Valuation Office Agency

VALUATION OFFICE AGENCY

ANNUAL REPORT AND ACCOUNTS 2024-25

HC 1124

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ANNUAL REPORT AND ACCOUNTS 2024-25

For the period 1 April 2024 to 31 March 2025.

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Performance report

Foreword from the Exchequer Secretary to the Treasury

The Valuation Office Agency plays a vital role in supporting the collection of around one tenth of the overall tax revenue in England and Wales.

The agency's Annual Report and Accounts for 2024-2025 describes a year of progress, against a backdrop of competing pressures and some ongoing challenges.

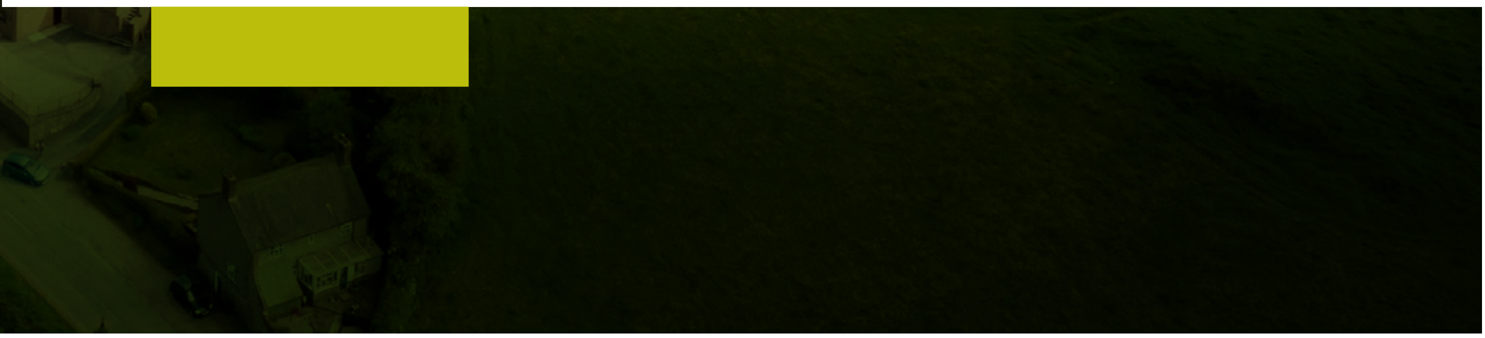
Last September, the Chancellor announced that I would take on the role of Chair of the HMRC Board and as such have more direct oversight of the agency's performance. The recent decision to integrate VOA into HMRC by April 2026 builds on this, providing greater ministerial oversight and accountability.

This will support my three priorities: improving day-to-day performance and the customer experience, closing the tax gap, and modernising and reforming the UK's tax and customs system.

I am determined that we take advantage of the many opportunities created by technological advances to go further and faster in driving modernisation. This is crucial to improving value for money, collecting revenue more efficiently, supporting economic growth and delivering the Prime Minister's Plan for Change.

Last year, the agency took a significant step in starting to modernise its operational systems and legacy technology by rolling out a new system to support its Council Tax casework. My decision to integrate the agency into HMRC will help accelerate this modernisation and drive much needed change for businesses, customers and delivery partners.

This year will be a critical delivery year for the agency. I know everyone at the Valuation Office Agency is focused on improving the customer experience and supporting Government priorities, alongside ensuring a smooth transition of its work into HMRC. I am thankful and grateful for their work and professionalism.



Foreword by Jonathan Russell

The last year has been a really exciting one for the agency.

We made good progress in tackling longstanding issues, such as modernising our operational IT and building our capacity and specialist surveying skills.

At the same time customer demand remained high and we had to balance delivery of our existing services with new work.

This resulted in significant challenges and yet despite this we have delivered some notable achievements.

> We made good progress in tackling longstanding issues, such as modernising our operational IT and building our capacity…

> This year, we rolled out our new Valuation Operating System for all our Council Tax work. This is transforming how quickly colleagues can deal with cases and is fundamental to improving efficiency and delivering an excellent customer experience.

Revaluation 2026

We entered the valuation phase of the 2026 Revaluation, producing draft valuations for over 2.1 million non-domestic properties. We made great progress and met all our agreed milestones.

For this revaluation we have held more discussions with industry bodies on our approach to valuing properties in their sector. I want to thank those industry representatives who have engaged constructively with us enabling us to agree our valuation approach with them.

Transforming business rates

One of the longstanding issues the agency faced was the ageing and end-of-life technology which supported our operational processes. This year, we rolled out our new Valuation Operating System for all our Council Tax work.

This is transforming how quickly colleagues can deal with cases and is fundamental to improving efficiency and delivering an excellent customer experience.

Moving our Council Tax work on to the new system was a huge milestone. The next step is to move our non-domestic work across, which will happen in phases from 2026.

We also brought together all the non-domestic rates (NDR) elements of our transformation into a single NDR transformation programme called NextGen Rating. It is delivering the move of NDR work onto our new IT system – as well the government's business rates reforms.

Building capacity and capability for the future

We have recruited more than 1,200 new colleagues in the last three years (including 220 caseworkers and 98 surveyors). Over 25% of our workforce has joined in that period. This is an exciting opportunity to bring together new talent with our experienced and specialist colleagues.

We have put renewed focus on developing future chartered surveyors. We have 380 people studying for surveying qualifications and this year 71 colleagues achieved chartered surveyor status.

> The VOA has an enviable reputation across the industry for the strength and quality of its training and its ability to attract and develop surveyors from all backgrounds.

380

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

The VOA has an enviable reputation across the industry for the strength and quality of its training and its ability to attract and develop surveyors from all backgrounds. The variety of work, the development support we offer and our unique position as a centre of valuation expertise is core to this.

A Great Place to work

I was pleased to see our People Survey scores increase during 2024. Our overall engagement score rose by four percentage points to 64% and there were increases across all nine thematic areas. In particular, given the amount of change the agency is experiencing, we saw an increase of five percentage points in leadership and managing change. This was a positive endorsement of the activity and focus we have put on this.

Governance

This year also saw His Majesty's Revenue and Customs (HMRC) Board take on oversight of the VOA. I would like to take this opportunity to extend my thanks to our previous non-executive directors Terry Babbs, Richard Hawkins, Cosette Reczek and Ruth Stanier. Their counsel over the last four years has been invaluable.

Going forward the VOA will close as an Executive Agency and our functions and operations will transfer into HMRC by 1 April 2026. Bringing together VOA's and HMRC's expertise and experience will give us more flexibility and help us better support the government to deliver change, as well as providing greater ministerial oversight and accountability. It is a recognition of the importance of our work and will ultimately benefit businesses, taxpayers, local authorities and the VOA's government clients.

> "What the VOA does matters and they should be rightly proud of the positive impact they have in the communities in which we all live and work.

Looking to the Future

We have had a very successful last 12 months and I want to thank colleagues for their hard work, professionalism and commitment. What the VOA does matters and they should be rightly proud of the positive impact they have in the communities in which we all live and work.

I know the organisation will thrive as part of HMRC and there will be many exciting opportunities ahead to improve the services we deliver.

I look forward to continuing to deliver for our customers and supporting the vital public services that benefit us all.

Jonathan Russell, CB
Chief Executive
09 July 2025

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 3,860 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.

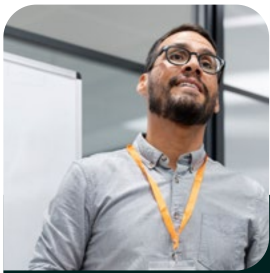
Strategic objectives
Our three strategic objectives that we delivered against during 2024-25 were to:

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

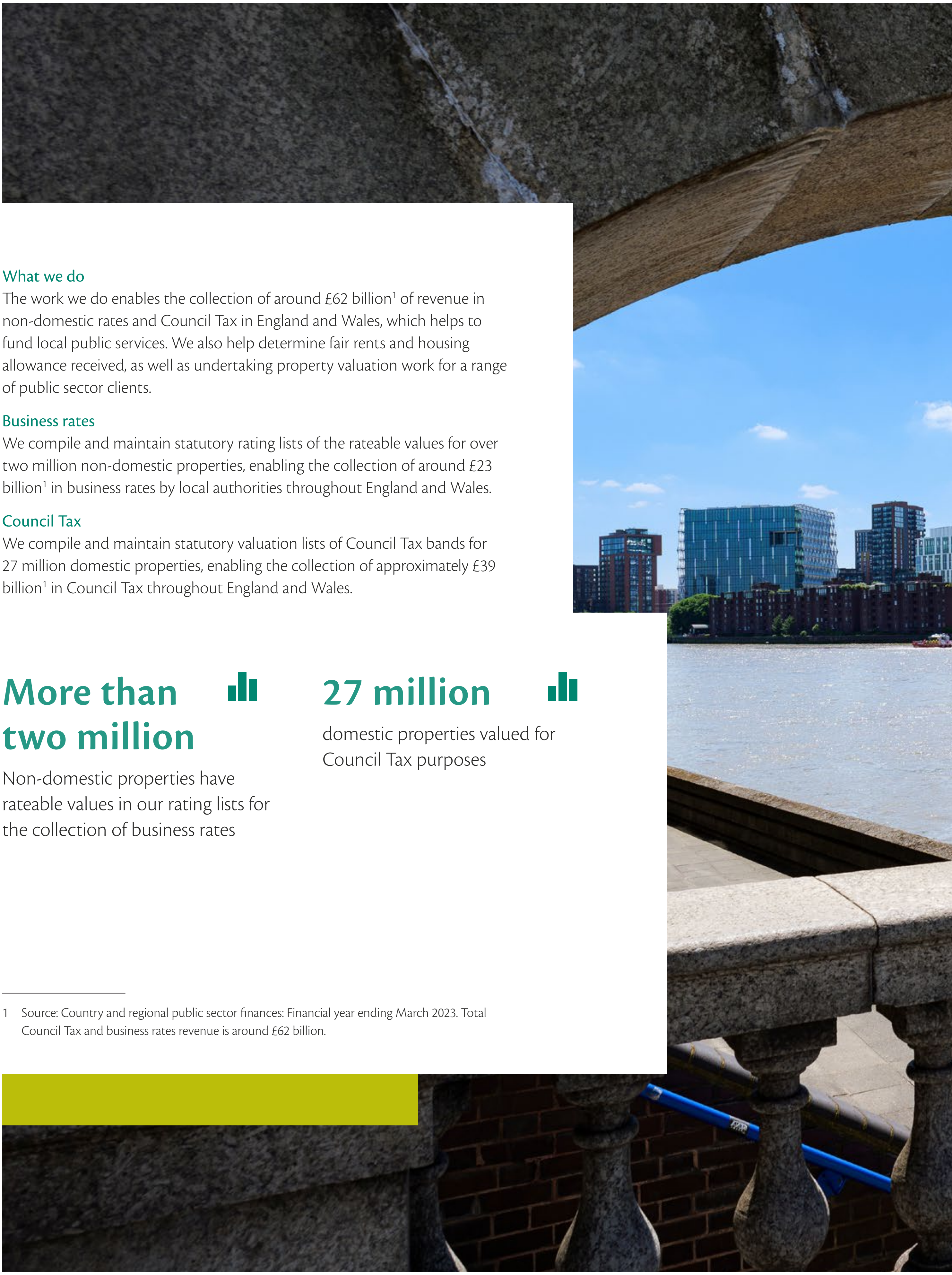
Our aim is to deliver a professional and expert customer service experience. We want to make things as straightforward as possible for our customers; work collaboratively with stakeholders and ensure that we consistently deliver what we promise.



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.

We have also supported the Exchequer to the Treasury priorities for our parent department, HMRC, in improving day to day performance and modernising and reform. We also have contributed to the milestones set out in the government's plan for change, particularly around economic growth and sharing data with other government departments.



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.

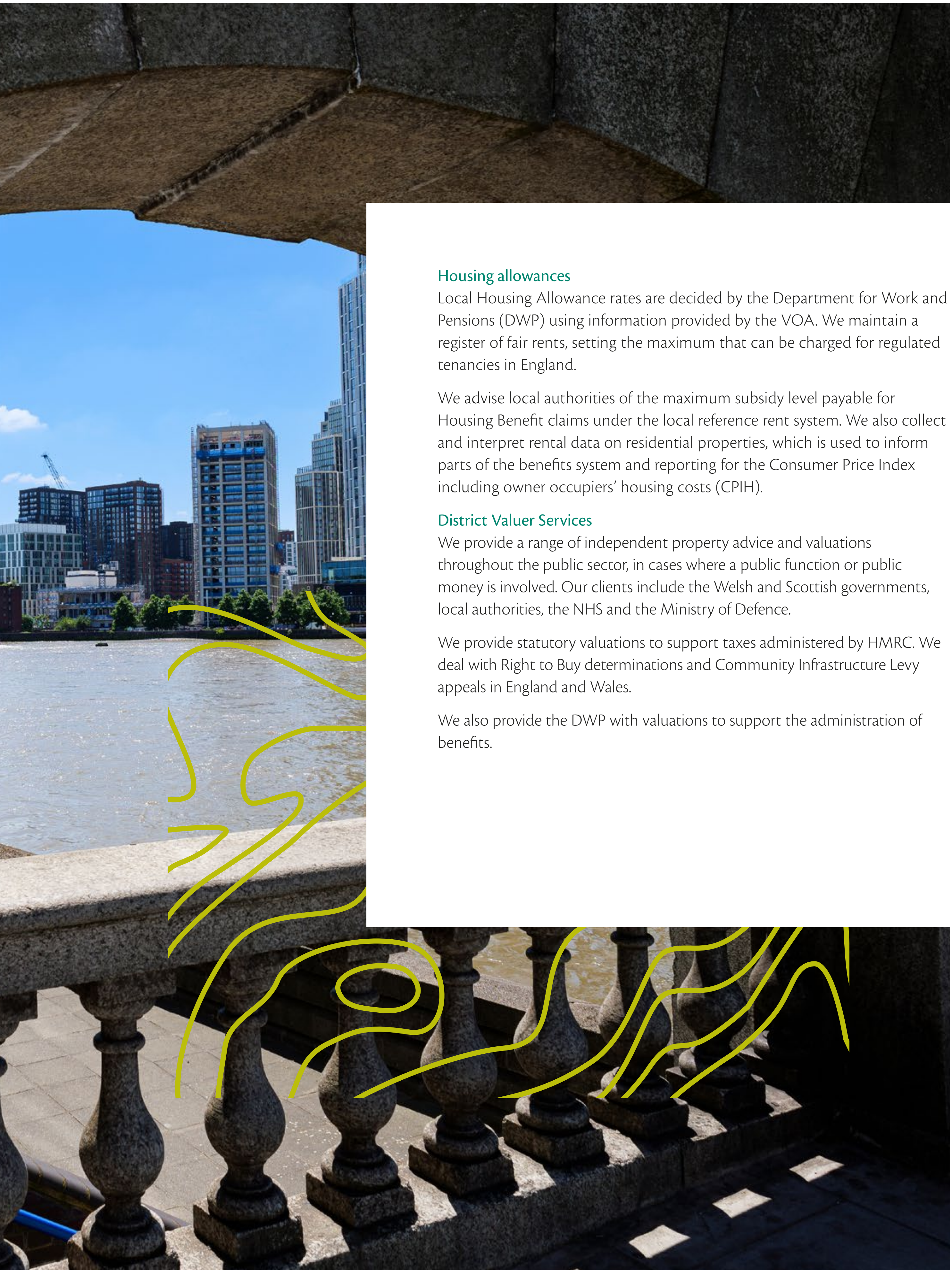
More than two million

Non-domestic properties have rateable values in our rating lists for the collection of business rates

27 million

domestic properties valued for Council Tax purposes

1 Source: Country and regional public sector finances: Financial year ending March 2023. 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 (DWP) 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 the Consumer Price Index including owner occupiers' housing costs (CPIH).

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. Our clients include the Welsh and Scottish governments, local authorities, the NHS and the Ministry of Defence.

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 DWP with valuations to support the administration of benefits.

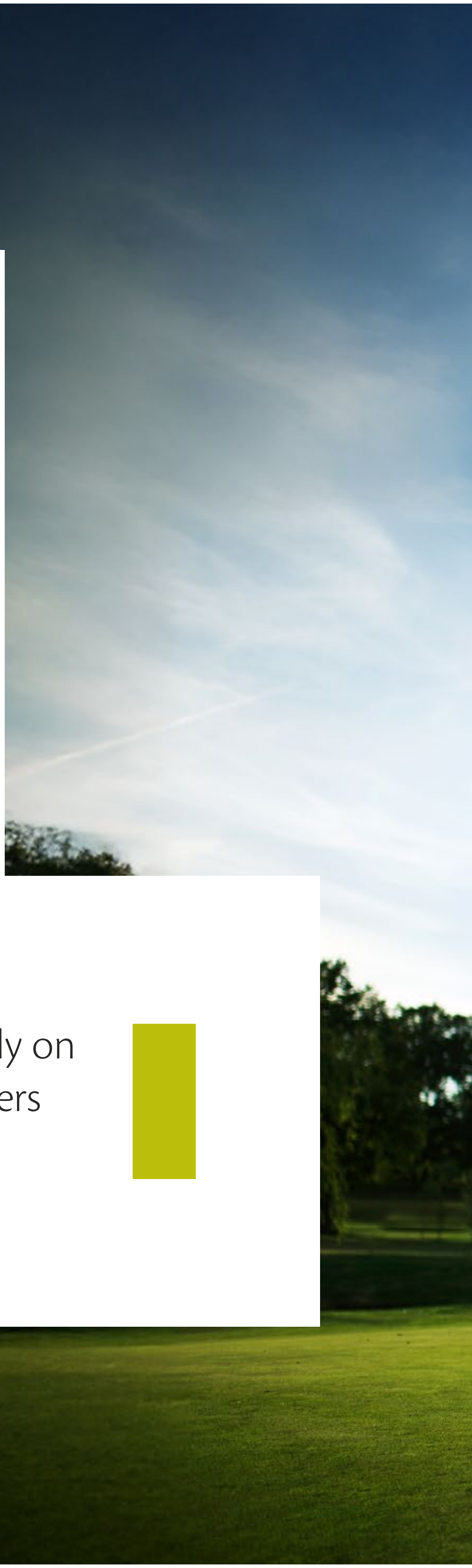
Summary of key risks

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 66.

Key risks we have faced and managed during the year include the sustained delivery of our ambitious transformation agenda including our Business Systems Transformation and delivery of the new Valuation Operating System for Council Tax and business rates reforms, and ensuring the necessary reliability and performance of our technology infrastructure to support the agency's business needs.

PERFORMANCE ANALYSIS

Reviewing our performance



This section sets out how we have performed against our strategic objectives, the commitments we set out in our 2024-25 business plan and Spending Review 2021 priority outcomes.

The VOA has faced a number of challenges and opportunities in 2024-25. We began the valuation of 2.1m non-domestic properties for the revaluation in 2026, the first in a new three-yearly cycle of revaluations. We have made good progress and met all key milestones.

Alongside this we are transforming our business systems and launched our new Valuation Operating System for Council Tax. Once embedded this will deliver significant efficiencies and improvements in our customer service.

We are also delivering reforms to the business rates system and working with the Welsh Government on their Council Tax reforms in Wales including preparing for a revaluation in 2028.

Whilst we met seven of our eleven targets, we have not achieved our targets around Check, Challenge and non-domestic rating maintenance timeliness. This was due to the pressure on our Check and Challenge Service as a result of the 2017 Rating List closure, alongside the delivery of the 2026 Revaluation. We have also seen competing demands on our Council Tax services with new policy work to deliver, which has meant we did not meet our Council Tax maintenance timeliness target. A summary of performance against our targets can be found on page 45.

> “Central and local government rely on our valuations to ensure customers pay the right property taxes.

Objective One Two Three

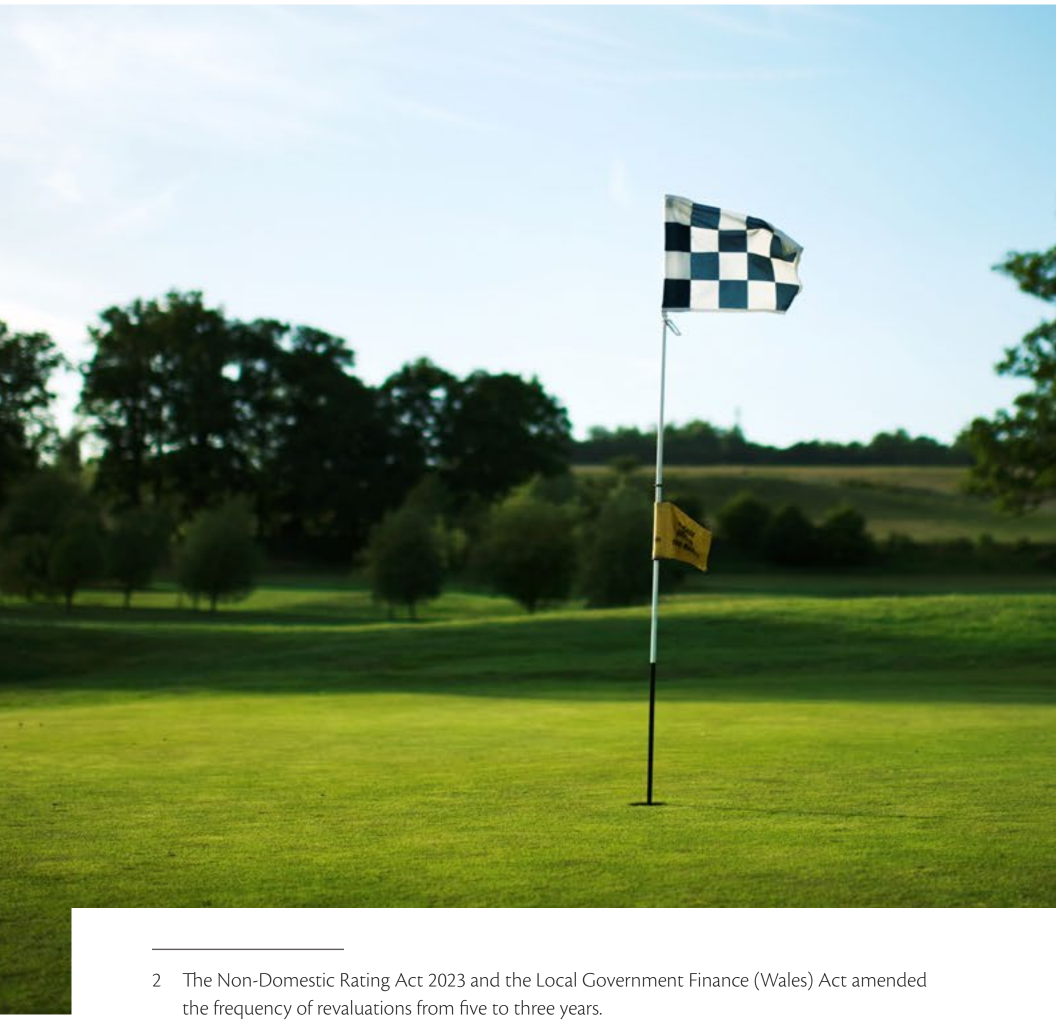
Provide trusted property valuations efficiently

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. The next business rates revaluation will take place in 2026. This is the first in the new three year cycle of revaluations[2].

The first phase of Revaluation 2026 began on 1 April 2023 and concluded on 31 March 2024, during which time we collected rental information, cleansed existing data, created market knowledge reports, and undertook property inspections across all sectors and regions of England and Wales.



2 The Non-Domestic Rating Act 2023 and the Local Government Finance (Wales) Act amended the frequency of revaluations from five to three years.

On 1 April 2024, we started carrying out the 2.1 million valuations needed for the 2026 business rates revaluation across England and Wales and since then have made good progress towards delivering the programme.

In January 2025, we met our first key milestone, valuing and validating (quality assuring) 40% of the 2.1 million properties in the rating lists. In February 2025 we met our second key milestone of 60% validated valuations, and we are on track to complete all by the end of June 2025.

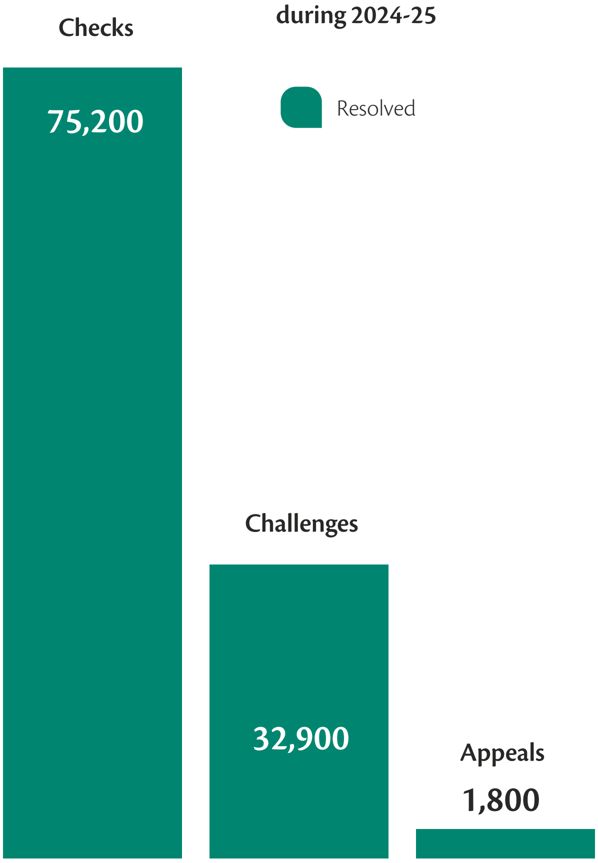
Ratepayers rightly want to understand how we have arrived at their valuation, so transparency is important for us. We have collaborated with industry representatives and stakeholders to formally agree national schemes on some of our valuation approaches such as Petrol Filling Stations and Public Houses. We have also worked with representative bodies to share messages with their members about how properties are valued and how the business rates system works.

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 alongside the compiled Rating Lists. We have also published blogs explaining how we value properties and the methods used, 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.

Check, Challenge and Appeal

The Check and Challenge service enables 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 2017 and from 1 April 2023 Welsh customers and their agents also used this service to challenge a 2023 list valuation.

Total Checks, Challenges and Appeals resolved during 2024-25



Case study

We partnered with the Petrol Retailers Association to develop a joint webinar explaining how business rates work, to help them prepare for the 2026 Revaluation. This was promoted through their newsletter to 1,000 members, operating over 4,000 forecourts. We also shared content for their social media channels, including a GOV.UK blog on how petrol stations are valued.

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

During 2024-25 we:

- registered 80,500 Check cases and resolved 75,200. This compares with 67,630 Checks registered and 154,040 resolved over the whole of 2023-24.
- registered 29,900 Challenge cases and resolved 32,900. This compares with 54,200 Challenges registered and 38,500 resolved over the whole of 2023-24.
- registered 2,970 Appeals and resolved 1,800. This compares with 1,470 Appeals registered and 1,370 resolved over the whole of 2023-24.

We entered 2024-25 with high workstacks on Check and Challenge, due to the peak in demand received from the closure of the 2017 Rating Lists and publication of the 2023 Rating Lists. This placed pressure on our Check and Challenge service this year and impacted our timeliness performance in this area.

Due to this, we dealt with 70% of Checks within three months and 68% of Challenges within 12 months, against the 90% target. We performed broadly in line with statutory deadlines with over 99% of Checks resolved within the 12 months and over 99% of Challenges within the 18 months.

This year we resolved 1,800 Appeals under the Check and Challenge service, significantly more than last year. As at the end of 2024-25, there were 3,100 Appeals outstanding with around 660 of these listed for hearing by the Valuation Tribunal Service next year so far.

Appeals against the 2010 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 2024-25, we resolved the last remaining Appeals relating to the 2010 list. These had been cases held up pending the outcome of litigation in the relevant courts. Over the life of the 2010 list, we resolved around 1.16 million appeals with 70% resulting in no change to the list.

At the end of 2024-25, against the Wales 2017 rating list, we had 450 outstanding Appeals, having resolved 2,070 this year. Over the life of the 2017 list, we have resolved around 42,000 appeals in Wales with 74% resulting in no change to the list.

Maintenance of rating lists for non-domestic properties

During 2024-25 we raised and investigated 121,500 maintenance reports[3] 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, this year we raised and resolved around 33,200 maintenance reports relating to these properties and around 8,800 were moved from the business rating lists into the Council Tax valuation lists.

3 Excludes reports relating to self-catering properties and holiday lets

87%

of DWP valuation cases completed within seven working days, well above our 80% target

£33 million

income by our District Valuer Services through independent property valuation services

The need to prioritise the work on self-catering properties and the complexity of cases meant that we dealt with 70% of maintenance reports within 90 working days, against the 95% target, compared with 86% in 2023-24.

Council Tax

In 2024-25, we continued to maintain Council Tax valuation lists by raising and investigating 426,500 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 have worked with local authorities to identify relevant properties for re-banding and actioned around 4,000 cases.

We cleared 89% of maintenance reports within 90 working days, below our 95% target compared to 96% in 2023-24.

Housing allowances

We collect and interpret rental information for domestic properties for use in the operation of parts of the benefit system. In 2024-25 we collected 530,700 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 24,100 such requests, known as Fair Rent cases, and resolved over 99% within 40 working days, exceeding our 95% target.

We have continued to gather data about lettings in the private rental sector to support the production of the 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 delivered specialist, independent property advice and valuation services to the wider public sector, which brought in over £33 million of income in 2024-25.

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

We cleared all initial appraisals for HMRC within our five working day target. We completed 87% 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.

Our approach to measuring quality is 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.

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.

> Agents are a key part of the property taxation system and the majority provide a good service. Our agent standards, developed through engagement with professional bodies and the agent community set clear expectations about the behaviours and professional practice we expect.

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.

Our first penalties issued in 2024-25 were not handled to the high standard that our customers, agents and professional bodies expect of the VOA. We have listened to their feedback and reviewed and revised our approach. This includes providing improved guidance on GOV.UK and seeking representations from customers before making a decision to issue a penalty notice. This will be introduced from April 2025.

Last year we published a new set of standards that apply to agents who represent our business rates and Council Tax customers. These were developed through engagement with professional bodies and the agent community. They set clear expectations about the behaviours and professional practice we expect from agents. These also complement our customer charter which sets out the standards customers and agents can expect of us.

In January 2025, we temporarily suspended three agents for potential serious breaches of the standards. We made limited public disclosures through banners on the Check and Challenge service and statements on GOV.UK to protect the public.

Transformation

2024-25 has been a pivotal year in which the VOA has been undergoing one of the largest transformations in its history.

This includes the modernisation of our IT systems with the redesign and simplification of our core operational processes through our Business Systems Transformation programme and delivery of the new Valuation Operating System for Council Tax.

We have also brought together all the NDR elements of our transformation into a single NDR transformation programme called NextGen Rating. It will deliver the move of our NDR work onto the new IT system as well as the government's reforms to business rates.

Together these will replace our 30 year old IT estate, providing us with evergreen technology which will lay the foundations for us to unlock opportunities and efficiencies and deliver improvements for our customers.

Alongside this we have continued our work in partnership with HM Treasury, HMRC, the Welsh Government and the Ministry of Housing, Communities and Local Government (MHCLG) to implement important reforms to non-domestic rating. In parallel, we continued to support the Welsh Government to implement their planned reforms around Council Tax in Wales.

Valuation Operating System for Council Tax

Through our Business System Transformation programme, we have delivered the first phase of its IT transformation, with the successful launch of a new Valuation Operating System (VOS) for Council Tax, in late 2024-25. This has given VOA colleagues the integrated tools they need to work more effectively, freeing them to focus their time on where they add most value. This will enable us to deal with customer cases more quickly and consistently.

Over 1,300 operational colleagues are now using the new system, feedback has been positive particularly around how intuitive the new system is to use. As with any major IT system roll-out, there were challenges we had to manage and initial issues that are being resolved as the system beds in.

We have also launched a new Local Authority online portal into testing. This will enable them to submit and track their Council Tax property review cases through a user-friendly interface, which also checks whether the information is right. Feedback from the first local authorities to use the portal has been overwhelmingly positive.

> “The findings should lead the VOA to have confidence in the quality of the new valuation project conducted in Wales.
>
> Quote from IAAO report on Automated Valuation Model

NextGen Rating Programme

Our NextGen Rating programme has also been preparing for the delivery of enhanced guidance for 2026 and VOS for non-domestic rates from 2029, designing the end-to-end processes. This will support the three-yearly revaluation cycles and the Revaluation 2029 will be delivered on the new system.

It is also delivering a number of measures in England and Wales set out in the Non-Domestic Rating Act (2023) and the Local Government Finance (Wales) Act to enable more frequent revaluations, better sharing of information and a more efficient appeals system. 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 in 2028 and we have been working with them to support the reforms.

In October 2024 we completed work to improve the quality of our existing property data for all 1.5 million properties in Wales. To support this large-scale valuation exercise we used mass appraisal and an Automated Valuation Model (AVM). This is a modern, efficient way of providing a fair and consistent basis for valuations. The AVM has been assured externally by the International Association of Assessing Officers (IAAO), a recognised world authority.

We will be sharing information on GOV.UK around our approach to Model Assisted Valuations and how we have developed and used the AVM to support this work. Sharing information will ensure we are transparent to customers about our approach.

We have also started collecting the data and sales verification work to prepare for the 2028 revaluation ahead of the valuation phase which begins in 2026.

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.

During the year we have run a number of continuous improvement projects across all our service areas to look at how we simplify our processes and systems so colleagues can focus on what really matters and refine our customers journeys to make it easy for them to self-serve and comply.

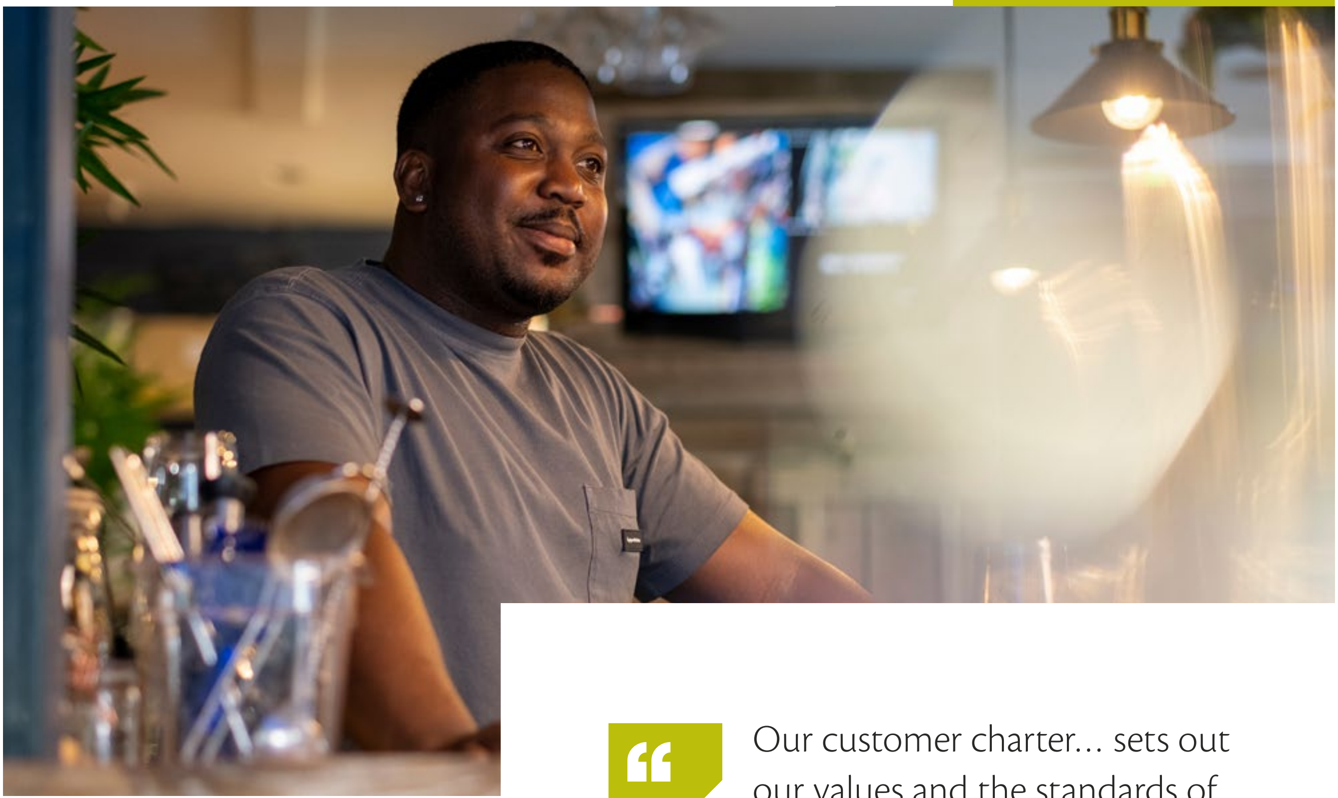
We also undertake post-implementation reviews, an important part of our change management process, to ensure new systems and processes are effectively embedded and to identify areas for improvement.

Our Valuing Your Ideas employee suggestion scheme helps build a culture of continuous improvement. This year, we focused on innovation and the small changes that can improve the way we work.

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 the use of artificial intelligence (AI) to drive efficiencies and improve effective use of time and initiatives around how we improve individual learner journeys for colleagues to ensure they develop the skills and knowledge they need as effectively as possible.

One Objective Two Three

Deliver an excellent customer experience



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 aim is to deliver a professional and expert customer experience. We want to make things as straightforward as possible for our customers, working collaboratively with stakeholders and partners and ensuring that we consistently deliver what we promise.

Improving our customers' experience

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

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

As part of our customer strategy, we are further developing our customer insight and deepening our understanding of their needs. In 2024-25, we shared the results from our second annual customer experience survey with stakeholders and used this to drive improvements.

We conducted a great deal of user research across our transformation programmes, ensuring we are designing new services with our customer's needs in mind.

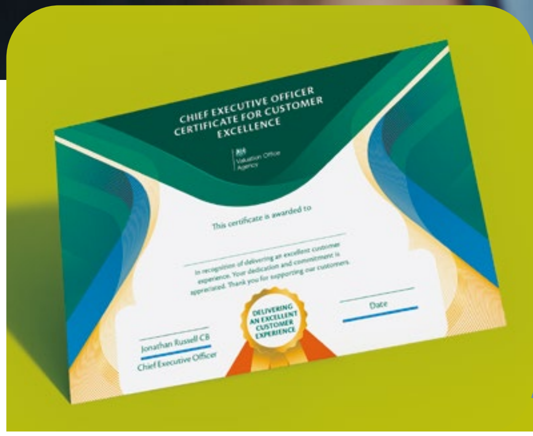
Last year we introduced our Customer Excellence Promise and Chief Executive Officer Customer Excellence Award to recognise colleagues who have exemplified great customer service. During National Customer Service week in October 2024, we celebrated the first anniversary, reflecting on the great work being done by colleagues to support our customers.

Since the award was introduced over 100 colleagues have been nominated for their work supporting vulnerable customers, recognising when a customer needs extra support and proactively communicating with customers to resolve queries more quickly.

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, which saw a 26% increase in demand this year.



Case study

Bushra Khatoon, one of our assistant valuers, received the CEO's Certificate for Customer Excellence for supporting a vulnerable customer in resolving their case. She had this to say when reflecting on the award:

"This recognition was deeply rewarding. It wasn't just for resolving the case swiftly, it reflected the empathy, professionalism, and initiative that define excellent customer service. It reaffirmed my belief that going the extra mile leaves a lasting impact on the customer."

Where customers contact us by telephone, our service centre telephony system provides data which helps us improve how we plan and manage contact, making it easier for us to respond to increases in demand.

We have also introduced additional feedback surveys onto our digital and telephony services, which will provide insights to enable us to identify areas where we can improve customer experience.

We handled just over 765,400 customer contacts during the year, with 97% dealt with at the first point of contact. Demand was 9% higher than the previous year, though more were dealt with at first point of contact.

We received over half of this customer contact through digital channels. We also handled around 361,000 calls, with an average speed of answer just under the ten minute target.

Providing customers with clearer information and guidance

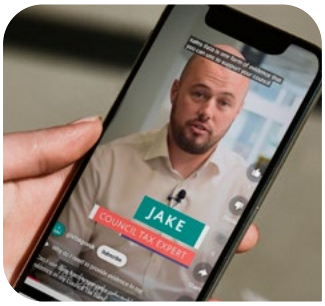
We further developed our online support and digital services in response to customer feedback, to make it easier for customers to self-serve.

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

We are using our website and social media channels to share helpful information for customers based on common queries, including blogs on when we can delete a property's Council Tax band, or videos on how to challenge a Council Tax banding and the evidence needed from customers. We are also proactive in sharing customer content in response to consumer media coverage, which typically drives demand for our Council Tax services. This year we have run customer campaigns around our valuation methods for non-domestic properties and around acceptable customer behaviour.

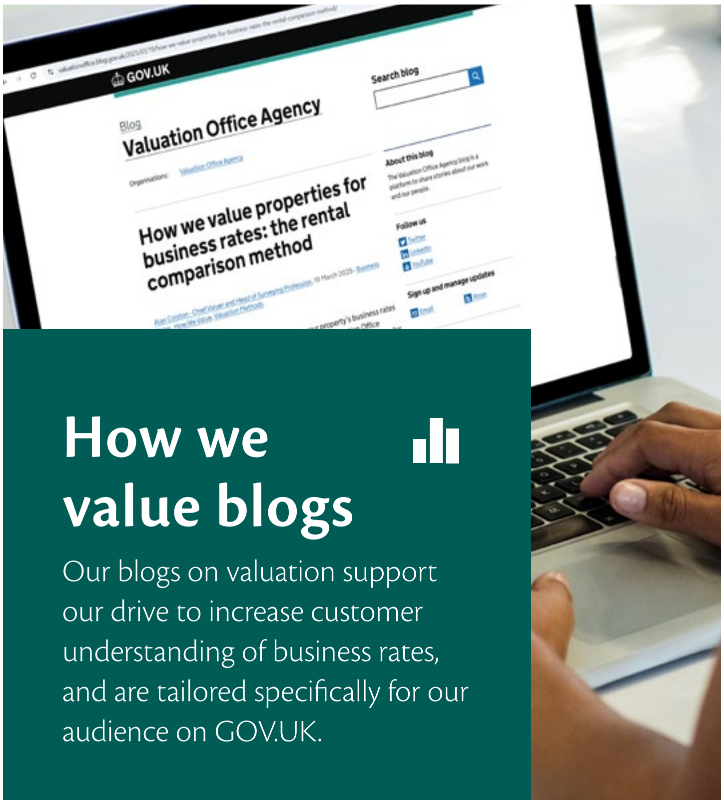
We have continued to look at how we can improve our correspondence to ensure customers understand how to use our services, how we reach our valuations and what the outcome means for them. We have refreshed our letter templates, to make sure our letters are clear and easy for customers to understand what information we need from them.

We have continued to improve our internal translation guidance to help raise awareness of Welsh language requirements. We are also trialling new and innovative methods of Welsh translation including the use of AI and trio writing to improve the quality of the translation.



Council Tax explainers

We produced a video on top 10 Council Tax queries we receive from customers, which we share regularly on social media and through our Customer Service Centre.



How we value blogs

Our blogs on valuation support our drive to increase customer understanding of business rates, and are tailored specifically for our audience on GOV.UK.

> Client care is very important to me, as is establishing good communication and relationships with our customers. I'm always really happy when I can help improve their understanding and resolve their case.

Stephanie Holding, who works in our Council Tax Technical Team was recognised with the CEO's Certificate for Customer Excellence for supporting a customer who needed additional support.

Improvements to our digital services

We have continued to listen to stakeholders and conducted user research in order to make further improvements to our online services including our business rates Check and Challenge and our Check and Challenge your Council Tax Band service.

We've made it easier for customers to provide the right information upfront to progress their cases more quickly and developed and published more guidance this year for customers on the evidence required to support their Council Tax banding.

We also enhanced the Check and Challenge service journeys, adding guidance which means we can deal with challenges faster and our customers benefit from a more consistent and timely service.

The number of customers and agents registered with our Check and Challenge service grew further and was 368,886 as at the 31 March 2025.

During the year, there were around 80,500 checks made on business rates valuations through GOV.UK. In addition, 350,000 people have checked their Council Tax band.

Helping customers who need additional support

We take our obligations under the public sector equality duty seriously and are committed to ensuring our services are accessible to all our customers.

We continue to improve the support that we offer customers who are in distress or require extra support, engaging with them to make sure they receive the tailored support they need at the earliest opportunity.

We provide tools, guidance and training for all colleagues on how to identify and help customers who need additional support, including any reasonable adjustments. We have appointed a dedicated equality support co-ordinator who reviews the accessibility of our services and makes improvements to help ensure no customers are disadvantaged.

We also provide a range of translation services for customers including written translations and transcriptions, and on-demand telephony interpretation. We

offer pre-booked video and face-to-face interpretation, including British Sign Language interpretation. We are also trialling the use of AI for translation.

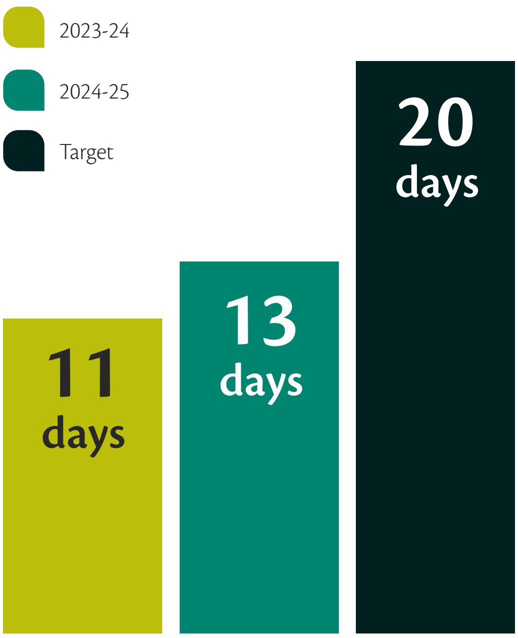
Handling customer data and information

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 government departments on our cyber and data security controls, including technical defences, response capabilities and ensuring staff awareness of good practice.

We have ensured that our data protection policies and guidance are up to date and easily accessible on our data and information 'knowledge hub'. We have continued to provide training around security and data management for colleagues to help them manage and protect the data and information they work with. We have also undertaken assurance and compliance reviews on our compliance with the General Data Protection Regulations and our retention policy and agreed retention periods.

Average complaints response time



We 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 2024-25 there were 273 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 straightforward and 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, this year we have revised our complaints information

forms which provides a clear record of a customer journey and aligned this to the commitments in our Customer Charter. This was welcomed by the Adjudicator for the transparency and assurance it provided.

In 2024-25 we received 2,300 complaints compared to the 1,350 received last year. We resolved 2,100 complaints during the year, of which 52% were fully or partially upheld, up 15 percentage points from last year.

Delays in VOA services remained the main reason for complaints this year. On average we responded to complaints in 13 working days against our target of 20 working days, this was an increase on last year, where we responded on average in 11 working days.

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

The Adjudicator provides an impartial and independent service that investigates complaints that have gone through our internal complaints process. In 2024-25 the Adjudicator investigated 23 cases, of which 17 were not upheld, four were partially upheld and two were substantially upheld. No complaints were referred to the Parliamentary Ombudsman for investigation.

Quote from Adjudicator's Office: "We were invited to the VOA customer conference. It was incredibly insightful, and there is a huge amount for us all to learn from the VOA about their maturity and also journey to placing customers at the heart of what they do. It really was inspiring."

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.

Last year we established a 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 worked with trade associations and sector stakeholders as we continued to implement the NextGen Rating Programme. 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.

> I've been a data analyst apprentice with the VOA since September 2023. I have improved and learned so much, not only my technical skills, but also my confidence levels have never been higher. I can honestly think of no better place to be an apprentice.

Chris Muir, apprentice

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 420 people to join the agency, including surveyors and to promote over 287 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.

Over the past year we supported 113 of our colleagues to gain professional qualifications and we have 306 of our people enrolled on apprenticeship schemes, with 61 new apprentice starts during 2024-25.

Case study

The Government Property Awards

These awards celebrate the achievements of property professionals within the public sector, and we are proud that two of our colleagues received recognition for their work. Clare Johnson, our Deputy Head of Profession, received an award for her commitment to developing our surveyor pipeline and Usman Javed, who works within our National Valuation Unit, was recognised as a rising star because of his inspirational and empathetic leadership of his team, and for the high quality of his technical work.

Usman Javed

> This apprenticeship journey has been one of the most rewarding experiences of my life. I'm now applying for the next level and encouraging colleagues to start their own.

Ben Whitby, Project Management apprentice

We have expanded on our existing entry routes and our apprenticeship schemes have provided the opportunity for colleagues to gain a qualification in finance, human resources, data analysis, and operational delivery, as well as surveying.

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

Around 8% 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 58% in 2023-24 to 78% this year.

We have 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.

> The Level 3 Surveying Technician course is the first step to becoming a Chartered Surveyor. It has been an excellent foundation to build my career and to progress within the agency. It helped enhance my knowledge, skills and experience. I thoroughly enjoyed it and had so much support from colleagues, including my manager and mentor, and I'm proud to say that I'm an AssocRICS member.

Samuel Bruce

Performance against the Civil Service Apprenticeships Strategy, 2022 to 2025

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

2024 -25 Performance

8% **Exceeded**

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

2024 -25 Performance

37% **Below target**

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

2024 -25 Performance

Over 90% of regions reflect local Civil Service workforce size

Exceeded

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

2024 -25 Performance

78%* **Exceeded**

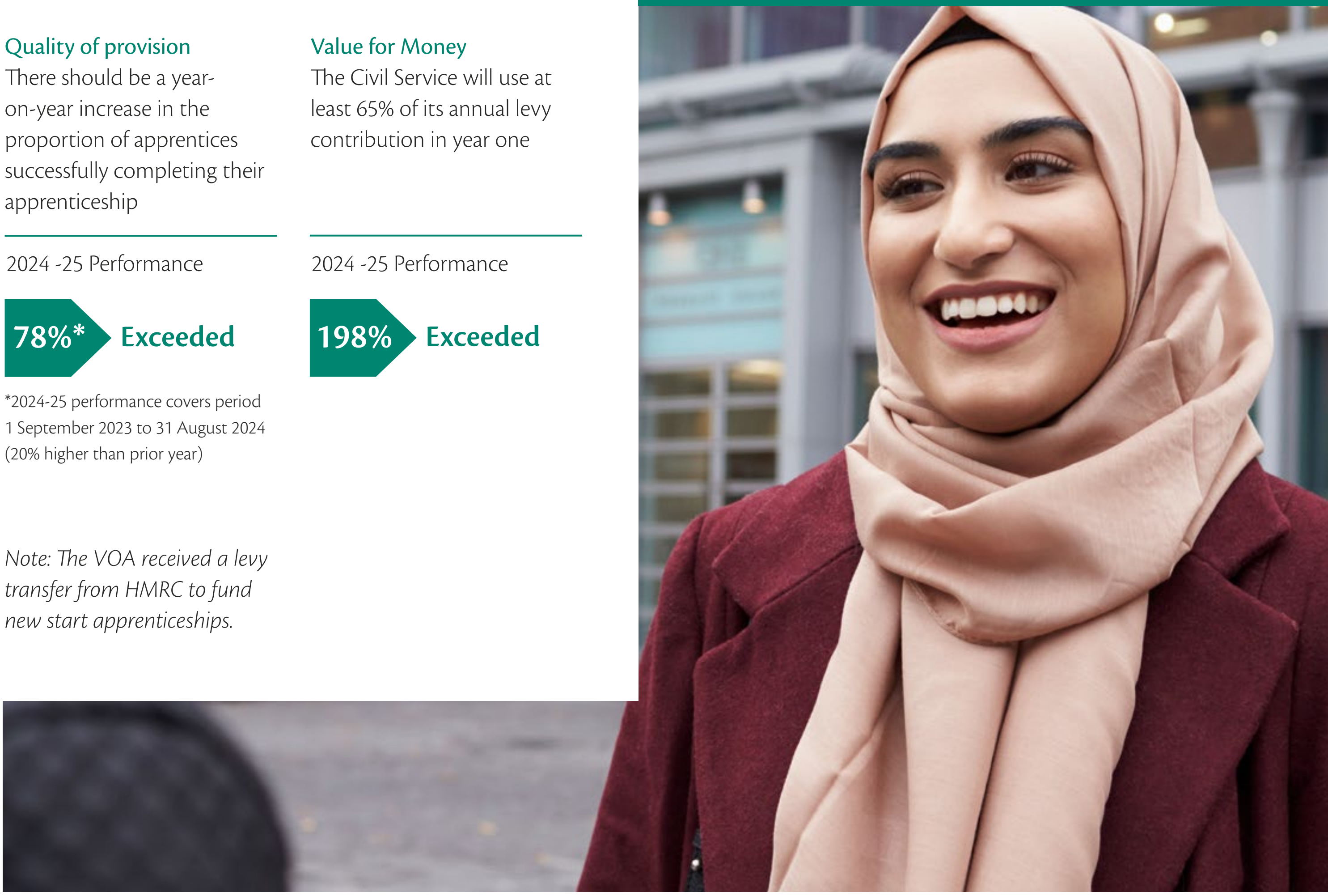
*2024-25 performance covers period 1 September 2023 to 31 August 2024 (20% higher than prior year)

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

2024 -25 Performance

198% **Exceeded**

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



Building our surveyor pipeline

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

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

We are addressing this in two ways. As well as recruiting qualified surveyors, we continue to develop our own people through a range of programmes. We build relationships with universities to attract talented students and graduates to provide a pipeline of future surveyors. We also deliver targeted outreach to schools to raise awareness of the surveying profession and support social mobility.

We have 380 graduates, university placement students, apprentices and caseworkers working to obtain surveying qualifications. This includes 206 'Level 6 chartered surveyor' and 78 'Level 3 surveying technician' apprenticeships.

This year 71 of our graduates and 'Level 6 chartered surveyor' apprentices joined our chartered surveyor workforce and 30 of our 'Level 3 surveying technician' apprentices qualified and gained permanent surveying roles.

> "One third of our workforce are Chartered Surveyors or are studying to achieve this qualification.

50

high potential colleagues invited to apply for Aspire, our in-house talent development programme

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.

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 reviewed our estate needs as the agency fully embedded the hybrid working expectation of at least 60% of time in the office. 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 76 roles out of London by 2026-27 and are on track to meet this target with 66 roles already relocated, including 26 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. We sought feedback from colleagues on the conditions of our offices and furniture which helped inform our improvements.

During 2024-25 we completed the refurbishment of our new office in Wrexham and sub-let some of this space to another government department. We also reduced our desk capacity in Norwich and invested around £0.3m in improving working environments.

Our estates environmental management system was externally audited against the internationally recognised standard ISO 14001 and we again 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.

We continued to build the leadership capability of those in our talent pipeline with structured development programmes. We collected more detailed 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 this data to identify candidates for the Civil Service Senior Leaders and Future Leaders schemes. Over 50 of our high potential colleagues were also invited to apply for Aspire, our in-house talent development programme, which is run annually. To date over 50% of

People Survey response rate

Year	VOA response rate	Civil Service average response rate
2024-2025	76%	61%
2023-2024	80%	65%
2022-2023	82%	65%

> The Aspire programme was very inspiring and broadened my insight into leadership, who I am as a leader, and how I can use this in my current role and future career.

Nadia Kelly, Aspire development programme graduate

colleagues who have participated in Aspire have since advanced their career. We also used a Government Campus profession specific leadership programme to develop the leadership capability of 30 of our senior analysts.

We continued to embed our Leadership Habits within our leadership and line management learning pathways, providing a range of accessible learning resources. Each month throughout the year there has been a spotlight on a new topic such as 'Connection', 'Resilience' and 'Adaptability' to support leaders to develop their change management skills and capabilities.

Our 'Valuing our Future' programme is a key part of our employee engagement approach and has consistently received positive feedback. This year, senior leaders held around 140 discussion sessions across our offices involving around 86% of our workforce in conversations about our future. Following the sessions, 96% 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 agency's future. We listened to our colleagues and took action in response to feedback.

This year, 76% of colleagues completed the 2024 Civil Service People Survey. This is above the Civil Service rate of 61% and gives us confidence that the survey results are representative of the agency as a whole.

Overall, the findings from our 2024 Civil Service People Survey results have seen the agency remain consistent with the Civil Service benchmark scores. Our overall engagement score increased four percentage points to 64%. Colleagues told us that there are improvements we can make, and we are listening and responding.

We have seen increases in our scores across all nine core themes within the People Survey, with a three percentage point increase in seven. Our leadership and managing change score increased by five percentage points to 55% and we saw a nine percentage point increase in colleagues agreeing they would recommend the VOA as a great place to work.

In seven of the core themes our scores were also higher than the civil service average. For example, our learning and development score of 65% is nine percentage points above the civil service average, whilst our inclusion and fair treatment scores is four percentage points above the Civil Service average at 85%..

We want people to feel the agency is a great place to work and we will continue to work with colleagues in taking action in response to the feedback provided in the survey.

> One of the most fulfilling aspects of this role has been the chance to connect with colleagues across the agency. Over the past year, I have visited around 20 offices, sharing insights about my role, but more importantly, encouraging open conversations about mental health. My message has always been clear: no one should struggle in silence.

Paul Phillips, VOA Mental Health Group Champion

Supporting our peoples' health, safety and wellbeing

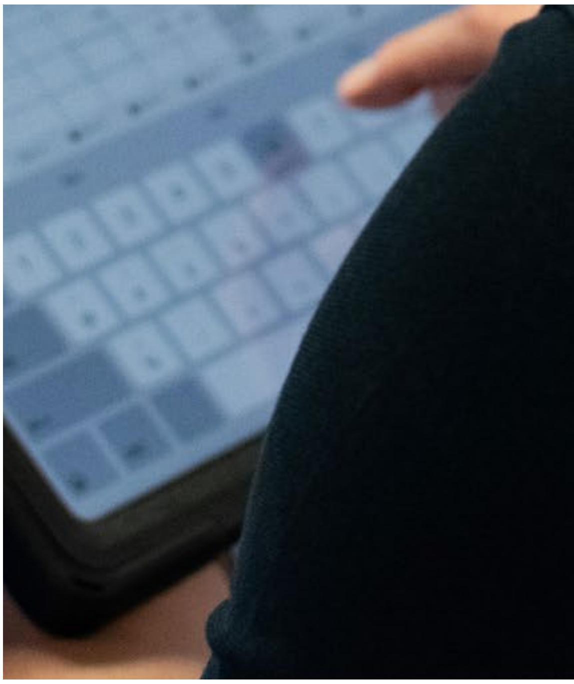
Supporting colleagues' health, safety and wellbeing is key to making the agency a great place to work. Our approach is delivered through a range of policies, strategies and activities championed by the executive committee.

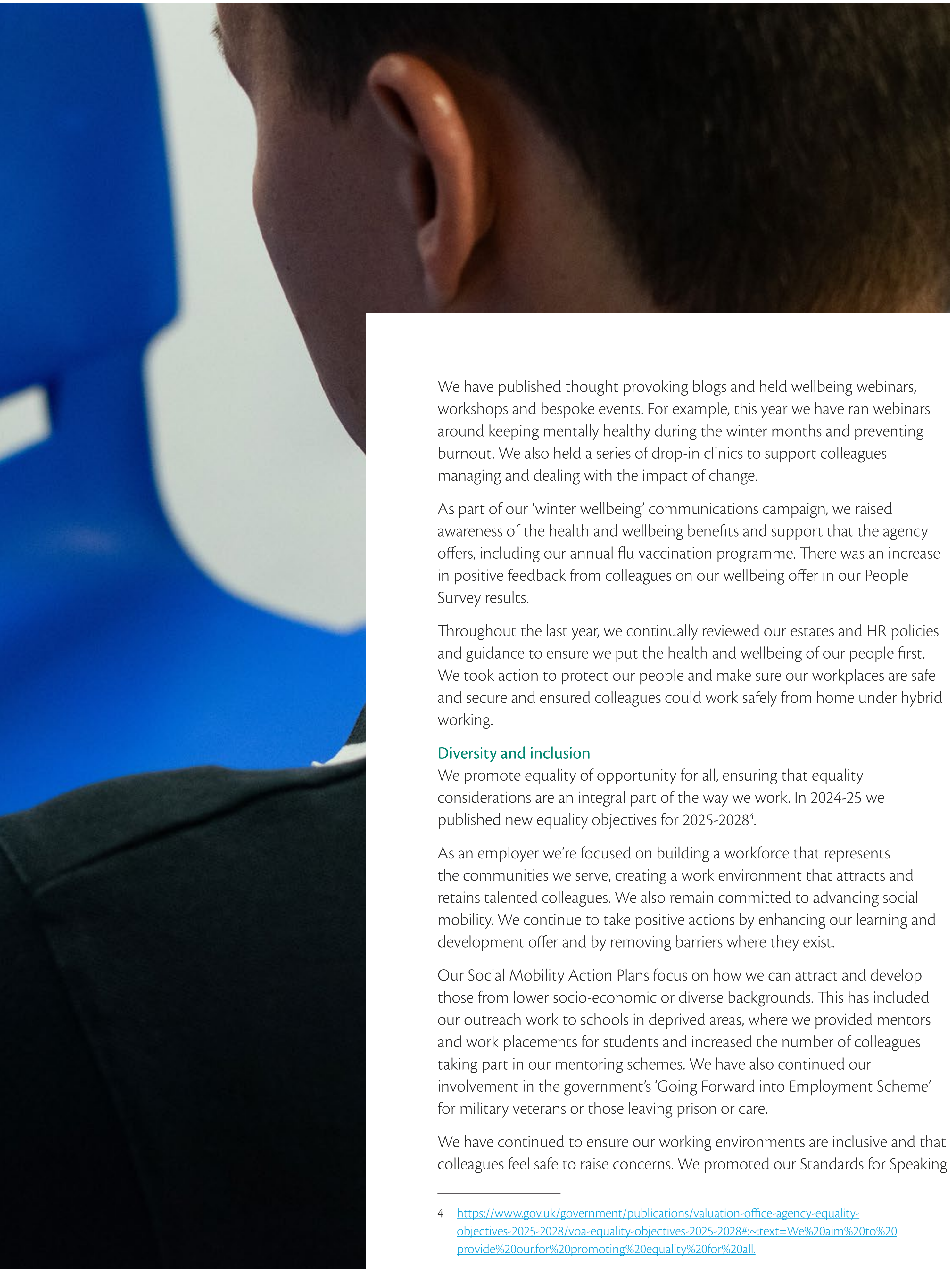
During 2024-25 we maintained our good safety record. The number of health and safety incident reports received was 47, with a large proportion relating to health and wellbeing. There was one reportable incident under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013, with no reportable incidents in the prior year.

We published our new mental health and wellbeing strategy which aligns with the Civil Service wellbeing priorities, including encouraging an open dialogue leading to action on mental health and providing visible leadership for mental health and wellbeing. It also focuses on promoting the benefits of a healthy lifestyle and health and wellbeing and supporting people to stay in work or return to work.

Our confidential support coordinators have worked with managers and colleagues across the agency, encouraging open dialogue and helping them to feel confident about accessing support when they need it most.

We work with our professional partners to provide an employee assistance programme which provides a helpline and information portal for colleagues and advice to managers on how to support colleagues in the workplace.





We have published thought provoking blogs and held wellbeing webinars, workshops and bespoke events. For example, this year we have ran webinars around keeping mentally healthy during the winter months and preventing burnout. We also held a series of drop-in clinics to support colleagues managing and dealing with the impact of change.

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. In 2024-25 we published new equality objectives for 2025-2028[4].

As an employer we're focused on building a workforce that represents the communities we serve, creating a work environment that attracts and retains talented colleagues. We also remain committed to advancing social mobility. We continue to take positive actions by enhancing our learning and development offer and by removing barriers where they exist.

Our Social Mobility Action Plans focus on how we can attract and develop those from lower socio-economic or diverse backgrounds. This has included 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 have also continued our involvement in the government's 'Going Forward into Employment Scheme' for military veterans or those leaving prison or care.

We have continued to ensure our working environments are inclusive and that colleagues feel safe to raise concerns. We promoted our Standards for Speaking

4 https://www.gov.uk/government/publications/valuation-office-agency-equality-objectives-2025-2028/voa-equality-objectives-2025-2028#:~:text=We%20aim%20to%20provide%20our,for%20promoting%20equality%20for%20all.

Up Safely in the VOA and appointed new Nominated Officers, ensuring they reflect the diversity of our workforce. They provide impartial support and advice outside of the management chain if a colleague has concerns.

Over the last five years, our People Survey score for inclusion and fair treatment has remained consistently positive, above 80%.

We are a Level 3 Disability Confident Leader employer, with an external assessment recognising 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 December 2024 which shows that our average gender pay gap is 6.9%, 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 1.3% on the previous year, we are not complacent and there is more that we can do to address the gap. We have continued to work with the Royal Institution of Chartered Surveyors to promote the profession and attract more women to surveying roles.

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.

This year a new IT platform for Council Tax – the Valuation Operating System has been delivered. This has fundamentally transformed our core systems and has provided the foundation for the agency to develop new and improved service. This will be expanded to cover non-domestic rating over the next few years.

We continue to build and maintain the resilience of our IT services focussing on the technical health of our IT estate.

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 377 days of employee time for community activity in 2024-25, 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 eight 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. We also provide up to five 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 £8,300 to charities in 2024-25, including £6,660 for our charity of the year 'Macmillan'.

Measuring our performance

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

Our 2024-25 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 2024-25, we met or exceeded seven of our performance targets though did not achieve four. We faced competing demands on our non-domestic rating services including Check, Challenge and maintenance which impacted timeliness. We expect the pressure on these services to continue into 2025-26 as we continue to manage down the high volume of cases.

Measure	Our performance targets	Our 2024-25 performance	Our 2023-24 performance	Result
Timeliness				
Council Tax	Clear 95% of reports within 90 working days	89% cleared within 90 working days	96% cleared within 90 working days	Below target
Non-domestic rates	Clear 95% of reports within 90 working days	70% cleared within 90 working days	86% cleared within 90 working days	Below target
Check and Challenge service	Resolve 90% of Check cases within three months of receipt	70% resolved within three months of receipt	83% resolved within three months of receipt	Below target
	Resolve 90% of Challenge cases within 12-months of receipt	68% resolved within 12 months of receipt	77% resolved within 12 months of receipt	Below target
	Resolve all Challenge cases within 18-months of receipt[5]	Over 99% resolved within 18 months of receipt	Over 99% resolved within 18 months of receipt	Met*
Housing allowances	Where no inspections are required, determine more than 96% of Housing Benefit referrals within three working days	Over 99% of referrals determined within three working days	Over 99% of referrals determined within three working days	Exceeded
Fair rent	Determine 95% of fair rent cases within 40 working days	99% determined within 40 working days	98% determined within 40 working days	Exceeded
Statutory valuations	Clear all initial appraisals for HMRC within an average of five working days	All initial appraisal cleared	All initial appraisal cleared within five working days	Met
	Report 80% of DWP cases within seven working days	87% DWP cases reported within seven days	92% DWP cases reported within seven days	Exceeded
Valuation Quality				
A check on the quality of our valuation, process compliance and timeliness in making a valuation decision	Achieve valuation quality of at least reliable, across all business areas	Reliable	Reliable	Met
Serving our customers				
How we deal with customer enquiries	Deal with at least 75% of enquiries to our customer contact points at first point of contact	97% of enquiries dealt with at first point of contact	93% of enquiries dealt with at first point of contact	Exceeded

5 Statutory Deadline

** 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 has met most of the targets set in the 2021 Greening Government Commitments. We have designated a Chief Sustainability Officer to lead on promoting a positive sustainability culture by engaging and empowering colleagues to deliver real change.

During 2024-25 actions we have taken include:

Emissions

Sustained reduction in our Scope 1 and 2 emissions.

Waste

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

EMS

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

Zero carbon

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 and developing a Carbon Reduction Plan.

Single use plastic

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

Procurement

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

Leadership

Designating a Chief Sustainability Officer, at executive director level to work alongside our sustainability champion, in recognition of the advocacy and leadership requirements for our transition towards Net Zero by 2050.

Awareness

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

Travel

Ensuring sustainability is built into our travel decisions through our travel and expenses policies and formed a working group to explore more options around sustainable business travel.

Engagement

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 provided 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 has met most of its targets.

Greening Government Commitment 2021-2025	2017-2018 Baseline	Position at 31 March 2025
Reduce the overall greenhouse gas emissions from estate and operations by 60%	2,730 CO_2 e (tonnes)	1,134 CO_2 e (tonnes) 58% reduction
Reduce direct (Scope 1) greenhouse gas emissions by 40%	351 CO_2 e (tonnes)	134 CO_2 e (tonnes) 62% reduction
Reduce the overall amount of waste generated by 15%	181 (tonnes)	17 (tonnes) 91% reduction
Reduce the amount of waste going to landfill to less than 5% of overall waste	1 (tonnes)	0.5 (tonnes) 3% to landfill
Increase the proportion of waste which is recycled to at least 70% of overall waste	165 (tonnes)	12 (tonnes) 71% recycled
Reduce water consumption by at least 8%	4,186 (cubic metres)	3,483 (cubic metres) 17% increase
Reduce government's paper use by at least 50%	24,850 (reams)	2,247 (reams) 91% reduction
Reduce the numbers of domestic business flights by at least 30%	541 flights	181 flights 67% reduction
Reduce the emissions from domestic business flights by at least 30%	52 (tonnes)	20 CO_2 e (tonnes) 62% reduction

Note: See more detail on key Greening Government Commitment targets in Annex 1 on page 139.

Working towards Net Zero by 2050

Key things we did and are continuing to do.

Estate

- We have worked to identify the net zero trajectory for our estate and used this information to inform our strategic asset management plans.
- An estates-specific Net Zero roadmap has been developed to provide a detailed plan for the decarbonisation of the estate up to 2050, which will guide future actions.
- We monitor the energy efficiency of our sites, and improve our ability to do so, and continue to invest in energy savings measures such as LED lighting.
- We are reducing the overall carbon footprint by moving into fewer, modern, energy and resource efficient premises and using the opportunity provided by lease breaks to drive sustainability improvements in our current sites.

Business travel

- We use a centrally sourced travel contract which provides details of environmentally friendly travel options.
- We have reminded colleagues that alternative methods of travel should be considered before booking a flight.
- We have refreshed our travel and expenses policies reminding colleagues to make environmentally friendly travel decisions and arrangements where possible.
- We continue to promote the use of public transport and encouraged colleagues to make use of our digital infrastructure reducing the need to travel for meetings.
- We make use of geographical work allocation and seek to co-locate colleagues with line managers, reducing the need to travel.
- We have a hire car contract in place, which includes the availability of ultra-low emissions vehicles and electric vehicles.
- We support colleagues to use sustainable modes of transport for commuting to local offices, where possible, in government hubs and offering employees a cycle to work scheme.

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.
- 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 maximise 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 by continual 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 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 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 use of 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.

In line with the Procurement Act 2023, Social Value Requirements are evaluated as 10% of all evaluations. We embed and promote sustainability criteria and social value aspects within all sourcing and contract management categories.

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 2024-25 we carried out refurbishment works at our new Wrexham office. Construction, design and management of this was undertaken 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 we are continuing to report 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. We have complied with HM Treasury's guidance for Phase One and Phase Two. Climate change is not considered to be a principal risk for the VOA.

Our governance for climate-related risks

The Chief Finance and Information Officer has been designated as the VOA's Chief Sustainability Officer. Together with the VOA's Sustainability Champion they are responsible for keeping the VOA Executive Committee (ExCom) updated on climate matters, the delivery of the agency's Sustainability Strategy and our progress towards Net Zero commitments.

Senior stakeholders from across the business are members of the VOA's Sustainability Steering Group, which is chaired by the Sustainability Champion and has responsibility for ensuring the delivery of the Sustainability Strategy.

VOA ExCom considers climate related issues on a quarterly basis, reviewing performance against sustainability metrics and targets which are included in the ExCom performance hub. Our Risk and Assurance Committee also reviewed the VOA's sustainability risks.

Management of climate-related risks

In 2024-25, the VOA reviewed its sustainability risks and opportunities associated with the physical impacts of climate change and the transition towards a low carbon economy. Key risks relating to potential impacts of extreme weather have been incorporated into our Tier 2 operational and corporate risk registers and considered as part of our business continuity planning.

Metrics and targets for climate-related risks

We follow the Greening Government Commitments reporting methodology which is based on the Greenhouse Gas Protocol Corporate Standard for Scope 1, 2 and 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.

Details of environmental metrics are included at Annex 1: Sustainability data tables on page 139. Details of progress against Greening Government Commitments can be viewed at page 47.

Financial commentary

Our financial performance is set out in the accounts attached to this report on pages 105 to 108.

We have successfully managed down a number of financial pressures faced at the start of the year and have delivered our principal financial objective to operate within the budget and controls totals set by HMRC.

Our District Valuer Services continues to generate income by providing specialist advice and valuation services to the wider public sector, for which we secure full cost recovery.

Through proactive engagement, communications and guidance to our stakeholders and customers we have delivered a series of sustainable efficiencies.

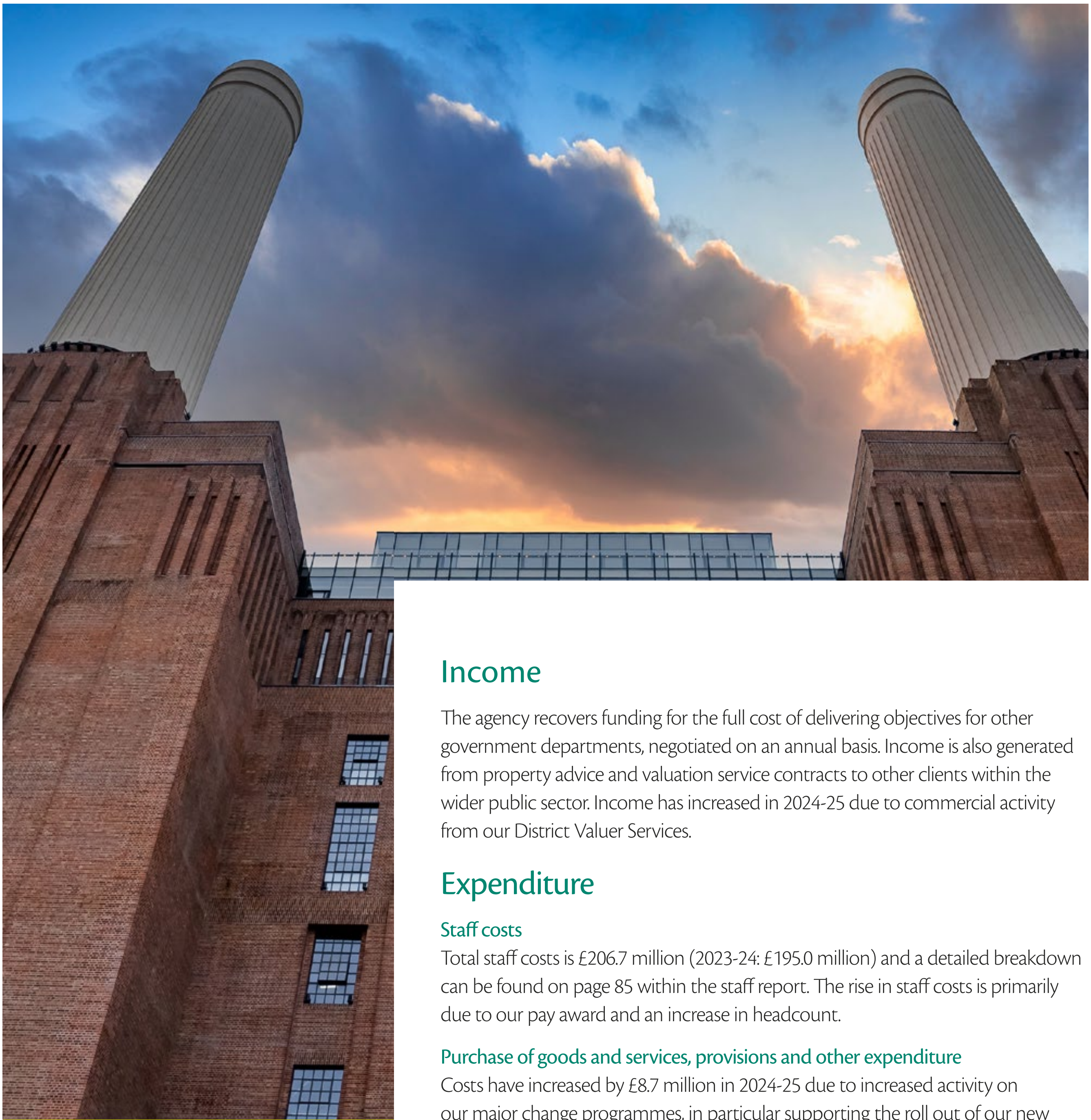
Finance summary

The table below shows the comparison of income and key expenditure areas between 2024-25 and 2023-24.

	2024-25 £'000	2023-24 £'000
Income	61,147	58,365
Expenditure:		
Staff costs	206,706	194,940
Purchase of goods and services, provision expense and other expenditure	45,854	37,133
Depreciation, amortisation and impairment charges	11,193	10,454
Net operating expenditure	**202,606**	**184,162**

VOA continued to invest in digital platforms during 2024-25, redesigning and simplifying all our core systems and processes (see Investment section below). This ongoing investment is to support our digital transformation, to remove technical debt and improve resilience. It is modernising how we work and will enable us to be more agile and flexible in responding to our customers and any future changes in government policy.

In 2024-25 the agency began the valuation phase of the Revaluation 2026, continued to support the Non-Domestic Rating Reforms and the Welsh Government Council Tax reforms including preparations for a revaluation in 2028. This ongoing 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 2024-25 due to commercial activity from our District Valuer Services.

Expenditure

Staff costs

Total staff costs is £206.7 million (2023-24: £195.0 million) and a detailed breakdown can be found on page 85 within the staff report. The rise in staff costs is primarily due to our pay award and an increase in headcount.

Purchase of goods and services, provisions and other expenditure

Costs have increased by £8.7 million in 2024-25 due to increased activity on our major change programmes, in particular supporting the roll out of our new Valuation Operating System for Council Tax which began in January 2025.

Investment

We invested £40.8 million in our IT capital assets in 2024-25 to provide a modernised 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 2 and 3, and Valuation Operating System for Council Tax being delivered during 2024-25 and continued investment in the design and delivery of the Valuation Operating System for Non-Domestic Rates.

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 and Industrial Strategy guidance. In 2024-25 we paid 97% 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

2024-25 has been challenging for a number of reasons. We have launched our new Valuation Operating System for Council Tax however , as with any major IT transformation, this has caused disturbance to our operational delivery. In early 2025-26 we will continue to embed Valuation Operating System for Council Tax in the business and deliver additional functionality to support delivery of efficiencies from the new system.

Alongside this we will continue to deliver our other major change programmes including Next Gen Rating and Council Tax Reforms in Wales and to improve customer experience and recover operational performance on core services.

The current fiscal environment remains 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.

There will also be increased demand on our services as some of our customers seek to challenge their Council Tax bandings. With the publication of the 2026 Non-Domestic Rating lists on the 1 April 2026, we expect significant increases of demand on our Check service ahead of the 2023 list closure.

This coupled together with the amount of change in the agency means there are a number of risks that will need to be managed as we move through the year. Despite this, 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 2024-25 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.

The government has confirmed that VOA will be brought back into its parent department HMRC by April 2026. Whilst this means the VOA will no longer exist as an executive agency its functions and operations remain critical to providing the valuations that underpin the collection of local authority funding, and these will continue to be performed from within HMRC.

At the reporting date, VOA's financial position was a significant net asset balance of £120.4 million and it is considered there are no material uncertainties around going concern. The majority (approximately 79%) of VOA's funding is from central government through the Estimates process.

The basis of funding involves cash drawdown from the parent department (HMRC) and therefore there are no liquidity risks identified for VOA.

2024-25 was the final year of the three-year funding settlement as part of HM Treasury's Spending Review 2021 (SR21) up to 31 March 2025. VOA has subsequently secured funding for 2025-26 as part of HM Treasury's Spending

Review 2025, a phase one settlement. For the subsequent period, HM Treasury's SR 25 phase two, VOA has set out plans as part of HMRC's submission with the group's funding being confirmed on 11 June 2025.

Continuing government support is further evidenced through the commitment of funding in the SR25 phase one to support the NGR programme to deliver reforms to the NDR system and the continued modernisation of VOA's IT systems, with Valuation Operating System for Non-Domestic Rates.

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, albeit via HMRC going forward, support the adoption of the going concern basis for the preparation of these accounts.

As noted in more detail in the Accounting Officers Report, due to a delay in the pension scheme audit, it has not been possible to obtain the required assurance for the VOA's financial statements ahead of our timeline for a summer recess laying of accounts before Parliament. VOA has considered the balance of the need to publish timely financial information against the need for accurate and reliable information and concluded that it is the VOA's intention to proceed with certification of the Annual Report and Accounts.

Due to insufficient evidence available for the purposes of the financial statements audit, the NAO auditor opinion on the financial statements is qualified in respect of this matter.

Jonathan Russell, CB
Chief Executive
09 July 2025

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 2024 to 31 March 2025 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 Exchequer Secretary to the Treasury (in their role as departmental minister for HMRC) has ministerial responsibility for the agency.

VOA's governance structure

In October 2024, new governance arrangements were introduced for the agency. HMRC's Board now provides strategic oversight of the VOA and replaced the VOA's Board. Additionally, HMRC's Audit and Risk Committee (ARC) has replaced the VOA's Audit Risk and Assurance Committee. HMRC's Board provides advice, scrutiny, and challenge to both HMRC and the VOA, and is chaired by the Exchequer Secretary to the Treasury.

The VOA's ExCom remains the decision-making body responsible for the management of the agency. A new internal Risk and Assurance Committee has been established which provides additional assurance to the Chief Executive.

As part of the transition to the new governance arrangements the VOA's ARAC Chair provided a hand-over of assurance to the HMRC ARC Chair and also attended HMRC ARC to present the annual VOA ARAC assurance report.

The new governance arrangements are summarised in the diagram below and have been reflected in a revised Framework Document which was published in November 2024.

Since then, as part of its review of arm's length bodies, the government has confirmed that the functions and operations of the VOA will be moved into HMRC by April 2026 . This means that the VOA would cease to exist as an executive agency.

Executive Committee

ExCom is the agency's primary decision-making body. ExCom oversees and assures all of 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 the HMRC Chief

Digital Product Office, the Director of Corporate Communications and Director of HR as standing invitees. It is the primary forum in which the executive directors make collective decisions.

In 2024-25 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 2024-25 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 System Transformation and VOS Council Tax Go-Live
- Revaluation 2026
- Spending Review 2025
- NextGen Rating Programme
- Sustainability Strategy
- Litigation and settlement
- Council Tax service including productivity improvements
- Workforce Strategy and Recruitment Plans
- 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.

VOA Board and Audit and Risk Assurance Committee focus in 2024-25

Prior to the change in governance arrangements in October 2024, both the VOA's Board and ARAC met twice.

The VOA Board provided challenge and advice to the executive team on strategy, business planning, reviewing performance and progress on the VOA's major transformation programmes. This included delivery of Revaluation 2026 and also of the agency's BST programme. Matters relating to the agency's customer experience strategy, diversity and inclusion strategy, future organisational design and strategic workforce plans, were also considered by the VOA Board.

The VOA's ARAC provided assurance to the VOA Board and the Accounting Officer on the integrity of financial statements within the 2023-24 Annual Report and Accounts and comprehensiveness and reliability of assurances across the agency on governance, risk management and the control environment. Matters considered included the strategic risks, BST operational readiness and the agency's whistleblowing arrangements and fraud risk assessment and counter fraud control framework.

The VOA Board was chaired by the lead non-executive, and consisted of three other non-executive directors, the Chief Executive, Chief Finance and Information Officer, Chief Strategy and Transformation Officer and the Chief Valuer.

The VOA's ARAC was 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 Finance and Information Officer and Director of Finance attended each meeting.

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 diversity and inclusion strategy, organisational design and strategic workforce plans were considered by the Board.

The VOA Board's effectiveness was conducted through structured questionnaires based on those issued by the Cabinet Office. The VOA Board and VOA ARAC also regularly reviewed their effectiveness as part of the arrangements for each meeting. This ensured there was continuous improvement in the effectiveness and impact of the agency's governance arrangements.

VOA Risk and Assurance Committee

Following the changes in the governance arrangements the VOA established a new internal Risk and Assurance Committee (RAC), with three cross-government independent members. This reports into the VOA Chief Executive and provides additional assurance around the agency's risk management and control environment.

To date the VOA RAC has met three times and areas of focus have included business continuity plans, valuation integrity assurance, data protection and information management, HR assurance and the VOA's risk management framework.

The VOA RAC provides a summary report of the matters considered and assurance provided after each meeting for the VOA's Chief Executive and HMRC ARC Chair .

HMRC Board and HMRC ARC focus on VOA in 2024-25

Since October 2024 VOA's performance has been included within the HMRC Finance and Delivery Reports, which have been considered by the HMRC Board. The HMRC Board has also considered the VOA's 2025-26 budget and key commitments as part of its review of the HMRC 2025-26 Business Plan. The HMRC Board also considered the VOA's 2024-25 priorities and challenges in October 2024.

HMRC ARC has provided assurance around the VOA's Internal Audit plan for 2025-26 and received reports from Internal Audit on progress on the 2024-25 plan. They have also considered the planning and completion reports from the NAO on the VOA's 2024-25 financial statements and Annual Report and Accounts. The HMRC ARC also received a hand-over report from the VOA's ARAC Chair on the assurances provided by them during 2024-25.

Meeting attendance by VOA executives and non-executives

The VOA Board and ARAC was stood down on 3 October 2024.

	Board	ARAC	ExCom
Non-executive directors			
Terry Babbs	2 (2)	-	-
Richard Hawkins[6]	2 (2)	1 (1)	-
Cosette Reczek	2 (2)	2 (2)	-
Ruth Stanier[7]	1 (1)	-	-
Non-executive members			
Helen Aston	-	1 (2)	-
Chris Wood	-	2 (2)	-
Executives			
Jonathan Russell	2 (2)	2 (2)	19 (22)
Alan Colston	2 (2)	-	17 (22)
Toby Nerval[8]	2 (2)	2 (2)	19 (22)
Derek Thomas[9]	-	-	3 (3)
Carolyn Bartlett[10]/Kirsty Wildgoose[11]	1 (2)	-	22 (22)
Paula Dixon[12]	-	-	15 (19)

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

6 Richard Hawkins was eligible to attend one ARAC meeting after Ruth Stainer left the VOA.

7 Ruth Stanier left the VOA on 20 May 2024.

8 Toby Nerval took over responsibility for the Information and Data Analysis function from the Chief Strategy and Transformation Officer on 1 March 2025 and the People Group transferred to report into the Chief Executive.

9 Derek Thomas left the VOA on 24 May 2024.

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

11 Kirsty Wildgoose left the VOA on 28 May 2024.

12 Paula Dixon was appointed interim Chief Operating Officer on 27 May 2024 and on a permanent basis on 27 January 2025.

Register of Interests

The agency maintains a register of interests 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 and independent members.

The VOA's Board members and members of its sub-committee were required to declare any potential conflicts of interest on appointment and were required to declare any arising during their term. In addition, an annual declaration was also completed. At the start of each VOA Board and sub-committee meeting, members were also invited to declare any conflicts of interests in the agenda items for that meeting.

Should a potential conflict of interest be identified, VOA Board and sub-committee members would take no part in any discussion or decision that related to that issue. None of the agency's executive or non-executive directors held any company directorships or other significant interests that might conflict with their responsibilities.

Senior Civil Service colleagues in the VOA completed their annual declaration of interest in-line with the Civil Service HR guidance around the management of outside interests. The declarations of interest are held on a central register by HMRC and published online.

Business Appointment Rules

In compliance with business appointment rules, we are transparent in the advice given to individual applications for senior staff and publish details on GOV.UK. The VOA RAC also received a paper on the VOA's approach to business appointment rules, which provided assurance on our application of the rules.

Statistics cover the period 1 April 2024 to 31 March 2025:
Statistics on the application of business appointment rules

	SCS Population	AO-G6 Population
Number of exits from Crown Service (Civil Servants and Special Advisers)	7	353
Number of exits where BAR applications were required Expenditure:	2	1
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 the Executive Committee 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. This helps ensure a consistent approach to risk management across the organisation.

The VOA RAC and previously the VOA ARAC provide advice and support on risk controls, in addition to completing deep dives on specific risk areas. Regular independent assurance on the effectiveness of risk management across the agency is also received, for example, from Internal Audit.

We review our risk management framework on an annual basis, to ensure it remains aligned to the requirements within 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 2024-25 we:

- Reviewed our risk management framework and refreshed our Risk Appetite Statement, helping build a risk aware culture.
- Upskilled colleagues and building risk management capability through the delivery of training across the organisation.
- Further enhanced the quality of information provided to the Executive Committee to enable robust assurance over the management of principal 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

With the VOA's functions and operations being brought back into HMRC in addition to plans to improve risk management across our business areas we will also begin to align our approach to risk management. As part of our commitment to continuous improvement, in 2025-26 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 and align with HMRC
- Streamline the tools used for risk management across the agency, to ensure consistency of approach to reporting and managing risks, and begin to alignment with HMRC

- Refresh 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 the agency's objectives, public confidence and reputation of the agency. They include both strategic risks and key operational risks.

During 2024-25 we undertook a detailed horizon scan and review of our principal risks, which saw us escalate one new risk to the principal risk register. This related to ensuring that the agency is set to manage any potential impacts of changes to Local Authority structures that are planned to take place through the current Parliament.

The risk relating to Non-Domestic Rates Reform was closed with the introduction of the new NextGen Rating Programme, which is delivering the reforms and VOS for NDR. A new risk around this has been added to the principal risk register in its place.

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 major IT change being delivered by the BST programme. We have identified additional mitigations where possible to do so.

Principal Risk	Key Mitigating Actions	Residual Risk Rating and Trend[13]
Funding and Affordability: 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 the risk, this year we have: • engaged with HM Treasury and HMRC, confirming the agency's funding for 2024-25 and setting out the business case for funding for future years.	
Technical Health: There is a risk relating to the technical health of the VOA's IT estate, potentially leading to failure of one or more services for an extended period.	To mitigate the risk, this year we have: • continued to implement our technical strategy and road map in alignment to business requirements, further enhancing security through new systems. • delivered the new VOS for CT, transferring over 300 million items of data from old, legacy IT systems, onto this. • developed our capability to support legacy applications and infrastructure. • ensured technology modernisation requirements were factored into future design work.	

13 The trend shows how the risk assessment has changed from April 2024 to March 2025. Downward pointing arrows denote the level of risk has decreased in this time; upward arrows signify that the level of risk has increased.

Principal Risk	Key Mitigating Actions	Residual Risk Rating and Trend[13]
Delivering Business Systems Transformation: There is a risk that BST may not deliver a functional system for Council Tax to time, cost and quality, nor the expected benefits for the medium to long-term.	To mitigate the risk, this year we have: • developed operational readiness plans for the Go-Live of the new VOS CT. • delivered the first phase of the new VOS for CT, enabling us to progress our work more efficiently and better serve our customers • ensured that training was in place ready to help our colleagues make full use of the new system.	
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 the risk, this year we have: • continued to implement our cyber maturity action plan • worked closely with HMRC and other organisations to strengthen our cyber security controls, including technical defences, response capabilities and ensuring colleagues' awareness of good practice.	
Delivering NextGen Ratings (Business Rates Reform and VOS for NDR): There is a risk that the VOA does not deliver the policy intent of business rates reform or have new systems in place to support it.	To mitigate the risk, this year we have: • 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 Council Tax Reform package planned by the Welsh Government by 2028.	To mitigate the risk, this year we have: • liaised closely with the Welsh Government to establish their requirements and agreed a plan to deliver these. • improved the quality of our property data, building a sophisticated valuation model for all 1.5 million properties in Wales and refining the outputs.	
Scale and Pace of Change Facing the Agency There is a risk that the agency does not have the capacity, capability or culture to successfully deliver the scale and pace of transformational change required to meet our statutory duties and commitments to deliver sustainably in the future.	To mitigate the risk, this year we have: • continued development of our transformation roadmap, ensuring this aligns to our overarching transformation strategy • continued to enhance capability within our transformation portfolio.	
Driving Improvements in Operational Productivity: There is a risk that the agency do not deliver changes to culture and ways of working, to operate more efficiently and productively.	To mitigate the risk, this year 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.	
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 the risk, this year 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.	

Principal Risk	Key Mitigating Actions	Residual Risk Rating and Trend[13]
Customer Service: There is a risk that the agency fails to deliver an excellent customer experience and does not manage the changing relationships and demands from and on customers effectively.	To mitigate the risk, this year 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 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 VOA's future needs and requirements.	To mitigate the risk, this year we have: • refreshed and implemented 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.	
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 the risk, this year 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 the risk, this year we have: • ensured we are engaged in key cross government forums, to enable us to input into policy decisions that may impact the agency.	
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 the risk, this year we have: • successfully delivered IT requirements of the most recent business rates revaluation. • developed a delivery plan and commenced the valuation phase of the Revaluation 2026.	

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 45 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. The VOA RAC and previous ARAC also provided assurance to me on these statements. Key themes from the individual executive director statements and the review process have been discussed with me.

Oversight, scrutiny and performance reporting

We have several forums which provide regular and robust oversight, scrutiny and assurance throughout the year. This includes ExCom, the VOA RAC, business reviews with each executive director, the HMRC Board and HMRC ARC 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 are escalated from these to ExCom.

Prior to the change in the VOA's governance arrangements the VOA ARAC reported to the VOA Board following each of its meetings and produced a report of its work for consideration to both myself and the HMRC ARC Chair. I have also taken assurance from the programme of work undertaken by the VOA RAC and HMRC ARC.

I provide regular assurance to HMRC's Board and attendees of the Quarterly Business Review Meetings, about VOA's performance. VOA financial and performance information is included within the HMRC Board Delivery reports reviewed at every Board meeting, in-line with the requirements of our Framework Document.

As outlined in the performance section, our performance framework includes the key performance commitments, measures and targets set as part of the SR21 priority outcomes and our 2024-25 business plan.

The VOA data and information within the HMRC Board reports are based on the monthly financial and performance reports I receive, which are submitted to the Executive Committees for review. VOA has dedicated corporate reporting and analysis teams who quality assure this data and management information.

Litigation and settlement assurance

VOA's Litigation and Settlement Strategy is the framework within which valuation officers and listing officers seek to resolve non-domestic rating and Council Tax disputes, through civil law processes and procedures in accordance with the law. It applies irrespective of whether the dispute is resolved by agreement with the customer or through litigation. Last year we strengthened our governance and oversight of litigation and disputes, with a clear escalation process in place. As part of this, VOA's Litigation and Settlement Strategy was published on GOV.UK.

Litigation strategy

Oversight of the most significant high-risk cases is provided by the VOA Tax Assurance Commissioner Panel (TAC) which determines 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 2024-25 the TAC panel met once and considered one issue.

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 HMRC's Board and VOA's ExCom. This was refreshed this year to reflect the new governance arrangements and published in November 2024.

VOA Framework

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.

In November 2024 our NextGen Rating programme was subject to a Gate 0/2 Infrastructure and Projects Authority (IPA) review. An Amber delivery confidence assessment was received, the review noted that the programme had been set up for success and was 'on a trajectory to Green, probably by March 2025.'

Four recommendations were made, one critical around the programme scope and the risks that further changes to it placed on delivery. The agency has already taken forward the recommendations from the review and has responded to all actions.

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

Local Government Pension Scheme

The VOA is a scheduled body of the LGPS and recognises its share of the scheme's assets and liabilities within the financial statements, based on actuarial assessments. Based on historical assessments, VOA consider the data to be reliable and accurate estimates of our year-end position, although for the year ended 31 March 2025, this will not have yet been audited by the pension scheme auditor when the VOA's Annual Report and Accounts is finalised.

As at 31 March 2025, the VOA has recognised a net pension asset of £3.6 million (being the fair value of the pension assets of £231.9 million, less the present value of the funding obligations of £110.1 million, less the impact of the asset ceiling of £118.2 million).

The LGPS is a multi-employer defined benefit scheme and is subject to a statutory audit by a separate pension scheme auditor. As the balances are material to VOA's financial statements, assurance is obtained for the purposes of VOA's financial statements from the pension scheme auditor.

There is a low financial risk to VOA for the LGPS asset value given the nature of the asset and low risk volatility associated with it.

Due to a delay in the pension scheme audit, it has not been possible to obtain the required assurance for the VOA's financial statements ahead of our timeline for a summer recess laying of accounts before Parliament. VOA has considered the balance of the need to publish timely financial information against the need for accurate and reliable information and concluded that it is the VOA's intention to proceed with certification of the Annual Report and Accounts.

Due to insufficient evidence available for the purposes of the financial statements audit, the NAO auditor opinion on the financial statements is qualified in respect of this matter.

Internal audit

Each year ExCom and the Audit and Risk Committee 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). The Audit and Risk Committee and subsequently the Risk and Assurance Committee 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 2024-25 this was based primarily on the 13 internal audits undertaken during the year.

An overall rating of 'Moderate' assurance was provided for the seventh year running for the year ended 31 March 2025. The following points were highlighted to me in the report:

- There are effective controls in place in all areas. Some opportunities for improvement were identified around the planning and prioritisation of change. Of note was the strengthening of controls around the agency's LSS process.
- On the second line assurance of HR functions, opportunities for improvement were identified around assurance and accountability.
- Good programme and project management controls were in place with positive assurance provided on transformation activities.
- There are robust risk management arrangements in place which is driving effective management of processes.

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 2025-26.

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

Whilst the level of risk that the agency is operating with has increased, there has been no significant control issues identified during the course of the year.

There have been temporary impacts on availability of data and performance on our Council Tax service due to the implementation of the new Valuation Operating System. These have been mitigated through tactical solutions as the system embeds.

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 threat assessments and security incident reports, which include details of any personal data related incidents as reported on page 31. An annual security incident report was also presented to VOA's RAC.

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.

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 BST and Next Generation Rating, the agency benefits from HMRC investment in corporate technologies and infrastructure to improve stability and availability of services through performant, accessible and resilient platforms and products.

We have delivered as part of BST, a new service for domestic rates – our Valuation Operating System - which continues our journey to enable cloud-based services and to invest in the skills and capabilities to innovatively iterate these new services in a collaboration between VOA and HMRC.

Work on the BST programme, NextGen Rating programme and specific remediation projects will increase our overall technical health, maximise service stability and continue to increase our overall resilience.

Through new technology and exploitation of AI opportunities we are investing in solutions which enable the agency to innovate and shape the future roadmaps of our services. This continues to support new ways of working and collaboration between HMRC and VOA business product and service owners.

Compliance with the Corporate Governance Code of Good Practice

The agency's governance arrangements were assessed against the requirements set out in the Corporate Governance in Central Government Departments' Code of Good Practice 2017 and the agency complied with all of the requirements where appropriate. The code focuses governance arrangements for ministerial departments, while there were elements not directly relevant to the VOA due to its status, we comply with the principles.

Since October 2024, oversight and assurance of the VOA has been provided by the HMRC Board and HMRC Audit and Risk Committee and the department complies with all requires of the code[14] where appropriate.

Conclusion

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

We have actively managed the new challenges and risks we have faced this year. This has included the delivery of our two major transformation programmes, Business Systems Transformation and NextGen Rating.

There has also been significant operational pressures due to the need to deliver the first three yearly revaluation alongside managing down the high challenge workstacks resulting from the end of the 2017 list to protect statutory deadlines.

We have had to flex and balance resources to deliver our existing core services, alongside new work around Holiday Lets and Houses of Multiple Occupation and CT Reforms in Wales. This has meant difficult prioritisation decisions.

On our BST programme we built on the lessons learnt from the successful delivery of the Valuation Mapping Service last year to support the roll-out of the new VOS for Council Tax. On the NextGen Rating programme, lessons

14 www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017

learnt from the delivery of the BST programme, particularly around supplier management, to set the programme up for success.

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 2024-25 were resilient and flexible enough to respond to the changing 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 2024-25 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
09 July 2025

Directors’ Report

JONATHAN
RUSSELL

Chief Executive and Accounting Officer

ALAN
COLSTON

Chief Valuer

TOBY
NERVAL

Chief Finance and Information Officer

PAULA
DIXON

Chief Operating Officer

CAROLYN
BARTLETT

Chief Strategy and Transformation Officer

Executive Directors

Directors

Full disclosure of the serving directors for 2024-25 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 61 of the Governance statement.

Personal data related incidents

This is reported on page 31.

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
09 July 2025

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 and our previous non-executive directors who were in post until 3 October 2024, 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 2024-25 relate to performance in 2023-24. 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 remedy[15] 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 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 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.

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

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 2024-25 was £155k - £160k (2023-24: £140k - £145k). This was 4.38 times (2022-23: 4.0) the median remuneration of the workforce, which was £35,935 (2023-24: £35,589). 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 included 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 the current year outcome.

	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024-25	5.33	4.38	3.28
2023-24	4.76	4.00	3.01

There was no significant shift in the ratios for 2024-25.

	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
2024-25	29,545	29,545	35,935	35,935	48,036	48,036
2023-24	29,888	29,908	35,589	35,589	47,286	47,326

In 2024-25 (also in 2023-24) no employees received remuneration in excess of the highest paid director. Remuneration for all employees excluding pension benefits ranged from £26,734 to £155k - £160k (2023-24: £24,330 to £140k-£145k).

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	5.0%	505%
Employees-	5.2%	30.4%

The highest paid director had a pay rise of 5.0%, with the salary being aligned to other equivalent SCS paybands within HMRC.

Increase in performance pay and bonuses payable for 2024-25 is based on low values in both financial years, making the calculation sensitive to small movements in 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 [4] (to nearest £1,000)		Total remuneration (£'000)	
	2024-25	2023-24	**2024-25**	2023-24	**2024-25**	2023-24	**2024-25**	2023-24
Jonathan Russell Chief Executive [5]	145-150	135-140	10-15	0-5	57,000	19,000	215-220	160-165
Alan Colston Chief Valuer	110-115	105-110	10-15	15-20	76,000	40,000	195-200	160-165
Derek Thomas Chief Operating Officer (to 10 June 2024)	20-25 (105-110)	105-110	-	5-10	5,000	40,000	25-30	150-155
Kirsty Wildgoose Chief Strategy and Transformation Officer [1] (to 31 May 2024)	20-25 (105-110)	100-105 (105-110)	-	-	1,000	46,000	20-25	145-150
Carolyn Bartlett Chief Strategy and Transformation Officer [1]	110-115	100-105 (105-110)	5-10	0-5	88,000	42,000	205-210	145-150
Toby Nerval Chief Finance and Information Officer	110-115	105-110	0-5	0-5	65,000	117,000	175-180	220-225
Paula Dixon Interim Chief Operating Officer (from 27 May 2024) [2]	80-85 (95-100)	-	5-10	-	129,000	-	215-220	-
Terry Babbs Lead Non-executive Director (to 3 October 2024) [3]	5-10 (10-15)	10-15	-	-	-	-	5-10	10-15
Richard Hawkins Non-executive Director (to 3 October 2024)	5-10 (10-15)	10-15	-	-	-	-	5-10	10-15
Cosette Reczek Non-executive Director (to 3 October 2024)	5-10 (10-15)	10-15	-	-	-	-	5-10	10-15
Ruth Stanier Non-executive Director (to 20 May 2024)	0-5 (10-15)	10-15	-	-	-	-	0-5	10-15

[1] Carolyn Bartlett and Kirsty Wildgoose carried out the role of Chief Strategy and Transformation Officer on a joint basis until 31 May 2024, and thereafter it was carried out soley by Carolyn Bartlett.

[2] Paula Dixon was appointed interim Chief Operating Officer on 27 May 2024 and on a permanent basis on 27 January 2025.

[3] Terry Babbs received benefits in kind of £0-£5,000 during 2024-25 (2023-24: nil).

[4] 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.

[5] Jonathan Russell 2023-24 pension benefits have been restated based on updated information from the pension provider.

Directors' pensions

	Accrued pension at age 65 - as at 31 March 2025 £'000	Real increase in pension age at 65 £'000	CETV at 31 March 2025 £'000	CETV at 31 March 2024 £'000	Real increase in CETV £'000
Jonathan Russell Chief Executive [1]	0-5	2.5 - 5	78	19	46
Carolyn Bartlett Chief Strategy and Transformation Officer [2]	40 - 45 plus a lump sum of 95 - 100	2.5 - 5 plus a lump sum of 2.5 - 5	848	789	52
Alan Colston Chief Valuer	50 - 55 plus a lump sum of 130 - 135	2.5 - 5 plus a lump sum of 2.5 - 5	1,177	1,064	64
Paula Dixon Interim Chief Operating Officer (from 27 May 2024)	40 - 45 plus a lump sum of 110 - 115	5 - 7.5 plus a lump sum of 12.5 - 15	921	788	116
Toby Nerval Chief Finance and Information Officer	35 - 40 plus a lump sum of 90 - 95	2.5 - 5 plus a lump sum of 2.5 - 5	809	721	52
Derek Thomas Chief Operating Officer (to 10 June 2024)	45 - 50 plus a lump sum of 120 - 125	0 - 2.5 plus a lump sum of 0	989	979	2
Kirsty Wildgoose Chief Strategy and Transformation Officer (to 31 May 2024) [2]	35 - 40	0 - 2.5	610	628	(1)

[1] Jonathan Russell CETV 31 March 2024 have been restated based on updated information from the pension provider.
[2] The CETV at 31 March 2024 has been updated for Carolyn Bartlett and Kirsty Wildgoose to reflect a retrospective update to pension.

Staff Report

Staff numbers and related costs

These figures are subject to audit.

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

Staff numbers

2024-25

3,548 Permanently employed staff

232 Other

3,780 Total

2023-24

3,426 Permanently employed staff

253 Other

3,679 Total

Staff costs comprise:

	Permanently employed staff (£'000)		Others (£'000)		Total (£'000)	
	2024-25	2023-24	**2024-25**	2023-24	**2024-25**	2023-24
Wages and salaries	140,792	135,301	9,161	8,178	149,953	143,479
Social security costs	15,352	14,698	410	413	15,762	15,111
Other pension costs	39,510	34,911	1,584	1,494	41,094	36,405
Early departure costs	-	28	-	-	-	28
	195,654	184,938	**11,155**	10,085	**206,809**	195,023
Less recoveries in respect of outward secondments	(103)	(83)	-	-	(103)	(83)
Total staff costs	**195,551**	184,855	**11,155**	10,085	**206,706**	194,940

The staff expenditure detailed above includes contingent labour and consultancy expenditure. The total amount for contingent labour expenditure in 2024-25 was £2.5 million (2023-24: £1.3 million), and the total consultancy expenditure not included within staff costs for 2024-25 was £0.04 million (2023-24: £0.02 million*).

*Following a review of spend reported as Consultancy it was identified that the majority of the spend for 2024-25 and 2023-24 should be classified as contracted out services, due to the underlying nature of the services not being mostly advisory.

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 2024-25, employer contributions of £40.7 million (2023-24: £35.6 million) were payable to the PCSPS and alpha at 28.97% of pensionable earnings for 2024-25 (2023-24 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 2024-25, 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 £233,925 (2023-24: £259,868) 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 £8,833 (2023-24: £9,870, 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 £54,013 (2023-24: £38,642).

Approval was given to seven employees retiring on ill-health grounds during 2024-25 including LGPS (2023-24: five). The additional accrued liability in-year amounted to £0.014million.

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	
	2024-25	2023-24	**2024-25**	2023-24	**2024-25**	2023-24
< £10,000	-	-	3	8	3	8
£10,000 - £25,000	-	-	1	1	1	1
£25,000 - £50,000	-	-	3	3	3	3
£50,000 - £100,000	-	-				
£100,000 - £150,000	-	-	1		1	
Total number of exit packages	-	-	8	12	8	12
Total cost (£'000)	-	-	264	157	264	157

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 2024-25 (2023-24 comparative figures are also given. £0.3 million exit costs were paid in 2024-25, including both the voluntary redundancy and pay compensation where staff departed on efficiency grounds (2023-24: £0.2 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 2024-25 there were seven early retirement or ill-health retirements for members of this scheme (2023-24: eight).

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 one and two 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 2025, earning £245[16] per day or greater

	VOA
No. of existing engagements as of 31 March 2025	5
Of which:	
Number that existed for less than one year	3
Number that existed greater than one but less than two years	2

Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2025, earning £245[16] per day or greater

	VOA
No. of temporary off-payroll workers engaged during the year ended 31 March 2025	8
Of which:	
Not subject to off-payroll legislation[17]	8
Subject to off-payroll legislation and determined as in-scope of IR35[17]	-
Subject to off-payroll legislation and determined as out-of-scope of IR35[17]	-
No. of engagements reassessed for compliance or assurance purposes during the year	-

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

17 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 2024 and 31 March 2025:

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

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 2024-25

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
6	6

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	5
51%-99% of working hours	-
100%	1

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	£0.1 million
Total pay bill	£206.7 million
Facility time as a % of paybill	0.05%

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 2025 the agency had

3,856

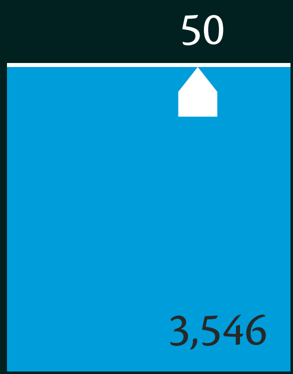
full-time equivalent (FTE) people working for us, including

194

fixed term appointments and

93

contingent workers



50

Since 31 March 2024 our headcount increased by 50

Staff turnover

7.6%

The VOA's staff turnover percentage for 2024-25 was 7.6%.

Senior Civil Service

As of 31 March 2025, the agency has

22 SCS employees

22 SCS posts.

Data as of 31 March 2025 (headcount not FTE):

Grade	Total
SCS1	17
SCS2	5
SCS3	1

“We have recruited more than 1,200 new colleagues in the last three years (including 220 caseworkers and nearly 98 surveyors). Over 25% of our workforce has joined in that period. This is an exciting opportunity to bring together new talent with our experienced and specialist colleagues.

Data as of 31 March 2025 (headcount not FTE):

Grade	Female	Male	Total
SCS	9	13	22
Other staff	2,053	1,941	3,994
Totals	2,062	1,954	4,016

Declared ethnicity category of employees:

The agency's ethnicity data is drawn from information voluntarily provided by employees. Contingent labour employees have been excluded from the figures. Of 4,016 employees (headcount rather than FTE, excluding contingent labour) at 31 March 2025, 2,917 have provided a response which is a declaration rate of 73%, 157 employees chose not to declare, and a further 942 employees did not provide a response.

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	34	7	469	27	496	85
AA to SEO	416	17	2,448	130	2,578	71

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 2024 data. 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	£19.87	£21.34	6.9%
Median	£17.68	£18.49	4.4%

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.

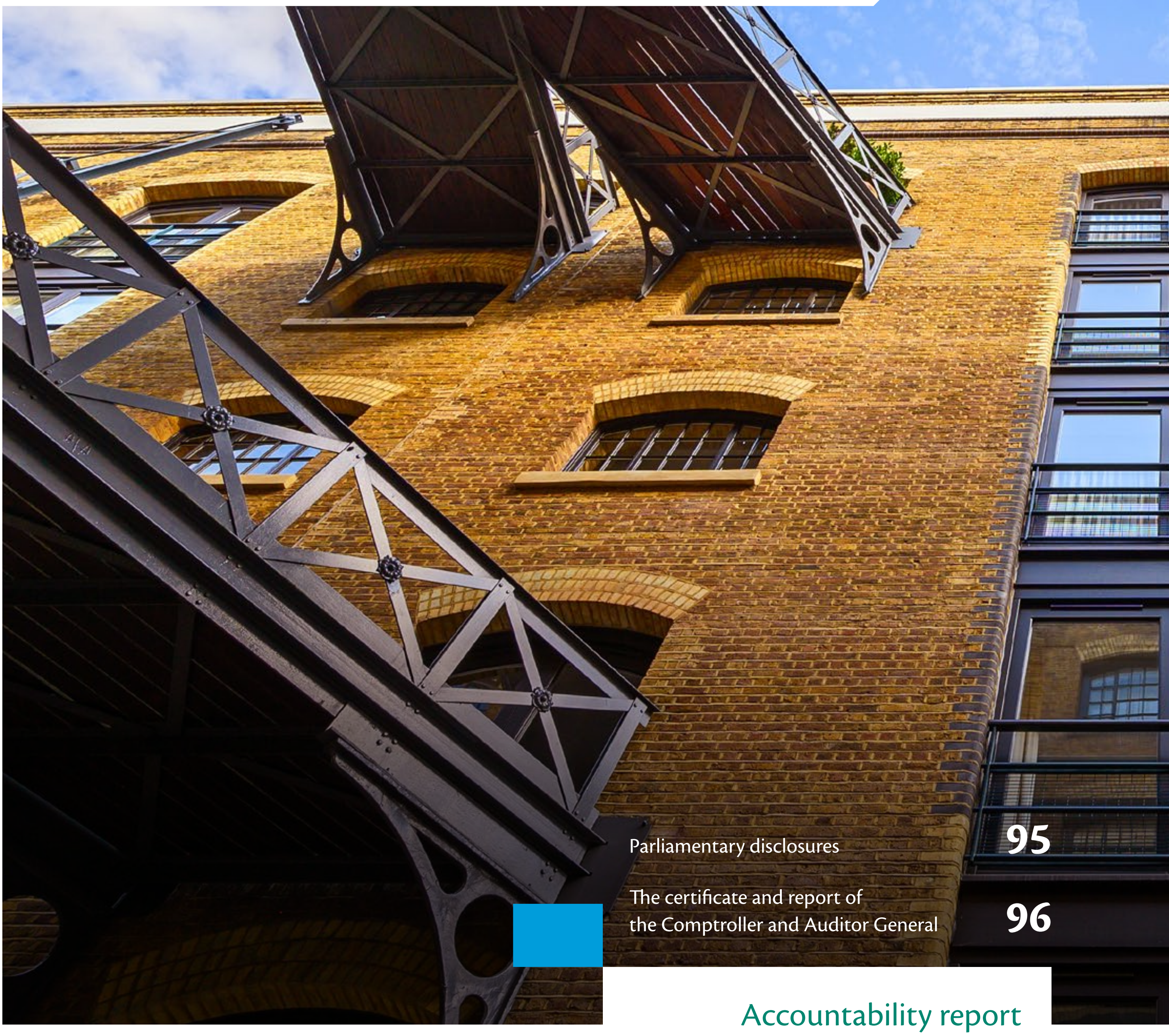
Trade union relationships

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

Sickness absence average working days lost

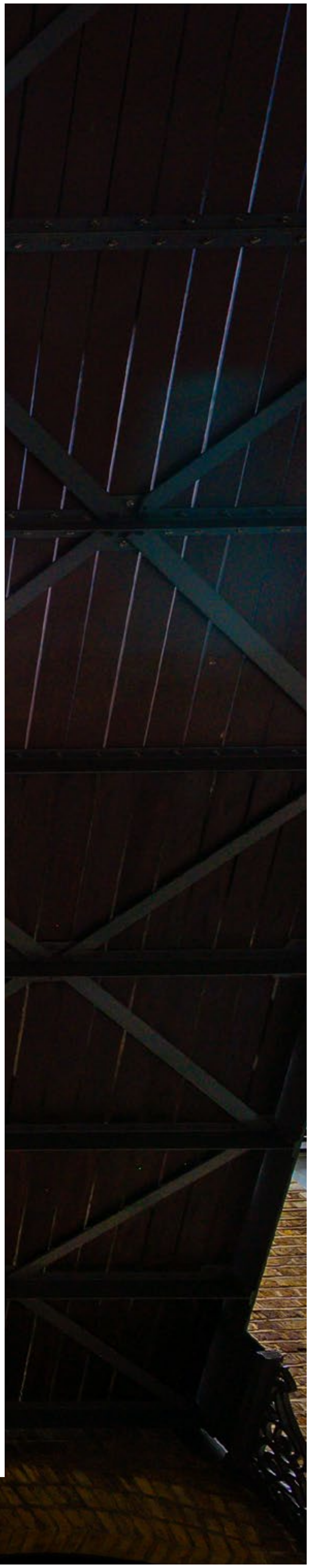
	Working Days
2024-25 (as at 31 March 2025)	6.8
2023-24 (as at 31 March 2024)	6.7
Civil Service target	7.0

PARLIAMENTARY 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 2025.

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 collectively total £0.37 million but individually are 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.

Gifts

No reportable gifts were received during the year.

Compliance with government functional standards

As noted within the Accounting Officers Report, 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.

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
09 July 2025

The Certificate of the Comptroller and Auditor General to the House of Commons

Qualified opinion on financial statements

I certify that I have audited the financial statements of the Valuation Office Agency for the year ended 31 March 2025 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 2025;
- 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, except for the possible effect of the matter described in the Basis for qualified opinion on financial statements section of my certificate, the financial statements:

- give a true and fair view of the state of the Valuation Office Agency's affairs as at 31 March 2025 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 qualified opinion on financial statements

London Pensions Fund Authority

At 31 March 2025, the Valuation Office Agency has recognised a net pension asset of £3.6m (being the fair value of the Agency's share of assets of £231.9m, less the present value of funded obligations of £109.9m , the effect of the asset ceiling of £118.2m and the present value of unfunded obligations of £0.2m) in the London Pensions Fund Authority, as disclosed within note 12. I was unable to obtain sufficient appropriate evidence regarding the valuation of the gross pension assets of £231.9m and associated transactions; this is because the audit of the London Pensions Fund Authority by the pension fund auditor has not been completed at the date of approval of the financial statements and the Valuation Office Agency intend to progress to certification as disclosed on page 69. I rely on the work completed by the pension fund auditor and I was unable to satisfy myself by alternative means concerning the valuation of the net pension asset at 31 March 2025 by using other audit procedures.

Consequently, I was unable to determine whether any adjustment to the gross pension asset, net pension asset or associated transactions was necessary.

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 (2024). 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 2024. 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.

Except for the possible effect of the matter described in the Basis for qualified opinion on financial statements section of my certificate, 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

Except for the possible effect of the matter described in the Basis for qualified opinion on financial statements section of my certificate, in 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.

Arising solely from the limitation on the scope of my work related to the net pension asset and associated transactions, referred to above:

- I was unable to determine whether adequate accounting records have been kept by the Valuation Office Agency or returns adequate for my audit have been received from branches not visited by my staff; and
- I have not received all of the information and explanations I require for my audit; or

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- 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 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 , 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, the Audit and Risk 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; and
- 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.

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.

Gareth Davies
15 July 2025
Comptroller and Auditor General

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

Report of the Comptroller and Auditor General to the House of Commons

Introduction

The Valuation Office Agency is an executive agency of HM Revenue & Customs. They undertake valuations for business rates, council tax and for a range of public sector clients and specialise in areas such as compulsory purchase, statutory valuations, asset valuations and acquisition and disposals. Its valuations are used by local councils to calculate business rate bills and determine council tax bandings. The Valuation Office Agency is principally funded through funding received from HMRC, which is drawn down from the Exchequer.

My report is on the balance sheet areas of the net defined benefit pension fund asset of £3.6m. The Valuation Office Agency is an scheduled member in the London Pensions Fund Authority where the Valuation Office Agency has recognised a net pension asset of £3.6m (being the fair value of the Valuation Office Agency's share of assets of £231.9m, less the present value of funded obligations of £109.9m, the effect of the asset ceiling of £118.2m and the present value of unfunded obligations of £0.2m), as disclosed within note 12 of the financial statements.

The purpose of my report

This report explains the basis of my qualification in relation to the availability of evidence to support the pension scheme assets.

Sufficiency of evidence for Pension Asset Balance

The Valuation Office Agency has a share of the assets held by the London Pensions Fund Authority. The Valuation Office Agency reports a share of gross pension assets as at 31 March 2025 of £231.9m and a net pension asset of £3.6m. Due to the number of scheduled bodies to the scheme, it is not practical for scheduled body auditors to undertake individual procedures on those assets. The auditors of the London Pensions Fund Authority provide assurances to auditors of scheduled bodies to enable them to conclude over the accuracy of transactions and balances included within individual entity accounts.

As disclosed in the Governance Statement, due to delays in the receipt of assurances from the pension scheme auditor, I do not have sufficient appropriate evidence over the valuation of the pension assets to a material extent, so I have limited the scope of my opinion on the financial statements in respect of pension assets.

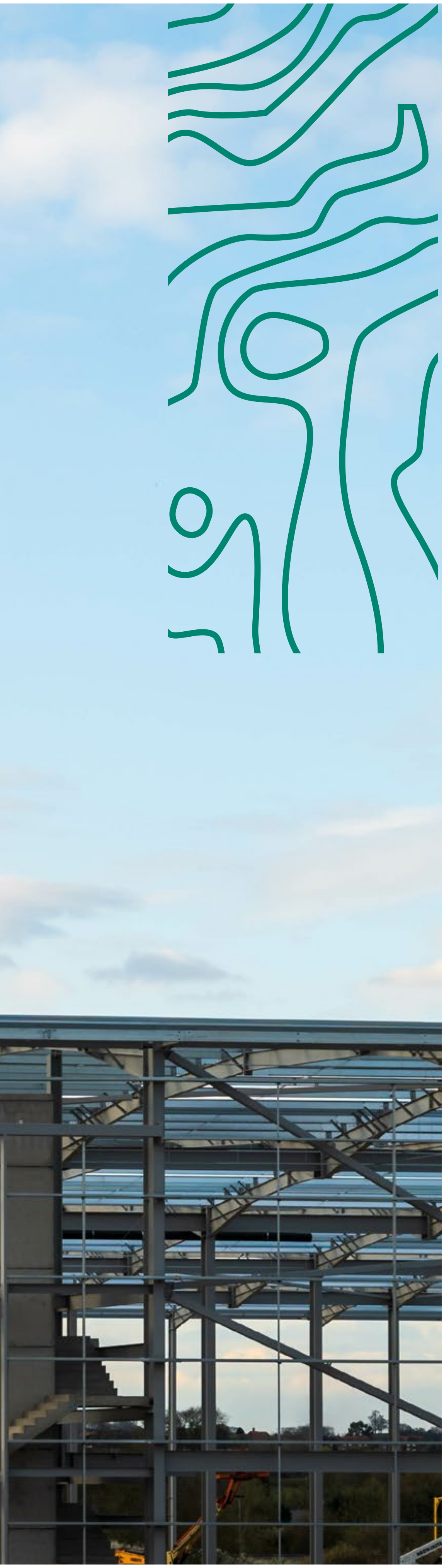
I recognise that there is limited action that the Valuation Office Agency can take in relation to the assurances over these balances given that these are controlled by the London Pensions Fund Authority and the pension scheme auditor.

Gareth Davies
15 July 2025
Comptroller and Auditor General

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

FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

Financial statements



Statement of Comprehensive Net Expenditure (SoCNE) for the year ended 31 March 2025

		2024-25	2023-24
	Note	Total £'000	Total £'000
Revenue from contracts with customers	3	**61,147**	**58,365**
Staff costs	4	(206,706)	(194,940)
Purchase of goods and services	4	(45,062)	(36,547)
Provision expense	4	(284)	(251)
Other operating expenditure	4	(508)	(335)
Depreciation, amortisation and impairment charges	4	(11,193)	(10,454)
Total operating expenditure	4	**(263,753)**	**(242,527)**
Net operating expenditure for the year		**(202,606)**	**(184,162)**
Other comprehensive net expenditure:			
Net gain on revaluation of intangible assets	7	-	597
Actuarial gain on pension fund	12	9,106	11,091
Effect of changes in asset ceiling on pension fund for remeasurement of asset	12	(13,849)	(4,195)
Comprehensive net expenditure for the year		**(207,349)**	**(176,669)**

The notes on pages 109 to 134 form part of these accounts.

Statement of Financial Position as at 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Non-current assets			
Property, plant and equipment	5	3,607	4,112
Right of use assets	6	46,844	51,267
Intangible assets	7	122,679	87,241
Pension asset	12	3,604	8,330
Total non-current assets		**176,734**	**150,950**
Current assets			
Trade and other receivables	8	9,525	8,405
Contract assets		2,815	2,867
Cash and cash equivalents	9	11,495	18,248
Total current assets		**23,835**	**29,520**
Total assets		**200,569**	**180,470**
Current liabilities			
Trade and other payables	10	(31,156)	(24,121)
Lease liabilities	11	(4,309)	(4,852)
Amounts payable to the Consolidated Fund	9/10	(539)	(76)
Provisions		(643)	(351)
Total current liabilities		**(36,647)**	**(29,400)**
Total assets less current liabilities		**163,922**	**151,070**
Non-current liabilities			
Lease liabilities	11	(43,545)	(47,250)
Total non-current liabilities		**(43,545)**	**(47,250)**
Total assets less total liabilities		**120,377**	**103,820**
Taxpayers' equity and other reserves			
General fund		120,205	103,213
Revaluation reserve		172	607
Total equity		**120,377**	**103,820**

The notes on pages 109 to 134 form part of these accounts.

J Russell

Jonathan Russell, CB,
Accounting Officer,
09 July 2025

Statement of Cash Flows for the year ended 31 March 2025

		2024-25	2023-24
	Note	£'000	£'000
Cash flows from operating activities			
Net operating expenditure		(202,606)	(184,162)
Adjustments for non-cash transactions		11,953	10,824
Pension fund expenditure passing through the SoCNE	12	247	573
Movements on pension asset and pension fund income and expenditure not passing through the SoCNE		(264)	(268)
Pension fund contribution not passing through SoCNE	12	281	297
Increase in trade and other receivables	8	(1,120)	(3,343)
(Increase)/decrease in contract assets		52	(538)
Increase/(decrease) in trade payables and other liabilities		3,250	(1,506)
Use of provisions		(351)	-
Movements in payables relating to items not passing through operating costs		(1,231)	1,612
Net cash outflow from operating activities		**(189,789)**	**(176,511)**
Cash flows from investing activities			
Purchase of tangible assets		-	(297)
Purchase of intangible assets		(36,148)	(31,121)
Net cash outflow from investing activities		**(36,148)**	**(31,418)**
Cash flows from financing activities			
Parliamentary funding received (via HMRC)		223,500	228,269
Capital payments against leases		(4,779)	(4,468)
Net cash inflow from financing activities		**218,721**	**223,801**
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**(7,216)**	**15,872**
Receipts on behalf of the Consolidated Fund (not yet paid)	9	539	76
Payments to the Consolidated Fund	9	(76)	(469)
Net increase/(decrease) in cash and cash equivilents in the period after adjustment for receipts and payments to the Consolidated Fund		**(6,753)**	**15,479**
Cash and cash equivalents at the beginning of the period	9	**18,248**	**2,769**
Cash and cash equivalents at the end of the period	9	**11,495**	**18,248**

The notes on pages 109 to 134 form part of these accounts.

Statement of Changes in Taxpayers' Equity (SoCTE) for the year ended 31 March 2025

	Note	General fund £'000	Revaluation reserve £'000	Taxpayers' equity £'000
Balance at 1 April 2023		**51,290**	**514**	**51,804**
Parliamentary funding received (via HMRC)		228,269	-	228,269
Net gain on revaluation of intangible assets	7	-	597	597
Net operating expenditure for the year		(184,162)	-	(184,162)
Actuarial gain on pension fund	12	11,091	-	11,091
Effect of changes in asset ceiling on pension fund for remeasurement of asset		(4,195)	-	(4,195)
Third party pension liability payments	12	297	-	297
Transfer between reserves		504	(504)	-
Notional charges - auditor's remuneration	4	119	-	119
Balance carried forward 31 March 2024		**103,213**	**607**	**103,820**
Parliamentary funding received (via HMRC)		223,500	-	223,500
Net operating expenditure for the year		(202,606)	-	(202,606)
Actuarial gain on pension fund	12	9,106	-	9,106
Effect of changes in asset ceiling on pension fund for remeasurement of asset		(13,849)	-	(13,849)
Third party pension liability payments	12	281	-	281
Transfer between reserves		435	(435)	-
Notional charges - auditor's remuneration	4	125	-	125
Balance carried forward 31 March 2025		**120,205**	**172**	**120,377**

The notes on pages 109 to 134 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 2024-25 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 accounts have been prepared in accordance with the direction given by HM Treasury on 19 December 2024, in accordance with Section 7(1), (2) and (5) of the Government Resources and Accounts Act 2000.

The accounts have been prepared on a going concern basis, however, it can be noted that the status of VOA will change in the coming 12 months, as referenced in note 15.

Note 1.1 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention. The 2023-24 accounts were modified to account for the revaluation of intangible assets however, VOA has early adopted FReM changes for 2025-26 and, other than for the legacy revaluations, no new revaluations will be undertaken going forward.

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, with further details being provided in note 3.

The agency makes an informed calculation to adjust for expected credit losses, which are recognised in year.

Note 1.3 Contract assets

Contract assets 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 1.4 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 1.5 Non-current assets

1.5.1 Property, plant and equipment

On initial recognition, the agency records property, plant and equipment assets at cost, including all costs directly attributable to bringing the assets into working condition.

Assets are valued on a depreciated historical cost basis as a proxy for fair value as they are of low-value, with short lives, and a formal impairment review is undertaken on an annual basis.

Accommodation refurbishment

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

1.5.2 Right of use assets and leases

The only leases in scope of IFRS 16 for VOA relate to accommodation arrangements throughout its estate, including Memorandum of Terms of Occupancy agreements for intra-government arrangements. These are treated as contracts and therefore within the scope of IFRS 16 where they convey the right to use an asset in exchange for consideration. A corresponding lease liability, net of VAT, is also recognised.

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 are 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.

The lease liability is measured at the present value of the remaining lease payments discounted by the interest rate implicit in the lease. 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 4.81% for leases recognised in 2025 (4.72% for 2024).

Expenditure charged to the Statement of Comprehensive Net Expenditure for each financial year includes interest on the lease liability and a straight-line depreciation charge on the right-of-use asset over the life of the lease, together with any impairment of the right-of-use asset and any change in variable lease payments that was not included in the measurement of the lease payments during the period in which the triggering event occurred.

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

1.5.3 Capitalisation thresholds and depreciation

The following capitalisation thresholds and useful economic life limits are applied, with depreciation being calculated on a straight-line basis.

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
Furniture, fittings, office & IT equipment	£5,000	Up to 10 years
Right of use assets	£5,000	Over the period of the lease

1.5.4 Intangible assets

Intangible assets consist of developed software and software assets under construction.

Developed software

Computer software that has been developed by the agency and its IT service partners, and for which the agency has ownership rights, has been capitalised. This capitalisation includes the staff costs for developing, integrating and testing IT software.

On initial recognition, the agency values intangible assets at the directly attributable costs incurred to bring them into use. From 2024-25, intangible assets are recognised on a cost basis, in line with agreement from HM Treasury to early adopt the revised FReM requirements for 2025-26.

In prior periods, the agency accounted 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 an annual basis.

Assets under construction

Assets under construction are recorded at cost and are not depreciated or amortised until they are available for use. An impairment review is undertaken annually for all assets under construction to provide assurance that no write down of the asset value is required.

Capitalisation and amortisation thresholds

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.

In assessing the life of a new asset, consideration is initially given to the life reflected in any supporting business case for the asset, on the basis this will have been subject to scrutiny and challenge at the time the funds were committed. Discussions are also held with the relevant programme leads to seek their view of the asset life.

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 are reviewed in detail with various business leads on an annual basis, to consider if remaining asset life are appropriate, and to establish if there is any potential need for impairment. Where it is identified that an asset will be used for a different period to the existing economic life, the asset will be re-lifed in the accounts, backdated to 1 April for that financial year. Similarly, any impairment of the asset will be reflected in year where appropriate to do so.

Note 1.6 Pensions

Pensions

The agency operates two different pension arrangements.

a) Civil Service Pension Schemes

The Principle Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (CSOPS) known as Alpha, are contributory defined benefit schemes.

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.

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. In the event a pension liability crystalises for the scheme, the Department for Work and Pensions would be liable for these costs (see note 12 for further details), hence no financial risk arises for VOA or scheme members.

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.

An independent actuary values 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 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.

Note 1.7 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the agency's accounting policies. The areas that involve a higher degree of judgement or complexity, or where the assumptions and estimates are significant to the VOA's accounts, are as follows:

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.

Details of the assumptions used in the valuation, the valuation of assets and liabilities and sensitivity analysis of the estimation can be found in note 12.

The VOA is a scheduled body of the LGPS and recognises its share of the scheme's assets and liabilities within the financial statements, based on actuarial assessments.

Whilst there is no unconditional right to VOA's share of the scheme surplus, we recognise the asset at an amount restricted by the asset ceiling , as calculated following interpretation of IFRIC 14, and consider it appropriate to restrict the net asset relative to funding obligations.

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. VOA does not have a right to a refund of surplus at the level required by the accounting standard. Also, VOA choose not to benefit from reduced contribution given the potential for future volatility in returns and financial assumptions used.

Based on historical actuarial assessments, VOA consider the data provided to be reliable and accurate estimates of our year end position, although for year ended 31 March 2025, this will not yet have been audited by the pension scheme auditor when VOA's ARA is finalised.

At 31 March 2025, the VOA has recognised a net pension asset of £3.6 million (being the fair value of the pension assets of £231.9 million, less the present value of the funding obligations of £110.1 million , less the impact of the asset ceiling of £118.2 million).

The LGPS is a multi-employer defined benefit scheme and is subject to a statutory audit by a separate pension scheme auditor. As the balances are material to VOA's financial statements, assurance is obtained for the purposes of VOA's financial statements from the pension scheme auditor.

There is a low financial risk to VOA for the LGPS asset value given the nature of the asset and low risk volatility associated with it.

Due to a delay in the pension scheme audit, it has not been possible to obtain the required assurance for the VOA's financial statements ahead of our timeline for a summer recess laying of accounts before Parliament. VOA has considered the balance of the need to publish timely financial information against the need for accurate and reliable information, and concluded that it is the VOA's intention to proceed with certification of the Annual Report and Accounts.

Due to insufficient evidence available for the purposes of the financial statements audit, the NAO auditor opinion on the financial statements is qualified in respect of this matter.

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 Operating System asset – intangible asset (note 7)

Some of the costs associated with the building of Valuation Operating System assets have been reclassified from asset under construction during 2024-25, to become a developed software intangible asset, including £5.6 million for VMS enhancements and £59.4 million for CT VOS. These assets are being amortised over 12 years, in line with the business case.

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 across each of the key, core components of the system, specifically Valuation Mapping System (VMS), Council Tax Valuation Operating System (CT VOS) and NDR VOS.

The apportionment assessment was based on the cost incurred by each of the key Delivery Partners and their work input into a design and build of Valuation Operating System and other separable components.

1.8 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.

1.8.1 IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts replaces IFRS 4: Insurance Contracts and is to be included in the FReM for mandatory implementation from 2025-26. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this Standard.

IFRS 17 requires insurance contracts, including reinsurance contracts, to be recognised on the statement of financial position as the total of the fulfilment cashflows and the contractual service margin (CSM). The fulfilment cashflows consist of the present value of future cash flows calculated using best estimate assumptions with an explicit risk adjustment for non-financial risk. The risk adjustment is released to the SoCNE as risk expires. The CSM is the unearned profit on insurance contracts and is released to the SoCNE over the insurance contract period as insurance services are provided. Where an insurance contract is onerous, it will have no CSM and the onerous element of the insurance contract will be recognised immediately in the SoCNE.

IFRS 17 is not expected to have a material impact on the financial statements for VOA.

1.8.2 Non-investment asset valuations

In December 2023 HM Treasury released an exposure draft on potential changes to make to valuing and accounting for non-investment assets (e.g. PPE, intangible assets). The following changes to the valuation and accounting of non-investment assets is to be included in the 2025-26 FReM for mandatory implementation:

References to assets being held for their 'service potential' and the terms 'specialised/ non specialised' assets are being removed from the FReM. Non-investment assets are instead described as assets held for their 'operational capacity'. This change has no impact on the valuation basis of non-investment assets, which remains Existing Use Value.

Transition requires the carrying values of existing intangible assets, measured under the previous revaluation approach, to be taken forward as a deemed historic cost. International accounting standard (IAS 8) has been adapted so that these changes, and all changes stemming from the thematic review, will be completed prospectively rather than retrospectively.

VOA has early adopted the change from 2024-25 with agreement from HMT Treasury and therefore no revaluation has been applied to intangible assets in year.

1.8.3 IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after 1 January 2027 in the private sector. The Public Sector implementation date is not yet confirmed. The impact of IFRS 18 on the Public Sector is still being assessed.

1.8.4 IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 Subsidiaries without Public Accountability: Disclosures is effective for annual reporting periods beginning on or after 1 January 2027 in the private sector. The Public Sector implementation date is not yet confirmed. The impact of IFRS 19 on the Public Sector is still being assessed.

Note 2. Operating segments for the year ended 31 March 2025

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:

Non-domestic rates and Council Tax

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

The Welsh Government fund our work in Wales, contributing £16.6 million (2023-24: £16.5 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 £8.2million (2023-24: £7.5 million)
- Statutory determinations of value for Right to Buy in England £1.8 million (2023-24: £1.8 million)
- Wider provision of valuations and property advice for other public bodies to support statutory functions, including delivery of government policies and estates strategies £23 million (2023-24: £21.4 million)

Local Housing Allowances and fair rents

Rent assessment services are used for assessing Housing Benefit claims and for determining fair rents in accordance with the Rent Act 1977. The segment's principal client is the Department for Work and Pensions contributing £7.1 million (2023-24: £7.1 million) and additional work is carried out for Ministry of Housing, Communities and Local Government, contributing £2.0 million (2023-24: £1.9million).

	2024-25			2023-24		
	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	19,044	224,878	(205,834)	18,668	206,357	(187,689)
District Valuer Services	33,086	30,386	2,700	30,704	27,700	3,004
Local Housing Allowances and fair rents	9,017	8,242	775	8,993	7,897	1,096
Total	**61,147**	**(263,506)**	**(202,359)**	58,365	(241,954)	(183,589)

Reconciliation to Statement of Comprehensive Net Expenditure

	2024-25 £'000	2023-24 £'000
Surplus/(Deficit) per above	(202,359)	(183,589)
Non-cash pension costs not recovered from clients	(247)	(573)
Net operating expenditure	**(202,606)**	(184,162)

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 2024-25 the agency has recognised £61.1 million (2023-24: £58.4m) of revenue from contracts with customers.

The following summary describes the material[18] sources of revenue arising from contracts with customers, and supplement those provided in note 2.

Revenue category	Revenue negotiated annually	Revenue charged on an hourly basis
Revenue streams	• Council Tax and non-domestic rates (Wales); • Housing Allowances; • Fair Rent and; • Statutory Valuations Team (HMRC).	• Property Services; • Statutory Valuations Team (Department for Work and Pensions); and • Statutory Valuations Team (Right to Buy).
Total revenue recognised	£34.8 million	£24.8 million
Timing of Revenue Recognition (and satisfaction of performance obligations)	Over time (1)	Over time (2)

18 The remaining revenue (£1.5 million) has been included within the "Non-domestic rates and Council Tax" segment in note 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 a time when the performance obligation is satisfied, and 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.

Note 4 Expenditure for the year ended 31 March 2025

	Note	2024-25 £'000	2023-24 £'000
Staff costs			
Wages and salaries		149,953	143,479
Social security costs		15,762	15,111
Other pension costs		41,094	36,405
Early departure costs		-	28
Less recoveries in respect of outward secondments		(103)	(83)
		206,706	194,940
Purchases of goods and services			
Accommodation costs		8,718	8,892
IT software and support		5,045	3,913
IT services		10,416	7,018
HMRC service charges		1,839	1,757
Subscriptions		2,099	1,892
Training		2,093	2,001
Print, postages and stationery		1,216	944
Contracted-out services		8,593	7,007
Consultancy		42	23
Travel and subsistence		2,836	2,504
Recruitment		635	381
Legal costs		259	(252)
IT software and support		31	19
Research and development		169	32
Sundry costs		1,071	416
		45,062	36,547
Provision expense			
Provision movements in-year		284	251
		284	251
Other operating expenditure			
Auditor’s notional remuneration		125	119
Losses and special payments		373	210
Bad debt write off		10	6
		508	335
Depreciation, amortisation and impairment charges			
Depreciation of property, plant and equipment	5	897	1,192
Depreciation of right of use assets	6	4,968	4,923
Amortisation of intangible assets	7	5,199	3,219
Net loss on disposal of non-current assets		135	-
		(6)	1,120
Total operating expenditure		**11,193**	10,454
		263,753	**242,527**

A further breakdown of staff costs, details of pension costs and exit packages, can be found on page 85 in the remuneration and staff report.

For 2023-24 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. There is no comparable amount in 2024-25.

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

The budget and responsibility for VOA IT services and staff costs continue to fall to HMRC. The total 2024-25 cost for the IT and digital services provided to VOA by HMRC was £16.2 million (2023-24: £18.6 million).

Following a review of spend reported as Consultancy it was identified that the majority of the spend for 2024-25 and 2023-24 should be classified as contracted out services, due to the underlying nature of the services not being mostly advisory.

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.

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 2024	7,122	-	339	**7,461**
Additions	-	392	-	**392**
Disposals	-	-	-	**-**
Reclassifications	-	-	-	**-**
At 31 March 2025	**7,122**	**392**	**339**	**7,853**
Depreciation:				
At 1 April 2024	3,171	-	178	**3,349**
Charged in the year	865	-	32	**897**
Disposals	-	-	-	**-**
Reclassifications	-	-	-	**-**
At 31 March 2025	**4,036**	**-**	**210**	**4,246**
Net book value:				
At 31 March 2025	**3,086**	**392**	**129**	**3,607**
At 31 March 2024	**3,951**	**-**	**161**	**4,112**

All property, plant and equipment assets are owned, and no donated assets were held during the year (31 March 2024: nil).

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

Note 6 Right of use assets

	Buildings £'000	Total £'000
Cost or valuation		
At 1 April 2024	60,285	60,285
Additions	1,457	1,457
Disposals	(1,214)	(1,214)
At 31 March 2025	**60,528**	**60,528**
Depreciation		
At 1 April 2024	9,018	9,018
Charged in year	4,968	4,968
Disposals	(302)	(302)
At 31 March 2025	**13,684**	**13,684**
Carrying amount at 31 March 2025	**46,844**	**46,844**
Carrying amount at 31 March 2024	**51,267**	**51,267**

	Buildings £'000	Total £'000
2023-24		
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**

Note 7 Intangible assets

	Developed Software £'000	Assets Under Construction £'000	Total £'000
Cost or valuation:			
At 1 April 2024	82,145	72,464	154,609
Additions	-	40,773	40,773
Disposals	(1,481)	-	(1,481)
Reclassifications	65,785	(65,785)	-
Impairments	-	(135)	(135)
Revaluations	-	-	-
At 31 March 2025	**146,449**	**47,317**	**193,766**
Amortisation:			
At 1 April 2024	67,368	-	67,368
Charged in the year	5,199	-	5,199
Disposals	(1,480)	-	(1,480)
Reclassifications	-	-	-
Revaluations	-	-	-
At 31 March 2025	**71,087**	-	**71,087**
Net book value:			
At 31 March 2025	**75,362**	**47,317**	**122,679**
At 31 March 2024	**14,777**	**72,464**	**87,241**

Included within assets under construction are material costs of £46.6 million relating to the BST programme (2023-24 £71.8 million).

At 31 March 2025, the carrying value of developed software includes the following items which form part of the BST programme assets. These assets will be amortised over its remaining lifespan of 11 years:

VMS £14.3 million (2023-2024: £9.3 million)
VOS CT £58.1 million (2023-24: in AUC)

	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**

Note 8 Trade and other receivables

	31 March 2025	31 March 2024
Amounts falling due within one year:	£'000	£'000
Trade and other receivables	6,251	4,945
Prepayments	3,274	3,460
Total	**9,525**	8,405

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 2025, the agency held £11.5 million (31 March 2024: £18.2 million) of cash in the bank, which forms part of the exchequer pyramid.

The cash balance disclosed above includes £0.5 million (31 March 2024: £0.08 million) of civil penalties which have been collected on behalf of the Consolidated Fund (see note 1.4).

	31 March 2025 £'000	31 March 2024 £'000
Bank balance at 1 April (excluding Consolidated Fund receipts)	18,172	2,300
Net change in cash and cash equivalent balances	(7,216)	15,872
Balance at 31 March	**10,956**	18,172
Consolidated Fund receipts balance at 1 April (held in GBS account)	76	469
Amounts collected on behalf of Consolidated Fund	539	76
Transfer to HM Treasury	(76)	(469)
Balance at 31 March	**539**	76
The following balances as at 31 March were held at:		
Government Banking Service	10,956	18,172
Amounts payable to the Consolidated Fund	539	76
Balance at 31 March	**11,495**	18,248

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

At the year end, VOA held a bank account to support administration of the Payment of Local Authority Rates scheme (POLAR) on behalf of the UK government and as such, is not reflected in the balances above. The balance on the POLAR bank account at 31 March 2025 was £8.4 million (31 March 2024: £1.7 million). Further details of the POLAR scheme can be found on page 135.

Note 10 Trade payables and other liabilities

	31 March 2025	31 March 2024
Amounts falling due within one year	**£'000**	£'000
Trade and other payables	625	584
Accruals and deferred income	25,226	17,000
Employee leave accrual	5,305	6,537
	31,156	24,121
Amounts payable to the Consolidated Fund	539	76
Total current payables (excluding provisions)	**31,695**	24,197

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 2025 £'000	31 March 2024 £'000
Obligations under leases comprise:		
Buildings		
Not later than one year	5,008	5,572
Later than one year and not later than five years	21,152	22,135
Later than five years	26,869	30,040
Total	**53,029**	57,747
Less interest element	(5,175)	(5,645)
Present values of obligations		
Current portion	**4,309**	4,852
Non-current portion	**43,545**	47,250

11.2 Amounts recognised in the SoCNE

	31 March 2025 £'000	31 March 2024 £'000
Expenses relating to leased assets:		
Depreciation	4,968	4,923
Interest expense	742	677
Expenses relating to short-term leases	-	-
Expenses relating to VAT	268	233
Expenses relating to low-value assets	112	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.

On 5 June 2025, the Department for Work and Pensions published an announcement confirming that the government intends to introduce legislation to allow schemes impacted by the High Court and Court of Appeal judgments in the Virgin Media case to obtain retrospective s 37 confirmations where these were not obtained at the time benefit amendments were made.

There remains some uncertainty regarding the direct impact of the judgments on public service schemes, given the legislative nature by which changes to benefits are made. The Scheme will therefore work with its advisers to understand whether a review of historic s 37 confirmations is required and if necessary, undertake such a review and obtain retrospective confirmations where these were not obtained at the time of the benefit changes, or cannot be located in historic records.

The accounting entries in respect of the year ended 31 March 2025 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 £122.0 million, then adjusted down by £118.0 million due to re-measurement to the asset ceiling under IAS 19 has resulted in a pension asset of £3.6 million at 31 March 2025, having previously been an asset of £8.3 million at 31 March 2024.

In 2024-25, the agency made contributions at a rate of 20.5% (2023-24: 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

	2024-25		2023-24	
	£'000	% of pay	£'000	% of pay
Service cost	631	8.3%	598	8.3%
Net interest on defined asset	(454)	-5.9%	(91)	-1.3%
Administrative expenses	70	0.9%	66	0.9%
	247	3.3%	573	7.9%
Actual return on scheme assets	7,116		20,122	

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	2024-25 £'000	2023-24 £'000
Return on fund assets in excess of interest	(4,066)	9,780
Changes in financial assumptions	12,490	84
Changes in demographic assumptions	291	1,557
Experience (gain)/loss on defined benefit obligation	391	(330)
Actuarial gain recognised in Statement of Changes in Taxpayers' Equity	**9,106**	11,091

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 2025 has been decreased by £4.7 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 2025 £'000	31 March 2024 £'000
Fair value of fund assets (bid value)	231,892	232,073
Present value of defined benefit obligation	(109,933)	(124,085)
Net asset	121,959	107,988
Present value of unfunded obligations	(210)	(228)
Remeasurement of net defined benefit pension asset for changes in asset ceiling	(118,145)	(99,430)
Net asset in the Statement of Financial Position	**3,604**	8,330

Reconciliation of present value of the scheme liabilities

	31 March 2025 £'000	31 March 2024 £'000
Opening defined benefit obligation at 1 April	124,313	126,188
Service cost	577	598
Interest cost	5,862	5,889
Changes in financial assumptions	(12,500)	(68)
Experience loss/(gain) on defined beneficial obligation	(391)	330
Changes in demographic assumptions	(291)	(1,557)
Estimated benefits paid	(7,602)	(7,203)
Past service costs, including curtailments	54	-
Contributions by scheme participants	137	152
Unfunded benefits paid	(16)	(16)
Closing defined benefit obligation at 31 March	**110,143**	124,313

Reconciliation of fair value of the scheme assets

	31 March 2025 £'000	31 March 2024 £'000
Opening fair value of assets at 1 April	232,073	218,800
Interest on assets	11,182	10,342
Return on assets less interest	(4,066)	9,780
Administration expenses	(70)	(66)
Contributions by the employer including unfunded	281	297
Contributions by scheme participants	137	152
Estimated benefits paid plus unfunded net of transfers in	(7,645)	(7,232)
Estimated fair value of scheme assets at 31 March	**231,892**	232,073

Reconciliation of asset ceiling

	31 March 2025 £'000	31 March 2024 £'000
Opening impact of asset ceiling	99,430	90,873
Interest on asset ceiling	4,866	4,362
Actuarial losses	13,849	4,195
Closing impact of asset ceiling	**118,145**	99,430

Indemnity for pension liability from the DWP

The agency has a service level agreement with Department for Work and Pensions which has accepted that if the pension scheme liability were to crystallise then Department for Work and Pensions would be liable for these costs. Department for Work and Pensions 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, Department for Work and Pensions cannot fund the agency for the amounts recognised as operating costs above. These costs totalling £0.25 million for 2024-25 (2023-24: £0.57 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	108,964	110,143	111,343
Projected service cost	470	479	489
Adjustment to long term salary increase	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	110,211	110,143	110,075
Projected service cost	479	479	479
Adjustment to pension increases and deferred revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	111,307	110,143	108,999
Projected service cost	489	479	469
Adjustment to life expectancy assumptions	**+1 year**	**None**	**- 1 year**
Present value of total obligation	114,501	110,143	105.960
Projected service cost	495	479	464

History of surplus or deficit in the scheme

	31 March 2025 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2021 £'000
Fair value of Fund assets	231,892	232,073	218,800	221,452	197,169
Fair value of defined benefit obligations	(110,143)	(124,313)	(126,188)	(171,543)	(178,705)
Net surplus arising from defined benefit obligation before asset ceiling adjustment	**121,749**	107,760	92,612	49,909	18,464

Financial assumptions

	31 March 2025 £'000	31 March 2024 £'000
	% per year	% per year
RPI increases	3.3%	3.4%
CPI increases	3.0%	3.0%
Salary increases	3.9%	4.0%
Pension increases	2.9%	3.0%
Discount rate	5.7%	4.9%

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 2025		31 March 2024	
	£'000	%	£'000	%
Equities	136,772	59%	140,513	60%
Target return funds	42,114	18%	40,035	17%
Alternative assets	47,584	21%	47,890	21%
Cash	5,422	2%	3,635	2%
	231,892		232,073	

Demographic and statistical assumptions

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

	31 March 2025 £'000	31 March 2024 £'000
Retiring today:		
Males	21.0	21.1
Females	23.6	23.6
Retiring in 20 years:		
Males	21.5	21.5
Females	25.1	25.0

The post retirement mortality is based on the Club Vita mortality analysis, projected using the CMI_2023, 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 2023 CMI model also utilises a 2022 weight parameter (15%) and a 2023 weight parameter (15%). The effect of updating the demographic assumptions is reflected in the change in demographic assumptions figure.

Note 13 Contingent liabilities at 31 March 2025

There were no material contingent liabilities at 31 March 2025 (31 March 2024: nil)

Note 14 Related party transactions for the year ended 31 March 2025

The VOA is an executive agency of HMRC. HMRC is considered to be a related party, with which the agency has had various material transactions during the year.

The agency is controlled by the UK government and has had a significant number of material transactions with other UK government departments. Most of these transactions have been under service level agreements with Department for Work and Pension, Ministry of Housing, Communities and Local Government and the Welsh Government (as disclosed in note 2 and 3).

No Board member has undertaken any material transactions with the agency during the year. Directors' remuneration information is disclosed within the Remuneration Report.

Note 15 Events after the reporting period

The Minister announced on 28 April 2025 that the VOA would be disbanded as an Executive Agency by March 2026 and it will transfer into its parent department HMRC. Its functions and operations still remain critical to provide the valuations that underpin the business rates system, and these will continue to be performed from with HMRC.

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

Business Rates for Diplomatic Missions and Organisations - 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

	2024-25 £m	2023-24 £m
Payments made to Local Authorities	87.7	88.9
Less invoices raised for Beneficial Portion	(4.9)	(5.2)
POLAR net funding	**82.8**	**83.7**

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

In 2024-25, there were 166 diplomatic missions in London; there were 44 Consulates outside of London, five of which are in Northern Ireland. There are also 38 International Organisations. Rateable values ranged from less than £305 to £15.6 million. A total of 31 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 page 47.

Greenhouse gas emissions

	2022-23	2023-24	**2024-25**
Non-financial indicators		tCO_2e	
Total gross emissions	1,077	858	1,134
Total net emissions[19]	-	-	-
Gross emissions Scope 1 and 2	547	319	420
Gross emissions Scope 3 (business travel)	530	539	714
Energy consumption		kWh, 000s	
Electricity: non-renewable	587	447	195
Electricity: renewable	529	298	1,201
Gas	385	421	747
Oil	Nil	Nil	Nil
Travel breakdown			
Road	389	421	569
Rail	129	100	125
Air (domestic and overseas)	11	17	20
Financial Indicators		£000s	
Expenditure on energy	457	1,100	786
Expenditure on accredited offset purchases	Nil	Nil	Nil
Expenditure on official business travel	1,309	1,517	1,915
Expenditure on waste[20]	1.6	0.7	0.8

Waste

		2022-23	2023-24	**2024-25**
Non-financial indicators			Tonnes	
Total waste		55	36	17
Waste	Landfill	0.5	0.5	0.5
	Recycled/composted	53	34	12
	Incinerated/energy from waste	3	2	5

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

20 Figures based on in year gate fees for waste type

Finite resource consumption – water

		2022-23	2023-24	**2024-25**
Non-financial indicators			m^3 000s	
Water consumption	Supplied	4.0	3.5	2.9
			m^3/FTE	
Water consumption	Supplied	1.19	0.92	0.90

* Water consumption cost: Data not available

Copier paper purchased

	2022-23	2023-24	**2024-25**
Non-financial indicators		A4 reams equivalent 000s	
Total waste	2.1	2.6	2.2

* Copier Paper cost: Data not available

Air travel breakdown

	2022-23			2023-24			**2024-25**		
Non-financial indicators	No	Kms	$mtCO_2e$	No	Kms	$mtCO_2e$	No	Kms	$mtCO_2e$
Total domestic	**204**	**85,934**	**11.17**	**111**	**54,571**	**8.79**	**145**	**66.57**	**10.5**
Total international	-	-	-	4	33,912	8.86	8	52	10.28

Audio Conferences - Data not available for VOA

Demonstrating reductions per FTE

We have compared our footprints per FTE in 2024 to 2025 against the footprints per FTE in 2017 to 2018. There are positive improvements across all the Greening Government Commitment target areas.

Comparisons of footprints per FTE 2017 to 2018, and 2024 to 2025

	2017 to 2018	**2024 to 2025**
Greening Government Commitment	**footprints per FTE**	**footprints per FTE**
Greenhouse gas emissions (tonnes of CO2e)	0.83	0.11
Direct Building emissions (tonnes of CO2e)	0.4	0.03
Domestic flight emissions (tonnes of CO2e)	0.02	0.01
Waste (tonnes)	0.05	0.03
Water (m^3)	1.27	0.90
Paper (reams of A4)	7.53	0.58

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