Valuation Office Agency

VALUATION OFFICE AGENCY

ANNUAL REPORT AND ACCOUNTS 2022-23

HC 91

VALUATION OFFICE AGENCY

ANNUAL REPORT AND ACCOUNTS 2022-23

For the period 1 April 2022 to 31 March 2023.

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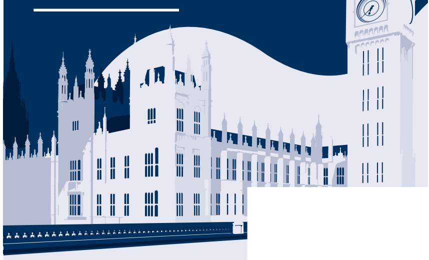

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FINANCIAL STATEMENTS

Performance report

OVERVIEW

FOREWORD BY JONATHAN RUSSELL

CHIEF EXECUTIVE

Welcome to the Valuation Office Agency's Annual Report and Accounts for 2022 to 2023.

It covers our performance over the year and the progress we have made in delivering against our three strategic objectives.

Our business rates and Council Tax valuations in England and Wales typically enable the collection of around £60 billion of non-domestic rates and Council Tax. That equates to around 75% of the Government funding that local authorities receive to pay for essential public services. It's a reminder of how important the work we do is to local authorities.

Delivering trusted property valuations

This year, we completed the 2023 Revaluation and published the valuations for over 2.1 million non-domestic properties in England and Wales. Revaluations are always a huge undertaking, and understandably lead to increased scrutiny of our work. They rely on the expertise and experience of our surveyors, the quality and quantity of the evidence we collect, open information exchange, and discussions with ratepayers and their agents.

Ratepayers rightly want to understand how we've arrived at their valuation, so transparency is important for us. Our online business rates valuation service now provides more information about individual valuations, including additional explanation or guidance. We published over 200 practice notes on GOV.UK explaining how we value different types of properties, which are complemented by our 'How we value' blog series.

We have commenced work for the next Revaluation in 2026. It will be the first in a new three-year cycle of revaluations. Alongside this we continued work with HM Treasury, His Majesty's Revenue and Customs and Department for Levelling up, Housing and Communities to implement the Government's Business Rates Reforms.

In parallel, we have supported the Welsh Government in their proposals to adopt the check, challenge, and appeal process (Gwirio, Herio, Apelio) and to reform Council Tax in Wales.

> The development and wider career opportunities we offer are second to none, and something we are rightly recognised for. This year 250 colleagues gained promotion and 52 colleagues qualified as chartered surveyors.
>
> **Jonathan Russell**

Improving the customer experience

Our Business Systems Transformation programme is redesigning and simplifying all our core systems and processes. This is a fundamental change which will see us replace ageing systems that were introduced in the early 1990s.

It is a huge transformation: encompassing our IT, our processes, our data, how we communicate with our customers, our interactions with Local Authorities and the way our people do their job. That brings complexity, challenges and risk which we have been managing to ensure delivery.

Once delivered it will provide us with modern operating systems, which are easier to use and simpler to update in response to changes.

The programme has made significant progress this year. It's seen the early roll out of some operational tools, testing of processes and systems, and external recognition of some of the innovation being introduced. We are taking the time to make sure everything is in place, so it is an easier transition for our teams which is bringing delays to the original timeline. This means we will start to introduce elements of our new systems during 2023-24.

We have continued work to improve the way we communicate with customers, including rolling out new training to caseworkers. This, and changes to our online guidance, have been based on customer feedback, research and insights. We have also made changes to how we handle complaints. Although small in number, complaints remain an important source of feedback, which we want to learn from.

A great place to work

Over 600 people joined the agency during 2022-23, demonstrating the competitiveness of our overall employee offer. We can attract and retain people, including surveyors, because of flexibilities like hybrid working, modern terms and conditions and the variety of our work.

The development and wider career opportunities we offer are second to none, and something we are rightly recognised for. This year just under 250 colleagues gained promotion and 52 colleagues qualified as chartered surveyors.

Over **600** people joined the agency over 2022-23.

Our overall Civil Service People Survey engagement score of 65% remained in line with last year's historic high. Our scores in most areas are high, and above the civil service average in four out of five questions and seven of the nine themes. It was great to see that over two thirds of colleagues would recommend the agency as a great place to work.

This year we have developed our new sustainability strategy which sets out our commitment to be a socially responsible and sustainable organisation. I am really pleased with the actions we have taken in reducing our environmental impact and that this year we have been supporting The Ocean Cleanup as our Charity of the Year.

> I am very grateful for colleague's hard work and willingness to go the extra mile for our customers and clients.
>
> **Jonathan Russell**

Every year has its own challenges. I remain incredibly proud that we met all but two of our performance targets this year. Operational delivery of our core services remained strong, despite the fact we were also delivering Revaluation 2023.

This year, also saw changes at Board level, which include Sue Hall stepping down as lead non-executive director. I want to thank Sue for her support and advice over the last few years.

Looking ahead, 2023-24 will be a pivotal one for the agency, we will need to maintain operational performance against a backdrop of increasing demand, while delivering significant transformation across the whole of our business and improving customers' experience of our services.

I am very grateful for colleague's hard work and willingness to go the extra mile for our customers and clients.

Jonathan Russell, CB
Chief Executive
28 November 2023

WHO WE ARE AND WHAT WE DO

Who we are

The VOA is an executive agency of HM Revenue and Customs (HMRC). We employ approximately 3,830 people, based on full-time equivalents, with offices in 35 locations throughout England, Scotland and Wales.

Core purpose

We are the public sector's property valuation experts and advisers, providing the valuations needed to support local taxation and benefits; our work underpins the funding of vital public services.

Vision

To be a world-leading provider of public sector valuations.

Strategic objectives

Our three strategic objectives that we delivered against during 2022-23 are to:

Provide trusted property valuations efficiently

Central and local government rely on our valuations to ensure citizens pay the right property taxes. To do this we must deliver a service that our customers, clients and stakeholders can trust, and do so as efficiently as possible.

Deliver an excellent customer experience

Our aim is to deliver a professional and expert customer service experience. We want to make things as straightforward as possible for our customers; work collaboratively with stakeholders and ensure that we consistently deliver what we promise.

Be a great place to work

We continue to build a more inclusive environment for all our people, one that engages and motivates us all to perform at our best and makes the agency a great place to work. Our people strategy emphasises the importance of people in everything we do.

What we do

The work we do typically enables the collection of over £60 billion[1] of revenue in non-domestic rates and Council Tax in England and Wales, which helps to fund local public services. We also help determine fair rents and housing allowance received, as well as undertaking property valuation work for a range of public sector clients.

Business rates

We compile and maintain statutory rating lists of the rateable values for over two million non-domestic properties, typically enabling the collection of around £25 billion[1] in business rates by local authorities throughout England and Wales.

1 Source: Country and regional public sector finances: Financial year ending March 2022 (ONS). Typically, total Council Tax and business rates revenue is around £60 billion. In 2021-22 it was lower due to government rates reliefs, with the collection of around £20 billion in business rates.

Council Tax

We compile and maintain statutory valuation lists of Council Tax bands for over 26 million domestic properties, enabling the collection of approximately £37 billion[1] in Council Tax throughout England and Wales.

Housing allowances

Local Housing Allowance rates are decided by the Department for Work and Pensions using information provided by the VOA.We maintain a register of fair rents, setting the maximum that can be charged for regulated tenancies in England.

We advise local authorities of the maximum subsidy level payable for housing benefit claims under the local reference rent system. We also collect and interpret rental data on residential properties, which is used to inform parts of the benefits system and reporting for Consumer Prices Index including owner occupiers' housing costs (CPIH).

Statutory valuations

We provide statutory valuations to support taxes administered by HMRC. We deal with Right to Buy determinations and Community Infrastructure Levy appeals in England and Wales.

We also provide the Department for Work and Pensions (DWP) with valuations to support the administration of benefits.

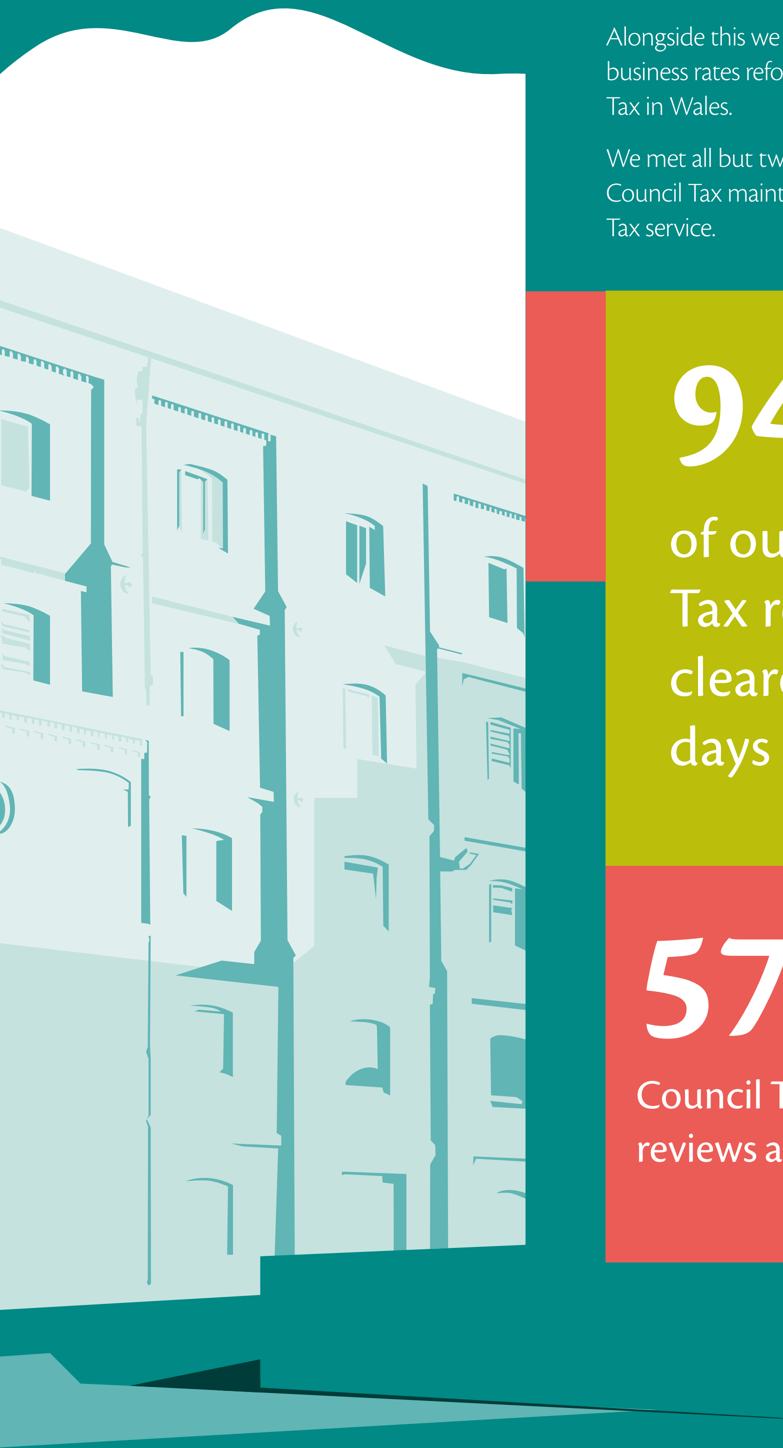
District Valuer Services

We provide a range of independent property advice and valuations throughout the public sector, in cases where a public function or public money is involved.

Performance report

PERFORMANCE ANALYSIS

REVIEWING OUR PERFORMANCE



This section sets out how we have performed against our strategic objectives, the commitments we set out in our 2022-23 business plan and spending review 2021 priority outcomes.

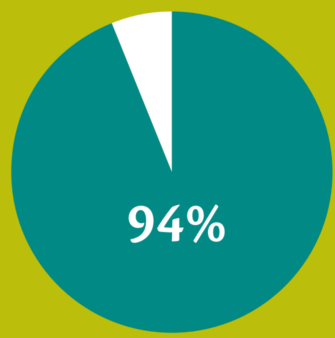
The VOA faced a number of challenges and opportunities in 2022-23. We have delivered Revaluation 2023 to a compressed timescale, whilst continuing to deliver for our customers.

Alongside this we continued to transform our business systems, implement the government's business rates reforms and work with the Welsh Government on their proposals for Council Tax in Wales.

We met all but two of our performance targets for the year, with non-domestic rating and Council Tax maintenance report timeliness impacted by significant demand on our Council Tax service.

94%

of our Council Tax reports were cleared within 90 days



1% improvement on the previous year

577,700

Council Tax reports, band reviews and proposals resolved

a **5%** increase on the previous year

Objective One

PROVIDE TRUSTED PROPERTY VALUATIONS EFFICIENTLY

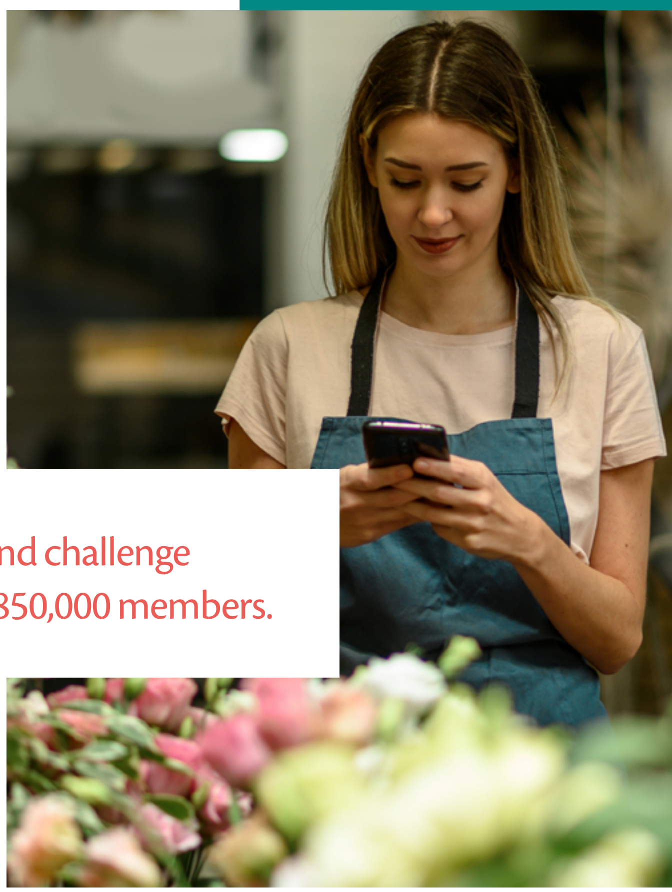
Central and local government rely on our valuations to ensure citizens pay the right property taxes. To do this we must deliver a service that our customers, clients and stakeholders can trust, and do so as efficiently as possible.

Business rates revaluation

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.

On 1 April 2023, for the 2023 Revaluation, we published 353 local lists and two central lists containing valuations for non-domestic properties in England and Wales. These 2023 lists were published following the revaluation of over 2.1 million properties (a total of £70 billion[2] of rateable value) for the purposes of business rates and were the culmination of a major programme of work that began in September 2020.

This was particularly challenging given the need to interpret complex property markets impacted in a number of ways by the pandemic, ensuring rating lists were produced with a high-degree of confidence. As part of this, we have fully updated our lease register, which holds the rent and lease details of non-domestic properties, processing over one million forms to do so since 2018.



Ratepayers rightly want to understand how we have arrived at their valuation, so transparency is important for us. Our online business rates valuation service provides more information about individual valuations and we have published over 200 practice notes on GOV.UK explaining how we value different types of properties.

In advance of the publication of the 2023 list, we published the draft lists in November 2022 on GOV.UK. Ratepayers could view their future rateable values, see an estimate of what their business rates bill might be, make enquiries and let us know if their property details were incorrect.

We engaged with around 200,000 users of our check and challenge service and trade bodies to share information to over 850,000 members.

The volume of enquiries received from ratepayers was 86% lower compared to those received for the 2017 lists. This was due to the improvements we

2 Total collection of income from non-domestic rates is lower than the total rateable value due to the application of business rates multipliers and various reliefs, including small business rates reliefs.

> Revaluations are designed to ensure that business rates are based on up-to date property values.

made to our online digital tools that enabled customers to self-serve and due to our proactive communications and engagement with ratepayers and trade bodies signposting them to the new valuations. This, together with the integration of wider government announcements around business rates reliefs led to the lower draft lists enquires.

We are now preparing for the next revaluation which will take place in 2026, the first in a new three-year cycle of revaluations, with work commencing on this in 2022.

Maintenance of the business rating lists

During 2022-23 we raised and investigated 159,700 maintenance reports after receiving information about property changes from local authorities or customers. This was part of our work to maintain both the 2010 and the 2017 business rating lists. We cleared over 94% of maintenance reports within 90 working days.

We raised and processed around 3,400 maintenance reports relating to properties with green plant and machinery. This work supported the government's new policy which exempted eligible green plant and machinery from business rates.

Appeals against the business ratings lists

Businesses or their agents could continue to commence the appeal process by submitting a check against the previous 2017 lists until 31 March 2023, although in some limited circumstances where a recent alteration has been made, they have a further six months to do so.

Welsh business rates appeals, and appeals against the 2010 list for England, are not dealt with using the check and challenge service.

In 2022-23 we resolved a total of 9,300 appeals relating to both the 2010 and 2017 list. Additionally, we cleared 13,660 Wales Covid-19 cases relating to the 2017 list, following the passing of the Primary Legislation [Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021]. All the Covid-19 cases have now been cleared.

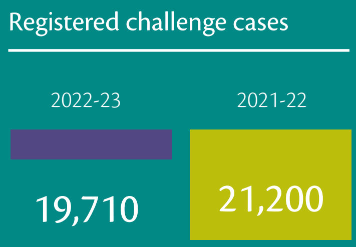
As at 31 March 2023 we had 3,200 outstanding appeals against the 2010 rating list. These largely relate to cases that had been held up pending the outcome of litigation in the relevant courts. Over the life of the 2010 list, we have resolved around 1.1 million appeals with 71% resulting in no change to the list.

Against the 2017 list we had 7,800 outstanding appeals, these are for Wales only as England cases are dealt with under the check and challenge service. Over the life of the 2017 list, we have resolved around 33,400 appeals in Wales with 77% resulting in no change to the list.

From 1 April 2023, Welsh customers and their agents will use the check and challenge service to challenge a 2023 valuation.

Check and challenge service

The check and challenge service in England allows businesses to check the facts held about their properties and view their valuation details before deciding whether to challenge their valuation.



During 2022-23 we:

- registered 199,020 check cases and resolved 109,820. This compares with 78,340 checks registered and 94,180 resolved over the whole of 2021-22.
- registered 19,700 challenges cases and resolved 13,880. This compares with 21,200 challenges registered and 67,160 resolved over the whole of 2021-22.
- registered 1,190 appeals and resolved 480. This compares with 1,170 appeals registered and 410 resolved over the whole of 2021-22.

On 18 May 2023, we published statistics on the number of checks and challenges received for the 2017 rating list (England).

As at 31 March 2023, since the service started on 1 April 2017, we had:

- registered 845,670 check cases, 748,050 of these checks have been resolved.
- registered 141,410 challenge cases, 110,380 of these challenges have been resolved. There were also 18,390 incomplete challenges which could not be accepted.
- registered 3,370 appeals, 1,540 of these appeals have been resolved.

We performed well ahead of statutory deadlines with 92% of checks resolved within three months and over 99% within 12 months. On challenge we resolved over 99% within 18 months and 63% within 12 months.

As expected, at the end of 2022-23 we saw a significant increase in the numbers of checks registered ahead of the closure of the 2017 lists, though this was higher and later than anticipated, with just under 133,000 received in the last quarter. This will place pressure on our check and challenge service in 2023-24.

Whilst more challenges were resolved in 2021-22 than this year, it should be noted that 77% were Covid-19 related. These were resolved following the passing of Primary Legislation[3] which meant that Covid-19 measures affecting the occupation of a property was not a material change in circumstance for the purposes of business rates valuations. Adjusting for these cases, the number of resolved challenges in 2022-23 are broadly comparable to last year.

This year we resolved just over 480 appeals under the check, challenge and appeal system, almost 20% more than last year. As at the end of 2022-23, there around 1,800 appeals outstanding with around 410 of these listed for hearing by the Valution Tribunal next year so far.

Council Tax

In 2022-23, we continued to maintain Council Tax valuation lists by raising and investigating over 577,700 maintenance reports, band reviews and proposals after receiving information about property changes from local authorities or taxpayers. This was an increase of 5% from 2021-22.

3 Primary Legislation - Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021.

In early 2022 we faced an unprecedented demand on our Council Tax service. This was due to a substantial increase in taxpayers challenging their Council Tax bandings following the government's announcement that households in lower Council Tax bands in England would receive an energy rebate.

Taxpayers can challenge their Council Tax banding through requesting a band review where evidence suggests the band may be inaccurate, and in certain circumstances, set out in legislation, submit a proposal where no evidence is required.

This placed significant pressure on our service, which impacted our timeliness in this area. Despite this, we cleared 94% of maintenance reports within 90 working days, 1% below the 95% target, which was also an improvement on last year.

Housing allowances

We collect and interpret rental information for domestic properties for use in the operation of parts of the benefit system. In 2022-23 we collected 484,700 items of letting data, supporting DWP to decide Local Housing Allowance rates across England, with VOA managing a register of fair rents. This register sets the maximum rent that can be charged for a regulated tenancy in England.

We also provide advice to local authorities on the maximum subsidy level payable for housing benefit claims under the Housing Benefit referral system. This year, we met our target of determining over 99% of referrals within three working days, when no inspection was required.

We completed 90% of DWP cases within seven working days, above the 80% target

We also deal with instances where we are asked to set the maximum rent that can be charged for regulated tenancies. This year we received 24,000 such requests, known as Fair Rent cases, and resolved over 99% within 40 working days, exceeding our 95% target.

We have continued to gather data about lettings in the private rental sector to support the production of the Consumer Prices Index, including owner occupiers' housing costs (CPIH) measure of consumer inflation. CPIH includes a measure of owner/occupier housing costs based on this data.

Our sources for this data included residential letting agents, landlords and bodies representing property owners.

District Valuer Services

We deliver specialist, independent property advice and valuation services to the wider public sector, which brought in over £24 million of income in 2022-23.

We met all of our contractual commitments to our clients during the year and successfully secured new contracts for public sector projects in England, Scotland and Wales.

We have built closer working relationships with our public sector clients and continued to grow the work that we do for them. This has included providing land and property advice on projects for HS2, where we have been a key strategic supplier and for the Government of Jersey on valuing infrastructure.

Statutory valuations

We provide statutory property advice to public sector clients, including supporting HMRC's work on Inheritance Tax, Capital Gains Tax and other areas of tax compliance. We also deal with Right to Buy determinations and Community Infrastructure Levy appeals in England and Wales and provide DWP with valuations to support the administration of benefits.

We also deal with Right to Buy determinations and Community Infrastructure Levy appeals in England and Wales and provide DWP with valuations to support the administration of benefits.

We cleared initial appraisals for HMRC within an average of three working days, against our five working day target. We completed 90% of DWP cases within seven working days, well above our 80% target.

Valuation integrity

We assure the quality of our work across all areas of our business. Our valuation assurance team undertakes specific valuation integrity checks on a sample of cases, assessing the quality of casework, and ensuring we continue to produce valuations of the highest quality.

The agency uses a qualitative approach to measuring quality based on valuation outcomes and customer experience. An overall assurance rating is provided of either exceed, reliable, partial or unsatisfactory.

We achieved a valuation integrity score of 'reliable' across our non-domestic rating, Council Tax, housing allowances and district valuation services.

In 2022-23 we have undertaken over 2,000 inspections of non-domestic properties for compliance reviews related to our check and challenge work. This helps to improve the quality of information provided to us by customers, enabling us to provide reliable valuations and ensure we continue to maintain up to date and accurate rating lists.

Business Systems Transformation

We need to change the way we operate to increase our productivity and improve our customers' experience. We are in the fourth year of our ambitious Business Systems Transformation (BST) programme which will fundamentally change our core systems and transform how we work.

It will provide us with an integrated set of IT systems which includes case management and geospatial capability. It will also re-design and simplify our business processes, reducing the need for administrative handling and information-entry, freeing colleagues to focus their time and skills where they add most value.

During the year colleagues have continued to trial some of the new technology, which has brought to life the significant opportunities and efficiencies that these changes will bring. In 2022 the geospatial aspect of the programme was recognised in the Digital Leaders 100 awards. This geospatial tool enables us to display property information we hold on a digital map to help our valuations. We have also continued to build and test some of the end-to-end processes for our Council Tax work.

The complexity of BST means, like all large programmes, we have been managing a number of delivery challenges particularly around how we integrate all of the different elements technically. We have taken steps to re-plan the programme to take account of these, which mitigate risks and gives us greater confidence in our delivery timeline. As BST will be a fundamental change to the way we work, we also want to take time to make sure our colleagues are trained and ready to use the new systems in the most effective way. As such, we will begin a phased introduction of them during 2023-24.

Continuously improving our operational processes

The agency remains committed to building a culture of continuous improvement, listening to and working with colleagues to identify and deliver improvements to the operational processes they work with every day.

Colleagues have run continuous improvement projects looking at the check and challenge service, non-domestic rating maintenance and Council Tax maintenance.

Our Valuing Your Ideas employee-suggestion scheme helps build the culture of continuous improvement. This year we focused on key themes around improving the service we offer to our Council Tax customers, and actions to help us deliver against our environmental sustainability commitments.

We have progressed over 35% of ideas received from colleagues across the agency. These have included a new approach to handling complex correspondence to ensure more timely handling of customer enquiries and ensuring our correspondence templates are inclusive for all our customers.

Objective Two

DELIVER AN EXCELLENT CUSTOMER EXPERIENCE

Our aim is to deliver a professional and expert customer service experience. We want to make things as straightforward as possible for our customers; work collaboratively with stakeholders and ensure that we consistently deliver what we promise.

Improving our customers' experience

We want to provide a consistently excellent service to our customers and continue to look at how we can improve their experience.

Our customer charter sets out the standards of behaviour and values our customers can expect of us, the experience we want to deliver for them and their responsibilities in return.

As part of our customer strategy, we are further developing our customer insight and deepening our understanding of their needs. In 2022-23 we launched a new customer research programme, which has included both a survey and interviews with customers. This will help inform our continuous improvement work as well as our organisational change programmes.

Improvements to our check and challenge service

We have continued to listen to stakeholders and conducted user research in order to make further improvements to our online check and challenge service.

This year, for example, we have enhanced our digital correspondence service, improving the front-end pages, making it easier for customers to interact more directly with the service through our monthly digital releases.

"Our customer charter… sets out our values and the standards of behaviour our customers can expect of us. It describes the experience we want to deliver for them and their responsibilities in return."

Over half of all contact received through digital channels

We have developed and published more guidance for customers on what evidence is required to support their check submission. We have also enhanced the check and challenge journeys, adding further guidance and enabling customers to make amendments before submitting their case. In readiness for the check and challenge service to go-live in Wales from April 2023, we have ensured it is accessible in the Welsh language.

In parallel, we have continued to develop our internal systems to improve our case handling, so that we can assess and allocate cases more effectively. We now identify incomplete cases more quickly and contact customers earlier to get the information we need. This means we can deal with challenges faster, which benefits our customers. We have also refreshed our processes to ensure hardship cases are resolved as quickly as possible. We have continued to focus on making sure colleagues are effectively trained and have up-to-date guidance. This means our customers get a more consistent and timely service.

Handling our customer enquiries

We want to deal with more customers' queries at the first point of contact, reducing the need for them to contact us more than once. While we know customers want to interact with us in a range of ways, increasingly they want to be able to go online to resolve their query – and we are continuing to develop and improve our digital services. We have made improvements to our interactive voice response system and have enhanced the information available to our customers online, digitising more of our forms. We have also made improvements so we can to better track response time to our customers, ensuring we respond to queries in a timely manner.

730,000

customer contacts handled during the year

Our customer services teams are the first point of contact for our customers, dealing with all initial telephone queries and correspondence. Our customer service model brings together expertise into two main service centres, ensuring consistent standards. We also have a dedicated Welsh Language Service based in Cardiff.

We have implemented a new telephony system in our service centres. This provides us with better data which has improved how we manage contact, for example by enabling us to respond to spikes in customer demand more readily.

We handled just under 730,000 customer contacts during the year. Like last year, 98% were dealt with at the first point of contact.

We received more than half of this customer contact through digital channels. We also handled around 326,700 calls, with an average speed of answer of just over 5 minutes, well within our 6-minute target.

We have continued to look at how we can improve our customer correspondence. We undertook a review of our written contact based on insight, tested our approach with customers, and updated our communications standards and letter templates. We're now rolling out a programme of training for colleagues in line with our new communications standards to ensure the changes we've made are clear and easy to understand.

We have further developed our online support and digital services to make it easier for customers to self-serve or find information online. When designing our communications and guidance for our recent revaluation programme, we incorporated customer feedback and enquiries from previous revaluations and used this to inform internal training. We also created specific routes for contact to make it easier for customers to contact us with revaluation queries and undertook targeted communications to raise awareness.

The number of customers and agents registered with our check and challenge service grew further, to 284,676 as at 31 March 2023, and we continue to make improvements to the service based on their feedback.

During the year, 1,710,000 people checked their business rates valuation through GOV.UK. This was driven by the challenging economic climate, the Retail, Hospitality and Leisure Business Rates Relief scheme for 2022-23 and publication of the draft lists towards the end of 2022. In addition, 3,495,000 people have checked their Council Tax band.

Helping customers who need additional support

We take our obligations under the public sector equality duty seriously and aim to ensure our services are accessible to all our customers. Over the past year, in response to feedback from our customers and colleagues, we have improved our support for the most vulnerable customers ensuring their cases were prioritised. This has included reviewing and changing our internal processes, delivering additional training, updating guidance and working with other government departments to share and learn from best practice.

Handling customer data and information

Our customers and stakeholders expect us to gather, share and use data in the right way. We treat confidentiality seriously as it underpins the public's trust and confidence in the work we do.

We handle all our data, including customer data, with the utmost care and in accordance with our legal obligations. Over the year, we have continued to work closely with HMRC and other organisations on our cyber and data security controls, including technical defences, response capabilities and ensuring staff awareness of good practice.

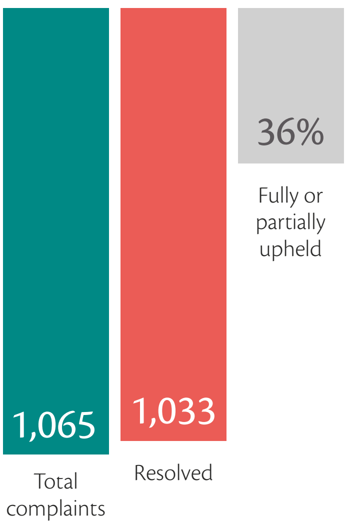
We have put training and guidance in place to continue to support our compliance with the General Data Protection Regulations (GDPR). This has included providing mandatory training around security and data management for all colleagues and the introduction of a new data and information 'knowledge hub' to help them manage and protect the information they work with.

We have also continued to strengthen our assurance around compliance with the regulations and to ensure our handling of data and information remains robust and secure, strengthening our information governance and oversight.

During 2022-23 there were 190 personal data related incidents, none of which required reporting to the Information Commissioner's Office.

> On average we responded to complaints in around 14 working days against our target of 20 working days, this was a 14% improvement on last year.

Volumes of complaints 2022-23



Handling complaints

Most of our customers use our services without any problems, but we recognise that we do not always get things right and complaints can help us identify how we can improve.

This year we have undertaken a review to ensure that we handle our customer complaints in the most effective way. Our aim is to find a satisfactory resolution for each customer.

We have updated our published complaints code of practice and procedure and changed the way we use Authority to Act forms for customers wanting to appoint a third party to act on their behalf.

We continue to share insight from the complaints we receive to help identify process or handling issues that may need to be changed. This year that has led to changes to our internal process around Council Tax proposals and band reviews.

In 2022-23 we received 1,065 complaints, this is substantially higher than the year before following the government's announcement of an energy rebate for households in lower Council Tax bands. This led to significant demand and some customers experienced delays as a result. Where delays were identified, we worked at pace and resolved these cases as quickly as possible

We resolved 1,033 complaints during the year, of which 36% were fully or partially upheld, 4% lower than last year. On average we responded to complaints in around 14 working days against our target of 20 working days, this was a 14% improvement on last year.

If customers are dissatisfied with our decision, they have the right to seek further independent scrutiny by the Adjudicator's Office and then ultimately, they can request an investigation by the Parliamentary Ombudsman.

The Adjudicator provides a fair and unbiased investigation of complaints. In 2022-23 the Adjudicator investigated 33 cases, of which 25 were out of remit, four were not upheld, three were partially upheld and one fully upheld. No complaints were referred to the Ombudsman for investigation.

Working with our stakeholders

We continued to engage with stakeholders through a number of regular forums attended by representatives of local authorities, professional bodies, businesses and agents.

This included working closely with local authorities and stakeholders to share consistent messaging and broaden awareness for ratepayers around Revaluation 2023 and publication of the draft lists.

We also worked with trade associations and sector stakeholders as we implemented the first phase of the non-domestic rating reform programme.

Objective Three

BE A GREAT PLACE TO WORK

470

graduates, university placement students, apprentices and caseworkers working to obtain surveying qualifications

We continue to build a more inclusive environment for all our people, one that engages and motivates us all to perform at our best and makes the agency a great place to work. Our people strategy emphasises the importance of people in everything we do.

Providing an attractive employee offer

We are proud of our workforce, and we want them to feel trusted, confident and respected in their roles while working in modern, inclusive environments. By attracting and retaining engaged colleagues with the right skills, experience and values, this helps us create the right culture and to deliver a better service for our customers.

We have a strong employee offer that gives colleagues the benefits and flexibility expected of a modern employer. While we cannot always match the private sector on pay, our overall employee offer, and benefits package is competitive and attractive. We can attract and retain people, including surveyors, because of flexibilities like fair pay and support for flexibility in how and where we work, modern terms and conditions and the variety of our work.

Alongside this we are committed to investing in our people and providing clear career pathways and learning and development opportunities for all colleagues. Last year, it helped us attract over 600 people to join the agency, including surveyors and promote 250 colleagues to new roles.

Building our surveyor pipeline

We remain one of the largest employers of chartered valuation surveyors in the UK, and are recognised for our excellent training, flexibility and the significant variety of our work.

Recruiting and retaining qualified surveyors is challenging for both the public and private sector.

We are addressing this in two ways. As well as recruiting qualified surveyors, we continue to develop our own people through a range of programmes. We build relationships with universities to attract talented students and graduates to provide a pipeline of future surveyors.

The agency has 470 graduates, university placement students, apprentices and caseworkers working to obtain surveying qualifications. This includes 219 'Level 6 chartered surveyor' and 94 'Level 3 surveying technician' apprenticeships.

This year 52 of our graduates and 'Level 6 chartered surveyor' apprentices joined our surveyor workforce. We are improving capability at all levels, this year 11 of our 'Level 3 surveying technician' apprentices qualified and gained permanent surveying roles.

In addition to building our surveyor pipeline we are also looking at how we make best use of our surveyor resource, both in terms of the work they do and how they can be used more effectively.

Developing professionalism

We are committed to strengthening and retaining the right skills across all our job roles. We have a multi-skilled workforce with a range of professional qualifications and experience, with around 90% of our people working in operational roles.

This year over 600 colleagues joined the agency including customer service staff, as well as qualified surveyors and development scheme intakes.

Over the past year we have supported 95 of our people to gain professional qualifications. We have 342 of our people enrolled on apprenticeship schemes, with 126 new apprenticeships during 2022-23.

Apprenticeships continue to play an integral part in how we develop and build the capability of our workforce. In 2022-23 we aligned our apprenticeship strategy with the new 'Civil Service Apprenticeships Strategy, 2022 to 2025' and are performing well against the five measures of success.

> We are a **top 10 apprenticeship** employer in government and for the second year running, rank in the top 100 list of apprenticeship employers in the country.

Performance against the Civil Service Apprenticeships Strategy, 2022 to 2025

Measure Success Measure and Target	2022-23 Performance	
Apprenticeship Culture At least 5% of total Civil Service headcount should be apprentices on programme	9%	Exceeded
Diversity and Inclusion Proportion of apprentices from lower socio-economic backgrounds should remain at or above the Social Mobility Commission benchmark of 39%	46%	Exceeded
Levelling up & Regionalisation The overall % of apprentices employed in each region should reflect the local Civil Service workforce size	Over 90% of regions reflect local Civil Service workforce size	Exceeded
Quality of Provision There should be a year-on-year increase in the proportion of apprentices successfully completing their apprenticeship	43.3% (8% higher than 2021-22)	Exceeded
Value for Money The Civil Service will use at least 65% of its annual levy contribution in year one	185%	Exceeded

Note: The VOA received a levy transfer from HMRC to fund new start apprenticeships.

> Apprenticeships continue to play an integral part in how we develop and build the capability of our workforce.

We exceeded the target for 2.3% of our workforce to be new apprentice starts and for 5% to be on apprenticeship programmes, with around 9% of our total workforce on an apprenticeship. In addition, we have seen an increase in the proportion of our apprentices successfully completing their apprenticeships rising from around 36% in 2021-22 to 43% this year.

We are a top 10 apprenticeship employer in government and for the second year running, rank in the top 100 list of apprenticeship employers in the country.

Building modern, flexible workplaces

Modern flexible workspaces are a key component of delivering a great place to work. We have 35 offices in locations across England, Wales and Scotland, all of which provide a flexible working environment.

This year we have continued to review our estate needs as the agency fully adopts hybrid working. This, and the regional spread of our offices, means we have capacity to flex to support future business need and the movement of roles out of London. This supports the government's 'Levelling Up' agenda and Places for Growth programme. Whilst we already have an incredibly diverse regional presence, we have committed to relocating 53 roles out of London by 2025 and have so far moved 19 roles. This is an integral part of our wider people strategy, ensuring we have the right people and skills in the right locations, bringing us closer to the businesses and communities we serve.

95
of our people supported to gain professional qualifications

342
of our people enrolled on apprenticeship scheme

> It starts at the top. Our senior leaders role model the leadership behaviours we value: our Chief Executive, Jonathan Russell, was recognised as one of the 50 Leading Lights in the Kindness and Leadership UK 2022 list.

This year we have continued to improve our working environments, investing in our existing offices as well as completing moves to government hubs, which ensures we have high-quality, digitally enabled workspaces for our colleagues.

During 2022-23 we have moved around 316 colleagues into government hubs in Manchester and Nottingham, rationalised and refurbished our office in Lancaster office, and invested £1.1m in improving working environments in our offices in Preston, Carmarthen, Durham and Oxford. We have reduced the size of our estate by 1,170 square metres (5%).

Leadership and engagement

Our leaders and managers play an important part in making the agency a great place to work. We have invested in colleagues at every level in the agency to help them develop their leadership skills.

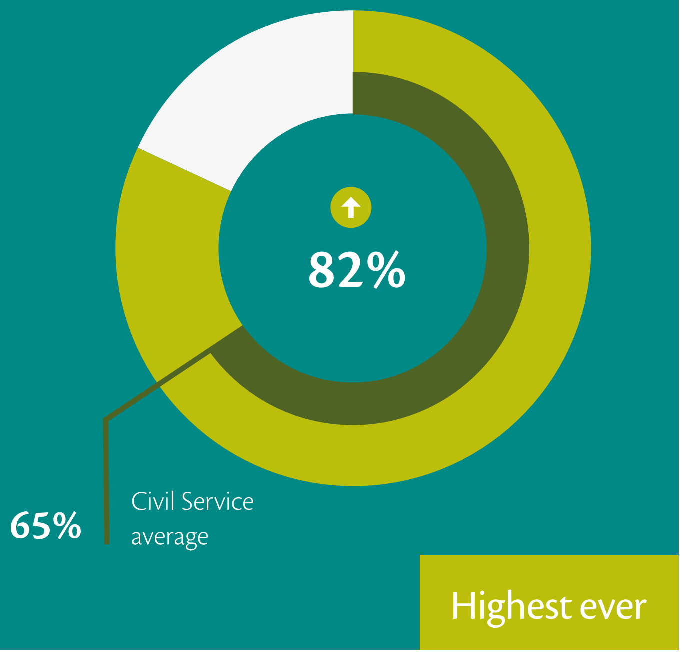
We continued to embed our Leadership Habits through live talks, vlogs, regular leadership cafes and events. This year, 64 colleagues completed our 12-month leadership development programme.

We also supported leaders to develop talent in their teams through a series of face-to-face talent roadshows. This has improved our talent data and succession planning.

We have continued our 'Valuing our Future' programme, a key part of our employee engagement approach. During 2022-23, the executive committee and senior leaders held around 90 discussion sessions across our offices involving over 72% of our workforce in conversations about our future. Over 94% of colleagues reported that they had a better understanding of the future of the agency following the discussions. We listened to our colleagues and took action in response to feedback.

This year, 82% of colleagues completed the People Survey. This is our highest ever response rate and gives us confidence that the survey results are representative of the agency as a whole.

People Survey response rate



Overall, the findings from our 2022 Civil Service People Survey results were positive,and on a level with the previous year's record results. Our engagement index was 65% compared to 66% the year before.

In seven of the nine core themes within the People Survey our scores were higher than the civil service average, with marginal decreases for the other two themes.

For example, our leadership and change score is now higher than the civil service average, although it decreased slightly to 58%.

Our inclusion and fair treatment scores are five per cent above the civil service average at 86%.

Whilst we know ongoing work is needed, these results indicate that our engagement and communication approaches are still having a positive impact. We continue to act on our People Survey findings to make the agency a great place to work.

Supporting our people's health, safety and wellbeing

Supporting colleagues' health, safety and wellbeing is core to making the agency a great place to work. Our approach is delivered through a range of policies, strategies and activities championed by the executive committee.

During 2022-23 we maintained our good safety record. The number of health and safety incident reports received was 42, with a large proportion relating to health and wellbeing. Although an increase on last year, this reflects more colleagues working from our offices and increased inspection activity following the pandemic. There were no incidents reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) in the year.

Our wellbeing strategy focuses on four key themes: psychological, physical, financial, and digital. We provide colleagues with information and signpost to sources of support for each theme. For example, this year we have produced a new wellbeing guide setting out our support package for colleagues.

Our confidential support coordinators have worked with managers and colleagues across the agency, helping them to feel confident about accessing support when they need it most. We work with professional partners to provide an employee assistance programme which includes wellbeing webinars, workshops and bespoke events.

As part of our 'winter wellbeing' communications campaign, we have raised awareness of the health and wellbeing benefits and support that the agency offers, including our annual flu vaccination programme.

Throughout the last year, we have continually reviewed our estates and HR policies and guidance to ensure we put the health and wellbeing of our people first. We took action to protect our people and make sure our workplaces are safe and secure and ensured colleagues could work safely from home under hybrid working.

Diversity and inclusion

We promote equality of opportunity for all, ensuring that equality considerations are an integral part of the way we work. As an employer we're focused on building a worforce that represents the communities we serve and creating a work environment where people feel they can be themselves authentically, and able to share all parts of their identity.

We continue to promote equality of opportunity for all colleagues, taking positive actions[4] in our learning and development offer, and by removing barriers where they exist in the workplace.

This year we refreshed our Diversity and Inclusion Strategy, broadening it to reflect our commitment to advancing social mobility. To support this, we have published a Social Mobility Action Plan, which focuses on how we can attract and develop those from lower socio-economic backgrounds. This includes how we grow colleagues' participation in our mentoring schemes. We also took part in the government's 'Going Forward into Employment Scheme' for those leaving prison or care.

We were pleased that the actions we have taken to improve social mobility in the workplace have been recognised with the VOA named as a Top 75 UK employer in the 2022 Social Mobility Foundation Index.

We are a Level 3 Disability Confident Leader employer. Our status was reconfirmed this year following an external assessment which recognised our recruitment of people with disabilities and our focus on workplace adjustments to support colleagues.

We continued to make progress on our Race Equality Action Plan, particularly how we improve the representation of black and ethnic minority colleagues at senior levels. We have delivered more learning opportunities to black and ethnic minority colleagues to support them to progress. We also provided leaders with tools to help promote an inclusive environment.

We published our latest Gender Pay Gap report in November 2022 which shows that our mean gender pay gap is 9.6%, reflecting that the agency has a greater proportion of men than women at senior levels. While the gap between the average pay between men and women has narrowed by a further 1.8% on the prior year, we are not complacent and there is more that we can do to address the gap. Actions we have taken this year include working with the Royal Institution of Chartered Surveyors to promote and attract more women to surveying roles, encouraging participation in the Crossing Thresholds development programme and continuing to offer flexible working arrangements.

4 https://www.gov.uk/government/publications/valuation-office-agency-equality-objectives-2020-2024

Improving our technology

In a world where there is an ever increasing expectation that services are digital by default and are safe, simple and accessible, the agency has continued to invest in better IT and mobile technology. This enables our people to work more effectively and to collaborate more closely to provide a joined-up service for our customers.

The agency's IT services are provided by HMRC through a shared service. The agency has benefited from the resilience this provides from HMRC's wider IT investments and our access to their full range of shared corporate IT services.

Our BST programme will deliver new IT platforms that fundamentally transform our core systems and will provide the foundation for the agency to develop new and improved services.

We have continued to build and maintain the resilience of our IT services focussing on the technical health of our IT estate, updating our infrastructure, and moving IT services to a public hybrid cloud.

As well as investing to improve technical health, we have robust arrangements in place so that we can actively monitor our services and maximise service availability, ensuring the agency is able to deliver against its statutory obligations.

We also raised and donated around £19,000 to charities in 2022-23, including more than £3,200 for our charity of the year 'The Ocean Cleanup'.

Social responsibility

We supported 193 days of employee time for community activity in 2022-23, encouraging our employees to work with schools, charities and third sector organisations and to participate in public duty roles such as being school governors or magistrates.

We also support colleagues who volunteer to serve in the Armed Forces Reserves. Currently we have 7 colleagues actively serving as part-time volunteer reservists who have been mobilised to support operations across the globe and provide military aid to civilian authorities in the UK. We offer 15 days paid special leave per year for reservist training or duties, ensuring our reservists are ready to support regular forces in times of crisis.

We also raised and donated around £19,000 to charities in 2022-23, including more than £3,200 for our charity of the year 'The Ocean Cleanup'.

MEASURING OUR PERFORMANCE

We have designed our approach to performance management to ensure our Executive Committee, our Board, our managers and our people all know the extent to which we are meeting our targets in an efficient and effective manner.

Our 2022-23 business plan and spending review 2021 set out a number of priority outcomes, performance measures and targets to measure ourselves against. The table below sets out our performance against these.

For 2022-23 we met or exceeded all but two of our performance targets. Non-domestic rating and Council Tax maintenance timeliness were both just below target by 1%. This was due to a substantial increase in demand on our Council Tax service in early 2022, with taxpayers challenging their Council Tax bandings. This followed the government's announcement that households in lower Council Tax bands in England would receive a non-repayable Council Tax rebate to support energy bills. We do not expect to see a similar level of demand on our Council Tax service going into 2023-24.

Measure	Our performance targets	Our 2022-23 performance	Our 2021-22 performance	Result
Timeliness				
Council Tax	Clear 95% of reports within 90 working days	94% cleared within 90 working days	93% cleared within 90 working days	Below target
Business rates	Clear 95% of reports within 90 working days	94% cleared within 90 working days	96% cleared within 90 working days	Below target
Check and challenge service	Resolve 90% of Check cases within three months of receipt	92% resolved within three months of receipt	98% resolved within three months of receipt	Exceeded
	Resolve all Challenge cases within 18-months of receipt	Over 99% resolved within 18 months of receipt	99% resolved within 18 months of receipt	Met
Housing allowances	Where no inspections are required, determine more than 96% of housing benefit referrals within three working days	Over 99% of referrals determined within three working days	Over 99% of referrals determined within three working days	Exceeded
Fair rent	Determine 95% of fair rent cases within 40 working days	Over 99% determined within 40 working days	Over 99% determined within 40 working days	Exceeded
Statutory valuations	Clear all initial appraisals for HMRC within an average of five working days	All initial appraisal cleared within three working days	All initial appraisal cleared within four working days	Exceeded
	Report 80% of DWP cases within seven working days	90% DWP cases reported within seven days	90% DWP cases reported within seven days	Exceeded

Measure	Our performance targets	Our 2022-23 performance	Our 2021-22 performance	Result
Valuation Quality				
A check on the quality of our valuation, process compliance and timeliness in making a valuation decision	Achieve valuation quality of at least reliable, across all business areas	Reliable	Reliable	Met
Serving our customers				
How we deal with customer enquiries	Deal with at least 75% of enquiries to our customer contact points at first point of contact	98% of enquiries dealt with at first point of contact	98% of enquiries dealt with at first point of contact	Exceeded

Note: In 2022-23 we resolved 63% of challenges cases within 12 months, which was a 9% improvement on the prior year.

SUSTAINABILITY REPORTING AND OUR ENVIRONMENTAL IMPACT

This year the agency has continued to take practical action to reduce its environmental impact and meet the Greening Government Commitments. We have developed a new sustainability strategy and actions plans to support this and appointed an executive level sustainability champion to lead on promoting a positive sustainability culture by engaging and empowering colleagues to deliver real change.

During 2022-23 actions we have taken include:

Continued reduction in our greenhouse emissions across the estate and business operations for the thirteenth consecutive year.

Continued to review the estate, planning the optimum path towards achieving Net Zero Carbon Emissions by 2050, including investing in energy efficiency measures for several sites.

Responsibly reduced waste from our estates transformation through reuse of furniture and equipment.

Continued external certification of the agency's Environmental Management System.

Continued to support site facility management and other government departments by reducing the use of single use plastic across the estate.

Refreshed our travel and expenses policies ensuring sustainability is built into travel decisions

Engaged with colleagues across the agency, seeking ideas on how to reduce emissions, some of which we have already put in practice locally.

Invested in colleagues' sustainability awareness and development through promotion and access to carbon literacy training and other learning products.

Continued to support site facility management and other government departments by reducing the use of single use plastic across the estate.

Created a sustainability champion at director level, in recognition of the advocacy and leadership requirements for our transition towards Net Zero by 2050.

Greening Government Commitment 2021-2025	2017-2018 Baseline	Position at 31 March 2023
Reduce the overall greenhouse gas emissions from estate and operations by 60%	2,730 CO2 e (tonnes)	576 CO2 e (tonnes) 79% reduction
Reduce direct (Scope 1) greenhouse gas emissions by 40%	351 CO2 e (tonnes)	125 CO2 e (tonnes) 64% reduction
Reduce the overall amount of waste generated by 15%	181 (tonnes)	55 (tonnes) 70% reduction
Reduce the amount of waste going to landfill to less than 5% of overall waste	1 (tonnes)	0 (tonnes) 0% to landfill
Increase the proportion of waste which is recycled to at least 70% of overall waste	165 (tonnes)	53 (tonnes) 97% recycled
Reduce water consumption by at least 8%	4,186 (cubic metres)	4,098 (cubic metres) 20% reduction
Reduce government's paper use by at least 50%	24,850 (reams)	1,430 (reams) 94% reduction
Reduce the numbers of domestic business flights by at least 30%	541 flights	175 flights 68% reduction
Reduce the emissions from domestic business flights by at least 30%	52 (tonnes)	9 CO2 e (tonnes) 83% reduction

Note: See more detail on key Greening Government Commitment targets in Annex 1 on page 121

Becoming more sustainable

We measure our organisational sustainable development through our progress towards meeting the Greening Government Commitments.

The commitments provide a framework for departments and their agencies to reduce their environmental impacts between 2021 and 2025, with the baseline year of 2017-18.

The agency began working towards 2021-25 commitments in 2021-22 and is making good progress on all, bar the target to reduce our water consumption by 8%.

Whilst we expect to meet the commitment by 2025, this year we have seen an increase in usage, which was due in part to an increase in our workforce and the return to offices post-pandemic.

This has been offset by moves to water efficient premises and upgrades to our existing estate. We continue to actively encouraged colleagues to report leaks and reduce usage. We will continue to closely monitor our usage, putting specific plans in place for offices, where necessary.

Working towards Net Zero by 2050

Less than 1%

of waste going to landfill

Key things we did and are continuing to do

Estate

- We have identified the net zero trajectory for our estate and used this information to inform our strategic asset management plans.
- We continue to vacate inefficient buildings, reducing the overall footprint and move into fewer, modern, energy and resource efficient premises.
- We have monitored and benchmarked the energy efficiency of our buildings focusing our investment to reduce energy consumption, in sites where this is needed.

Business travel

- We have refreshed our travel and expenses policies reminding colleagues to make environmentally friendly travel decisions and arrangements where possible.
- We have promoted the use of public transport and encouraged colleagues to make use of our digital infrastructure reducing the need to travel for meetings.
- We have agreed a new hire car contract with a supplier, which includes the availability of ultra-low emissions vehicles and electric vehicles.

Minimising waste and promoting resource efficiency

- The majority of our offices have dry, mixed recycling facilities.
- We have 100% coverage with shredding and recycling of our paper waste.
- We continue to work with HMRC and other government departments to remove consumer single use plastic from our estate.
- The facility management contracts for the cafeteria facilities in the government regional centres we occupy, ensure that food waste is composted and this is monitored.
- We choose suppliers who commit to recycling equipment and furniture that has reached end of life.
- We proactively plan for and monitor the reuse furniture within our estate and ensure that we maxmimise the useful life of items.
- Where items are surplus to requirements we prevent waste where we can through the donation of equipment to local communities and charities.

Reducing our paper use

- We have reduced our paper consumption through investment in technology, providing user-friendly digital services for colleagues and customers and actively encouraging our people to cut their reliance on paper.
- We have continued to reduce the number of printers when relocating to government hubs or modernising our offices.

Reducing our water consumption

- We have actively encouraged colleagues to report leaks and reduce usage.
- We have moved to water efficient premises and made upgrades to fixtures and fittings on our existing estate, and have worked with building managers to maintain oversight of water use.

Climate change and biodiversity

The agency does not own or control significant natural capital, though we continue to partner with HMRC and other government departments where we share office sites to develop the biodiversity of green and wooded areas.

We have reviewed office sites to see where it is feasible to develop a nature recovery plan. We will work with landlords and colleagues over the coming year on attracting pollinators and wildlife to improve local biodiversity in Plymouth and Durham.

We have begun to undertake a climate change risk assessment for the agency based on the Office of Government Property guidance and toolkit. We worked with key stakeholders and this assessment will be used to develop a targeted Climate Change Adaption Plan.

Other Greening Government Commitments

The agency's IT services are provided through a shared service by HMRC. HMRC's ICT strategy includes objectives to reduce the impact on the environment, including increased digital working through hybrid ways of working, improved sustainable hardware and the move to Cloud platform environments which are energy efficient.

Sustainable Procurement

We continue to buy more sustainable and efficient products and services, with the aim of achieving the best long-term, overall value for money for society.

The Government Buying Standards are embedded in our contracts, and we encourage our suppliers to go beyond the minimum requirements to meet best practice.

To ensure our procurement is as sustainable as possible when going out to market for suppliers we consistently take a cross-government approach, through:

- adopting collaborative deals that are sustainable and offer value for money.
- working with our colleagues to develop pan-government strategies for categories of common goods and services which seek to maximise value for money and sustainable development.

We have also developed our capabilities on sustainable procurement through:

- developing guidance for our procurement practitioners and providing training that focuses on sustainable procurement delivery.
- working with our suppliers collaboratively to identify joint areas for improvement.

We embed and promote sustainability criteria and social value aspects within all sourcing and contract management categories where this is applicable. We ensure that sustainability criteria are reflected within requirement specifications and that suppliers provide us with any necessary sustainability data.

We have adopted a forward-looking commitment approach to advise the market of our future requirements to enable them to respond with more innovative and sustainable solutions.

Sustainable construction

During 2022-23 we carried out extensive refurbishment works at our Durham and Lancaster sites. Construction, design, and management of these projects were undertaken by consultants appointed through our parent department HMRC. Sustainability factors, government buying standards and environmental regulations are embedded within the terms and conditions of the contract, which also apply to any sub-contractors engaged in delivery. Standards outlined in Government Functional Standards and Net Zero Estate Playbook - GOV.UK (www.gov.uk) are incorporated into our design brief. Achievement of these standards are assessed internally to meet environmental objectives within the VOA ISO 14001.

FINANCIAL COMMENTARY

Our financial performance is set out in the accounts attached to this report in pages 85 to 116.

Over the course of the financial year we have delivered our core operational services, managed our check and challenge service, delivered the 2023 Revaluation to a compressed timescale, prepared for the next revaluation of business rates and invested in our BST programme.

We met the agency's principal financial objective to operate within budget and controls totals set by HMRC. In addition to the parliamentary vote funding received from HMRC, we secured income from the Welsh Government, DWP, and DLUHC for specific work agreed each year. Our District Valuer Services also generated income by providing specialist advice and valuation services to the wider public sector, for which we secure full cost recovery.

Through proactive engagement communications and guidance to our stakeholders and customers we have delivered a series of sustainable efficiencies throughout 2022-23. This has helped manage demand on our council tax and non-domestic rates services enabling us to reduce our operating costs which helps to ensure we are delivering value for money.

Finance summary

The table below shows the comparison of income and key expenditure areas between 2022-23 and 2021-22.

	2022-23 £'000	2021-22 £'000
Income	47,134	42,515
Expenditure:		
Staff costs	183,078	168,350
Purchase of goods and services, provision expense and other expenditure	26,434	30,123
Depreciation, amortisation and impairment charges	9,914	8,872
Net operating expenditure	**172,292**	**164,830**

Income

The agency recovers funding for the full cost of delivering objectives for other government departments, negotiated on an annual basis. Income is also generated from property advice and valuation service contracts to other clients within the wider public sector. The increased income in 2022-23 is primarily from additional work for the Welsh Government.

Expenditure

Staff costs
2022-23 Staff costs were £183.1 million (2021-22: £168.4 million) and a detailed breakdown can be found on page 69 within the staff report. The rise in costs was primarily due to increased headcount on service delivery and delivery of the 2023 Revaluation.

Purchase of goods and services, provisions and other expenditure
Costs have fallen by £3.7 million in 2022-23, largely due to the implementation of IFRS 16 Leases, as the majority of rent costs no longer pass through as an expense (see comment in Depreciation below). Travel and subsistence costs increased in year, as Covid-19 restrictions have now lifted.

Depreciation, amortisation and impairment charges
Costs were £9.9 million (2021-22: £8.9 million). The increase reflects additional depreciation charges arising from the introduction of IFRS 16 in year for Right of Use assets.

Primary statements
The primary statements shown on page 85 to 88 have changed significantly from previous years owing to the implementation across government of IFRS 16, which requires certain leases to now be shown in the primary financial statements (previously treated as an expensed item in the accounts). This has resulted in an uplift to the asset valuation of the agency by £55.8 million but with a corresponding increase in liabilities.

Investment
We invested £30 million in our IT capital assets in 2022-23 to provide infrastructure and equipment to support service delivery. This included investment on the Business Systems Transformation and 2023 Revaluation programmes.

Cash flow
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 Department for Business, Energy & Industrial Strategy guidance. During 2022-23 97.5% of invoices were paid within five days.

Transparency
As part of the government's transparency agenda, we publish financial data on the GOV.UK and data.gov.uk websites.

Financial outlook
We delivered against most of our performance expectations in 2022-23, despite challenges. Those challenges will continue in 2023-24, as we prepare for the next revaluation in 2026, implement our BST programme, take forward the outcome of the government's Business Rates Review and work with the Welsh Government to help deliver their priorities towards Council Tax reforms for Wales. There is a significant amount of change to deliver alongside our existing commitments.

The current fiscal environment remains highly uncertain with increasing inflation and interest rates placing greater financial pressure on our own staff, our supply chain and customers. We continue to expect to see higher costs on our purchased goods and services and estates as well as increased pressure on next year's pay settlement. There will also be increased demand on our services as some of our customers seek to challenge their council tax and non-domestic business rates as they face greater economic hardship due to higher costs of living. This coupled together with the amount of change for the agency means there are a number of risks that will need to be managed as we move through the year and over the Spend Review period.

Adoption of going concern basis

Our 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 necessary steps to make himself aware of any relevant audit information and ensure that the auditor is aware of it.

Jonathan Russell, CB
Chief Executive
28 November 2023

Accountability report

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

This governance statement sets out the governance, risk management and internal control arrangements for the agency. It applies to the financial year 1 April 2022 to 31 March 2023 and up to the date of approval of the Annual Report and Accounts and accords with HM Treasury guidance.

Executive agency arrangements

The agency is an executive agency of HMRC. The Chief Executive of the agency is the designated Accounting Officer and is accountable for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the conduct of the agency's day-to-day operations and management of the agency, including making changes to the organisation as are necessary to maintain and improve the performance. The Chief Executive is a member of HMRC's Executive Committee.

HMRC's Chief Executive, as Principal Accounting Officer for HMRC, is responsible for ensuring that there is a high standard of financial management in HMRC as a whole, including the agency. The Financial Secretary to the Treasury (in their role as departmental Minister for HMRC) has ministerial responsibility for the agency.[5]

Executive Committee
Sets strategy and oversees business performance, business delivery and transformation delivery

Board
Provides challenge and advice on agency strategy, performance and capability

Board sub-committee

Audit and Risk Assurance Committee
Provides assurance and scrutiny on control, risk and governance

Our governance structure is summarised in the diagram on this page. The Executive Committee (ExCom) is the primary decision-making forum for the agency and also reviews performance and transformation. The Board provides challenge and advice on the agency's strategy, capability and performance and is, alongside the Accounting Officer, supported by the Audit and Risk Assurance Committee.

This structure enables ExCom to undertake effective and transparent decision-making and provides appropriate challenge and assurance by our non-executives.

Our governance structure

5 The Economic Secretary to the Treasury had ministerial responsibility for the agency, in their role of departmental minister for HMRC, from 7 September 2022 to 27 October 2022 when it reverted back to the Financial Secretary to the Treasury.

Board focus in 2022-23

Strategy
- Civil Service 2025 and efficiencies review
- Quality strategy
- Revaluation 2023
- Business Rates Review and NDR Reforms Programme

Transformation
- Prioritisation and delivery of the transformation portfolio
- Business Systems Transformation programme

People
- People strategy
- Hybrid working implementation
- Diversity and inclusion, including performance against equality objectives
- People Survey results
- Wellbeing strategy
- Strategic workforce planning
- Talent and succession planning
- Communications strategy

Planning and Performance
- Agency performance data and hub
- Business planning
- Financial planning

Risk management
- Strategic risk review
- Risk horizon scan and risk appetite

Governance
- Board and ARAC effectiveness

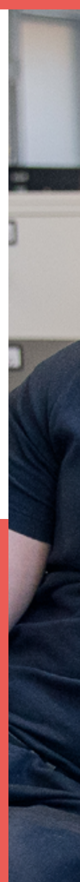
The Board
The role of the Board is critical to our success as an executive agency and it provides advice and challenge on the agency's strategy, performance and capability.

The Board consists of the lead non-executive, three other non-executive directors, the Chief Executive, Chief Corporate Services Officer, Chief Strategy and Transformation Officer and the Chief Valuer. Other senior executives attend as the agenda dictates. The Board is chaired by the lead non-executive director, and helps to guide the agency strategically by drawing upon a range of public and private sector expertise.

In 2022-23 the Board met five times and has provided challenge, advice and assurance to the executive team on strategy, business planning, reviewing performance and transformation progress. A key focus for the Board in 2022-23 has been to provide advice and challenge to the medium to long-term agency strategy. This includes the implementation of the outcomes of the Business Rates Review, delivery of Revaluation 2023 and delivery of the agency's Business Systems Transformation programme.

The Board has one sub-committee, the Audit and Risk Assurance Committee. The agency does not have a separate People, Nominations and Governance Committee as those in the Senior Civil Service (SCS) roles are members of HMRC's SCS and HMRC determines their remuneration within SCS pay policy guidelines. Matters relating to the agency's diversity and inclusion strategy, future organisational design, strategic workforce plans and Civil Service People Survey results, are considered by the Board.

> The role of the Board is critical to our success as an executive agency and it provides advice and challenge on the agency's strategy, performance and capability.



Audit and Risk Assurance Committee focus in 2022-23

Annual Report and Accounts
- Agency Annual Report and Accounts (AR&A)
- AR&A lessons learned and planning

Resilience and Security
- Business continuity
- Cyber security arrangement, risk and maturity

Audit and Assurance
- Head of Internal Audit's annual opinion
- Internal audit planning and management response to issues identified
- NAO planning and completion reports for the AR&A
- Transformation review outcomes
- Check assurance
- Valuation integrity assurance
- HR assurance
- Supplier assurance

Controls and processes
- Whistleblowing
- Counter fraud
- Quality assurance of business-critical models
- Benefits management framework and methodology

Risk management
- Strategic risk report
- Risk management framework
- Technical health risk
- Fraud risk assessment

Audit and Risk Assurance Committee (ARAC)
ARAC provides independent assurance to the Board and the Accounting Officer on the integrity of financial statements and comprehensiveness and reliability of assurances across the agency on governance, risk management and the control environment.

The committee is chaired by a non-executive director, with one further non-executive director and two non-executive members. The National Audit Office, HMRC Internal Audit, and agency Chief Executive, Chief Corporate Services Officer and/or Director of Finance and Business Planning also attend each meeting. The Committee met five times in 2022-23.

A key area of focus for the committee in 2022-23 was advising and providing assurance on transformation governance and benefits methodology as well as cyber security risks and business continuity arrangements.

Non-executives
Our non-executives bring external experience and expertise to the agency, playing an important role in providing advice, challenge and scrutiny to the work of ExCom and the agency more widely. Our non-executives also contribute their expertise outside the formal Board and Committee structure.

Board effectiveness
A thorough analysis of the Board's effectiveness is conducted on an annual basis through structured questionnaires based on those issued by the Cabinet Office as part of its wider cross-government Board Effectiveness Review. The review is used

as an opportunity for the Board to assess progress and ensure there is continuous improvement in the Board's effectiveness and impact. Our Board also regularly reviews its effectiveness as part of the arrangements for each meeting.

The 2022-23 Board Effectiveness Review was carried out internally in line with best practice, with the last independent review being undertaken in 2020-21 by our parent department, HMRC. This also incorporated findings from the internal annual ARAC Effectiveness Review, which followed NAO best practice. The Review found the VOA's governance arrangements were working effectively and complied with best practice identified within HM Treasury Corporate Governance Code. It identified a small number of areas of minor improvements that will be taken forward during 2023-24, ahead of the next independent review.

Register of Interests

The agency maintains a register of interests of its Board and Committee members to ensure that any potential conflicts of interest can be identified and managed, in line with the Code of Conduct for Board Members of public bodies.

The agency's Board members and members of its sub-committee are required to declare any potential conflicts of interest on appointment and on an annual basis. At the start of each Board meeting, members also declare any conflicts of interests in the agenda items for that meeting.

Should a potential conflict of interest be identified, Board and sub-committee members would take no part in any discussion and are not involved in any decisions that relate to that issue. None of the agency's executive or non-executive directors hold any company directorships or other significant interests that might conflict with their responsibilities.

Executive Committee

The Executive Committee (ExCom) is the agency's primary decision-making body. ExCom oversees and assures all the agency's work and is responsible for setting and delivering our strategic objectives. ExCom is chaired by the Chief Executive. Its membership comprises all the executive directors with the Chief Information Officer of VOA Customer Group (HMRC), the Head of Corporate Communications (VOA) and Deputy Director of HR as standing invitees. It is the primary forum in which the executive directors make collective decisions.

In 2022-23 ExCom met 24 times to discuss and make decisions on a wide range of strategic, operational and financial issues. Every month ExCom reviews the agency's performance against key performance indicators and other targets and measures, and considers opportunities for improvement. It also reviews the status of, and management actions for, key agency risks and issues. ExCom provides senior governance and oversight for the delivery of the agency's transformation portfolio; this includes prioritisation of the agency's portfolio and resolution of issues escalated from programme boards. The key programmes of the transformation portfolio are reviewed on a monthly basis.

In 2022-23 ExCom considered financial planning; through in-year management to ensure funding was optimised and longer-term planning to ensure capacity, capability and risk were appropriately balanced in future years. Other matters covered this year include:

- Business Systems Transformation programme,
- Revaluation 2023,
- the NDR Reforms Programme,
- the check and challenge service including productivity improvements; and
- communications and engagement.

In addition, ExCom has continued to recognise and celebrate agency successes as well as lessons learned.

The committee regularly reviews its own effectiveness as part of the arrangements for each meeting.

Meeting attendance by executives and non-executives

	Board	ARAC	ExCom
Non-executive directors			
Sue Hall[6]	4 (4)	-	-
Terry Babbs[7]	5 (5)	4 (4)	-
Richard Hawkins	5 (5)	-	-
Cosette Reczek	5 (5)	4 (5)	-
Ruth Stanier[8]	1 (1)	-	-
Non-executive members			
Helen Aston	-	5 (5)	-
Chris Wood	-	4 (5)	-
Executives			
Jonathan Russell	5 (5)	4 (5)	22 (24)
Aneen Blackmore[9]	3 (3)	3 (3)	11 (14)
Alan Colston	5 (5)	-	19 (24)
Toby Nerval[10]	1 (2)	3[11] (5)	12 (12)
Derek Thomas	-	-	19 (24)
Carolyn Bartlett / Kirsty Wildgoose	5 (5)	-	23 (24)

6 Sue Hall left the VOA on 31 December 2022.

7 Terry Babbs became Lead Non-executive on 3 January 2023.

8 Ruth Stanier joined as a Non-executive director on 3 January 2023.

9 Aneen Blackmore left the VOA on 31 October 2022.

10 Toby Nerval became Interim Chief Corporate Services Officer from 1 October 2022 to enable an appropriate handover with Aneen Blackmore before her departure. Toby Nerval was appointed permanently as Chief Finance and People Officer on 7 August 2023.

11 Attendance figures for ARAC includes Toby Nerval's attendance in year as Finance Director as well as Interim Chief Corporate Services Officer.

Effectiveness of risk management

To help ensure we meet our strategic objectives, it's vital that our risk management framework is operated effectively at all levels across the agency, from operational decision making on individual cases, through to managing change and strategic risks. Everyone in the VOA, from Board level down, has a clear role to play. This section explains how we identify and then address all these risks.

Risk management framework

ExCom establish the risk management framework and sponsor individual complex strategic risks and issues, reviewing them on a regular basis throughout the year. A flow of risk reporting operates through the agency, supported by visual management tools in order to drive effective risk conversations.

A structure of risk forums and registers is embedded in the agency, from individual unit and team level through to agency level. Executive directors are responsible for managing risks within their relevant business area, with risks formally reviewed at group level forums supported by dedicated risk registers.

There is also a network of risk and assurance leads representing each business area in place, which helps develop a consistent approach to risk management across the agency.

The Board provides oversight in ensuring the right accountability, governance and controls are in place to manage risk effectively, setting risk appetite along with completing periodic risk horizon scanning activity. ARAC provides advice and support on risk controls, in addition to completing deep dives on specific risk areas.

We receive regular independent assurance on the effectiveness of risk management across the agency, for example, from Internal Audit and from reviews undertaken across the wider government.

The agency continuously reviews our risk management framework, to ensure we remain aligned to the requirements set out in the government's Orange Book, which sets out the risk management principles that all government organisations must apply.

Risk management capability improvements

We are continuously looking for opportunities to enhance risk management capability across the agency. Specifically, in 2022-23 we:

- undertook an agency-wide risk maturity assessment, identifying our strengths and areas where we could further enhance our risk management and are developing an action plan to deliver this
- reviewed our risk management framework and refreshed our Risk Appetite Statement, ensuring it remains in line with new government guidance, helping build a risk aware culture
- further enhanced the quality of information provided to the Board and its subcommittees to enable robust assurance over the management of strategic risks

- refreshed the agency's strategic risks to ensure that ExCom are managing those risks that have greatest potential impact on the organisation
- increased our focus and analysis of risk exposure, to help ensure the necessary mitigating actions bring risks within tolerance within a reasonable timeframe
- ensured that key risks and opportunities arising due to changes to the agency's operating environment have been identified and are being managed effectively
- developed the agency's risk network, supporting closer working to share best practice and build capability, including professional practitioner training
- worked closely with HMRC's risk function to ensure our approach to risk management, including building our maturity, is aligned and proportionate.

Our plans to improve risk management

As part of our commitment to continuous improvement, in 2023-24 we will:

- deliver our risk management improvement plan to further enhance our risk management maturity
- streamline the tools used for risk management across the agency, to ensure consistency of approach to reporting and managing our risks
- further develop our assurance map, helping us to link our key processes to identified risks, the controls in place to mitigate them and the sources of assurance we have for each.

Strategic risk overview

Our strategic risks are all complex, cross-cutting and long-term. They have the potential to impact the delivery of our objectives, public confidence and reputation of the agency.

During 2022-23 we escalated a risk around cyber security and technical health to the strategic risk register in recognition of the ever growing cyber threats and the current political context.

In addition, the risk exposure of two strategic risks increased during 2022-23 namely Transformation Delivery and Business Systems Transformation given the scale of the change facing the agency and the challenges in delivering this complex digital programme.

The risk relating to the Revaluation 2023 was also closed at the end of the year with the successful delivery of the programme and the publication of the 2023 Compiled Lists as planned.

Key risk	Key mitigating actions	Risk Rating and Trend [*footnote]
Funding, affordability and resource capacity: there is a risk that we are unable to deliver planned services and transformation outcomes, impacting our ability to deliver future core services.	To mitigate this risk, we: • agreed the 2022-23 business plan and budget with HM Treasury, securing funding to deliver the agency's key priorities • developed a recruitment plan to underpin delivery of the 2022-23 business plan.	↔
Leadership and management capability, and engagment: there is a risk that leaders and line managers lack the capability to lead, manage, engage and develop their teams effectively in order to deliver the asgency's strategic objectives and operational performance expectations.	During the year we continued to develop our people. We: • developed a new People Strategy, aligning all people-related activities across the agency • continue to invest in learning and development and to help ensure the agency is a diverse and inclusive organisation • developed VOA Leadership Habits, setting out expectations of leaders and rolled out a new leadership development offer. • delivered our communications and engagement plan which included regular briefings to colleagues including managers, and Valuing our Future events. • motivated and engaged people through our reward package.	↔
Technology and Cyber Security: there is a risk of infrastructure failure or security compromise as a result of the technical health of legacy infrastructure, systems, and applications.	To mitigate this risk we: • continued to implement our technical strategy and road map in alignment to business requirements, with newer and more secure systems. • undertaken a cyber security maturity assessment and developed a plan to further strengthen controls • developed our capability to support legacy applications and infrastructure. • ensured technology modernisation requirements were factored into future design work. • Implemented a new security incident reporting tool, strengthening the identification and reporting.	↔
Managing data and information: there is a risk that we will not be able to access, protect and use the data and information needed to deliver our objectives, support transformation, and comply with legislation.	To ensure the data we hold is reliable, up to date and acted upon we: • developed a new data strategy, setting the vision for how we use, share, and protect our data. • enhanced our Information Governance Framework, ensuring information risks are identified and effectively managed • strengthened controls to ensure data is processed safely and securely • continued to develop a new data analytics platform, to help drive improvements in data flow.	↔
Delivering change: there is a risk that we are unable to deliver sustainable transformation.	We are delivering an ambitious transformation programme. To manage this effectively we: • continued to engage our leadership team and colleagues in our transformation journey. • enhanced our programme and project management capability. • continued to improve the VOA's programme and project management and change governance framework and supporting tools to effectively manage the delivery of change.	↑

Key risk	Key mitigating actions	Risk Rating and Trend [*footnote]
Business Systems Transformation: there is a risk that the BST Programme cannot deliver the benefits or outcomes as described in the business case.	To mitigate this risk we: • used an agile delivery approach, incrementally building and releasing business and technical architecture into a model office for testing. • made progress in building the new systems and infrastructure with geospatial functionality delivered. • strengthened governance and oversight of the programme. • Sought independent assurance around our delivery plans.	
Revaluation 2023: there is a risk that we are unable to successfully deliver Revaluation 2023.	To mitigate this risk we: • delivered early publication of draft lists, enabling customers to view their future valuations and to get an estimate of their future business rates • worked with local authorities, professional bodies, and trade associations in delivering Revaluation 2023 • Ensured we had the right skills and resources we needed to deliver the programme.	Closed
Non-Domestic Rating Reforms: there is a risk that we will not be able to deliver an effective and sustainable system aligned to the reforms set out in the Business Rates Review.	To mitigate this risk we: • worked closely with ministers and other government departments to ensure the legislation was laid before Parliament. • launched a public consultation on proposals around transparency and disclosure of information. • established a programme to oversee and deliver the NDR reforms • secured approval from HM Treasury on the outline business case.	
Check and challenge service: there is a risk that we will not be able to deliver the service, as currently designed, within available resources when volumes increase.	To mitigate this risk we: • continued to build our surveyor pipeline to increase capacity • upskilled colleagues, providing increased capability to deal with cases more effectively • continued to review and improve our systems and processes to ensure we deliver an effective service.	
Customer Service: there is a risk that the agency does not modernise and adapt our customer service delivery to reflect changing customer behaviours and our strategic priorities.	To mitigate this risk we: • started to implement our new customer and channel strategy with a greater focus on using customer insights to deliver an excellent customer service • Continued to focus on using customer insight, delivering robust technoloigy and infrastructure and investing in new software.	

*Footnote: The trend shows how the risk assessment has changed from April 2022 to March 2023. Downward pointing arrows denote the level of risk has decreased in this time; upward arrows signify that the level of risk has increased.

ACCOUNTING OFFICER'S REPORT

Overview

We follow HM Treasury guidance on internal controls, intended to provide reasonable assurance and maintain propriety. This is a proportionate approach and not intended to eliminate all risk of failure. Our commitments and resource allocation are published in our business plan and pages 32-33 of this annual report summarises performance against objectives and key performance indicators.

Financial responsibilities within the agency

As the VOA's Accounting Officer, I delegate financial authority through annual letters of delegation to each of the executive directors to manage the budget for their business areas within agreed financial limits, spending controls approvals and Managing Public Money guidelines. Each executive director is supported by the Finance Director and dedicated finance support. The executive directors cascade these delegations within their own areas and financial authority limits are set at each stage.

Supporting this scheme of delegations is our financial control framework, to ensure control standards are adhered to in all our financial processes. This helps to mitigate the risk of financial loss through fraud or error, and helps to ensure the integrity of the agency's financial statements. Each executive director has an agreed set of annual objectives which reflects their accountabilities and delegated authorities.

Each executive director has provided a statement to me as Accounting Officer, with their assurances that they have operated a sound system of governance, risk and control in their business area. These statements are reviewed by Internal Audit and Corporate Governance and Risk Management. VOA's ARAC also provides assurance to me on these statements. Key themes from the individual executive director statements and the review process have been discussed with me.

Oversight and scrutiny

We have several forums which provide regular and robust oversight, scrutiny and assurance throughout the year. This includes ExCom, bi-annual business reviews with each executive director, the Board and ARAC and through quarterly business reviews with HMRC.

Underpinning these senior forums, each individual executive director has their own senior leadership forum for the discussion of performance, risk and issue management for their areas. There is an established process by which issues can be escalated from these to ExCom.

Audit and Risk Assurance Committee (ARAC)

ARAC completed its programme of work for the year and, in addition to reporting to the agency's Board following each of its meetings, has produced an annual report of its work for both my and the Board's consideration. ARAC has not identified any further issues for disclosure.

HMRC sponsorship

The agency has an agreed framework document in place with HMRC which describes the governance structure of the VOA and responsibilities of HMRC and the VOA's Board and ExCom.

External reports and assurance

External reports on the agency are produced as required by external scrutiny bodies including the National Audit Office. We act on the recommendations they make including those within their audit completion report.

Internal audit

Each year ExCom and ARAC agree the annual internal audit plan, taking a risk-based and prioritised approach to identify aspects of the business that should be audited.

As Accounting Officer, I am advised on internal control matters through audit reports (and other assurance reports at ExCom). ARAC also reviews and requires actions on internal audit reports.

Each year the Head of Internal Audit provides an opinion statement to me as Chief Executive, providing assurance on the adequacy of the agency's framework of governance, risk management and control. In 2022-23 this was based primarily on the 16 internal audits undertaken during the year.

An overall rating of 'Moderate' assurance was provided for fifth year running for the year ended 31 March 2023. The following points were highlighted to me in the report:

- Overall, control effectiveness has continued to improve with strong control frameworks in place for corporate functions such as commercial, security, HR and data management, though in some areas could be strengthened further through more formalised assurance arrangements. Some opportunities to enhance operational controls were identified around improving the consistency of first line quality checks and process compliance including casework audit trails.
- ExCom and Board actively manage agency level risks, commissioning deep dives to explore and agree mitigating actions whilst continuing to balance priorities, funding, and resources to deliver both change and maintain business as usual core services. Despite effective management the VOA's risk profile remains challenging given the scale of change, external factors and level of risk associated with the delivery of the Business Systems Transformation programme which bring the risk exposure on a number of other strategic risks to within tolerance.
- There are effective governance arrangements in place across all areas with clearly defined accountability and responsibilities. Although challenges remain, the Business Systems Transformation and non-domestic rates reforms programmes continue to enhance governance arrangements including the escalation process around risks and issues.

Internal control framework

We have also continued our work to improve our overall internal control framework. We have further developed the agency's assurance map, which provides an overview of the controls and sources of assurance for all our key processes. This has enabled us to identify opportunities for improvement in our controls and assurance activity. The assurance map together with an audit needs assessment undertaken by Internal Audit has informed the audit planning for 2023-24.

Compliance with government functional standards

An assessment has been undertaken on the VOA's compliance with the mandatory requirements of the government functional standards. This found that the agency was compliant with the majority of the mandatory elements of the standards. Improvement plans have been developed to increase compliance with both the mandatory and advisory requirements as appropriate.

Significant control issues and current control challenges

I can confirm that the agency has not had any significant control issues during the course of the year.

As highlighted in the Head of Internal Audit Opinion and identified through our Valuation Integrity second line assurance checks, I recognise that there remain some control challenges to address in relation to first line operational controls in some areas though note these are not considered to be systemic.

During the year we have taken active steps to address these, focusing on enhancing first line controls, with a more consistent application of quality control checks and a more targeted risk-based approach to assurance. In addition, we have raised awareness and strengthened guidance around process compliance and the importance of maintaining audit trails. In parallel, we have provided structured, centralised training to better equip managers for their assurance roles. I have commissioned a review of our valuation assurance activity to identify further opportunities to strengthen our approach.

Our BST programme, like many large programmes, has been managing a number of delivery challenges this year, particularly around the technical complexity of the systems integration. The programme has continued to learn lessons and worked with stakeholders to review and strengthen its structure, governance and risk management arrangements. We have taken steps to re-plan the programme which mitigates risk and provides us with greater delivery confidence.

Security

The VOA receives its security provision from HMRC, with an accountable executive director appointed from within the agency. Our processes are aligned with those of HMRC, and we use their security incident reporting and escalation process.

ExCom also receives regular security incident reports, which include details of any personal data related incidents as reported on page 22. An annual security incident report is also presented to ARAC.

Information security

In accordance with our responsibilities under the Data Protection Act 2018 and the principles set out in the General Data Protection Regulations, we have robust arrangements in place to provide for information security. We have undertaken further improvements to enhance our Data and Information Governance Framework which has been recognised by Internal Audit. Opportunities have been identified to strengthen the management of the sharing of VOA data as future policy changes will increase the amount of data shared. A single responsible owner has been appointed to oversee this.

ExCom regularly review our information security arrangements. I also receive formal assurance from the agency's Information Asset Owners that information risk has been appropriately managed in the conduct of the agency's business. The Data Protection Officer in HMRC, also oversees the agency.

Quality assurance of business-critical models

A framework is in place to underpin the quality assurance of the agency's business-critical models, and a register of these models is maintained, consistent with the recommendations of the Macpherson Review and Managing Public Money.

We continue to develop our quality assurance of business critical models, by further improving our model documentation and increasing independent assurance in line with the recommendations set out in the NAO report on Financial Modelling in Government.

Technology

There are several areas where the agency continues to actively manage technical health and associated risks in light of ageing infrastructure, platforms and legacy applications.

Work on the BST programme, Securing our Technical Future programme and Critical Platform Transformation are providing a coherent and complementary set of projects that will increase our overall technical health, maximise service stability and continue to increase our overall resilience.

We have successfully delivered a number of migrations to public cloud this year and rolled out a new cloud-based telephony system to our customer contact centres.

We are investing in low code/no code solutions and developing our capability to utilise these which enable the agency to innovate and shape the future roadmaps of our services. This will support new ways of working and collaboration between HMRC and VOA business product owners.

Compliance with the Corporate Governance Code of Good Practice

I have assessed the agency's governance arrangements against the requirements set out in the Corporate Governance in Central Government Departments' Code of Good Practice 2017 and confirm that the agency complies with all of the requirements where appropriate.

The code focuses on governance arrangements for ministerial government departments and therefore there are elements not directly relevant as we are an executive agency of HMRC and not a ministerial government department.

For example, the Board does not include ministers and non-executives are appointed on approval from HMRC's Accounting Officer and not the Secretary of State. However, we comply with the spirit and principles of the code to ensure good governance in the agency. This was supported by the findings of the review of our governance arrangements undertaken in spring 2023.

Conclusion

Our overall control framework, risk management and governance arrangements have continued to be strengthened during the year.

We have actively managed the new challenges and risks we have faced this year. This has included the delivery of the Revaluation 2023, which has been a major undertaking given the compressed timescale, limited availability of evidence and challenges imposed by the pandemic.

In parallel we have had to continually flex and balance resources to ensure we maintained good operational delivery on our core services including Council Tax which has faced an unprecedented level of demand.

This was alongside delivering the biggest transformation in the agency's history through the Business Systems Transformation multi-year programme, which will fundamentally change our ways of working where we have been managing a number of key delivery risks. We have taken action to improve delivery confidence including the commissioning of assurance reviews, reviewing and resetting the programme and strengthening its structure, governance and oversight arrangements.

In addition, we have been supporting the government on the implementation of their Business Rates Reforms, managing the delivery in the context of considerable political and legislative uncertainty.

I recognise that the agency, like many other public bodies, will always have multiple risks to manage at any one time, however I am satisfied that the governance arrangements that were in place throughout 2022-23 were resilient and flexible enough to respond to the everchanging priorities and effectively managed the risks and issues that emerged during the year.

As Accounting Officer, I can confirm that effective governance arrangements were maintained during 2022-23 which comply with relevant guidance including Managing Public Money and the Corporate Governance in central government departments: Code of good practice.

Taking into account the assurances I have received together with the other evidence available to me, I conclude that the agency overall has in place a sound system of governance, risk management and internal control with effective plans to ensure continuous improvement and that the Annual Report and Accounts as a whole is fair, balanced and understandable.

J Russell

Jonathan Russell, CB
Chief Executive
28 November 2023

DIRECTORS' REPORT

VOA Executive and Non-executive Directors

JONATHAN RUSSELL
Chief Executive and Accounting Officer

ALAN COLSTON
Chief Valuer

TOBY NERVAL
Interim Chief Corporate Services Officer

DEREK THOMAS
Chief Operating Officer

KIRSTY WILDGOOSE
Chief Strategy and Transformation Officer

CAROLYN BARTLETT
Chief Strategy and Transformation Officer

Executive Directors

Carolyn Bartlett and Kirsty Wildgoose carry out the role of Chief Strategy and Transformation Officer on a joint basis.

Toby Nerval was appointed permanently as Chief Finance and People Officer on 7 August 2023.

Non-executive Directors

TERRY BABBS
Lead Non-executive Director

RICHARD HAWKINS
Non-executive Director

COSETTE RECZEK
Non-executive Director

RUTH STANIER
Non-executive Director

Directors

Full disclosure of the serving directors for 2022-23 is available in the Governance statement and remuneration report of this document.

Pensions

For information on how the agency's pension liabilities are treated in the accounts, and more details on the pension schemes it operates, please see the remuneration and staff report and note 12 to the financial statements.

Register of interests

For more information on the agency's register of interests, please see page 46 of the Governance statement.

Personal data related incidents

This is reported on page 22.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the agency to prepare for each financial year a statement of accounts in the form, and on the basis set out, in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the agency and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by HM Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis

The Permanent Secretary and Principal Accounting Officer of HM Revenue and Customs has designated the Chief Executive of the agency as its Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the agency's assets, are set out in Managing Public Money published by the HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the agency's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

J Russell

Jonathan Russell, CB
Chief Executive
28 November 2023

Accountability report

REMUNERATION AND STAFF REPORT

REMUNERATION REPORT

This report incorporates the agency's directors' remuneration information and the agency's staff report. The first section will outline the breakdown of each director's total remuneration and pension interest, detailing pay, pension and other benefits. For the purposes of this report "director" has been interpreted to mean any member of the agency's Executive Committee plus our non-executive directors, and thus excludes any other staff who are members of the SCS. The second section will cover details of staff numbers, costs and other staff-related disclosures for the agency.

Director remuneration policy

Directors, excluding non-executive directors, are members of the SCS and their general terms and conditions of employment are set by the Cabinet Office. HMRC, as the agency's sponsor department, determines the approach to remuneration for SCS in both HMRC and the agency in accordance with the SCS pay policy guidelines. The agency provides a moderated view of overall performance of SCS in the agency before their performance is moderated against the HMRC SCS cadre as a whole.

Contracts, notice periods and termination periods

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

The majority of the agency's people, including the directors, are employed on a permanent basis and are subject to statutory and Civil Service conditions of service. The non-executive directors are on renewable three year fixed-term contracts, with the assumption that the agency will not renew their contracts more than once. The agency also employs a number of its people on short-term contracts.

The agency did not make non-cash awards to any directors this year or in the previous year.

Salary and pension entitlements

The following section details the remuneration and pension interest of the agency's directors.

Salaries

These include, where applicable, gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowance, private office allowances and any other allowance to the extent that it is subject to UK taxation.

This report is based on accrued payments made by the agency and thus recorded in these accounts.

Directors' bonus payments

For SCS's in the agency, bonus payments are awarded in relation to the performance of the individual throughout the year. The bonuses reported in 2022-23 relate to performance in 2021-22. The agency pays performance-related pay and bonuses in line with the scheme which applies to the SCS as a whole.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the agency and treated by HMRC as a taxable emolument.

Travel and subsistence reimbursements

Directors received payments to reimburse the out of pocket expenses they incurred in carrying out their duties.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's state pension age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections; three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60 and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Value shown in this report – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha, as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes.)

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6 and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the highest of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website: www.civilservicepensionscheme.org.uk.

Cash Equivalent Transfer Values (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Fair Pay

These disclosures are subject to audit.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the agency (excluding pension benefits) in 2022-23 was £130-135k (2021-22: £125k-130k). This was 4.11 times (2021-22: 4.11) the median remuneration of the workforce, which was £32,262 (2021-22: £31,020).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.contributions and the cash equivalent transfer value of pensions.

	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022-23	5.09	4.11	3.02
2021-22	4.95	4.11	2.91

There was no significant shift in the ratios for 2022-23

	25th percentile pay ratio		Median pay ratio		75th percentile pay ratio	
	Salary component	Total pay and benefits	Salary component	Total pay and benefits	Salary component	Total pay and benefits
2022-23	£26,018	£26,038	£32,262	£32,262	£43,770	£43,830
2021-22	£25,750	£25,750	£31,000	£31,020	£43,794	£43,794

In 2022-23 (also in 2021-22) no employees received remuneration in excess of the highest paid director. Remuneration for all employees excluding pension benefits ranged from £22,524 to £130k-£135k (2021-22: £21,750 to £125k-£130k).

Annual percentage change in remuneration for directors and employees

Percentage change from prior year	Salary and allowances	Performance pay and bonuses payable
Highest paid director	Increased 8.8%	Decreased 77.8%
Employees	Increased 2%	Decreased 58.5%

The highest paid director had a pay rise of 8.8%, with the salary being aligned to other equivalent SCS paybands within HMRC.

Remuneration

The following two tables provide details of the remuneration and pension interests of the agency’s directors.

The information in these tables are subject to audit.

Directors' remuneration information

	Salary (full year equivalent) (£'000)		Bonus Payments (£'000)		Benefits in kind [1] (to nearest £100)		Pension Benefits (to nearest £1,000)		Total remuneration (£'000)	
	2022-23	2021-22	**2022-23**	2021-22	**2022-23**	2021-22	**2022-23**	2021-22	**2022-23**	2021-22
Jonathan Russell Chief Executive	130-135	115-120	0-5	5-10	-	-	-	-	130-135	125-130
Carolyn Bartlett Chief Strategy and Transformation Officer [2]	80-85 (90-95)	75-80	0-5	5-10	-	-	24,000	16,000	105-110	95-100
Aneen Blackmore Chief Corporate Services Officer (until 31 Oct 2022)	65-70 (110-115)	110-115	5-10	-	-	-	27,000	43,000	100-105	150-155
Alan Colston Chief Valuer	95-100	95-100	5-10	-	-	-	(9,000)	17,000	100-105	110-115
Toby Nerval Interim Chief Corporate Services Officer (from 1 Oct 2022) [3]	45-50 (90-95)	-	0-5	-	-	-	33,000	-	80-85	-
Derek Thomas Chief Operating Officer	95-100	95-100	5-10	5-10	-	-	(7,000)	18,000	100-105	120-125
Kirsty Wildgoose Chief Strategy and Transformation Officer [2]	85-90 (90-95)	75-80	0-5	5-10	-	-	1,000	20,000	85-90	100-105
Sue Hall Lead Non-executive Director (until 31 Dec 2022)	10-15 (10-15)	10-15	-	-	-	-		-	10-15	10-15
Terry Babbs Lead Non-executive Director (Lead Non-executive from 1 Jan 2023)	10-15	15-20 (10-15)	-	-	-	-	-	-	10-15	15-20
Richard Hawkins Non-executive Director	10-15	5-10 (10-15)	-	-	-	-	-	-	10-15	5-10
Cosette Reczek Non-executive Director	10-15	0-5 (10-15)	-	-	-	-	-	-	10-15	0-5
Ruth Stanier Non-executive Director (from 3 Jan 2023)	0-5 (10-15)	-	-	-	-	-	-	-	0-5	-

[1] The monetary value of benefits in kind covers any benefits provided by the employer and treated by HMRC as a taxable emolument.

[2] Carolyn Bartlett and Kirsty Wildgoose carry out the role of Chief Strategy and Transformation Officer on a joint basis.

[3] Toby Nerval became Interim Chief Corporate Services Officer from 1 October 2022 to enable an appropriate handover with Aneen Blackmore before her departure. Toby Nerval was appointed permanently as Chief Finance and People Officer on 7 August 2023.

[4] The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Directors' pensions [1][2]

	Accrued pension at age 65 - as at 31 March 2023 £'000	Real increase in pension age at 65 £'000	CETV at 31 March 2023 £'000	CETV at 31 March 2022 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (to nearest £100)
Jonathan Russell Chief Executive	-	-	-	-	-	23,200
Carolyn Bartlett Chief Strategy and Transformation Officer	35-40 plus a lump sum of 70-75	0-2.5 plus a lump sum of 0	600	528 [3]	5	-
Aneen Blackmore Chief Corporate Services Officer (until 31 Oct 2022)	15-20	0-2.5	175	152	11	-
Alan Colston Chief Valuer	45-50 plus lump sum of 90-95	0-2.5 plus a lump sum of 0	852	781	(21)	-
Toby Nerval Interim Chief Corporate Services Officer (from 1 Oct 2022)	30-35 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0-2.5	502	448	23	-
Derek Thomas Chief Operating Officer	40-45 plus lump sum of 85-90	0-2.5 plus a lump sum of 0	751	686	(18)	-
Kirsty Wildgoose Chief Strategy and Transformation Officer	30-35	0-2.5	432	393	(6)	-

[1] Final salary member (classic/classic plus/premium) who has transitioned to alpha. The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year. Where there is no or a small pay rise, the increase in pension due to extra service may not be sufficient to offset the inflation increase – that is, in real terms, the pension value can reduce, hence the negative values.

[2] CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

[3] the CETV for Carolyn Bartlett has been restated at 31 March 2023 due to a retrospective update to salary details by the pension administrator.

STAFF REPORT

Staff numbers and related costs

These figures are subject to audit.

The average number of full-time equivalent persons (including senior management) employed during the year was as follows:

> The agency is committed to supporting ethnic minority colleagues and increasing representation in line with wider Civil Service aspirations.

2022-23

Permanently employed staff **3,391**

Others **349**

Total **3,740**

2021-22

Permanently employed staff **3,242**

Others **302**

Total **3,544**

Staff costs comprise:

	Permanently employed staff (£'000)		Others (£'000)		Total (£'000)	
	2022-23	2021-22	**2022-23**	2021-22	2022-23	2021-22
Wages and salaries	122,113	114,669	11,589	8,812	133,702	123,481
Social security costs	13,554	12,088	703	448	14,257	12,536
Other pension costs	32,949	31,272	2,242	1,625	35,191	32,897
	168,616	**158,029**	**14,534**	**10,885**	**183,150**	**168,914**
Less recoveries in respect of outward secondments	(72)	(56)	-	-	(72)	(56)
Total staff costs	**168,544**	**157,973**	**14,534**	**10,885**	**183,078**	**168,858**

The staff expenditure detailed above includes contingent labour and consultancy expenditure. The total amount for contingent labour expenditure in 2022-23 was £2.4 million (2021-22: £1.7 million), and the total consultancy expenditure within staff costs for 2022-23 was £2.3million (2021-22: £1.0 million).

Pension past service cost

A number of the agency's people are members of the Local Government Pension Scheme. Details of this scheme can be found in note 12 to the financial statements.

Civil Service pensions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS), known as "alpha", are unfunded multi-employer defined benefit schemes. The agency is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2016. You can find details in the resource accounts of the Civil Service Pensions : Resource Accounts (civilservicepensionscheme.org.uk)

For 2022-23, employer contributions of £34.0 million (2021-22: £31.3 million) were payable to the PCSPS and alpha at one of four rates during 2022-23 (and 2021-22) in the range of 26.6% - 30.3% of pensionable earnings, based on salary bands.

The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-23, to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £271,259 (2021-22: £219,267) were paid to one or more of the appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75%.

The agency also matches employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £9,848 (2021-22: £8,308, 0.5% of pensionable pay) were payable to the PCSPS and alpha to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £24,777 (2021-22: £21,781).

Approval was given to eight employees retiring on ill-health grounds during 2022-23 (including LGPS), with only three being processed in year (2021-22: nil).

Early departure costs

The table below sets out the number of formally agreed exit packages in the year, divided into bands of cost. These disclosures are subject to audit.

Exit package cost by band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2022-23	2021-22	**2022-23**	2021-22	**2022-23**	2021-22
< £10,000	-	-	4	11	4	11
£10,000 - £25,000	-	-	1	1	1	1
£25,000 - £50,000	-	-	-	2	-	2
£50,000 - £100,000	-	-	-	-	-	-
£100,000 - £150,000	-	-	-	-	-	-
Total number of exit packages	-	-	5	14	5	14
Total cost (£'000)	-	-	24	111	22	111

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2022-23 (2021-22 comparative figures are also given). £0.02 million exit costs were paid in 2022-23, the year of departure (2021-22: £1.41 million). Where the agency has agreed early retirements, the additional costs are met by the agency and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Compensation arrangements for the Local Government Pension Scheme are outside the scope of the Civil Service Compensation Scheme. There was one early retirement or ill-health retirements for members of this scheme during 2022-23 (2021-22: nil).

Reporting of off-payroll appointments

In line with HM Treasury guidance on off-payroll appointments, tables 1 and 2 below provide information on our highly paid and/or senior off-payroll appointments. Off-payroll appointments are those which are not on the agency's payroll.

Table 1: Highly paid off-payroll worker engagements as at 31 March 2023, earning £245[8] per day or greater

	VOA
No. of existing engagements as of 31 March 2023	3
Of which:	
No. that existed < 1 year	3

Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day[12] or greater

	VOA
No. of temporary off-payroll workers engaged during the year ended 31 March 2023	8
Of which:	
Not subject to off-payroll legislation[9]	8
Subject to off-payroll legislation and determined as in-scope of IR35[13]	0
Subject to off-payroll legislation and determined as out-of-scope of IR35[9]	0
No. of engagements reassessed for compliance or assurance purposes during the year	0

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023:

	VOA
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both on payroll and off-payroll engagements.	7

12 The £245 threshold is set to approximate the minimum point of the pay scale for a SCS.

13 A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the agency must undertake an assessment to determine whether that worker is in-scope of Intermediaries legislation (IR35) or out-of-scope for tax purposes.

Staff Report

Our staff and SCS numbers
On 31 March 2023 the agency had

3,832

full-time equivalent (FTE) people working for us, including senior management,

318 fixed term appointees and **51** contingent workers

58

Headcount
Since 31 March 2022 our headcount increased by 58

8%

Staff turnover
The VOA's staff turnover percentage for 2022-23 was around 8%

Senior Civil Service
As of 31 March 2023, the agency has

24 SCS employees

23 SCS posts

Data as of 31 March 2023 (headcount not FTE):

Grade	SCS3	SCS2	SCS1
Total	1	5	18

Data as of 31 March 2023 (headcount not FTE):

Grade	Female	Male	Total
SCS	9	15	24
Other staff	2,120	1,948	4,068
Totals	2,129	1,963	4,092

Declared ethnicity category of employees:

The agency's ethnicity data is drawn from information voluntarily provided by employees. Contingent labour employees have been excluded from the figures. Of 4,092 employees (headcount rather than FTE, excluding contingent labour) at 31 March 2023, 2,880 have provided a response which is a declaration rate of 70% and a further 167 employees chose not to declare.

In accordance with Cabinet Office guidance, we exclude those who have chosen not to declare their ethnicity when calculating declaration rates and the proportion of ethnic minority staff in the agency.

	Ethnic Minority	% Ethnic Minority	Total declared	Total not declared	Total responses	% declared
G7, G6 and SCS	25	6	430	25	455	82
AA to SEO	358	15	2,450	142	2,592	69

The agency is committed to supporting ethnic minority colleagues and increasing representation in line with wider Civil Service aspirations.

The agency is included in HMRC's ambitious goals for representation at SCS level and will be working closely with them over the next year to achieve those goals.

Gender pay gap analysis

The agency reported on male and female pay comparisons for a number of years through regular equal pay reviews. In 2017 the government introduced legislation that made it statutory for organisations with 250 or more employees to report annually on their gender pay gap. The agency reports on these requirements annually by publishing them via the government's gender pay gap service website.

The gender pay gap figures below show the difference in the mean and median rates of pay between men and women in the agency for base pay using 31 March 2022 data. The difference is expressed as a percentage of the hourly rate of pay for male and female employees.

The agency is included in HMRC's ambitious goals for representation at SCS level and will be working closely with them over the next year to achieve those goals.

	Hourly rate for women	Hourly rate for men	Gender pay gap
Mean	£17.42	£19.26	9.6%
Median	£15.60	£17.28	9.8%

These headline figures take no account of the agency's grade structure, the different ratio of women and men within each grade, or the different national or London pay rates.

Trade union relationships

The VOA manages relationships with the trade union in accordance with current best practice.

Sickness absence average working days lost

	Working Days
2022-23 (as at 31 March 2023)	6.7
2021-22 (as at 31 March 2022)	6.4
Civil Service target	7.0

Accountability report

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

PARLIAMENTARY DISCLOSURES

All disclosures in this report are subject to audit.

Fees and charges
For details of the agency's fees and charges income, please see note 2 to the financial statements.

Remote contingent liabilities
A remote contingent liability is where the likelihood of settlement is too remote to meet the definition of a contingent liability. The agency has remote contingent liabilities of £0.35 million as at 31 March 2023.

Losses and special payments
The agency has incurred losses and made special payments throughout the year. These are individually and collectively below the reporting threshold of £0.3 million set down in Managing Public Money.

Losses and special payments are shown in their own line in note 4 of the financial statements.

Losses and special payments are defined in Annexes 4.10 and 4.13 of 'Managing Public Money', which can be found at https://www.gov.uk/government/publications/managing-public-money.

Regularity of expenditure
The Accounting Officer is able to identify any material irregular or improper use of funds by the agency, or material non-compliance use of funds.

To the date of this statement, there have been no instances of material irregularity, impropriety or funding non-compliance discovered during the financial year.

J Russell

Jonathan Russell, CB
Chief Executive
28 November 2023

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the Valuation Office Agency for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Valuation Office Agency's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Valuation Office Agency's affairs as at 31 March 2023 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Valuation Office Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Valuation Office Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Valuation Office Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Valuation Office Agency is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Valuation Office Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 by the Valuation Office Agency or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Valuation Office Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the Annual Report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the Valuation Office Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Valuation Office Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting noncompliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting noncompliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to noncompliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Valuation Office Agency's accounting policies, key performance indicators and performance incentives.
- inquired of management, the Valuation Office Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Valuation Office Agency's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;

  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Valuation Office Agency's controls relating to the Valuation Office Agency's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money.
- inquired of management, the Valuation Office Agency's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant internal and external specialists, including pensions specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Valuation Office Agency for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Valuation Office Agency's framework of authority and other legal and regulatory frameworks in which the Valuation Office Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Valuation Office Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2022, employment law and pensions legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and

- considered and evaluated the reasonableness of judgements made in the valuation of the defined benefit pension balances and revenue recognition, with reference to the supporting evidence available.

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

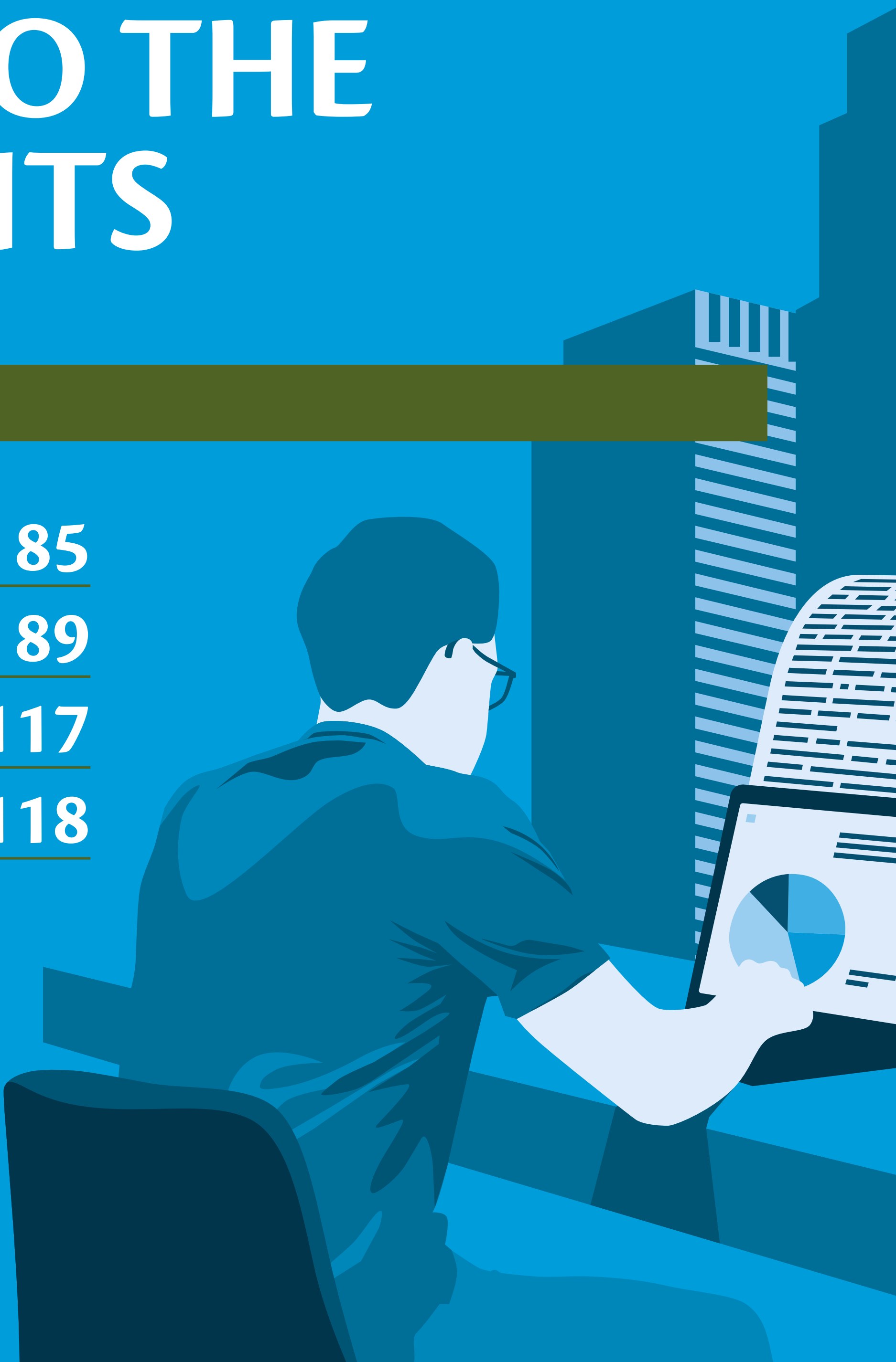
I have no observations to make on these financial statements.

Gareth Davies
30 November 2023
Comptroller and Auditor General

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

Financial statements

FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS



Statement of Comprehensive Net Expenditure (SoCNE) for the year ended 31 March 2023

		2022-23	2021-22
	Note	Total £'000	Total £'000
Revenue from contracts with customers	3	**47,134**	**42,515**
Staff costs	4	(183,078)	(168,350)
Purchase of goods and services	4	(26,247)	(30,381)
Reversal of provisions	4	1	439
Other operating expenditure	4	(188)	(181)
Depreciation, amortisation and impairment charges	4	(9,914)	(8,872)
Total operating expenditure	4	**(219,426)**	**(207,345)**
Net operating expenditure for the year		**(172,292)**	**(164,830)**
Other comprehensive net expenditure:			
Net gain on revaluation of intangible assets	7	464	952
Actuarial gain/(loss) on pension fund	12	42,009	32,028
Effect of changes in asset ceiling on pension fund for remeasurement of asset	12	(44,086)	(32,710)
Comprehensive net expenditure for the year		**(173,905)**	**(164,560)**

The notes on pages 89 to 116 form part of these accounts.

Statement of Financial Position as at 31 March 2023

	Note	31 March 2023 £'000	31 March 2022 £'000
Assets			
Non-current assets			
Property, plant and equipment	5	6,370	6,991
Right of use assets	6	55,767	-
Intangible assets	7	55,673	28,914
Pension asset	12	1,739	4,308
Total non-current assets		**119,549**	**40,213**
Current assets			
Trade and other receivables	8	5,062	6,091
Contract assets		2,329	2,139
Cash and cash equivalents	9	2,769	16,645
Total current assets		**10,160**	**24,875**
Total assets		**129,709**	**65,088**
Liabilities			
Current liabilities			
Trade and other payables	10	(25,849)	(29,041)
Amounts payable to the Consolidated Fund	9/10	(469)	(2,459)
Provisions		(100)	(300)
Total current liabilities		**(26,418)**	**(31,800)**
Total assets less current liabilities		**103,291**	**33,288**
Non-current liabilities			
Trade and other payables	10/11	(51,487)	-
Total non-current liabilities		**(51,487)**	**-**
Total assets less total liabilities		**51,804**	**33,288**
Taxpayers' equity and other reserves			
General fund		51,290	32,684
Revaluation reserve		514	604
Total equity		**51,804**	**33,288**

J Russell

Jonathan Russell CB,
Chief Executive,
28 November 2023

The notes on pages 89 to 116 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2023

	Note	2022-23 £'000	2021-22 £'000
Cash flows from operating activities			
Net operating expenditure		(172,292)	(164,830)
Adjustments for non-cash transactions		10,023	8,531
Use of provisions		(199)	(211)
Pension fund expenditure passing through the SoCNE	12	1,056	1,420
Movements on pension asset and pension fund income and expenditure not passing through the SoCNE		(564)	(590)
Pension fund contribution not passing through SoCNE	12	592	620
(Increase)/decrease in trade and other receivables	8	1,029	(1,317)
Increase in contract assets		(190)	(528)
Increase/(decrease) in trade payables and other liabilities	10	46,305	(2,160)
Movements in payables relating to items not passing through operating costs		(48,178)	3,961
Net cash outflow from operating activities		**(162,418)**	**(155,104)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,855)	(2,921)
Purchase of intangible assets		(33,960)	(23,290)
Net cash outflow from investing activities		**(36,815)**	**(26,211)**
Cash flows from financing activities			
Parliamentary funding received		191,697	163,294
Receipts on behalf of the Consolidated Fund	9	469	881
Payments to the Consolidated Fund	9	(2,459)	-
Capital payments against leases		(4,350)	-
Net cash inflow from financing activities		**185,357**	**164,175**
Net decrease in cash and cash equivalents in the period		**(13,876)**	**(17,140)**
Cash and cash equivalents at the beginning of the period	9	**16,645**	**33,785**
Cash and cash equivalents at the end of the period	9	**2,769**	**16,645**

The notes on pages 89 to 116 form part of these accounts.

Statement of Changes in Taxpayers' Equity (SoCTE) for the year ended 31 March 2023

		2022-23			2021-22		
	Note	General fund £'000	Revaluation reserve £'000	Taxpayers' equity £'000	General fund £'000	Revaluation reserve £'000	Taxpayers' equity £'000
Balance at 31 March		**32,684**	**604**	**33,288**	**33,369**	**467**	**33,836**
Initial adoption of IFRS 16 on 1 April 2022		22	-	22	-	-	-
Balance at 1 April		**32,706**	**604**	**33,310**	**33,369**	**467**	**33,836**
Parliamentary funding received		191,697	-	191,697	163,294	-	163,294
Net gain on revaluation of intangible assets	7	-	464	464	-	952	952
Net operating expenditure for the year		(172,292)	-	(172,292)	(164,830)	-	(164,830)
Actuarial gain on pension fund	12	42,009	-	42,009	32,028	-	32,028
Effect of changes in asset ceiling on pension fund for remeasurement of asset		(44,086)	-	(44,086)	(32,710)	-	(32,710)
Third party pension liability payments	12	592	-	592	620	-	620
Transfer between reserves		554	(554)	-	815	(815)	-
Notional charges - auditor's remuneration	4	110	-	110	98	-	98
Balance carried forward		**51,290**	**514**	**51,804**	**32,684**	**604**	**33,288**

The notes on pages 89 to 116 form part of these accounts.

NOTES TO THE AGENCY'S ACCOUNTS

Note 1. Statement of accounting policies

As the agency is a government entity, the financial statements have been prepared in accordance with the 2022-23 government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the agency has selected the accounting policy which is most appropriate to provide a true and fair view. The agency's accounting policies are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The accounts have been prepared in accordance with the direction given by HM Treasury on 15 December 2022, in accordance with Section 7(1), (2) and (5) of the Government Resource and Accounts Act 2000.

Note 1.1 Accounting convention

The agency's accounts have been prepared using the historical cost convention, modified to account for the revaluation of property, plant and equipment, and intangible assets (see notes 1.6 and 1.7).

The accounts have been prepared on a going concern basis.

Note 1.2 Revenue

Revenue principally comprises charges for services provided by the agency to other government departments, agencies, non-departmental public bodies and external customers.

Under IFRS15 the agency recognises revenue in a way that depicts the transfer of promised services to our customers and for the amount to which we expect to be entitled for those services.

A summary of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers is shown in note 3.

Note 1.3 Financial assets

A financial asset is recognised when the agency becomes a party to the contractual provisions of the instrument. The exception is where the financial asset is consideration from customers for services provided. In these cases, the agency recognises the financial asset when our revenue recognition criteria are met (see note 3). A financial asset is removed from the Statement of Financial Position when the contractual right to the asset expires, or when the asset is transferred to another party.

The agency's business model is to hold financial assets to collect contractual cash flows only. Financial assets are measured at cost and consist of trade and other receivables, contract assets and cash and equivalents.

At each reporting date the agency recognises a loss allowance at an amount equal to lifetime expected credit losses. The amount of impairment loss is calculated based on the expected shortfall looking forward over the lifetime of the exposure.

The amount of the impairment is recognised in the Statement of Comprehensive Net Expenditure in the period of impairment.

Note 1.3.1 Trade receivables

The majority of the agency's trade receivables are held with other government departments and other public sector bodies as a result of the work that we do via our District Valuer Services team. The agency currently assesses these as having a low risk of default and historical instances of impairment associated with these debts have been rare. Therefore, the agency currently recognises zero expected credit losses for trade receivables.

Note 1.3.2 Contract assets

Contract assets are classed as a financial asset. They represent revenue recognised from progress on contracts where performance obligations are partly satisfied (see note 3). The cost is calculated using records of time spent on the work and our hourly charge rate which reflects the estimated full cost of the service, as required by 'Managing Public Money'. Contract assets are measured net of expected credit losses which are calculated based on foreseeable losses on current contracts and for irrecoverable amounts. Recoverability is estimated for future years based on the previous years recovery rate.

Note 1.3.3 Cash and cash equivalents

Cash and cash equivalents represent cash balances held in the Government Banking Service.

Note 1.4 Financial liabilities

A financial liability is recognised when the agency becomes a party to the contractual provisions of the financial instrument. The exception is any liability related to the purchase of goods or services in the normal course of business. In these cases the financial liability is recognised when, and to the extent that, the goods or services are provided. A financial liability is removed from the Statement of Financial Position when it is extinguished, i.e. when the obligation in the contract is paid, is cancelled or expires. All financial liabilities are measured at cost or fair value.

Note 1.5 Civil penalties

Civil penalties are levied for the failure to submit Forms of Return deemed essential for the assessment of rateable values. The receipt of these penalties is not accounted for in the Statement of Comprehensive Net Expenditure, as the agency has no claim on them and must surrender them to the Consolidated Fund. Therefore, they are recognised as a liability on the Statement of Financial Position and shown as receipts and payments in the Cash Flow Statement.

Note 1.6 Property, plant and equipment

On initial recognition, the agency recognises property, plant and equipment assets at cost, including all costs directly attributable to bringing the assets into working condition. Assets under construction costs are accumulated until the asset is completed and ready to be brought into service when the asset is transferred to the relevant asset class and depreciation commences. Non-property assets are valued on a depreciated historical cost basis as a proxy for value in existing use as they are non-specialised, low value, and of short lives.

The agency carries the costs of the refurbishment of office accommodation on the Statement of Financial Position as non-current assets where the work results in additional and/or extended service potential to the agency.

Apart from IT developed software, the agency considers all other assets' fair values to be comparable to their carrying values in the accounts.

Increases in asset values are recognised in the revaluation reserve within taxpayers' equity, except to the extent they reverse previous downwards revaluations recognised in net expenditure. Any subsequent revaluations of the asset are matched off against the amount of the revaluation reserve relating to the asset. However, if the devaluation exceeds the amount in the revaluation reserve relating to this asset, an impairment results (see note 1.9).

When the agency disposes of revalued property, plant and equipment, any remaining amount attributable to the asset held in the revaluation reserve is transferred to the general fund.

Depreciation

Property, plant and equipment is depreciated over its estimated useful life on a straight-line basis. The useful lives of newly capitalised property, plant and equipment are detailed in the accompanying table.

All assets' residual values, useful lives and method of depreciation are reviewed at each financial reporting year end and adjusted if appropriate.

Asset class	Recognition threshold	Estimated useful life
Accommodation refurbishments	£15,000	10 years or over the period of the lease
Office, IT and telecoms equipment	£5,000	Up to 7 years
IT hardware	£5,000	Up to 5 years
Furniture and fittings	£5,000	Up to 10 years

Expenditure falling below these values is expensed in the Statement of Comprehensive Net Expenditure. Where appropriate, individual assets falling below the minimum value for capitalisation are grouped and thus capitalised. Individual assets above the recognition threshold are also grouped, usually at the time of purchase, and within asset classes where the estimated useful lives are the same. Intangible assets are also grouped on a similar basis (see note 1.8).

Right-of-use assets – depreciation

Where a lease has been identified, VOA recognise a right-of-use asset and a corresponding lease liability net of VAT. In line with guidance, VOA has excluded contracts:

- for low-value asset items less than £5,000, in line with capitalisation thresholds for non-current assets
- with a term shorter than twelve months

Right-of-use assets are depreciated on a straight-line basis over the associated lease term.

As permitted by the FReM, right-of-use assets are subsequently measured using the cost model as a proxy for the measurement of the cost value in use. This is because lease terms require lease payments to be updated for market conditions, for example, rent reviews for leased properties, which will be captured in the IFRS 16 cost measurement provisions.

Right-of-use assets also have shorter useful lives and values than their respective underlying assets and, as such, cost can be used as a proxy for assets with shorter economic lives or lower values in accordance with the FReM.

Note 1.7 Intangible assets

Intangible assets consist of developed software and software assets under construction. Intangible assets under construction are only recognised if:

- it is technically and economically feasible to complete the asset;
- the agency intends to complete the asset; and
- the agency is able to use the asset generated by the project.

Assets under construction costs are accumulated until the asset is ready to be brought into service when the asset is transferred to the relevant asset class and amortisation commences. On initial recognition, the agency values intangible assets at the directly attributable costs incurred to bring them into use. In subsequent periods, the agency accounts for developed software on a fair value basis using modified historical cost. This involves applying a revaluation index using appropriate indices from the Office for National Statistics. Indices are applied annually on 31 March if there is any material change in the carrying values of the assets. The treatment of changes in valuation is the same as that used for property, plant and equipment (see note 1.6).

Amortisation

Intangible assets are amortised over their estimated useful lives on a straight-line basis. The useful lives of newly capitalised intangible assets are detailed in the table below.

Asset class	Recognition threshold	Estimated useful life
Developed software	£15,000	10 years unless known to be otherwise
Developed software - enhancements	nil	As per the enhanced asset
Software licences	£5,000	over the period of the licence

Intangible assets' residual values, useful lives and methods of amortisation are reviewed at each financial reporting year end and adjusted if appropriate.

Note 1.8 Grouped assets

The agency groups property, plant and equipment and intangible assets.

Grouped assets are a collection of assets which individually may be valued at less than an asset type's capitalisation threshold, but which together form a single collective asset because the items fulfil all the following criteria:

- the items are acquired at about the same date, or as part of work on the same project, and are planned for disposal at about the same date;
- the items are under single managerial control; and
- each grouped asset is over the capitalisation threshold for each asset class.

Note 1.9 Impairment of non-financial assets

Events and changes of circumstances are considered annually, and there is a review of property, plant and equipment and intangible assets for potential impairment losses whenever there is an indication that the carrying amount may not be recoverable. The agency reviews assets that are not yet ready for use on at least an annual basis. An impairment loss occurs when the carrying amount of the asset exceeds its recoverable amount. The asset's recoverable amount is the higher of its net selling price or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows or future service potential.

Where an impairment results from a loss in economic value or service potential, the loss is recognised as an operating cost in the Statement of Comprehensive Net Expenditure. Any revaluation reserve balance associated with the impaired assets is then released to the general fund. Impairment losses that do not result from such consumption of economic benefits are first applied against any existing amounts in the revaluation reserve relating to that asset, before any remaining loss is recognised as an operating cost.

Note 1.10 Provisions for liabilities and charges

Provisions are made where, at the reporting date, a legal or constructive liability (a present obligation arising from a past event) exists, for a probable transfer of economic benefits and for which a reasonable estimate can be made. Where obligations are less certain, or cannot be reliably estimated, the agency discloses them as contingent liabilities.

Provisions for dilapidations on leased properties, where a right-of-use asset has been recognised, are capitalised as part of the asset value.

Note 1.11 Employee benefits

Pensions

The agency operates two different pension arrangements.

a. Civil Service Pension Schemes

Principal Civil Service Pension Scheme (PCSPS)

The majority of past and a large number of present permanent staff members are part of the PCSPS.

The Civil Servants and Others Pension Scheme (alpha)

From 1 April 2015 a new pension scheme for civil servants was introduced – alpha. From that date all newly appointed civil servants and the majority of those already in service joined alpha. This scheme provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher).

Owing to the largely unfunded, multi-employer nature of the PCSPS and alpha schemes, it is not possible to identify the assets and liabilities associated with any one employer. Actual contributions to the scheme are used as the basis for the charge to the Statement of Comprehensive Net Expenditure. The agency does not recognise any PCSPS or alpha assets or liabilities.

Pension scheme members who first joined the Civil Service pension's arrangements by 30 July 2007 have their benefits calculated as a fraction of their final salary.

Members first joining the arrangements after this date are entitled to benefits based on career average salary.

b. Local Government Pension Scheme (LGPS)

The agency merged with The Rent Service in April 2009, taking on staff who are members of the LGPS. This is a funded defined benefit scheme. Entitlement to benefits accrued up to 31 March 2014 is based on a scheme member's final salary. Entitlement to benefits accrued thereafter is based on career average earnings.

The Statement of Financial Position includes an LGPS asset, which is the fair value of the scheme assets attributable to the agency minus the present value of the defined benefit obligation to staff.

VOA applies the asset ceiling test per IFRIC 14 in order to calculate how much of the surplus to recognise as an asset, ultimately limiting the value of the asset.

Independent actuaries value the defined benefit obligation using the projected unit method – an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees.

The scheme managers arrange for a formal valuation of the scheme's assets and liabilities to be carried out every three years, for the purpose of setting employers' contributions. A valuation was undertaken at 31 March 2022, with then next valuation taking place at 31 March 2025.

The agency records non-cash service costs and net interest costs (comprising interest income on the assets and interest expense on the liabilities), which are both calculated with reference to the discount rate, and administration expenses as operating costs in the Statement of Comprehensive Net Expenditure in the period in which they occur.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in reserves in the period in which they arise.

Early departure costs

Costs of early departures are recognised when the agency is committed to the departure. They are disclosed in the Remuneration and Staff Report. The increased pension liabilities in respect of LGPS members due to early departures are recognised within the pension liability (note 12).

Note 1.12 Leases and initial application of IFRS 16

VOA has adopted IFRS 16 as interpreted and adapted in the FReM, with effect from 1 April 2022, in line with HM Treasury's delayed, mandatory application by government departments and agencies.

HM Treasury has withdrawn the accounting policy choice to apply IFRS 16 retrospectively to each prior reporting period presented in accordance with International Accounting Standard 8. Therefore, at the date of initial application, VOA has recognised the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of taxpayers' equity.

Following assessment of existing leases, VOA identified that the only leases in scope for the new standard relate to accommodation arrangements throughout its estate, including Memorandum of Terms of Occupancy agreements for intra-government arrangements, which are treated as contracts and therefore within the scope of IFRS 16 where they convey the right to use an asset. These leases were previously treated as operating leases.

Where a lease has been identified, VOA recognises a right-of-use asset and a corresponding lease liability net of VAT. In line with guidance, VOA has excluded contracts:

- for low-value asset items less than £5,000, in line with capitalisation thresholds for non-current assets
- with a term shorter than twelve months

For such leases, the lease payments are recognised as an expense on a straight-line basis over the lease term, within expenditure.

On initial application of IFRS 16, VOA has recognised right-of-use assets as an amount equal to the initial lease liability, adjusted by the amount of any prepaid lease payments recognised immediately before the date of initial application. The initial lease liability has been calculated based on the present value of future cash flows for each lease over the applicable lease term determined in accordance with the new standard.

Where the interest rate implicit in a lease cannot be readily determined, VOA calculates the lease liability using the HM Treasury discount rates as the incremental borrowing rate. This rate is advised annually by HM Treasury, 3.51% for leases recognised in 2023 (0.95% for 2022).

VOA does not apply IFRS 16 to leases of intangible assets and recognises these in accordance with International Accounting Standard 38 where appropriate.

Note 1.12.1 Initial application of IFRS 16

VOA has recognised the following opening balances in 2022-23:

	Land & Buildings £000
IAS 17 operating lease commitment at 31 March 2022	**50,212**
Less leases treated as short term on initial adoption of IFRS 16	(509)
Adjustment for different lease term assumptions under IFRS 16	6,229
Adjustment for discounting of future cashflows	(4,107)
IFRS 16 lease liability at 1 April 2022	**51,825**
Amounts prepaid	22

	Land & Buildings £000
Right of use asset value at 1 April 2022	**51,847**

Note 1.13 Critical accounting judgements & key sources of estimation uncertainty

The preparation of the financial statements requires the use of estimates and assumptions. Although the agency bases judgements and estimates on the best knowledge of current events and actions, actual results may differ from assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. The most significant estimates and areas of management judgement made in the accounts relate to:

Provisions for legal claims
Judgement is required in relation to legal claims to estimate the likelihood of a case being found against the agency, and to estimate the most likely amount that the agency would be required to pay. Estimates are made based on past experience and legal advice.

Measurement of the LGPS pension asset (note 12)
The present value of the agency's net pension obligation under the LGPS depends on a number of factors which are actuarially determined on the basis of a set of assumptions. Key assumptions include the discount rate to be applied, inflation forecasts, long term changes in member salaries, future return on assets and member mortality.

Measurement of the employee and flexi leave accrual (note 10)

The agency uses an employee-by-employee breakdown of the actual leave balance and salary to calculate its liability for employee leave and flexi balances. The principal uncertainty is in respect of when the untaken leave balance will be used. In the absence of information on the timing of staff members' future use of their leave, the agency neither discounts the liability nor includes any forecast of future salary increases.

Leases (note 11)

VOA determines the amounts to be recognised as the right-of-use asset and lease liability for embedded leases, based on the price of the lease and other components.

Note 2. Operating segments for the year ended 31 March 2023

The agency discloses performance results for the areas of its activities where fees and charges are made in line with the government Financial Reporting Manual requirements. In accordance with IFRS 8, the agency has identified four key factors to distinguish reportable operating segments. These are that:

- the reportable operating segment engages in activities from which we earn revenues and incur expenses;
- the reportable operating segment's financial results are regularly reviewed by the chief operating decision-maker to make decisions about allocation of resources to the segment and assess its performance;
- the reportable operating segment has discrete financial information; and
- the reportable operating segment provides a distinct service to its customers.

ExCom is the primary decision-making forum for the agency. The segmental analysis below is based on the detail presented to ExCom who review management information based on three reportable segments, with corporate services costs distributed across each line:

Business rates and Council tax

Compilation and maintenance of the non-domestic rating and Council Tax lists that support the collection of Council Tax and business rates in England and Wales.

The Welsh Government fund our work in Wales, contributing £12.8 million (2021-22: £9.6 million). The remainder is principally funded through Parliamentary Supply, shown in the Statement of Changes in Taxpayers' Equity.

District Valuer Services

Delivery of a range of statutory and non-statutory functions, principally;

- Provision of valuation advice for national taxation purposes to HMRC on areas such as Inheritance Tax and Capital Gains Tax £7.2 million (2021-22: £7.0 million)
- Determinations of value for Right to Buy in England £2.1 million (2021-22: £1.8 million)
- Wider provision of valuations and property advice for other public bodies to support statutory functions, delivery of government policies and estates strategies £15.1 million (2021-22: £14.4 million)

Local Housing Allowances and fair rents

Rent assessment services are used for assessing Housing Benefit claims and for determining fair rents in accordance with the Rent Act 1977. The segment's principal client is the DWP contributing £6.8 million (2021-22: £6.9 million) and additional work done is carried out for DLUHC, contributing £1.8 million (2021-22: £1.8 million).

	2022-23			2021-2022		
	Income from fees and charges £'000	Full cost of providing services £'000	Surplus / (deficit) £'000	Income from fees and charges £'000	Full cost of providing services £'000	Surplus / (deficit) £'000
Business rates and Council Tax	14,223	187,952	(173,729)	10,660	177,136	(166,476)
District Valuer Services	24,328	22,113	2,215	23,227	20,579	2,648
Local Housing Allowances and fair rents	8,583	8,305	278	8,628	8,210	418
Total	**47,134**	**218,370**	**(171,236)**	42,515	205,925	(163,410)

Reconciliation to Statement of Comprehensive Net Expenditure

	2022-23 £'000	2021-2022 £'000
Surplus/(Deficit) per above	(171,236)	(163,410)
Non-cash pension costs not recovered from clients	(1,056)	(1,420)
Net operating expenditure	**(172,292)**	(164,830)

The agency's ExCom does not require an analysis of assets or liabilities by segment for the purposes of allocating resource or assessing performance. Accordingly, no analysis is included in these financial statements.

Note 3 Revenue from contracts with customers.

In 2022-23 the agency has recognised £47.1 million (2021-22: £42.5m) of revenue from contracts with customers. This increase is largely due to the work we have been undertaking with the Welsh Government.

The following disclosures describe the material[14] sources of revenue arising from contracts with customers, and supplement those provided in note 2.

14 The remaining revenue (£1.4 million) has been included within the "Business rates and Council Tax" segment in note 2.

Revenue category	Revenue negotiated annually	Revenue charged on an hourly basis
Revenue streams	• Council Tax and business rates (Wales); • Housing Allowances; • Fair Rent and; • Statutory Valuations Team (HMRC).	• Property Services; • Statutory Valuations Team (DWP); and • Statutory Valuations Team (Right to Buy).
Total revenue recognised	£28.6 million	£17.1 million
Timing of Revenue Recognition (and satisfaction of performance obligations)	Over time (1)	Over time (2)

1
–

Our service level agreements to deliver these statutory services are negotiated on an annual basis. The agency's framework agreement requires that we recover the full cost of the services we provide to our customers. The agency agrees funding for each year in advance with our funding providers in order to achieve this objective. For each of these services we have several performance obligations and our funding providers are able to use the services we provide as they are performed as they simultaneously receive and consume the benefits provided by our performance. This means our performance obligations are satisfied over time.

We invoice funding providers in equal instalments on a monthly basis and payment is required at the latest by the tenth working day for most providers. The agency holds quarterly performance discussions with its funding providers covering in-year operational and financial matters. If our performance is significantly outside of agreed levels we discuss whether a funding adjustment or corrective action is required. Sustainable efficiencies delivered in the financial year would usually be reflected in future funding settlements.

2
–

The agency recognises revenue over time for these services where it has a right to payment for an amount that at least compensates the agency for its performance completed to date which is equivalent to the selling price of the goods or services transferred to date in the event that the customer or another party terminates the contract for reasons other than the agency's failure to perform as promised. This right is conveyed either by the agency's standard terms of engagement, the Service Level Agreement or by administrative practice for each contract. This work also does not create an asset with an alternative use to the agency.

In each case the agency recognises revenue using an input method. Client fees are calculated on a diary basis using records of time spent on client activity and pre-determined hourly charge-out rates derived to recover estimated full costs of the service, as required by Managing Public Money. This provides a faithful depiction of the transfer of services as our performance obligations are heavily labour-intensive to fulfil.

The agency's performance obligations for this work vary in their duration from smaller valuations that are completed within a few working days up to multi-year contracts. In each contract the performance obligation is to undertake work on property valuations or assessments, the output of which is a report. Until the performance obligation is completely satisfied the agency recognises a contract asset from the value of unbilled resource expended on the performance obligation. Typically, an invoice is issued on completion of the performance obligation, although as agreed in our contracts we hold the right to invoice on an interim basis for longer-term contracts. On issue of an invoice this contract asset becomes a trade receivable. Payment terms for invoices raised are 30 days from the receipt of the invoice.

If the customer is not satisfied with our work we will discuss their concerns in full, and issue a refund where it is fair and appropriate.

The agency has adopted the practical expedient in paragraph 121 of IFRS 15 because, as described above, it has a right to consideration from our customers in an amount that corresponds directly with the value to the customer of the entity's performance completed to date. There is no consideration from contracts with customers that is not included in the transaction price.

The contract balances from revenue with customers are included within trade and other receivables (note 8).

Note 4 Expenditure for the year ended 31 March 2023

	Note	2022-23 £'000	2021-22 £'000
Staff costs			
Wages and salaries		133,702	123,481
Social security costs		14,257	12,536
Other pension costs		35,191	32,897
Early departure costs		-	(508)
Less recoveries in respect of outward secondments		(72)	(56)
		183,078	168,350
Purchases of goods and services			
Accommodation costs		6,393	14,255
IT software and support		1,403	3,284
IT services		3,028	2,442
HMRC service charges		2,203	1,972
Subscriptions		1,842	1,713
Training		2,192	1,607
Print, postages and stationery		1,254	1,189
Contracted-out services		1,018	1,074
Consultancy		2,344	958
Travel and subsistence		2,693	858
Recruitment		550	475
Legal costs		568	45
IT software and support		41	27
Research and development		229	26
Sundry costs		489	456
		26,247	30,381
Provision expense			
Provision movements in-year		(1)	(439)
		(1)	(439)
Other operating expenditure			
Auditor's notional remuneration		110	98
Losses and special payments		57	79
Bad debt write off		21	4
		188	181
Depreciation, amortisation and impairment charges			
Depreciation of property, plant and equipment		1,228	1,419
Depreciation of right of use assets		4,816	-
Amortisation of intangible assets		3,691	6,734
Net loss on disposal of non-current assets		179	719
		9,914	8,872
Total operating expenditure		**219,426**	207,345

A further breakdown of staff costs, details of pension costs and exit packages, can be found on pages 61 to 75 in the remuneration and staff report.

The agency is audited by the Comptroller and Auditor General, who has not carried out any non-audit work for the agency in either year above.

Accommodation costs have fallen in year due to the introduction of the new accounting standard IFRS 16. Lease commitment costs are now taken to the Statement of Financial position. This reduction in accommodation costs has been offset by additional depreciation charges for right of use assets.

The budget and responsibility for VOA IT services and staff costs continues to fall to HMRC. The total 2022-23 cost for the IT and digital services provided to VOA by HMRC was £22.2 million (2021-22: £20.53 million).

Note 5 Property, plant and equipment

	Accommodation refurbishments £'000	Assets under construction £'000	Furniture, fittings and office IT equipment £'000	Total £'000
Cost or valuation:				
At 1 April 2022	4,437	2,540	3,685	**10,662**
Additions	-	786	-	**786**
Disposals	(276)	-	(857)	**(1,133)**
Reclassifications	2,834	(3,117)	283	**-**
Revaluations	-	-	-	**-**
At 31 March 2023	**6,995**	**209**	**3,111**	**10,315**
Depreciation:				
At 1 April 2022	1,772	-	1,899	**3,671**
Charged in the year	893	-	335	**1,228**
Disposals	(276)	-	(678)	**(954)**
Reclassifications	-	-	-	**-**
Revaluations	-	-	-	**-**
At 31 March 2023	**2,389**	**-**	**1,556**	**3,945**
Net book value:				
At 31 March 2023	**4,606**	**209**	**1,555**	**6,370**
At 31 March 2022	**2,665**	**2,540**	**1,786**	**6,991**

All property, plant and equipment assets are owned, and no donated assets were held during the year (31 March 2022: nil).

	Accommodation refurbishments £'000	Assets under construction £'000	Information technology hardware & telecommunications equipment £'000	Furniture, fittings and office equipment £'000	Total £'000
Cost or valuation:					
At 1 April 2021	3,611	4,276	6,349	4,274	**18,510**
Additions	-	1,457	-	-	**1,457**
Disposals	(2,088)	-	(4,511)	(1,056)	**(7,655)**
Reclassifications	2,914	(3,193)	(1,651)	280	**(1,650)**
Revaluations	-	-	-	-	**-**
At 31 March 2022	**4,437**	**2,540**	**187**	**3,498**	**10,662**
Depreciation:					
At 1 April 2021	3,319	-	5,760	2,255	**11,334**
Charged in the year	541	-	479	399	**1,419**
Disposals	(2,088)	-	(4,506)	(928)	**(7,522)**
Reclassifications	-	-	(1,560)	-	**(1,560)**
Revaluations	-	-	-	-	**-**
At 31 March 2022	**1,772**	**-**	**173**	**1,726**	**3,671**
Net book value:					
At 31 March 2022	**2,665**	**2,540**	**14**	**1,772**	**6,991**
At 31 March 2021	**292**	**4,276**	**589**	**2,019**	**7,176**

In 2020-21, a number of digital assets included within Information technology hardware owned by VOA, were transferred to HMRC as part of the digital integration programme. Upon completion of the programme a number of remaining assets which had not been transferred were subsequently decommissioned in 2021-22, and hence fully depreciated and disposed of with a nil net impact.

Note 6 Right of use assets

Right-of-use assets represent the right to direct the use of an underlying asset arising as a result of a lease. VOA does not own the underlying asset, but recognises the value of the right of use in accordance with IFRS 16.

	Buildings £'000	Total £'000
2022-23		
At 31 March 2022	-	-
Initial adoption of IFRS 16 on 1 April 2022	**51,847**	**51,847**
Cost or valuation		
At 1 April 2022	51,847	51,847
Additions	8,736	8,736
As at 31 March 2023	**60,583**	**60,583**
Depreciation		
At 1 April 2022	-	-
Charged in year	4,816	4,816
As at 31 March 2023	**4,816**	**4,816**
Carrying amount at 31 March 2023	**55,767**	**55,767**
Carrying amount at 31 March 2022	**-**	**-**

As referenced in Note 4, due to the introduction of IFRS 16, leased assets and liabilities are now reflected on the Statement of Financial position, over the life of the lease period.

Note 7 Intangible assets

	Developed Software £'000	Assets Under Construction £'000	Total £'000
Cost or valuation:			
At 1 April 2022	71,366	22,341	**93,707**
Additions	-	29,986	**29,986**
Disposals	(1,001)	-	**(1,001)**
Reclassifications	2,670	(2,670)	-
Revaluations	3,824	-	**3,824**
At 31 March 2023	**76,859**	**49,657**	**126,516**
Amortisation:			
At 1 April 2022	64,793	-	**64,793**
Charged in the year	3,691	-	**3,691**
Disposals	(1,001)	-	**(1,001)**
Reclassifications	-	-	-
Revaluations	3,360	-	**3,360**
At 31 March 2023	**70,843**	-	**70,843**
Net book value:			
At 31 March 2023	**6,016**	**49,657**	**55,673**
At 31 March 2022	**6,573**	**22,341**	**28,914**

Included within assets under construction are material costs of £48.1 million relating to the Business Systems Transformation programme.

	Developed Software £'000	Assets Under Construction £'000	Total £'000
Cost or valuation:			
At 1 April 2021	80,533	5,855	**86,388**
Additions	-	19,912	**19,912**
Disposals	(19,860)	-	**(19,860)**
Reclassifications	5,076	(3,426)	**1,650**
Revaluations	5,617	-	**5,617**
At 31 March 2022	**71,366**	**22,341**	**93,707**
Amortisation:			
At 1 April 2021	71,108	-	**71,108**
Charged in the year	6,734	-	**6,734**
Disposals	(19,274)	-	**(19,274)**
Reclassifications	1,560	-	**1,560**
Revaluations	4,665	-	**4,665**
At 31 March 2022	**64,793**	**-**	**64,793**
Net book value:			
At 31 March 2022	**6,573**	**22,341**	**28,914**
At 31 March 2021	**9,425**	**5,855**	**15,280**

During 2021-22, a review of developed software assets was undertaken. This resulted in the disposal of a number of historical items held on the register that were no longer in use, where new technology upgrades had superseded the original asset, or where the asset was no longer required as a result of closer digital integration with HMRC. The majority of these disposals were held at nil net book value at the time of disposal.

Note 8 Trade receivables and other assets

	31 March 2023	31 March 2022
Amounts falling due within one year:	£'000	£'000
Trade and other receivables	3,506	4,083
Prepayments	1,556	2,008
Total	**5,062**	6,091

Note 9 Cash and cash equivalents

At 31 March 2023, the agency held £2.8 million (31 March 2022: £16.6 million) of cash in the bank, which forms part of the exchequer pyramid.

The cash balance disclosed above includes £0.5 million (31 March 2022: £2.5 million) of civil penalties which have been collected on behalf of the Consolidated Fund (see note 1.5).

	31 March 2023 £'000	31 March 2022 £'000
Bank balance at 1 April (excluding Consolidated Fund receipts)	14,186	32,206
Net change in cash and cash equivalent balances	(11,886)	(18,020)
Balance at 31 March	**2,300**	14,186
Consolidated Fund receipts balance at 1 April (held in GBS account)	2,459	1,578
Amounts collected on behalf of Consolidated Fund	469	881
Transfer to HM Treasury	(2,459)	0
Balance at 31 March	**469**	2,459
The following balances as at 31 March were held at:		
Government Banking Service	2,300	14,186
Amounts payable to the Consolidated Fund	469	2,459
Balance at 31 March	**2,769**	16,645

Note 10 Trade payables and other liabilities

	31 March 2023	31 March 2022
Amounts falling due within one year	**£'000**	£'000
Trade and other payables	495	433
Accruals and deferred income	12,988	20,331
Employee leave accrual	7,643	8,277
Lease liabilities	4,723	-
	25,849	29,041
Amounts payable to the Consolidated Fund	469	2,459
Total current payables (excluding provisions)	**26,318**	31,500
Amounts falling due more than one year	£'000	£'000
Lease liabilities	51,487	-
Total non-current payables	**77,805**	31,500

Note 11 Leases

Leases liabilities are recognised within current and non-current payables as Lease liabilities from 2022-23, in line with IFRS 16 implementation requirements. A maturity analysis of contractual, undiscounted cash flows relating to lease liabilities (net of VAT for 2022-23 per IFRS 16 requirements) is set out below:

11.1 Lease liabilities

	31 March 2023 £'000	31 March 2022 £'000
Obligations under leases comprise:		
Buildings		
Not later than one year	5,264	5,482
Later than one year and not later than five years	18,282	16,047
Later than five years	37,246	28,683
Total	**60,792**	50,212
Less interest element	(4,582)	-
Present values of obligations		
Current portion	**4,723**	5,482
Non-current portion	**51,487**	44,730

11.2 Amounts recognised in the SoCNE

	31 March 2023 £'000	31 March 2022 £'000
Variable lease payments not included in lease liabilities:		
Depreciation	4,816	-
Interest expense	540	-
Expenses relating to short-term leases	532	-
Expenses relating to VAT	244	-
Expenses relating to low-value assets	-	-

Due to accounting standard IFRS 16 only being applied from 1 April 2022, there is no comparative data for 2021-22.

Note 12 Pension benefit obligations

Introduction

The agency merged with The Rent Service on 1 April 2009, taking on employees who are members of the Local Government Pension Scheme. The fund is administered by London Pension Fund Authority (LPFA) and the trustees are appointed by the Mayor of London. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees whilst working for the agency. The Local Government Scheme is accounted for as a defined benefit scheme. The Annual Report and Accounts of the LPFA can be found on their website, www.lpfa.org.uk.

The accounting entries in respect of the year ended 31 March 2023 have been made using information supplied by the scheme actuary, Barnett Waddingham LLP. The actuary prepared this information by rolling forward the value of the employer's liabilities calculated at the last formal valuation, performed as at 31 March 2022. The actuary allows for the different financial assumptions required by IAS 19. To calculate the asset share, the actuary has rolled forward our share of the scheme's assets at the last formal valuation, allowing for investment returns and the effect of payments in and out of the fund. Service costs have been estimated using contribution information supplied to the actuary.

The actuarial gain on the pension fund of £92.6 million, then adjusted down by £90.9 million due to re-measurement to the asset ceiling under IAS 19 has resulted in a pension asset of £1.7 million at 31 March 2023, having previously been an asset of £4.3 million at 31 March 2022.

In 2022-23, the agency made contributions at a rate of 20.5% (2021-22: 21.0%) of pensionable salary. The total cash contribution that the agency expects to make to the LGPS scheme in the year to 31 March 2024 is £0.3 million.

Transactions relating to the Local Government Pension Scheme

	2022-23		2021-22	
	£'000	% of pay	£'000	% of pay
Service cost	1,110	17.5%	1,284	19.9%
Net interest on defined asset	(120)	-1.9%	(120)	-1.8%
Administrative expenses	66	1%	256	3.9%
	1,056	16.6%	1,420	22.0%
Actual return on scheme assets	2,873		26,540	

The service cost is the increase in scheme liabilities as a result of employees' services. Net interest cost is the increase in the present value of the scheme's liabilities due to moving one year closer to payment.

Recognised in Statement of Changes in Taxpayers' Equity	**2022-23 £'000**	2021-22 £'000
Return on fund assets in excess of interest	(2,813)	26,419
Other actuarial gains on assets	112	-
Changes in financial assumptions	51,088	5,972
Changes in demographic assumptions	3,879	-
Experience (gain)/loss on defined benefit obligation	(10,257)	(363)
Actuarial gain recognised in Statement of Changes in Taxpayers' Equity	**42,009**	32,028

Under IAS 19, the surplus in the defined benefit plan as shown in this note is only recognised as an asset on the Statement of Financial Position up to the value of the asset ceiling. Asset ceiling is the present value of economic benefits available in the form of refunds from the plan and reductions in future contributions to the plan. The net defined benefit pension asset on the Statement of Financial Position at 31 March 2023 has been reduced by £2.6 million to reflect the value of the asset ceiling.

Actuarial gains and losses may arise on both scheme assets and liabilities. For assets, the gains and losses are as a result of the differences between the actual and expected return. This amount may be volatile from year to year because of sensitivity to the market values of scheme assets at 31 March each year.

Actuarial gains and losses on liabilities arise because of differences between actuarial assumptions and actual experience during the period, and the effect of changes in actuarial assumptions.

Assets and liabilities relating to the Local Government Pension Scheme

	31 March 2023 £'000	31 March 2022 £'000
Fair value of fund assets (bid value)	218,800	221,452
Present value of defined benefit obligation	(125,952)	(171,227)
Net asset	92,848	50,225
Present value of unfunded obligations	(236)	(316)
Remeasurement of net defined benefit pension asset for changes in asset ceiling	(90,873)	(45,601)
Net asset in the Statement of Financial Position	**1,739**	4,308

Reconciliation of present value of the scheme liabilities

	31 March 2023 £'000	31 March 2022 £'000
Opening defined benefit obligation at 1 April	171,543	178,705
Service cost	1,110	1,284
Interest cost	4,380	3,423
Changes in financial assumptions	(51,039)	(5,953)
Experience losses on defined beneficial obligation	10,257	363
Changes in demographic assumptions	(3,879)	-
Estimated benefits paid	(6,365)	(6,435)
Past service costs, including curtailments	-	-
Contributions by scheme participants	197	173
Unfunded benefits paid	(16)	(17)
Closing defined benefit obligation at 31 March	**126,188**	171,543

Reconciliation of fair value of the scheme assets

	31 March 2023 £'000	31 March 2022 £'000
Opening fair value of assets at 1 April	221,452	197,169
Interest on assets	5,686	3,790
Return on assets less interest	(2,813)	26,419
Other actuarial gains	112	-
Administration expenses	(66)	(256)
Contributions by the employer including unfunded	592	620
Contributions by scheme participants	197	173
Estimated benefits paid plus unfunded net of transfers in	(6,360)	(6,463)
Estimated fair value of scheme assets at 31 March	**218,800**	221,452

Reconciliation of asset ceiling

	31 March 2023 £'000	31 March 2022 £'000
Opening impact of asset ceiling	45,601	12,644
Interest on asset ceiling	1,186	247
Actuarial losses	44,086	32,710
Closing impact of asset ceiling	**90,873**	45,601

Indemnity for pension liability from the DWP

The agency has a service level agreement with DWP which has accepted that if the pension scheme liability were to crystallise then DWP would be liable for these costs. DWP also accepts that if it cannot meet these costs, it will seek additional funding from HM Treasury to address any shortfall.

In line with HM Treasury accounting guidance, DWP cannot fund the agency for the amounts recognised as operating costs above. These costs totalling £1.06 million for 2022-23 (2021-22: £1.42 million) are instead fully financed by our sponsor department HMRC. The agency is effectively therefore indemnified against this liability.

Sensitivity analysis

The following is a sensitivity analysis for the key valuation parameters with respect to the present value of pension entitlements.

	£'000	£'000	£'000
Adjustments to discount rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	124,742	126,188	127,661
Projected service cost	619	632	645
Adjustment to long term salary increase	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	126,267	126,188	126,109
Projected service cost	632	632	631
Adjustment to pension increases and deferred revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	127,607	126,188	124,794
Projected service cost	645	632	619
Adjustment to life expectancy assumptions	**+1 year**	**None**	**- 1 year**
Present value of total obligation	132,033	126,188	120,615
Projected service cost	654	632	610

History of surplus or deficit in the scheme

	31 March 2023 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2019 £'000
Fair value of Fund assets	218,800	221,452	197,169	174,059	187,424
Fair value of defined benefit obligations	(126,188)	(171,543)	(178,705)	(154,514)	(166,339)
Net surplus arising from defined benefit obligation before asset ceiling adjustment	**92,612**	49,909	18,464	19,545	21,085

Financial assumptions

	31 March 2023 £'000	31 March 2022 £'000
	% per year	% per year
RPI increases	3.2%	3.8%
CPI increases	3.0%	3.3%
Salary increases	4.0%	4.3%
Pension increases	3.0%	3.3%
Discount rate	4.8%	2.6%

The discount rate is the annualised yield at the 15 year point on the Merrill Lynch AA rated corporate bond yield curve.

Composition of scheme assets

	31 March 2023		31 March 2022	
	£'000	%	£'000	%
Equities	128,667	59%	126,049	57%
Target return funds	40,683	19%	47,697	22%
Alternative assets	49,171	22%	42,430	19%
Cash	279	0%	5,276	2%
	218,800		221,452	

Demographic and statistical assumptions

The following life expectancy assumptions are used by the actuary in calculating the accounting entries:

	31 March 2023 £'000	31 March 2022 £'000
Retiring today:		
Males	21.3	21.9
Females	23.8	24.0
Retiring in 20 years:		
Males	21.8	22.5
Females	25.3	25.8

The post retirement mortality is based on the Club Vita mortality analysis, projected using the CMI_2021, allowing for a long-term rate of improvement of 1.25% per annum and adopting the default smoothing parameter of 7.0, an initial addition parameter of 0.0% per annum. The 2021 CMI model also utilises a 2021 weight parameter (5%). The effect of updating the demographic assumptions is reflected in the change in demographic assumptions figure.

Note 13 Contingent liabilities at 31 March 2023

There were no material contingent liabilities at 31 March 2023 or 31 March 2022.

Note 14 Related party transactions for the year ended 31 March 2023

The VOA is an executive agency of HMRC. HMRC is a related party and the agency had a significant number of material transactions with HMRC during the year. Reported income in the year includes £7.2 million (2021-22: £7.0 million) earned from HMRC and expenditure includes £44.5 million (2021-22: £26.8 million) invoiced to the agency by HMRC. Current assets are nil (31 March 2022: £nil) of debt due from HMRC and £0.3 million (31 March 2022: £0.1million) of current liabilities due to HMRC. These figures exclude transfers of tax, national insurance and pension contributions that result from HMRC acting as our payroll provider.

The agency is controlled by the UK government and has a significant number of material transactions with other UK government departments. Most of these transactions have been under service level agreements with the DWP, the DLUHC and the Welsh Government. During 2022-23, income was invoiced to these parties under service level agreements as follows:

DWP	£7.0 million	(2021-22: £7.2 million)
DLUHC	£3.9 million	(2021-22: £3.6 million)
Welsh Government	£12.8 million	(2021-22: £9.6 million)

The agency had material transactions with pension schemes providing benefits to the agency's people, the PCSPS, alpha and the Local Government Pension scheme as administered by the London Pension Fund Authority. These transactions are discussed on pages 62 to 63 of the Remuneration and Staff Report and in note 12.

During the year, no Board member has undertaken any material transactions with the agency. The agency had no material transactions with any party related to the agency because of a Board member's interest in it or influence over it.

Lucy Frazer QC MP, appointed as the Financial Secretary to the Treasury (FST) from 16 September 2021 to 7 September 2022, is married to the Chief Executive of Alexander Mann Solutions Ltd (AMS). The FST was the departmental minister responsible for HMRC and VOA during that period. AMS are contracted under a Crown Commercial Service framework arrangement to source contractors and temporary workers and was a supplier to VOA prior to the FST's appointment. In the financial year 2022-23, VOA incurred expenditure of £2.2 million to AMS (2021-22 £1.4 million). The majority of this cost relates to payments to agency staff but an element covers the services provided by AMS to source these temporary workers. The FST had no role in the decisions relating to this expenditure.

Note 15 Events after the reporting period

The Accounting Officer authorised these financial statements for issue on the same day as certified by the Comptroller and Auditor General.

BST programme

Since 31 March 2023 VOA has taken steps to re-plan the programme, to take account of the challenges of integrating the different technical elements of the system, to mitigate risks and to give greater confidence in the delivery timeline. This has impacted both the delivery timeline and the costs of the programme.

It was agreed in July 2023 that the go-live for the Council Tax element of the programme would now be in the first quarter of 2024-25, with Non-Domestic rates following in 2025-26. The anticipated benefits of the new system continue to exceed anticipated costs.

The business case remains robust and was approved by HM Treasury in July 2023.

Note 16 Standards in issue but not yet effective

New and revised standards and interpretations have been issued but are not yet effective and have not therefore been adopted in this account.

IFRS 17 Insurance Contracts

IFRS 17 is the new accounting standard for Insurance Contracts and aims to make risk transfer contracts more comparable between entities. While the standard, which will replace IFRS 4: Insurance Contracts, will be effective for annual reporting periods beginning on or after 1 January 2023, an implementation date for government is still subject to confirmation. IFRS 17 is not expected to have a material impact on the financial statements.

PAYMENT OF LOCAL AUTHORITY RATES (POLAR)

Introduction

The VOA is responsible for administering the POLAR scheme on behalf of His Majesty's Government. The Chief Executive Officer of the VOA is the Accounting Officer for POLAR. The POLAR accounts are included within the HMRC consolidated financial statements are audited as part of the overall HMRC audit. It does not form part of the VOA accounts and is not audited as part of the VOA audit. Therefore, the following information has not been subject to audit.

Background

POLAR is a scheme by which local authorities in the UK are compensated by central government for the non-domestic rates due on properties occupied by a diplomatic mission or international organisation with diplomatic status. In accordance with the Vienna Convention on Diplomatic Relations 1961, Diplomatic Privileges Act 1964 or relevant Statutory Instrument, diplomatic missions and international organisations are exempt from all national, regional and municipal dues and taxes in respect of premises of the mission, other than such as represent payment for specific services rendered.

Under the scheme, diplomatic missions and international organisations are required to contribute an amount known as the Beneficial Portion. This is to take account of the extraneous services rendered, such as the fire services and street lighting. The Beneficial Portion was set at 6% of the overall rates bill.

VOA Responsibilities

The VOA administers the POLAR scheme. Essentially the VOA's role is to liaise with local authorities, diplomatic missions, international organisations and the Foreign, Commonwealth & Development Office (FCDO).

The VOA pays 100% of the rates liability to the local authorities and then seeks to recover the Beneficial Portion from the mission or organisation. If a mission or organisation falls into arrears then the FCDO will remind them of the legal requirement to pay the Beneficial Portion.

Fact and Figures

	2022-23 **£m**	2021-22 £m
Payments made to Local Authorities	68.1	82.5
Less invoices raised for Beneficial Portion	(3.9)	(4.4)
POLAR net funding	**64.2**	**78.1**

The numbers above are reported in HMRC accounts.

In 2022-23, there were 173 diplomatic missions in London; there were 38 Consulates outside of London, four of which are in Northern Ireland. There are also 36 International Organisations. Rateable values ranged from less than £520 to £12.95 million. A total of 32 local authorities are involved in the POLAR scheme, with 11 in central London.

GLOSSARY

Amortisation
This is the method of spreading the cost of using a non-current intangible asset over its useful life.

CFER (Consolidated Fund Extra Receipts)
This is income which the agency is not entitled to retain and it is passed over to HM Treasury.

Check
A review by the ratepayer or their representative of the information held by the VOA for their property. They confirm the accuracy of the facts on which the rating list entry is based, provides missing factual information and amends property details as necessary.

Challenge
The ratepayer or their representative can challenge any valuation related to the same property within four months of the check completion. Interested Parties can also make a challenge if the VOA has not completed the check after 12 months. If the challenge is about a change in the surrounding area (known as a material change of circumstances), then the challenge can be made either within four months after the check completion or within 16 months of the check confirmation.

Challenge outcomes (resolved)
Resolved challenges may be either:

Agreed
This is where challenges are resolved with an outcome of well-founded or agreement reached. Well-founded is an outcome where the VOA agrees with the proposed alteration to the list and the date from which the proposed alteration should take effect. Agreement reached is an outcome where the VOA and the ratepayer or their representative come to an agreement which is different to the proposed alteration of the list and/or the date from which the proposed alteration should take effect.

Disagreed
This is where challenges resolved with a considered decision, which is where the VOA and the ratepayer or their representative cannot agree the proposal, so the VOA issues its decision that may or may not result in an alteration to the list.

Consolidated Fund
The Consolidated Fund is the government's general bank account at the Bank of England. Payments from this account must be authorised in advance by the House of Commons.

Contingent liabilities
These are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the agency's control. An example is legal action where the agency may need to pay legal costs if it loses the case. These are not disclosed when disclosure could seriously prejudice the outcome of legal claims against the agency.

Current asset
This refers to cash and any other entity asset that will be converting to cash within one year from the agency's reporting date.

Current liabilities
This refers to an obligation that is due within one year of the agency's reporting date.

Deferred income
This is cash received in the current year that relates to income for future accounting periods.

Depreciation
This is the method of spreading the cost of a non-current tangible asset over its useful life.

FReM (Financial Reporting Manual)
This is HM Treasury's guide to preparing government annual report and accounts.

IAS (International Accounting Standard).
Accounting standards which government departments must comply with where relevant.

IFRIC (IFRS Interpretations Committee)
This committee develops guidance on appropriate accounting treatment of particular issues. Government departments must comply with this guidance where relevant.

IFRS (International Financial Reporting Standards).
Accounting standards which government departments must comply with where relevant.

Intangible assets
These relate to non-physical assets, for example developed computer software and website development costs.

Losses
Examples of losses include overpayments of salary due to miscalculation, misinterpretation, or missing information and fruitless payments. Fruitless payments are a loss from which a liability ought not to have been incurred, or where the demand for the goods and service in question could have been cancelled in time to avoid liability.

MCC (Material Change of Circumstances)
As referenced above under challenge; these are a particular type of challenge case which relate specifically about a change in the surrounding area which the requestor believes has had a material impact on rateable value.

Non-current assets
An asset that is not likely to convert to cash or cash equivalent within one year of the agency's reporting date.

Non-current liabilities
A liability not due to be paid within one year of the agency's reporting date.

Payables
These are amounts recognised as owing by the agency at the end of the reporting period but payment has not been made.

Provisions for liabilities
These are recognised when the agency has a present legal or constructive obligation as a result of a past event, it is probable that the agency will be required to settle that obligation and an amount has been reliably estimated.

Receivables
These represent all amounts recognised as owing to the agency at the end of the reporting period. A proportion of the receivable balance relates to revenue that is not yet overdue for payment.

Statement of Cash Flows
A statement that reports the cash flows during the financial year from operating, investing and financing activities.

Statement of Changes in Taxpayers' Equity (SoCTE)
A statement which explains the movements in the agency's net assets between the start and end of a financial year.

Statement of Comprehensive Net Expenditure (SoCNE)
This is the performance statement, the equivalent of the 'Profit and Loss' Account and Statement of Total Recognised Gains and Losses. It reports a summary of the agency's income and expenditure for the financial year, along with its gains and losses.

Statement of Financial Position
A statement which provides a snapshot of the assets and liabilities of the agency as at the end of the reporting period.

Technical Debt
This refers to IT infrastructure that has not been updated, old services that have not been retired and builds that have not been completed resulting in an IT estate that is expensive to run, inflexible and increasingly out of date.

ANNEX 1: SUSTAINABILITY DATA TABLES

The data in this annex meets the requirements of the VOA reporting guidance and is in addition to the progress reported against the Greening Government Commitments on pages 34-38.

Greenhouse gas emissions

	2020-21	2021-22	**2022-23**
Non-financial indicators		tCO_2e	
Total gross emissions	353	741	1,077
Total net emissions[15]	-	-	-
Gross emissions Scope 1 and 2	245	482	547
Gross emissions Scope 3 (business travel)	108	259	530
Energy consumption		kWh, 000s	
Electricity: non-renewable	-	-	-
Electricity: renewable	625	294	529
Gas	N/A	174	385
Oil	-	-	-
Travel breakdown		tCO_2e	
Road	105	222	389
Rail	2	35	129
Air (domestic and overseas)	1	2	11
Financial Indicators		£000s	
Expenditure on energy[16]	-	287	457
Expenditure on accredited offset purchases	-	-	-
Expenditure on official business travel	619	858	1,309

Waste

		2020-21	2021-22	**2022-23**
Non-financial indicators			Tonnes	
Total waste[17]		27	65	55
Waste	Landfill	0.5	0.5	0.5
	Recycled/composted	17	57	53
	Incinerated/energy from waste	N/A	N/A	3

15 Total net emissions: data not available as electricity is procured via 3rd parties. Additionally, VOA do not operate carbon sequestration or offsetting schemes.

16 Expenditure on energy 2020-21: Due to the nature of Estates lease arrangements during this period, data is not available.

17 Financial indicator information for waste is not available

Finite resource consumption – water

		2020-21	2021-22	2022-23
Non-financial indicators			m^3 000s	
Water consumption	Supplied	2.8	4.6	4.0
			m^3/FTE	
Water consumption	Supplied	0.80	1.35	1.19

Copier paper purchased

	2020-21	2021-22	2022-23
Non-financial indicators		A4 reams equivalent 000s	
Total waste	0.9	1.6	2.1

1 Water consumption cost: Data not available

2 Copier Paper cost: Data not available

Air travel breakdown

	2020-21			2021-22			2022-23		
Non-financial indicators	No	Kms	$mtCO_2e$	No	Kms	$mtCO_2e$	No	Kms	$mtCO_2e$
Total domestic	**14**	**9,736**	**1.26**	**60**	**16,106**	**2.09**	**204**	**85,934**	**11.17**
Total international	-	-	-	-	-	-	-	-	-
Short haul economy	14	9,736	1.26	60	16,106	2.09	204	85,934	11.17

Audio Conferences - Data not available for VOA

Demonstrating reductions per FTE
We have compared our footprints per FTE in 2022 to 2023 against the footprints per FTE in 2017 to 2018. There were positive improvements across all the Greening Government Commitment target areas.

Comparisons of footprints per FTE 2017 to 2018, and 2022 to 2023

	2017 to 2018	2022 to 2023
Greening Government Commitment	**footprints per FTE**	**footprints per FTE**
Greenhouse gas emissions (tonnes of CO2e)	0.83	0.29
Direct Building emissions (tonnes of CO2e)	0.4	0.15
Domestic flight emissions (tonnes of CO2e)	0.02	0.003
Waste (tonnes)	0.05	0.01
Water (m^3)	1.27	1.19
Paper (reams of A4)	7.53	0.56

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