Valuation Office Agency

VALUATION OFFICE AGENCY

ANNUAL REPORT AND ACCOUNTS 2023-24

HC 245

VALUATION OFFICE AGENCY

ANNUAL REPORT AND ACCOUNTS 2023-24

For the period 1 April 2023 to 31 March 2024.

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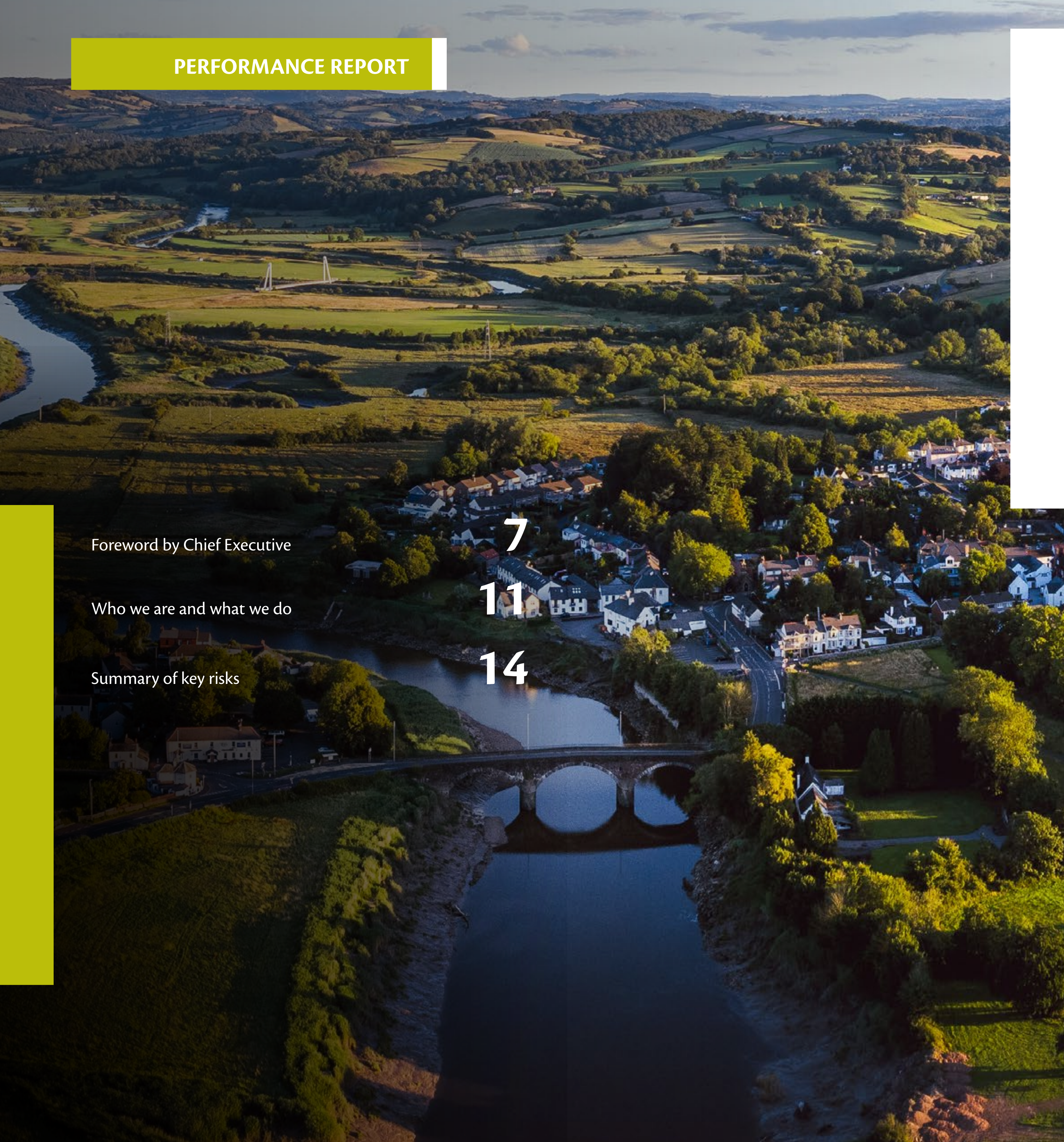


FOREWORD BY JONATHAN RUSSELL

The agency's work supports the collection of around £62 billion in business rates and Council Tax each year, which helps fund vital local public services. This accounts for around 10% of the UK's overall tax revenue and 75% of government funding to local authorities.

It's funding that is critical for local public services, whether that's children's adoption services, providing care to the elderly in their own homes, or funding local policing and schools.

It's why our performance and the quality of our valuation work matter to local authorities, businesses and taxpayers.

Delivering trusted property valuations

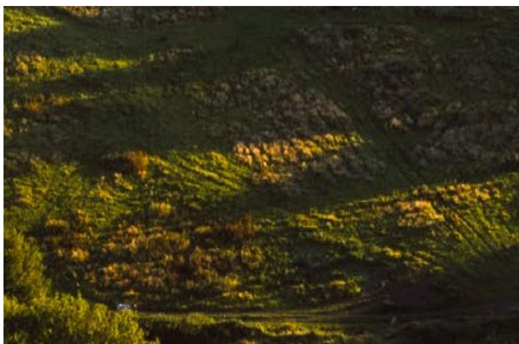
We're experienced at managing the unpredictable nature of customer demand, which is frequently driven by external events, to make sure that we still manage to deliver a good customer service.

2023-24 was particularly uncertain. It followed the first full cycle of a revaluation under the Check and Challenge service and the closure of the 2017 non-domestic rating list. As a result, the agency received a significant number of Checks and a subsequent increase in the number of Challenges.

We focused on clearing cases as quickly as possible, prioritising the oldest and those where customers faced financial hardship. We made significant

£62 billion

in business rates and Council Tax is collected each year from the work the VOA does, to fund vital local public services



We have been looking at more efficient ways of valuing, including using a **statistical approach** to the data we hold, and developing a valuation model, which has been recognised **as world leading.**

progress, reducing the number of outstanding cases by 90%. However, the volume of cases we received and the fact that we were clearing the oldest first, impacted our Check and Challenge timeliness.

So, while overall, we met the majority of our performance targets, this wasn't the case for our Check, Challenge and non-domestic rating maintenance timeliness targets.

Learning from this, we established a new forum to help us work more collaboratively with those agents who send us the highest number of cases. Agents also have a role in helping the business rates system work effectively, providing a better understanding of the flow and timing of the work they are sending us which ultimately benefit our shared customers.

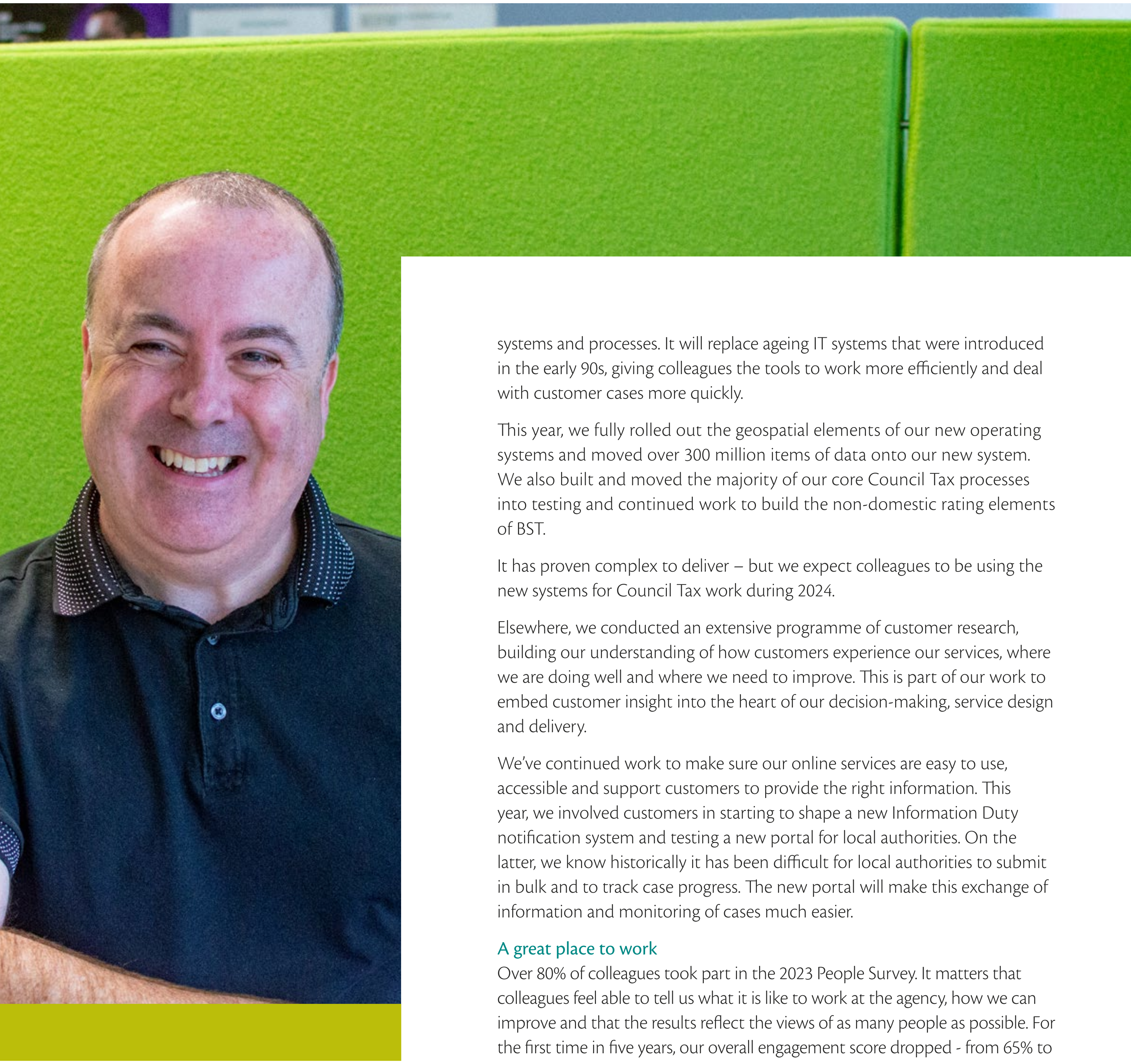
This year we began collecting the rental evidence we need for the next non-domestic revaluation in 2026. We also started engaging with industry and stakeholders early around our valuation approaches and how best to communicate with them.

We always want to make sure we're looking ahead at the benefits technology and data can bring us. We have been looking at more efficient ways of valuing, including using a statistical approach to the data we hold, and developing a valuation model, which has been recognised as world leading. This will be particularly helpful as we prepare to deliver a Council Tax revaluation in Wales in 2028. It is one of many examples of innovation helping us to be more efficient by freeing up our valuers to focus their specialist skills where they make the biggest difference.

Government clients once again demonstrated their confidence in our ability to deliver. We undertook additional work for them, including the Department for Education's school capacity project and operationalising changes to how holiday lets and houses of multiple occupation are valued.

Improving the customer experience

We continued to deliver our Business Systems Transformation (BST) programme. The Programme is redesigning and simplifying all our core



systems and processes. It will replace ageing IT systems that were introduced in the early 90s, giving colleagues the tools to work more efficiently and deal with customer cases more quickly.

This year, we fully rolled out the geospatial elements of our new operating systems and moved over 300 million items of data onto our new system. We also built and moved the majority of our core Council Tax processes into testing and continued work to build the non-domestic rating elements of BST.

It has proven complex to deliver – but we expect colleagues to be using the new systems for Council Tax work during 2024.

Elsewhere, we conducted an extensive programme of customer research, building our understanding of how customers experience our services, where we are doing well and where we need to improve. This is part of our work to embed customer insight into the heart of our decision-making, service design and delivery.

We've continued work to make sure our online services are easy to use, accessible and support customers to provide the right information. This year, we involved customers in starting to shape a new Information Duty notification system and testing a new portal for local authorities. On the latter, we know historically it has been difficult for local authorities to submit in bulk and to track case progress. The new portal will make this exchange of information and monitoring of cases much easier.

A great place to work

Over 80% of colleagues took part in the 2023 People Survey. It matters that colleagues feel able to tell us what it is like to work at the agency, how we can improve and that the results reflect the views of as many people as possible. For the first time in five years, our overall engagement score dropped - from 65% to 60%. Colleagues told us there are improvements we can make, for example, in how we manage change, and we are listening and responding.

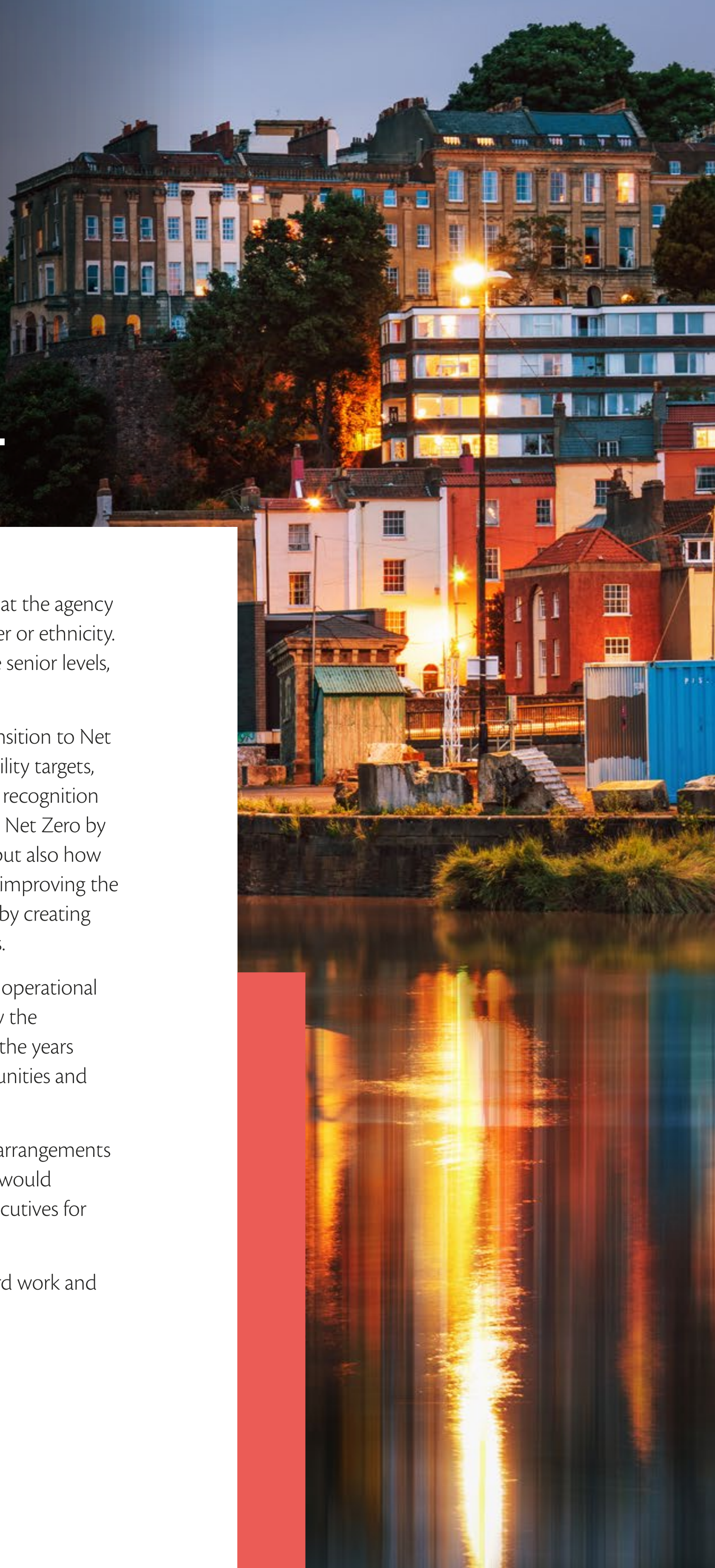
It matters to me that colleagues feel the agency is a great place to work, and somewhere they can develop and build a career.

Currently, we have 430 colleagues studying for surveying qualifications, which includes apprentices, graduates and existing caseworkers. This is complemented by a programme of outreach work with schools and universities to attract younger people to build a career with us. It is making a tangible difference - 13% of our surveyors are from an ethnic minority background, compared to the industry average of 2% and 40% are female compared to the industry average of 18%.

I am very proud that our investment in developing surveyors of the future, and of the impact this is having – and of our commitment to developing

430

colleagues studying for surveying qualifications, which includes apprentices, graduates and existing caseworkers.



As ever, I am very grateful to colleagues in the agency for their hard work and commitment to delivering for our customers.

people across all professions. Colleagues are able to build a career at the agency regardless of academic background, socio-economic status, gender or ethnicity. We know we have more to do to increase representation at more senior levels, but elsewhere great progress has been made.

We have continued to reduce our environmental impact and transition to Net Zero. We are making good progress on all our Greening sustainability targets, and have appointed a sustainability champion at director level, in recognition of the advocacy and leadership requirements needed to get us to Net Zero by 2050. That transition is relevant not just to us as an organisation, but also how we do our work. The way the UK will get there – for example, by improving the energy efficiency performance of property or reducing emissions by creating new woodlands – will have an impact on our property valuations.

Next year will see huge change, as we continue to modernise our operational systems and deliver reforms to non-domestic rating, which will lay the foundation for it to thrive as a modern, flexible organisation over the years to come. It is exciting seeing it taking shape and the huge opportunities and efficiencies that are beginning to emerge.

Since October 2024, there have been changes in our governance arrangements with oversight and assurance being provided by HMRC's Board. I would therefore like to take this opportunity to thank the VOA non-executives for their valuable support and advice over the last few years

As ever, I am very grateful to colleagues in the agency for their hard work and commitment to delivering for our customers.

Jonathan Russell, CB
Chief Executive
21 November 2024

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 3,800 people, based on full-time equivalents, with offices in 35 locations throughout England, Scotland and Wales.

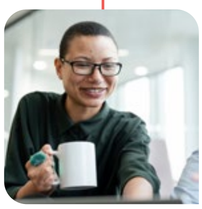
Core purpose
We are the public sector's property valuation experts and advisers, providing the valuations needed to support local taxation and benefits; our work underpins the funding of vital public services.

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

Strategic objectives
Our three strategic objectives that we delivered against during 2023-24 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 enables the collection of around £62 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, enabling the collection of around £23 billion[1] in business rates by local authorities throughout England and Wales.

Council Tax

We compile and maintain statutory valuation lists of Council Tax bands for 27 million domestic properties, enabling the collection of approximately £39 billion[1] in Council Tax throughout England and Wales.

Our work enables the collection of around £62 billion of revenue

£62bn

1 Source: Country and regional public sector finances: Financial year ending March 2023 (ONS). Total Council Tax and business rates revenue is around £62 billion.

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.

SUMMARY OF KEY RISKS

We identify risks and issues which pose a threat to our performance. We then take effective management action to mitigate these risks and issues, to reduce or prevent them impacting the successful delivery of our objectives. More detail on these risks and agreed mitigations can be found on pages 64 to 67.

Key risks we have faced and managed during the year include the delivery of our core services and transformation within our challenging funding constraints, the sustained delivery of our ambitious transformation agenda including BST and business rates reforms, and ensuring the necessary reliability and performance of our technology infrastructure to support the agency's business needs.

PERFORMANCE ANALYSIS

PERFORMANCE REPORT

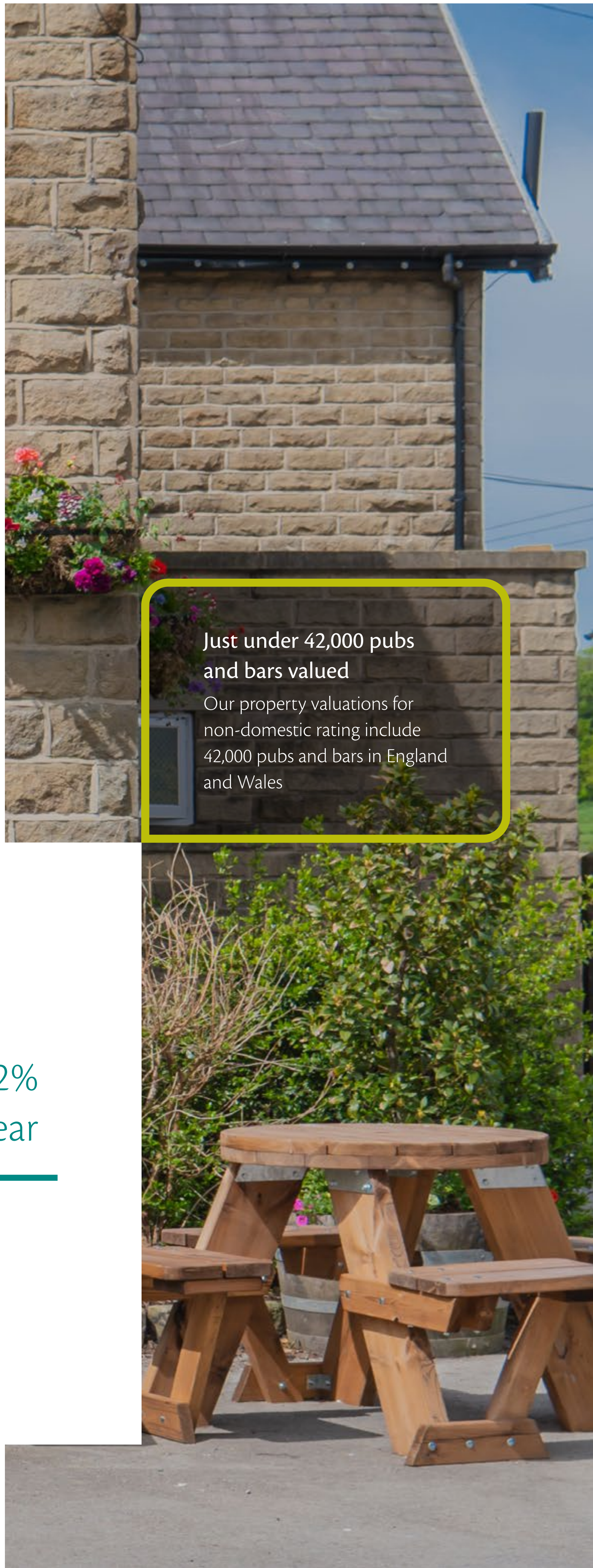
REVIEWING OUR PERFORMANCE

This section sets out how we have performed against our strategic objectives, the commitments we set out in our 2023-24 business plan and Spending Review 2021 priority outcomes.

The VOA faced a number of challenges and opportunities in 2023-24. We commenced work on the next revaluation in 2026, the first in a new three-yearly cycle of revaluations, whilst continuing to deliver for our customers in the context of unprecedented demand on our services.

Alongside this we continued to transform our business systems, deliver reforms to the business rates system and work with the Welsh Government on their proposals for Council Tax reforms in Wales including preparing for a revaluation.

We met all but three of our performance targets for the year, with Check, Challenge and non-domestic rating maintenance timeliness impacted by the significant demand on our Check and Challenge service ahead of the 2017 Rating List closure.



Just under 42,000 pubs and bars valued

Our property valuations for non-domestic rating include 42,000 pubs and bars in England and Wales

96% of our **Council Tax reports** were **resolved** within 90 days, a 2% improvement on the previous year

96%

Objective One Two Three

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 of rateable value) for the purposes of business rates.

The Non-Domestic Rating Act 2023 has now amended the frequency of revaluations from five to three years in England and through the Local Government Finance (Wales) Bill, the Welsh Government has also committed to moving to a three-yearly revaluation cycle.

Therefore, at the start of 2023-24, we began preparing for the next business rates revaluation which will take place in 2026. This will be the first in the new three-year cycle of revaluations.

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

Since 1 April 2023, we have been in the first phase of the revaluation collecting rental information, cleansing existing data and creating market knowledge reports across all sectors and regions of England and Wales. This enables us to interpret complex property markets to ensure the rating lists are produced with a high degree of confidence. As part of this, we have updated our lease register, which holds the rent and lease details of non-domestic properties, processing around 343,000 forms to do so this year.

Ratepayers rightly want to understand how we have arrived at their valuation, so transparency is important for us. To support the 2026 Revaluation we have started early engagement with industry and stakeholders around our valuation approaches and how best to communicate with them.

Our online business rates valuation service provides more information about individual valuations, and we publish practice notes on GOV.UK explaining how we value different types of properties. We have also published blogs explaining how we value, and why we request property information and collect rental and trade information from ratepayers. This helps us to make sure that rateable values are accurate, and everyone pays the right amount of business rates.

Maintenance of rating lists for non-domestic properties

During 2023-24 we raised and investigated 158,500 maintenance reports after receiving information about property changes from local authorities or customers. This was part of our work to maintain the rating lists for non-domestic properties.

From 1 April 2023, new eligibility rules for non-domestic rates were applied to self-catering and holiday lets both in England and Wales. To support this, we raised and resolved around 55,400 maintenance reports relating to these properties and over 7,000 were moved from the business rating lists into the Council Tax valuation lists.

The need to prioritise the new work in this area meant that we dealt with only 86% of maintenance reports within 90 working days, against the 90% target, compared with 94% in 2022-23.

Check, Challenge and Appeal

The Check and Challenge service allows businesses to check the facts held about their properties and view their valuation details before deciding whether to challenge their valuation. This was launched in England on 1 April

Challenge cases registered

Year	Cases
2022-2023	19,700
2023-2024	55,000

*against both the 2017 and 2023 lists

2017 and from 1 April 2023, Welsh customers and their agents also use this service to challenge a 2023 list valuation.

During 2023-24 we:

- registered 67,630 Check cases and resolved 154,010. This compares with 199,020 Checks registered and 109,820 resolved over the whole of 2022-23.
- registered 55,000 Challenge cases and resolved 33,740. This compares with 19,700 Challenges registered and 13,880 resolved over the whole of 2022-23. There were also 4,810 incomplete Challenges which could not be accepted, because the necessary evidence was not provided.
- registered 1,470 appeals and resolved 1,370. This compares with 1,190 appeals registered and 480 resolved over the whole of 2022-23.

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 on 31 March 2023, though this was higher and later than anticipated, with just under 133,000 received in the last quarter. A significant proportion of these also flowed through into Challenges. This placed pressure on our Check and Challenge service this year.

Due to this, we dealt with only 83% of Checks within three months and 77% of Challenges within 12 months, against the 90% target. We performed well ahead of statutory deadlines with over 99% of Checks resolved within the 12 months statutory deadline and over 99% of Challenges within the 18 months statutory deadline.

This year we resolved 1,370 appeals under the Check and Challenge service , significantly more than last year. As at the end of 2023-24, there were just over 1,900 appeals outstanding with around 460 of these listed for hearing by the Valuation Tribunal Service next year so far.

Businesses or their agents could continue to commence the appeal process using the Check and Challenge service 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.

Appeals against the 2010 business rating lists in England and 2010 and 2017 lists in Wales

For ratepayers and their agents, business rates appeals against the 2010 list (England and Wales) and 2017 list (Wales only) are still handled under the previous appeals system, and not dealt with using the newer Check and Challenge service.

In 2023-24 we resolved a total of 10,430 appeals relating to both the 2010 and 2017 lists.

As at 31 March 2024, we had 53 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. Whilst dependant on decisions by the relevant courts, we aim to process the remaining 2010 list cases in 2024-25. Over the life of the 2010 list, we have resolved around 1.16 million appeals with 70% resulting in no change to the list.

This year we completed the final cases arising from the Supreme Court decision around the valuation of automated teller machines (ATMs). This marked the end of a three-year project which has involved the clearance of over 52,000 appeals from the 2010 list.

Against the Wales 2017 list we had 2,480 outstanding appeals. Over the life of the 2017 list, we have resolved around 41,300 appeals in Wales with 74% resulting in no change to the list.

Council Tax

In 2023-24, we continued to maintain Council Tax valuation lists by raising and investigating just under 500,000 maintenance reports, band reviews and proposals after receiving information about property changes from local authorities or taxpayers.

This included new work arising from changes to the way Houses in Multiple Occupation are banded which came into force from December 2023. We worked with local authorities to identify relevant properties for rebanding and actioned 4,600 cases.

We cleared 96% of maintenance reports within 90 working days, exceeding our 95% target, which was a 2% 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 2023-24 we collected 500,860 items of letting data, supporting DWP to decide Local Housing Allowance rates across England, with VOA managing a register of fair rents.

We provide advice to local authorities on the maximum subsidy level payable for Housing Benefit claims under the Housing Benefit referral system. This year we determined over 99% of cases referred to us within three working days, when no inspection was required, exceeding our target of 96%.

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 25,930 such requests, known as Fair Rent cases, and resolved 98% 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 £30 million of income in 2023-24.

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 built closer working relationships with our public sector clients and continued to grow the work that we do for them. This included providing property advice on projects for National Highways in England and undertaking a schools assessment project for the Department for Education, creating opportunities to further develop our inspection skills and capability.

We also 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.

£30 million

in income raised by our independent property advice services, known as District Valuer Services (DVS)

We cleared all initial appraisals for HMRC within our five working day target. We completed 92% of DWP valuation 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.

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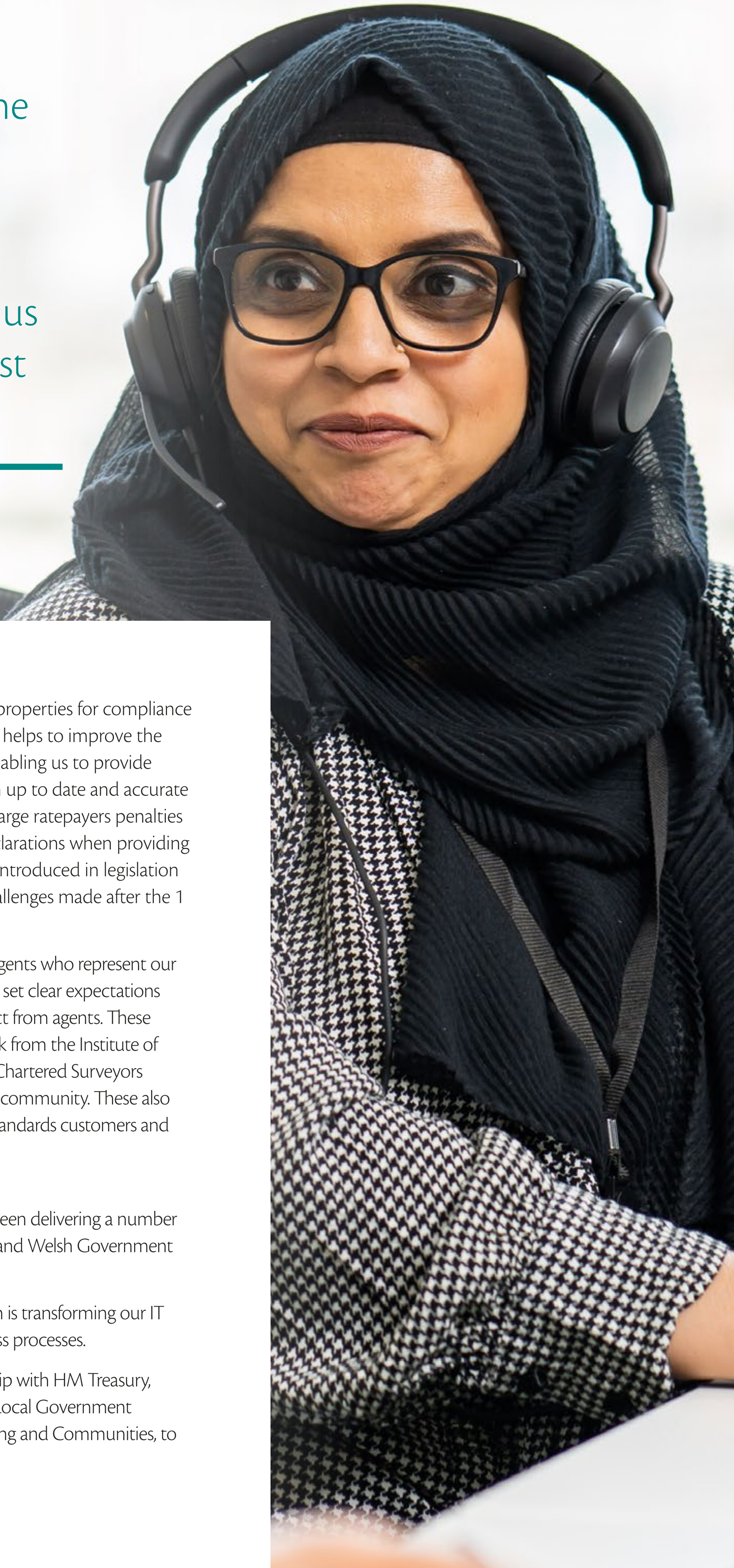
Agents are a key part of the property taxation system and the majority provide a good service. Our new agents standards support us in continuing to act against those who do not.



Improving our data and compliance

Each year we undertake 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. As part of our compliance work, we can charge ratepayers penalties when we find they or their agents have made false declarations when providing us with information about their property. These were introduced in legislation for Challenge work from 1 April 2017 and apply to Challenges made after the 1 April 2023.

We also published a new set of standards that apply to agents who represent our business rates and Council Tax customers. The standards set clear expectations about the behaviours and professional practice we expect from agents. These have been developed through engagement and feedback from the Institute of Revenues, Rating and Valuation, the Royal Institution of Chartered Surveyors and the Rating Surveyor Association as well as the agent community. These also complement our customer charter which sets out the standards customers and agents can expect of us.

Transformation

This has been a challenging year in which the VOA has been delivering a number of major transformation programmes, in support of UK and Welsh Government priorities.

This includes our Business Systems Transformation which is transforming our IT systems and redesigning and simplifying our core business processes.

Alongside this we have continued our work in partnership with HM Treasury, HMRC and the Ministry of Housing, Communities and Local Government (MHCLG), formerly Department for Levelling Up, Housing and Communities, to implement important reforms to non-domestic rating.

In parallel we continued to support the Welsh Government to implement their proposed reforms around Council Tax and non-domestic rating. This includes the adoption of the check, challenge and appeal (Gwirio, Herio and Apelio) process in Wales this year.

Business Systems Transformation

During the year we made significant progress in delivering our Business Systems Transformation (BST) programme. This will replace our 30 year old IT estate, fundamentally change our core IT systems and processes and transform how we work. BST is critical to ensure that we have the technology we need to deliver on our services, enabling us to be more agile and flexible in responding to our customers and changes in government policy.

BST will provide us with an integrated set of IT systems which includes case management and geospatial capability. It will re-design and simplify our core business processes and give colleagues the integrated tools they need to work more efficiently and effectively with less time moving between applications. It will be quicker to use, freeing colleagues to focus their time and skills on where they add most value. This will enable us to deal with customer cases more quickly and consistently.

BST also includes a new on-line portal for local authorities enabling them to register and track property review cases and directly upload information. This typically accounts for around 650,000 of our cases each year.

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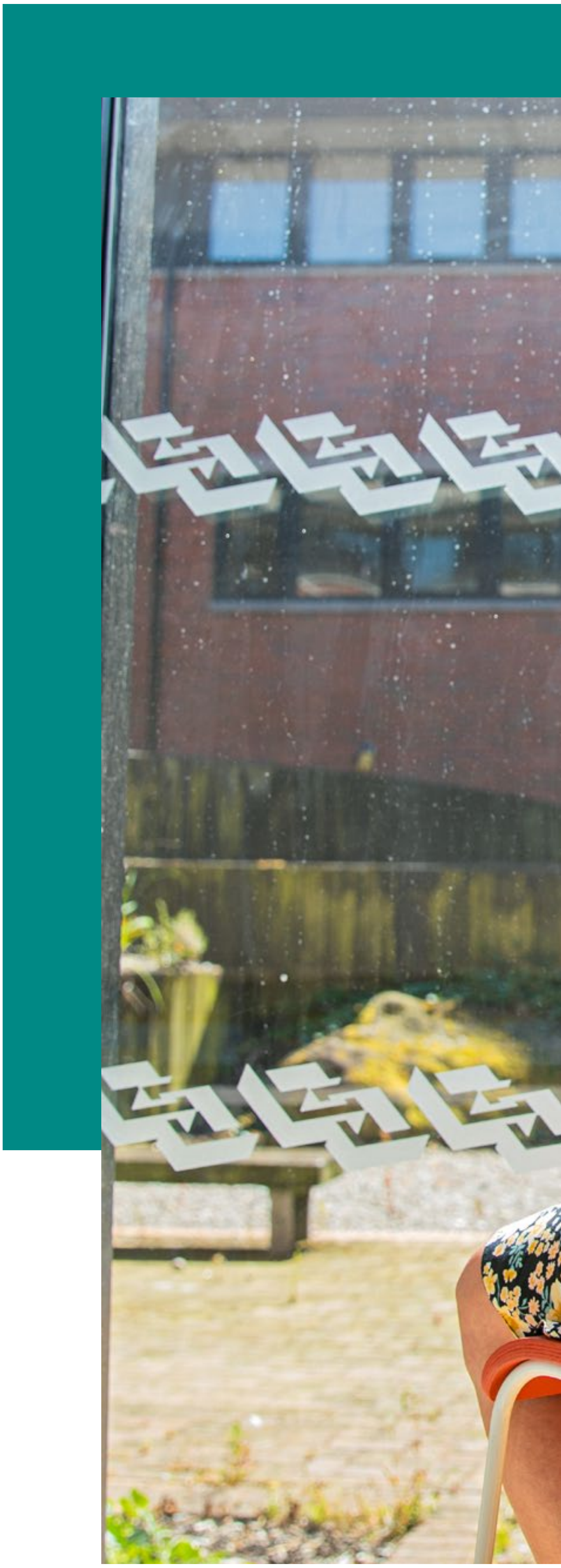
The Valuation Mapping System is a **geospatial tool** that enables us to display property information we hold on a digital map to **help our valuations.**



In November 2023, we successfully completed the roll out of the first BST tool to all operational colleagues across the agency. The Valuation Mapping System is a geospatial tool that enables us to display the property information we hold on a digital map to help our valuations. We have also delivered key milestones on the build and testing of the end-to-end processes for our Council Tax work.

The technical complexity and scale of BST has meant we had to manage a number of delivery challenges, particularly around the technical integration of different elements. The steps we took to re-plan the programme last year and the good progress made this year gives us greater confidence in our delivery timeline and our planned go-live for Council Tax in 2024.

Non-Domestic Rating Reforms

Through our non-domestic rating (NDR) Reforms Programme we are implementing a number of measures in England to enable more frequent revaluations, better sharing of information and a more efficient appeals system.

To implement these changes, a new Bill was introduced into parliament, and the Non-Domestic Rating Act 2023 received royal assent in October 2023. We worked closely with HM Treasury, HMRC and MHCLG to support this and began to deliver several of the reforms through our NDR Reforms Programme.

The Welsh Government have also set out plans to modernise the non-domestic rating system in Wales, with the Local Government Finance (Wales) Bill introduced in the Senedd in November 2023.

These reforms will transform how ratepayers engage with the business rates system and with the VOA.

Council Tax Reforms in Wales

The Welsh Government has announced plans to reform Council Tax in Wales including a revaluation.

The VOA has been working with them to support the reforms. This has included improving the quality of our property data, building and using a sophisticated valuation model, for all 1.5 million properties in Wales and refining the outputs. We are confident in our ability to deliver new valuation lists for taxpayers in Wales following the outcome of the consultation and decision by the Welsh Government.

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 ran continuous improvement projects looking at the Check and Challenge service, non-domestic rating maintenance and Council Tax maintenance and appeals. We also undertook a number of post-implementation reviews with colleagues to ensure the new processes and systems rolled out across the agency this year are effectively embedded. These reviews are a very important part of our change management process and help us identify areas for improvement.

Our Valuing Your Ideas employee suggestion scheme helps build a culture of continuous improvement. This year, we focused on key themes around improving our customers' experience of using our services and how we implement change across the agency following feedback from colleagues in the People Survey.

Colleagues have engaged well with the scheme and a number of improvements have been made as a result of the ideas they put forward. These have included improvements to how we request data and information from customers and how we onboard and train new staff.

During the year our Continuous Improvement team hosted a virtual cross-government conference designed to help drive continuous improvements and share best practice. The event was attended by 190 people representing 31 government organisations. We provided an overview of the VOA's continuous improvement journey and shared insight into how we have sustained continuous improvements through post-implementation support. The event was well received with 21 new members registering with the continuous improvement Community of Practice, contributing to the growth of the cross-government network.

Case Study

The agency's Valuing Your Ideas employee suggestion scheme is helping us identify and make improvements, for example in how we implement change.

Valuing your ideas suggestion

Appoint BST ambassadors in each office location to help colleagues with the launch of new IT software as part of our Business Systems Transformation. These ambassadors would be appointed in advance of the roll-out of new technology to provide practical support and guidance to colleagues across the agency.

Outcome

Over 100 staff volunteered to be BST ambassadors and they provided essential support and guidance to other colleagues during the roll-out of the Valuation Mapping System (VMS) and continue to be involved as more elements of BST are introduced.

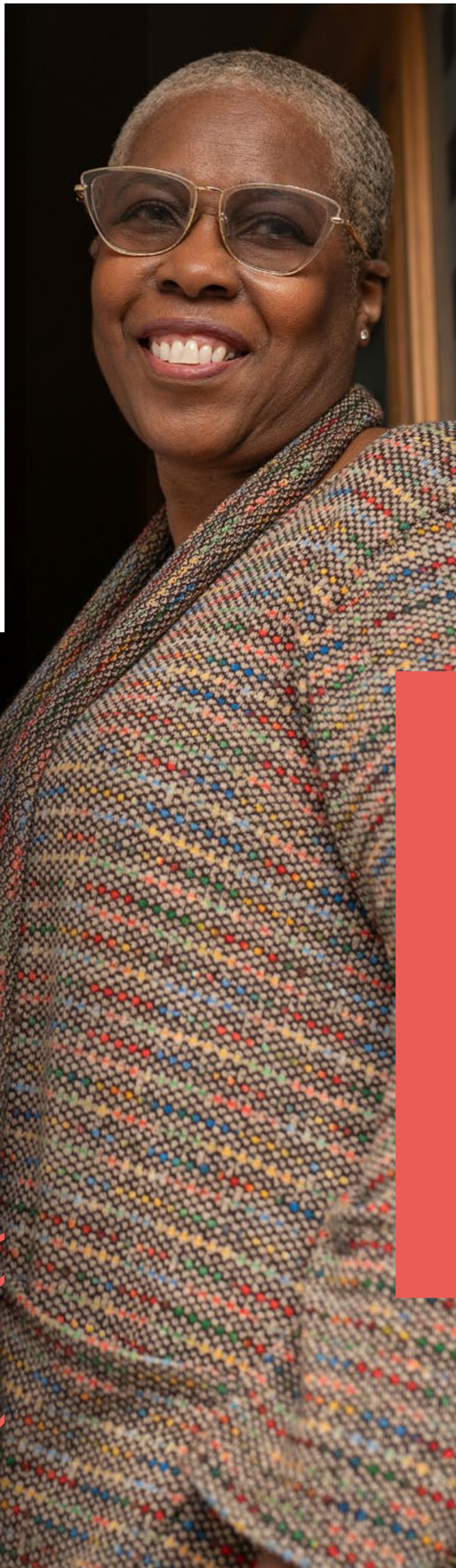
One | Objective Two | Three

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 partners 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.



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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.

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 2023-24 we continued our customer research programme, which included both surveys and interviews with customers.

We have also shared the results from our 2022-23 customer experience survey with stakeholders and launched our second annual survey with Council Tax and non-domestic ratings customers.

During National Customer Service week in October 2023, we introduced our Customer Excellence Promise, a new framework, developed using customer feedback, to help colleagues deliver great customer service. Alongside this, we also launched a new CEO Customer Excellence Award, to regularly recognise colleagues who have really exemplified great customer service.

This work informs 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 enhanced our Check service, making it easier for customers to provide the information up front to progress their Check case. This reduced the need for follow up requests so cases progress more quickly.

We further developed and published more guidance for customers on the evidence required to support their Check submission. We also enhanced the Check and Challenge service journeys, adding guidanc

From 1 April 2023, we rolled out the Check and Challenge service in Wales and ensured it is fully accessible in Welsh.

In parallel, we continued to develop our internal systems to improve our case handling, so we can assess and allocate cases more effectively. We also updated our guidance and training for colleagues, this improved how we communicate with customers, enabling more timely decisions. This means we can deal with challenges faster and our customers benefit from a more consistent and timely service.

Handling our customer enquiries

We want to deal with more customer 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 to help them achieve this.

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.

Where customers contact us by telephone, our new service centre telephony system introduced last year means we now provide a better service. The enhanced data it provides has improved how we plan and manage contact, making it easier for us to respond to increases in demand.

We handled just over 652,000 customer contacts during the year, with 93% dealt with at the first point of contact.

We received half of this customer contact through digital channels. We also handled around 298,700 calls, with an average speed of answer of just over seven minutes

Customer communication and guidance

We have continued to look at how we can improve our customer correspondence. We reviewed our communication standards and letter templates, to make sure our letters are clear and easy for customers to understand. We also rolled out a programme of training for colleagues to support this.

We further developed our online support and digital services in response to customer feedback, to make it easier for customers to self-serve.

We also improved the information available to customers, on social media and GOV.UK, and have been looking at the best ways to communicate with customers.

We are using our website and social media channels to share helpful information for customers based on common queries, including blogs on Council Tax banding or videos on how to complete requests for rent and lease details or understanding what we consider comparable properties when customers submit evidence for a Council Tax band challenge. This includes being proactive in sharing customer content in response to consumer media coverage, which typically drives demand for our Council Tax services.

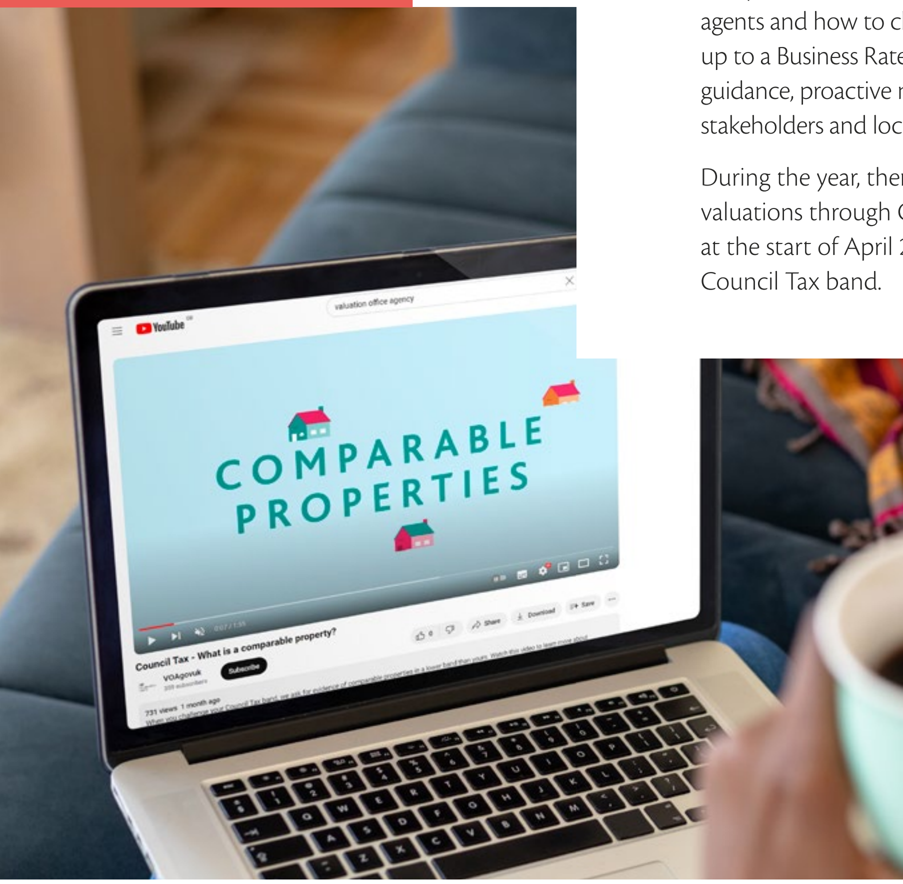
Case study

Since the Customer Excellence Award scheme started in November, 42 colleagues have been nominated. The Awards recognise examples of great customer service by colleagues.

Caroline Allen, who works in our Customer Service Centre, was recognised in November for supporting a vulnerable customer, who was facing financial hardship. She took ownership of the case and took time to take the customer through what they had to do step-by-step. She helped ensure the case was prioritised and followed it up until it was successfully resolved.

42

colleagues nominated for Customer Excellence Award



This year we trialled two customer campaigns. One raising awareness of rogue agents and how to choose a reputable agent, and the second encouraging sign up to a Business Rates Valuation Account. These included improving customer guidance, proactive media, social media and partnership activity working with stakeholders and local authorities to shape and share campaign messaging.

During the year, there were around 925,000 checks made on business rates valuations through GOV.UK. This was driven by the publication of the lists at the start of April 2023. In addition, 979,540 people have checked their Council Tax band.

Social media campaign

Published social media content, including posts, videos and animations that answered some of the common questions we know our customers have. We increased our content around Council Tax in response to customer insight, including feedback from our call centre advisors. We also promoted information about how to register for our online services, and how to complete our rent and lease detail forms.

Helping customers who need additional support

We take our obligations under the public sector equality duty seriously and want our services to be accessible to all our customers. Last year, in response to feedback, we improved our support for our most vulnerable customers so their cases were prioritised.

This year we continued to engage with customers to make sure they receive the support they need. We continued to review our internal processes, refreshed our internal guidance and delivered additional training to colleagues.

We also worked with our partners in HMRC to introduce an improved translation service for our customers. This included providing written translations and transcriptions, on-demand telephony interpretation and expanding our translation services to more languages. We also offer pre-booked video and face-to-face interpretation, including British Sign Language interpretation.

Handling customer data and information

Our customers and stakeholders expect us to gather, share and use data in the right way. We treat confidentiality and the management of personal data 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 and policies, and undertake regular reviews to provide assurance on this. Over the year, we 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.

> …it is really rewarding to resolve a customers' complaint.

Emma Arkle
Deputy Head of Complaints

We refreshed our training and guidance to continue to support our compliance with the General Data Protection Regulations, which is published on our data and information 'knowledge hub'. This included mandatory training around security and data management for all colleagues to help them manage and protect the information they work with.

We 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 2023-24 there were 266 personal data related incidents, none of which required reporting to the Information Commissioner's Office.

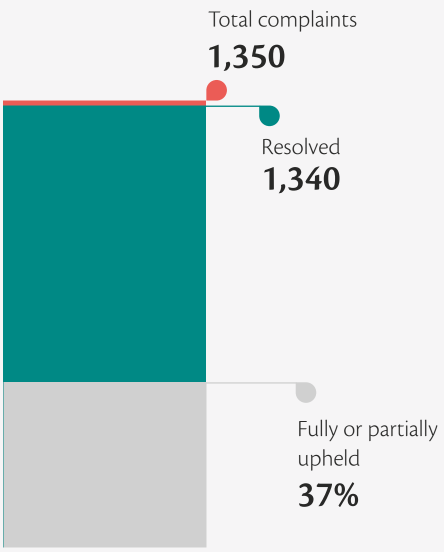
Handling complaints

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.

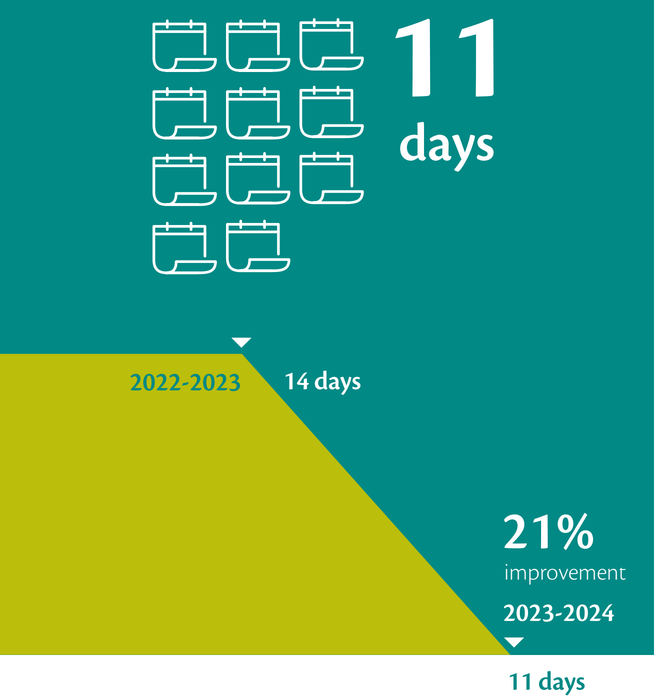
We publish our complaints code of practice and procedure, these are designed to ensure we handle our customer complaints in the most effective way. Our aim is to find a satisfactory resolution for each customer.

We continued to develop and share insight from the customer complaints we received, to identify areas where we can improve our service. For example, we saw an increase in complaints from customers in distress and understand that

Volumes of complaints in 2023-24



Average complaints response time



these are challenging times for some customers. As a result, we updated our policy for dealing with customers in distress, ensuring they receive the right support quickly at the first point of contact. We also provided an escalation process to provide support for colleagues, as we know that dealing with difficult calls can impact them.

In 2023-24 we received 1,350 complaints, this is 27% above last year, where we received 1,065. We resolved 1,340 complaints during the year, of which 37% were fully or partially upheld, in line with last year. On average we responded to complaints in 11 working days against our target of 20 working days. Despite the increase in the number of complaints, this was an improvement on last year, where we responded on average in 14 working days.

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.

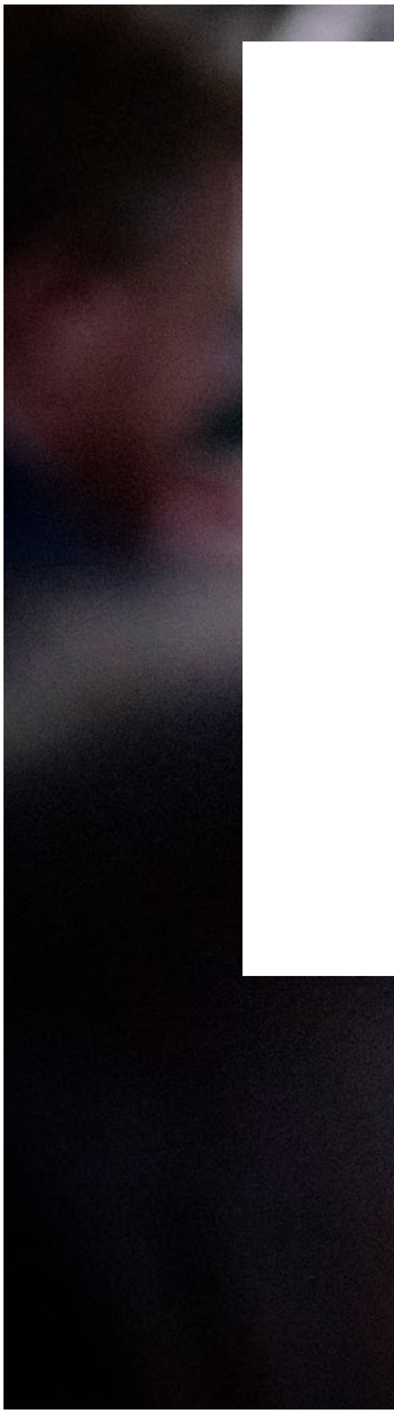
> We've seen the VOA thrive. They have recognised that being open to complaints and the learning they bring far outweighs any negative perceptions.

Quote from Adjudicator's Office

The Adjudicator provides a fair and unbiased investigation of complaints. In 2023-24 the Adjudicator investigated 22 cases, of which 17 were not upheld, five were partially upheld and none were substantially upheld. One complaint was referred to the Parliamentary Ombudsman for investigation and was not upheld.

Engaging 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.



We established a new senior forum with those agents who send us the highest number of cases, encouraging collaboration on a more strategic level. This forum provides a mechanism to exchange ideas, horizon scan and identify common challenges.

We also developed toolkits for local authorities covering Council Tax and non-domestic rating to ensure ratepayers understand our respective roles and who they should contact and when. Links to guidance on GOV.UK for our most common enquiries were also signposted in the toolkit explaining what customers need to do and what to expect from us.

We also worked with trade associations and sector stakeholders as we continued to implement the NDR Reforms Programme and start to deliver Revaluation 2026. This included seeking their views on how the changes are designed for customers and listening to them about how best to communicate with their members, or sector, and what they need from us.

We also consulted stakeholders around providing greater transparency and disclosing more information on how we arrive at non-domestic rating valuations.

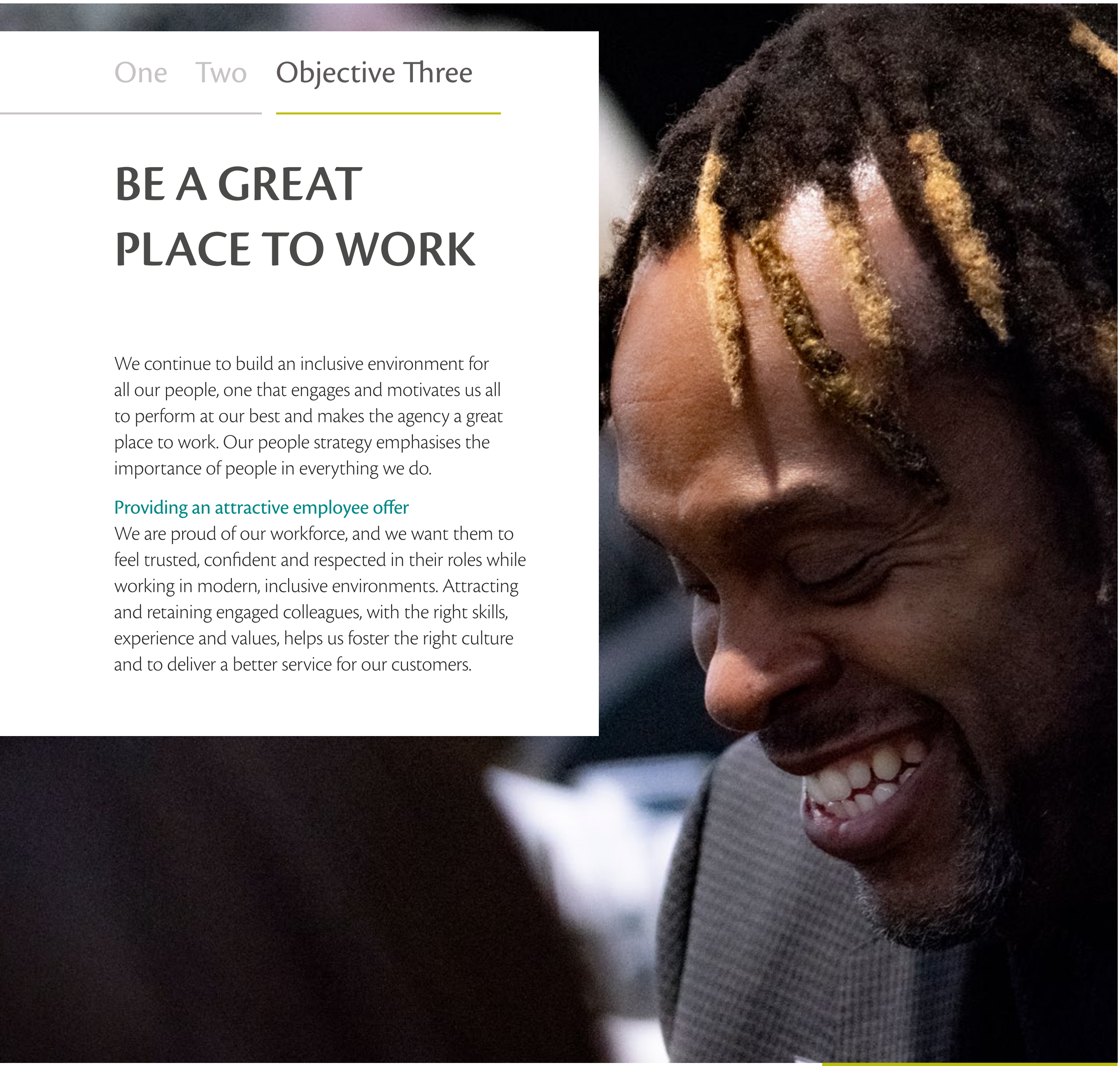
One Two Objective Three

BE A GREAT PLACE TO WORK

We continue to build an 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. Attracting and retaining engaged colleagues, with the right skills, experience and values, helps us foster the right culture and to deliver a better service for our customers.

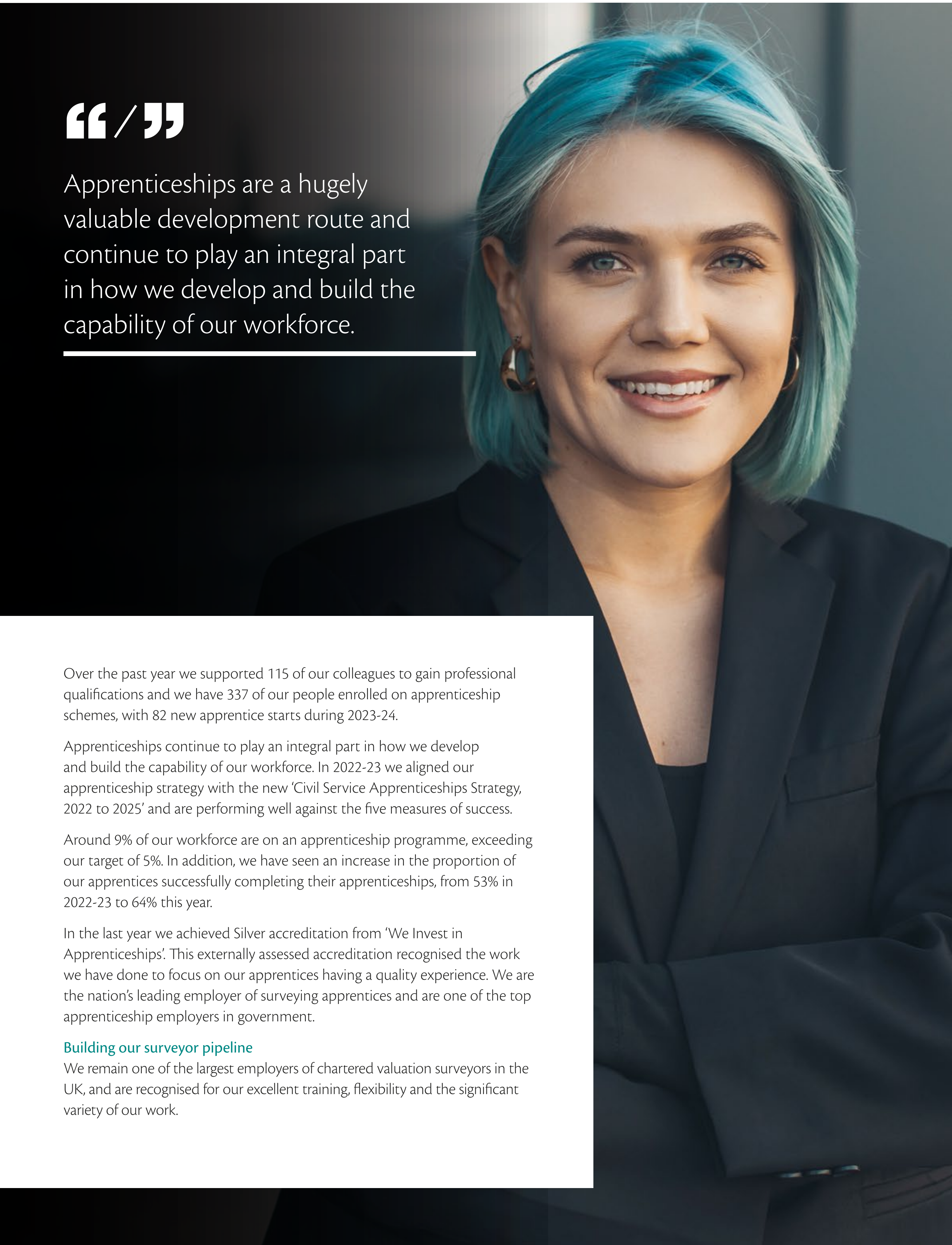


We have a strong employee offer that gives colleagues the benefits and flexibility expected of a modern employer. While we cannot always match the private sector on pay, our overall employee offer, and benefits package is competitive and attractive. We can attract and retain people, including surveyors,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

Alongside this we are committed to investing in our people and providing clear career pathways and learning and development opportunities for all. Last year, it helped us attract over 330 people to join the agency, including surveyors and to promote over 380 colleagues to new roles.

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.



Apprenticeships are a hugely valuable development route and continue to play an integral part in how we develop and build the capability of our workforce.

Over the past year we supported 115 of our colleagues to gain professional qualifications and we have 337 of our people enrolled on apprenticeship schemes, with 82 new apprentice starts during 2023-24.

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.

Around 9% of our workforce are on an apprenticeship programme, exceeding our target of 5%. In addition, we have seen an increase in the proportion of our apprentices successfully completing their apprenticeships, from 53% in 2022-23 to 64% this year.

In the last year we achieved Silver accreditation from 'We Invest in Apprenticeships'. This externally assessed accreditation recognised the work we have done to focus on our apprentices having a quality experience. We are the nation's leading employer of surveying apprentices and are one of the top apprenticeship employers in government.

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.

Monjur Ahmed

Monjur Ahmed is studying for his Level 6 Surveying Apprenticeship. He says "The help available within the VOA for apprentices like me is second to none and I have always felt supported. The environment and teams available make the VOA a great place to work where all colleagues are welcoming and prepared to answer any questions I have.

The apprenticeship is something I always recommend to anyone I discuss it with. My only regret is not discovering and joining it sooner!"

This year, the agency won the 2023 Performance Award for Staff Development from the Institute of Revenues Rating and Valuation for our surveyor pipeline programme.

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. We also deliver targeted outreach to schools to raise awareness of the surveying profession and support social mobility.

We have 433 graduates, university placement students, apprentices and caseworkers working to obtain surveying qualifications. This includes 219 'Level 6 chartered surveyor' and 98 'Level 3 surveying technician' apprenticeships.

This year 72 of our graduates and 'Level 6 chartered surveyor' apprentices joined our chartered surveyor workforce and 23 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.

Apprenticeship culture

At least 5% of total Civil Service headcount should be apprentices by 2025

2023-24 performance **9%**

Result **Exceeded**

Diversity and inclusion

Proportion of apprentices from lower socio-economic backgrounds should remain at or above the Social Mobility Commission benchmark of 39%

2023-24 performance **39%**

Result **Met**

Levelling up and regionalisation

The overall % of apprentices employed in each region should reflect the local Civil Service workforce size

2023-24 performance
Over 90% of regions reflect local Civil Service workforce size

Result **Exceeded**

Quality of provision

There should be a year-on-year increase in the proportion of apprentices successfully completing their apprenticeship

2023-24 performance ***64%**

Result **Exceeded**

increase of 11% on **2022-23**

*2023-24 performance covers period 1 September 2022 to 31 August 2023

Value for Money

The Civil Service will use at least 65% of its annual levy contribution in year one

2023-24 performance **185%**

Result **Exceeded**

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

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, Scotland and Wales, all of which provide a flexible working environment.

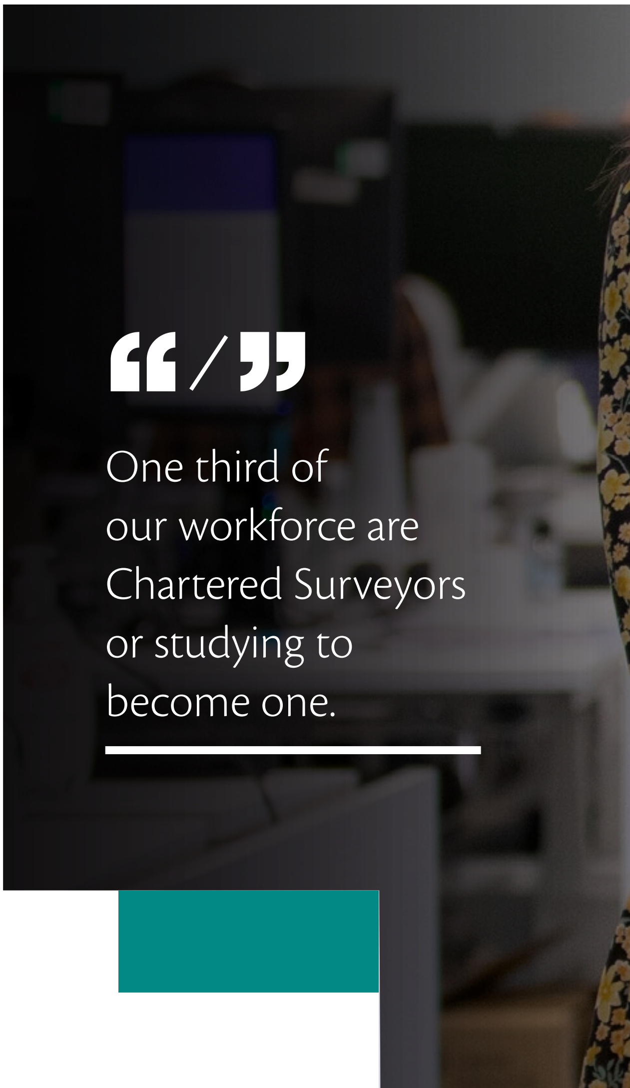
This year we continued to review our estate needs as the agency fully adopted hybrid working. This, and the regional spread of our offices, means we have capacity to flex to support future business need and the movement of roles out of London.

Whilst we already have an incredibly diverse regional presence, we committed to relocating 53 roles out of London by 2025 and have already exceeded this number with 59 roles relocated, including 40 this year. 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.

This year we 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 2023-24, we moved around 106 colleagues into government hubs in Cambridge and Hull and reduced the size of our estate by 543 square metres (2.4%). We completed the refurbishment of our office in Carmarthen, relocated and rationalised our offices in both Wembley and Swansea, reduced our desk capacity in Croydon and Exeter and invested around £0.5m in improving working environments.

This year our estates environmental management system was externally audited against the internationally recognised standard ISO 14001 and we achieved accreditation.



Leadership and engagement

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

> It starts at the top. Our senior leaders role model the leadership behaviours we value.

We continued to build the leadership capability of those in our talent pipeline with a new structured development programme. We improved the quality of our talent data, which helped us to plan and support career development moves to give our future senior leaders a breadth of different experience.

We have successfully used our talent data to identify candidates for the Civil Service Future Leaders scheme. Over 350 of our high potential colleagues were invited to apply for Aspire, our in-house talent development programme, with over 40% of those who have participated having since advanced their career.

We continued to embed our Leadership Habits within our leadership and line management learning pathways, providing a range of accessible learning resources. We also delivered a series of workshops on topics such as ‘Leading in Ambiguity’ and ‘Owning the Narrative’ to support leaders to develop their change management skills and capabilities.

430

of our people were supported in gaining professional qualifications

96

gained a professional qualification in 2023-24

Case study

In rolling out its award-winning Valuation Mapping System (VMS), the Agency considered colleague feedback about how it typically introduces change and trialled a different approach.

We started small. We tested the system with a small group of colleagues and invited feedback on guidance and communications as well as the tool – before starting to roll out in phases. We invited feedback throughout, adapting the approach and system in response to colleagues' ideas.

Colleagues were supported by leads and champions in their business area, who were given more in-depth knowledge of VMS. This meant we could answer questions and feed-back issues quickly.

Glyn Jenkins, an Admin Officer in our Customer Service Centre was involved in testing the new tool and said: "I found the whole experience really interesting and positive. There was a lot to take on board and the testing has been rigorous, but I've really enjoyed it.

"The support has been fantastic, from the programme and the other testers. I've had instant responses to any queries I've raised".

The support has been fantastic, from the programme and the other testers. I've had instant responses to any queries I've raised.

Glyn Jenkins
Admin Officer, CSC

We continued our 'Valuing our Future' programme, a key part of our employee engagement approach. During 2023-24, the executive committee and senior leaders held around 70 discussion sessions across our offices involving over 71% of our workforce in conversations about our future. 93% of attendees reported that they had welcomed the opportunity to contribute their views and over 85% 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, 80% of colleagues completed the 2023 Civil Service People Survey. This is our second highest ever response rate and gives us confidence that the survey results are representative of the agency as a whole.

Overall, the findings from our 2023 Civil Service People Survey results have seen the agency remain consistent with the Civil Service benchmark scores. For the first time in five years our overall engagement score dropped from 65% to 60%. Colleagues told us that there are improvements we can make, and we are listening and responding.

In six of the nine core themes within the People Survey our scores were higher than or level with the civil service average.

For example, our learning and development score of 62% is six per cent above the civil service average, whilst our inclusion and fair treatment scores are level with the Civil Service average at 81%.

We want people to feel the agency is a great place to work. This year's survey highlighted that there are improvements we can make, including in how we lead and manage change. We have worked with colleagues to develop action plans in response to this.

Supporting our people's health, safety and wellbeing

Supporting colleagues' health, safety and wellbeing is key 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 2023-24 we maintained our good safety record. The number of health and safety incident reports received was 60, 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 to support our revaluations. There were no incidents reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 in the year.

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

Our confidential support coordinators 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 raised awareness of the health and wellbeing benefits and support that the agency offers, including our annual flu vaccination programme. There was an increase in positive feedback from colleagues on our wellbeing offer in our People Survey results.

Throughout the last year, we 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 workforce that represents the communities we serve, creating a work environment where people feel they can be themselves authentically and able to share all parts of their identity. We continue to take positive actions by enhancing our learning and development offer and by removing barriers where they exist in the workplace.

We continued to deliver our Diversity and Inclusion Strategy[2], in particular our commitment to advancing social mobility. To support this, we progressed our Race and Social Mobility Action Plans, which focus on how we can attract and develop those from lower socio-economic or diverse backgrounds. This includes our outreach work to schools in deprived areas, where we provided mentors and work placements for students and increased the number of colleagues taking part in our mentoring schemes. We also continued our involvement in the government's 'Going Forward into Employment Scheme' for those leaving prison or care and military veterans.

Over the last 4 years, our People Survey scores for inclusion and fair treatment has remained consistently positive, above 80%. We have continued to ensure our working environments are inclusive and that colleagues feel safe to raise concerns. We promoted our Standards for Speaking Up Safely. Our Nominated Officers provide impartial support and advice outside of the management chain if a colleague has concerns. We worked to ensure they reflect the diversity of our organisation to give confidence to our workforce that they can speak up safely.

We are a Level 3 Disability Confident Leader employer. Our status was reconfirmed in 2022-23 following an external assessment which recognised our recruitment of people with disabilities and our focus on workplace adjustments to support colleagues. We also promoted awareness of neurodiversity and the impact it can have on colleagues who may think and process work in a different way.

We published our latest Gender Pay Gap report in November 2023 which shows that our average gender pay gap is 8.2%, reflecting that the agency has a greater proportion of men than women at senior levels. Whilst the gap between the average pay between men and women has narrowed by a further 1.4% on the previous year, we are not complacent and there is more that we can do to address the gap. Actions taken this year include working with the Royal Institution of Chartered Surveyors to promote the profession and attract more women to surveying roles, encouraging participation in mentoring and development programmes and continuing to offer flexible working arrangements.

2 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 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 we can actively monitor our services and maximise service availability, ensuring the agency is able to deliver against its statutory obligations.

Social responsibility

We supported 311 days of employee time for community activity in 2023-24, 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 provide up to 5 additional days paid special leave for people who are going through the selection and assessment process to become a reservist.

We raised and donated around £4,210 to charities in 2023-24, including more than £1,300 for our charity of the year 'Macmillan'.

MEASURING OUR PERFORMANCE

We 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 2023-24 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 2023-24, we met or exceeded all but three of our performance targets. Our non-domestic rating services including Check, Challenge and maintenance faced substantial increases in demand which impacted timeliness. We expect the pressure on these services to continue into 2024-25 as we continue to manage down the high volume of cases.

We 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.

Measure	Our performance targets	Our 2023-24 performance	Result	Our 2022-23 performance
Timeliness				
Council Tax	Clear 95% of reports within 90 working days	96% cleared within 90 working days	Exceeded	94% cleared within 90 working days
Non-domestic rates	Clear 95% of reports within 90 working days	86% cleared within 90 working days	Below target	94% cleared within 90 working days
Check and Challenge service	Resolve 90% of Check cases within three months of receipt	83% resolved within three months of receipt	Below target	92% resolved within three months of receipt
	Resolve 90% of Challenge cases within 12-months of receipt	77% resolved within 12 months of receipt	Below target	62% resolved within 12 months of receipt
	Resolve all Challenge cases within 18-months of receipt	Over 99% resolved within 18 months of receipt	Met*	Over 99% resolved within 18 months of receipt
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	Exceeded	Over 99% of referrals determined within three working days
Fair rent	Determine 95% of fair rent cases within 40 working days	98% determined within 40 working days	Exceeded	Over 99% determined within 40 working days
Statutory valuations	Clear all initial appraisals for HMRC within an average of five working days	All initial appraisal cleared within five working days	Met	All initial appraisal cleared within three working days
	Report 80% of DWP cases within seven working days	92% DWP cases reported within seven days	Exceeded	90% DWP cases reported within seven days
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	Met	Reliable
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	93% of enquiries dealt with at first point of contact		98% of enquiries dealt with at first point of contact

*All Challenge cases resolved within 18 months of receipt, or where there is an extension agreed with the ratepayer and/or their representative.

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 are planned to support this. We have appointed an executive level sustainability champion to lead on promoting a positive sustainability culture by engaging and empowering colleagues to deliver real change.

During 2023-24 actions we have taken include:

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

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

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

Continuing 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.

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

Continuing to ensure that sustainability considerations are built within our investment business cases and procurement decisions.

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

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

Refreshing our travel and expenses policies, ensuring sustainability is built into travel decisions.

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

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 targets.

Greening Government Commitment 2021-2025	2017-2018 Baseline	Position at 31 March 2024
Reduce the overall greenhouse gas emissions from estate and operations by 60%	2,730 CO2 e (tonnes)	858 CO2 e (tonnes) 69% reduction
Reduce direct (Scope 1) greenhouse gas emissions by 40%	351 CO2 e (tonnes)	130 CO2 e (tonnes) 63% reduction
Reduce the overall amount of waste generated by 15%	181 (tonnes)	36 (tonnes) 80% 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)	34 (tonnes) 94% recycled
Reduce water consumption by at least 8%	4,186 (cubic metres)	3,569 (cubic metres) 15% reduction
Reduce government's paper use by at least 50%	24,850 (reams)	2,665 (reams) 89% reduction
Reduce the numbers of domestic business flights by at least 30%	541 flights	119 flights 78% reduction
Reduce the emissions from domestic business flights by at least 30%	52 (tonnes)	18 CO2 e (tonnes) 65% reduction

Note: See more detail on key Greening Government Commitment targets in Annex 1 on page 141.

Working towards Net Zero by 2050

Key things we did and are continuing to do

Estate

- We are working to identify the net zero trajectory for our estate and use this information to inform our strategic asset management plans.
- We monitor the energy efficiency of our sites and continue to invest in energy measures such as LED lighting.
- We are reducing the overall carbon footprint by moving into fewer, modern, energy and resource efficient premises.

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 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 of 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 completed a climate change risk assessment and are working with key stakeholders 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 IT 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 2023-24 we carried out refurbishment works at our Carmarthen office and moved into refurbished space in our Wembley and Swansea locations. Construction, design and management of these projects were undertaken by VOA Estates Project professionals using framework contractors 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 are incorporated into our design brief. Achievement of these standards were assessed internally to ensure we met the environmental objectives within ISO 14001.

SUSTAINABILITY STATEMENT

Compliance with Taskforce on Climate Related Financial Disclosures (TCFD)

This year, for the first time the VOA is reporting on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. The VOA has complied with the TCFD recommendations and disclosures around governance. The VOA plans to strengthen disclosures around strategy, risk management and metrics/targets in future reporting periods. This is in line with the government's TCFD disclosure implementation timetable.

Management of climate-related risks and opportunities

A VOA director has been appointed as the VOA sustainability champion with responsibility to keep the VOA Executive Committee (ExCom) and Board updated on climate matters and delivery of the agency's sustainability strategy. The Chief Finance and People Officer has responsibility for the energy efficiency of the estate and climate adaptation.

Senior stakeholders from across the business are members of a sustainability steering group, which has responsibility for the delivery of the sustainability strategy.

There is a dedicated sustainability lead, who reports to the sustainability champion, and manages the activities of the sustainability steering group and reports on the how the agency meets the environmental objectives set out within ISO 14001. Other sustainability lead responsibilities are monitoring climate related issues and reporting these through to ExCom and Defra, climate risk assessments, and guidance to senior leaders on working towards net zero.

Metrics and targets for climate-related risks

We follow the Greening Government Commitments (GGC) reporting methodology which is based on the Greenhouse Gas Protocol Corporate Standard for Scope 1, 2 & 3 emissions. Our sustainability performance is from a range of internal and external suppliers and is reported on a regular basis to the Department for Environment, Food and Rural Affairs who prescribe the standards for data integrity.

Oversight of climate-related risks and opportunities

ExCom considers climate related issues on a quarterly basis, reviewing performance information relating to Greenhouse gas emissions, waste, water, and natural resource use. The sustainability steering group provides oversight of the delivery of the sustainability strategy with regular updates provided to ExCom and the Board by the sustainability champion.

FINANCIAL COMMENTARY

Our financial performance is set out in the accounts attached to this report on pages 104 to 135.

We have successfully managed down a number of financial pressures which we started the year with, and have delivered the agency's principal financial objective to operate within the budget and controls totals set by HMRC. Our District Valuer Services has also generated significant levels of increased income by providing specialist advice and valuation services to the wider public sector, for which we secure full cost recovery, including new work for the Department for Education.

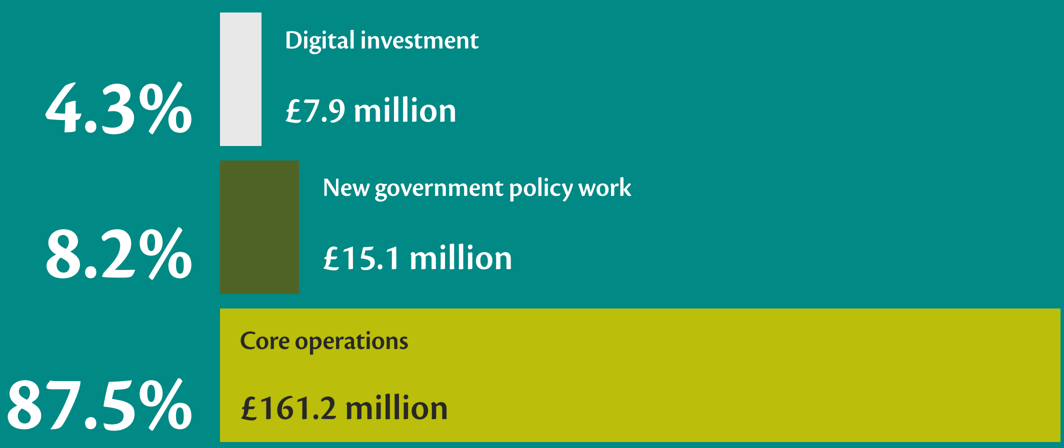
Through proactive engagement, communications and guidance to our stakeholders and customers we have delivered a series of sustainable efficiencies throughout 2023-24 helping to reduce demand for our services.

Finance summary

The table below shows the comparison of income and key expenditure areas between 2023-24 and 2022-23.

	2023-24 £'000	2022-23 £'000
Income	58,365	47,134
Expenditure:		
Staff costs	194,940	183,078
Purchase of goods and services, provision expense and other expenditure	37,133	26,434
Depreciation, amortisation and impairment charges	10,454	9,914
Net operating expenditure	**184,162**	**172,292**

Breakdown of net operating expenditure (before depreciation, amortisation etc)



VOA continued to invest in digital platforms during 2023-24, redesigning and simplifying all our core systems and processes. This ongoing investment is to support our digital transformation and to move away from our existing 30 plus year old technology. It will modernise how we work and will enable us to be more agile and flexible in responding to our customers and any changes in government policy going forward.

During 2023-24 VOA spent £15.1 million on new work including operationalising changes to how holiday lets and houses of multiple occupation are valued. Also, VOA continued to support Non-Domestic Rating Reforms and planning for Welsh Government Council Tax reforms. This new policy work was undertaken whilst continuing to deliver our core operations.

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. Income has increased in 2023-24 due to additional work for Welsh Government and the Department for Education.

Expenditure

Staff costs

Total staff costs is £195.0 million (2022-23: £183.1million) and a detailed breakdown can be found on pages 120 to 121 within the staff report. The rise in staff costs is primarily due to our pay award and a one off cost of living payment to our staff, in line with government guidelines.

Purchase of goods and services, provisions and other expenditure

Costs have increased by £10.7 million in 2023-24 due to additional work for Welsh Government, to support their reforms and our NDR reforms work. Additionally, our BST programme has now entered its major build phase, as planned, with testing work being underway.

Investment

We invested £34.2 million in our IT capital assets in 2023-24 to provide infrastructure and equipment to support service delivery and ensure we can deliver on our commitments and priorities. This largely relates to investment on the BST programme, with the Valuation Mapping System being delivered during 2023-24.

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. In 2023-24 we paid 96.8% of our invoices 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 2023-24, despite challenges around high demand on our services. Those challenges will continue in 2024-25, as we deliver the next revaluation in 2026, continue to implement our BST programme, take forward the NDR Reforms Programme and continue to 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 operational commitments.

The current fiscal environment remains highly uncertain, 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 continue to 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 into the next Spending Review period. Despite that, we are confident that we will have the funding we need to underpin a robust plan to deliver on our customers expectations.

Adoption of going concern basis

These accounts have been prepared on a going concern basis, in accordance with the 2023-24 Government Financial Reporting Manual (FReM) and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury.

The functions and purpose of VOA are delivered via statutory funding from HMRC. VOA has no reason to assume that its current funding, functions and purpose will not continue.

At the reporting date, VOA's financial position was a significant net asset balance of £104 million and it is considered there are no material uncertainties around going concern. The majority (approximately 76%) of VOA's funding is from government and there are no proposals or consultations which might affect the existence or nature of the organisation or materially impact VOA's ability to continue to meet its obligations. The basis of funding involves cash drawdown from the sponsor department (HMRC) and therefore there are no liquidity risks identified for VOA.

Financial Year 2024-25 is the final of a 3-year funding settlement as part of HMT Spending Review 2021 (SR21) up to 31 March 2025. Continuing government support is further evidenced through the commitment of additional funding to:

- Support Non-Domestic Rating Reforms and planned Welsh Government Council Tax reforms
- VOA's ongoing modernisation of our digital capacity

VOA does not consider there to be any material estimation uncertainty over the valuation of assets and liabilities at the reporting date as disclosed within the financial statements.

These factors, and the anticipated future provision of services in the public sector, support the adoption of the going concern basis for the preparation of these accounts.

J Russell

Jonathan Russell, CB
Chief Executive
21 November 2024

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

Governance Statement

This governance statement sets out the governance, risk management and internal control arrangements for the agency. It applies to the financial year 1 April 2023 to 31 March 2024 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.

VOA's governance structure

The VOA's governance structure which was in place during 2023-24 is summarised in the diagram on this page. The Executive Committee (ExCom) was the primary decision-making forum for the agency and also reviewed performance and transformation. The VOA Board provided challenge and advice on the agency's strategy, capability and performance and is, alongside the Accounting Officer, supported by the VOA Audit and Risk Assurance Committee.

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

In October 2024 new governance arrangements were introduced for the agency. HMRC's board has taken on oversight of the VOA and replaced the VOA's board, additionally the HMRCs Audit and Risk Committee has replaced the VOAs Audit Risk and Assurance Committee. HMRC's board will provide advice, scrutiny and challenge to HMRC and VOA and will be chaired by the Exchequer Secretary to the Treasury. The VOA's Executive Committee remains the decision-making body responsible for the management of the agency. The changes in governance arrangements have been reflected in a revised Framework Document which will be published later in the year.

Executive Committee

Sets strategy and oversees business performance, business delivery and transformation delivery.

Board

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

Audit and Risk Assurance Committee

Provides assurance and scrutiny on control, risk and governance.

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 Finance and People 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 2023-24 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 2023-24 has been to provide advice and challenge on the delivery of its major transformation programmes. This includes the implementation of the outcomes of the Business Rates Review, delivery of Revaluation 2026 and also of the agency's BST programme.

“ / ”

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.

Board focus in 2023-24

Strategy

- Litigation and settlement strategy
- Quality strategy
- Sustainability strategy
- Communications strategy
- Revaluation 2026

Transformation

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

Risk management

- Strategic risk review
- Risk horizon scan and risk appetite

Governance

- Board and ARAC effectiveness

Planning and Performance

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

People

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

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.

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 Finance and People Officer and/or Director of Finance and Business Planning also attend each meeting. The Committee met five times in 2023-24.

A key area of focus for the committee in 2023-24 was reviewing the agency’s risks and risk management framework, advising on and reviewing assurance over transformation programmes, 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.

An independent review of the agency’s governance arrangements was undertaken in 2023-24 in line with 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 2024-25, which included a recommendation around succession planning.

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 an appropriate representative from VOA's 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 2023-24 ExCom met 22 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 2023-24 ExCom considered financial planning; through in-year management to ensure the use of funding was optimised and longer-term planning to ensure financial risks and opportunities were appropriately balanced in future years. Other matters covered this year include:

- Business Systems Transformation programme,
- Revaluation 2026,
- the NDR Reforms Programme,
- Litigation and settlement,
- 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.

Audit and Risk Assurance Committee focus in 2023-24

Annual Report and Accounts

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

Resilience and Security

- Business continuity plans
- Cyber security arrangements, risk and maturity assessment

Controls and processes

- Whistleblowing
- Counter fraud
- Quality assurance of business-critical models
- Agent compliance approach
- Data protection and information management

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

Risk management

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

Meeting attendance by executives and non-executives

	Board	ARAC	ExCom
Non-executive directors			
Richard Hawkins	5 (5)	-	-
Terry Babbs	5 (5)	-	-
Cosette Reczek	5 (5)	5 (5)	-
Ruth Stanier[3]	5 (5)	5 (5)	-
Non-executive members			
Helen Aston	-	5 (5)	-
Chris Wood	-	5 (5)	-
Executives			
Jonathan Russell	4 (5)	4 (5)	19 (22)
Alan Colston	5 (5)	-	19 (22)
Toby Nerval[4]	5 (5)	5 (5)	20 (22)
Derek Thomas[5]	-	-	19 (22)
Carolyn Bartlett[6] / Kirsty Wildgoose[7]	5 (5)	-	21 (22)

Note: The figure in brackets indicates the total number of meetings the non-executive and executive members were eligible to attend

3 Ruth Stanier left the VOA on 20 May 2024.

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

5 Derek Thomas left the VOA on 24 May 2024.

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

7 Kirsty Wildgoose left the VOA on 28 May 2024.

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 and Civil Service management code. This applies to all employees and non-executive directors.

The agency's Board members and members of its sub-committee are required to declare any potential conflicts of interest on appointment and are required to declare any arising during their term. In addition, an annual declaration is also completed.

At the start of each Board meeting, members are also invited to 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.

In May 2022, Civil Service HR issued guidance around the declaration of interests and management of Senior Civil Service (SCS) colleagues' outside interests. SCS colleagues were invited to complete their annual declaration of interest in December 2023 and VOA is therefore fully compliant with the guidance. The declarations of interest are held on a central register by HMRC and published online.

Business Appointment Rules

In compliance with business appointment rules (BAR), we are transparent in the advice given to individual applications for senior staff and publish details on GOV.UK. The Audit and Risk Committee also receives an annual paper on business appointment rules, to monitor our application of the rules.

Statistics cover the period 1 April 2023 to 31 March 2024:

Statistics on the application of business appointment rules

	SCS Population	AO-G6 Population
Number of exits from Crown Service (Civil Servants and Special Advisers)	2	320
Number of exits where BAR applications were required	0	2
Number of exits where BAR conditions were set	0	0
Any enforcement actions the agency has taken relating to breaches of the rules in the preceding year	0	0

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 principal 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 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.

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 2023-24 we:

- held a risk workshop with all non-executives and executives to ensure clarity of roles and responsibilities and undertook a fundamental review of our strategic risks
- reviewed our risk management framework and refreshed our approach to Risk Appetite, helping build a risk aware culture. For this we considered best practice whilst ensuring it remained in line with government guidance

- refreshed our approach to assessing and scoring risks, helping ensure that we focus on those risks that are most significant to the agency
- further enhanced the quality of information provided to the Board and its subcommittees to enable robust assurance over the management of strategic risks
- increased our focus and analysis of risk exposure, to help ensure the mitigating actions bring risks within tolerance in 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
- 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 2024-25 we will:

- deliver our ongoing risk management improvement plan to further enhance our risk management maturity
- further develop our risk network, supporting closer working and the sharing of best practice, to build capability
- 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.

Principal risk overview

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

During 2023-24 we undertook a detailed horizon scan and review of our principal risks, which saw us escalate four new risks. These related to:

- delivering Council Tax reforms in Wales
- ensuring that the consistency and transparency of agency's decisions and approach to valuations
- ensuring that the agency has the flexibility to respond to future policy changes.
- identifying and delivering changes to our ways of working to drive improvements in our productivity

We separated our risks around Technical Health and Cyber Security as, while related, they have different controls and mitigating actions.

The risk relating to Revaluation 2023 was closed with the successful delivery of the programme and the publication of the 2023 compiled lists on 1 April 2023. In its place, we identified a new risk relating to the introduction of the new three yearly revaluation cycle and Revaluation 2026.

Key mitigations for all risks are set out below. It should be noted that for some, the risk rating has increased this year, in large part due to the economic environment and financial constraints faced by the agency and the technical complexity of the BST programme. We have identified additional mitigations where possible to do so.

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 core services and change programme outcomes, impacting our ability to deliver our commitments.	To mitigate this risk, we: • engaged with HM Treasury and HMRC, confirming the agency's funding for 2023-24 and setting out the business case for funding for 2024-25.	
Technical Health: There is a risk relating to the technical health of VOA's IT estate, leading to a failure of one or more services for an extended period.	To mitigate this risk we have: • continued to implement our technical strategy and road map in alignment to business requirements, further enhancing security through new systems • developed our capability to support legacy applications and infrastructure • ensured technology modernisation requirements were factored into future design work.	
Delivering Business Systems Transformation: There is a risk that BST may not deliver a functional system to time, cost and quality, nor the expected benefits for the medium to long-term.	To mitigate this risk we: • continued to roll out new operational tools, such as our Valuation Mapping System • taken account of delivery challenges and replanned the programme to mitigate risks and give confidence in our delivery timeline • ensured that training is in place ready to help our colleagues make full use of the new systems.	

Key risk	Key mitigating actions	Risk Rating and Trend [*footnote]
Cyber Security: There is a risk that a cyber-related incident could result in the loss of access to critical agency systems and services, as well as affect the confidentiality, availability and integrity of the VOA's data.	To mitigate this risk, we have: • continued the implementation of our cyber maturity plan to further enhance our controls • developed and delivered new training to ensure our colleagues are aware of the current cyber-related threats faced.	
Delivering Business Rates Reforms: There is a risk that we are unable to deliver the policy intent of business rates reform, so that changes and new services do not effectively underpin more accurate, transparent and trusted valuations, or enable more frequent revaluations in an operationally sustainable way.	To mitigate this risk we: • worked closely with other government departments to ensure the legislation was laid within the Parliamentary timetable • continued to develop new systems to support the reforms laid out in the Non-Domestic Rating Act.	
Wales Council Tax Reform: There is a risk that we are unable to successfully deliver the full CT reform package planned by the Welsh Government within the current Senedd term ending 2026.	To mitigate this risk, we have: • liaised closely with the Welsh Government to establish their requirements and to develop a plan which will deliver these.	NEW
Scale and pace of change facing the agency: There is a risk that the agency does not successfully deliver the scale and pace of transformational change required to meet our statutory duties and commitments to deliver sustainability in the future.	To mitigate this risk, we have: • continued development of our transformation roadmap, ensuring this aligns to our overarching transformation strategy • continued to enhance capability within our transformation portfolio.	

Key risk	Key mitigating actions	Risk Rating and Trend [*footnote]
Driving improvements in operational productivity: There is a risk that the agency does not deliver changes to culture and ways of working to drive improvements to productivity.	To mitigate this risk, we have: • flexed our resource as necessary to ensure we focus on key areas • continued to review our key operational processes to identify how we can make these more effective and efficient.	NEW
Consistent approach and transparency in our valuations: There is a risk that the agency's decisions and approach to valuations are perceived to be inconsistent or lacking transparency.	To mitigate this risk, we have: • refreshed our Litigation and Settlement Strategy, which aims to help minimise the number of disputes that end in litigation and to ensure that all risks and issues, including potential wider impacts of decisions are considered.	NEW
Customer Service: there is a risk that the agency does not deliver an excellent customer experience and does not manage the changing relationships and demands from and on customers effectively.	To mitigate this risk, we have: • continued to implement our new customer and channel strategy with a greater focus on using customer insights to deliver an excellent customer service • worked with agents and local authorities to develop and launch our Partnership Charter and Agents Standards, setting out the behaviours expected from all parties in supporting our customers.	⇩
Building and maintaining an engaged and sustainable workforce: there is a risk that the agency is unable to build an engaged and sustainable workforce or retain key skills and is unable to evolve and build the right organisational culture to meet the VOA's future needs.	To mitigate this risk we: • continued the implementation of our People Strategy, including the development of our new attraction strategy • continued to invest in learning and development and to help ensure the agency is a diverse and inclusive organisation • delivered our communications and engagement plan with regular briefings to colleagues including managers and Valuing our Future events • motivated and engaged people through our reward package.	⇔

Key risk	Key mitigating actions	Risk Rating and Trend [*footnote]
Improving and exploiting our data: there is a risk that poor quality and ineffective use of agency data means we operate inefficiently, fail to meet customer and stakeholder expectations and are unable to unlock the value of our data.	To mitigate this risk, we have: • Introduced a new Data Board to oversee the VOA's data strategy and drive improvements in data quality • continued to develop a new data analytics platform, to help drive improvements in data flow.	
Influencing and responding to changes in government policy: There is a risk that the agency is unable to influence and deliver changes in government policy	To mitigate this risk, we have: • ensured we are engaged in key cross government forums, to enable us to input into policy decisions that may impact the agency.	NEW
Three Yearly Revaluations and Revaluation 2026: There is a risk that we are unable to successfully deliver high quality revaluations to meet legislative deadlines, ensuring robustness of valuations.	To mitigate this risk, we have: • successfully delivered requirements of the most recent business rates revaluation • developed a delivery plan and commenced work towards Revaluation 2026.	

*Footnote: The trend shows how the risk assessment has changed from April 2023 to March 2024. 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 page 43 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, spend 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.

VOA Litigation and Settlement Strategy 2023

www.gov.uk/government/publications/voa-litigation-and-settlement-strategy)

Litigation and settlement assurance

During 2023-24 we strengthened our governance and oversight of litigation and disputes. As part of this, the VOA's Litigation and Settlement Strategy was refreshed and published on GOV.UK. We reviewed and made improvements to our escalation process and a new governance forum, VOA Tax Assurance Commissioner Panel (TAC) was established to oversee the most significant high-risk cases and determine our approach to issues that affect many ratepayers.

The VOA TAC Panel is chaired by the HMRC Tax Assurance Commissioner who has ultimate responsibility for assurance and transparency to Parliament and the public and ensures that the VOA handles disputes in a fair and even handed manner. The VOA TAC panel also includes VOA's Chief Executive and HMRC's General Counsel who provide governance assurance, challenge, and scrutiny on the largest and most sensitive cases. During 2023-24 the TAC panel met four times and considered four cases/issues.
https://www.gov.uk/government/publications/voa-litigation-and-settlement-strategy

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.

HM Treasury, as part of a Treasury Approval Process, made a number of recommendations around our BST programme, which have been taken forward.

In October 2023 the programme entered the Government Major Projects Portfolio and in February 2024 was subject to a Gate 0, 3 and 4 Infrastructure and Projects Authority (IPA) review.

Whilst a Red delivery confidence assessment was received, the review recognised the criticality of the programme to the agency and that delivery should continue. It recommended that the NDR delivery plan should be reset to ensure it was robust and achievable and endorsed the agency's decision to merge the NDR elements of the BST programme with the NDR Reforms programme.

The agency was already aware of and taking forward the recommendations from the review and has responded to the actions alongside planning for the integration of the programmes.

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 2023-24 this was based primarily on the 15 internal audits undertaken during the year.

An overall rating of 'Moderate' assurance was provided for the sixth year running for the year ended 31 March 2024. The following points were highlighted to me in the report:

- There are effective and robust controls across all areas. Some opportunities for improvement were identified around ensuring there is consistent application of assurance arrangements.
- There are robust risk management arrangements in place that are driving effective management of processes in the context of a challenging environment and increased risk profile from increased operational demand and funding pressures.
- There are effective governance arrangements in place including well defined and understood roles and responsibilities.

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 2024-25.

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 remains some areas where operational controls and corporate second line assurance could be strengthened 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 strengthened guidance and provided training to raise awareness and understanding to help ensure first line operational controls and second line assurance arrangements are applied consistently.

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 30. An annual security incident report is also presented to ARAC.

Information security

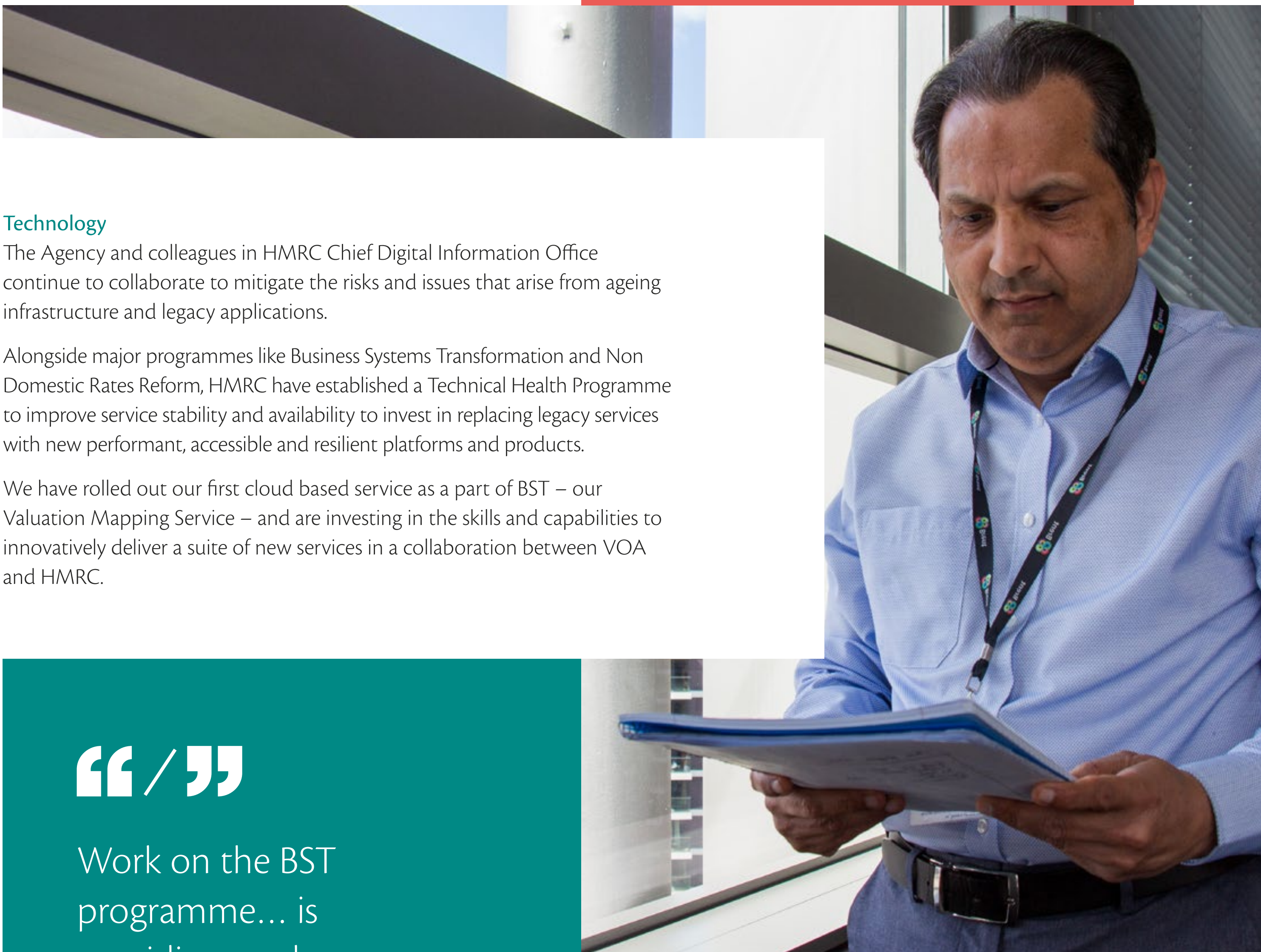
In accordance with our responsibilities under the Data Protection Act 2018 and the principles set out in the General Data Protection Regulations, we have robust arrangements in place to provide for information security. We have undertaken further improvements to enhance our Data and Information Governance 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

The Agency and colleagues in HMRC Chief Digital Information Office continue to collaborate to mitigate the risks and issues that arise from ageing infrastructure and legacy applications.

Alongside major programmes like Business Systems Transformation and Non Domestic Rates Reform, HMRC have established a Technical Health Programme to improve service stability and availability to invest in replacing legacy services with new performant, accessible and resilient platforms and products.

We have rolled out our first cloud based service as a part of BST – our Valuation Mapping Service – and are investing in the skills and capabilities to innovatively deliver a suite of new services in a collaboration between VOA and HMRC.

> Work on the BST programme… is providing a coherent and complementary set of projects that will increase our overall technical health

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 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 2024.

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 managing down significant financial pressures due to the current economic climate and the costs of delivery of our major digital transformation programme.

There has also been significant operational pressures from the delivery of the first three yearly revaluation, and the unprecedented level of demand on our challenge service resulting from the end of the 2017 list in March 2023.

We have had to continually flex and balance resources to ensure we maintained strong operational delivery on our core services, alongside delivering new work around Holiday Lets and Houses of Multiple Occupation.

In addition, we have been implementing reforms to the business rates system, which included supportingthe NDR Bill which was passed in November and preparing for the new Improvement Relief which came into force on 1 April 2024.

On our BST programme 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 October we successfully rolled out the first deliverable across the agency, the Valuation Mapping Service, which was well received and we are building the lessons learnt to support the further roll-out of CT processes in 2024-25.

Following the IPA's review of the BST programme in February 2024, we are taking forward the recommendations and using these to reinforce the agency's understanding of the work required to set the programme up for success. This includes the merger of the NDR elements of the BST programme with the NDR Reforms programme and reset the planning as one programme once CT has been delivered.

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 2023-24 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 2023-24 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.

Jonathan Russell, CB
Chief Executive
21 November 2024

DIRECTORS' REPORT

JONATHAN RUSSELL
Chief Executive and Accounting Officer

ALAN COLSTON
Chief Valuer

TOBY NERVAL
Chief Finance and People Officer

DEREK THOMAS
Chief Operating Officer

KIRSTY WILDGOOSE
Chief Strategy and Transformation Officer

CAROLYN BARTLETT
Chief Strategy and Transformation Officer

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

Executive Directors

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 2023-24 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 60 of the Governance statement.

Personal data related incidents
This is reported on page 30.

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
21 November 2024

REMUNERATION AND STAFF REPORT

ACCOUNTABILITY 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 SCSs in the agency, bonus payments are awarded in relation to the performance of the individual throughout the year. The bonuses reported in 2023-24 relate to performance in 2022-23. 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. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had 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 accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy1 is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy[8] period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as "rollback".

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e. PCSPS benefits for that period.

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

8 www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

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).

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 2023-24 was £140-145k (2022-23: £130k-135k). This was 4.00 times (2022-23: 4.11) the median remuneration of the workforce, which was £35,589 (2022-23: £32,262). 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.

The fair pay calculations for 2023-24 also include a one-off non-consolidated and non-pensionable payment made to all eligible employees in support of rising cost of living, in line with government guidelines. Inclusion of this payment slightly distorts the pay ratios and direct comparison to prior year outcome.

	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023-24	4.76	4.00	3.01
2022-23	5.09	4.11	3.02

There was no significant shift in the ratios for 2023-24.

	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
2023-24	£29,888	£29,908	£35,589	£35,589	£47,286	£47,326
2022-23	£26,018	£26,038	£32,262	£32,262	£43,770	£43,830

In 2023-24 (also in 2022-23) no employees received remuneration in excess of the highest paid director. Remuneration for all employees excluding pension benefits ranged from £24,330 to £140k - £145k (2022-23: £22,524 to £130k-£135k).

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	6.9%	0%
Employees	Increased 10.6%	Increased 306.0%

The highest paid director had a pay rise of 6.9%, with the salary being aligned to other equivalent SCS paybands within HMRC.

Increase in performance pay and bonuses payable for 2023-24 is based on low values.

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)		Pension Benefits [3] (to nearest £1,000)		Total remuneration (£'000)	
	2023-24	2022-23	**2023-24**	2022-23	**2023-24**	2022-23	**2023-24**	2022-23
Jonathan Russell Chief Executive	135-140	130-135	0-5	0-5	23,000	-	160-165	130-135
Alan Colston Chief Valuer	105-110	95-100	15-20	5-10	40,000	(9,000)	160-165	100-105
Derek Thomas Chief Operating Officer	105-110	95-100	5-10	5-10	40,000	(7,000)	150-155	100-105
Kirsty Wildgoose Chief Strategy and Transformation Officer [2]	100-105 (105-110)	85-90 (90-95)	-	0-5	46,000	1,000	145-150	85-90
Carolyn Bartlett Chief Strategy and Transformation Officer [2]	100-105 (105-110)	80-85 (90-95)	0-5	0-5	42,000	24,000	145-150	105-110
Toby Nerval Chief Finance and People Officer	105-110	45-50 (90-95)	0-5	0-5	117,000	33,000	220-225	80-85
Terry Babbs Lead Non-executive Director	10-15	10-15	-	-	-	-	10-15	10-15
Richard Hawkins Non-executive Director	10-15	10-15	-	-	-	-	10-15	10-15
Cosette Reczek Non-executive Director	10-15	10-15	-	-	-	-	10-15	10-15
Ruth Stanier Non-executive Director	10-15	0-5 (10-15)	-	-	-	-	10-15	0-5

[1] The were no benefits in kind during 2023-24 (2022-23:nil).

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

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

Directors' pensions [1][2]

	Accrued pension at age 65 - as at 31 March 2024 £'000	Real increase in pension age at 65 £'000	CETV at 31 March 2024 £'000	CETV at 31 March 2023 [1][2] £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (to nearest £100)
Jonathan Russell Chief Executive	0-5	0-2.5	22	0	18	14,400
Carolyn Bartlett Chief Strategy and Transformation Officer	35-40 plus a lump sum of 90-95	0-2.5 plus a lump sum of 0-2.5	748	656	28	-
Alan Colston Chief Valuer	45-50 plus lump sum of 125-130	0-2.5 plus a lump sum of 0	1,064	949	27	-
Toby Nerval Chief Finance and People Officer	30-35 plus a lump sum of 85-90	5-7.5 plus a lump sum of 7.5-10	721	563	103	-
Derek Thomas Chief Operating Officer	45-50 plus a lump sum of 120–125	0-2.5 plus a lump sum of 0	979	871	26	-
Kirsty Wildgoose Chief Strategy and Transformation Officer	30-35	2.5-5	621	537	30	-

[1] The CETV at 31 March 2023 have been restated. This is due to pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 on the basis of alpha membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023-24 on the basis of PSCPS membership for the same period.

[2] Any members affected by Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23, but are reported in the legacy scheme for the same period in 2023-24.

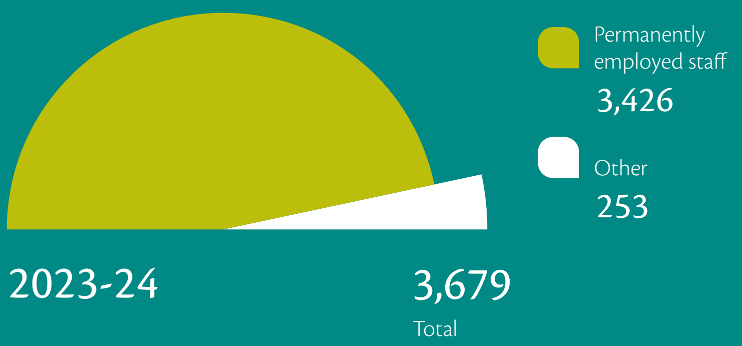
STAFF REPORT

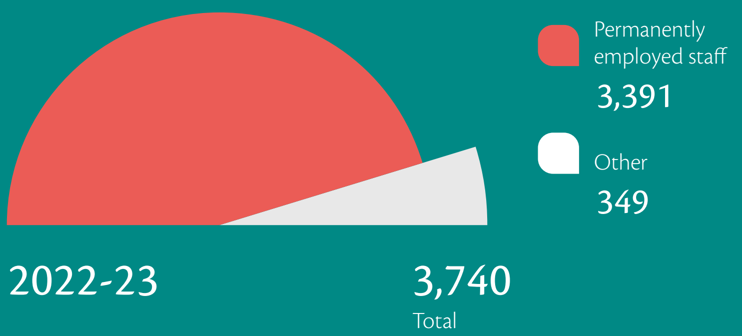
Staff numbers and related costs

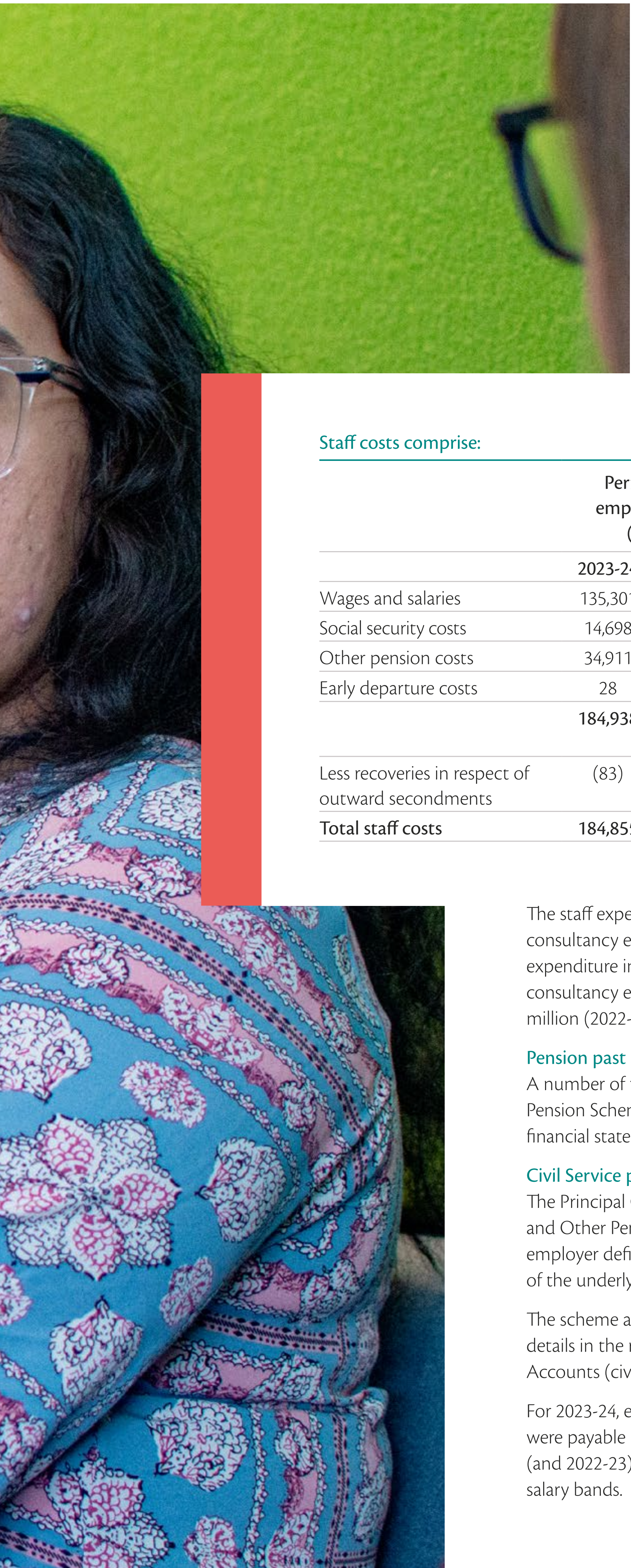
These figures are subject to audit.

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

Staff numbers







Staff costs comprise:

	Permanently employed staff (£'000)		Others (£'000)		Total (£'000)	
	2023-24	2022-23	**2023-24**	2022-23	**2023-24**	2022-23
Wages and salaries	135,301	122,113	8,178	11,589	143,479	133,702
Social security costs	14,698	13,554	413	703	15,111	14,257
Other pension costs	34,911	32,949	1,494	2,242	36,405	35,191
Early departure costs	28	-	-	-	28	-
	184,938	168,616	**10,085**	14,534	**195,023**	183,150
Less recoveries in respect of outward secondments	(83)	(72)	-	-	(83)	(72)
Total staff costs	**184,855**	168,544	**10,085**	14,534	**194,940**	183,078

The staff expenditure detailed above includes contingent labour and consultancy expenditure. The total amount for contingent labour expenditure in 2023-24 was £1.3 million (2022-23: £2.4 million), and the total consultancy expenditure not included within staff costs for 2023-24 was £6.5 million (2022-23: £2.3 million).

Pension past service cost

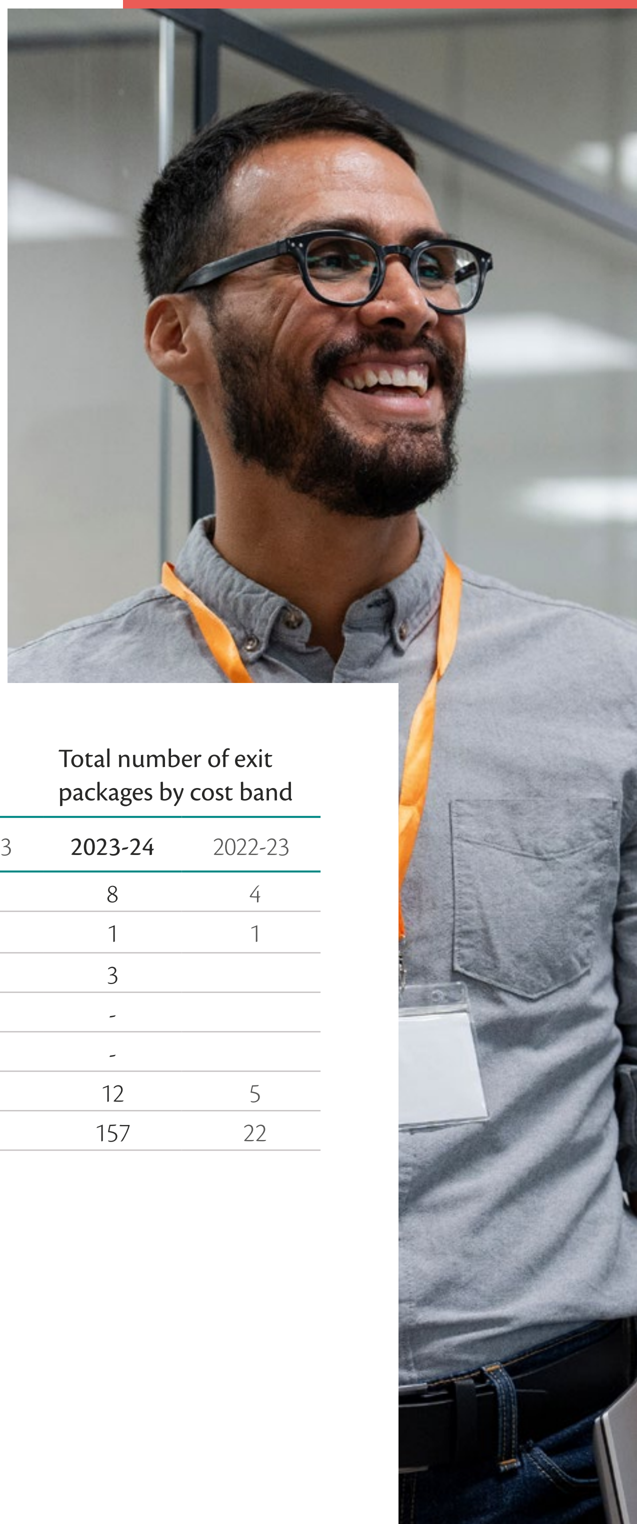
A number of the agency's people are members of the Local Government Pension Scheme. Details of this scheme can be found in note 12 to the financial statements.

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 2023-24, employer contributions of £35.6 million (2022-23: £34.0 million) were payable to the PCSPS and alpha at one of four rates during 2023-24 (and 2022-23) 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 2023-24, 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, which is a stakeholder pension with an employer contribution. Employer contributions of £259,868 (2022-23: £271,259) 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 £9,870 (2022-23: £9,848, 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 £38,642 (2022-23: £24,777).

Approval was given to five employees retiring on ill-health grounds during 2023-24 including LGPS (2022-23: 8). The additional accrued liability in-year amounted to £0.06 million.

Early departure costs

The table below sets out the number of in year departures and exit packages, 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	
	2023-24	2022-23	**2023-24**	2022-23	**2023-24**	2022-23
< £10,000	-	-	8	4	8	4
£10,000 - £25,000	-	-	1	1	1	1
£25,000 - £50,000	-	-	3		3	
£50,000 - £100,000	-	-	-		-	
£100,000 - £150,000	-	-	-		-	
Total number of exit packages	-	-	12	5	12	5
Total cost (£'000)	-	-	157	24	157	22

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 2023-24 (2022-23 comparative figures are also given. £0.2 million exit costs were paid in 2023-24, including both the voluntary redundancy and pay compensation where staff departed on efficiency grounds (2022-23: £0.02 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 above. During 2023-24 there were eight early retirement or ill-health retirements for members of this scheme (2022-23: one).

Compensation arrangements for the Local Government Pension Scheme are outside the scope of the Civil Service Compensation Scheme.

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 2024, earning £245[9] per day or greater

	VOA
No. of existing engagements as of 31 March 2024	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 2024, earning £245 per day[9] or greater

	VOA
No. of temporary off-payroll workers engaged during the year ended 31 March 2024	7
Of which:	
No. that existed < 1 year	7
Subject to off-payroll legislation and determined as in-scope of IR35[10]	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

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

10 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.

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and31 March 2024:

	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.	6

Trade Union Facility Time Allocation

VOA recognise the Public and Commercial Services Union (PCS) for collective bargaining and staff representation.

Total number of employees who were relevant union officials during 2023-24

Trade Union Facility Time Facility time is time off for employees who are Trade Union (TU) representatives to carry out their TU roles. TU roles may be duties or activities	TU representatives are entitled to paid time off to carry out TU duties. They are not entitled to paid time off for TU activities. However, an employer can choose to pay for time off for activities
Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
8	7.90

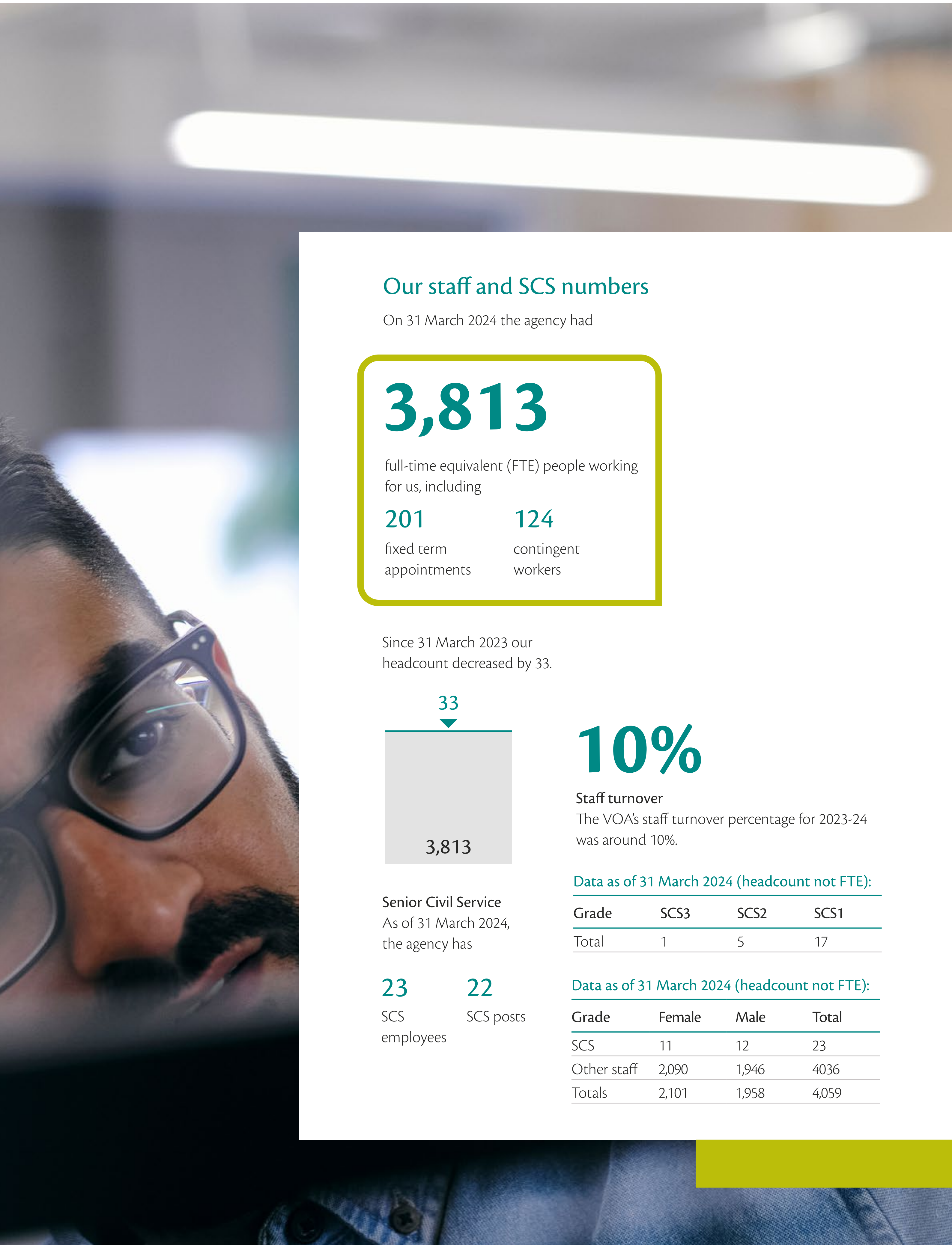
Percentage of time spent on facility time

Working hours each representative spent on facility time	Number of employees
0% of working hours	-
1-50% of working hours	7
51%-99% of working hours	1
100%	-

Percentage of pay bill spent on facility time Paybill refers to the total number of employees, not union representatives only

Total cost of facility time	£81,600
Total pay bill	£194.9 million
Facility time as a % of paybill	0.04%

VOA have nothing to disclose or report in respect of the proportion of facility time spent on paid TU activities.



Our staff and SCS numbers

On 31 March 2024 the agency had

3,813

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

201 fixed term appointments

124 contingent workers

Since 31 March 2023 our headcount decreased by 33.

33

3,813

10%

Staff turnover
The VOA's staff turnover percentage for 2023-24 was around 10%.

Senior Civil Service
As of 31 March 2024, the agency has

23 SCS employees

22 SCS posts

Data as of 31 March 2024 (headcount not FTE):

Grade	SCS3	SCS2	SCS1
Total	1	5	17

Data as of 31 March 2024 (headcount not FTE):

Grade	Female	Male	Total
SCS	11	12	23
Other staff	2,090	1,946	4036
Totals	2,101	1,958	4,059

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 3,935 employees (headcount rather than FTE, excluding contingent labour) at 31 March 2024, 2,855 have provided a response which is a declaration rate of 73% and a further 163 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	30	7	448	30	478	83
AA to SEO	373	16	2,407	133	2,540	70

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 2023 data. The 31 March 2024 data might only become available in November 2024. The difference is expressed as a percentage of the hourly rate of pay for male and female employees.

	Hourly rate for women	Hourly rate for men	Gender pay gap
Mean	£17.89	£19.49	8.2%
Median	£16.71	£17.19	2.8%

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
2023-24 (as at 31 March 2024)	6.7
2023-24 (as at 31 March 2023)	6.7
Civil Service target	7.0

PARLIAMENATARY ACCOUNTABILITY AND AUDIT REPORT

ACCOUNTABILITY 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 £0.15 million as at 31 March 2024.

Losses and special payments

The agency has incurred losses and has made special payments throughout the year, as set out in note 4 of the financial statements. These are individually and collectively below the reporting threshold of £0.3 million set down in Managing Public Money.

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.

Jonathan Russell, CB
Chief Executive
21 November 2024

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 2024 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 2024;
- 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 2024 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 and report 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 issued 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 issued 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 Chief Executive as 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;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the Annual Report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued 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 non-compliance 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 non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance 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 and key performance indicators.

- 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 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 2023, employment law, pensions legislation and tax 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 and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;

- I reviewed minutes of meetings of those charged with governance and the Board, and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I 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 communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members 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 sufficient appropriate audit evidence 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.

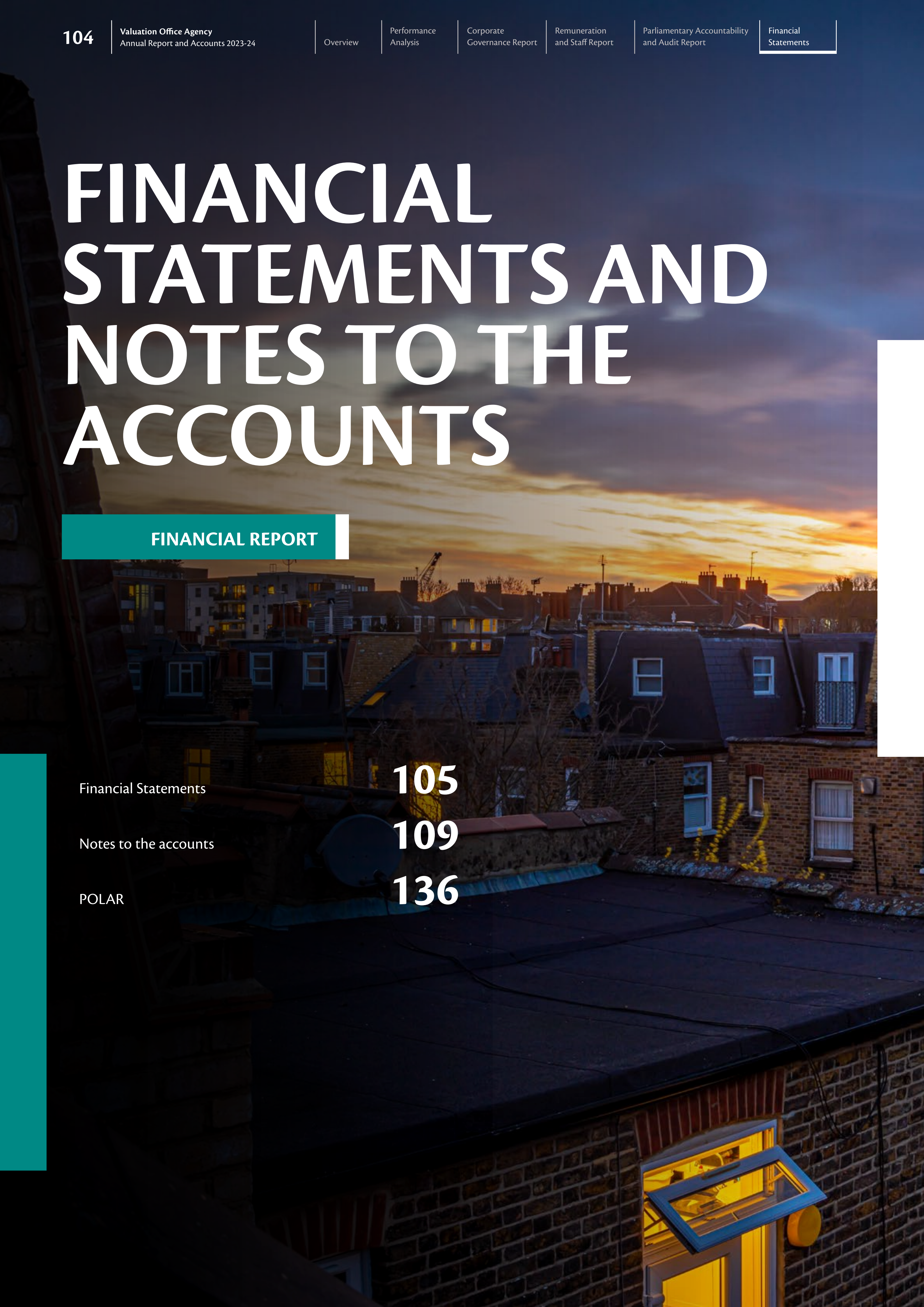
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

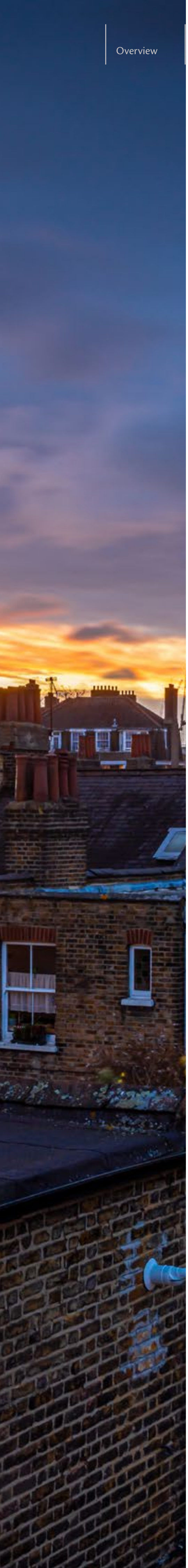
Gareth Davies
21 November 2024
Comptroller and Auditor General

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



FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

FINANCIAL REPORT



Statement of Comprehensive Net Expenditure (SoCNE) for the year ended 31 March 2024

	Note	2023-24 Total £'000	2022-23 Total £'000
Revenue from contracts with customers	3	**58,365**	**47,134**
Staff costs	4	(194,940)	(183,078)
Purchase of goods and services	4	(36,547)	(26,247)
Provision expense	4	(251)	1
Other operating expenditure	4	(335)	(188)
Depreciation, amortisation and impairment charges	4	(10,454)	(9,914)
Total operating expenditure	4	**(242,527)**	**(219,426)**
Net operating expenditure for the year		**(184,162)**	**(172,292)**
Other comprehensive net expenditure:			
Net gain on revaluation of intangible assets	7	597	464
Actuarial gain/(loss) on pension fund	12	11,091	42,009
Effect of changes in asset ceiling on pension fund for remeasurement of asset	12	(4,195)	(44,086)
Comprehensive net expenditure for the year		**(176,669)**	**(173,905)**

The notes on pages 109 to 135 form part of these accounts.

Statement of Financial Position as at 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	5	4,112	6,370
Right of use assets	6	51,267	55,767
Intangible assets	7	87,241	55,673
Pension asset	12	8,330	1,739
Total non-current assets		**150,950**	**119,549**
Current assets			
Trade and other receivables	8	8,405	5,062
Contract assets		2,867	2,329
Cash and cash equivalents	9	18,248	2,769
Total current assets		**29,520**	**10,160**
Total assets		**180,470**	**129,709**
Liabilities			
Current liabilities			
Trade and other payables	10	(28,973)	(25,849)
Amounts payable to the Consolidated Fund	9/10	(76)	(469)
Provisions		(351)	(100)
Total current liabilities		**(29,400)**	**(26,418)**
Total assets less current liabilities		**151,070**	**103,291**
Non-current liabilities			
Lease liabilities	10/11	(47,250)	(51,487)
Total non-current liabilities		**(47,250)**	**(51,487)**
Total assets less total liabilities		**103,820**	**51,804**
Taxpayers' equity and other reserves			
General fund		103,213	51,290
Revaluation reserve		607	514
Total equity		**103,820**	**51,804**

The notes on pages 109 to 135 form part of these accounts.

Jonathan Russell, CB,
Chief Executive,
21 November 2024

Statement of Cash Flows for the year ended 31 March 2024

		2023-24	2022-23
	Note	£'000	£'000
Cash flows from operating activities			
Net operating expenditure		(184,162)	(172,292)
Adjustments for non-cash transactions		10,824	10,023
Use of provisions		-	(199)
Pension fund expenditure passing through the SoCNE	12	573	1,056
Movements on pension asset and pension fund income and expenditure not passing through the SoCNE		(268)	(564)
Pension fund contribution not passing through SoCNE	12	297	592
(Increase)/decrease in trade and other receivables	8	(3,343)	1,029
Increase in contract assets		(538)	(190)
Increase/(decrease) in trade payables and other liabilities		(1,506)	46,305
Movements in payables relating to items not passing through operating costs		1,612	(48,178)
Net cash outflow from operating activities		**(176,511)**	**(162,418)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(297)	(2,855)
Purchase of intangible assets		(31,121)	(33,960)
Net cash outflow from investing activities		**(31,418)**	**(36,815)**
Cash flows from financing activities			
Parliamentary funding received (via HMRC)		228,269	191,697
Receipts on behalf of the Consolidated Fund	9	76	469
Payments to the Consolidated Fund	9	(469)	(2,459)
Capital payments against leases		(4,468)	(4,350)
Net cash inflow from financing activities		**223,408**	**185,357**
Net increase/(decrease) in cash and cash equivalents in the period		**15,479**	**(13,876)**
Cash and cash equivalents at the beginning of the period	9	**2,769**	**16,645**
Cash and cash equivalents at the end of the period	9	**18,248**	**2,769**

The notes on pages 109 to 135 form part of these accounts.

Statement of Changes in Taxpayers' Equity (SoCTE) for the year ended 31 March 2024

		2023-24			2022-23		
	Note	General fund £'000	Revaluation reserve £'000	Taxpayers' equity £'000	General fund £'000	Revaluation reserve £'000	Taxpayers' equity £'000
Balance at 31 March		**51,290**	**514**	**51,804**	**32,684**	**604**	**33,288**
Initial adoption of IFRS 16 on 1 April 2022		-	-	-	22	-	22
Balance at 1 April		**51,290**	**514**	**51,804**	**32,706**	**604**	**33,310**
Parliamentary funding received (via HMRC)		228,269	-	228,269	191,697	-	191,697
Net gain on revaluation of intangible assets	7	-	597	597	-	464	464
Net operating expenditure for the year		(184,162)	-	(184,162)	(172,292)	-	(172,292)
Actuarial gain on pension fund	12	11,091	-	11,091	42,009	-	42,009
Effect of changes in asset ceiling on pension fund for remeasurement of asset		(4,195)	-	(4,195)	(44,086)	-	(44,086)
Third party pension liability payments	12	297	-	297	592	-	592
Transfer between reserves		504	(504)	-	554	(554)	-
Notional charges - auditor's remuneration	4	119	-	119	110	-	110
Balance carried forward		**103,213**	**607**	**103,820**	**51,290**	**514**	**51,804**

The notes on pages 109 to 135 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 2023-24 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 14 December 2023, in accordance with Section 7(1), (2) and (5) of the Government Resources 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 IFRS 15 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). 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 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.

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'.

Note 1.3.3 Cash and cash equivalents

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

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 1.8).

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.

During 2023-24, VOA changed its accounting policy for grouped assets. Historically, individual assets falling below the minimum £5,000 for capitalisation would be grouped, thus capitalised. Going forward, the agency will only capitalise individual items over £5,000. This change in policy has been applied retrospectively resulting in a loss on disposal of £0.9 million for 2023-24.

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;
- the agency is able to use the asset generated by the project;
- it is expected that future economic benefits will flow to the agency;
- the cost of the asset can be measured reliably; and
- The research and development phase are identifiable (research is expensed and development capitalised)

Assets under construction costs are accumulated until the asset is available for use, at which point 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, by applying a revaluation index using appropriate indices from the Office for National Statistics on 28 February. 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	For 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 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 also reviews assets that are not yet ready for use on an annual basis.

An impairment loss occurs when the carrying amount of the asset exceeds its recoverable amount. The agency assesses recoverable amount as value in use, or more specifically (in the case of non-cash generating units) depreciated replacement cost, as, due to the agency's bespoke nature of assets, does not have a net selling price.

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 1.9 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 the 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 1.10 Leases and application of IFRS 16

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

For VOA, the only leases in scope of IFRS 16 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.

For low value lease assets less than £5,000 or for leases shorter than twelve months, the lease payments are recognised as an in year expense over the lease term.

Where rent increases have been agreed with landlords for existing leases, the liability is remeasured at the point in time that change is agreed.

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 nominal rate is advised annually by HM Treasury, set as 4.72% for leases recognised in 2024 (3.51% for 2023).

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

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 Critical accounting judgements and 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.

Valuation Mapping System – intangible asset (note 7)

Costs associated with the building of the Valuation Mapping System have been reclassified from asset under construction during 2023-24, to become a developed software intangible asset. Judgement has been applied in allocating capital costs from the total Business Systems Transformation asset under construction, based on the percentage apportionment identified by the programme's senior leadership team.

Note 2. Operating segments for the year ended 31 March 2024

The agency discloses performance results for the areas of its activities where fees and charges are made in line with the government FReM 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 £16.5 million (2022-23: £12.8 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 £7.5million (2022-23: £7.2 million)
- Statutory determinations of value for Right to Buy in England £1.8 million (2022-23: £2.1 million)
- Wider provision of valuations and property advice for other public bodies to support statutory functions, including delivery of government policies and estates strategies £21.4 million (2022-23: £15.1 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 £7.1 million (2022-23: £6.8 million) and additional work is carried out for MHCLG, contributing £1.9 million (2022-23: £1.8 million).

	2023-2024			2022-2023		
	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	18,668	206,357	(187,689)	14,223	187,952	(173,729)
District Valuer Services	30,704	27,700	3,004	24,328	22,113	2,215
Local Housing Allowances and fair rents	8,993	7,897	1,096	8,583	8,305	278
Total	**58,365**	**(241,954)**	**(183,589)**	47,134	218,370	(171,236)

Reconciliation to Statement of Comprehensive Net Expenditure

	2023-2024 £'000	2022-2023 £'000
Surplus/(Deficit) per above	(183,589)	(171,236)
Non-cash pension costs not recovered from clients	(573)	(1,056)
Net operating expenditure	**(184,162)**	(172,292)

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 2023-24 the agency has recognised £58.4 million (2022-23: £47.1m) of revenue from contracts with customers. This is a summary of income from VOA's existing customers and new income from the Department for Education..

The following disclosures describe the material[11] sources of revenue arising from contracts with customers, and supplement those provided in note 2.

11 The remaining revenue (£1.6 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	£33.6 million	£23. 2 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. For each of these services we have several performance obligations which are satisfied over time.

2
In compliance with IFRS 15 the agency only recognises revenue at the time when performance obligation is satisfied and so the agency has right to payment.

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.

Until the performance obligation is completely satisfied the agency recognises a contract asset from the value of unbilled resource expended on the performance obligation. 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 contract balances from revenue with customers are included within trade and other receivables (note 8).

Note 4 Expenditure for the year ended 31 March 2024

	Note	2023-24 £'000	2022-23 £'000
Staff costs			
Wages and salaries		143,479	133,702
Social security costs		15,111	14,257
Other pension costs		36,405	35,191
Early departure costs		28	-
Less recoveries in respect of outward secondments		(83)	(72)
		194,940	183,078
Purchases of goods and services			
Accommodation costs		8,892	6,393
IT software and support		3,913	1,403
IT services		7,018	3,028
HMRC service charges		1,757	2,203
Subscriptions		1,892	1,842
Training		2,001	2,192
Print, postages and stationery		944	1,254
Contracted-out services		520	1,018
Consultancy		6,510	2,344
Travel and subsistence		2,504	2,693
Recruitment		381	550
Legal costs		(252)	568
IT software and support		19	41
Research and development		32	229
Sundry costs		416	489
		36,547	26,247
Provision expense			
Provision movements in-year		251	(1)
		251	(1)
Other operating expenditure			
Auditor's notional remuneration		119	110
Losses and special payments		210	57
Bad debt write off		6	21
		335	188
Depreciation, amortisation and impairment charges			
Depreciation of property, plant and equipment	5	1,192	1,228
Depreciation of right of use assets	6	4,923	4,816
Amortisation of intangible assets	7	3,219	3,691
Net loss on disposal of non-current assets		1,120	179
		10,454	9,914
Total operating expenditure		**242,527**	219,426

A further breakdown of staff costs, details of pension costs and exit packages, can be found on pages 89 to 95 in the remuneration and staff report.

Wages and Salaries include £5.5 million for a one-off payment to all employees in support of rising cost of living, in line with government guidelines.

In year movements in IT software and support, IT services and Consultancy reflect increased costs for the agency's major change programme development.

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.

The budget and responsibility for VOA IT services and staff costs continue to fall to HMRC. The total 2023-24 cost for the IT and digital services provided to VOA by HMRC was £18.6 million (2022-23: £22.2 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 2023	6,995	209	3,111	**10,315**
Additions	-	88	-	**88**
Disposals	(163)	-	(2,779)	**(2,942)**
Reclassifications	290	(297)	7	-
Revaluations	-	-	-	-
At 31 March 2024	7,122	-	339	7,461
Depreciation:				
At 1 April 2023	2,389	-	1,556	**3,945**
Charged in the year	930	-	262	**1,192**
Disposals	(148)	-	(1,640)	**(1,788)**
Reclassifications	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2024	3,171	-	178	3,349
Net book value:				
At 31 March 2024	3,951	-	161	4,112
At 31 March 2023	4,606	209	1,555	6,370

All property, plant and equipment assets are owned, and no donated assets were held during the year (31 March 2023: nil).

	Accommodation refurbishments £'000	Assets under construction £'000	Furniture, fittings and office 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**

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
Cost or valuation		
At 1 April 2023	60,583	60,583
Additions	4,183	4,183
Disposals	(4,481)	(4,481)
At 31 March 2024	**60,285**	**60,285**
Depreciation		
At 1 April 2023	4,816	4,816
Charged in year	4,923	4,923
Disposals	(721)	(721)
At 31 March 2024	**9,018**	**9,018**
Carrying amount at 31 March 2024	**51,267**	**51,267**
Carrying amount at 31 March 2023	**55,767**	**55,767**

	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
At 31 March 2023	**60,583**	**60,583**
Depreciation		
At 1 April 2022	-	-
Charged in year	4,816	4,816
At 31 March 2023	**4,816**	**4,816**
Carrying amount at 31 March 2023	**55,767**	**55,767**
Carrying amount at 31 March 2022	**-**	**-**

Note 7 Intangible assets

	Developed Software £'000	Assets Under Construction £'000	Total £'000
Cost or valuation:			
At 1 April 2023	76,859	49,657	**126,516**
Additions	-	34,219	**34,219**
Disposals	(12,102)	-	**(12,102)**
Reclassifications	11,412	(11,412)	-
Revaluations	5,976	-	**5,976**
At 31 March 2024	**82,145**	**72,464**	**154,609**
Amortisation:			
At 1 April 2023	70,843	-	**70,843**
Charged in the year	3,219	-	**3,219**
Disposals	(12,073)	-	**(12,073)**
Reclassifications	-	-	-
Revaluations	5,379	-	**5,379**
At 31 March 2024	**67,368**	-	**67,368**
Net book value:			
At 31 March 2024	**14,777**	**72,464**	**87,241**
At 31 March 2023	**6,016**	**49,657**	**55,673**

Included within assets under construction are material costs of £71.8 million relating to the BST programme (2022-23 £48.1 million).

Developed software includes the Valuation Mapping System (VMS) asset, which is part of the wider BST programme asset. The carrying amount of VMS at 31 March 2024 is £9.3m (2022-2023: nil) which will be amortised over its remaining lifespan of 12 years.

	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 2024	**6,573**	**22,341**	**28,914**

Note 8 Trade receivables and other assets

	31 March 2024	31 March 2023
Amounts falling due within one year:	£'000	£'000
Trade and other receivables	4,945	3,506
Prepayments	3,460	1,556
Total	**8,405**	5,062

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.

Note 9 Cash and cash equivalents

At 31 March 2024, the agency held £18.2 million (31 March 2023: £2.8 million) of cash in the bank, which forms part of the exchequer pyramid.

The cash balance disclosed above includes £0.08 million (31 March 2023: £0.5 million) of civil penalties which have been collected on behalf of the Consolidated Fund (see note 1.5).

	2023- 2024 £'000	2022- 2023 £'000
Bank balance at 1 April (excluding Consolidated Fund receipts)	2,300	14,186
Net change in cash and cash equivalent balances	15,872	(11,886)
Balance at 31 March	**18,172**	2,300
Consolidated Fund receipts balance at 1 April (held in GBS account)	469	2,459
Amounts collected on behalf of Consolidated Fund	76	469
Transfer to HM Treasury	(469)	(2,459)
Balance at 31 March	**76**	469
The following balances as at 31 March were held at:		
Government Banking Service	18,172	2,300
Amounts payable to the Consolidated Fund	76	469
Balance at 31 March	**18,248**	2,769

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

Note 10 Trade payables and other liabilities

	31 March 2024	31 March 2023
Amounts falling due within one year	**£'000**	£'000
Trade and other payables	584	495
Accruals and deferred income	17,000	12,988
Employee leave accrual	6,537	7,643
Lease liabilities	4,852	4,723
	28,973	25,849
Amounts payable to the Consolidated Fund	76	469
Total current payables (excluding provisions)	**29,049**	26,318

Note 11 Leases

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

11.1 Lease liabilities

	31 March 2024 £'000	31 March 2023 £'000
Obligations under leases comprise:		
Buildings		
Not later than one year	5,572	5,264
Later than one year and not later than five years	22,135	18,282
Later than five years	30,040	37,246
Total	**57,747**	60,792
Less interest element	(5,645)	(4,582)
Present values of obligations		
Current portion	**4,852**	4,723
Non-current portion	**47,250**	51,487

11.2 Amounts recognised in the SoCNE

	31 March 2024 £'000	31 March 2023 £'000
Expenses relating to leased assets:		
Depreciation	4,923	4,816
Interest expense	677	540
Expenses relating to short-term leases	0	532
Expenses relating to VAT	233	244
Expenses relating to low-value assets	112	-

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 recent Court of Appeal decision, in the case of Virgin Media Limited versus NTL Pension Trustees II Limited, may have potential implications for defined benefit pension schemes that were contracted out of the state pension scheme between 1997 and 2016. However, as there is currently insufficient information to assess and quantify the judgment's potential impact on the LGPS, no adjustment has been reflected in the pension computation for 2023-24.

The accounting entries in respect of the year ended 31 March 2024 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 net pension asset is valued at £108.0 million, then adjusted down by £99.5 million due to re-measurement to the asset ceiling under IAS 19 has resulted in a pension asset of £8.3 million at 31 March 2024, having previously been an asset of £1.7 million at 31 March 2023.

In 2023-24, the agency made contributions at a rate of 20.5% (2022-23: 20.5%) of pensionable salary. The total cash contribution that the agency expects to make to the LGPS scheme in the year to 31 March 2025 is £0.3 million.

Transactions relating to the Local Government Pension Scheme

	2023-24		2022-23	
	£'000	**% of pay**	£'000	% of pay
Service cost	598	8.3%	1,110	17.5%
Net interest on defined asset	(91)	-1.3%	(120)	-1.9%
Administrative expenses	66	0.9%	66	1%
	573	7.9%	1,056	16.6%
Actual return on scheme assets	20,122		2,873	

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	**2023-24 £'000**	2022-23 £'000
Return on fund assets in excess of interest	9,780	(2,813)
Other actuarial gains on assets	-	112
Changes in financial assumptions	84	51,088
Changes in demographic assumptions	1,557	3,879
Experience (gain)/loss on defined benefit obligation	(330)	(10,257)
Actuarial gain recognised in Statement of Changes in Taxpayers' Equity	**11,091**	42,009

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 2024 has been increased by £6.6 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 2024 £'000	31 March 2023 £'000
Fair value of fund assets (bid value)	232,073	218,800
Present value of defined benefit obligation	(124,085)	(125,952)
Net asset	107,988	92,848
Present value of unfunded obligations	(228)	(236)
Remeasurement of net defined benefit pension asset for changes in asset ceiling	(99,430)	(90,873)
Net asset in the Statement of Financial Position	**8,330**	1,739

Reconciliation of present value of the scheme liabilities

	31 March 2024 £'000	31 March 2023 £'000
Opening defined benefit obligation at 1 April	126,188	171,543
Service cost	598	1,110
Interest cost	5,889	4,380
Changes in financial assumptions	(68)	(51,039)
Experience losses on defined beneficial obligation	330	10,257
Changes in demographic assumptions	(1,557)	(3,879)
Estimated benefits paid	(7,203)	(6,365)
Past service costs, including curtailments	-	-
Contributions by scheme participants	152	197
Unfunded benefits paid	(16)	(16)
Closing defined benefit obligation at 31 March	**124,313**	126,188

Reconciliation of fair value of the scheme assets

	31 March 2024 £'000	31 March 2023 £'000
Opening fair value of assets at 1 April	218,800	221,452
Interest on assets	10,342	5,686
Return on assets less interest	9,780	(2,813)
Other actuarial gains	-	112
Administration expenses	(66)	(66)
Contributions by the employer including unfunded	297	592
Contributions by scheme participants	152	197
Estimated benefits paid plus unfunded net of transfers in	(7,232)	(6,360)
Estimated fair value of scheme assets at 31 March	**232,073**	218,800

Reconciliation of asset ceiling

	31 March 2024 £'000	31 March 2023 £'000
Opening impact of asset ceiling	90,873	45,601
Interest on asset ceiling	4,362	1,186
Actuarial losses	4,195	44,086
Closing impact of asset ceiling	**99,430**	90,873

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 £0.57 million for 2023-24 (2022-23: £1.06 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	122,890	124,313	125,764
Projected service cost	579	591	603
Adjustment to long term salary increase	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	124,392	124,313	124,235
Projected service cost	591	591	590
Adjustment to pension increases and deferred revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	125,710	124,313	122,941
Projected service cost	603	591	579
Adjustment to life expectancy assumptions	**+1 year**	**None**	**- 1 year**
Present value of total obligation	129,723	124,313	119,138
Projected service cost	612	591	570

History of surplus or deficit in the scheme

	31 March 2024 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2020 £'000
Fair value of Fund assets	232,073	218,800	221,452	197,169	174,059
Fair value of defined benefit obligations	(124,313)	(126,188)	(171,543)	(178,705)	(154,514)
Net surplus arising from defined benefit obligation before asset ceiling adjustment	**107,760**	92,612	49,909	18,464	19,545

Financial assumptions

	31 March 2024 £'000	31 March 2023 £'000
	% per year	% per year
RPI increases	3.4%	3.2%
CPI increases	3.0%	3.0%
Salary increases	4.0%	4.0%
Pension increases	3.0%	3.0%
Discount rate	4.9%	4.8%

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 2024		31 March 2023	
	£'000	%	£'000	%
Equities	140,513	60%	128,667	59%
Target return funds	40,035	17%	40,683	19%
Alternative assets	47,890	21%	49,171	22%
Cash	3,635	2%	279	0%
	232,073		218,800	

Demographic and statistical assumptions

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

	31 March 2024 £'000	31 March 2023 £'000
Retiring today:		
Males	21.1	21.3
Females	23.6	23.8
Retiring in 20 years:		
Males	21.5	21.8
Females	25.0	25.3

The post retirement mortality is based on the Club Vita mortality analysis, projected using the CMI_2022, 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 2022 CMI model also utilises a 2022 weight parameter (25%). The effect of updating the demographic assumptions is reflected in the change in demographic assumptions figure.

Note 13 Contingent liabilities at 31 March 2024

There were no material contingent liabilities at 31 March 2024 (31 March 2023: nil)

Note 14 Related party transactions for the year ended 31 March 2024

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 £7.4 million (2022-23: £7.2 million) earned from HMRC and expenditure includes £52.7 million (2022-2023: £44.5 million) invoiced to the agency by HMRC. Current assets are £0.04 million (31 March 2023: £nil) of debt due from HMRC and £3.5 million (31 March 2023: £0.3million) 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 DWP, MHCLG and Welsh Government (as disclosed in note 2 and 3).

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 81 to 83 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.

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.

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 these accounts.

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 on or after 1 January 2023, HM Treasury will apply it in the FReM from 1 April 2025 with limited options for early adoption. IFRS 17 is not expected to have a material impact on the financial statements for VOA.

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 and 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 is set at 6% of the non-domestic rates bill.

VOA Responsibilities

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

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 Foreign Commonwealth Development Office will remind them of the legal requirement to pay the Beneficial Portion.

Fact and Figures

	2023-24 **£m**	2022-23 £m
Payments made to Local Authorities	88.9	68.1
Less invoices raised for Beneficial Portion	(5.2)	(3.9)
POLAR net funding	**83.7**	**64.2**

The numbers above are reported in HMRC's Annual Report and Accounts.

In 2023-24, there were 168 diplomatic missions in London; there were 41 Consulates outside of London, four of which are in Northern Ireland. There are also 34 International Organisations. Rateable values ranged from less than £305 to £15.6 million. A total of 32 local authorities are involved in the POLAR scheme.

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, provide missing factual information and amend 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, where agreement can not be reached between the VOA and the ratepayer or their representative cannot agree the proposal. In these cases, 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 to 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 45 to 48.

Greenhouse gas emissions

	2021-22	2022-23	2023-24
Non-financial indicators		tCO_2e	
Total gross emissions	741	1,077	858
Total net emissions[12]	-	-	-
Gross emissions Scope 1 and 2	482	547	319
Gross emissions Scope 3 (business travel)	259	530	539
Energy consumption		kWh, 000s	
Electricity: non-renewable	235	587	447
Electricity: renewable	294	529	298
Gas	174	385	421
Oil	Nil	Nil	Nil
Travel breakdown		tCO_2e	
Road	222	389	421
Rail	35	129	100
Air (domestic and overseas)	2	11	17
Financial Indicators		£000s	
Expenditure on energy	287	457	1,100
Expenditure on accredited offset purchases	Nil	Nil	Nil
Expenditure on official business travel	858	1,309	1,517
Expenditure on waste[13]	2	1.6	0.7

Waste

		2021-22	2022-23	2023-24
Non-financial indicators			Tonnes	
Total waste[12]		65	55	36
Waste	Landfill	0.5	0.5	0.0
	Recycled/composted	57	53	34
	Incinerated/energy from waste	7.5	3	2

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

13 Figures based on in year gate fees for waste type

Finite resource consumption – water

		2021-22	2022-23	**2023-24**
Non-financial indicators			m^3 000s	
Water consumption	Supplied	4.6	4.0	3.5
			m^3/FTE	
Water consumption	Supplied	1.35	1.19	0.92

Copier paper purchased

	2021-22	2022-23	**2023-24**
Non-financial indicators		A4 reams equivalent 000s	
Total waste	1.6	2.1	2.6

1 Water consumption cost: Data not available
2 Copier Paper cost: Data not available

Air travel breakdown

	2021-22			2022-23			**2023-24**		
Non-financial indicators	No	Kms	$mtCO_2e$	No	Kms	$mtCO_2e$	No	Kms	$mtCO_2e$
Total domestic	60	16,106	2.09	204	85,934	11.17	111	54,571	8.79
Total international	-	-	-	-	-	-	4	33,912	8.86

Audio Conferences - Data not available for VOA

Demonstrating reductions per FTE
We have compared our footprints per FTE in 2023 to 2024 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	**2023 to 2024**
Greening Government Commitment	footprints per FTE	footprints per FTE
Greenhouse gas emissions (tonnes of CO2e)	0.83	0.08
Direct Building emissions (tonnes of CO2e)	0.4	0.03
Domestic flight emissions (tonnes of CO2e)	0.02	0.03
Waste (tonnes)	0.05	0.04
Water (m^3)	1.27	0.92
Paper (reams of A4)	7.53	0.68

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