in use in government.

In addition, we have begun planning for the digital work we need to do to deliver Check, Challenge, Appeal, including how the online process will work and what our supporting technology needs to do to support it.

During the year we moved our entire internet presence to the GOV.UK website, which enables our customers to access all the information they need from us in one place, alongside information from across government.

We have worked with external suppliers, including many innovative small and medium sized enterprises (SMEs), to help us deliver many of these changes. Over 60% of our discretionary IT spend on external suppliers went to SMEs during the year.

We also improved our internal tools and technology to help us work more efficiently. Internally, our work included:

- upgrading the operating system for PCs across the Agency to improve our performance and security and make it easier for us to make further improvements in future.
- installing 33 video-conferencing suites in 27 offices to improve our ability to collaborate across sites, using software-based tools to share information and ideas, and to reduce the amount of travel required of our people.

The new technology infrastructure we have started to put into place gives us a good foundation for making further changes in the years ahead. It has helped us identify in more detail the challenges and opportunities for modernising the wide range of legacy systems and technology across our Agency. The complexity and design of some of these systems means there will be significant challenges for us to overcome during this transformation. But the work we have already done is helping us approach the challenges that lie ahead with greater confidence.



Delivering large scale IT change

Case Study



We upgraded all of our desktops and laptops to a new version of Windows and Microsoft Office, delivering upgraded PCs to every office and more than 400 homeworkers. This gave us better technology to use now, and a more stable footing for future improvements.

We have over 100 different applications which needed to be tested and updated for the new system, and we also needed to update our background technical infrastructure (and make sure that our people had the right support).

People across our Agency worked on this - including Digital Group (whose Transition Team won the VOA 2015 People Award for Team of the Year for their work), operational people and change teams. Working together, we delivered this ambitious project within a year, and over 95% of people told us they had the information they needed ahead of their upgrade.

Make our processes easier for our customers and our people

Having the right processes in place is key to making things simpler and quicker for our customers and our people. During 2015-16 we brought together all our expertise and responsibilities for process design into one team.

We started to map all the Agency's key processes to identify areas for improvement, and to redesign our processes to support new digital and more streamlined services.

We also began work to improve how we manage customer contact across the Agency. The first stage, which we completed this year, looked at:

- how and why our customers contact us
- what processes we use to manage this contact
- how we can improve these processes to ensure our customers receive a service that meets their needs, both now and in the future.

We will begin the next phase of this work in 2016-17. This will take forward the findings of the first phase and will include:

- redesigning our key customer contact processes and communications to improve the service we provide.
- continuing to develop our online services so that customers can quickly find the information they need.
- rolling out continuous improvement tools and techniques more widely so that people across the Agency will have the opportunity to improve their work processes, thereby providing a better service to our customers.

People

Our new People Strategy joins up all our people-focused work. Our People Strategy provides a robust framework to support us during a time of significant change, both within the Agency and across the Civil Service.



People Awards 2015

Attendees at the Valuation Office Agency People Awards 2015



It covers five main areas:

- Develop inspiring, confident and empowering leaders
- Support our managers to succeed
- Develop and implement a Strategic Workforce Plan
- Sustain, build and be proud of our professions
- Develop a new People Deal.

These five pillars rest on:

- open, honest and transparent communications
- a focus on wellbeing
- an organisation that is inclusive and recognises the strengths in diversity.

Our ambition is to create an Agency with an empowered, engaged and inclusive workforce – one that is dynamic and flexible enough to meet the current and future needs of our customers and stakeholders, and that delivers improved services to the public in a modern, consistent, and cost-effective way.

During the year we started to implement our People Strategy, including work to develop a rolling workforce plan and a plan to cover learning and development. This work is set to continue into 2016-17.

Improve our leadership

Throughout the year we continued to focus on improving our leadership capability. We promoted the Civil Service Leadership Statement to all our senior leaders and managers, and discussed it with them at our regular Board led line manager and senior leader meetings.

Our senior leadership team led 21 'Future, Engage, Deliver' workshops across the Agency. Future, Engage, Deliver is a simple, practical approach to help people - regardless of position or title - to grow as leaders, make a bigger difference to their organisation and help it become more successful. We designed the workshops to improve the way we lead change in the VOA. We also ran dedicated training sessions to support our leadership community in change conversations.

We achieved our target of a five percentage point increase in our People Survey engagement score (to 48%). One of the catalysts for change has been the People Survey Focus Group, a cross-Agency group formed to encourage corporate level action following the 2014 survey results. After detailed discussions, this group came up with seven action points, which our Board agreed and took forward:

- Invest in our leaders
- Invest in line managers
- Innovations scheme led by people in the business

Providing inspiring leadership

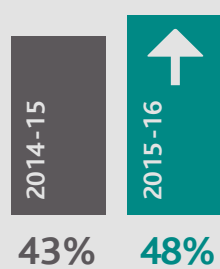
Case Study



Dean Hannan, who consistently inspires his colleagues to go the extra mile, won the VOA 2015 People Award for Outstanding Leader. Dean builds strong relationships with the people in his team, working with them to deliver objectives and projects on time. He has built the capability of national team leaders through coaching and mentoring - giving them the confidence to deliver VOA change programmes. Colleagues in our Bristol office found Dean inspirational when he guided them into new accommodation and implemented new ways of working.



VOA People Survey engagement index



- Knowledge transfer and succession planning
- More focus groups to test and evaluate initiatives
- Better communication about change
- Directors listening to people, earning trust and encouraging people to be honest.

Our senior leadership team significantly increased the frequency of their office visits. These visits provided an opportunity to interact with teams, listen to people's concerns, provide information and take action. We achieved an increase of 14 percentage points for the People Survey statement: 'Senior managers in the VOA are sufficiently visible'. We also saw significant improvements in other scores relating to leadership.

Support our managers to succeed

Our People Survey Focus Group identified that effective line management was a key factor in improving our engagement.

During the year we held a number of sessions to support our managers to succeed: these included the 'Future, Engage, Deliver' workshops mentioned in the previous section. We also ran:

- 20 'Working Together as One VOA' workshops, which focused on breaking down hierarchical and team barriers.
- three sets of all line manager meetings, 'Leading to Deliver', where the senior leadership team shared business priorities and sought input into decisions about our transformation.

An essential part of a manager's role is to communicate effectively, manage individual performance and encourage people to develop their potential. During the year we exceeded our target of 60% of people participating in regular and useful team meetings, achieving 65%. However, we fell short of our target of



98%

of our people met the Continuing Professional Development requirements for the Royal Institution of Chartered Surveyors.

95% of people having at least ten performance reviews during the course of the year to discuss progress against their personal objectives and to ensure the right development and support is in place, achieving 70%. Eighty per cent of our people took up their entitlement to five days learning and development as set out by Civil Service Learning. This met our target.

From August 2015 we introduced a new bonus scheme that gives managers the tools to reward good performance during the year, rather than waiting until the end of the year. This is aimed at providing immediate recognition and reward to our people for a job well done and empowering our managers to manage their team's performance.

In 2016-17, we are piloting a new approach to performance management. While still aligned to the Civil Service performance management principles, the pilot will focus on monthly coaching conversations between a member of staff and their manager. The approach will mean we can focus more on regular, high quality conversations that will encourage and support real performance improvement.

During the year we began to implement 'Words Matter', an innovative culture change initiative. 'Words Matter' focuses on using inclusive language to help us have better conversations and build on the best of our culture and habits by guiding us towards new and effective ways of working together. This too will impact on how effectively managers engage with their teams and we involved our community of around 500 line managers in this work. We also organised focus groups with over 80 people from offices around the country. We are in the process of introducing a 'Words Matter' toolkit that all colleagues can use.

Sustain, build and be proud of our professions

We continued to invest in all the professions represented in the VOA to help us retain, develop and attract the skills we need. In 2015-16 we supported 84 people in undertaking new qualifications across our professions, which include surveying, operational delivery, project management, IT and HR. Over 97% were successful.

Ninety-eight per cent of our people met the Continuing Professional Development requirements for the Royal Institution of Chartered Surveyors (RICS), exceeding our target of 85%.

During the year we recruited over 30 people to our graduate surveyor scheme, a three-year programme that leads to full corporate membership of RICS. We also sponsored over 200 people to undertake surveying qualifications run by external bodies.



"Eighty per cent of our people took up their entitlement to five days learning and development as set out by Civil Service Learning. This met our target."

Measuring our Performance



The measures...enabled us to identify where we are doing well and those areas on which we need to focus more attention.

We have adopted a set of measures and targets which together provide a picture of our performance. This allows us to manage performance throughout the year, and react in real time when needed. The measures cover a range of areas, including operations, finance, people and transformation and have enabled us to identify where we are doing well and those areas on which we need to focus more attention.

Of the measures in place, 17 were included in the 2015-16 Business Plan. These, our Key Performance Indicators, were managed throughout the year at either Agency or director level.

The tables below and on page 34 set out our key performance indicators for 2015-16⁴.

Operations	Result	Clarification
Non-domestic rating appeals: 95% of appeals outstanding in England in September 2013 cleared by July 2015	Not met	We cleared more than 94% by the end of July 2015, and by 31 October 2015 we had cleared more than 95% of these outstanding appeals.
Non-domestic rating reports cleared: 50% in 12 working days 75% in 25 working days 99% in 90 working days	Partly Met	Percentage of non-domestic rating reports cleared: 52.8% in 12 working days 70.1% in 25 working days 97.0% in 90 working days
Non-domestic rating quality: 94% of cases meet quality standards	Exceeded	Percentage of non-domestic rating cases meeting quality standards: 94.3%
Revaluation 2017: 85% of business properties in England and Wales valued by March 2016	Exceeded	Percentage of business properties valued by March 2016: 90%

⁴ Our Business Plan 2015-16 included key performance indicators (KPIs) on the clearance of council tax reports (timeliness) and the percentage of council tax cases meeting quality standards. These two KPIs and the outturn figures against them are not included in the table above because more detailed statistics will be available as Official Statistics on GOV.UK in August 2016.

Our Business Plan 2015-16 also included a KPI to deliver increased efficiency by increasing productivity within a range of 2.5% to 3.5% within our front-line business. We have not measured this KPI during this year as we are developing productivity measures as part of our Spending Review plan.

Operations	Result	Clarification
Housing Allowances quality: 95% of cases meet quality standards	Exceeded	Percentage of Fair Rent cases meeting quality standards: 99.2% Percentage of Housing Benefit cases meeting quality standards: 98.5%
Housing Allowances service: 95% of referrals determined where no inspection is required in three working days	Exceeded	Target was changed to 96% in agreement with the Department for Work and Pensions; percentage achieved 99.9%
Statutory Valuations Team quality: 94% of cases meet quality standards	Exceeded	Percentage of Statutory Valuations Team cases meeting quality standards was 95.3%
Statutory Valuations Team service: 100% of Initial Appraisals reported within an average of five working days	Exceeded	100% of Initial Appraisals were reported within an average of 4.2 working days
Property Services quality: 94% of cases meet quality standards	Exceeded	Percentage of Property Services cases meeting quality standards according to our independent Quality Assurance assessments was 95.1%
Income		
At least £15.6m Property Services income generated	Not met	Income generated £15.1m
Cost		
Deliver value for money by realising estate footprint reductions of 3,400m ²	Exceeded	Realised reductions of 3,500m ² . Expected annualised running cost savings of £1.3m by reducing the amount of office space we occupy
Learning and Development		
80% of people attain the Civil Service minimum of five days learning and development	Met	80% of people attained minimum five days learning and development
Professional Development		
85% of people meet Continuing Professional Development (CPD) requirements	Exceeded	98% of people met CPD requirements
Data Security		
Zero data incidents reported to the Information Commissioner	Met	

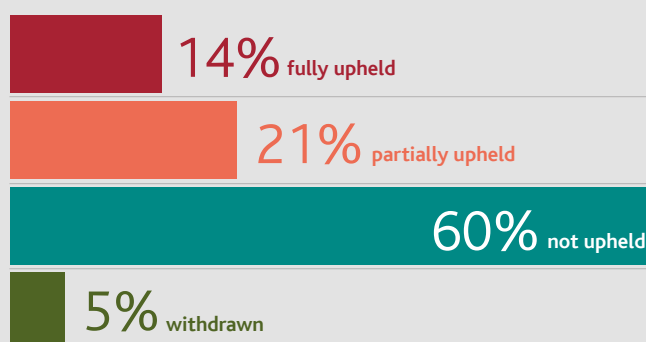
Dealing with Customer Feedback

"...we believe that everyone should receive a good service from us."



1,087 complaints resolved

in 2015-16



We always try to do our best for our customers. When we get things right, a number of our customers take the time to let us know - we recorded 235 compliments about our service across all teams in 2015-16, an increase on last year when we recorded 126.

However, we know we do not always get things right. Complaints are a valuable source of feedback and, regardless of the number of complaints we investigate, we believe that everyone should receive a good service from us. If anything does go wrong, we take the complaint seriously, apologise for any errors we have made, take whatever steps we can to put matters right and learn lessons.

We have a two tier internal complaints procedure. Tier 1 complaints are considered by a network of customer service managers, who will look at specific concerns a customer has brought to our attention, what happened, the impact it had and what we can do to put things right. We resolve most of the complaints we receive at this stage. However, should a customer remain unhappy, our Tier 2 central customer service team will carry out a further investigation to consider if there is anything more we could have done to resolve the complaint at Tier 1.

In 2015-16 we received a total of 1,102 complaints and responded to 81% within 20 working days, against a target of 80%. We resolved 1,087 complaints during the year. Of these, 14% were fully upheld, 21% were partially upheld, 60% were not upheld and 5% were withdrawn.

- At Tier 1 we investigated 950 complaints
- At Tier 2 we investigated 137 complaints.

If a customer remains dissatisfied with our final response at Tier 2, they have the right of further independent scrutiny by the Adjudicator's Office and then the Parliamentary Ombudsman.

The Adjudicator offers a fair and unbiased independent investigation of the complaint. In 2015-16 the Adjudicator's Office investigated 30 complaints⁵, of which:

- 0 were substantially upheld
- 13 were partially upheld
- 17 were not upheld.

The Ombudsman offers a free and independent service and was set up by Parliament to make final decisions on complaints about public services. In 2015-16 the Ombudsman investigated two complaints, of which:

- 0 were substantially upheld
- 0 were partially upheld
- 2 were not upheld.

Putting things right

When our service falls short of our customers' expectations, we look to improve and, where possible, seek to put things right for those customers affected.

We are currently reviewing our processes and identifying better ways to turn lessons learned into tangible revisions to our processes where necessary, or to update our guidance or make changes to the way we communicate with our customers.

⁵ The Adjudicator reports 28 cases. Two cases were closed by the Adjudicator in 2014-15 but not reported to the VOA until 2015-16.



81%

of complaints were responded to within 20 working days against a target of 80%.

Our Customer Charter

“We’ll assist you to understand what you have to do, when you have to do it and make sure that you are dealt with by people who have the right expertise.”



In providing our services, we want to give our customers a service that is even-handed, accurate and based on mutual trust and respect. We also want to make it as easy as we can for our customers to get things right. During the year we updated our Charter, which explains what our customers can expect from us and what we expect from our customers.

Your rights - what you can expect from us

Respect

We’ll treat you fairly, with courtesy and respect; listen to your concerns and answer your questions clearly.

A timely, efficient and effective service

We’ll assist you to understand what you have to do, when you have to do it and make sure that you are dealt with by people who have the right expertise. When we need additional information we will explain why. If we make a mistake we will put it right as soon as we can.

Protection for your information and privacy

We’ll protect the information we receive or hold about you and only share it when it makes sense to do so as part of our business and when the law allows.

A quick and fair response to complaints

We’ll deal with your complaints as quickly as we can. If we can’t resolve matters to your satisfaction, we will explain how you can take it further.

Accept that someone else can represent you

You can appoint someone else to deal with us on your behalf, such as an agent or a relative, and we’ll respect this wish. We’ll deal with them courteously and effectively.

Tackle those who bend or break the rules

We will identify those who are not providing information when they should to ensure we get the information we need. We will charge penalties where appropriate and be reasonable in how we use our powers.

What we expect from you

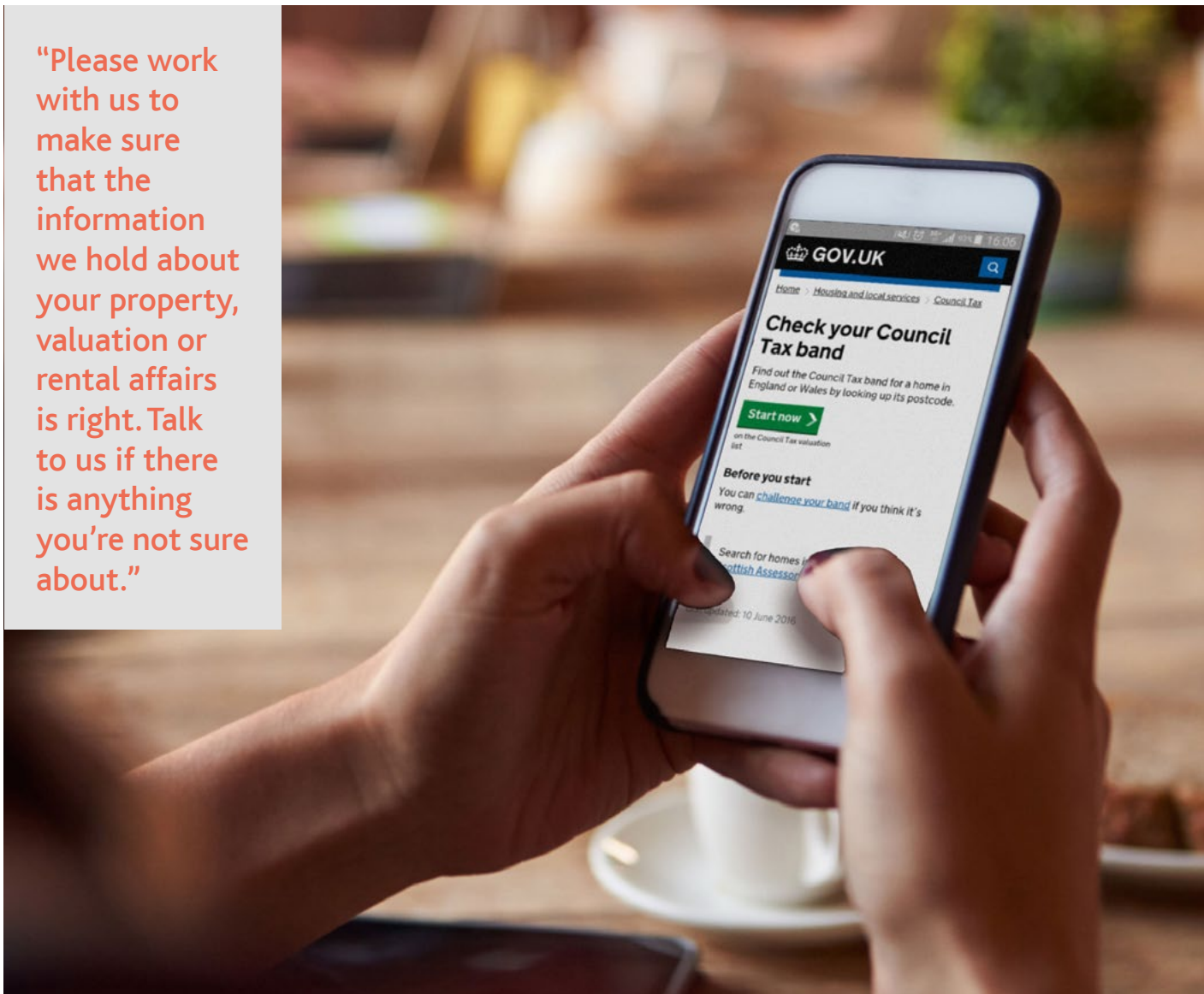
Assist us to get things right

Please work with us to make sure that the information we hold about your property, valuation or rental affairs is right. Talk to us if there is anything you’re not sure about.

Honesty

Please be truthful and give us all the relevant facts about your property and any additional information we ask you for. If you’re having trouble providing the information, tell us straight away.

“Please work with us to make sure that the information we hold about your property, valuation or rental affairs is right. Talk to us if there is anything you’re not sure about.”



Responsibility for your representative

It is in your best interests to make sure that you know what your representative is doing on your behalf. Please make sure that the information they give us is accurate and on time.

Respond in good time

Send us returns and other information accurately and on time so we can assist you.

Take reasonable care to avoid mistakes

Take care to avoid mistakes when you send us information.

Respect

Please treat our staff with the same respect that you expect from us.

Sustainability

Overview

Sustainable development embraces environmental, social and economic goals. These goals are aimed at delivering equitable growth for the benefit of current and future generations. They help steer the Agency in its role of providing property advice and enabling people and businesses to pay property taxes or receive targeted financial support.



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Governance arrangements and plans

We continued to report against the Greening Government Commitments through our sponsor department, HM Revenue & Customs (HMRC). In the longer term we want to integrate environmental performance into mainstream management procedures so we can encourage a culture of good environmental practice among our people.

Meeting our targets

This was the final year of the 2010-15 Greening Government Commitments for sustainable operations and procurement. The table on page 40 shows what we have achieved during this period and makes it clear we exceeded most of our targets. A major success was in reducing our overall greenhouse gas emissions from 7,031 carbon tonnes in 2009-10 down to 3,064 carbon tonnes. We achieved this through a combination of planned estate transformation, installing modern efficient lighting in major refurbishments, and the use of timers for hot water boilers. Better journey planning and increased use of public transport reduced our emissions from travel.

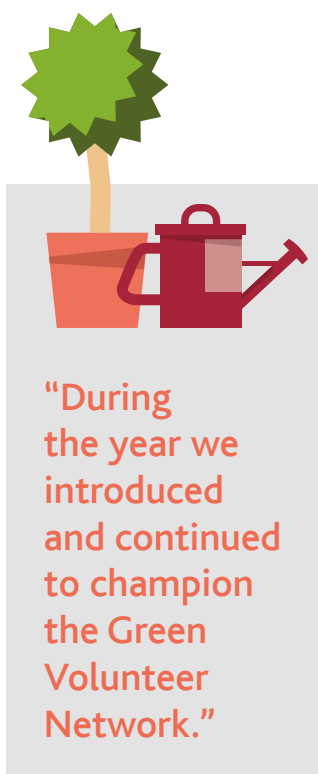
We did not meet our target of reducing our number of domestic flights to below 604. Although we did achieve this target during the previous three years, the number of flights taken rose in 2015-16. Our data confirms that the cost benefits of flying were often so substantial that this offered the best use of our finances in 2015-16. In addition, work won by our Property Services team required people to undertake valuation work in the Channel Islands, the Orkneys and the Shetland Isles and air travel was the only reasonable way of reaching these destinations. Increasing our use of modern video-conferencing and collaboration suites should enable us to reduce our travel costs further during the next few years.

In 2015-16 we introduced dry mixed recycling in most of our offices as part of our commitment to reduce waste. We also introduced closed loop recycling in all our offices; this involves shredding confidential waste and turning it into recycled paper, which we can then rebuy. These efforts, combined with the impact of reducing our estate, have led to a significant reduction in the total waste we produce. We now send just 2% of our waste to landfill and recycle and re-use 98%, an exceptional achievement.

During the year we continued to achieve savings on our water use, which is now the equivalent of 2.69m³ per full time equivalent. We also identified a small number of sites where consumption is higher than average. Working with our suppliers, we will undertake an assessment during 2016-17 to determine where we can make improvements.

Since 2009-10, we have achieved an overall reduction in paper use of 50%. Although we made the bulk of these savings in the earlier years, we are now printing almost 1.7m fewer sheets of paper than we were five years ago. We continue to develop online systems for collecting rent and lease details, and for Check, Challenge, Appeal; both these projects are set to deliver substantial reductions in paper use in the years ahead.

Greening Government Commitment	Government reduction target 2015	Position at 31 March 2016	Position on Target
Greenhouse gas emissions	25%	56%	Exceeded
Waste	25%	68%	Exceeded
Water	6m ³ per full time equivalent (efficiency target)	2.69m ³	Exceeded
Paper	10%	50%	Exceeded
Domestic flights	20%	-7%	Not met



Mainstreaming sustainability

Mainstreaming sustainability means ensuring that environmental, social and economic objectives are incorporated into how the Agency uses finite natural resources, such as energy and water. It includes working in partnership with our suppliers to ensure we conserve these resources and that they continue to be available for future generations.

During the year we introduced and continued to champion the Green Volunteer Network. This is a network of people who provide local support across our business, promoting our green agenda and driving the changes in behaviour that are so important if we are to meet our environmental targets. By raising awareness of green issues, volunteers encourage colleagues to recycle, save energy, reduce resource usage and change their travel habits.

Sustainable estate

The Agency has an agreement with Mapeley, our estates PFI Main contractor, to fulfil our estates environmental requirements. Mapeley also provide facilities management services across most of our accommodation. The agreement we have ensures that any accommodation project we undertake is sustainable. Mapeley have committed that they will, at all times:

- conserve resources
- reduce pollution
- protect bio-diversity and
- support the government's vision of sustainable development.

In 2015-16 we also introduced Sustainability Appraisals to measure and mitigate the impacts of our estates transformation. Our intentions for the future require us to systematically consider the three pillars of sustainability (economic, social and environmental) in our policies, plans, stakeholder engagement and people initiatives.

Climate change is likely to have an increasing relevance to how we run our estate, deliver services and maintain the working environment for our people. The last year saw severe flooding affecting many parts of the UK, which impacted on the Agency and some of our people; we offered practical help and support to those colleagues who were affected. Although our current business continuity plans include contingencies to deal with events of this nature, we will be reviewing these and addressing potential impacts for locations in areas at risk from flooding.

As part of our estates transformation, we have reduced our estates carbon footprint by almost 68%. We are piloting the use of LED lighting so we can fully assess the benefits, including energy saving, and target our investment into our estate.

Biodiversity

As a business, we recognise that people value biodiversity and that there are regulations to protect it. We are also dependent on biodiversity and benefit from it, for example in the form of fuel and raw materials. The VOA has no sites of special scientific interest and green areas account for less than 5% of our estate. We continue to work with our PFI provider and our sponsor department HMRC to identify and implement opportunities to promote biodiversity. We plan to review the indirect impacts from our supply chain in more detail.

Sustainable procurement

Our Procurement Framework promotes the principles of sustainable procurement to generate social, economic and environmental benefits and opportunities.

The framework:

- ensures we comply with government sustainability requirements
- outlines the minimum standards we expect from all our suppliers and
- covers our suppliers' approach to a range of sustainability issues that relate to their environmental, social and ethical performance.

The framework encourages sustainable considerations as standard, for example environmental accreditations, reductions in costs and use of sub-contractors to support the small and medium-sized enterprise (SME) agenda. This will ensure that our procurement and our contract documents all take into account an evaluation of sustainability considerations.

There is also a central government target for 25% of spend to be directed towards SMEs; we currently meet this through our office supplies procurement and IT. We now receive better sustainability data from two of our major suppliers, which enables us to better monitor our carbon emissions from transport.

Charitable giving and supporting our communities

People in the VOA work hard to support many charities – from Macmillan to Comic Relief. We recently launched a Charity of the Year initiative to act as a focal point for fundraising activities across our business. People voted for Macmillan Cancer Support as the charity we want to help in 2016-17. Additionally, people working for the VOA have the option of taking one day a year as paid leave to take part in voluntary activity in their local community. During 2015-16, our people took 266 volunteering days.

Financial Commentary

The VOA's financial performance is set out in the accounts attached to this report.

The Agency's principal financial objective under the framework document is to recover full resource costs as funding from the other government departments ('clients') for whom valuation services are provided. This was achieved during the year. However, the accounts show an operating deficit of £1.5m (0.73%) of operating income.

Historically, Local Government Pension Scheme costs were met by the Department for Work and Pensions (DWP). However, based on advice from HM Treasury, DWP is unable to fund this expenditure, which is classified as Annually Managed Expenditure under HM Treasury budgeting rules. This funding shortfall of £1.9m has been met by the VOA's sponsor department, HM Revenue & Customs. However, in line with accounting standards, this funding cannot be reflected as income in the Statement of Comprehensive Net Expenditure, and has resulted in the Agency's operating deficit of £1.5m.

In terms of income from fees and charges from clients and the full cost of providing services, the VOA made a surplus of £0.4m (2014-15: £1.4m).

Income

Income for 2015-16 was £207.9m; £14.7m (7.6%) higher than the previous year. Additional income was required to support the 2017 non-domestic rating revaluation (Revaluation 2017) and the Agency's transformation programme.

The VOA Property Services division generated £15.1m of income; £0.9m (5.6%) lower than the previous year. This was from an average workforce of 180 full time equivalents (FTEs), 10 FTEs below the annual complement.

Managing costs

Total spending for 2015-16 was £209.4m, including the £1.9m accounting adjustment described above. Pay costs were £150.8m, 72.0% of total costs. These represented an 8.5% increase on the previous year (£139m). This rise is due to the resourcing requirements of the 2017 non-domestic rating revaluation and to support our transformation programme.

Accommodation costs were £15.3m, 7.3% of total costs. These represented a 2.6% reduction on the previous year (£15.7m). This decrease was due to the ongoing estates rationalisation programme.

IT costs were £15.6m, 7.4% of total costs. These represented a 50% increase on the previous year (£10.4m). The majority of this increase related to one-off investments to support transformation.

Depreciation and amortisation charges were £8.9m (2014-15: £8.3m).

As part of the government's transparency agenda the VOA publishes financial data on the GOV.UK and www.data.gov.uk websites.



£207.9m

Income for 2015-16 was £207.9m; £14.7m (7.6%) higher than the previous year.

Controlling cash flow

Cash levels remain positive with £19.5m (2014-15: £17.9m) on hand at year end.

Cash forecasting is working effectively with a target to pay 80% of valid invoices within five days of receipt of the goods in line with guidance issued by the Department of Business, Innovation & Skills. This year 87.9% of invoices were paid within three days.

Investing in our services

£6.1m was invested in our IT capital assets in 2015-16 to provide infrastructure and equipment to support the changes above. An additional £1.4m was invested in accommodation to support reducing the Agency's footprint by 3,500m², a 7.5% reduction.

Financial outlook

The Agency has been working with clients to find the best way of meeting the Spending Review 2015 challenges set by the government to reduce our costs over the next four years. During 2016-17 the Agency will be delivering against the requirement to introduce a new system of operating within the non-domestic rating business, 'Check, Challenge, Appeal', and to complete Revaluation 2017, alongside dealing with outstanding appeals on Revaluation 2010 and continuing to undertake the long term transformation of the Agency. Funding for 2016-17 is being reduced by lower amounts in the early part of the Spending Review to take account of these factors. The Agency has still to agree final full year funding with key clients but will be aiming to reduce operating costs in line with Spending Review parameters.

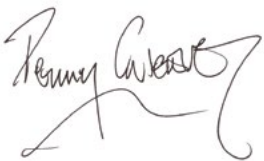
Non-domestic rating (NDR) revaluations are a legal requirement, and 2015-16 was a peak year of activity in this cycle. The cost of this was £27.7m. To ensure that we deliver this work efficiently, the Agency rebalances resources internally between revaluation and business as usual, and recruits where necessary.

Adoption of going concern

VOA accounts are prepared on a going concern basis. There is no reason to believe the Agency will not continue in operational existence for the foreseeable future.

Accounts

The Accounting Officer is not aware of any relevant audit information that the auditor is unaware of, and has taken all steps she ought to have in order to make herself aware of any relevant audit information and ensure that the auditor is aware of it.



Penny Ciniewicz
Chief Executive
5 July 2016