

# **FRAMEWORK** **DOCUMENT:**

**between the Ministry of  
Housing Communities and  
Local Government and the  
Valuation Tribunal Service**

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# VALUATION TRIBUNAL SERVICE FRAMEWORK DOCUMENT

## INTRODUCTION


This framework document has been drawn up jointly by the Ministry of Housing Communities and Local Government (MHCLG) and the Valuation Tribunal Service (VTS). It sets out the broad framework within which the VTS and MHCLG intend to operate. The document does not convey any legal powers or responsibilities.

The framework clarifies the reciprocal arrangements in relation to: governance and accountability; management and financial responsibilities; MHCLG clearance and delegations; and the employment of staff. The statute setting up and governing the VTS and any other legislation relevant to the operation of the VTS takes precedence over any provision of the framework that is found to be in conflict with such legislation.

The Framework Document also sets out requirements and makes general provision related to the payment and expenditure of public money and governs the formal sponsorship relationship between the VTS and the MHCLG. Particular regard should be taken of relevant Treasury guidance including *Managing Public Money*, *Consolidated Budgeting Guidance* and *Spending Controls*.

Both DCLG and VTS will carry out their responsibilities under this Framework and deal with requests associated with their respective responsibilities in a timely manner.

Copies of this document have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the VTS website.

Signed for and on behalf of Ministry of Housing, Communities and Local Government	
Name	Simon Ridley, acting AO on behalf of Melanie Dawes
Position	Director General
Signature	
Date	20.12.2019
<b>Signed for and on behalf of the Valuation Tribunal Service</b>	
Name	Antonio Masella
Position	Accounting Officer
Signature	
Date	



## PURPOSE OF THE VTS

### **Founding legislation**

1.0 Under the Local Government Act 2003 (sections 105-6 and Schedules 4 and 5) the VTS has been established as a non-departmental public body (NDPB) in order to support the strategic objectives agreed for MHCLG.

### **Statutory functions and duties**

2.0 The VTS has the following statutory functions in relation to the Valuation Tribunal for England (VTE):

- to provide, or arrange for the provision of, the services required for the operation of the VTE, particularly accommodation, staff (including the clerk to tribunal), information technology, equipment and training for members of the VTE and all staff of (including the clerk to) the tribunal and;
- to give general advice about procedure relating to proceedings before the VTE.

2.1 It has, in addition, the following statutory duties:

- to provide the Secretary of State for Housing Communities and Local Government (SofS) with such information advice and assistance as he may require;
- to carry out its functions with respect to the VTE in the manner which it considers best calculated to secure its efficient and independent operation;
- in relation to its functions with respect to the VTE, it shall consult the VTE about the carrying out of its functions;
- to comply with directions from the SofS under section 105(7)(a) of the Local Government Act 2003 and take account of any guidance issued by the Secretary of State under section 105(7)(b) of the same Act;
- to keep proper accounts and records in relation to accounts and prepare a statement of accounts each financial year;
- to provide to the SofS and Comptroller and Auditor General (C&AG), the statement of accounts after the end of each financial year;
- to keep minutes of proceedings of the VTS, its committees and sub-committees signed by their Chairmen if they are to be evidence of those proceedings.

2.2 The Act confers certain powers on the VTS including the following:

- to do anything it considers is calculated to facilitate, or is conducive or incidental to, carrying out its functions;
- to establish committees;
- to appoint to a committee a member of the VTE who is not a Board member of VTS;
- to pay remunerations and allowances to members of VTS committees and sub-committees in accordance with the SofS's determination;
- to regulate its own procedures (including quorum);
- to delegate in writing any of its functions to any committee or employee;

- to authorise any Board member or employee of the VTS to apply a seal or sign any document of the VTS.

## **Strategic Aims**

3.1 The VTS' strategic aims, which have been agreed with the responsible Minister, are to:

- Support the VTE by administering a fair, efficient and accessible appeals system
- Enhance the quality and consistency of our service to all stakeholders
- Operate with financial and organisational initiative and efficiency
- Build capacity and capability in our staff, learning from their experience and from their feedback.

3.2 These strategic aims may change from time to time, where agreed in advance with the responsible Minister.

## **GOVERNANCE AND ACCOUNTABILITY**

### **VTS legal origins of powers and duties**

4.1 The VTS' powers and duties stem from sections 105-6 of and Schedules 4-5 to the Local Government Act 2003. Additionally the procedures through which the VTS administers on behalf of the VTE appeals in relation to council tax and national non-domestic rating matters or otherwise assists the VTE, are set out in the following statutory instruments:

- SI 2009/2267 - The Valuation Tribunal for England (Membership and Transitional Provisions) Regulations 2009 (as amended)
- SI 2009/2268 - The Non-Domestic Rating (Alteration of Lists and Appeals) (England) Regulations 2009 (as amended)
- SI 2009/2269 - The Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) regulations 2009 (as amended)
- SI 2009/2270 - The Council Tax (Alteration of Lists and Appeals) (England) Regulations 2009.



## MINISTERIAL RESPONSIBILITY

5.1 The Secretary of State, Ministry of Housing, Communities and Local Government has overall responsibility to Parliament for the VTS.

## MHCLG'S ACCOUNTING OFFICER RESPONSIBILITIES

6.1 The Principal Accounting Officer (PAO) of MHCLG designates the VTS Accounting Officer (VTS-AO) and may withdraw this designation if he/she believes that the incumbent is no longer suitable for the role. The respective responsibilities of the PAO and Accounting Officers for arm's length bodies are set out in Chapter 3 of *Managing Public Money*<sup>1</sup> which is sent separately to the VTS-AO on appointment.

6.2 The Permanent Secretary of MHCLG is the Principal Accounting Officer of the Department as a whole and has a duty to satisfy themselves that ALBs sponsored by the Department have adequate financial systems and procedures in place to promote the efficient and economical conduct of their business and to safeguard financial propriety and regularity.

6.3 The responsibilities of Accounting Officers are set out in more detail in *Managing Public Money*. In relation to the VTS, the MHCLG's PAO has the following responsibilities:

- designating the VTS-AO and issuing the terms and requirements of the post of Accounting Officer;
- ensuring that procedures are designed to achieve organisational objectives whilst ensuring a high standard of financial management; ensuring that financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity throughout the Department; ensuring that financial considerations are fully taken into account in decisions on policy proposals;
- ensuring that arrangements are in place inside the VTS and within MHCLG to monitor the corporate VTS activities on an ongoing basis and to ensure that the financial and other management controls applied by MHCLG to the VTS are appropriate and sufficient to safeguard public funds;
- ensuring that the organisation's procurement procedures and projects are systematically evaluated and assessed to provide confidence about their suitability, effectiveness, prudence, quality, and value for money;
- monitoring compliance by the VTS with all such arrangements and controls;
- addressing any significant problems within the organisation, making such interventions as are judged necessary;

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<sup>1</sup> [http://www.hm-treasury.gov.uk/psr\\_managingpublicmoney\\_publication.htm](http://www.hm-treasury.gov.uk/psr_managingpublicmoney_publication.htm)



- ensuring that the internal controls applied by the VTS conform to the requirements of regularity, propriety and good financial management; and that the VTS supplies to MHCLG an adequate flow of information on matters of strategic, operational and financial performance, budgeting, control and risk management, including the VTS's Governance statement (this replaces the Statement on Internal Controls). Further, the Departmental Accounting Officer may instigate such investigations as he considers appropriate or necessary under advisement by the MHCLG Audit and Risk Committee and other stakeholders;
- being accountable to Parliament (particularly before the Public Accounts Committee) for VTS spending, stewardship of public funds and for ensuring that this is within the relevant control limits and that Parliamentary authority has been sought and given.

6.4 The PAO is also responsible for advising the responsible Minister:

- on an appropriate framework of objectives and targets for the VTS in the light of the Department's wider strategic aims;
- on an appropriate budget for the VTS in the light of the sponsor Department's overall public expenditure priorities;
- and how well the VTS is achieving its strategic objectives and whether it is delivering value for money.

## **WAYS OF WORKING WITH THE DEPARTMENT**

7.1 The Local Taxation Division and Finance Directorate at MHCLG are the main contacts for VTS. They are the main source of advice to the responsible minister on the discharge of his or her responsibilities in respect of the VTS. They also support MHCLG's Principle Accounting Officer on his or her responsibilities toward the VTS. The Director of Local Government Finance, as Senior Sponsor, has overall responsibility for MHCLG's relationship with VTS, and undertakes the Chair's annual appraisal.

7.2 The Department's Senior Sponsor shall meet the Chair formally once a year to discuss its activities.

7.3 Ways of working between MHCLG and VTS should reflect the principles of the Cabinet Office *Code of Good Practice on Partnerships between Arm's Length Bodies and Departments*.

7.4 The Department's Senior Sponsor shall liaise regularly with the VTS Chief Executive and his staff to discuss VTS performance against plans; to explain wider policy developments that might have an impact on the VTS; and to discuss any other issues of common interest. The Local Taxation Division and Finance Directorate are available to provide ad hoc support and advice to the VTS when appropriate and without assuming responsibilities that belong properly to the VTS.

## VTS ACCOUNTING OFFICER RESPONSIBILITIES

### **General**

8.1 *Managing Public Money* sets out the responsibilities of an Accounting Officer, whether in a Department or arms length body such as the VTS. The Accounting Officer is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of the VTS. In addition, they should ensure that the VTS as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 to *Managing Public Money*.

### **VTS Accounting Officer (VTS-AO) Responsibilities for accounting to Parliament**

8.2 The accountabilities include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the SofS;
- preparing and signing a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- preparing and signing a Governance Statement regarding the system of internal control, for inclusion in the annual report and accounts;
- ensuring that effective procedures for handling complaints about the VTS are established and made widely known within the VTS;
- acting in accordance with the terms of this document, *Managing Public Money* and other instructions and guidance issued from time to time by MHCLG, the Treasury and the Cabinet Office; and
- giving evidence, normally with the PAO of MHCLG, when summoned before the Public Accounts Committee on the VTS' stewardship of public funds.

### **Responsibilities to MHCLG**

8.3 Particular responsibilities to MHCLG include:

- Developing, in agreement with the department, the VTS corporate and business plans in the light of the department's wider strategic aims and agreed priorities;
- Informing the department of progress in helping to achieve the department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensuring that accurate, timely, forecasts and monitoring information on performance and finance are provided to MHCLG in the format, within deadlines and in the level of detail as set out under 'Resource Management and Corporate Governance (ALBs) and any guidance issued by MHCLG;



- ensuring that MHCLG is notified promptly of any likely material variance against forecast or budget together with the detailed reasons for it and mitigations being taken;
- ensuring that any significant problems, including financial, are immediately notified to MHCLG with proposals to address them where possible;
- to ensure that VTS understand and comply with financial controls, delegations and any specific requirements relating to expenditure, in particular, compliance with the deadlines and process for the Supplementary Estimates;
- ensuring that Grant-in-Aid claims and financial data returns to MHCLG have been made in accordance with *Managing Public Money*.

## Responsibilities to the VTS Board

### 8.4 The VTS- AO is responsible for:

- advising the Board on the discharge of the VTS Board's' responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time;
- advising the Board on the VTS' performance compared with its aims and objectives;
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed;
- taking action as set out in *Managing Public Money* if the Board, or its Chair, is contemplating a course of action involving a transaction which the AO considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, questionable feasibility, or is unethical;
- maintaining a system of risk management to inform financial and operational decisions in accordance with the Treasury's '*Orange Book: management of risk – principles and concepts* '; and
- ensuring that all material, relevant financial considerations are taken fully into account by VTS at all stages in reaching and executing its decisions as part of its governance and approval processes, and that standard financial appraisal techniques are followed using the Treasury's *Green Book, Appraisal and Evaluation in Central Government* to evaluate alternatives, and good quality project and programme management techniques, such as Office of Government Commerce (OGC) Gateways, are used to track and, where necessary, take corrective action.

## THE VTS BOARD

9.1 The Board has powers to make rules, establish committees, to appoint a Chief Executive (with the consent of the SofS) and to appoint staff. It should

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<http://www.hm-treasury.gov.uk/media/3/5/FE66035B-BCDC-D4B3-11057A7707D2521F.pdf>

<http://greenbook.treasury.gov.uk>

ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. The Board must set up an Audit and Risk and Assurance Committee on which an independent non-executive member sits to provide independent advice. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

9.2 The Board is specifically responsible for:

- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the sponsor department and other relevant government departments;
- taking forward the strategic aims and objectives of the VTS consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State;
- ensuring that it receives and reviews regular financial information concerning the management of the VTS; is informed in a timely manner about any concerns about the activities of the VTS; and provides positive assurance to MHCLG that appropriate action has been taken on such concerns;
- ensuring that the responsible minister is kept informed of any changes which are likely to impact on the strategic direction of the VTS or on the attainability of its targets, and determining the steps needed to deal with such changes;
- demonstrating high standards of corporate governance at all times, including approving the VTS Standing Financial Instructions, Procurement Policy and Scheme of Delegation; and
- appointing, with the SofS's approval, a Chief Executive and, in consultation with MHCLG, setting performance objectives and remuneration terms, in line with the Cabinet Office Spending Controls and linked to these objectives for the Chief Executive which give due weight to the proper management and use of public resources.

### **The Chair's personal responsibilities**

9.3 The Chair is responsible to the Secretary of State for MHCLG. Communications between the VTS Board and the responsible minister should normally be through the Chair. He or she is responsible for ensuring that VTS policies and actions support the SofS's wider strategic policies and that its affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the VTS.

9.4 In addition, the Chair has the following leadership responsibilities:

- developing the Board's strategy, in line with strategic operational and policy priorities agreed with MHCLG;



- ensuring that the Board takes proper account of guidance provided by the responsible minister or MHCLG;
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety; and
- representing the views of the Board to the general public.

9.5 The Chair also has an obligation to ensure that:

- the work of the Board and its members are reviewed regularly and are working effectively;
- the Board has a balance of skills appropriate to directing the VTS' business, as set out in the *Government Code of Good Practice for Corporate Governance*;
- Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- they, together with the other Board members, receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- the responsible minister is advised of the VTS' needs when Board vacancies arise;
- they assess the performance of individual Board members on an annual basis and when being considered for re-appointment;
- there is a Board Operating Framework in place setting out the role and responsibilities of the Board consistent with the *Government Code of Good Practice for Corporate Governance*; and
- there is a code of practice for Board members in place consistent with the *Cabinet Office Code of Conduct for Board Members of Public Bodies*.

### **Deputy Chair's responsibilities**

9.6 The Deputy Chair shall act as Chair in the event of a vacancy in the office of Chair or in the absence of the Chair.

### **Individual Board members' responsibilities**

9.7 Individual Board members have an overall responsibility to ensure that the VTS fulfils its statutory functions. In addition they should:

- *comply at all times with the Code of Conduct for Board Members of Public Bodies* and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of the VTS.

## ANNUAL REPORT AND ACCOUNTS

10.1 The VTS falls within the MHCLG consolidation boundary as set in annual Designation Orders, unless otherwise agreed. Accordingly, the VTS must produce such consolidation packs as required in a format and to a timetable specified by MHCLG to produce compliant Resource Accounts as part of ensuring the accounts of VTS are consolidated in the MHCLG Resource Accounts.

10.2 The VTS must publish an annual report of its activities together with its audited accounts after the end of each financial year. The VTS shall provide MHCLG with its finalised audited accounts by 30 June each year.

10.3 The annual report must:

- comply with the Treasury's Financial reporting Manual (FrEM);
- outline main activities and performance during the previous financial year and set out in summary form forward plans.

10.4 Information on performance against key financial targets is within the scope of the audit and should be included in the notes to the accounts. A draft of the report should be submitted to MHCLG Finance Directorate and the Local Taxation Division at least three weeks before the approval date by the VTS Board. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by CLG as well as, where appropriate, the FrEM.

10.5 The report and accounts will be laid before Parliament. The report and accounts must subsequently be made available on the Government and VTS's websites.

## INTERNAL AUDIT

11.1 The VTS shall:

- establish and maintain arrangements for internal audit in accordance with the Treasury's Public Sector Internal Audit Standards (PSIAS) (<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>);
- ensure MHCLG is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with GIAS 5.2;
- set up an audit committee of its Board in accordance with the *Code of Good Practice for Corporate Governance* and the *Audit and Risk Assurance Committee Handbook*;
- forward the audit strategy, periodic audit plans and annual audit report, including the VTS Head of Internal Audit opinion on risk management, control and governance as soon as possible to MHCLG; and
- keep records of, and prepare and forward to MHCLG quarterly data and an annual report on fraud and theft suffered by the VTS and notify the sponsor department of any unusual or major incidents as soon as possible.



11.2 MHCLG's internal audit service has a right of access to all documents prepared by the VTS internal auditor, including where the service is contracted out.

## **EXTERNAL AUDIT**

12.1 The Comptroller & Auditor General (C&AG) audits the VTS annual accounts and lays them before Parliament, together with his report.

12.2 The C&AG:

- will consult MHCLG and the VTS on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the VTS;
- shall share with the sponsor department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on CLG's responsibilities in relation to financial systems within the VTS; and
- will, where asked, provide departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

12.3 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the VTS has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the VTS shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

## RIGHT OF ACCESS

13.1 MHCLG has the right of access to all VTS records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

## MANAGEMENT AND FINANCIAL RESPONSIBILITIES

### ***Managing Public Money* and other government-wide corporate guidance and Instructions**

14.1 Unless agreed by MHCLG and, as necessary, HM Treasury, the VTS shall follow the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or potential bids for exceptions to the Finance Directorate in MHCLG in the first instance. A list of guidance and instructions with which the VTS should comply is in Appendix 1.

14.2 Additionally, the VTS is required to ensure that there is full compliance with Cabinet Office, Treasury and Consolidated *Spending Control Guidance*. These include relevant controls to provide assurance that budget allocations will not be breached, inclusive of those areas that are ring fenced;

14.3 VTS shall ensure that spending decisions are:

- considered and approved through the appropriate channels;
- always approved by the delegated/authorised person;
- not extravagant, wasteful, and represent good value for money;
- able to be justified through a robust and valid business case where required by delegation or when additional funds are being sought;
- sustainable;
- Actual spending is reviewed on a monthly basis, and corrections and inaccuracies to amounts and/or expenditure codings are identified and addressed;
- Actual expenditures are not retrospectively adjusted;
- They promptly support Transparency initiatives, including the monthly publication of financial transactions over £500;
- Expenditure forecasts are reasonable and evidenced;
- Cash forecasts are reasonable and accurate;
- Spending is recorded against the correct budget line;
- Financial reports are reviewed/challenged, issues and inaccuracies are addressed;
- Measures are in place to assess and improve financial performance.

14.4 Non-compliance could indicate a breach of delegated spending limits, and could lead to irregular expenditure. Where irregular expenditure is identified, the National Audit Office will consider whether this leads to a need for the C&AG to qualify his regularity opinion.

14.5 Once the budget has been approved by the sponsor, the VTS shall have authority to incur expenditure approved in the budget without further reference



to MHCLG, (subject to any restrictions imposed by statute, MHCLG instructions or this document) on the following conditions:

- the VTS shall comply with the delegations issued by MHCLG. These delegations shall not be altered without the prior agreement of the sponsor department;
- the VTS shall comply with *Managing Public Money* regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and
- the VTS shall provide the sponsor department with such information about its operations, performance individual projects or other expenditure as the sponsor department may reasonably require.

## **CORPORATE GOVERNANCE**

### **Board appointments - the Chair and Board members**

15.1 The VTS Chair and Board members may be appointed for periods of up to three years by the responsible minister. Such appointments shall comply with the *Governance Code for Public Appointments*.

15.2 The provisions of the Local Government Act 2003 require the Board to consist of between 6 and 10 members, including the Chair and Deputy Chair. The Act also requires that the majority of Board members are drawn from serving senior members of the VTE. The President of the VTE is an ex officio member of the Board.

### **Board appointments – the Chief Executive**

15.3 The Chief Executive is appointed by the VTS Board with the approval of the responsible MHCLG minister.

## **RISK MANAGEMENT**

16.1 The VTS shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, develop a risk management strategy, and maintain a risk register, in accordance with the Treasury guidance *Management of Risk: Principles and Concepts* ([http://www.hm-treasury.gov.uk/orange\\_book.htm](http://www.hm-treasury.gov.uk/orange_book.htm)). It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guide: *Managing the Risk of Fraud* ([http://www.hmtreasury.gov.uk/d/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf](http://www.hmtreasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf)). It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid. Where appropriate, significant risks should be considered at the Accounting Officer meetings.

## **FORWARD PLAN AND BUSINESS PLAN**

17.1 Before the commencement of each financial year, the VTS shall submit to MHCLG a draft of the Forward Plan covering three years ahead. The VTS shall agree with MHCLG the issues to be addressed in the plan and the timetable for its preparation. The Plan shall reflect the VTS' statutory duties and, within those duties, the priorities set from time to time by the responsible minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how the VTS contributes to the achievement of MHCLG's strategic objectives.

17.2 The first year of the Forward Plan, amplified as necessary, shall form the business plan. The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by MHCLG. A copy of the Forward Plan and business plan shall be published by the VTS on its website and separately be made available to staff only after MHCLG approval is given.

17.3 The following key matters should be included in the plans:

- key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;
- key non-financial performance targets;
- a review of performance in the preceding financial year and an estimate of performance in the current year;
- an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
- other matters as agreed between MHCLG and the VTS.

## **BUDGETING PROCEDURES**

18.1 Each year, in the light of decisions by MHCLG on the updated draft Forward Plan, MHCLG shall send to the VTS before the commencement of each financial year:

- a formal statement of the annual budgetary provision allocated by MHCLG in the light of competing priorities across the department and of any forecast income approved by MHCLG; (the delegation letter) and
- a statement of any planned change in policies affecting the VTS.

18.2 The approved annual business plan shall take account both of approved funding provision and any forecast receipts (where this applies). The VTS shall also provide MHCLG with a profile of expected expenditure against Departmental Expenditure Limit (DEL) resource and DEL Capital along with a profile for the draw-down of Grant in Aid over the year. Each profile should be regularly reviewed throughout the financial year and any changes in requirement reported to MHCLG.



## **Capital requirements**

19.1 Where the VTS propose to make any capital spend, approval must be sought and secured from MHCLG prior to making any financial commitment. The VTS must submit a business case to MHCLG outlining the proposals and providing detail of the costs and benefits. This must also set out the profile of any expenditure paying particular attention to the year in which it will be spent. A template for the business case can be provided by MHCLG and, when submitted, must be signed off by the VTS Chief Executive.

19.2 Once MHCLG approval is given request to spend capital funds must be clearly stated with reference to the approved business case prior to expenditure.

19.3 The total Capital expenditure for the financial year must be agreed with MHCLG and formally confirmed in writing by the Chief Executive in advance of the Supplementary Estimates.

## **AME requirements**

19.4 The VTS must notify the Department of any AME requirement as soon as possible.

## **GRANT IN AID (GIA)**

20.1 The VTS resource and capital expenditure score in MHCLG's resource and capital in the same way as the department's own spending. Grant in Aid payments to the VTS are outside of the department's budget but are still subject to control as they impact on the department's cash position. Any Grant-in-aid provided by the department for the year in question will be voted in the department's Supply Estimate and be subject to Parliamentary control.

20.2 GIA will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The VTS shall comply with the general principle that there is no payment in advance of need. Cash balances accumulated during the course of the year from GIA shall be kept to a minimum level consistent with the efficient operation of the VTS. GIA not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision for Request for Resources, where GIA is delayed to avoid excess cash balances at the year-end, MHCLG shall make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

## **REPORTING PERFORMANCE TO MHCLG**

21.1 The VTS shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans. The VTS shall inform MHCLG of any changes that make achievement of objectives more or less difficult. It shall report financial and

non-financial performance, including performance in helping to deliver ministers' policies, and the achievement of key objectives on a regular basis as required. The VTS' performance will be reviewed by MHCLG through a formal programme of Accounting Officer meetings.

### **Financial Reporting to MHCLG**

21.2 The VTS is required to submit the following financial information to MHCLG to a timetable, format and level of detail specified by MHCLG.

- actual expenditure and forecast profiles by month and end year outturn, by **resource and capital budget headings**, broken down to the detail shown in the Treasury Standard Chart of Accounts and otherwise as required by the Department, including reference to separate programmes, and against DEL and AME budget allocations;
- **cash management and forecast draw-down of Grant-in-Aid** - HM Treasury may impose financial penalties on MHCLG for poor cash management. The VTS must therefore produce timely monthly cash requirement forecasts one month in advance and update these with actual requirements at least 7 days in advance of actual cash draw downs. In the event that MHCLG is penalised by HMT, then MHCLG reserves the right to pass this on to VTS;

21.3 The VTS should ensure that forecasts and actual expenditure are accurately recorded in SAP to meet the requirements of the MHCLG accounts team. The VTS should provide a detailed explanation of any variances.

### **Providing monitoring information to MHCLG**

21.4 As a minimum, the VTS shall provide MHCLG with information monthly that will enable MHCLG satisfactorily to monitor:

- the VTS's cash management;
- its draw-down of GIA;
- forecast outturn by resource headings;
- other data required for the Online System for Central Accounting and Reporting (OSCAR) .

### **VTS and CLG working level liaison arrangements**

21.5 Officials in MHCLG Finance Directorate shall liaise regularly with VTS officials to review VTS financial performance against plans, achievement against VTS targets and the VTS expenditure against its DEL, AME and GIA allocations. The Local Taxation Division shall also have regular meetings with the VTS Chief Executive to discuss delivery of shared policy priorities and any specific risks and issues. The VTS Chief Executive will also be a member of the cross-Government Business Rates Oversight Panel that has a wider oversight of the effective operation of the business rates system.



## DELEGATED AUTHORITIES

22.1 The VTS' delegated authorities are set out in the annual letter issued by the MHCLG. The VTS shall obtain MGCLG's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the VTS' annual budget as approved by MHCLG;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by MHCLG;
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
- carrying out policies that go against the principles, rules, guidance and advice in *Managing Public Money*.

## VTS STAFF

### **Broad responsibilities for VTS staff**

23.1 Within the arrangements approved by the responsible minister, and the Treasury, the VTS shall have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- the performance of its staff at all levels is satisfactorily appraised and the VTS performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the VTS objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place; and
- a code of conduct for staff is in place consistent with the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies.

## **Staff costs**

23.2 Subject to its delegated authorities, the VTS shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

## **Pay and conditions of service**

23.3 The VTS shall follow Departmental guidance on pay matters, including the consolidated spending guidance (as updated), with Departmental approval required for any proposed major structural changes to pay and grading systems, and any proposals supported by a fully costed business case. MHCLG will in turn consult HM Treasury, which has a strategic interest in public sector pay policy generally and in the control of public expenditure.

23.4 The VTS is required to provide MHCLG with details of the National Joint Council pay award levels before agreeing those with its staff.

23.5 Staff terms and conditions should be set out in an Employee Handbook, a copy of which should be provided to MHCLG together with subsequent amendments.

23.6 The VTS may devise and operate a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by MHCLG or the general pay structure approved by MHCLG and the Treasury whichever is applicable.

23.7 The travel expenses of Board members shall be tied to the rates allowed to senior staff of the VTS. Reasonable actual costs shall be reimbursed.

23.8 The VTS shall comply with employment law.

## **Pensions, redundancy and compensation**

23.9 The VTS's staff have a statutory right to membership of the Local Government Pension Scheme (LGPS) and to benefits in accordance with the LGPS provision. Staff may opt out of the occupational pension scheme provided by the VTS, but employers' contribution to any personal pension arrangement, including stakeholder pension shall normally be limited to the national insurance rebate level.

23.10 The VTS shall be liable to pay the required employer's contributions to the appropriate pension fund in respect of their staff who are members of the LGPS, and any other payments required, in accordance with the statutory provisions governing the LGPS, and shall comply with all the LGPS rules applying to scheme employers. MHCLG stand ready to advise the VTS on Scheme matters and how these interface, for example, with FRS17 issues.

23.11 The VTS shall consult and obtain prior approval from MHCLG on any proposal to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office. Proposals on severance payments must comply with the rules in chapter 4 of *Managing Public Money*.

## **ARRANGEMENTS FOR REVIEW**



24.1 The VTS will be reviewed periodically in line with applicable Cabinet Office guidance.

#### **ARRANGEMENTS IN THE EVENT THAT THE VTS IS WOUND UP**

25.1 MHCLG shall put in place arrangements to ensure the orderly winding up of the VTS. In particular it should ensure that the assets and liabilities of the VTS are passed to any successor organisation and accounted for properly. In the event that there is no successor organisation, the assets and liabilities should revert to the sponsor department. To this end, MHCLG shall:

- ensure that procedures are in place in the VTS to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of the VTS's assets and liabilities;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts; and
- arrange for the most appropriate person to sign the closing accounts. In the event that another Arms Length Body (ALB) takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that MHCLG inherits the role, responsibilities, assets and liabilities, MHCLG's PAO should sign.

25.2 The VTS shall provide MHCLG with full details of all agreements where the VTS or its successors have a right to share in the financial gains of developers. It should also pass to MHCLG details of any other forms of claw-back due to the VTS.

25.3 This Framework Document will be reviewed periodically. As a minimum it will be updated following:

- any significant change to the role or responsibilities of the VTS;
- changes arising from formal reviews of the organisation; or
- any other major change affecting the organisation.

#### **LIST OF APPENDICES TO THIS DOCUMENT**

Appendix 1 - List of government-wide corporate guidance instructions.

## APPENDIX 1

### COMPLIANCE WITH GOVERNMENT-WIDE CORPORATE GUIDANCE AND INSTRUCTIONS

The VTS shall comply with the following general guidance documents and instructions:

- this document;
- Partnerships between departments and arm's-length bodies:  
Code of Good Practice  
<https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice>
- Appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice:  
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>;
- *Managing Public Money* (MPM);
- Consolidated Budgeting  
<https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2018-to-2019>;
- Government Internal Audit Standards,  
<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>;
- Management of Risk: Principles and Concepts:  
<https://www.gov.uk/government/publications/management-of-risk-in-government>;
- Tackling Fraud and Error in Government report:  
<https://www.gov.uk/government/publications/tackling-fraud-and-error-in-government-a-report-of-the-fraud-error-and-debt-taskforce>;
- Government Financial Reporting Manual (FReM),  
<https://www.gov.uk/government/publications/government-financial-reporting-manual-2018-to-2019>;
- Fees and Charges Guide, Chapter 6 of MPM;
- Departmental Banking: A Manual for Government Departments, annex 5.7 of MPM;
- relevant Dear Accounting Officer letters;



- Regularity, Propriety and Value for Money,  
[http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr\\_governance\\_valueformoney.htm](http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm);
- The Parliamentary Ombudsman's Principles of Good Administration  
<https://www.ombudsman.org.uk/about-us/our-principles/principles-good-administration>;
- Consolidation Officer Memorandum, and relevant DCO letters;
- relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- Model Code for Staff of Executive Non-departmental Public Bodies (Cabinet Office);
- other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- other relevant instructions and guidance issued by the central Departments;
- specific instructions and guidance issued by the sponsor Department; and
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the VTS.

