



VTS ANNUAL REPORT AND ACCOUNTS

2020 - 2021



The Valuation Tribunal Service

Annual report and accounts 2020-21

For the period 1 April 2020 to 31 March 2021

Presented to Parliament pursuant to Schedule 4, paragraph 20 (4)(b) to the Local Government Act 2003

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Overview

Chief Executive's report

Like many other organisations, the global health pandemic presented an immediate challenge in the way we could effectively deliver our services within government requirements. Pre-health pandemic our hearings had been heavily reliant on parties travelling to hired hearing venues across England. Venues which have themselves been severely impacted by government restrictions. Taking full advantage of our investment in information technology, and further innovations, we launched 'remote hearings' in September 2020. Remote hearings have allowed us to fulfil our statutory function and facilitate the hearing of disputes on a virtual platform. We have held over 400 hearing days online.



Following the easing of the first lockdown, we returned to the office environment in September 2020 adopting a hybrid working pattern (part home, part office working), supported by a Working Safely during COVID-19 Policy. However, as the pandemic escalated, we returned to temporary homeworking arrangements in November 2020 and have done so throughout the further national lockdown.

Notwithstanding the challenges presented we were still able to make some significant improvements that we remain most proud of. We launched our Appeals Listing & Decisions Service tool on our website giving open access to the appeal information we hold. This provides greater transparency; information on listed appeals, appeals awaiting listing and appeal decisions across all 314 billing authorities in England.

We also reviewed the effectiveness of our telephony for a homeworking environment and working with our sponsors we launched a 'softphone system' which uses broadband technology rather than conventional telephone lines. This has proved most effective during a period when our offices have not been open to the public. We intend to further explore and expand this softphone technology in the new financial year.

The challenges of the ongoing health pandemic have required us to keep under review our practices, and to further explore new ways of working that remains compatible with our statutory function. We have three assets in delivering our goals – our staff, Valuation Tribunal for England (VTE) Members and our supporting technology. We continue to invest in all three to create a modern, accessible service with a learning culture that helps our staff and VTE Members do a challenging job with confidence and pride. The excellent work of our staff and their innovative approach during this health pandemic has allowed us to successfully adapt our service without compromising our defining principles of independence, impartiality and fairness.

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

Antonio Masella

Chief Executive and Accounting Officer
Valuation Tribunal Service

Our services and what we do

The Valuation Tribunal Service (VTS) is an administrative statutory body¹, which supports the VTE². The VTE's jurisdiction covers appeals on:

- business (non-domestic) rates
- council tax
- completion notices
- penalty notices for failure to provide requested information

The VTS is an executive non-departmental public body (NDPB), sponsored by the Department for Levelling Up, Housing and Communities (DLUHC) (previously known as the Ministry of Housing, Communities & Local Government (MHCLG)); the VTE is a tribunal NDPB.



¹ The VTS was established under the Local Government Act 2003 and created on 1 April 2004

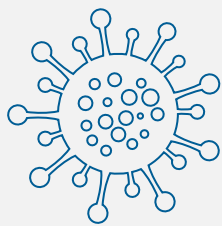
² The VTE was established by the Local Government and Public Involvement in Health Act 2007, which amended the 2003 Act; it came into being on 1 October 2009

In supporting the VTE, the VTS's roles include arranging and administering hearing days, training VTE Members, providing general assistance to appellants and their representatives and issuing statutory notices. The VTS also provides clerks to advise the lay panels at hearings on practice, procedure and legal issues, and to draft the decisions arrived at by the panels for their approval.

The President of the VTE has a statutory duty to ensure that arrangements are made for appeals to be determined in accordance with the Regulations³.

An appeal arises when the Valuation Office Agency (VOA) (in the case of business rates or council tax valuation) or the council (for other council tax matters) does not agree with a ratepayer's or council taxpayer's contention and the ratepayer or council taxpayer seeks an independent resolution to the matter.

Our year's highlights



We successfully migrated our operation to homeworking to deliver our services during COVID-19 restrictions



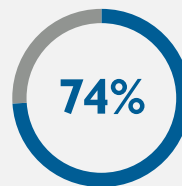
Launched our Appeals Listing & Decision search engine allowing our users the ability to access live appeal data

473 hearings were held remotely

2,698 appeals were listed

1,780

tribunal determinations were issued



of all appeals that we scheduled for hearings were cleared

³ Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 SI 2009 No 2269 as amended



Key risks and issues

Details of our key risks and issues are given in the governance statement on page 25. Briefly they are:

- impact of COVID-19
- VTE recruitment by the Judicial Appointments Commission (JAC)
- workload expectations from a new appeal process and any consequential impact following government announcement on the end of 2017 Rating List arrangements
- attracting and recruiting Tribunal Clerks for the future

Going concern

The Statement of Financial Position shows net liabilities of £20,311,972 at 31 March 2021. This reflects the inclusion of pension liabilities falling due in future years which, to the extent that they are not to be met from the VTS's other sources of income, may only be met by future grants or Grant in Aid (GiA) from the sponsoring Department. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need and will only be drawn as the liabilities fall due.

DLUHC have confirmed the funding for 2021-22 with indicative annual allocations through to 2023-24. Liability for all pension payments not met through normal funding cycle will continue to fall to DLUHC.

The 2021-22 budget was prepared against a backdrop of uncertainty caused by COVID-19. We have undertaken a scenario planning exercise to forecast how various outcomes might affect operations and the results have been used as a basis for our strategic planning. This exercise has allowed us to test our thinking and better manage the cost base. We continue to monitor the situation and to manage our finances accordingly.

In common with other NDPBs, the future financing of the organisation's liabilities is to be met by GiA and has already been included in the sponsoring Department's Parliamentary estimates for 2021-22. The Accounting Officer has a reasonable expectation that the Department has adequate resources to continue in operational existence for a period of at least 12 months from the date the financial statements are authorised for issue.

The going concern basis of accounting for the organisation is adopted in consideration of the requirements set out in HM Treasury Government Financial Reporting Manual (FReM), 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. For the above reasons it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Performance summary

The VTS completed eight of the 10 actions identified to meet its strategic priorities set out in its *Business Plan for 2020-21*. Further details appear in the performance analysis section on page 9.

Of the 14 key performance indicators (KPIs) identified for 2020-21, the VTS achieved or exceeded the targets for eight of them (see page 13) which is reflective of the challenging COVID-19 environment.

The VTS continues to operate within budget and to make savings wherever possible.

Performance analysis



Volumetrics

Around 56,500 appeals were brought forward in April 2020 and just over 5,000 were received. Table 1 shows the details of these figures by appeal type:

Table 1

Appeal Type	Brought forward 1 Apr 2020	Received 2020-21	Cleared 2020-21	Carried forward 31 Mar 2021
Council Tax: Completion Notice	190	450	230	410
Council Tax: Penalty Notice	10	10	10	10
Council Tax: Liability	420	690	320	790
Council Tax: Notice of Invalidity	80	290	230	140
Council Tax: Reduction	380	590	310	660
Council Tax: Valuation	1,020	1,970	810	2,180
Non-domestic: Completion Notice	120	100	100	120
Non-domestic: Penalty Notice	0	10	10	0
Non-domestic: Transitional Certificate	70	320	130	260
Non-domestic: Notice of Invalidity 2010	1,090	20	20	1,090
Non-domestic: Rating List 2005	130	0	10	120
Non-domestic: Rating List 2010	52,800	0	25,700	27,100
Non-domestic: Rating List 2017	110	680	410	380
Total	56,420	5,130	28,290	33,260

Note: Figures in the table are rounded to the nearest 10, except for non-domestic rating appeals against the 2010 List, which have been rounded to the nearest 100.

Some "Brought forward" figures differ slightly from the "Carried forward" figures reported last year due to the rounding, added to the fact that the statistics are based on a "snapshot" of data at a fixed point in time. This can change over the course of a day, because of reinstatements or clearances of appeals.

During the year, 473 hearing days were held (884 in 2019-20), to which we listed 2,698 appeals and issued 1,780 Tribunal determinations. The number of hearing days have fallen by 45% in comparison with 2019-20 and reflects the impact of COVID-19 and associated government guidance, which necessitated the cancellation of all scheduled hearings falling between April to July 2020.

Restrictions on travel and social distancing rules meant that we were unable to hold physical hearings and having exhausted the avenue of determining appeals on the papers alone, where consent had been granted, we implemented processes and procedures in September for the introduction of remote hearings using video conferencing technology. Remote hearings became the default hearing process in Quarter 3 and Quarter 4 of 2020-21.

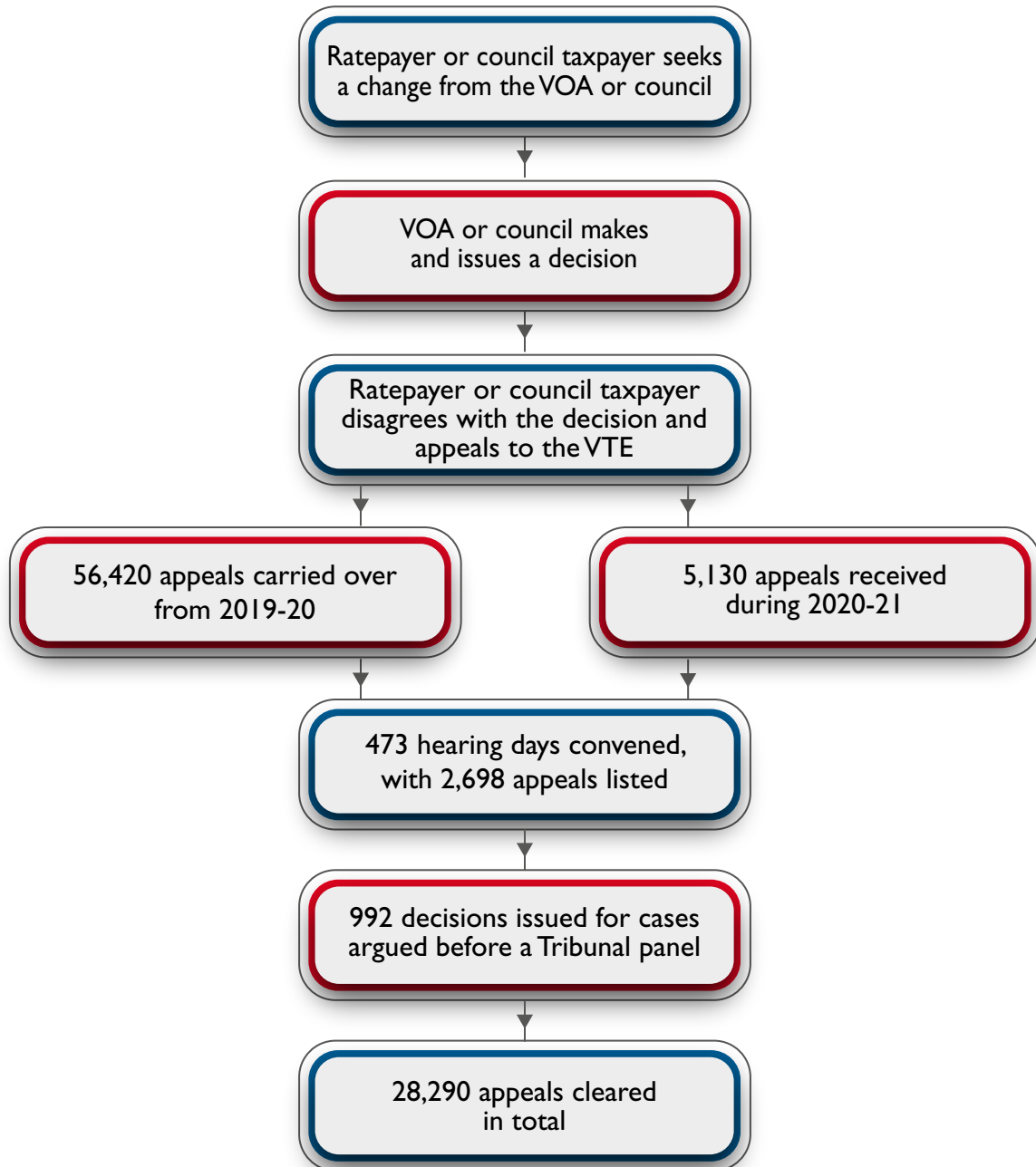
Measurement of performance

Like most service delivery organisations, the onset of the health pandemic presented an unexpected challenge in how best to deliver our services and in providing tribunal users with access to justice. Travelling presented barriers and our external venues began to close their doors to the public. Whilst our own offices and tribunal hearing rooms in Leman Street (London) were independently risk assessed as COVID-19 compliant, the travelling restrictions and social distancing requirements in place presented a barrier. A *COVID-19 Emergency Practice Statement* issued by the President of the VTE, supported by the investment in our technology and the implementation of supporting guidance to our users, allowed us to progress appeal hearings remotely using video conferencing.

Our new way of working has been supported by our staff. Our Tribunal Support team and Clerks have been proactively engaging with our users at the pre-hearing stage to provide hands on support of our remote hearing process and address expectations before the hearing itself. This has also provided an opportunity for us to learn from their experience, which we continue to do so from their feedback.

Chart I

Appeals process and headline workload figures



Achievement of business objectives and key performance indicators

The *VTS Business Plan for 2020-21* outlines the objectives for the organisation. The Board and the DLUHC sponsor team receive a performance report quarterly. This report is aligned to our objectives and details our performance in each of the key strategic areas, as shown below in Chart 2.

Chart 2

Our Strategic Objectives



**Table 2**

Action	Achievement	Comments
Commission a survey of rating professionals on aspects of the 2017 appeal process and the capital investment of the appeal portal.	NOT MET	The current level of engagement by rating professionals is limited to a relatively low number of rating firms. We have postponed this survey until we have a greater sample of rating firms engaging in appeals that would allow greater data capture and subsequent analysis.
Carry out and conclude a feasibility study to investigate legislatively and administratively the possibility of moving more appeal hearings to paper-based.	MET	At the onset of the pandemic, we researched the possibility of moving to paper-based hearings as a way of determining appeals effectively. We found that this had limited success (59 paper-based hearings dealt with) as regulations require the consent of all parties for this to occur. Our study concluded that there was a value in having paper-based hearings but the current regulatory requirement for parties' consent was an obstacle. This is an area of work that will be pursued.
Develop and introduce a mentoring and coaching process that assists staff in their roles.	MET	We recruited in-house mentors and coaches and developed online training modules to provide appropriate tools to act in either role.
Implement online training modules on a live platform for staff and VTE Members.	MET	We piloted this with our new intake of clerks who joined us in April 2020 at the peak of the health pandemic. This has resulted in them passing their development programme and now clerking hearings in their own right.
Maintain dialogue with the Ministry of Justice's Judicial Reform Team over VTE recruitment process.	MET	Following ongoing dialogue and the pre-work required, we were in a position to launch a VTE recruitment exercise and are working towards a selection process of VTE Members in July 2021, with appointments in January 2022.

Action	Achievement	Comments
Implement a programme of raising awareness of emotional intelligence and mental health awareness.	MET	During COVID-19 this took on even more importance. Modules have been developed and released for staff to raise awareness, with HR holding a number of online wellbeing sessions with staff.
Build on discussions to deliver a modernised and more efficient call handling solution.	MET	Telephony has moved to softphone technology and calls are now handled via our laptops. This has removed reliance on BT phones and provides greater flexibility on call handling.
Researching technological advancements that may be introduced into the VTE environment.	MET	The COVID-19 environment has fast tracked technological advancements so that we may respond in an imposed homeworking environment. This has allowed remote hearings to be developed as well as the Appeals Listing & Decisions Service, which provides users with live data surrounding appeals.
Develop a proactive venue management process to ensure our venues deliver to our requirements to meet customer expectations.	MET	The closure of many hospitality venues and the requirement for them to be COVID-19 compliant, facilitated a review of the external venues we use. We have reviewed the 70 venues previously used and have excluded some of the venues that failed the compliance test.
Review and consolidate IT and communications contracts.	MET IN PART	IT contracts have been reviewed and spend evaluated. Softphones introduced and work ongoing with DLUHC IT to integrate this with Microsoft Teams to provide both internal and external calling system via laptops. Once fully implemented, the majority of BT phone contracts will be cancelled.



Key performance indicators

The 14 KPIs for 2020-21, aligned to the strategic objectives, were reported on to the Board, DLUHC and to staff throughout the year. Eight of these were exceeded or met. The remaining six were adversely impacted by the pandemic as Table 3 indicates.

Table 3

Performance Measure	Target in 2020-21	Met?	Comments
Support the VTE by administering a fair, efficient and accessible appeals system			
Council Tax (CT) appeals determined within 6 months of receipt	80%	No	15% The inability to schedule hearings due to COVID-19 restrictions resulted in a build-up of existing and new CT appeals. The remote hearing programme (introduced in September) has resulted in incremental improvements in year on appeal turnaround.
Non-Domestic Rating (NDR) 2017 appeals determined within 6 months of receipt	85%	No	74% The low volume of NDR 2017 appeals has allowed the tribunal to quickly start to address the backlog of NDR appeals caused by hearing restrictions in the early months of the pandemic.
CT decisions issued within 1 month of the hearing	90%	Yes	99% 774 of the 784 CT decisions issued in the year were issued within 1 month of the hearing.
NDR 2017 decisions issued within 1 month of the hearing	90%	Yes	99% 206 of the 208 CT decisions issued in the year were issued within 1 month of the hearing.
CT appeals resolved at first time of listing	80%	No	35% All appeals listed between March and July were postponed owing to the COVID-19 restrictions.
NDR 2017 appeals resolved at first time of listing	80%	No	66% Postponements at the beginning of the year also impacted on this KPI, although the lower number of cases listed assisted the tribunal in returning a more favourable percentage in comparison to CT cases.

Performance Measure	Target in 2020-21	Met?	Comments
Enhance the quality and consistency of our service to all stakeholders			
Complaints resolved at Stage 1 with no further escalation	75%	Yes	93% 14 complaints were received during the financial year, 13 of which were resolved at stage 1 and not escalated.
Tribunal notices issued electronically	80%	Yes	94% Of 23,940 notices issued during the 12-month period, 22,470 were issued electronically.
NDR 2017 list appeals lodged through VT online service	80%	Yes	91% Of 667 NDR appeals received since 1 April 2020, 609 appeals were received through the online portal.
Scheduled hearings result in 2 or more appeals being heard on the day	80%	No	45% Postponed hearings in Quarters 1 and 2 adversely impacted on this target.
Customers surveyed satisfied with the overall service	60%	Yes	67% A revised customer survey was introduced in Quarter 3. Two thirds of customers indicated that they were satisfied with the pre-hearing service provided by the tribunal.
Build capacity and capability in our staff, learning from their experience and from their feedback			
Short term sickness absence maintained at or less than the previous year's XperthHR survey (2019) i.e. 3.2 days	3.2 days or less	Yes	1.58 days Short term absence has remained consistently low through the year.
Staff receive 5 days training and development per year	90%	No	60% of staff received 5 days training or more.
Operate with financial and organisational initiative and efficiency			
Undisputed invoices are paid promptly within 5 days of receipt	90%	Yes	92% 843 undisputed invoices were processed over the 12-month period, with 774 being paid within 5 working days.

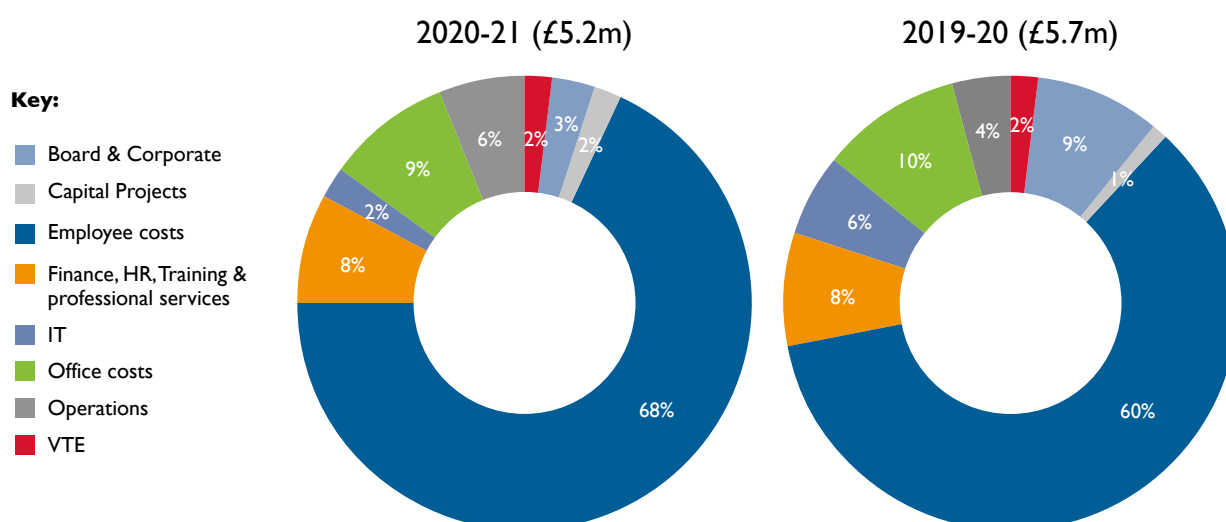
Financial Performance

The Financial Statements, as set out on pages 53-77, have been prepared in accordance with the Government's FReM.

The VTS's expenditure for the period remained within the allocated budget, with the operating expenditure at £5,644,742 (£6,376,793 in 2019-20). The decrease was primarily due to a reduction of operational activities arising from the impact of COVID-19 and the move to virtual rather than physical hearings, removing venue booking and travelling costs, and tighter cost control.

Chart 3

How we utilised our resources (excluding pension adjustments and other non-cash items).



There was a £14,267,000 actuarial loss (compared to an actuarial gain of £5,667,000 in the previous financial year) on the defined benefit pension scheme. This is mainly due to the changes in the financial assumptions, as set out in Note 10 Pensions.

It is not yet known whether the Supreme Court judgment in *Gilham v the Ministry of Justice (MOJ)* will impact on the Vice-Presidents of the VTE. No provision has been recognised within the financial statements.

Training

Staff

In light of the health pandemic and staff working from home during the national lockdown periods, we expanded our Learning Management System (LMS) specifically to provide flexible, self-managed, online training for staff to learn, develop and improve their skills. More than 80 courses were added to the LMS during the year covering a range of essential and desirable training, including wellbeing courses for all staff to complete in their home environment.

We also successfully recruited and onboarded five new members of staff using digital technology and adapting Microsoft Teams to provide interactive training supported by our team of approved trainers, further supplementing knowledge with modular training via our LMS.

We also held quarterly virtual forums using Microsoft Teams engaging our Tribunal Support staff and Clerks to provide updates on processes and procedures and case law updates pivotal to their role.

During these unprecedented times, staff mental health and wellbeing has been a key priority for us, and several initiatives have been implemented to support staff, including training around emotional wellbeing. We also implemented training to our managers on how to support staff from feeling isolated. During the year, we provided an average of 12 training days per member of staff, with 60% of staff undertaking at least five training days.

Valuation Tribunal for England (VTE) Members

Our aim is to provide at least two days' training to each member of the VTE, which was met. During the period of this health pandemic, we expanded training opportunities using our LMS. 56% of the membership engaged in this additional online training provided.

We also introduced virtual drop-in sessions allowing a forum for VTE Members to interact directly with the VTE President and other key staff. The launch of the revised *Equal Treatment Bench Book* in February 2021 by the Judicial College presented an opportunity to raise awareness of changes within the wider judicial arena and awareness of equality, diversity and inclusion in their judicial interaction with our users.



Our user survey

We continue to commission customer research to gauge views of our service. During the year we undertook a substantial review of our survey content to better understand satisfaction levels pre-hearing and at the hearing itself. Recognising that Tribunal decisions do impact on satisfaction levels, we separated our customer research to provide a more detailed focus on user experience of the pre-hearing (administrative) and afterwards their experience of the hearing itself. This is built on the four pillars of the Procedural Justice Theory; (1) being fair in processes, (2) transparent in actions, (3) providing opportunities to be heard (voice) and (4) being impartial in decision making. Using this new methodology, satisfaction levels pre-hearing are at 70% whilst satisfaction levels at the hearing are at 43%. We have developed an action plan to review processes with the aim of increasing both satisfaction levels, recognising that the hearing process is not within the direct control of the VTS and that decisions received from the VTE can be emotive.

Complaints

The VTS maintains a register of all complaints received. *Our Customer and Service Charter* and *Complaints Policy* documents were reviewed during the year and published on the VTS website for the use of anyone dissatisfied with the service they receive from the administration.

During the year, 14 formal complaints about the administration were registered (compared to 25 in 2019-20) and three were upheld (one in part). In all, 13 of the complaints were resolved at the first stage of the two-stage complaints process. There were nine complaints concerning aspects of customer service, all of which were resolved at the first stage. No complaints about the VTS were investigated by the Parliamentary and Health Service Ombudsman during the year.

Efficiencies

As a service delivery organisation, we continue to look at ways of achieving financial as well as operational efficiencies. The migration to remote hearings has provided significant financial, as well as operational, efficiencies.

Estate matters

The evolving change in our COVID-19 working during the year prompted a strategic review of our continued occupation of office space in Crossgate House, Doncaster. This review concluded that a further renewal of our sublease in Doncaster was no longer viable. We vacated this space on 4 June 2021 to coincide with our lease end. All office-based staff in Doncaster have now moved to permanent homeworking arrangements.

We now operate administratively from a single office in Leman Street, London, having secured a five-year lease from 1 November 2020 following both Cabinet Office (Places for Growth) and National Property Controls approval.

External venues for hearings

In addition to the two hearing rooms in the London office, we use some 70 other venues throughout England to provide regional or more local tribunal hearings. This year, government requirements on social distancing has meant that we have been unable to use these venues and had to conduct our hearings virtually. However, the nature of COVID-19 has required a review of our venue portfolio and we have assessed the physical effectiveness of these to ensure that they remain fit for our purpose moving forward.

Health and safety

There were no accidents or near misses recorded during the year.

For large parts of 2020-21, our offices have been unoccupied as staff moved to homeworking arrangements. Our offices have remained open for staff who experienced difficulties working from home.

We conducted COVID-19 working risk assessments in both our office locations (Doncaster on 23 June 2020 and Leman Street on 1 July 2020). Subsequently, we made changes to office seating, introduced one-way systems, set up sanitising points and limited numbers in communal areas to make our offices COVID-19 compliant under government guidance on social distancing and working safely.

We also commissioned independent Health and Safety assessments for those staff permanently homeworking (as part of our operating requirements). For those staff working temporarily from home because of COVID-19, we applied a self-assessment working from home review using advice from the Health and Safety Executive (HSE) and made equipment available to staff as requested.

We continue to maintain a Health and Safety risk register to ensure health and safety is given due prominence within the organisation.

Environment

The VTS is exempt from the requirement to report on sustainability; nevertheless, we acknowledge our responsibility to have sound environmental practices and do operate a paper recycling programme.

During the year, and as part of homeworking arrangements, we have moved to being paper-free wherever possible.

Equality, diversity and inclusion (EDI)

The different skills and experience that our diverse workforce bring are our greatest asset and we continue to look at ways of further encouraging diversity and inclusion within our workforce. We review our policies relating to EDI to ensure that we continue to meet our statutory obligations both as an employer and a public body.

During the year under review, we launched an EDI Framework to promote EDI within the workplace, facilitating further progress on EDI initiatives. A working group, comprising staff across all levels of the VTS, has been established to provide innovative but proportionate and realistic recommendations to drive forward and promote EDI within the workplace, creating staff ownership and commitment through this approach. We will be building on this by introducing further training for both staff and VTE Members, including awareness of unconscious bias, and remaining focussed in adopting user-friendly approaches to make full use of the talents of both disabled staff and disabled VTE Members.

We ensure that as far as possible our offices and external hearing venues we use comply with the access requirements of the Equality Act 2010. If necessary, we do arrange hearings in the appellant's own home.

We continue to offer to translate our guidance and VTE decision documents into other languages, Braille or large print; no such requests were received during the year. 'Easy-read', pictorial versions of council tax guidance are available on our website. We received no requests for signers or other communication assistance, but there were four requests for interpreters for appellants (34 in 2019-20). We fulfilled all four of those requests for appellants whose appeals subsequently went to a hearing (for Arabic, Czech, Polish and Urdu speakers).

Our website includes a link enabling the public to download, free of charge, 'Texthelp' software. This reads out the contents of any webpage, PDF file or Word document. In addition to reading the contents of the website in a variety of languages and accents, the software contains a facility that explains the meaning of any word for the user and enables MP3 files to be created. This year there were around 214 toolbar loads and 251 speech requests on our website.

Freedom of information and data protection

In 2020-21 there were 66 requests under the Freedom of Information Act for information that is not readily available, an increase from last year's 37. However, only six subject access requests were received, a reduction from 12 last year. All requests were dealt with within the statutory time limits. No complaint about the way these requests were handled was made to the Information Commissioner. We publish on our website those responses that are deemed to be of wider public interest.



Antonio Masella

Chief Executive & Chief Operating Officer
Valuation Tribunal Service

4 January 2022

Corporate governance report

The Accountability report gives details of the governance arrangements in place in the Valuation Tribunal Service (VTS), that underpin the organisation's strategy and decision-making process. The Directors' report lists those responsible for making decisions and includes a report from the Senior Information Risk Owner (SIRO). Risk management and the significant risks and issues form a key part of the Accounting Officer's governance statement.

Directors' report

Directors and Board

VTS Chair – **Robin Evans**

VTS Chief Executive & Chief Operating Officer and Accounting Officer – **Antonio Masella**

In 2020-21 the Board comprised:

- **Robin Evans** (Chair)
- **Neil Buckley**
- **Robert Paul Cammidge**
- **Stephen Chappell**
- **Kevin Everett**
- **Gary Garland** (Valuation Tribunal for England (VTE) President, *ex-officio* Member)
- **Alison Griffiths**
- **Suzanne McCarthy** (Deputy Chair)
- **Lola Moses**

A register of Board Members' interests is maintained, reviewed annually and is available for inspection; a summary appears on our website at: <https://www.valuationtribunal.gov.uk/about-us/vts/board/register-board-members-interests/>



Data security and information risk

Data handling and information security meetings take place quarterly, chaired by the Board's SIRO and attended by all VTS Information Asset Owners (IAO) and the Data Protection Officer (DPO). This provides a forum for promoting compliance with information risk policy and process, promotes discussion on information risk issues and effective management across all VTS operational and head office functions.

An Internal Audit carried out in 2019-20 provided recommendations relating to cyber security, provided focus in 2021-22 on further work required to enhance system controls and mitigate the risk from common internet-based threats and general system vulnerability. In addition, we have agreed and confirmed a memorandum of understanding with the Department for Levelling Up, Housing and Communities (DLUHC), which outlines responsibilities, service level agreement and system controls.

The VTS continues to be proactive in raising awareness and providing guidance to staff on data security and information risk. Compulsory online training modules in cyber security, data protection and fraud prevention have been completed by all staff. Internal policies and guidelines, based on data protection legislation, have also been reviewed. IAOs received a training update on their roles and responsibilities.

All risks have been evaluated and proportionate controls and mitigations are in place. Any non-compliance with guidelines or instructions has been addressed in a timely manner and, where necessary, controls have been strengthened to prevent reoccurrence. There were no incidents during the year that required escalation to the Information Commissioner's Office (ICO).

Statement of Accounting Officer's responsibilities

Under the Local Government Act 2003, the Secretary of State has directed the VTS 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 VTS and of its net resource outturn, application of resources, changes in taxpayers' equity 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 (FReM) and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government FReM 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 of the DLUHC has appointed Antonio Masella, the Chief Executive, as Accounting Officer of the VTS. 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 VTS's assets, are set out in *Managing Public Money* published by HM Treasury.

So far as the Accounting Officer is aware, there is no relevant audit information of which the external auditors are unaware. The Accounting Officer has taken all steps to be aware of any relevant audit information and to establish that the VTS's auditors are aware of that information.

The Accounting Officer takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable. The Accounting Officer believes that this annual report and accounts as a whole is fair, balanced and understandable.



Governance statement

The purpose of my governance statement is to provide a clear and honest review of the financial year, highlighting risks and issues, providing assurance, and to demonstrate to our sponsor and users of our service how I, as Chief Executive & Chief Operating Officer and Accounting Officer for the VTS, have discharged my responsibilities in managing and controlling the resources under my remit. I am fully responsible for the day-to-day management of the VTS, and for having in place effective systems of governance, risk management and internal control. I share responsibility with the Board for complying with the Framework Document with our sponsoring Department, DLUHC. This sets out our relationship and how the VTS and DLUHC intend to operate and, in particular, ways in which the VTS provides the necessary assurances on the adequacy, effectiveness, efficiency, control and governance of our systems and processes. This governance statement reflects and reports this assurance.

Our funding is delegated to me by the Principal Accounting Officer of DLUHC and as the organisation's Accounting Officer I am personally responsible for ensuring that the VTS lives within allocated budgets. I have responsibility for the overall financial resources, operational management and staffing of the organisation, for the formulation of strategy with the Board and for the successful delivery of results. Other than a duty of care in selecting venues, arranging hearings, allocating sittings and providing relevant training to VTE Members, I have no role in the make-up of the membership of the VTE other than to provide within the VTS budget for:

- the staff costs of the VTE President
- daily fees payable within the financial year to the two Vice-Presidents based on the VTE President's expectations of them, and the terms and conditions of their appointment with the sponsoring Department
- reasonable costs associated with the appropriate training of VTE Members
- reimbursement of expenses to VTE Members incurred whilst on approved duty in accordance with the Secretary of State's 2010 Determination Order

Responsibility for the management, complaints, appraisal or discipline of VTE Members and the judicial processes of the VTE lie with the President of the VTE, although the financial impact of such matters lies firmly with the VTS and ultimately myself, as Accounting Officer.

In light of all the assurances provided to me across the organisation, I am able to conclude that the VTS is operating effectively and that there are no significant issues or weaknesses.

Governance framework, Board structure, attendance and coverage

Established under the Local Government Act 2003 and created on 1 April 2004, the VTS provides or arranges for the provision of the services required for the general discharge of the VTE's functions and gives general advice about procedure relating to proceedings before the Tribunal. The Act requires the VTS to do anything which it considers is "*calculated to facilitate the carrying out of its functions*" and that it shall carry out its functions "*in the manner it considers is best calculated to secure the VTE's efficient and independent operation*". In providing this support, the VTS must ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively at all times.

Under its governing legislation the VTS has a non-executive Board, the majority of whom must be senior members (serving chairmen) of the VTE. This majority is currently made up of five VTE Senior Members and the VTE President, who is an *ex-officio* Member of the Board. The Chair and Members of the Board (other than the VTE President) are appointed by the Secretary of State for DLUHC, in accordance with the Code of Practice of the Commissioner for Public Appointments.

The recruitment process for Board Members falls under the remit of the Office of the Commissioner for Public Appointments. Following the end of his term of office, on 31 March 2021, Robin Evans retired as Chair. Harry Rich was appointed as Chair from 10 May 2021. Neil Buckley, an existing Board Member was re-appointed to the Board for a further term expiring 30 November 2023. Kevin Everett, an existing Board Member was re-appointed to the Board for a further term expiring 31 August 2024. Suzanne McCarthy was re-appointed as Deputy Chair for a further term expiring 31 March 2024. The term of appointments for all Board Members are set out in Table 4 below.

The Framework Document, revised in December 2018, governs the relationship between the VTS and our sponsoring Department. DLUHC's Local Government and Finance Directorate schedule a number of Accounting Officer meetings during the year, usually quarterly, where financial progress against allocated budgets, the risk register, key performance indicators (KPIs) and achievement of objectives against our Business Plan are reviewed and discussed. Our sponsoring team receives all Board minutes and papers and has a standing invitation to attend all Audit & Risk Assurance Committee (ARAC) and Board meetings scheduled as observers.

Our relationship with our sponsor team continues to be one of mutual respect and collaboration. It is one that acknowledges and embraces the various pinch-points and risks faced by our respective organisations, recognising the impact any may have on ministerial and government priorities and the achievement of our strategic objectives and our role as a statutory body.

The Board is collectively responsible for setting out the strategic direction of the organisation and monitoring delivery against its approved Business Plan. My Chief Executive's report, together with other papers prepared for each Board meeting, provides information and updates on key activities and outcomes and is an important source of information and assurance. I attend all meetings of the Board, except for those Part 2 meetings when matters of my employment are considered.



The separate statutory positions of the VTS and VTE are set out by legislation, but our working relationship is set out in a protocol document and forms the basis of our relationship and our respective governance arrangements. The VTE President and I collaborate in the consideration of judicial and administrative matters and this assists in providing a single focus for the two separate organisations.

Board performance, assessment and effectiveness

The Board met formally on nine occasions during the year. The health pandemic and social distancing requirements have meant that all meetings during 2020-21 financial year have been held using a virtual platform. Board agendas are structured to differentiate between reports for information and those for decision. The Board receives prompt, regular and meaningful management information on costs, efficiency, quality and performance to track progress and value for money. This information is of a quality that enables the Board to determine whether the VTS is on track to meet its strategic objectives and is acting within its risk appetite. Standing items include reviews of the management accounts, strategic risk register and reports from the Chair, the VTE President, myself and the Chairs of the various Board committees. The Board receives quarterly reports on performance against objectives, KPIs and workload data.

During the year, the Board also discussed:

- April 2020: review of COVID-19 working in light of the emerging pandemic
- May 2020: review of management accounts; review of leases; review of risk assurance map
- June 2020: review of *Annual Report and Accounts 2019-20*; review of the COVID-19 risk register; approval of capital requirements for 2019-20
- July 2020: analysis of return to the office environment surveys from staff and VTE Members; approval of Working Safely under COVID-19 Policy; review of strategic working post COVID-19
- September 2020: approval of capital business case for system enhancements; review of initial experience of remote hearings and listing programme; review of risk register; review of projects; review of management accounts; spending review; update on *Annual Report and Accounts 2019-20*
- November 2020: review of Board Evaluation exercise; operations and programme update; review of COVID-19 risk register
- December 2020: approval of *Annual Report and Accounts 2019-20*
- January 2021: achievement of Business Plan to 31 December 2020; review and approval of IT and estates strategy and the closure of Doncaster office
- March 2021: review of the equality, diversity and inclusion survey and action plan; review of VTE Members' survey on COVID-19 working; capital planning for 2021-22; approval of HR strategy; approval of VTE training and development strategy; approval of staff training and development strategy; approval of the draft budget for 2021-22; approval of *Corporate and Business Plan 2021-22*

The Board composition and attendances at meetings are shown in Table 4

Table 4

Board Members' dates of expiry of appointment, Committee membership and attendance

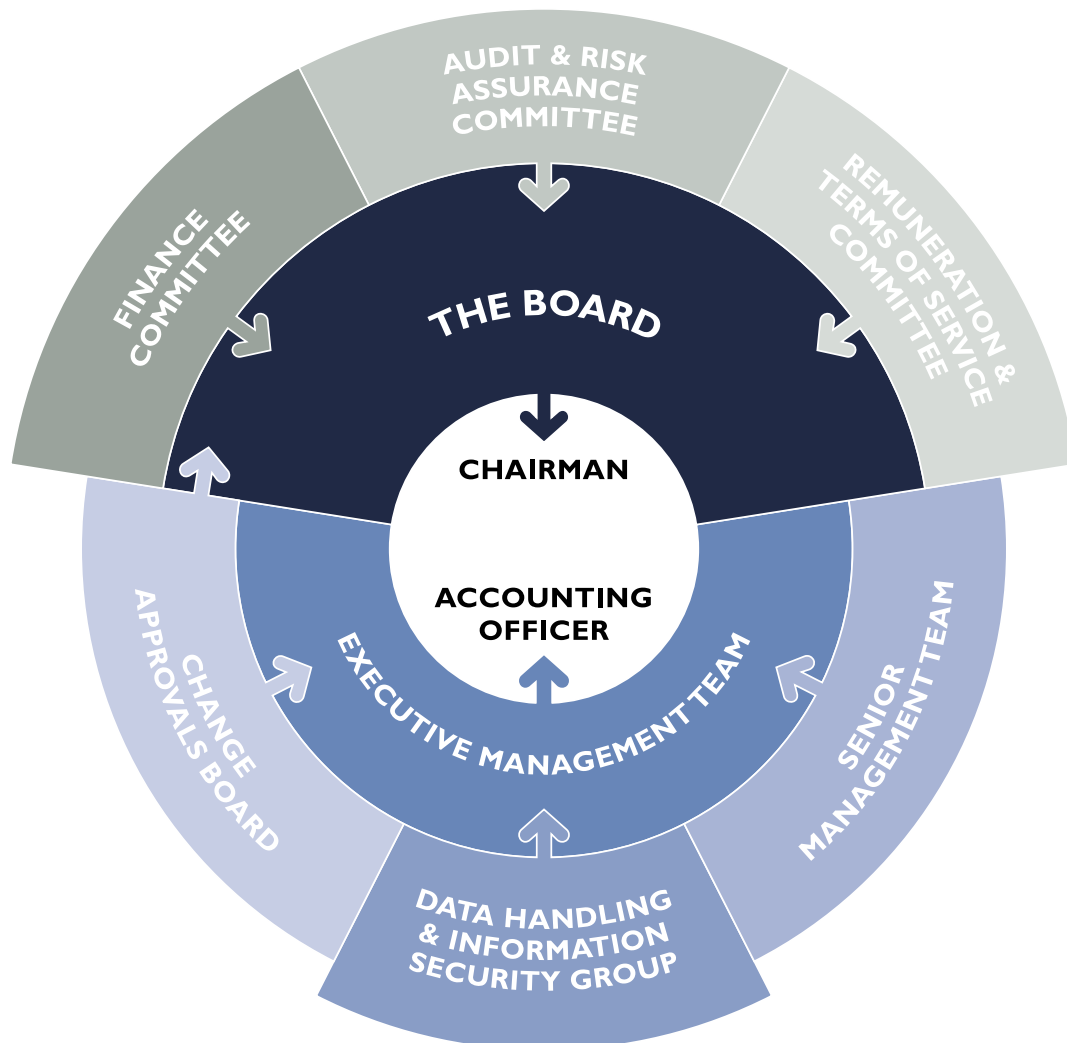
	Date of expiry of appointment	Attendance at Board meetings (9 board meetings in 2020-21)	Attendance at Audit & Risk Assurance (ARAC) Committee meetings (4 in 2020-21)	Attendance at Finance Committee meetings (3 in 2020-21)	Attendance at Remuneration & Terms of Service Committee meetings (1 in 2020-21)
Neil Buckley	30 November 2023	■ 9		■ 3	■ 1
Robin Evans	31 March 2021	■ 9		■ 3	■ 1
Kevin Everett	31 August 2024	■ 8	■ 4		
Gary Garland	n/a	■ 9		■ 3	
Suzanne McCarthy	31 March 2024	■ 8	■ 4		■ 1
Lola Moses	7 February 2023	■ 8	■ 4		
Robert Paul Cammidge	3 January 2023	■ 9	■ 2 (2)		
Stephen Chappell	2 February 2023	■ 9		■ 2 (2)	
Alison Griffiths	2 February 2023	■ 7			
Joanne Kennedy-Reardon (independent member of the ARAC)	31 August 2022	n/a	■ 4	n/a	n/a

■ Chair ■ Member

Where a number is shown in brackets, this indicates the maximum number of meetings the member could have attended during their period of appointment.

Due to the global health pandemic and government restrictions in place at the time, all meetings during the 2020-21 financial year were held using a virtual platform.

Chart 4
Our Corporate Governance Structure



Three committees support the Board in the effective governance of the VTS:

The Audit & Risk Assurance Committee (ARAC) provides the Board with an independent view of the assurance framework, overseeing the risk management strategy through scrutiny of the various risk registers to ensure that processes in place are effective and robust. I attend the Committee's meetings to provide an update to the strategic risk register and present various reports. The Finance Director also attends. The Committee met four times during the year. It comprises three Members of the Board, one of whom is appointed by the Board as the Committee Chair, and an independent member. Joanne Kennedy-Reardon was appointed as the independent member of the Committee on 1 September 2019 to a term expiring 31 August 2022, following an external recruitment exercise. External and internal auditors also attend meetings. A representative from

our sponsoring team has an open invitation to attend meetings. At the end of every meeting, the Committee has a private session with the auditors, without staff. The Chair has confirmed to me that no matters of concern were raised at these meetings.

During the year, this Committee recommended to the Board the adoption of the 2019-20 year-end financial statements and the audit completion report. Our audited 2019-20 statutory accounts were laid before Parliament on 21 January 2021, with a clean audit opinion. ARAC reviewed and approved revised policies on Risk Management, Procurement, Data Handling, Whistleblowing and Fraud. It also considered all internal audit reports and monitored progress against management responses to action plans for the various recommendations. Risks relating to the recruitment exercise of VTE Members, the two office lease expiries and the workload volume projections were matters the Committee focussed on over the year. The Committee was also involved in a development plan for its members based on the outcomes of a short self-assessment exercise conducted the previous year. A workshop session delivered by the Civil Service College discussed committee effectiveness.

The Finance Committee monitors the financial aspects of the VTS and supports me, as the Accounting Officer, and provides assurance to the Board on financial planning and management. In addition to reports on the management accounts and finance risks, the Committee also discussed a five-year financial projection, the draft budget for 2021-22 in light of public spending to support the nation in this health pandemic and the impact of lease ends. This Committee, comprising of four Board Members, met four times during the year. The Finance Director attends these meetings with me.

The Remuneration & Terms of Service Committee determines policy on executive remuneration and terms and conditions of service. This Committee of four Board Members exercises oversight on matters relating to my performance and pay. During 2020-21 the Committee met once and recommended to the Board and DLUHC the level of performance considered appropriate for the Chief Executive. In response to the strategic risk of recruitment and retention of VTS Directors, the Committee discussed the status of the report submitted to our sponsor highlighting the differential of VTS Executive Director salaries with other bodies within and external to DLUHC's family of arms-length bodies. This report of the external review remains with our sponsor for a response.

There are two management committees that provide me with additional support:

- **Executive Management Team (EMT)** – This group is made up of the Directors and me. Its role is to assist my decision making by providing accurate information and to advise me in the delivery of the VTS's aims and to provide strategic direction to staff. The EMT met on nine occasions during the year.
- **Senior Management Team (SMT)** – This management group comprises the Director of Operations & Development (who chairs the meetings), Head of HR & Training, Registrar, Planning Manager and the Performance Manager. The SMT is responsible for reviewing operational activity and for improving business processes to enhance service provision.



For the purpose of ensuring that any business related process changes identified by VTS staff and/or the VTE President may be discussed, costed, evaluated and benefits analysed prior to implementation through projects, a **Change Approvals Board** (CAB) is in place. The CAB comprises the Director of Operations & Development (as Chair), the IT Manager, the DPO, the Business Analyst and the Business Development Officer. I also attend any meetings where my engagement may be of assistance or I require more detailed information to make an assessment.

On my behalf, the Finance Director prepares and submits an annual budget to the Board for approval prior to the start of the new financial year. Financial performance against budget is monitored at every Board meeting. The Finance Director is also responsible for the detailed finance protocols, procedures, guidance and training to budget holders and other staff, and is responsible for maintaining and reviewing a contracts register. The VTS's budget is devolved to individual budget holders under written and signed delegated authority.

Corporate governance compliance

The Board observes *Corporate governance in central government departments: Code of good practice* and its principles insofar as they are relevant to a small non-departmental public body (NDPB). There are no material departures. It complies with the Code's requirements for the Board, though the Board's particular composition is set out in the Local Government Act 2003, and the VTS Board does not have a nominations and governance committee because of its size. It directs the business of the VTS in as effective and efficient way as possible with a view to the long-term health and success of the VTS and VTE. Board Members are aware that they should not stray into the executive management of the VTS.

The Board supports the Accounting Officer in the discharge of obligations set out in *Managing Public Money* and its Standing Orders and Scheme of Delegations show those matters reserved for Board decision. The Board acts corporately and objectively when discharging its responsibilities, and Board Members act in the public interest in keeping with the Nolan principles of public life. Its meetings are recorded, and summary minutes are published on the VTS website. At the beginning of every Board and Committee meeting, members are asked to declare any potential conflicts of interest, which are then noted in the minutes along with any action necessary to address them. An annual declaration of Board Members' interests is required and made available for inspection.

The Board reviews its corporate governance framework annually to ensure it remains robust. It includes the Standing Orders and Scheme of Delegations, Standing Financial Instructions, the Board Code of Conduct and its Ways of Working.

Board Members, with the exception of the VTE President, are appraised annually by the Chair, who is appraised by the sponsoring Department. These appraisals assess individual performance, which in turn translate into the collective effectiveness of the Board. During the year, the Board carried out a self-evaluation of its own effectiveness, the outcomes of which were discussed further at their November Board meeting. This discussion concluded an overall satisfaction with how the Board was functioning and serviced. There was also a greater appetite for gaining more insight into operational

matters and the wider world of valuation and rating. As a consequence, the Chair and I have developed a plan for achieving this.

Risk management and risk profile

We maintain a culture where risk management is not just a process, but is integral to the decisions we make. Risks are identified in a variety of ways, including the continuous review of operations and the evaluation of new challenges and opportunities. All reports to the Board include a section on risk implications. The Risk Management Policy, which is published on our intranet, sets out the key features of risk management and provides guidance for staff on their role in the process. I am responsible to the Board for ensuring that risks are managed effectively. There are a number of more detailed operational risk registers underpinning the strategic risk register. Each risk register owner takes responsibility for their own area of operation and reports on the processes of risk assessment, management actions to mitigate risk and highlights the possibility of risk failure. The registers clearly identify risk owners and mitigating strategies ensuring risk owners respond quickly. Risk registers are submitted to me quarterly. I carry out my assessment of the overarching strategic risk register with the EMT at each of its meetings.

The review of the strategic risk register is a standing agenda item at Board and ARAC meetings, with the Committee maintaining an overview of risk management. The Committee receives presentations in respect of other departmental risk registers as an assurance that the risk management process is universal throughout the VTS.

We use an assurance map alongside the register that identifies whether we have controls in place at the appropriate level (operational management; governance and oversight; independent/external) to monitor and mitigate risks. This is reviewed by ARAC and the Board quarterly.

Following organisational changes in July 2020, the Board appointed the Finance Director as the SIRO, who is required to ensure that I am apprised of any matter which may affect information assurance and data security. The SIRO provides me with an assurance statement, which is drawn from similar assurances confirmed to him by each IAO. Whilst much of the data the VTS produces and manages is in the public domain, the VTS operates within the demands of the Cabinet Office's security policy framework and the requirements of the data protection legislation, as well as respecting the public access rights in the Freedom of Information Act. No incidents were escalated to the ICO during the year. We have annual mandatory online awareness training on data protection for all staff.

We continue to look at ways of improving our data handling. Responsibilities regarding data handling are set out in contracts of employment to recognise their importance. Following the retirement of the DPO in July 2020, the Board appointed the Director of Operations & Development as the DPO with a focus in ensuring staff understand their responsibilities and that the VTS is compliant with the 2018 legislation and any new regulations and guidance issued.

As Accounting Officer, I also receive an annual assurance statement from the Finance Director providing assurance to me over the effectiveness of finance systems and adherence to procedure



to identify and report fraud. There were no instances of fraud or suspected fraud that the Finance Director was aware of or notified about during the year.

The VTS has a Whistleblowing Policy and I have not been notified of any whistleblowing incidents, nor have I been made aware of any such reports being raised in 2020-21.

Sources of assurance

Throughout the year I also gain assurance regarding the performance of the VTS through a number of other sources:

Internal Audit: Mazars is the Internal Audit provider. The Head of Internal Audit provides me with assurance on the systems of internal control. All audit reports are reviewed at the ARAC meetings to ensure appropriate challenge. All agreed audit recommendations are logged and progress against implementation is monitored and reported at every EMT and ARAC meeting.

During the year, Internal Audit conducted audit work totalling 30 planned days and ARAC received four reports based on the 2020-21 plan. These reports were on Core Financial System – Fraud Risks and Key Financial Controls (substantial assurance), Health and Safety (substantial assurance), Members Financial Loss (FLA) Claims (adequate assurance) and KPIs (adequate assurance). A total of 10 recommendations arose from these reports, two of which were Priority 2 (significant) recommendations and eight were Priority 3 (housekeeping). None of the 10 recommendations highlighted fundamental weaknesses.

A follow-up report on recommendations since 2019 was also carried out, which concluded that out of the 17 recommendations made, 12 had been implemented, two superseded by events, one recommendation was now superfluous and two were in progress having been delayed by circumstances beyond the VTS's control.

ARAC receives an annual opinion from the Head of Internal Audit on the overall effectiveness of controls, including risk management. Based on the audit work conducted during the year, the Head of Internal Audit's opinion on our framework of governance, risk management and control remains 'Moderate' in its overall adequacy and effectiveness. Whilst certain weaknesses and exceptions were highlighted as part of this audit work, none was considered fundamental and these have been, or are in the process of being addressed.

Working with the Board: I maintain a very transparent style of working. I ensure the Board remains up to speed on any significant issues and developments. Board meetings are structured so that members are able to provide appropriate challenge as well as support.

Accounting Officer meetings: I meet with both the Finance and Policy teams within DLUHC at quarterly meetings and this provides opportunities to discuss a variety of matters, including a review of the strategic risk register and performance against KPIs, as well as carrying out 'deep dives' in a number of areas. For each meeting I provide a detailed letter setting out concerns and challenges to focus our discussions.

Executive Management Team (EMT): The EMT is presented with performance reports at each meeting and considers the risk implications of all proposals that are brought before it. I encourage and expect members of the EMT to keep lead staff briefed on significant issues and developments, and to seek feedback.

Data Handling & Information Security Group: This Group, under the chairmanship of the SIRO, maintains an overview of data and security matters, compliance with statutory requirements and risks across our information assets, projects and communications.

Personal assurance: I gain personal assurance by speaking informally and directly with front line staff, enabling me to keep in touch with operational delivery across both offices.

Significant risks and issues

The most significant risk that faces us is the impact of COVID-19. Although this manifested itself at the end of the 2019-20 financial year, its onset since 1 April 2020 had an immediate impact. With growing media coverage surrounding this pandemic came an increasing reluctance by the parties to travel to attend hearings and to entertain the prospect of gathering in a hearing room. Likewise, these concerns grew among VTE Members and our staff. This naturally required us immediately to review our practices and procedures, which led to postponing all appeals listed (some 500) up to 30 June 2020 and moving our entire workforce and operation to homeworking. Our governing regulations support public face-to-face hearings and did not envisage situations of using video or telephone hearings. We initially sought to progress the appeals postponed by seeking consent from the parties (regulatory requirement) to determine the disputes on the papers alone, subject to their consent. However, there was significant objection to this from the parties, resulting in only 59 of the postponed appeals progressing in this way. We began in September 2020 to offer remote online hearings as the default position. Following ongoing work with our sponsors, on 9 June 2021 an amendment to our existing regulations came into force which now defines a hearing to include video and audio.

The benefits of our IT investment have been most evident in this year during COVID-19 as we have continued to deliver our services to the public. Our plan, subject to government advice, remains to return to our office environment in September 2021.

We have made significant progress with the Ministry of Justice and the Judicial Appointments Commission (JAC) in further streamlining the recruitment process for VTE Members, reflecting the volunteer nature of the role to reach a wider range of applicants, beyond the legal profession. JAC's preference continues to be in focussing our recruitment on national rather than geographically



specific areas and this continues to present us with challenges when allocating VTE resources to venues throughout England. Our current move to online hearings, and the regulatory amendment introduced on 9 June 2021 defining a 'hearing' to include video link, telephone, or other means of instantaneous two-way electronic communication, has mitigated this as we proceeded with this year's recent recruitment exercise. I continue to work with the VTE President, JAC, HM Courts & Tribunals Service and the Judicial Office to progress further VTE recruitment to reflect post COVID-19 working.

We received 669 appeals under the 2017 Rating List (Check, Challenge and Appeal, (CCA)) between 1 April 2020 to 31 March 2021. Whilst appeals received was 52% higher than in 2019-20 (319), our expectation remains that appeal receipts, which is the end product of the CCA process, will start to see increases as the check and challenge processes are exhausted and decision notices are issued by the Valuation Office Agency (VOA). At that point, ratepayers have four months in which to make a conscious decision whether to appeal the VOA's decision. We have developed some workload projections following engagement with our stakeholders and have shared this work with our sponsoring Department. The expected government announcement regarding the end of 2017 Rating List arrangements is expected to increase the number of challenges becoming appeals prior to the start of the next rating list. To mitigate against increased workload, we have realigned our staffing structure, changed our front line processes and made better use of technological developments.

Our Tribunal Clerks remain key to facilitating hearings and in maintaining our statutory function in supporting the VTE. Many of our clerks are long-serving and the current age profile, coupled with the technical nature of these roles, requires a focus on recruitment of clerks for the future. We have already developed a robust in-house training programme for new Tribunal Clerks and since its introduction have already successfully progressed three new entrants, with a further four in the pipeline. We are now in discussions with the Institute of Revenues Rating and Valuation to build their professional qualification in rating and council tax law around our training programme in better preparing staff taking on these roles with the technical proficiency required.

Remuneration and staff report

Remuneration

Board Members’ emoluments and expenses

Board Members are appointed by the Secretary of State and receive an annual fee based on the fixed number of days in attendance at Board and other Board-approved meetings. All member posts are non-executive, and all members’ emoluments are non-pensionable.

The VTE President is an *ex-officio* Member of the Board and is in receipt of a salary for up to three days per week but is not an employee of the VTS.

Chair’s term of office

Following the retirement of Robin Evans on 31 March 2021, Harry Rich was appointed Chair with effect from 10 May 2021 to 9 May 2024 utilising the appropriate public appointments mechanism.

Deputy Chair’s term of office

Suzanne McCarthy was re-appointed Deputy Chair with effect from 1 April 2021 to 31 March 2024.

Senior executives

The salary of the Chief Executive is set by the Board in line with guidance provided from the sponsoring Department and is subject to a contractual performance award as recommended by the Remuneration & Terms of Service Committee to the Board, which is subject to approval by the sponsoring Department.

Directors are appraised by the Chief Executive.

Proportion of remuneration subject to performance

The Remuneration & Terms of Service Committee considers the performance of the Chief Executive annually, against the objectives set for the year.

Directors’ contracts

Chief Executive	Permanent contract Commenced on 1 February 2010 3 months’ notice for both parties
Director of Operations & Development	Permanent contract Commenced on 1 January 2015 3 months’ notice for both parties
Finance Director	Permanent contract Commenced on 1 February 2018 3 months’ notice for both parties

Audited information

The information below on fees, emoluments, and pensions for non-executive Members of the VTS Board and the Directors, together with the disclosure of the ratio of the remuneration of the highest paid Director and median remuneration in the accompanying pages, is audited.

Remuneration (salary, benefits in kind and pensions)

Table 5
Single total figure of remuneration

Board Members	Salary (£'000)		Pension benefits (to nearest £'000)		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Robin Evans	5-10	5-10	—	—	5-10	5-10
Martin Allingham*	—	0-5	—	—	—	0-5
Lola Moses	5-10	5-10	—	—	5-10	5-10
Gary Garland**	70-75	65-70	37	35	105-115	100-110
Neil Buckley	5-10	5-10	—	—	5-10	5-10
Suzanne McCarthy	5-10	5-10	—	—	5-10	5-10
Kevin Everett	5-10	0-5	—	—	5-10	0-5 (5-10 FTE)
Robert Cammidge***	5-10	0-5	—	—	5-10	0-5 (5-10 FTE)
Stephen Chappell***	5-10	0-5	—	—	5-10	0-5 (5-10 FTE)
Alison Griffiths***	5-10	0-5	—	—	5-10	0-5 (5-10 FTE)

* Board Member served the full term of his contract and left on 21 September 2019.

** The President is appointed by the Lord Chancellor and paid by the VTS; he is neither an employee of the VTS nor accountable to it. He is an ex-officio Member of the Board and was appointed from 12 September 2016. During 2020-21 £37,280 (2019-20: £35,277) was paid by the VTS into the Judicial Pension Scheme.

*** Board Members were appointed on 3 February 2020.

Remuneration of Directors

Table 6

Single total figure of remuneration

Officials	Salary (£'000)		Bonus payments (£'000) *		Pension benefits (to nearest £'000) **		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20***	2020-21	2019-20
Antonio Masella Chief Executive & Chief Operating Officer	100-105	100-105	5-10	5-10	55	54	160-175	155-170
Lee Anderson Director of Operations & Development	75-80	75-80	—	—	40	39	115-125	110-120
Keung Wong Finance Director	85-90****	75-80	—	—	28	24	110-120	95-105

* Bonus is usually paid one year in arrears. This figure is an estimate based on up to 10% as 2020-21 has yet to be determined.

** 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 increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

*** Restated figures for 2019-20.

**** The remuneration for this year (2020-21) includes a backdated pay of £8,941 for the period from 1 February 2018 to 31 July 2020. This was due to an error in the previous allocation of London Allowance element as part of the overall salary.

Salary

'Salary' includes gross salary, bonus, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments by the VTS and thus recorded in these accounts.

The Remuneration & Terms of Service Committee has carried out a review of its Chief Executive and senior executive pay in comparison with other similar organisations both within and external to the DLUHC family and a report was submitted to the sponsoring Department. Discussions regarding this remain ongoing with DLUHC.

Bonuses

The Chief Executive's bonus is contractual, restricted to a maximum of 10% of gross salary. The Remuneration & Terms of Service Committee recommends the level of the Chief Executive's performance award to the Board. The Board's decision regarding the amount of the performance award must have the approval of the sponsoring Department.

Pensions

The VTS is a Schedule 2 body within the Local Government Pension Scheme (LGPS) Regulations. All new employees are entitled to become members of the London Pension Fund Authority (LPFA) administered scheme and are auto-enrolled on appointment. Only one employee continues to opt out of the LGPS following the latest statutory triennial re-enrolment exercise which was carried out in June 2020.

From 1 April 2014, the LGPS changed from a contributory defined benefit final salary scheme to what is known as a career average revaluated earnings defined benefits scheme. In effect, the final salary element was removed from that date onwards.

Pension benefits

Table 7

	Accrued pension at pension age as at 31 March 2021 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2021	CETV at 31 March 2020	Real increase in CETV
Officials	£'000	£'000	£'000	£'000	£'000
Antonio Masella					
Chief Executive & Chief Operating Officer	56 plus lump sum 90	3 plus lump sum 2	1,052	974	61
Lee Anderson					
Director of Operations & Development	39 plus lump sum 58	2 plus lump sum 1	658	609	38
Keung Wong					
Finance Director	5 plus lump sum 0	2 plus lump sum 0	63	40	15

Fair pay disclosure

The VTS is required to disclose the relationship between the remuneration of the highest paid Director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid Director in the VTS in the financial year 2020-21 will be within the remuneration band of £105,000-£109,999⁴ (2019-20: £105,000-£109,999). This was 2.9 times (2019-20: 2.9 times) the median remuneration of the workforce. The median in 2020-21 was £36,922 (2019-20: £36,492). In 2020-21, as for the previous year, no employees received remuneration in excess of the highest paid Director. Remuneration ranged from a lowest FTE band of £20,000-£24,999 to a band of £105,000-£109,999 (2019-20: £19,000 lowest to £109,999 top band).

⁴ includes estimate of Chief Executive bonus payment for 2020-21; not likely to be assessed and finalised until October 2021.

Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the CETV pensions.

Table 8

	Ratio of top to median staff pay as at 31 March 2021	Ratio of top to median staff pay as at 31 March 2020
Remuneration band of highest paid Director	£105,000-£109,999	£105,000-£109,999
Median total remuneration (excluding highest paid Director)	£36,922	£36,492
Ratio	2.9	2.9

The number of staff, including the Chief Executive, whose annual rate of remuneration as at 31 March 2021 exceeded £40,000 (excluding pension contributions and staff performance related pay and including any London weighting) was 16 (2019-20: 13).

Table 9

Remuneration band	Period ended 31 March 2021, based on FTE pay, number of staff	Period ended 31 March 2020, based on FTE pay, number of staff
£40,000 to £44,999	5	1
£45,000 to £49,999	1	1
£50,000 to £54,999	—	6
£55,000 to £59,999	5	—
£60,000 to £64,999	—	1
£65,000 to £69,999	1	1
£70,000 to £74,999	1	—
£75,000 to £79,999	1	2
£80,000 to £84,999	1	—
£85,000 to £89,999	—	—
£90,000 to £94,999	—	—
£95,000 to £99,999	—	—
£100,000 to £104,999	—	—
£105,000 to £109,999	1*	1

* The remuneration for the Chief Executive includes an estimated contractual bonus payment, which is up to 10% of his salary.



Staff report

The VTS restructured its operational team during the previous year, 2019-20, just ahead of the COVID-19 pandemic commencing in the UK. This reorganisation led to the implementation of a leaner structure and a restating of our operational focus on customer service and stakeholder engagement to underpin a cradle-to-grave approach from start to finish of an appeal. We coupled this new structure with greater ownership of the work and empowerment of staff and an updated grading structure for Tribunal Support Officers to reflect their added responsibilities and as determined through job evaluation. This new structure also facilitates an improved career pathway for individuals coming into the organisation at the bottom rung and developing their skills and abilities to enable them to eventually move into clerking roles if that is their desire. This also has the advantage of assisting with the mitigation arrangements for addressing our ageing workforce through effective succession planning.

As a consequence, a detailed (and amendable) succession plan was developed during the year to assist with this approach. As previously mentioned, we also significantly revised our diversity and equality policy to create a more extensive Equality, Diversity & Inclusion (EDI) Framework. During the year many staff underwent periods of homeworking. We assessed where it was sensible and appropriate to make such changes permanent. With the agreement of the staff involved we transitioned a number of previously office-based clerking staff to homeworking.

Staff costs

Staff costs comprise:

Table 10 (audited)

	2020-21	2019-20
	£'000	£'000
Wages and salaries	2,300	2,319
Social security costs	247	245
Other pension costs	989	867
Agency staff costs	258	220
Total	3,794	3,651

Staff numbers as at 31 March 2021

As at 31 March 2021, the actual number of staff employed was 60 which was the same figure as at 1 April 2020.

Average number of staff over the year

The average staff headcount for the year was 58 (2020-21: 64) (based on numbers each month rather than a simple average of start and end of year numbers).

There were no early retirements on ill-health grounds in 2020-21 (and none in the previous two years).

During the year there were seven new starters – three tribunal clerking staff, two Tribunal Support Officers and two roles in head office in Finance and IT. There were three leavers during the year (four if the person who was accounted for in 2019-20 but who left in May 2021 under voluntary redundancy and retirement is included). Of the three leavers associated with leaving during 2020-21, two were normal resignations (although one person has subsequently retired but had not decided whether to retire at the time of their normal resignation). The third leaver was a normal retirement having already worked beyond their normal state defined retirement age. It is worth noting that under the terms of the LGPS, a person who reaches age 55 can elect to access their (actuarially reduced) pension without any requirement for permission from their employer.

Given three people left during the year, this is a turnover rate of 5%.

Average number of persons employed:

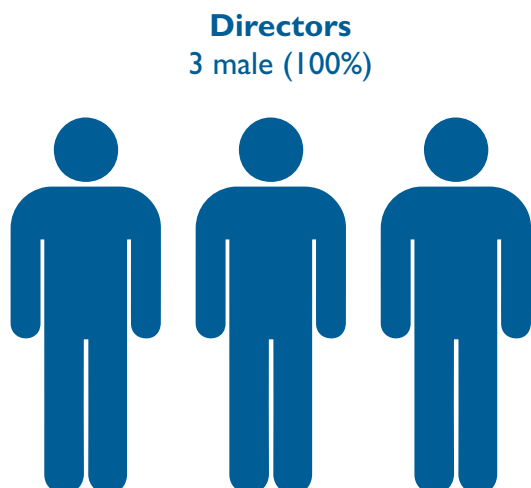
Table II (audited)

	Permanently employed staff	Others	2020-21 Total	2019-20 Total
Directly employed	58	–	58	64
Other	–	4	4	2
Total	58	4	62	66

Staff composition at 31 March 2021

Chart 5

Gender Profile as at 31 March 2021



All permanent staff
33 female (55%), 27 male (45%)
(Compared to 31 March 2020 – 58.6% female; 41.4% male)



The representation of ethnic minorities within the workforce at the end of the year increased slightly to 21.7% compared to 20.7% as at 31 March 2020.

The percentage who either declared themselves to have a disability or were assessed by occupational health as likely to be considered to have a disability, under the Equality Act 2010, totalled six individuals as at 31 March 2021 (10% of the workforce compared to the seven individuals – 12.1% of the workforce in 2019-20). Please note that the definition of disability is a legal definition and not necessarily a medical one, although the two often overlap.

The average age of our staff reduced very slightly to 46.6 from 46.7 in 2019-20. The median age was 50 as at 31 March 2021 – a slight increase from 49 reported in March 2020 and March 2019.

Chart 6
Age Profile as at 31 March 2021

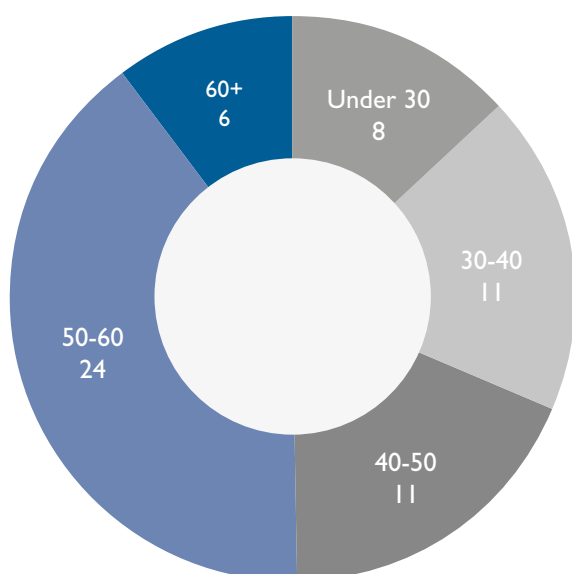
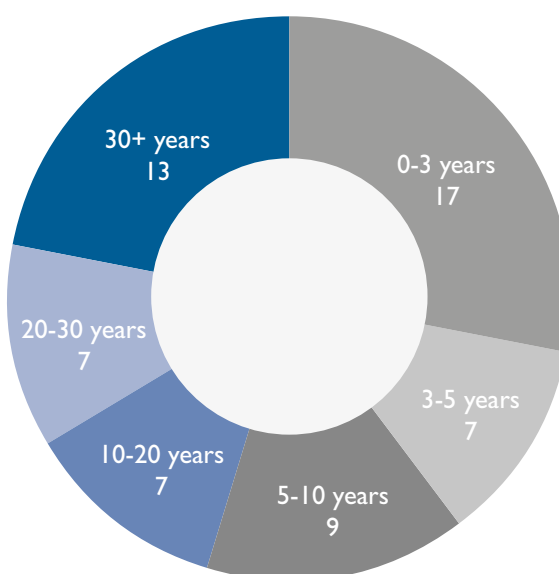


Chart 7
Length of Service as at 31 March 2021



The average length of service decreased slightly to 13.9 years (from 14.7 in 2019-20). This was largely as a consequence of some longer-serving staff retiring. The median length of service also reduced to 8.2 years (from last year's 9 years) for similar reasons. (These figures include service in the former valuation tribunals before staff transferred to the VTS in 2004.)

Sickness absence data

In 2020-21, 30% (18 people) from our current staff had sickness absence (assuming average from number of employees at 1 April 2020 and number employed as at 31 March 2021 = 60). By this calculation 42 people (70%) had no sickness during the year. In the previous year (2019-20), 29 people had no sickness which was 50% of the workforce.

The average sickness absence, including long-term absence (absences over 20 consecutive days), for the rolling year to 31 March 2021 increased from 8.0 days to 8.97 days. Excluding long-term sickness, average sickness absence was 1.0 days per person (compared to the 2019-20 figure of 1.8 days). This remains in line with our KPI of maintaining short-term absence under 3.2 days⁵ per employee.

During this unusual year, five staff reported sickness as a result of demonstrating either COVID-19 symptoms or who received a positive test for COVID-19.

Staff policies applied during the financial year in relation to disabled people

These included the Occupational Health Policy, Sickness Absence Policy and the EDI Framework. These policies were utilised in the application of the VTS's legal requirements in respect of making reasonable adjustments and enabling supportive phased returns to work after longer-term absences.

Recruitment applications are monitored, and reasonable adjustments are made for interview wherever necessary to do so. Candidates are asked if they require any assistance in this regard. Should there be any continuance of lockdowns emanating from the COVID-19 pandemic, then remote interviews via Microsoft Teams will remain the norm. This might in future be more challenging for the VTS if someone has a visual or hearing impairment without access to appropriate technological assistance. Any person with a disability who meets the essential criteria for a role will be interviewed.

The trigger points for sickness monitoring can be adjusted where employees have identified themselves or have been identified as having a disability. The definition of disability is a legal construct albeit influenced by medical information. The VTS provides an external, confidential Employee Assistance Programme and commissions additional counselling or occupational health referrals for staff where appropriate from a provider based in London. An alternative provider is available should we need to access them for geographical considerations in the north.

As detailed earlier in the Training section, the VTS is building on its wellbeing and mental health arrangements and providing support in the workplace particularly during the lockdown periods brought about by the COVID-19 pandemic. Staff physical and mental health has been a key consideration during 2020-21 with staff encouraged to take sufficient breaks and time away from screens to prevent impairments.

Staff have been provided with the necessary equipment. Display Screen Equipment assessments and external Health & Safety Adviser visits have taken place to advise on the situation for those permanently based at home.

Staff have also been encouraged to support each other and engage with their colleagues wherever possible through Microsoft Teams and to participate in non-work conversations. All of this is supportive of staff in trying to mitigate against the onset of mental health difficulties and potential

⁵ from XpertHR Survey of sickness 2019 = 3.2 days

depression as a side effect of the pandemic situation. Staff have been encouraged to participate in a variety of activities to help towards mental health wellbeing such as quizzes and supportive Learning Management System modules, as well as regular support and conversations from managers and HR.

Reporting of compensation schemes

There was one redundancy in 2020-21, which was accounted for and disclosed in 2019-20. The funding was accrued into 2020-21. Sponsoring Department approval was required, and this meant that although the approval was provided on 17 February 2020, with appropriate statutory notice, the person did not leave until 12 May 2021. This information was captured in the Annual Report for 2019-20, but given the spend fell in 2020-21, it is detailed here. There were no further redundancies or exit packages in 2020-21 that have not been previously disclosed or attributed to previous years.

Table 12

Exit package cost band £'000	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<10	n/a	n/a	n/a
10-25	n/a	n/a	n/a
25-50	n/a	n/a	n/a
50-100	n/a	n/a	n/a
100-150	n/a	1*	1*
150-200	n/a	n/a	n/a
Total number of exit packages	0	1	1
Total cost	0	£146,116*	£146,116*

* This required sponsoring Department approval which was provided on 17 February 2020. With the requisite notice period this meant the person left on 12 May 2020 and the payment was made in May 2020 payroll. The cost figures include a pension "strain" of £88,600. Please note that although this redundancy was approved in 2019-20 it was accrued in budget terms to be paid in May 2021. It includes redundancy, pension "strain" and employer's NI payments.

Off-payroll engagements

For all new off-payroll engagements, or those that reached six months duration between 1 April 2020 and 31 March 2021, for more than £245 per day and that last longer than six months:

Table 13

Number of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021

2

of which:

Number assessed as in-scope of IR35

2*

Number assessed as out of scope of IR35

—

Number engaged directly (via PSC contracted to department) and are on the departmental payroll

—

Number of engagements reassessed for consistency/assurance purposes during the year

2*

Number of engagements that saw a change to IR35 status following the consistency review

—

* Both engagements were via agency. The respective agencies confirmed any payments made to individuals were subjected to tax and NI at appropriate employee rates. Neither had significant financial responsibility within the VTS. They were employed via umbrella companies of the respective agencies and paid on their payrolls. The intention was to advertise and recruit to permanent roles, but COVID-19 made this challenging initially and continuity was desirable hence the extension of the arrangements for longer than anticipated. These roles were critical for continuity in supporting our Finance and IT infrastructures and functions during the COVID-19 pandemic. The posts were subsequently advertised after the first lockdown and the agency arrangements ended on 30 November 2020. The key roles fulfilled by the two agency workers have been transitioned to permanent rather than contingent employment. The roles are now on our payroll since 1 December 2020. Since that time, we have no agency workers engaged beyond six months and who earn over £245 per day. We did, however, have two other agency workers in the year but who did not meet the £245 threshold.

Auditors' remuneration

The VTS's Annual Report and Accounts are audited by the Comptroller and Auditor General who is appointed under statute. Auditors' remuneration of £43,000 (2019–20: £43,000) was charged in the audit of these Accounts. No remuneration was paid to the external auditor in respect of non-audit services.

Parliamentary accountability and audit report



The Non-Domestic Rating (Alteration of Lists and Appeals) (England) (Amendment) Regulations 2017 came into force on 1 April 2017. Having received a determination by the VOA, a ratepayer making an appeal to the VTE is required to pay a fee, set by statute. This fee is returnable in full in the event of a decision in favour of the ratepayer or remitted to HM Treasury where the appeal fails. During the course of the appeal process the VTS holds these funds as an agent of HM Treasury and therefore the funds are not available to defray the expenditure of the service. These funds are managed and shown separately from the funds of the VTS. In the year, 674 appeals were lodged with fees received totalling £186,600. This information has been audited.

The VTS has no remote contingent liabilities, gifts, losses or special payments to report under this Parliamentary Accountability disclosure. There were no losses for the 2020-21 financial year.

Antonio Masella

Accounting Officer

Valuation Tribunal Service

4 January 2022

Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Valuation Tribunal Service for the year ended 31 March 2021 under the Local Government Act 2003. The financial statements comprise: Statement of Comprehensive Net Expenditure, Financial Position, Cash Flow, Changes in Taxpayers' Equity and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Valuation Tribunal Service's affairs as at 31 March 2021 and of the Valuation Tribunal Service's net expenditure for the year then ended;
- have been properly prepared in accordance with the Local Government Act 2003 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Valuation Tribunal Service 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 Tribunal Service'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 Tribunal Service'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 Board and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for Valuation Tribunal Service is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require 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 Performance and Accountability Reports, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Board and the Accounting Officer are 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. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Local Government Act 2003; and
- 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.

Matters on which I report by exception

In the light of the knowledge and understanding of the Valuation Tribunal Service and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

Responsibilities of the Board and Accounting Officer for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Board and the Accounting Officer determines are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error.
- assessing the Valuation Tribunal Service'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 Board and the Accounting Officer anticipate that the services provided by Valuation Tribunal Service will not continue to be provided in the future.



Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Local Government Act 2003.

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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Valuation Tribunal Service's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Valuation Tribunal Service's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Valuation Tribunal Service's controls relating to the Local Government Act 2003 and Managing Public Money;
- discussing among the engagement team and involving relevant internal and or external specialists, how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: completeness of accruals and posting of unusual journals;
- obtaining an understanding of Valuation Tribunal Service's framework of authority as well as other legal and regulatory frameworks that the Valuation Tribunal Service operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Valuation Tribunal Service. The key laws and regulations I considered in this context included the Local Government Act 2003, Managing Public Money, employment law and the tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting 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 also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

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 that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Date 11 January 2022

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2021



	Note	2020-21 £'000	2019-20 £'000
Staff costs	2	3,794	3,651
Purchase of goods and services	3	1,404	1,941
Other operating expenditure	3	192	476
Depreciation, amortisation and impairment charges	3	194	242
Provision and pensions expense	3	61	67
Total operating expenditure		5,645	6,377
Finance expense (net interest on pension liabilities)	3	374	311
Net expenditure for the year		6,019	6,688
Other Comprehensive Net Expenditure			
Items which will not be classified to net operating costs			
Actuarial loss/(gain) on pension scheme liabilities	10	4,981	1,094
Total comprehensive net expenditure for the year ended 31 March		11,000	7,782

The notes on pages 57 to 76 form part of these accounts.

Statement of Financial Position

as at 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Property, plant and equipment	4	61	120
Intangible assets	5	466	546
Total non-current assets		527	666
Current assets			
Trade and other receivables	6	165	258
Cash and cash equivalents	7	267	198
Total current assets		432	456
Total assets		959	1,121
Current liabilities			
Trade and other payables	8	(284)	(664)
Total current liabilities		(284)	(664)
Total assets less current liabilities		675	457
Non-current liabilities			
Pensions	10	(20,987)	(15,019)
Total non-current liabilities		(20,987)	(15,019)
Total assets less total liabilities		(20,312)	(14,562)
Taxpayers' equity			
General fund		675	457
Pension reserve		(20,987)	(15,019)
Total taxpayers' equity		(20,312)	(14,562)

The notes on pages 57 to 76 form part of these accounts.

The financial statements were approved by the Board on 4 January 2022 and were signed on its behalf by:



Antonio Masella
Accounting Officer
Valuation Tribunal Service

4 January 2022

Statement of Cash Flows

for the year ended 31 March 2021



	Note	2020-21 £'000	2019-20 £'000
Cash flows from operating activities			
Net operating cost	SoCNE	(6,019)	(6,688)
Employers pension contributions	10	(548)	(426)
Adjustment for non-cash transactions			
Depreciation and amortisation	4 & 5	194	242
Decrease/(Increase) in trade and other receivables	6	92	–
Other non-cash pension movements	10	1,535	1,240
(Decrease)/Increase in trade and other payables	8	(380)	(375)
Net cash outflow from operating activities		(5,126)	(6,007)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	–	(16)
Purchase of intangible assets	5	(55)	(89)
Net cash outflow from investing activities		(55)	(105)
Cash flows from financing activities			
Grant in aid received from sponsoring Department	TpEq	5,250	5,992
Net cash inflows from financing activities		5,250	5,992
Net (decrease)/increase in cash and cash equivalents for the period		69	(120)
Cash and cash equivalents at the beginning of the period	7	198	318
Cash and cash equivalents at the end of the period	7	267	198

The notes on pages 57 to 76 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2021

	Note	General Fund £'000	Pension Reserve £'000	Total Taxpayers' Equity £'000
Balance at 31 March 2019		339	(13,111)	(12,772)
Grants from sponsoring Department		5,992	–	5,992
Comprehensive net expenditure for the year	SoCNE	(6,688)	–	(6,688)
Other pension movements in the year		814	(814)	–
Actuarial losses	10	–	(1,094)	(1,094)
Balance at 31 March 2020		457	(15,019)	(14,562)
Grants from sponsoring Department		5,250	–	5,250
Comprehensive net expenditure for the year	SoCNE	(6,019)	–	(6,019)
Other pension movements in the year		987	(987)	–
Actuarial losses	10	–	(4,981)	(4,981)
Balance at 31 March 2021		675	(20,987)	(20,312)

The notes on pages 57 to 76 form part of these accounts.



Note I Statement of accounting policies

I.1 Basis of preparation

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury and Accounts Direction as issued by the Department for Levelling Up, Housing and Communities (DLUHC). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The accounting policies also meet the accounting and disclosure requirements of the Companies Act 2006 to the extent these are appropriate. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Valuation Tribunal Service (VTS) for the purpose of giving a true and fair view has been selected. The accounting policies have been applied consistently in dealing with items that are considered material to the financial statements. All policies adopted for the VTS are described below.

I.2 Going concern basis

The Statement of Financial Position shows net liabilities of £20,311,972 at 31 March 2021. This reflects the inclusion of pension liabilities falling due in future years which, to the extent that they are not to be met from the VTS's other sources of income, may only be met by future grants or Grant in Aid (GiA) from the sponsoring Department. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need and will only be drawn as the liabilities fall due.

DLUHC have confirmed the funding for 2021-22 with indicative annual allocations through to 2023-24. Liability for all pension payments not met through normal funding cycle will continue to fall to DLUHC.

The 2021-22 budget was prepared against a backdrop of uncertainty caused by COVID-19. We have undertaken a scenario planning exercise to forecast how various outcomes might affect operations and the results have been used as a basis for our strategic planning. This exercise has allowed us to test our thinking and better manage the cost base. We continue to monitor the situation and to manage our finances accordingly.

In common with other non-departmental public bodies (NDPBs), the future financing of the organisation's liabilities is to be met by GiA and has already been included in the sponsoring Department's Parliamentary estimates for 2021-22. The Accounting Officer has a reasonable expectation that the Department has adequate resources to continue in operational existence for a period of at least 12 months from the date the financial statements are authorised for issue.

The going concern basis of accounting for the organisation is adopted in consideration of the requirements set out in HM Treasury Government FReM, 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. For the above reasons it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.3 Standards adopted by the VTS

The financial statements have been prepared under the historical cost convention with depreciated cost used as a proxy for current value in existing use in respect of property, plant and equipment and intangible assets.

1.4 Future accounting developments

Policies are applied in accordance with International Accounting Standards (IAS) as interpreted by the FReM for public sector context. All new and revised standards are considered and applied where relevant and adopted by the FReM.

The following IFRSs are to be adopted:

IFRS 16 Leases (being adopted in 2022-23)

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. For VTS the material impact is due to the non-cancellable operating lease commitment of the Leman Street office. As at the reporting date, the VTS has non-cancellable operating lease commitments of £1,323,000 (see note 12).

IFRS 17 Insurance Contracts (defer to 2024-25)

The standard is set to replace IFRS 4 Insurance Contracts, which has applied in the UK public sector since the adoption of IFRS accounting. The broad scope of IFRS 17 will result in the application to some contracts that are not described or currently treated as insurance contracts. Treasury is expected to publish the final full accounting guidance applicable to the public sector by December 2021. As at the reporting date, it does not seem likely that the VTS will be affected by the application of IFRS 17 Insurance Contracts.

1.5 Non-current assets

The FReM permits public bodies to determine the most appropriate valuation methodology. Non-current assets are held at current value in existing use and are depreciated/amortised on a straight-line basis over their estimated useful life. The VTS capitalisation threshold is £5,000.

Where assets have short useful lives or low values, the FReM permits the adoption of depreciated historic cost as a proxy for current value in existing use. The VTS has concluded that the assets held meet these criteria and therefore has adopted the depreciated historic cost model.



1.6 Property, plant and equipment

Property, plant and equipment are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds £5,000 including VAT. Individual items valued at less than this threshold are capitalised only if they constitute integral parts of a composite asset that is in total valued at more than the capitalisation value.

The VTS does not hold any financial interest in land or buildings; it occupies premises rented or leased from its landlords. The VTS has property lease obligations on two offices as at 31 March 2021.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the cost to residual values over their estimated useful lives, as follows:

Information Technology	3-5 years
Furniture and office equipment	5 years
Leasehold improvements	over life of lease

1.7 Intangible assets

Intangible assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds £5,000 including VAT. Individual items valued at less than this threshold are capitalised only if they constitute integral parts of a composite asset that is in total valued at more than the capitalisation value.

Amortisation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Computer software licences	over the length of the licence period
Computer software development	5 years

1.8 Grant in Aid (GiA)

GiA is accounted for on a cash basis. GiA received is treated as financing in accordance with the FReM and recognises that this is funding from the sponsoring Department. This reflects ownership of the VTS as an NDPB of DLUHC.

1.9 Employee benefits

In compliance with its Accounts Direction and the FReM, the VTS has accounted for employee benefits under IAS19. This accounting standard prescribes the treatment of retirement benefits in the accounts of employing entities. VTS staff are members of the Local Government Pension Scheme (LGPS). The LGPS is a funded, multi-employer, contributory defined benefit statutory scheme administered in accordance with the LGPS Regulations 1997, as amended with effect from 1 April 2014. It is contracted out of the state second pension. The London Pension Fund Authority (LPFA) administers the LGPS on behalf of all VTS employees with Barnett Waddingham as the scheme's actuaries.

The entity has a defined benefit plan for its employees. A defined benefit plan is a pension plan under which the entity has legal or constructive obligations to pay further contributions to the plan if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan typically defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The net pension liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the calculated liabilities at the latest valuation, less the scheme assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated every three years by Barnett Waddingham using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Asset values are estimated based on projected returns for the year and are updated using actual returns figures obtained after the year end where this results in a material change in values.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Taxpayers' Equity in the Statement of Financial Position in the period in which they arise.

Past-service costs are normally recognised immediately in the Statement of Comprehensive Net Expenditure, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period).

The VTS pays for the pension entitlements of existing and retired employees and also bears the full cost of the LGPS benefits for employees who retire early or with an enhanced pension. The total cost of granting early retirements or enhancements is charged to the Statement of Comprehensive Net Expenditure in the year that the retirements are granted. Regular pension fund costs are paid from the same source.

IAS19 requires an organisation to account for pension liabilities as they arise, regardless of when pension payments are due to be paid. Setting side-by-side the value of all future pension payments and the snapshot value of investments as at 31 March each year results in either an overall deficit or a surplus. The total net deficit arising for the VTS, as at 31 March 2021, is £20,987,000. The assessment of current surplus or deficit arising from an IAS19 valuation carries with it no additional payment requirement from the VTS as the actuarial valuation, carried out every three years, sets revised employer contribution rates to ensure that existing assets and future contributions will be sufficient to meet future pension payments. A triennial pension valuation was carried out by the actuary, Barnett Waddingham, on 31 March 2019. The financial position of the pension fund was funded at 111%, which is equivalent to a surplus of £4,858,000, compared to 96% funded at the 2016 triennial



valuation. The VTS have accepted the new contribution rate of 16.3% (the previous contribution rate was 15.3%) for the next three years from 1 April 2020 to 31 March 2023.

The VTS is sponsored by DLUHC. The pension obligations are fully funded by DLUHC and protected at all times. As such there is no risk that it will default on its LGPS contribution payments.

1.10 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease.

1.11 VAT

The VTS is not VAT registered. Where goods and services include a charge for VAT the VAT-inclusive cost is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment and intangible assets.

1.12 Taxation

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

1.13 Interest rate risk

All of the VTS's financial assets and liabilities carry nil or fixed rates of interest and are, therefore, not exposed to significant interest rate risk.

1.14 Financial instrument risk

As the cash requirements of the VTS are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to short-term payables and receivables in line with VTS expected purchase and usage requirements and the VTS is therefore exposed to little credit, liquidity, or market risk.

1.15 Appeal fees

The Non-Domestic Rating (Alteration of Lists and Appeals) (England) (Amendment) Regulations 2017 came into force on 1 April 2017. Having received a determination by the Valuation Office Agency (VOA), a ratepayer making an appeal to the Valuation Tribunal for England (VTE) is required to pay a fee. This fee is returnable in the event of a decision in favour of the ratepayer or remitted to HM Treasury where the appeal fails. During the course of the appeal process the VTS holds these funds as an agent of HM Treasury. These funds are not available to defray the expenditure of the service. These funds are managed and shown separately from the funds of the VTS and do not form part of the organisation's financial statements.

I.16 Critical accounting judgements and key sources of estimation uncertainty

The application of the accounting policies requires judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Note 10 sets out the VTS's pension liability, and sets out the judgements, estimates and assumptions made in respect of this. The liability takes account of all active and non-active fund valuations.



Note 2 Staff costs

Staff costs comprise:

	2020-21 £'000	2019-20 £'000
Wages and salaries	2,300	2,319
Social security costs	247	245
Other pension costs	989	867
Agency staff costs	258	220
Total staff costs	3,794	3,651

Please see the Remuneration and staff report (from page 36) for further detail on staff costs and numbers.

Note 3 Other operating costs

	Note	2020-21 £'000	2019-20 £'000
Cash items			
Other operating expenditure			
VTE costs		118	242
Board costs		58	60
Travel and subsistence		(2)	128
Training		18	46
		192	476
Purchase of goods and services			
Support services (IT, legal and finance)		337	264
Rentals under operating leases		410	499
IT (maintenance and licences)		455	360
Post and communications		1	203
Tribunal costs		3	196
Printing & publications		20	34
Auditors remuneration and expenses		43	43
Other goods and services		88	301
Variable maintenance		14	16
Heating and lighting		11	12
Internal audit		22	13
		1,404	1,941
Non-cash items			
Administration charge – pensions	10	61	67
Net interest on pension liabilities	10	374	311
Amortisation	5	135	181
Depreciation	4	59	61
		629	620
Total		2,225	3,037

Note 4 Property, plant and equipment

	2020-21		
	Furniture & fittings £'000	Information technology £'000	Total £'000
Cost or valuation			
At 1 April 2020	5	209	214
At 31 March 2021	5	209	214
Depreciation			
At 1 April 2020	4	90	94
Charge for period	—	59	59
At 31 March 2021	4	149	153
Net book value at 31 March 2021	1	60	61
Owned at 31 March 2021	1	60	61

Note: No Assets are held under finance leases.

	2019-20		
	Furniture & fittings £'000	Information technology £'000	Total £'000
Cost or valuation			
At 1 April 2019	5	193	198
Additions	—	16	16
At 31 March 2020	5	209	214
Depreciation			
At 1 April 2019	4	29	33
Charge for period	—	61	61
At 31 March 2020	4	90	94
Net book value at 31 March 2020	1	119	120
Owned at 31 March 2020	1	119	120

Note: No Assets are held under finance leases.

Note 5 Intangible assets

	2020-21		
	IT assets under construction £'000	IT development expenditure £'000	Total £'000
Cost or valuation			
At 1 April 2019	267	673	940
Additions	—	89	89
At 31 March 2020	267	762	1,029
Additions	55	—	55
At 31 March 2021	322	762	1,084
Amortisation			
At 1 April 2019	—	303	303
Charge for period	—	180	180
At 31 March 2020	—	483	483
Charge for period	—	135	135
At 31 March 2021	—	618	618
Net book value at 31 March 2021	322	144	466
Owned at 31 March 2021	322	144	466
Net book value at 31 March 2020	267	279	546
Owned at 31 March 2020	267	279	546

Note 6 Trade and other receivables

Amounts falling due within one year:

	2020-21 £'000	2019-20 £'000
Prepayments and accrued income	165	254
Season ticket interest free loans	—	4
Balance at 31 March	165	258

Note 7 Cash and cash equivalents

	Note	2020-21 £'000	2019-20 £'000
Cash at bank at 1 April		198	318
(Decrease)/increase in cash for the year	SCF	69	(120)
Cash at bank and held at 31 March	7A	267	198
The following balance at 31 March was held at:			
Government banking services	7A	267	198

Note 8 Trade and other payables

	2020-21 £'000	2019-20 £'000
Amounts falling due within one year:		
Trade payables	104	168
Accruals and deferred income	180	496
Balance at 31 March	284	664

Note 9 Provisions

The VTS has no provisions for either the current or prior year.

Note 10 Pensions

Year ended 31 March 2021	2020-21		
	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
Opening position	46,720	(61,739)	(15,019)
Current service cost	–	(943)	(943)
Administration costs	(61)	–	(61)
Past service cost including curtailments	–	(157)	(157)
Total service cost	(61)	(1,100)	(1,161)
Net interest	–	(1,169)	(1,169)
Interest income on plan assets	795	–	795
Total net interest	795	(1,169)	(374)
Total (expenditure)/income recognised in the statement of comprehensive net expenditure	734	(2,269)	(1,535)
Plan participants contributions	167	(167)	–
Employer contributions*	548	–	548
Benefits paid including expenses	(2,326)	2,326	–
Unfunded benefits paid	(97)	97	–
Expected closing position	45,746	(61,752)	(16,006)
Changes in demographic assumptions	–	658	658
Changes in financial assumptions	–	(14,267)	(14,267)
Experience	–	811	811
Return on assets excluding amounts included in net interest	7,817	–	7,817
Total re-measurements recognised in the statement of other comprehensive net expenditure	7,817	(12,798)	(4,981)
Closing position	53,563	(74,550)	(20,987)

* Contributions by employer including unfunded pension payments.

The VTS pension is held with the LGPS which is administered by the LPFA (see note 1.9).

The LPFA report dated 22 November 2021 was issued because the Fund has provided us with updated data on the Fund's asset return for the year to 31 March 2021 and this has been reflected. The figures quoted will form the basis of the balance sheet and funding status disclosures to be made by the Employer as at 31 March 2021 in respect of its pension obligations under the LGPS.



The IAS19 standard now requires that when determining any past service cost (including curtailment) or gain or loss on settlement that the net defined benefit liability is remeasured using current assumptions and the fair value of plan assets at the time of the event. Therefore, this has been applied for the year to 31 March 2021 accounts.

The Continuous Mortality Investigation (CMI) Bureau update their model on an annual basis, incorporating the latest mortality data in the national population. The CMI_2020 model introduced “a 2020 weight parameter” for the mortality data in 2020 of 25% for their accounting assumptions this year. This was so that the exceptional mortality experienced due to COVID-19 can be incorporated without having a disproportionate impact on results.

The pension valuation has made allowance for the Court of Appeal judgment in relation to the *McCloud* and *Sargent* cases which relate to age-discrimination with the Judicial and Fire Service Pension schemes respectively.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the *McCloud* and *Sargent* cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published.

There is likely to be a change to the pension liability following the completion of the consultation. At the time of completing the financial statements, a reasonable estimate has been made already but final calculations will be made when the consultation outcome is confirmed.

Note 10 Pensions (Cont.)

	2019-20		
	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
Year ended 31 March 2020			
Opening position	51,515	(64,626)	(13,111)
Current service cost	–	(862)	(862)
Administration costs	(67)	–	(67)
Total service cost	(67)	(862)	(929)
Net interest	–	(1,526)	(1,526)
Interest income on plan assets	1,215	–	1,215
Total net interest	1,215	(1,526)	(311)
Total (expenditure)/income recognised in the statement of comprehensive net expenditure	1,148	(2,388)	(1,240)
Plan participants contributions	158	(158)	–
Employer contributions*	426	–	426
Benefits paid including expenses	(2,287)	2,287	–
Unfunded benefits paid	(98)	98	–
Expected closing position	50,862	(64,787)	(13,925)
Changes in demographic assumptions	–	(215)	(215)
Changes in financial assumptions	–	5,667	5,667
Experience	–	(2,404)	(2,404)
Return on assets excluding amounts included in net interest	(1,403)	–	(1,403)
Other actuarial losses	(2,739)	–	(2,739)
Total re-measurements recognised in the statement of other comprehensive net expenditure	(4,142)	3,048	(1,094)
Closing position	46,720	(61,739)	(15,019)

* Contributions by employer including unfunded pension payments.



The financial assumptions used in the calculation of pension liabilities under IAS19 are as follows:

Assumptions as at:	31 March 2021		31 March 2020	
	% pa	real	% pa	real
RPI increases	3.25	–	2.80	–
CPI increase	2.85	(0.4)	1.90	(0.9)
Salary increases	3.85	0.6	2.90	0.1
Pension increases	2.85	(0.4)	1.90	(0.9)
Discount rate	1.95	(1.3)	2.35	(0.5)

These assumptions are set with reference to market conditions at 31 March 2021.

Our estimate of the Employer's past-service liability duration is 17 years.

An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30-year point). This is consistent with the approach used at the previous accounting date.

Similar to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the Bank of England (BoE) implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30-year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40-year point. This is consistent with the approach used at the previous accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.40% p.a. below RPI i.e. 2.85% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts, and the duration of the Employer's liabilities. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the anticipated reform of RPI inflation following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor suggesting this reform is now likely to take effect from 2030.

Salaries are assumed to increase at 1.0% p.a. above CPI. This is consistent with the approach at the previous accounting date.

The Employer contribution rate is set at 16.3% for the remainder of the inter-valuation period.

The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an initial addition parameter of 0.5% p.a. and a 2020 weighting of 25%.

The assumed life expectancies from age 65 are:

		31 March 2021	31 March 2021	31 March 2020	31 March 2020
		Weighted by liability	Unweighted	Weighted by liability	Unweighted
Life expectancy from age 65					
Retiring today	Males	22.0	—	22.8	22.2
	Females	24.4	—	24.2	23.0
Retiring in 20 years	Males	23.2	—	23.4	23.6
	Females	25.8	—	24.9	24.6

The above table shows the life expectancies at 31 March 2021 weighted by liability and unweighted.

The table below summarises the membership data, as at 31 March 2021, for members receiving funded and unfunded benefits.

Member data summary	31 March 2021		
	Number of members	Salaries/ pensions £'000	Average age
Actives	59	2,165	50
Deferred pensioners	128	420	50
Pensioners	223	1,985	73
Unfunded pensioners	48	89	77



Sensitivity analysis

International Accounting Standards require disclosure of the sensitivity of the results to the methods and assumptions used. The costs of a pension arrangement require estimates regarding future experience. These assumptions are largely prescribed at any point and reflect market conditions at the reporting date.

Changes in assumptions can have a significant effect on the value of the liabilities reported. The table below explains the effect of +/- 0.1% movement in financial assumptions.

Sensitivity analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of obligation	73,325	74,550	75,797
Projected service costs	1,090	1,124	1,159
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of obligation	74,643	74,550	74,458
Projected service costs	1,124	1,124	1,123
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of obligation	75,693	74,550	73,426
Projected service costs	1,158	1,124	1,091
Adjustment to life expectancy assumptions	+ 1 Year	None	-1 Year
Present value of obligation	78,757	74,550	70,585
Projected service costs	1,175	1,124	1,074

Statement of Financial Position

The asset and liability values as at 31 March are reflected in the table on page 54 and are reported in the Statement of Financial Position on page 68 as the total pension net liability of £20,987,000.

Unfunded benefits paid as at 31 March 2021 amounted to £97,000 (2019-20: £98,000). The liability for unfunded benefits at 31 March 2021 was £1,470,000 (2019-20: £1,283,000). This is contained within the net pension liability of £20,987,000 (2019-20: £15,019,000).

Assets

The estimate asset allocation as at 31 March 2021 is as follows:

Asset breakdown	31 March 2021	
	£'000	%
Equities	29,739	56%
Target return portfolio	12,291	23%
Infrastructure	4,574	9%
Property	4,722	9%
Cash	2,237	4%
Total	53,563	100%

Projected pension expense for the year to 31 March 2021

Projections for the year	31 March 2022 £'000
Service cost	1,124
Net interest on the defined liability (asset)	405
Administration expenses	70
Total loss (profit)	1,599
Employer contributions	370

Note II Capital commitments

The VTS has no capital commitments for either the current or prior year.



Note 12 Commitments under leases

Operating leases:

Obligations under operating leases for the following periods comprise:	2020-21 £'000	2019-20 £'000
Buildings		
Not later than one year	295	494
Later than one year and not later than five years	1,028	1,319
Total	1,323	1,813

The VTS agreed an extension to its lease of the London office site from 1 November 2020 to 31 October 2025. In addition, the lease of the Doncaster office site was extended for a further 12 months to 4 June 2021.

Note 13 Related party disclosures

The VTS is sponsored by DLUHC, which is regarded as a related party. During the reporting period there were a number of significant related party transactions.

The values of related party transactions include the following:

- GiA of £5,250,000 (2019-20: £5,992,000) was received from DLUHC
- the VTS is an NDPB and during the year the VTS had various material transactions with the Department but not with any other entity for which DLUHC is regarded as the parent Department

In addition, the VTS has had various transactions with other government departments and other government bodies which include:

- payments of £456,000 (2019-20: £425,000) were made to the LGPS pension fund representing employer's contributions for the year for funded and unfunded schemes, excluding settlements
- remittances were made to HMRC for social security costs of £797,000 (2019-20: £776,000)
- payments of £86,000 (2019-20: £320,000) were made to NHS Property Services for office rent, service charges, heating, lighting and insurance
- payments of £65,000 (2019-20: £92,000) were made to the Secretary of State for Housing Communities and Local Government of the Department for Work & Pensions for office rent, service charges, gas and electricity

Note 14 Check, Challenge and Appeal (CCA) fees

	2020-21		2019-20	
	Number	£'000	Number	£'000
Balance at 1 April	164	43	41	9
CCA cases received during the period	674	187	308	81
Less: Cases determined in favour of the Appellants	256	70	160	42
Add back: Cases held for repayment to the Appellants at 31 March	21	5	23	6
Less: Cases determined in favour of the Authority	161	43	75	19
Add back: Cases held for remittance to the Consolidated Fund at 31 March	7	2	27	8
Balance at 31 March	449	124	164	43

Note 15 Events after the reporting period

The VTS's financial statements are laid before the Houses of Parliament by the Comptroller and Auditor General. The Chief Executive and Accounting Officer authorised the accounts for issue on the date that they were certified by the Comptroller and Auditor General.



The Valuation Tribunal Service

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE WITH THE CONSENT OF THE TREASURY, IN ACCORDANCE WITH PARAGRAPH 19(2) OF SCHEDULE 4 TO THE LOCAL GOVERNMENT ACT 2003

1 The annual accounts of The Valuation Tribunal Service (hereafter in this accounts direction referred to as “the Service”) shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the financial statements for 2010-11 and for subsequent years shall be prepared in accordance with:-

- (a) the accounting and disclosure requirements given in Managing Public Money and in the Government Financial Reporting Manual issued by the Treasury (“the FReM”), as amended or augmented from time to time;
- (b) any other relevant guidance that the Treasury may issue from time to time;
- (c) any other specific disclosure requirements of the Secretary of State.

Insofar as these requirements are appropriate to the Service and are in force for the year for which the Accounts are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the Notes to the Accounts.

2 Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards. Additional disclosure requirements of the Secretary of State and further explanation of Treasury requirements are set out in Schedule 2.

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

4 This direction replaces all previously issued directions.

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

An officer in the Department for Communities and Local Government
31 March 2010

