

THE VALUATION TRIBUNAL SERVICE

ANNUAL REPORT AND ACCOUNTS
2021 - 2022





The Valuation Tribunal Service

Annual report and accounts 2021-22
For the period 1 April 2021 to 31 March 2022

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

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Contents



PERFORMANCE REPORT

| | |
|-----------------------------|----|
| Overview | 4 |
| Chief Executive's report | 4 |
| Our services and what we do | 6 |
| Key risks and issues | 8 |
| Going concern | 8 |
| Performance summary | 9 |
| Performance analysis | 10 |

ACCOUNTABILITY REPORT

| | |
|---|----|
| Accountability report | 27 |
| Corporate governance report | 27 |
| Remuneration and staff report | 40 |
| Remuneration | 40 |
| Remuneration of Directors | 42 |
| Pensions | 43 |
| Fair pay disclosure | 44 |
| Staff report | 46 |
| Parliamentary accountability and audit report | 53 |
| The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament | 54 |

FINANCIAL STATEMENTS

| | |
|--|----|
| Statement of Comprehensive Net Expenditure | 60 |
| Statement of Financial Position | 61 |
| Statement of Cash Flows | 62 |
| Statement of Changes in Taxpayers' Equity | 63 |
| Notes to the accounts | 64 |
| Accounts direction | 82 |

Chief Executive's report

The impact of COVID-19 has remained prevalent during this 2021-22 financial year. Like many other organisations, our efforts have continued to be focussed in continuing to best navigate the impact of this pandemic to deliver our statutory services. The introduction of online hearings has been a major contributor in ensuring that our tribunal users were able to have their appeals heard and determined by the Valuation Tribunal for England (VTE) throughout the periods of heightened public health restrictions. The necessitated move to remote hearings in September 2020 naturally required us to change several processes to ensure we were able to carry out our full range of functions away from the office. Our staff and Tribunal Members have had to adapt to a very different working environment and during the year, enhancing this service against the backdrop of the pandemic has been a major focus.



Our people are our greatest asset and making sure they have the tools they need to operate effectively at home is important to us. The engagement of our Tribunal Members, who are non-paid and give their time voluntarily to preside on hearings, are a crucial part of the service we deliver. The move from a tribunal room to remote hearings has been a significant change and during the year we commissioned an independent survey to better understand their views on these changes. 65% were in support of remote hearings, but there were some negatives, and we are considering the best way to address these concerns with our sponsor.

Our staff have been fortunate throughout in that the move to remote working has been the main impact on their employment. Following the easing of government restrictions in February 2022, our office-based staff returned to the office environment in March 2022 on a two-day per week basis, increasing to three days from 1 May 2022. We continue to monitor the COVID-19 environment and will review this position accordingly.

During the year we set ourselves 16 aims, of which 13 were met. In working with stakeholders, we introduced much needed guidance on the submission of evidence to complement the regulations on 2017 Rating List appeals (Check, Challenge and Appeal (CCA)). We also worked with the Valuation Office Agency (VOA) with the aim of standardising their notices of decision so that there was uniformity in their approach.

Our website is a key tool in showcasing the service and products we offer in assisting users. It is important that the look, feel and content of our website remains informative and accessible. Informed by the findings from our rolling customer survey, we have revamped our website.

Following a pilot on softphone technology, we further developed this during the year to integrate it with our Microsoft (MS) Teams platform. This has not only served to greatly assist the homeworking environment, but also removed dependency on traditional telephone lines.



The environment post COVID-19 is changing and as a service delivery organisation it is important that we continue to remain flexible in being able to react positively to the changing situations that may face us. Investment in staff and our Tribunal Members remains key in providing the frontline service.

A handwritten signature in black ink, appearing to read 'Antonio Masella'.

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 Valuation Tribunal for England (VTE)².

The VTE's jurisdiction covers appeals on:

- business (Non-domestic) rates
- council tax (liability, valuation and support)
- 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). The VTE is a tribunal NDPB also sponsored by DLUHC.

In supporting the VTE, the VTS's role includes arranging and administering hearing days, training VTE Members, providing general advice and assistance to appellants and their representatives, and issuing statutory notices. The VTS also provides hearing clerks to advise the lay panels at hearings on practice, procedure and any 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.

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

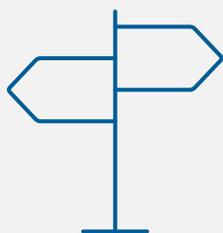
³ Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 SI 2009 No 2269 as amended



Our Values



Our year's highlights



We launched our new website to better assist our users navigate and understand the tribunal process

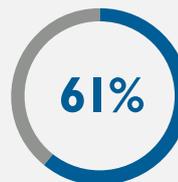


Introduced three new online portals for appeal submission (council tax valuation, council tax liability and council tax reduction)

928 hearings were held remotely

3,310

tribunal determinations were issued



of all appeals brought forward from the previous year were cleared

7,067 appeals were listed for hearing

Key risks and issues

Details of our key risks and issues are given in the governance statement on page 29. Briefly they are:

- impact of COVID-19 and post COVID working
- dependency of VTE recruitment on 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 financial statements have been prepared on a going concern basis.

The Statement of Financial Position shows net liabilities of £12,481,000 at 31 March 2022. 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.



The GIA for 2022-23 has taken into account the amounts required to meet the VTS's liabilities falling due in that year and has already been included in the sponsoring Department's Parliamentary estimates for 2022-23, with indicative annual allocations through to 2024-25. Liability for all pension payments not met through normal funding cycle will continue to fall to DLUHC.

Performance summary

The VTS completed 13 of the 16 actions set out in its *Business Plan for 2021-22*. Of the three outstanding objectives, two are partly completed and one was not met due to circumstances outside of the VTS's control. Further details appear in the performance analysis section on page 10.

Of the 14 key performance indicators (KPIs) identified for 2021-22, the VTS achieved or exceeded the targets for nine of them (see page 17), 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

Over 33,000 appeals were brought forward in April 2021 and almost 6,000 were received in the year. The table below shows the details of these figures by appeal type:

| Appeal Type | Brought forward 1 Apr 2021 | Received 2021-22 | Cleared 2021-22 | Carried forward 31 Mar 2022 |
|---|---------------------------------------|-----------------------------|----------------------------|--|
| Council Tax: Completion Notice | 410 | 270 | 550 | 130 |
| Council Tax: Penalty Notice | 10 | 10 | 20 | 0 |
| Council Tax: Liability | 790 | 910 | 1,080 | 620 |
| Council Tax: Notice of Invalidity | 140 | 170 | 240 | 70 |
| Council Tax: Reduction | 660 | 540 | 790 | 410 |
| Council Tax: Valuation | 2,180 | 2,350 | 2,890 | 1,640 |
| Non-domestic: Completion Notice | 120 | 140 | 190 | 70 |
| Non-domestic: Penalty Notice | 0 | 90 | 50 | 40 |
| Non-domestic: Transitional Certificate | 260 | 50 | 270 | 40 |
| Non-domestic: Notice of Invalidity 2010 | 1,090 | 0 | 30 | 1,060 |
| Non-domestic: Rating List 2005 | 120 | 0 | 120 | 0 |
| Non-domestic: Rating List 2010 | 27,100 | 0 | 17,000 | 10,100 |
| Non-domestic: Rating List 2017 | 380 | 1,190 | 410 | 1,160 |
| Total | 33,260 | 5,720 | 23,640 | 15,340 |

Note: Figures in the table are rounded to the nearest 10, except for non-domestic rating (business rates) 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.

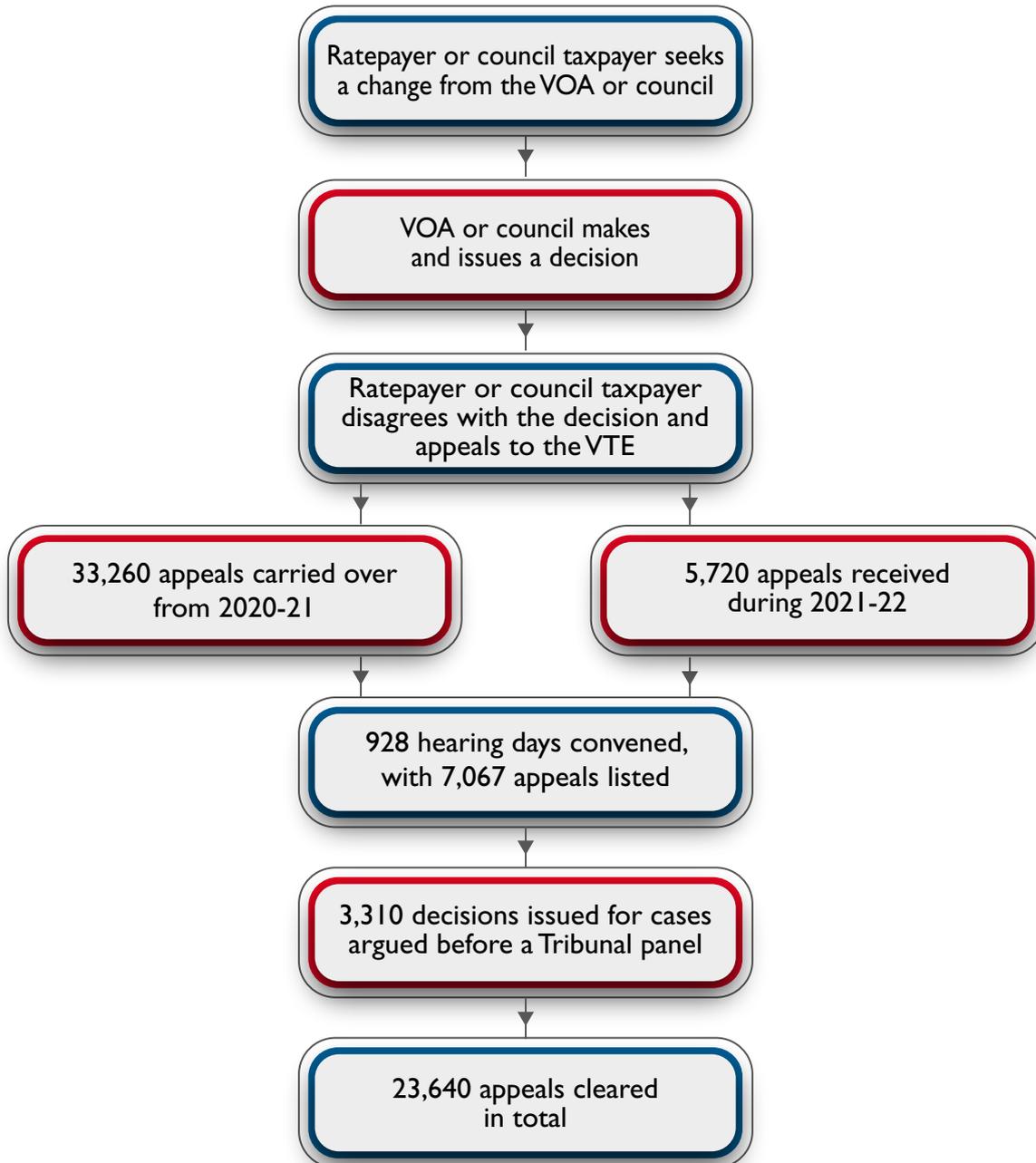
During the year, 928 hearing days were held (473 in 2020-21) to which we listed 7,067 appeals and issued 3,310 tribunal determinations. The number of hearing days has increased by over 50% as the tribunal continues to recover from the COVID-19 pandemic which saw hearings cancelled between April and July 2020. During the year, hearings were held remotely using video or telephone conferencing facilities. One hearing was held in person.



Measurement of performance

The continuing challenges of COVID-19 were very much still present during a significant part of 2021-22. Our earlier foresight in investing in technology provided an advantage in reacting responsively to what would become a changing environment. Being able to introduce flexible workable solutions has greatly benefited our performance during the year. As indicated above, we started the 2021-22 financial year by setting ourselves 16 key objectives of which 13 were met and two were met in part.

Chart I
Appeals process and headline workload figures





Achievement of business objectives and key performance indicators

The *VTS Business Plan for 2021-22* 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

| Business Plan Objective | Achievement | Comments |
|---|--------------------|--|
| Set up a project and work with professional bodies to provide direction and guidance on content, format and submission of evidence bundles, with a view to making them succinct and to assist the Tribunal in prompt decision making. | MET | Project team was created, which included representation from the professional bodies, including the VOA. <i>The NDR 2017 List Appeals Submission Evidence Requirements</i> was published on 14 February 2022 and now forms part of the Consolidated Practice Statement. |
| Build on our current experience of online remote hearings to provide greater accessibility. | MET | Remote hearings were introduced on 1 September 2020 as a COVID-19 Emergency Practice Statement. On 9 June 2021 regulatory change was enacted to include video and audio within the definition of a 'hearing'. Remote hearings are now the default. |
| Maximise the number of appeals we schedule to hearing days, within the limit of our resources, to progress appeals promptly. | MET IN PART | 80% of our hearings comprised two or more cases on a day. Late agreements and postponements meant that some hearings could not proceed with two or more cases. Whilst this fell short of our aim of 82% due to resource limitations, this was an increase on 2020-21. |
| Set up an in-house project group to review the content on our website using user feedback. | MET | Working with Government Digital, our website was redesigned and launched on 31 March 2022 with a new look and feel. |
| Enhance our online telephony to provide an improved call handling service for our staff and tribunal users by integrating with MS Teams. | MET | Telephony was successfully migrated to MS Teams platform, which negates handsets on desks, with calls made and received using laptops. |



| Business Plan Objective | Achievement | Comments |
|---|--------------------|--|
| Develop open standard interfaces to support batch processing of 2017 Rating List appeals and multiple fee payments. | MET IN PART | A high-level design has been agreed. Currently this design is in consultation stage with representatives of the professional bodies. A 'proof of concept' is being developed with our IT partners for invoicing multiple fees. |
| Engage with the VOA to develop digital interfaces to share 2017 Rating List and council tax appeal data. | NOT MET | The re-prioritising of IT development regarding the Valuation Officer's business transformation programme has impacted on the implementation of a data sharing vehicle. Expectations are that this will be completed in 2022-23. |
| Work with the VOA in achieving consistency towards e-format of challenge of decision notices. | MET | A project set up involving professional body representatives, including the VOA, to holistically review the standardisation and format of decision notices issued to date and the format of evidence bundles produced by appellants. A document entitled <i>NDR 2017 List Appeals Submission Evidence Requirements</i> was launched on 14 February 2022. |
| Look at ways to offer blended training options (online and classroom based) to VTE Members. | MET | Online modular training developed with the purpose of fitting into our people's commitments. Feedback has been positive. |
| Implement a self-service members' portal for them to maintain their own data regarding personal, training and hearing day selections. | MET | Self-service portal developed and in place. |
| Provide quarterly online drop-in sessions for VTE Members involving key VTS staff to provide a two-way forum for members. | MET | Drop-in sessions have been held during the year and there is a continuing demand for these. |

| Business Plan Objective | Achievement | Comments |
|---|-------------------|---|
| <p>Research and work towards an accredited VTS apprentice scheme as a natural development route for new recruits and to address succession planning for Tribunal Clerks.</p> | <p>MET</p> | <p>In partnership with the Institute of Rating, Revenues and Valuation (IRRV), the VTS Clerk training programme has been aligned to provide qualification avenues to our clerks.</p> |
| <p>Set up a working group facilitated by staff to make recommendations on what we can do as an organisation to promote equality, diversity and inclusion (EDI) and raise awareness of unconscious bias.</p> | <p>MET</p> | <p>EDI working group established to provide a focus on such matters. EDI organisation wide training launched.</p> |
| <p>We will migrate our HR information to a new database that is fit for purpose for an evolving organisation.</p> | <p>MET</p> | <p>CIPHR in place and fully integrated as the VTS HR database.</p> |
| <p>Reduce our current telephony expenditure by carrying out a review of existing contracts following the introduction of new telephony solution.</p> | <p>MET</p> | <p>Softphone technology in place. Redundant landlines ceased.</p> |
| <p>Reduce our estate footprint.</p> | <p>MET</p> | <p>The Doncaster office was closed at the end of the lease on 4 June 2021. At that point, the VTS estate footprint has reduced by 344sqm. All Doncaster-based staff were migrated to homeworking contracts, with no redundancies.</p> |



Key performance indicators

The 14 key performance indicators (KPIs) for 2021-22, aligned to the strategic objectives, were set prior to the onset of COVID-19. We recognised that these would be impacted by the health pandemic as we adjusted our working practices in light of the environment faced. Nine of these were exceeded or met, with the remaining five adversely impacted by the pandemic (see Table 3).

Table 3

| Performance measure | Target in 2021-22 | 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 | 6% The inability to schedule hearings between March and September 2020 due to COVID-19 restrictions resulted in a build-up of existing and new CT appeals. The backlog of appeals continues to be a focus. This KPI has decreased from 15% in 2020-21. |
| Non-domestic Rating (NDR) 2017 appeals determined within 6 months of receipt. | 85% | No | 79% The tribunal has been unable to deal with a number of appeals due to decisions on related cases being awaited from higher courts. This KPI has increased from 74% in 2020-21. |
| CT decisions issued within 1 month of the hearing | 90% | Yes | 98% 2,936 of the 2,992 CT decisions issued in the year were issued within 1 month of the hearing. This KPI has decreased from 99% in 2020-21. |
| NDR 2017 decisions issued within 1 month of the hearing | 90% | Yes | 99% 241 of the 244 NDR decisions issued in the year were issued within 1 month of the hearing. This KPI remains unchanged from 2020-21. |
| CT appeals resolved at first time of listing | 80% | No | 67% This KPI has returned a more favourable percentage compared to last year's 35%. This can be attributed to fewer cases being postponed owing to COVID-19 restrictions. This KPI has increased from 35% in 2020-21. |

| Performance measure | Target in 2021-22 | Met? | Comments |
|---|-------------------|------------|---|
| NDR 2017 appeals resolved at first time of listing | 80% | No | 61% Postponements and deferments due to fit-out costs impacted this KPI. This KPI has decreased from 66% in 2020-21. |
| Enhance the quality and consistency of our service to all stakeholders | | | |
| Complaints resolved at Stage 1 with no further escalation | 75% | Yes | 80% 19 complaints were received during this financial year, 15 of which were resolved at stage 1 and not escalated. This KPI has decreased from 93% in 2020-21. |
| Tribunal notices issued electronically | 80% | Yes | 97% Of 51,936 notices issued during the 12-month period, 50,359 were issued electronically. This has increased from 94% last year. |
| NDR 2017 List appeals lodged through VT online service | 80% | Yes | 99% Of 1,195 NDR appeals received since 1 April 2021, 1,182 appeals were received through the online portal. This has increased from 91% last year. |
| Scheduled hearings result in 2 or more appeals being heard on the day | 82% | No | 80% The introduction of remote hearings has improved this KPI as remote hearings allow more cases to be heard on a hearing day. This has increased from 45% last year. |
| Customers surveyed satisfied with the overall service | 61% | Yes | 63% (pre-hearing satisfaction rating) Two thirds of customers indicated that they were satisfied with the pre-hearing service provided by the Tribunal. This has decreased from 67% last year. |



| Performance measure | Target in 2021-22 | Met? | Comments |
|---|----------------------------|------------|---|
| 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 years | 3.6 days or less | Yes | 1.79 days Short-term absence has remained consistently low through the year. This has slightly increased from 1.58 days last year. |
| Staff receive 5 days training and development per year | 90% | No | On average, 100% of staff received 5 days training or more. This has increased from 60% last year. |
| Operate with financial and organisational initiative and efficiency | | | |
| Undisputed invoices are paid promptly within 5 days of receipt | 90% | Yes | 93% 547 undisputed invoices were processed over the 12-month period, with 505 being paid within 5 working days. This has increased from 92% last year. |

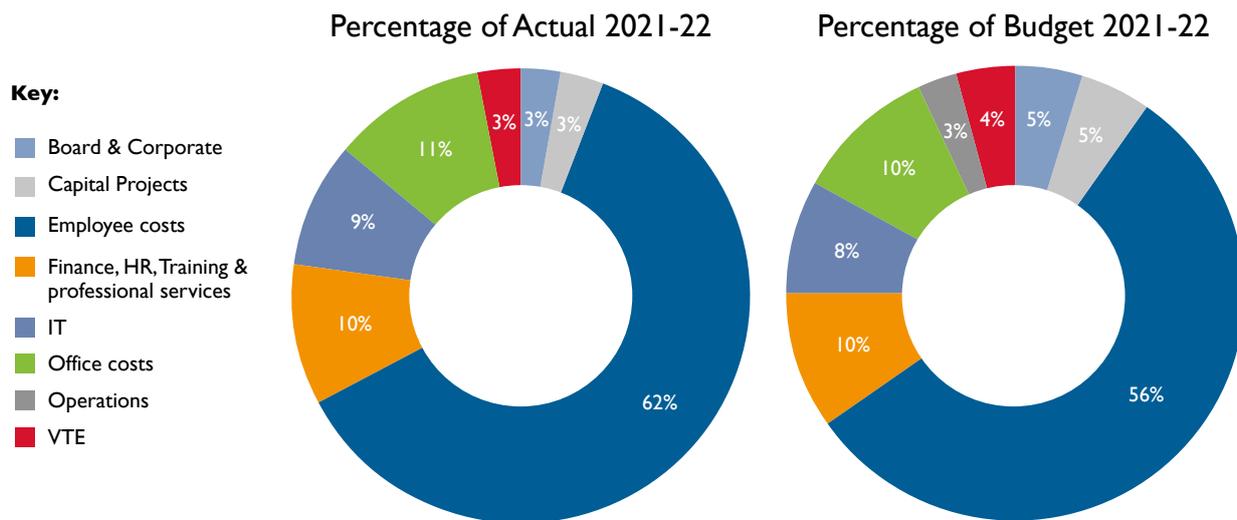
Financial Performance

The Financial Statements, as set out on pages 60-63, have been prepared in accordance with the Government's FReM.

The expenditure for the period remained within the allocated budget, with the operating expenditure at £5.6m (£5.6m in 2020-21). The largest area of expenditure was staffing costs and accounts for 66% of the total operating expenditure. The below chart provides a breakdown of how we utilise our resources.

Chart 3

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



The defined benefit pension fund closing position is a net liability of £12.8m, an overall gain of £8.2m from the previous year; this is due to changes in the financial assumptions, the return on assets and partly offset by scheme costs.

The overall gain in the pension net liability improved the Statement of Financial Position from net liability of £20.3m to £12.5m, representing a 38% rise.

Training

Staff

The continuing challenges of the health pandemic necessitated further streamlining in the production and delivery of our training. We enhanced the use of our existing MS Teams platform and the Learning Management System (LMS) (our training delivery module) so that our staff could continue to receive important training whilst constrained to work from home. To maximise participation, all MS Teams events were recorded to enable viewing at their own leisure if unable to attend the actual online session. This has proved very successful.

The use of MS Teams and digital technology has allowed us to successfully deliver an interactive training programme to our new cohort of Tribunal Clerks that we recruited at the time COVID-19 fully impacted. This was supported by our in-house team of approved trainers, and we were able to introduce a more blended approach to learning with tribunal observations using remote technology.

Adopting MS Teams, we convened quarterly virtual forums to deliver much needed updates to our clerks which were pivotal to their role. This concept has also been expanded to our cohort of Tribunal Support Officers.



Reflecting on the continued challenges of working from home, increasing awareness of staff mental health and wellbeing has been a key priority for us. We worked in partnership with a number of external bodies in providing talks on areas such as menopause, coping with stress and working from home generally. Building on this success, we are expanding this engagement to include andropause, prostate cancer awareness and physical wellbeing.

Equality, Diversity and Inclusion (EDI) awareness has remained a focal point, with a number of virtual sessions delivered by an external provider, with online learning modules on Unconscious Bias, Introduction to EDI and an LGBTQI+ Awareness foundation module to complement this.

We set ourselves an aim for an average of five days training and development per member of staff. In 2021-22 we achieved an average of six days.

Valuation Tribunal for England (VTE) Members

During the year we provided MS Teams as a digital training platform to VTE Members, where specialists were invited to deliver bitesize training sessions covering pertinent issues facing the Tribunal and the wider world of rating and council tax.

Our VTE Members balance their voluntary commitment to the Tribunal with their own personal or business obligations, and to maximise attendance these bitesize training sessions were delivered, and continue to be delivered, at various times of the day. Wherever possible, sessions are recorded and uploaded onto the LMS to make them more easily accessible if members are unable to join a live session. This has allowed 63% of VTE Members to actively engage in training this year.

Our user survey

In our role as a service delivery organisation, it remains important that we review feedback from our users. We continue to commission customer research to better understand the opinions from our non-represented users, and we have in place forums to obtain feedback from professional representatives and their professional bodies.

We recognise that Tribunal decisions will inevitably impact on satisfaction levels. In September 2020 we revised our customer research to provide a more detailed focus on user experience at the two key stages of the user journey: pre-hearing stage (administrative) and afterwards the post-hearing stage (their experience of the hearing itself). We have now built our customer survey on four pillars of the Procedural Justice Theory capturing (1) Fairness – being fair in processes; (2) Transparency – transparent in actions; (3) Voice – providing opportunities to be heard and (4) Impartiality – impartial in decision making. Using this methodology, we are able to see that satisfaction levels pre-hearing for 2021-22 is at 63% (70% in 2020-21). The drop in satisfaction is mainly due to the challenges presented by COVID-19. It should also be noted that the sample surveyed this year is significantly higher than the previous year (641 in 2021-22; 98 in 2020-21). Satisfaction levels at the hearing itself is at 48% (43% in 2021). Again, the sample surveyed in 2021-22 of 371 is significantly higher than that of 2020-21 (88).

We have developed an action plan with the aim of focussing on areas where we can increase 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, 19 formal complaints about the administration were registered (compared to 14 in 2020-21) and six were upheld (one in part). In all, 15 of the complaints were resolved at the first stage of the two-stage complaints process. There were six complaints concerning aspects of customer service, four of which were resolved at the first stage.

No complaints 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 last year continues to provide significant financial, as well as operational, efficiencies.

Estate matters

In line with our strategic thinking, we did not renew the lease on the Doncaster office we shared within the Department of Work and Pensions building; we vacated this space on 4 June 2022. This did not involve any redundancies and all our staff based in Doncaster moved to homeworking contracts.

With both Cabinet Office (Places for Growth) and National Property Controls approval, we now operate administratively from a single office in Leman Street, London. Our lease expires on 31 October 2025.

Like many other organisations, the COVID-19 pandemic has impacted on the occupation of our office. Following the lifting of restrictions, we returned to our office in September 2021 on a two-day per week basis. This has since increased to three days per week from 1 May 2022.



External venues for hearings

Before the COVID-19 pandemic the VTS hired a number of external premises (around 70) throughout England, ranging from council owned to hotel accommodation, to convene Valuation Tribunal hearings. Since the migration to remote hearings, the need for hearing venues has significantly reduced and the VTE now operates remote hearings as the default. However, it is recognised that there may be instances where online hearings may not be the most effective way to dispense justice for a particular appeal. In such cases, we will continue to hire external venues as required, although this is expected to be limited.

Health and safety

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

Health and Safety received a particular focus during COVID-19 via weekly dedicated COVID-19 MS Teams meetings involving the Chief Executive, Directors and HR, with any health and safety issues addressed immediately.

For staff working from home because of COVID-19 restrictions, we applied the Health and Safety Executive (HSE) self-assessment working from home review. Where staff were transitioned to permanent homeworking as part of their contractual arrangement, we engaged an external approved contractor to carry out Display Screen Equipment (DSE) and health and safety checks to ensure safe homeworking.

Where government advice to work from home applied during parts of 2021-22, our Lemn Street COVID-19 assessed office remained open for staff experiencing difficulties working from home. Following the lifting of restrictions, we introduced a mandatory two-day office attendance which was expanded to three days on 1 May 2022.

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

The closure of our Doncaster office allowed us to restructure our Health and Safety Committee.

Sustainability reporting and Environmental impact

The decision to move our hearings from attendance in a hearing room to online has significantly contributed towards our greenhouse gases emissions across the organisation. Our approach has removed the requirement previously on the parties to travel to a selected hearing venue.

The non-renewal of our lease in Doncaster in June 2021, and the subsequent migration of staff from office-based to home-based contracts, has contributed towards reduced gas emissions.

Our suppliers are selected from the Crown Commercial Services suppliers, who have been vetted as meeting the sustainable and environmental expectations of government. In doing so, we promote green initiatives.

We continue to champion a paperless office and through capital investment have moved hearings to a paperless environment by the introduction of an appeal portal to allow the electronic submission of evidence bundles.

Here are some of the key aspects we continue to focus on in the following areas:



Greenhouse gas emissions

- ✔ Contribute to the reducing of our overall footprint by continuing to hold online hearings.



Reducing waste sent to landfill

- ✔ Raising awareness and championing the importance of shredding and recycling of our paper waste. We have reduced the number of confidential bin collections throughout the year owing to already decreased paper usage.



Water

- ✔ Water consumption has lowered and this is reflective of the lower occupancy in the London office.



Paper

- ✔ Continued investment in technology such as laptops and tablets enabling staff to cut their reliance on paper.
- ✔ Introduction of appeals portals which allows parties to submit their evidence bundles electronically instead of via the post.
- ✔ Reduced the number of operational printers throughout the organisation – this is not expected to rise when more people return to the office.



Travel

- ✔ Staff are now carrying out much of their training online via the Learning Management System rather than travelling to training venues.



Climate change adaptations

Our London office continues to be risk assessed for exposure to flooding and such factors are taken into consideration within our business continuity plans.

Equality, Diversity and Inclusion (EDI)

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

During the year under review, we assessed our progress against the EDI Framework objectives. This was launched in 2020-21 to promote EDI within the workplace, facilitating further progress on initiatives and opening up opportunities for those who fall within the protected characteristics identified in the Equality Act 2010. A working group, comprising staff across all levels of the VTS, met 10 times 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.

This was augmented by introducing further training for staff, VTE Members and the VTS Board. This was achieved through a combination of formal training sessions coupled with online modules within our LMS. Modules included awareness of Unconscious Bias, LGBTQI+ Awareness and Trans Awareness.

We also developed some additional initiatives emanating from the recommendations of the EDI working group. These include:

- having a distinct EDI section on our intranet flagging important EDI events and issues
- further online supportive training
- planning to introduce a more holistic mentoring and shadowing programme
- extension of project work opportunities to encourage more staff to participate and develop management and associated/transferable skills
- setting up of an EDI Strategy Group
- ensuring EDI is a standing item on all team meeting agendas
- assessing the Local Government Association's 15-point initiatives to see if any are transferable into the VTS
- monitoring and assessing the impact of changed working patterns on EDI within the VTS and any consequential impact on recruitment (and retention).

We continue to offer the service of translating our guidance booklets and VTE decision documents into other languages, Braille or large print. No such requests were received during the year.

During the year we received no requests for signers or other communication assistance. There were eight requests for interpreters (four in 2020-21) to assist appellants. During the year under review, we arranged interpreters for Arabic, Bengali, Egyptian, Farsi Persian, Polish, Spanish and Urdu speakers to assist at tribunal hearings.

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, this software contains a facility that explains the meaning of any word for the user and enables MP3 files to be created. This year, we logged around 441 toolbar loads and 56 speech requests for Texthelp.

Freedom of information and data protection

In 2021-22 there were 66 requests (66 in 2020-21) under the Freedom of Information Act for information not readily available.



Antonio Masella

Chief Executive & Chief Operating Officer
Valuation Tribunal Service

6 January 2023



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.

Corporate governance report

The Directors' report

VTS Chair – **Harry Rich** (Harry Rich replaced Robin Evans as Chair when his appointment expired at the end of March 2021)

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

In 2021-22 the Board comprised:

- **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**
- **Harry Rich** (Chair)

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

Cyber Security has been a primary focus during this financial year. Increased external threats to data integrity and live services have resulted in an expansion of the Cyber team within the Department for Levelling Up, Housing and Communities (DLUHC). The VTS have been working with this team to ensure new processes are embedded and necessary system checks are implemented. On services that sit outside the DLUHC IT environment we have been proactive in ensuring appropriate penetration testing of live services and taken actions to mitigate any residual risks.

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.

All risks have been evaluated and proportionate controls and mitigations are in place. Any non-compliance with guidelines or instructions has been captured in the Data Protection and Information Security Events and Actions log. Where necessary, controls are strengthened to prevent reoccurrence.

Statement of Accounting Officer's responsibilities

Under the Local Government Act 2003, Schedule 4, the VTS is required to prepare for each financial year a statement of accounts giving a true and fair view of the state of affairs and the use of funds delegated to the VTS (see Accounts Direction page 82). The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs.

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

- observe the Accounts Direction issued by 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 Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.



The VTS Chief Executive is also the appointed Accounting Officer. Funding is delegated to the VTS Accounting Officer by the Principal Accounting Officer of Department of Levelling Up, Housing and Communities. The responsibilities of the Accounting Officer include responsibilities for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding VTS assets, as set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, I have taken all the necessary steps to make myself aware of any relevant audit information and to establish that VTS auditors are aware of that information. So far as I am aware, there is no relevant audit information of which auditors are not aware.

I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take responsibility for the annual report and accounts and the judgments required for determining that it 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 Agreement agreed with the DLUHC, our sponsor. 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.

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. The VTS is assisted in this aim by the Finance Director.

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 (OCPA). Harry Rich was appointed as Chair from 10 May 2021. Kevin Everett was reappointed to the Board for a further term expiring 31 August 2024. The term of appointments for all Board Members are set out in Table 4 below.

The Framework Document, agreed in December 2018, governs the relationship between the VTS and our sponsoring Department. DLUHC schedule a number of Accounting Officer meetings during the year, usually quarterly, where financial progress against allocated budgets, issues impacting on service delivery, 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 is one that acknowledges 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 the 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 and direction for the two separate organisations.



Board performance, assessment and effectiveness

The Board met formally on seven occasions during the year. The health pandemic and social distancing requirements have meant that all but three meetings held during 2021-22 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, the Chairs of the various Board committees and myself. The Board receives quarterly reports on performance against objectives, KPIs and workload data.

During the year, the Board also discussed:

- May 2021: review of management accounts; Doncaster office lease; review of risk assurance map; review of 2020-21 business plan objectives
- July 2021: management accounts; review of risk register and assurance map; Incident Response & Business Continuity planning review; implications of managing Check, Challenge and Appeal (CCA) volumes; review of remote hearings; VTE Members' allowances; review of Board meetings and structure
- October 2021: review of *Annual Report and Accounts 2020-21*; draft governance statement; progress against KPIs; VTE Members' engagement survey; returning to office working
- November 2021: impact of the fundamental business rates review; VTE Members' engagement on hearings
- 4 January 2022: approval of *Annual Report and Accounts 2020-21*
- 26 January 2022: the impact of Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021 on challenges citing COVID-19 as a material change of circumstance; business plan achievements; staff recruitment
- March 2022: capital requirements for 2022-23; review of action plan on HR Strategy; Capital planning for 2021-22; approval of the draft budget for 2022-23; approval of *Corporate and Business Plan 2022-23*.

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 (7 board meetings in 2021-22) | Attendance at Audit & Risk Assurance (ARAC) Committee meetings (4 in 2021-22) | Attendance at Finance Committee meetings (4 in 2021-22) | Attendance at Remuneration & Terms of Service Committee meetings (1 in 2021-22) |
|--|--------------------------------------|---|--|--|--|
| Neil Buckley | 30 November 2023 | ■ 7 | | ■ 4 | ■ |
| Harry Rich | 9 May 2024 | ■ 7 | | ■ 4 | ■ |
| Kevin Everett | 31 August 2024 | ■ 5 | ■ 3 | | |
| Gary Garland | n/a | ■ 5 | | ■ 4 | |
| Suzanne McCarthy | 31 March 2024 | ■ 7 | ■ 4 | | ■ |
| Lola Moses | 7 February 2023 | ■ 5 | ■ 4 | | |
| Robert Paul Cammidge | 3 January 2023 | ■ 7 | ■ 4 | | |
| Stephen Chappell | 2 February 2023 | ■ 7 | | ■ 4 | |
| Alison Griffiths | 2 February 2023 | ■ 6 | | | ■ |
| Joanne Kennedy-Reardon (independent member of the ARAC) | 31 August 2025 | | ■ 4 | | |

■ 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 government restrictions in place during the COVID-19 pandemic, four of the seven meetings held during 2021-22 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 initially appointed, following an external recruitment exercise, as the independent member of the Committee for a three-year term expiring

31 August 2022. On 11 July 2022 this term was extended for a further three-year term ending 31 August 2025.

External and Internal Auditors also attend meetings and representatives from our sponsoring team have 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 2020-21 year-end financial statements and the audit completion report. Our audited 2020-21 statutory accounts were laid before Parliament on 17 January 2022, the delay laying of the annual report and accounts was due to the review and completion of the pension scheme, 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 and workload volume projections were matters the Committee focussed on over the year. The Committee also carried out a self-evaluation exercise during the year which, other than informing training needs, raised no matters of concern.

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 the pay budget and the impact of recruitment following expected retirements of key staff, and the draft budget for 2022-23 in light of public spending pressures. 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 2021-22 the Committee met once and recommended to the Board and the sponsoring Department 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 reviewed progress regarding the status of the report submitted previously to our sponsor. The Chief Executive was invited to forward recommendations, which were accepted by the Committee in May 2022, approved by the Board and implemented. The salary differential highlighted within the report of the VTS Chief Executive in comparison with other bodies within and external to DLUHC's family of arms-length bodies, remains outstanding.



There are two management committees that have provided me with additional support during the year:

- **Executive Management Team (EMT)** – This group is made up of the Directors and myself. Its role is to assist and share in my decision making by providing accurate information and to advise in the delivery of the VTS's aims and to provide strategic direction to staff. The EMT met on 11 occasions during the year.
- **Senior Operational Management Team (SOMT)** – This management group comprises the Director of Operations & Development (who chairs the meetings), Head of HR & Training, Registrar, Planning Manager and the Performance Manager, and is responsible for reviewing operational activity and for improving business processes to enhance service provision. The SOMT met on 10 occasions during the year.

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 Business Development Analyst, the Business Development Officer and Finance Director. 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. This also led to the creation of a Board Recruitment Strategy, which has been submitted to our sponsor.

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.

The Director of Operations & Development was appointed as the Senior Information Risk Owner (SIRO) on 1 April 2022, a role previously held by the Finance Director, 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 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. The Board appointed the Business Development Analyst as the DPO with effect 1 April 2022 to provide 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.

An incident of attempted cyber fraud was reported to me on 29 July 2022. This involved impersonating a member of staff in an email to Human Resources requesting bank detail changes. Unfortunately, in the belief the request was bonafide, this change request was acted upon. However, this did not result in a financial loss to the organisation as our systems stopped the payment being made.

In accordance with our *Fraud Policy*, I commissioned an internal fact-finding investigation as well as Mazars, our internal auditor, to conduct an audit on the matter. This audit report was considered by the ARAC on 27 September 2022 and the Board on 28 September 2022 where recommendations to better enhance awareness and safeguards around cyber fraud within the organisation were considered.

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 2021-22.

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 26 planned days and ARAC received four reports based on the 2021-22 plan. These reports were on Learning Management System (substantial assurance), Stakeholder Management (moderate assurance), VTE Member Recruitment Process (substantial assurance) and Procurement & Contract Management (moderate assurance).

A total of nine recommendations arose from these reports, of which four were 'medium' and five 'low' (housekeeping). None of the nine recommendations highlighted fundamental weaknesses and of the nine recommendations highlighted, eight were confirmed by Internal Audit as having been implemented and one was superseded by events.

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 were considered fundamental, and these have been 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. In 2021-22 we met on three separate occasions with our sponsors.

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 frontline staff, enabling me to keep in touch with operational delivery across both offices.

Significant risks and issues

VTE Members

The most significant risk that now faces us post COVID-19 is the engagement of VTE Members on remote hearings using a virtual platform. Remote hearings were introduced in September 2020 under the VTE President's Emergency COVID-19 Practice Statement to ensure access to justice was not denied during the course of this pandemic. This use of online hearings is now further supported by legislative change introduced on 9 June 2021. Remote hearings is now the default and is part of the published *VTE's Consolidated Practice Statement (1 April 2022)*.



During the year we have carried out both external and internal research to better understand VTE Members' views regarding the new way of working. This research has highlighted where engagement may be improved, and we are working on proposals with our sponsoring Department.

Since 2018 we have maintained an annual recruitment exercise with the Judicial Appointments Commission (JAC) as a way of keeping pace with the loss of VTE Members, whether by resignations to pursue paid judicial work or through statutory retirements (the retiring age being 72 years). We remain concerned with the length of time taken to complete recruitment exercises with the JAC. Appointments following the 2021 recruitment exercise were only recently confirmed in June 2022 and this lengthy process from interview to receiving confirmation of the appointment results in suitable appointees dropping out of the process.

Having recently been advised in June 2022 by the Judicial Office of the outcome of the 2021 recruitment exercise, we are in the process of implementing our onboarding programme to induct these 37 new VTE Members into our jurisdiction. We have already embarked on the 2022 recruitment exercise with the JAC and the closing date for this exercise was 23 March 2022. We are waiting for the JAC selection process to conclude and appointments to be confirmed, hopefully no later than December 2022.

Appeals

We received a total of 5,720 appeals between 1 April 2021 and 31 March 2022, of which 1,190 were received under the 2017 Rating List (Check, Challenge and Appeal (CCA)), an increase from 380 received in 2020-21. Appeals are the end product of the CCA process once the check and challenge processes are exhausted and decision notices issued by the Valuation Office Agency (VOA). At that point, ratepayers have four months in which to appeal this decision notice.

The 2017 Rating List will be approaching its end on 31 March 2023 and government has issued a consultation regarding its views on end of rating list provisions. The current view is that checks will be permitted up to and including 31 March 2023. Our expectation is that these provisions will see an increase in appeal receipts as the business rates community focus in securing correct rateable values for their non-domestic properties for this rating list. Our projected expectations have been previously shared with stakeholders and our sponsoring Department.

As the appeal process follows the challenge stage it is likely that we may still be receiving 2017 appeals at a time when focus will be on the new three-year 2023 revaluation.

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

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 consideration of performance award as recommended to the Board by the Remuneration & Terms of Service Committee. Any such award has also been 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) | |
|------------------|----------------|---------|--|---------|---------------|---------|
| | 2021-22 | 2020-21 | 2021-22 | 2020-21 | 2021-22 | 2020-21 |
| Robin Evans* | – | 5-10 | – | – | – | 5-10 |
| Harry Rich** | 5-10 | – | – | – | 5-10 | – |
| Lola Moses | 5-10 | 5-10 | – | – | 5-10 | 5-10 |
| Gary Garland*** | 70-75 | 70-75 | 37 | 37 | 105-110 | 105-110 |
| Neil Buckley | 5-10 | 5-10 | – | – | 5-10 | 5-10 |
| Suzanne McCarthy | 5-10 | 5-10 | – | – | 5-10 | 5-10 |
| Kevin Everett | 5-10 | 5-10 | – | – | 5-10 | 5-10 |
| Robert Cammidge | 5-10 | 5-10 | – | – | 5-10 | 5-10 |
| Stephen Chappell | 5-10 | 5-10 | – | – | 5-10 | 5-10 |
| Alison Griffiths | 5-10 | 5-10 | – | – | 5-10 | 5-10 |

* Leaver – last date of 31 March 2021

** Joined 10 May 2021

*** 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 2021-22 £36,600 (2020-21: £37,280) was paid by the VTS into the Judicial Pension Scheme.

Remuneration of Directors

Table 6
Single total figure of remuneration

| Officials | Salary (£'000) | | Bonus payments (£'000) * | | Pension benefits (to nearest £'000) ** | | Total (£'000) | |
|---|----------------|----------|--------------------------|---------|--|---------|---------------|---------|
| | 2021-22 | 2020-21 | 2021-22 | 2020-21 | 2021-22 | 2020-21 | 2021-22 | 2020-21 |
| Antonio Masella Chief Executive & Chief Operating Officer | 100-105 | 100-105 | 5-10 | 5-10 | 14 | 55 | 120-125 | 160-165 |
| Lee Anderson Director of Operations & Development | 80-85 | 75-80 | – | – | 11 | 40 | 90-95 | 115-120 |
| Keung Wong Finance Director | 80-85 | 85-90*** | – | – | 23 | 28 | 80-85 | 80-85 |

* Bonus is usually paid one year in arrears.

** 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.

*** 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.

Salaries for senior executives are kept under review and any changes are subject to potential approval by the Remuneration & Terms of Service Committee and Board.

Bonuses

Consideration of the Chief Executive's bonus is contractual and is up 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 (i.e. a CARE scheme). In effect, the final salary element was removed from that date onwards.

Pension benefits

Table 7

| Officials | Accrued pension at pension age as at 31 March 2022 and related lump sum £'000 | Real increase in pension and related lump sum at pension age £'000 | CETV at 31 March 2022 £'000 | CETV at 31 March 2021 £'000 | Real increase in CETV £'000 |
|---|--|---|--|--|--|
| Antonio Masella | | | | | |
| Chief Executive & Chief Operating Officer | 59 plus lump sum 92 | 1 plus lump sum 0 | 1,139 | 1,052 | 43 |
| Lee Anderson | | | | | |
| Director of Operations & Development | 41 plus lump sum 60 | 1 plus lump sum 0 | 713 | 658 | 27 |
| Keung Wong | | | | | |
| Finance Director | 7 plus lump sum 0 | 2 plus lump sum 0 | 87 | 63 | 14 |

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 and quartile remuneration of the organisation's workforce.

The banded remuneration of the highest paid Director in the VTS in the financial year 2021-22 was within the remuneration band of £110,000-£115,000 (2020-21: £105,000-£110,000). Figures for remuneration bands comprise bonus band added to salary band. This was 3.06 times (2020-21: 2.9 times) the median remuneration of the workforce. The median in 2021-22 was £36,818 (2020-21: £36,922). In 2021-22, 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-£25,000 to a highest band of £110,000-£115,000 (2020-21: £20,000-£25,000 lowest band to a highest band of £105,000-£110,000).

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

Percentage change in total salary and bonuses for the highest paid Director and the staff average

| | 2021-22 | | 2020-21 | |
|-----------------------|-----------------------------|----------------|-----------------------------|----------------|
| | Total salary and allowances | Bonus payments | Total salary and allowances | Bonus payments |
| Staff average | 1.00% | n/a | -1.19% | n/a |
| Highest paid Director | 1.75% | 53.78% | 2.75% | 0% |

The calculations includes bonus which is paid in arrears

Table 9

| | 2021-22 | 2020-21* |
|---|---------------|---------------|
| Band of highest paid Director's total remuneration | £110k – £115k | £105k – £110k |
| Mid-point of highest paid Director's salary band (used in ratios) | £112,500 | £107,500 |
| Median Remuneration (excluding highest paid Director) | £36,818 | £36,922 |
| Ratio of median to highest paid Director's salary band (mid-point) | 3.06 | 2.9 |
| 25th percentile remuneration (£) | £28,344 | – |
| Ratio of 25th percentile to highest paid Director's salary band (mid-point) | 3.97 | – |
| 75th percentile remuneration (£) | £40,578 | – |
| Ratio of 75th percentile to highest paid Director's salary band (mid-point) | 2.77 | – |

* The additional quartile requirements are new for 2021-22, and no such figures for quartiles in 2020-21 were required to be reported, hence these parts of the table are left blank.

**Table 10**

| Remuneration band | Period ended 31 March 2022, based on FTE pay, number of staff | Period ended 31 March 2021, based on FTE pay, number of staff |
|--------------------------|--|--|
| £40,000 to £44,999 | 11 | 5 |
| £45,000 to £49,999 | 1 | 1 |
| £50,000 to £54,999 | 2 | – |
| £55,000 to £59,999 | 3 | 5 |
| £60,000 to £64,999 | – | – |
| £65,000 to £69,999 | 1 | 1 |
| £70,000 to £74,999 | 1 | 1 |
| £75,000 to £79,999 | – | 1 |
| £80,000 to £84,999 | 2 | 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 bonus payment.

Staff report

The VTS restructured its operational team during 2019-20, just ahead of the COVID-19 pandemic commencing in the UK. During 2020-21 and 2021-22 there was a period of further development of working practices to underpin the new structural arrangements which was dovetailed with the need to be agile and flexible with our responses to COVID-19. The structure is lean and resulted in bolstering our operational focus towards greater customer service and stakeholder engagement. In turn this underpinned our 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. Our earlier updating of our grading structure for Tribunal Support Officers reflected their added responsibilities as determined through job evaluation. This structure creates the environment for staff development and facilitates an improved career pathway for individuals coming into the organisation at the bottom rung, developing their skills and abilities to enable them eventually to 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.

Throughout 2021-22 staff have moved with great agility and flexibility to cope with the changing COVID-19 circumstances. We have fully utilised IT to support this through IT communication/video conferencing packages such as Microsoft (MS) Teams. This has been used for internal communications as well as for tribunals and has proved successful in allowing good communication despite working from home for long periods of time. We have also built upon our LMS to support greater workplace resilience via the provision of more online training resources and learning modules, including the recording of training sessions etc., to build up a library of suitable development resources that staff can dip into at any point.

Our detailed (and amendable) succession plan was kept under regular review and will form the focus for further work during 2022-23.

During 2021-22 (as in 2020-21) many office-based staff underwent periods of homeworking. We assessed where it was sensible and appropriate to make such changes permanent and this was particularly relevant given the closure of the Doncaster office in June 2021. We transitioned previously office-based clerking staff and office-based Tribunal Support Officers to homeworking during this time.

We have also been mindful of the need to support staff mental health during the pandemic, and for 2022-23, we intend to have a renewed focus on physical wellbeing, as well as mental health, and progress further with our EDI initiatives reported earlier in this report.



Staff costs

Staff costs comprise:

Table II (audited)

| | 2021-22 | 2020-21 |
|-----------------------|----------------|----------------|
| | £'000 | £'000 |
| Wages and salaries | 2,308 | 2,300 |
| Social security costs | 246 | 247 |
| Other pension costs | 1,096 | 989 |
| Agency staff costs | 15 | 258 |
| Total | 3,665 | 3,794 |

Staff numbers as at 31 March 2022

As at 31 March 2022, the actual number of staff employed (headcount) was 59 compared to 61 as at 1 April 2021.

Average number of staff over the year

The average staff FTE for the whole year was 58.26 (2020-21: 60.55) (based on numbers each month rather than a simple average of start and end of year numbers).

There was one early retirement on ill-health grounds in 2021-22 (and none in the previous three years).

During the year there were six new starters – four tribunal clerking staff, one Finance Officer and one Corporate Services Assistant. There were ten leavers during the year. Five were retirements, four were normal resignations and one was an ill-health retirement/capability dismissal. 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 ten people left during the year, this is a turnover rate of 16.9% if including voluntary retirements and 8.4% excluding those retiring.

Average number of persons employed:

Table 12 (audited)

| | Permanently employed staff | Others | 2021-22 Total | 2020-21 (Headcount) | 2020-21 FTE* |
|-------------------|----------------------------|--------|---------------|---------------------|--------------|
| Directly employed | 58.26 | - | 58.26 | 58 | 56.55 |
| Other | - | 2.0 | 2.0 | 4 | 4.0 |
| Total | 58.26 | 2.0 | 60.26 | 62 | 60.55 |

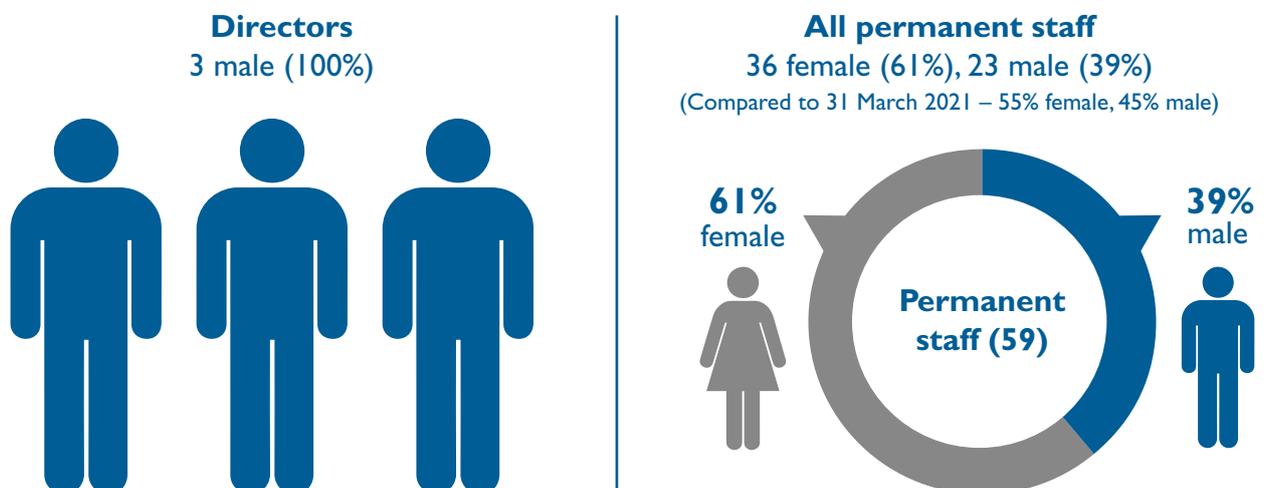
* 2020-21 was reported as headcount figures. We will be using FTE going forward and have included the FTE figures for 2020-21 to aid comparison.

Staff composition at 31 March 2022

Table 13
Gender Profile as at 31 March 2022

| Gender | Number 2021-22 | Percentage 2021-22 | Percentage 2020-21 | Variance 2021-22 to 2020-21 |
|--------|----------------|--------------------|--------------------|-----------------------------|
| Female | 36 | 61% | 55% | 6% |
| Male | 23 | 39% | 45% | -6% |

Chart 5
Gender Profile as at 31 March 2022





The representation of ethnic minorities within the workforce at the end of the year decreased very slightly to 20.3% compared to 21.7% as at 31 March 2021.

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 seven individuals as at 31 March 2022 (11.9% of the workforce, compared to six individuals - 10% of the workforce in 2020-21). 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 45.9 from 46.6 in 2020-21. The median age was 49 as at 31 March 2022 – a slight decrease from age 50 reported for 31 March 2021.

Table 14
Age Profile as at 31 March 2022 (and last year’s percentages – 2020-21)

| Age | Number 2021-22 | Percentage 2021-22 | Previous year 2020-21 | Variation percentage |
|--------------|-------------------|-----------------------|--------------------------|-------------------------|
| Under 30 | 6 | 10.17 | 13.33 | -3.16 |
| 30-40 | 14 | 23.73 | 18.33 | 5.40 |
| 40-50 | 11 | 18.64 | 18.33 | 0.31 |
| 50-60 | 21 | 35.59 | 40.00 | -4.41 |
| 60+ | 7 | 11.86 | 10.00 | 1.86 |
| Total | 59 | 100 | 100 | |

Table 15
Length of Service as at 31 March 2022

| Length of Service | Number 2021-22 | Percentage 2021-22 | 2020-21 percentage | Variation percentage |
|-------------------|-------------------|-----------------------|-----------------------|-------------------------|
| Under 3 years | 13 | 22.03 | 28.33 | -6.30 |
| 3-5 years | 9 | 15.25 | 11.67 | 3.58 |
| 5-10 years | 13 | 22.03 | 15.00 | 7.03 |
| 10-20 years | 7 | 11.86 | 11.67 | 0.19 |
| 20-30 years | 7 | 11.86 | 11.67 | 0.19 |
| 30+ years | 10 | 16.95 | 21.67 | -4.72 |
| Total | 59 | 100% | | |

Chart 6
Age Profile as at 31 March 2022

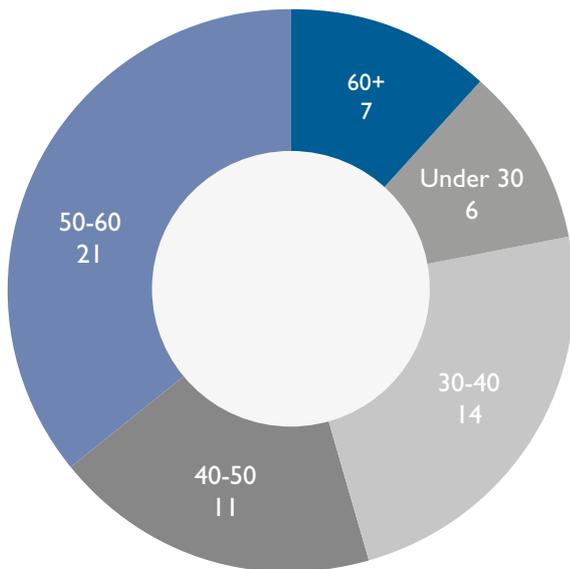
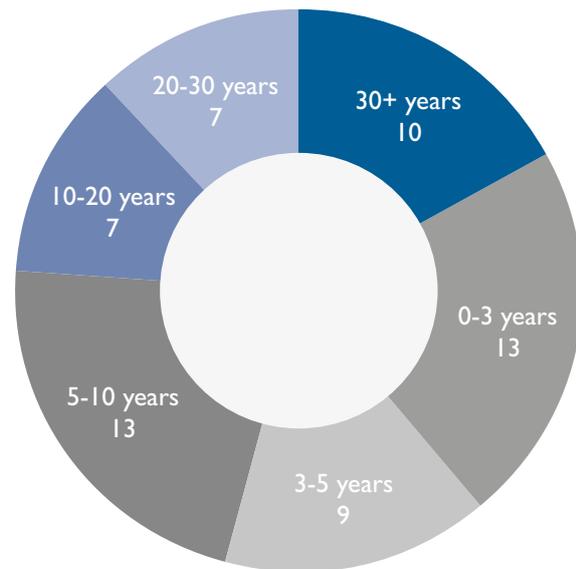


Chart 7
Length of Service as at 31 March 2022



The average length of service decreased slightly to 12.81 years (from 13.9 in 2020-21). This was largely as a consequence of some longer-serving staff retiring. The median length of service increased slightly to 8.67 years (from last year's 8.2 years). (These figures include service in the former valuation tribunals before staff transferred to the VTS in 2004.)

Sickness absence data

In 2021-22, 50% (30 people) from our average staffing had sickness absence (assuming a simple average staffing of number of employees at 1 April 2021 (61 people) and number employed as at 31 March 2022 (59 people) = average of 60). By this calculation, 30 people (50%) who were part of the workforce as at 31 March 2022 had no sickness during the year. In the previous year (2020-21), 42 people (70% of the workforce) had no sickness.

The average sickness absence, including long-term absence (absences over 20 consecutive days), for the rolling year to 31 March 2022 decreased from 8.97 to 7.54 days. Excluding long-term sickness, average sickness absence was 2.08 days per person (compared to the 2020-21 figure of 1 day per person). This remains in line with our KPI of maintaining short-term absence under 3.2 days⁴ per employee.

There was one ill-health retirement during the year of someone who had been on long-term sickness for some time (effective on 31 March 2022).

4 (*from XpertHR Survey of sickness 2019 = 3.2 days)



This was another unusual year due to the COVID-19 pandemic. Nine staff reported sickness as a result of contracting COVID-19. More staff than the nine actually contracted COVID-19 but where this was a less severe version of the virus, they managed to isolate and work from home without any sickness absence.

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

These included all our Health and Safety policies, 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. During the various COVID-19 lockdowns, we were able to continue with recruitment using remote interviews on MS Teams. This potentially could be more challenging if we have to revert to this in the future 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 (EAP) 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. The EAP can also be used for a variety of things such as health issues, bereavement, debt etc.

The VTS continues to build upon its wellbeing and mental health arrangements and providing support in the workplace.

Staff have been provided with the necessary equipment. Display Screen Equipment (DSE) 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 MS Teams and to participate in non-work conversations. All of this was put in place to be supportive of staff in trying to mitigate against the onset of mental health difficulties and potential depression as a side effect of the pandemic. Staff have been encouraged to participate in a variety of activities to help towards mental health wellbeing such as quizzes and supportive LMS modules, as well as regular support and conversations from managers and HR.

Reporting of compensation schemes

There were no redundancies in 2021-22 (subject to audit).

Off-payroll engagements

The VTS follows HM Treasury guidance in respect of the engagement of temporary staff. Where agency staff that fall within the definition of IR35 are required, they are contracted via umbrella company arrangements ensuring that the payroll taxes and national insurance are deducted at point of payment. There were no off-payroll engagements.

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 £49,000 (£43,000 for 2020-21) 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, 1,178 appeals were lodged with fees received totalling £325,800. This information has been audited.

The VTS has no remote contingent liabilities, gifts, losses, special payments or irregular expenditure to report under this Parliamentary Accountability disclosure. There were no losses for the 2021-22 financial year. This information has been audited.

A handwritten signature in black ink, appearing to read 'Antonio Masella'.

Antonio Masella
Accounting Officer
Valuation Tribunal Service

6 January 2023

The 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 2022 under the Local Government Act 2003.

The financial statements comprise the Valuation Tribunal Service's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Valuation Tribunal Service's affairs as at 31 March 2022 and its net expenditure for the year then ended; and
- 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 (UK) (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 Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Valuation Tribunal Service is adopted in consideration of the requirements set out in 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 anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report but does not include the financial statements nor my auditor's certificate. The Accounting Officer is responsible for the other information.

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

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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Local Government Act 2003.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with 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 and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Valuation 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:

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

Responsibilities of the Board and Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;



- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- 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 Accounting Officer anticipates that the services provided by the 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

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

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

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

- the nature of the sector, control environment and operational performance including the design of the Valuation Tribunal Service's accounting policies and performance indicators;
- 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 compliance with the Local Government Act 2003 and Managing Public Money.
- discussing among the engagement team and involving relevant external specialists, including the experts employed to consider the actuary's report on the defined pension scheme, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I also obtained an understanding of the Valuation Tribunal Service's framework of authority as well as other legal and regulatory frameworks in which the Valuation Tribunal Service operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Valuation Tribunal Service. The key laws and regulations I considered in this context included the Local Government Act 2003, Managing Public Money, employment law and tax legislation.

In addition, I considered the nature of the control environment of the Valuation Tribunal Service its business performance and performance targets, and performed risk-based sampling of manual journals to identify those presenting higher risk of fraud, informed by a planning risk assessment.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, 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 and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the 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 9 January 2023

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2022

| | Note | 2021-22 £'000 | 2020-21 £'000 |
|---|------|------------------|------------------|
| Staff costs | 2 | 3,665 | 3,794 |
| Purchase of goods and services | 3 | 1,496 | 1,404 |
| Other operating expenditure | 3 | 211 | 192 |
| Depreciation, amortisation and impairment charges | 3 | 152 | 194 |
| Provision and pensions expense | 3 | 70 | 61 |
| Total operating expenditure | | 5,594 | 5,645 |
| Finance expense (net interest on pension liabilities) | 3 | 405 | 374 |
| Net expenditure for the year | | 5,999 | 6,019 |
| Other Comprehensive Net Expenditure | | | |
| Items which will not be classified to net operating costs | | | |
| Actuarial loss/(gain) on pension scheme liabilities | 10 | (9,316) | 4,981 |
| Total comprehensive net expenditure/(income) for the year ended 31 March | | (3,317) | 11,000 |

The notes on pages 64 to 81 form part of these accounts.

Statement of Financial Position

as at 31 March 2022



| | Note | 31 March 2022 £'000 | 31 March 2021 £'000 |
|--|------|---------------------------|---------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 4 | 31 | 61 |
| Intangible assets | 5 | 474 | 466 |
| Total non-current assets | | 505 | 527 |
| Current assets | | | |
| Trade and other receivables | 6 | 11 | 165 |
| Cash and cash equivalents | 7 | 95 | 267 |
| Total current assets | | 106 | 432 |
| Total assets | | 611 | 959 |
| Current liabilities | | | |
| Trade and other payables | 8 | (312) | (284) |
| Total current liabilities | | (312) | (284) |
| Total assets less current liabilities | | 299 | 675 |
| Non-current liabilities | | | |
| Pensions | 10 | (12,780) | (20,987) |
| Total non-current liabilities | | (12,780) | (20,987) |
| Total assets less total liabilities | | (12,481) | (20,312) |
| Taxpayers' equity | | | |
| General fund | | 299 | 675 |
| Pension reserve | | (12,780) | (20,987) |
| Total taxpayers' equity | | (12,481) | (20,312) |

The notes on pages 64 to 81 form part of these accounts.

Antonio Masella
Accounting Officer
Valuation Tribunal Service

6 January 2023

Statement of Cash Flows

for the year ended 31 March 2022

| | Note | 2021-22 £'000 | 2020-21 £'000 |
|--|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Net operating cost | SoCNE | (5,999) | (6,019) |
| Employers pension contributions | 10 | (462) | (548) |
| Adjustment for non-cash transactions | | | |
| Depreciation and amortisation | 4 & 5 | 152 | 194 |
| Decrease/(Increase) in trade and other receivables | 6 | 154 | 92 |
| Other non-cash pension movements | 10 | 1,535 | 1,535 |
| (Decrease)/Increase in trade and other payables | 8 | 28 | (380) |
| Net cash outflow from operating activities | | (4,592) | (5,126) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 4 | – | – |
| Purchase of intangible assets | 5 | (130) | (55) |
| Net cash outflow from investing activities | | (130) | (55) |
| Cash flows from financing activities | | | |
| Grant in aid received from sponsoring Department | TpEq | 4,550 | 5,250 |
| Net cash inflows from financing activities | | 4,550 | 5,250 |
| Net (decrease)/increase in cash and cash equivalents for the period | | (172) | 69 |
| Cash and cash equivalents at the beginning of the period | 7 | 267 | 198 |
| Cash and cash equivalents at the end of the period | 7 | 95 | 267 |

The notes on pages 64 to 81 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2022



| | Note | General Fund £'000 | Pension Reserve £'000 | Total Taxpayers' Equity £'000 |
|--|-------|-----------------------|--------------------------|----------------------------------|
| 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) |
| Grants from sponsoring Department | | 4,550 | – | 4,550 |
| Comprehensive net expenditure for the year | SoCNE | (5,999) | – | (5,999) |
| Other pension movements in the year | | 1,073 | (1,073) | – |
| Adjustment prior year service | | – | (36) | (36) |
| Actuarial gain/(losses) | 10 | – | 9,316 | 9,316 |
| Balance at 31 March 2022 | | 299 | (12,780) | (12,481) |

The notes on pages 64 to 81 form part of these accounts.

Notes to the accounts

Note I Statement of accounting policies

I.1 Basis of preparation

These financial statements have been prepared in accordance with the 2021-22 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 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 financial statements have been prepared on a going concern basis.

The Statement of Financial Position shows net liabilities of £12,481,000 at 31 March 2022. 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.

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 2022-23. 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 require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the service which it provides will continue in the future. For the above reasons it has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

I.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 International Financial Reporting Standards (IFRSs) are to be adopted:

IFRS 16 Leases (being adopted in 2022-23)

IFRS 16 Leases replaced the International Accounting Standard (IAS) 17 and will be introduced in 2022-23. The new standard changes the accounting treatment for lease agreements, which removes the distinction between the recognition of an operating lease to a finance lease, and effectively recognises qualifying leases on the balance sheet. The impact of the recognition of a right to use asset, which is measured at the present value of future lease payments, and a matching lease liability. The right to use asset value is estimated to be £873,780, resulting in depreciation of £349,512 for the financial year. In addition, the lease liability of the same value as the right to use assets will also be recognised.

IFRS 17 Insurance Contracts (effective from 2025-26)

The International Accounting Standards Board (IASB) has issued IFRS 17 Insurance Contracts, which replaces IFRS 4 Insurance Contracts. IFRS 17 has an effective date of 1 January 2023 and has been approved for adoption in the UK by the UK Endorsement Board. HM Treasury have agreed with the Financial Reporting Advisory Board (FRAB) to delay the implementation of IFRS 17 in central government by two years to 1 April 2025.

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 one office as at 31 March 2022.

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)

Grant in aid (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 2022 is £12,780,000. 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:

| | 2021-22 | 2020-21 |
|--------------------------|----------------|----------------|
| | £'000 | £'000 |
| Wages and salaries | 2,308 | 2,300 |
| Social security costs | 246 | 247 |
| Other pension costs | 1,096 | 989 |
| Agency staff costs | 15 | 258 |
| Total staff costs | 3,665 | 3,794 |

Please see the Remuneration and staff report (from page 40) for further detail on staff costs and numbers.



Note 3 Other operating costs

| | Note | 2021-22 £'000 | 2020-21 £'000 |
|--|------|------------------|------------------|
| Cash items | | | |
| Other operating expenditure | | | |
| VTE costs | | 130 | 118 |
| Board costs | | 59 | 58 |
| Travel and subsistence | | 4 | (2) |
| Training | | 18 | 18 |
| | | 211 | 192 |
| Purchase of goods and services | | | |
| Support services (IT, legal and finance) | | 380 | 337 |
| Rentals under operating leases | | 463 | 410 |
| IT (maintenance and licences) | | 428 | 455 |
| Post and communications | | 2 | 1 |
| Tribunal costs | | 3 | 3 |
| Printing and publications | | 16 | 20 |
| Auditors' remuneration and expenses | | 49 | 43 |
| Other goods and services | | 102 | 88 |
| Variable maintenance | | 12 | 14 |
| Heating and lighting | | 17 | 11 |
| Internal audit | | 24 | 22 |
| | | 1,496 | 1,404 |
| Non-cash items | | | |
| Administration charge – pensions | 10 | 70 | 61 |
| Net interest on pension liabilities | 10 | 405 | 374 |
| Amortisation | 5 | 122 | 135 |
| Depreciation | 4 | 30 | 59 |
| | | 627 | 629 |
| Total | | 2,334 | 2,225 |

Note 4 Property, plant and equipment

| | 2021-22 | | |
|---|-------------------------------|---------------------------------|----------------|
| | Furniture & fittings £'000 | Information technology £'000 | Total £'000 |
| Cost or valuation at 1 April 2021 | 5 | 209 | 214 |
| Additions | – | – | – |
| Disposals | – | (29) | (29) |
| Reclassifications | – | – | – |
| Impairments | – | – | – |
| At 31 March 2022 | 5 | 180 | 185 |
| Accumulated depreciation at 1 April 2021 | 4 | 149 | 153 |
| Charge for period | – | 30 | 30 |
| Disposals | – | (29) | (29) |
| Impairments | – | – | – |
| At 31 March 2022 | 4 | 150 | 154 |
| Net book value at 31 March 2022 | 1 | 30 | 31 |
| Owned at 31 March 2022 | 1 | 30 | 31 |

Note: No Assets are held under finance leases.

| | 2020-21 | | |
|---|-------------------------------|---------------------------------|----------------|
| | Furniture & fittings £'000 | Information technology £'000 | Total £'000 |
| Cost or valuation at 1 April 2020 | 5 | 209 | 214 |
| Additions | – | – | – |
| Disposals | – | – | – |
| Reclassifications | – | – | – |
| Impairments | – | – | – |
| At 31 March 2021 | 5 | 209 | 214 |
| Accumulated depreciation at 1 April 2020 | 4 | 90 | 94 |
| Charge for period | – | 59 | 59 |
| Disposals | – | – | – |
| Impairments | – | – | – |
| 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.



Note 5 Intangible assets

| | 2021-22 | | Total £'000 |
|--|---|---|----------------|
| | IT assets under construction £'000 | IT development expenditure £'000 | |
| Cost or valuation | | | |
| At 1 April 2020 | 267 | 762 | 1,029 |
| Additions | 55 | – | 55 |
| Disposals | – | – | – |
| Reclassifications | – | – | – |
| Impairments | – | – | – |
| At 31 March 2021 | 322 | 762 | 1,084 |
| Additions | 48 | 82 | 130 |
| Disposals | – | (76) | (76) |
| Reclassifications* | (282) | 282 | – |
| Impairments | – | – | – |
| At 31 March 2022 | 88 | 1,050 | 1,138 |
| Amortisation | | | |
| At 1 April 2020 | – | 483 | 483 |
| Charge for period | – | 135 | 135 |
| Disposals | – | – | – |
| Revaluations | – | – | – |
| Impairments | – | – | – |
| At 31 March 2021 | – | 618 | 618 |
| Charge for period | – | 122 | 122 |
| Disposals | – | (76) | (76) |
| Reclassifications | – | – | – |
| Impairment | – | – | – |
| At 31 March 2022 | – | 664 | 664 |
| Net book value at 31 March 2022 | 88 | 386 | 474 |
| Owned at 31 March 2022 | 88 | 386 | 474 |
| Net book value at 31 March 2021 | 322 | 144 | 466 |
| Owned at 31 March 2021 | 322 | 144 | 466 |

* Reclassified AUC

Note 6 Trade and other receivables

| | 2021-22 £'000 | 2020-21 £'000 |
|--------------------------------------|------------------|------------------|
| Amounts falling due within one year: | | |
| Prepayments and accrued income | 11 | 165 |
| Season ticket interest free loans | – | – |
| Balance at 31 March | 11 | 165 |

Note 7 Cash and cash equivalents

| | Note | 2021-22 £'000 | 2020-21 £'000 |
|---|-----------|------------------|------------------|
| Cash at bank at 1 April | | 267 | 198 |
| (Decrease)/increase in cash for the year | SCF | (172) | 69 |
| Cash at bank and held at 31 March | 7A | 95 | 267 |
| The following balance at 31 March was held at: | | | |
| Government banking services | 7A | 95 | 267 |

Note 8 Trade and other payables

| | Note | 2021-22 £'000 | 2020-21 £'000 |
|--------------------------------------|------|------------------|------------------|
| Amounts falling due within one year: | | | |
| Trade payables | | 146 | 104 |
| Accruals | | 166 | 180 |
| Balance at 31 March | | 312 | 284 |

Note 9 Provisions

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



Note 10 Pensions

| | 2021-22 | | |
|---|-----------------|----------------------|---------------------------------------|
| | Assets £'000 | Obligations £'000 | Net (liability)/ asset £'000 |
| Year ended 31 March 2022 | | | |
| Opening position | 53,563 | (74,550) | (20,987) |
| Current service cost | – | (1,096) | (1,096) |
| Administration costs | (70) | – | (70) |
| | (70) | (1,096) | (1,166) |
| Net interest | – | (1,435) | (1,435) |
| Interest income on plan assets | 1,030 | – | 1,030 |
| Total net interest | 1,030 | (1,435) | (405) |
| Total (expenditure)/income recognised in the statement of comprehensive net expenditure | 960 | (2,531) | (1,571) |
| Cash flows | – | – | – |
| Plan participants contributions | 164 | (164) | – |
| Employer contributions* | 462 | – | 462 |
| Benefits paid including expenses | (2,066) | 2,066 | – |
| Unfunded benefits paid | (94) | 94 | – |
| Expected closing position | 52,989 | (75,085) | (22,096) |
| Changes in demographic assumptions | – | 3,424 | 3,424 |
| Experience | – | (149) | (149) |
| Return on assets excluding amounts included in net interest | 6,041 | – | 6,041 |
| Changes in asset ceiling | – | – | – |
| Other actuarial losses | – | – | – |
| Total re-measurements recognised in the statement of other comprehensive net expenditure | 6,041 | 3,275 | 9,316 |
| Closing position | 59,030 | (71,810) | (12,780) |

* Contributions by employer including unfunded pension payments.

Note 10 Pensions (Cont.)

| | 2020-21 | | |
|---|-----------------|----------------------|---------------------------------------|
| | Assets £'000 | Obligations £'000 | Net (liability)/ asset £'000 |
| Year ended 31 March 2021 | | | |
| 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) |
| Cash flows | – | – | – |
| 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 financial assumptions used in the calculation of pension liabilities under IAS19 are as follows:

| Assumptions as at: | 31 March 2022 | | 31 March 2021 | |
|--------------------|---------------|--------|---------------|-------|
| | % pa | real | % pa | real |
| RPI increases | 3.65 | – | 3.25 | – |
| CPI increase | 3.25 | (0.4) | 2.85 | (0.4) |
| Salary increases | 4.25 | 0.6 | 3.85 | 0.6 |
| Pension increases | 3.25 | (0.4) | 2.85 | (0.4) |
| Discount rate | 2.60 | (1.05) | 1.95 | (1.3) |

The assumed life expectancies from age 65 are:

| Life expectancy from age 65 | | 31 March 2022 | 31 March 2021 |
|-----------------------------|---------|-----------------------|-----------------------|
| | | Weighted by liability | Weighted by liability |
| Retiring today | Males | 22.0 | 22.0 |
| | Females | 24.4 | 24.4 |
| Retiring in 20 years | Males | 23.3 | 23.2 |
| | Females | 25.9 | 25.8 |

The above table shows the life expectancies at 31 March 2022 weighted by liability.

The table below summarises the membership data, as at 31 March 2022, for members receiving funded and unfunded benefits.

| Member data summary | 31 March 2022 | | |
|---------------------|-------------------|-------------------------|-------------|
| | 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.

| 2021-22 Sensitivity analysis | £'000 | £'000 | £'000 |
|---|-----------------|--------------|----------------|
| Adjustment to discount rate | +0.1% | 0.0% | -0.1% |
| Present value of obligation | 70,637 | 71,810 | 73,004 |
| Projected service costs | 958 | 988 | 1,018 |
| Adjustment to long-term salary increase | +0.1% | 0.0% | -0.1% |
| Present value of obligation | 71,897 | 71,810 | 71,723 |
| Projected service costs | 988 | 988 | 987 |
| Adjustment to pension increases and deferred revaluation | +0.1% | 0.0% | -0.1% |
| Present value of obligation | 72,907 | 71,810 | 70,730 |
| Projected service costs | 1,019 | 988 | 958 |
| Adjustment to life expectancy assumptions | + 1 Year | None | -1 Year |
| Present value of obligation | 75,516 | 71,810 | 68,297 |
| Projected service costs | 1,032 | 988 | 945 |

Statement of Financial Position

The asset and liability values as at 31 March are reflected in the table on page 75 and are reported in the Statement of Financial Position on page 61 as the total pension net liability of £12,780,000.

Unfunded benefits paid as at 31 March 2022 amounted to £94,000 (2020-21: £97,000). The liability for unfunded benefits at 31 March 2022 was £1,341,000 (2020-21: £1,470,000). This is contained within the net pension liability of £12,780,000 (2020-21: £20,987,000).



Assets

The estimate asset allocation as at 31 March 2022 is as follows:

| Asset breakdown | 31 March 2022 | |
|-------------------------|---------------|-------------|
| | £'000 | % |
| Equities | 33,600 | 57% |
| Target return portfolio | 12,714 | 22% |
| Infrastructure | 6,014 | 10% |
| Property | 5,296 | 9% |
| Cash | 1,406 | 2% |
| Total | 59,030 | 100% |

Projected pension expense for the year to 31 March 2022

| Projections for the year | 31 March |
|---|---------------|
| | 2023 £'000 |
| Service cost | 988 |
| Net interest on the defined liability (asset) | 326 |
| Administration expenses | 77 |
| Total loss (profit) | 1,391 |
| Employer contributions | 361 |

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: | 2021-22 £'000 | 2020-21 £'000 |
|--|------------------|------------------|
| Buildings | | |
| Not later than one year | 287 | 295 |
| Later than one year and not later than five years | 750 | 1,028 |
| Total | 1,037 | 1,323 |

The 5 year lease for the London office ends 31 October 2025 and the Doncaster office ended 4 June 2021.

Implementation of IFRS16 has been delayed until 2022-23.

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 £4,550,000 (2020-21: £5,250,000) 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 central government bodies which include:

- payments of £462,000 (2020-21: £456,000) 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 £791,000 (2020-21: £797,000)



Note 14 Check, Challenge and Appeal (CCA) fees

| | 2021-22 | | 2020-21 | |
|--|--------------|------------|------------|------------|
| | Number | £'000 | Number | £'000 |
| Balance at 1 April | 449 | 124 | 164 | 43 |
| CCA cases received during the period | 1,178 | 326 | 674 | 187 |
| Less: Cases determined in favour of the Appellants | 272 | 71 | 256 | 70 |
| Add back: Cases held for repayment to the Appellants at 31 March | 21 | 4 | 21 | 5 |
| Less: Cases determined in favour of the Authority | 188 | 49 | 161 | 43 |
| Add back: Cases held for remittance to the Consolidated Fund at 31 March | 3 | 1 | 7 | 2 |
| Balance at 31 March | 1,191 | 335 | 449 | 124 |

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.

Accounts direction

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

