



VALUATION
TRIBUNAL SERVICE



THE VALUATION TRIBUNAL SERVICE

ANNUAL REPORT AND ACCOUNTS
2022 - 2023



The Valuation Tribunal Service

Annual report and accounts 2022-2023

For the period 1 April 2022 to 31 March 2023

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

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Overview

Chief Executive's report

Over the past year, the Valuation Tribunal Service has responded exceptionally well in consolidating our post-pandemic processes in continuing to play its statutory role in facilitating local taxation appeals and in supporting the Valuation Tribunal for England (VTE) to deliver its judicial function. We achieved 11 of the 13 aims we set ourselves in our 2022-23 Business Plan.

This year we have again demonstrated not only our exceptional delivery but also our continued resilience in rising to the challenges presented. We have again proudly shown just how much we can achieve as an organisation.



We recognise that for many, appealing the decisions made by the Valuation Officer and/or council on their business rates and/or council tax, will be a once in a lifetime experience. They will not necessarily be aware that their journey may culminate in the preparation and presentation of evidence to a panel of VTE Members. To assist a better understanding of the appeal journey, we have introduced animated guidance videos to our website.

Life post-pandemic has seen a change in attitudes and work patterns in all sectors. The nature of our volunteer VTE Membership has been no exception. We have seen a reduced level of engagement as our volunteer workforce balance the increasingly conflicting demands of their own personal and business commitments. We engaged with an independent research company to better understand the changing work environment post-pandemic of our VTE Members. We have implemented various strategies to increase this engagement, but this has not had the desired effect.

We have very recently concluded a further survey of VTE Members, this time in-house, and have since held several forums both face-to-face and virtual to hear their experiences as a VTE Member and where, from their perspective, processes could benefit from further improvement. We are in the process of analysing feedback from those events.

Our focus in 2022-23 has been to capitalise on what we have consolidated in further developing and fine-tuning the processes introduced during the pandemic. I am immensely proud that all our work in this area, and what has been achieved in difficult circumstances, has been recognised by the industry when we became the proud recipients in October 2022 of The Institute of Revenues, Rating and Valuation Excellence Award in Innovation (Service Delivery), in addition to the Institute's Highly Commended Award in Excellence in Rating and Valuation.

While the experience of the pandemic is becoming a distant memory, our periods of reflection during 2021-22 and consolidation in 2022-23 will result in a period of change in 2023-24. In the new financial year, we will build on the energy, resilience and the innovation so brilliantly displayed during the preceding years. We will build on what we have learned throughout this journey to put us on an even more sustainable footing in making the VTS and VTE agile and flexible to meet any future challenges head on. We will continue to strengthen the VTS and support the work of the VTE by



continuing to look at further improvements to aid us in delivering a high-quality service that supports our users through their appeal journey, as well as supporting VTE Members in their judicial role and decision-making.

Our aim continues to support and strengthen the work we provide as a service to both our users and the Valuation Tribunal for England (VTE).

I am immensely proud of our committed, diverse and talented team of staff and VTE Members in how they have adapted to the new operating environment and rising to the challenges of working remotely.

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

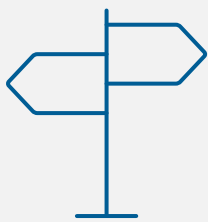
² The VTE was established by the Local Government and Public Involvement in Health Act 2007, which amended the 2003 Act; it came into being on 1 October 2009

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

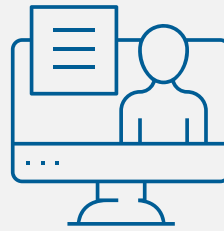
Our Values



Our year's highlights



We launched five new animated guidance videos aimed to better inform unrepresented appellants of the various stages of the appeal process



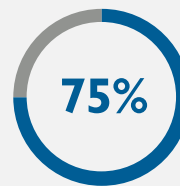
Introduced three new online portals for appeal submission (completion notice, invalidity notice and penalty notice)

830 hearings days were scheduled

9,856 appeals were listed for hearing

3,013

tribunal determinations were issued



of all appeals brought forward from the previous year were cleared

Key risks and issues

Our key risks are:

- VTE Member Engagement – We continue to explore, with our sponsoring Department, the best way to promote the continued efficient recruitment and engagement of VTE Members
- Workload expectations from the closing of the 2017 Rating List – regulatory timescales will not identify appeal volumes until around mid 2024

Going concern

The financial statements have been prepared on a going concern basis.

The Statement of Financial Position shows net surplus of £5,964,165 at 31 March 2023. 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 grants in aid 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.



The grant in aid for 2023-24 takes into account the amount required to meet the VTS's liabilities falling due in that year. This has already been included in the Department's Parliamentary estimates for that year. The Department has confirmed funding for 2023-24 with indicative annual allocations through to 2025-26.

Performance summary

The VTS completed 11 of the 13 actions set out in its Business Plan for 2022-23. Of the two outstanding objectives, one was partly completed, and one was not met. However, in the objective that was not met, and following further engagement with VTE Members on how best this concept can work for them, we have relaunched half-day hearings in 2023-24.

Further details appear in the performance analysis section on page 10.

Of the 14 key performance indicators (KPIs) identified for 2022-23, the VTS achieved or exceeded the targets for seven of them (see page 16).

As a body created by statute, the VTS will continue to ensure that it is able to respond positively to any regulatory changes introduced within the non-domestic rating and council tax environment to enable the organisation to deliver its statutory functions under the Local Government Act 2003, whilst contributing to public sector finance initiatives and continuing to operate within its delegated budget.

Performance analysis

Volumetrics

Over 15,000 appeals were brought forward in April 2022 and almost 5,500 were received in the year. The table below shows the details of these figures by appeal type:

Table 1

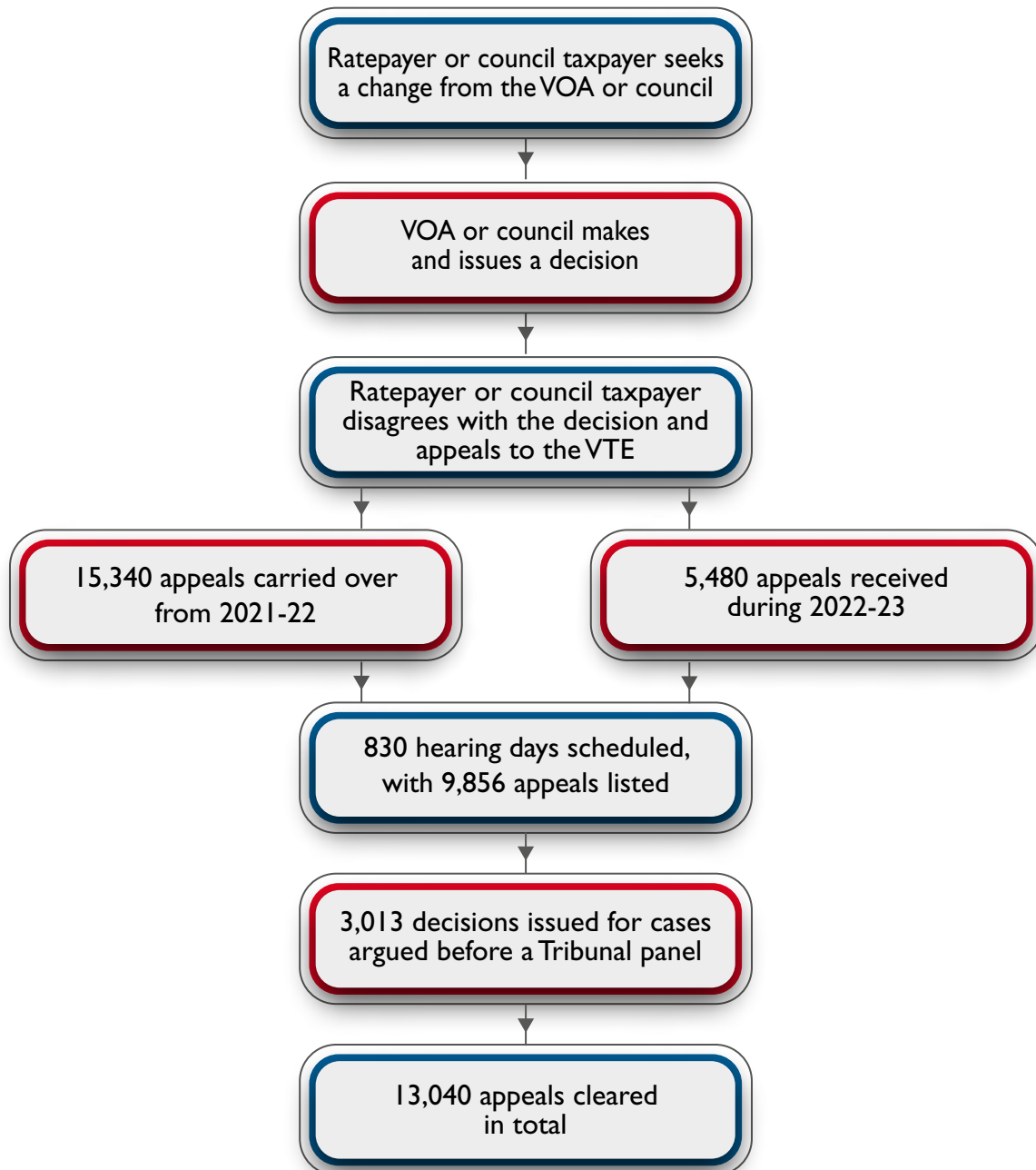
Appeal Type	Brought forward 1 Apr 2022	Received 2022-23	Cleared 2022-23	Carried forward 31 Mar 2023
Council Tax: Completion Notice	130	300	360	70
Council Tax: Penalty Notice	0	10	10	0
Council Tax: Liability	620	700	730	590
Council Tax: Notice of Invalidity	70	120	110	80
Council Tax: Reduction	410	590	610	390
Council Tax: Valuation	1,640	2,320	2,310	1,650
Non-domestic: Completion Notice	70	70	100	40
Non-domestic: Penalty Notice	40	0	40	0
Non-domestic: Transitional Certificate	40	90	80	50
Non-domestic: Notice of Invalidity 2010	1,060	10	590	480
Non-domestic: Rating List 2010	10,100	0	7,600	2,500
Non-domestic: Rating List 2017	1,160	1,270	500	1,930
Total	15,340	5,480	13,040	7,780

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, 830 hearing days were scheduled to which we listed 9,856 appeals and issued 3,013 tribunal determinations. In line with VTE protocols, 97% of hearings were held remotely using video or telephone conferencing facilities. 22 hearings were scheduled in person due to exceptional reasons.

Chart I

Appeals process and headline workload figures



Achievement of business objectives and key performance indicators

The VTS Business Plan for 2022-23 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 and Table 2.

Chart 2

Our Strategic Objectives



**Table 2**

Business Plan Objective	Achievement	Comments
Increase the number of VTE Members engaging in online hearings so that a minimum of 12 hearings per annum is carried out by each member.	NOT MET	Half-day sessions were introduced to adapt to the VTE Members' personal and business arrangements. This has not had the impact expected on engagement. However, this initiative has provided the scope to review the front-end allocation experience for VTE Members and has led to positive discussions with our IT partner in making changes, which will now be taken forward in 2023-24.
Prepare a paper for our sponsoring Department on ideas how the VTS and VTE can respond to the changing environment and to consider how the VTE may deliver a good service.	MET	Two separate papers putting forward change proposals were submitted to our sponsoring Department in July 2022 and have formed the basis of discussion.
Research and investigate further ways that the VTS and VTE may better deliver its services to users as effectively as possible.	MET	We engaged an external company to conduct an independent review with VTE Members to better understand their challenges and to assist with better engagement. We have implemented the improvements highlighted and are developing this further. We also recruited a VTE Membership Engagement Lead in September 2023 to focus on member engagement moving forward.
Develop format of information to be accepted by the VTE when submitting appeals.	MET	Following consultation with professional bodies via the Valuation Tribunal Users' Group, we have implemented changes to the VTE Consolidated Practice Statement in setting out, as a requirement, the digital format of how appeals are to be received.
Research and implement software interactive solutions.	MET	We have developed and implemented video animations to assist users through the appeal journey.

Business Plan Objective	Achievement	Comments
Review our business processes to fit our new working model.	MET	Following the changes made to address the initial challenges presented by the pandemic, we have reviewed our business processes to strengthen them to recognise post-pandemic working.
Implementation of 'rules' on submission of evidence bundles.	MET	We have introduced changes to our tribunal rules to streamline evidence that parties were submitting so that it focusses clearly on the issues at hand. This has introduced a better focus on the disputes where disagreements exist and speedier decision-making.
Create a leadership and management learning programme to identify a talent pool of leaders for the future.	MET	We have partnered with the Chartered Management Institute and introduced a Leadership and Management programme to assist with succession planning. Following its implementation, three successful applicants have been identified (two for Level 5 and one for Level 3).
Review whether our flexible and agile COVID-19 working policies are fit for purpose, and whether they reflect the needs of our business.	MET	Policies have been reviewed and implemented to reflect new ways of working post-pandemic and have championed SMART working.
Provide opportunities to bring colleagues together in a learning environment.	MET	Despite the impact of rail strikes, resulting in a number of events to be rearranged, we were able to hold face-to-face events that brought both our VTE Members and staff together.
Obtain employee views of benefits and challenges they see as a VTS employee.	MET	Following two in-house surveys to get an insight of post-pandemic working, we engaged an independent research company in May 2023 to conduct a staff online survey. Feedback has been positive.



Business Plan Objective	Achievement	Comments
Review current SAP processes and develop and implement better SAP reporting.	PARTLY MET	<p>VTs finances are very dependent on processes in place run by Financial Shared Services Division (FSSD) of DLUHC. We have been seeking to make changes in our finance reporting that is best suited to the VTS. Whilst these changes have been implemented, there remain further improvements that we wish to pursue, which is very heavily dependent on FSSD resources to take forward. We are not in direct control of this programme of change and we are looking to work with FSSD in making further improvements in 2023-24.</p>
Create a budget focus team with regular reviews.	MET	<p>Quarterly budget meetings for budget holders to share ideas as a forum has been implemented and this has assisted in providing a holistic view of budget spend, highlighting areas of underspends early and in identifying unexpected areas of spend. This is now part of the budgeting process taken forward by the Finance Director to assist the Finance Committee and the Board.</p>

Key performance indicators

The 14 key performance indicators (KPIs) for 2022-23 are aligned to our strategic objectives. Seven of these were exceeded or met and seven fell short of the targets we set ourselves. Comments are provided in Table 3.

Table 3

Performance measure	Target in 2022-23	Achieved	Comments
Support the VTE by administering a fair, efficient and accessible appeals system			
Council Tax (CT) appeals determined within 6 months of receipt	80%	31%	Ongoing member engagement issues have resulted in an 11% reduction in tribunal hearings during the year (830 2022-2023 compared with 928 2021-2022). An increase in cases listed per hearing, with a view to maintaining appeal clearance volumes, has led to higher deferral rates in the year and delays in CT appeal resolution timelines. The average time for determining council tax cases during 2022-23 has been 9 months. We are continuing to work proactively to reduce the delays in appeal determination across all jurisdictions.
Non-domestic Rating (NDR) 2017 appeals determined within 6 months of receipt	85%	25%	The ability to list and determine NDR 2017 appeals has been significantly impacted by cases awaiting judgments from superior courts.
CT decisions issued within 1 month of the hearing	90%	98%	2,108 of the 2,162 CT decisions issued during the year were issued within 1 month of the hearing.
NDR 2017 decisions issued within 1 month of the hearing	90%	98%	234 of the 239 NDR decisions issued in the year were issued within 1 month of the hearing.
CT appeals resolved at first time of listing	82%	45%	This has been impacted by the increase in cancelled hearings due to ongoing VTE Member engagement issues.
NDR 2017 appeals resolved at first time of listing	82%	52%	A significant number of listed appeals could not be progressed due to related cases awaiting judgments in the superior courts.



Performance measure	Target in 2022-23	Achieved	Comments
Enhance the quality and consistency of our service to all stakeholders			
Complaints resolved at stage 1 with no further escalation	80%	65%	We received 20 complaints during the year, of which 13 were resolved at stage 1 and 7 were escalated.
Tribunal notices issued electronically	80%	97%	47,476 out of 49,117 hearing notices were issued electronically.
NDR 2017 List appeals lodged through VT online service	90%	100%	100% of NDR appeals received since 1 April 2022 were received through the online portal.
Scheduled hearings result in 2 or more appeals being heard on the day	82%	88%	We maintain a focus on using hearing time as effectively as possible.
Customers surveyed satisfied with the overall service	61%	59%	<p>Whilst nearly two-thirds of our users have indicated satisfaction with the pre-hearing service provided by the VTS, it falls short of our intentions and expectations for 2022-23. We continually review our annual user survey to build in further improvements in our processes and approach.</p> <p>This KPI has decreased from 63% in 2021-22.</p>
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	3.6 days	Whilst at 3.6 days, short-term absence has increased this year when compared to last year's 1.79 days. We review staffing absences on a monthly basis.
Staff receive 5 days training and development per year	90%	100%	All staff received 5 days training or more using online modules provided by our Learning Management System.
Operate with financial and organisational initiative and efficiency			
Undisputed invoices are paid promptly within 5 days of receipt	90%	87%	554 out of 634 undisputed invoices processed over the 12-month period, were paid within 5 working days.

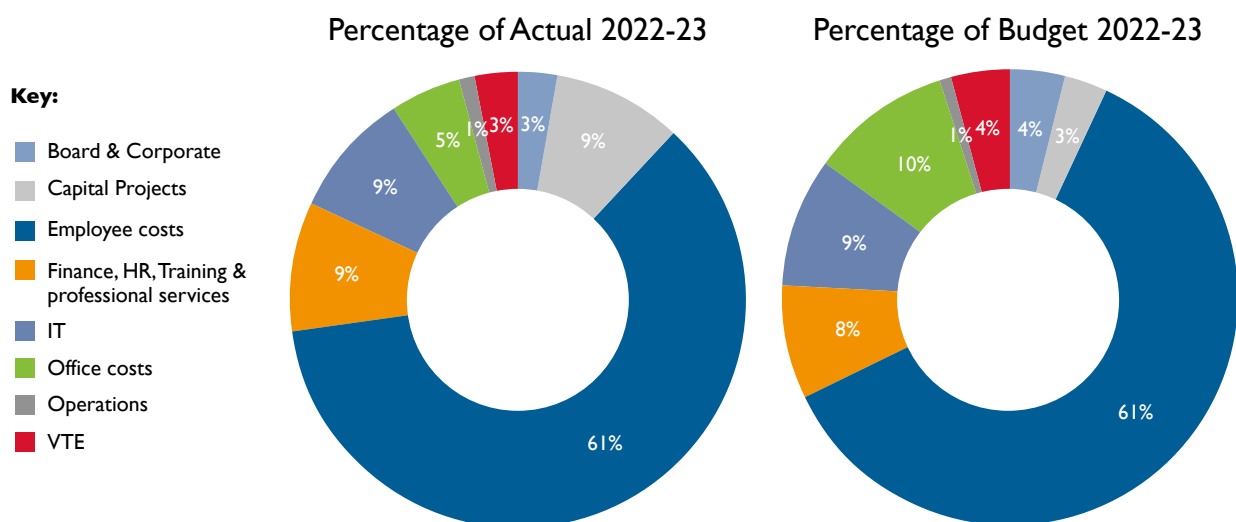
Financial Performance

The financial statements, as set out on pages 61-64, have been prepared in accordance with the Government's Financial Reporting Manual (FRm).

The operating expenditure for the period remained within the allocated budget, was £5.4m (2021-22: £5.6m). The largest area of expenditure was staffing costs and accounts for 66% of the total operating expenditure, the same percentage portion as the previous financial year. 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 net surplus of £5.4m, an overall gain of £18.2m from the previous financial year. This is primarily due to changes in financial assumptions, changes in demographic assumptions and interest on assets and partly offset by the loss from invested assets and changes in the projected benefit obligations.

The overall gain in the pension fund improved the Statement of Financial Position from net liability of £12.5m to surplus of £5.9m, a rise of 147%.

Training Staff

With a greater reliance on remote working, cyber security has been a key priority of focus for us. We continue to use our Learning Management System (LMS) as a training platform to deliver both mandatory and discretionary courses to staff. This was complimented by a series of classroom-based training from September 2022 and included further cyber security awareness training delivered by an external specialist.



Our aim for 2022-23 was to achieve an average of five days training and development per member of staff, which was met.

During the year we relaunched our online, in-house training programme to our newly recruited cohort of clerks. This intensive training programme, designed to provide both theoretical and practical experience of the Valuation Tribunal environment, provides an in-depth understanding of the practical, specialist and technical elements of the role as clerks advising at a hearing.

Our earlier work in engaging with our professional body, the Institute of Revenues, Rating & Valuation (IRRV), to develop a vocational route to the Institute's professional qualification, has resulted in two of our newly recruited Tribunal Clerks attaining this professional qualification within 18 months' of joining the organisation. We will be extending this opportunity wider so that we are able to provide a greater degree of quality assured professionalism in support of our strategic aim to be an exemplar tribunal.

We have also introduced a programme for aspiring leaders within our organisation to undertake the Chartered Management Institute (CMI), Leadership and Management Diploma. This application process has resulted in three members of staff being successful who will begin their studies in 2023-24. We will repeat this exercise annually.

We continued to promote groups of staff meeting in forums in the form of face-to-face events. These provide a vehicle for groups of staff to come together and share experiences and hear updates on processes, procedures, and case law, all of which are pivotal to their roles.

We have continued to invest in our staff through our Qualification Sponsorship Scheme. This year we have seen increased applications and have supported five applicants, four of which have achieved the qualifications sponsored by the organisation.

Valuation Tribunal for England (VTE) Members

During the year we delivered at least two days training to each VTE Member, using a blended approach of our MS Teams online platform and classroom style training.

Having planned four face-to-face events, including a VTE National Training Day, three of these could not go ahead due to the challenges of regular and intermittent train strikes, coupled with the mourning period following the death of our Sovereign Lady. Despite the hurdles of rail strikes, the investment in our technology paid dividends as we were able to remain agile and transfer these face-to-face events to online training events covering areas such as unconscious bias, the Equal Treatment Bench Book and Revaluation 2023.

We have continued to run virtual bitesize training sessions inviting experts in their field to deliver on the pertinent issues facing the tribunal and the wider world of rating and council tax. To maximise attendance these sessions had varied timings covering early morning, lunch time and the evening.

Where possible, sessions were recorded and uploaded onto the LMS so that they were also accessible to anyone unable to join the live sessions.

During the year, we have successfully trained a new cohort of 25 senior members with a robust learning programme delivered using a blended approach of online learning, observations and mentoring.

Our user survey

We continue to be proactive in seeking feedback from our users and we do this through commissioned customer research. This allows us to better understand the experiences of non-represented users of the service we provide. This feedback is most important to us and allows us to adapt our service to meet needs.

Our user survey is based on four pillars of the Procedural Justice Theory:

1. Fairness – capturing views on the fairness of a legislative process
2. Transparency – were they aware of expectations?
3. Voice – did they feel they had opportunities to be heard?
4. Impartiality – was the hearing impartial in decision-making?

Adopting this methodology, we are able to distinguish between the service the VTS provides pre-hearing and that of the VTE at the hearing itself. Satisfaction levels pre-hearing for 2022-23 is 59% (63% in 2021-22). This slight drop in satisfaction levels reflects that the sample surveyed this year is significantly lower than the previous year (471 in 2022-23; 641 in 2021-22). This is due to the number of cancelled hearings caused by VTE Member availability.

Satisfaction levels at the hearing itself is at 44% (48% in 2021-22). Again, the sample surveyed in 2022-23 of 261 is significantly lower than that of 2021-22 (371).

Our aim remains to implement recommendations identified by our research partner and measuring those changes made on increasing satisfaction levels for both pre-hearing and post-hearing.

Complaints

The VTS maintains a register of 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, 20 formal complaints about the administration were registered (compared to 19 in 2021-22) and three were upheld (one in part). In all, 14 of the complaints were resolved at the first stage of the two-stage complaints process. There were seven complaints concerning aspects of customer service, three of which were resolved at the first stage.



One complaint was investigated by the Parliamentary and Health Service Ombudsman (PHSO) during the year, for which the PHSO decided that no action was necessary.

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

We occupy a single London based office with a lease expiry of 31 October 2025. We are in discussion with our sponsoring Department to co-locate our office demise within the Crown estate at 2 Marsham Street.

External venues for hearings

The move to remote hearings has significantly reduced the number of external venues previously hired to conduct hearings. We now limit any external hire to situations where appellants are unable to engage on remote hearings, and where such applications have been approved by the VTE President. During the year, we have hired 22 venues outside of our estate.

Health and safety

We operate a Health and Safety Committee to review all health and safety needs within the organisation. During the year, this Committee met on three occasions.

Accidents and near misses

There were three accidents recorded in the year; two minor scalds (spillage of hot drinks) and one paper cut. All three accidents required only very basic first aid. No “near misses” were recorded during the year.

Training

We continued to provide a focus on mental health as we emerged from the health pandemic, and as our staff became more comfortable in returning to post-pandemic working, whether in the office or from home. We also developed some online training in stress awareness, good mental health, wellbeing at work and anxiety awareness.

We launched an online Display Screen Equipment (DSE) module for staff to assess their home and office set up which allowed us to identify any equipment needs. We also launched a module on lone working to reflect the changing work patterns post-pandemic.

Portable Appliance Testing

We commissioned portable appliance testing during the year regarding VTS equipment held by both our home and office workers.

Homeworking risk assessments

We conducted homeworking risk assessments for staff transitioning to homeworking or new employees working from home to assess their needs and working environment.

We continued to review our first aiders and fire marshals to ensure we had sufficient numbers to meet our needs; retraining was provided where necessary.

Sustainability reporting and environmental impact

As a small non-departmental public body, we recognise the importance of playing our part in contributing to sustainability and the wellbeing of our environment. As a body supporting a judicial tribunal, we continue to hear the majority of our hearings online, as well as conduct the majority of our training online (for both staff and VTE Members). We are a minor occupier in a non-government managed building located in London (Leman Street EI) and are not in direct control of utility providers or making changes to the building to provide greater environmental benefits. However, we will be migrating our presence to 2 Marsham Street at lease end on 31 October 2025. In the meantime, all of the measures that we can implement will positively contribute to reducing our greenhouse gas emissions across the organisation.

Sustainability has been a key focus for our Programme Management Board over a number of years and continues to be a driving factor when developing digital solutions. We have eliminated paper bundles from the appeal process relying solely on electronic submissions.

We select suppliers adopting the Crown Commercial Services contracts wherever possible as this provides assurance that such identified suppliers meet the sustainable and environmental expectations of government.

We have successfully championed a paperless office, which has resulted in reduced purchase of A4 paper reams over various years. This year we purchased 75 reams (37,500 sheets) of paper compared to 470 reams (235,000 sheets) during 2019-20 (pre-pandemic).

Recycling plastics, paper and other forms of waste are also encouraged not just within the London office, but also in homes.

Whilst our office printing has greatly reduced, we do continue with our partners, Hewlett Packard's (HP) Planet Partners recycling programme, to recycle toner cartridges and inviting staff to bring their personal/home cartridges to the office for recycling. It is recognised that this collective behaviour has created a more effective impact in helping the planet than individual action. HP's website suggests that more than 875 million original HP ink and toner cartridges have been recycled by customers in partnership with HP Planet Partners.

As an organisation, and reflecting what is within our control, we continue to maintain a focus in the following key areas:



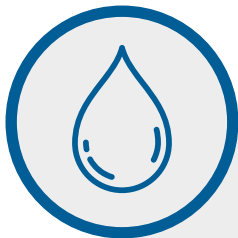
Greenhouse gas emissions

- ✓ Contribute to the reducing of our overall footprint by continuing to hold online hearings
- ✓ Conduct the majority of our training online (for both staff and VTE Members)
- ✓ Investigations into further staff moving to home-based contracts



Reducing waste sent to landfill

- ✓ Raising awareness and championing the importance of shredding and recycling of our paper waste
- ✓ Continue to recycle toner cartridges via Hewlett Packard's (HP) Planet Partners recycling programme
- ✓ Continue to utilise catering companies who share our sustainability commitments



Water

- ✓ Hybrid working has produced a lower office occupancy level and this has resulted in reduced water consumption



Paper

- ✓ Continued investment in technology, such as the business-to-business API solution, has contributed to the elimination of paper bundles from the appeal process
- ✓ Continue to maintain a focus on paperless when investigating new IT/digital solutions



Travel

- ✓ Staff and VTE Members 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 plan.

Equality, Diversity and Inclusion

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 review our policies to ensure that we meet our statutory obligations regarding Equality, Diversity and Inclusion (EDI) as an employer and a public body.

During the year under review, we assessed our progress against the objectives we set out in our EDI Framework. This Framework 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.

During 2022-23, we built upon the progress made by the working group (previously established in 2021-22) and made a recommendation for a standing group of employees to develop new initiatives and create a forum for challenging colleagues constructively to improve EDI. Consequently, the EDI Strategy Group was established with clear terms of reference. This Strategy Group is designed to create staff ownership and commitment in driving forward and promoting EDI within the workplace.

We have added new, more detailed and wide-ranging EDI modules to our LMS that will broaden knowledge of EDI issues for all staff. For example, we included the following modules as part of all employees' Learning Plan: Active Bystanders, Disability inclusion, LGBTQI+ Inclusion and Equality Diversity & Belonging. We also introduced something called "The Uncomfortable Series" which included 'The Uncomfortable Truth', and 'Uncomfortable Conversations'. In addition, we also developed further initiatives following recommendations from the EDI working group. These include:

- continuing to publicise external and online events such as those organised by the British Library/ Local Government Association (LGA)/Xpert HR etc.
- creating a more distinct EDI section and archive on IRIS (intranet), regularly updated with topics that are being discussed, upcoming events, mental health etc., to assist in staff becoming more aware about EDI
- mentoring/shadowing opportunities with senior management
- greater opportunities to participate in projects
- EDI to become a standing item on team meeting agendas
- management development opportunities to grow our future managers from our existing talent pool
- reviewing if any of the 15 initiatives on EDI developed by the LGA can apply to the VTS
- assessing the impact of changed working patterns on EDI and any 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 one request for a British Sign Language interpreter. There were four requests for interpreters (eight in 2021-22) to assist appellants. During the year under review, we arranged interpreters for Cantonese, Gujarati and Farsi speakers to assist at tribunal hearings.

Our website includes a link enabling the public to download, free of charge, Reachdeck 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 3,039 toolbar loads and 157 speech requests for Reachdeck.

Freedom of information and data protection

In 2022-23 there were 77 requests (66 in 2021-22) under the Freedom of Information Act for information not readily available.

21 subject access requests were received (10 in 2021-22). None were referred to the Information Commissioner (ICO) as complaints regarding our handling of these requests.



Antonio Masella

Chief Executive & Chief Operating Officer
Valuation Tribunal Service

24 January 2024

Accountability report

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

Corporate governance report

The Directors' report

VTS Chair – **Harry Rich**

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

In 2022-23 the Board comprised:

- **Neil Buckley**
- **Robert Paul Cammidge** (retired 3 January 2023)
- **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.

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. We have also held a face-to-face training event to highlight the impact of cyber breaches.

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 84). 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 the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual (FReM) 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 (DLUHC). 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 judgements required for determining that it is fair, balanced and understandable.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of VTS and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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 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 provide 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). On 3 January 2023, Robert Paul Cammidge retired from the Board as a VTE Senior Member having reached the statutory VTE retiring age. The following Board Members were reappointed to a further term of office:

- Stephen Chappell was reappointed for a further term expiring 2 February 2026
- Alison Griffiths was reappointed to a further term expiring 2 February 2026
- Lola Moses was reappointed for a further term expiring 7 February 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 eight occasions during the year, including a facilitated strategy day on 19 April 2022 where it discussed the various challenges facing the VTS and VTE and developed themes to move this forward.

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 2022: review of management accounts; review of risk assurance map and risk register; user survey 2021-22; review of performance data and KPIs; review of Stakeholder Management Policy Action Plan; approval of Data and Security Annual Report; approval of Health and Safety Annual Report 2021-22
- July 2022: Governance Statement for 2021-22, management meeting structure post-pandemic; proposals on VTE Member recruitment and VTE Member engagement; Incident Response & Business Continuity Plan; management accounts; review of risk register; review of business plan achievements (Quarter 1)
- September 2022: review of Annual Report and Accounts 2021-22; progress against KPIs; update on HR objectives for 2022-23; attempted cyber fraud review; options on the future of the London office; ways of working post-pandemic
- November 2022: business plan achievements (Quarter 2); Board evaluation; stakeholder engagement; training objectives for 2022-23; management accounts; VTE Member engagement
- 6 January 2023: approval of Annual Report and Accounts 2021-22
- 25 January 2023: business plan achievements (Quarter 3); business plan priorities for 2023-26; VTE Member engagement
- March 2023: Board Ways of Working; Standing Orders; Code of Conduct; risk register; Business Plan 2023-24; workload data; revised KPIs for 2023-24; digitilising business rates; VTE recruitment and appointment of new internal auditors

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

Table 4

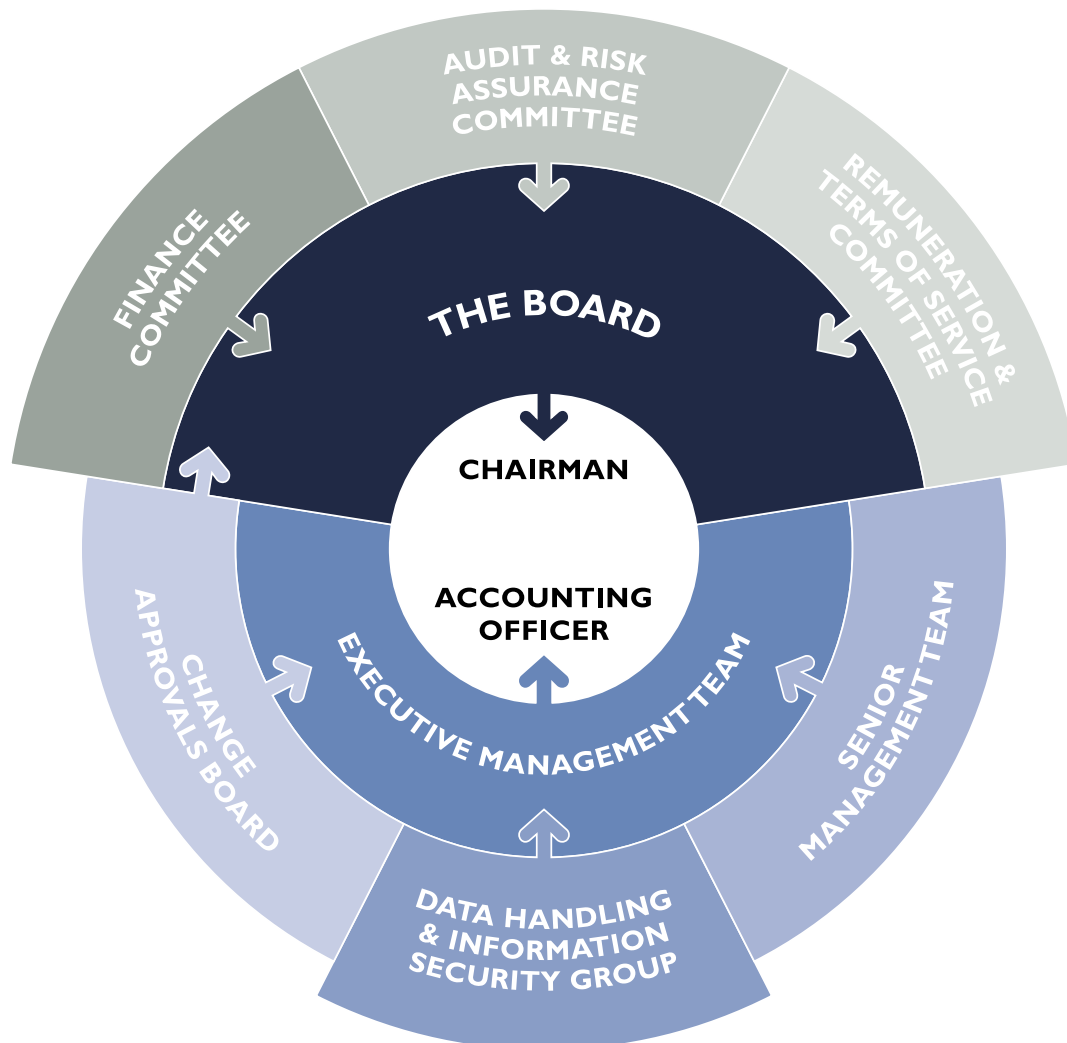
Board Members' dates of expiry of appointment, Committee membership and attendance

	Date of expiry of appointment	Attendance at Board meetings (7 Board meetings and one strategy day in 2022-23)	Attendance at Audit & Risk Assurance Committee (ARAC) meetings (3 in 2022-23)	Attendance at Finance Committee meetings (3 in 2022-23)	Attendance at Remuneration & Terms of Service Committee meetings (1 in 2022-23)
Neil Buckley	30 November 2023	■ 8		■ 3	■ 1
Harry Rich	9 May 2024	■ 8		■ 2	■ 1
Kevin Everett	31 August 2024	■ 7	■ 2		
Gary Garland	n/a	■ 6		3	
Suzanne McCarthy	31 March 2024	■ 7	■ 3		1
Lola Moses	8 February 2024	■ 6	■ 3		
Robert Paul Cammidge	3 January 2023	■ 5 (5)	■ 3 (3)		
Stephen Chappell	3 February 2026	■ 5		■ 2	
Alison Griffiths	3 February 2026	■ 6			■ 1
Joanne Kennedy-Reardon (independent member of the ARAC)	31 August 2025		■ 3		

■ 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.

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 three 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.



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 other than raising awareness of the challenges placed on the National Audit Office (NAO) and VTS staffing resources in completing the audit within expected timescales, no matters of concern were raised at these meetings. Our audited 2021-22 statutory accounts were laid before Parliament on 19 January 2023, with a clean audit opinion.

In addition to recommending to the Board the adoption of the 2021-22 year-end financial statements and the audit completion report, this Committee reviewed and approved revised policies on Risk Management, Procurement, Data Handling, Whistleblowing and Fraud. It also reviewed the VTS Assurance Map and considered all internal audit reports and monitored progress against management responses to action plans for the various recommendations. Risks relating to the recruitment and engagement of VTE Members were matters the Committee focussed on over the year. The Committee also reviewed its terms of reference and carried out a self-evaluation exercise in May 2023 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 draft budget for 2023-24. This Committee, comprising of four Board Members, met three times during the year. The Finance Director attends these meetings with me.

During the year the Finance Committee reviewed its terms of reference on 22 February 2023 to reduce its meetings to two per annum.

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 2022-23 the Committee met once and recommended to the Board and the sponsoring Department the level of performance considered appropriate for the Chief Executive.

The matter regarding the salary differential of the VTS Chief Executive in comparison with other bodies within and external to DLUHC's family of arms-length bodies, highlighted within the report commissioned by the Board remains the outstanding element of the strategic risk of recruitment and retention of VTS Directors.

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, 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 (as Chair), Registrar, Planning Manager and the Performance Manager, and is responsible for reviewing operational activity and for improving business processes to enhance service provision. I attend these meetings as appropriate. The SOMT met on nine occasions during the year. In addition, two separate strategy days were held on 4 July 2022 and 24 April 2023

On 29 November 2022, I established a Valuation Tribunal Interface Group (VIG). This group is made up of the VTE President, myself, Director of Operations & Development and Registrar to provide a more focussed interface between the operational and judicial aspects of the Service. I chair such meetings as Chief Executive. Meetings are held quarterly.

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.

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 ARAC 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 is the Senior Information Risk Owner (SIRO) and apprises me of any matters 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 by the VTS. We have annual mandatory online awareness training on data protection for all staff.

The VTS Data Protection Officer (DPO) provides 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.

One incident of cyber fraud was reported to me regarding an attempted phishing attack in July 2022. In accordance with our Fraud Policy, I commissioned the VTS SIRO to conduct an internal fact-finding investigation and 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 ARAC review this cyber implementation action plan on a regular basis.

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 2022-23.

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 27 planned days based on the 2022-23 plan. ARAC received a total of four reports, including Employee Bank Account Detail Changes, which was the audit following the cyber attack. This produced nine recommendations which have either been implemented or are in the process of being implemented. The other three reports were on Corporate Governance (substantial assurance), IT Governance and Management of IT Services (moderate assurance) and Payroll (moderate assurance). A total of seven recommendations arose from these three reports, of which three were 'medium' and four 'low' (housekeeping). None of the 16 recommendations highlighted fundamental weaknesses, we have implemented 15 recommendations 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.

Mazars completed its contractual services to us on 31 March 2023. From 1 April 2023, following a tendering exercise, TIAA were appointed as internal auditors for an initial one-year period, with a possible further two years dependant on performance.

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 2022-23 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.

Significant risks and issues

VTE Members

The most significant risk continues to be the engagement of VTE Members post-pandemic. We engaged an independent specialist company to survey views to help us achieve better engagement. Whilst implementing areas identified, such as introducing half-day sittings, this has not increased engagement to any significant level. We have recently employed a VTE Membership Engagement Lead to provide a dedicated focus on VTE Member engagement issues with the aim of increasing engagement.

We continue to maintain 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 as this has been a 12-month process at best. We embarked on the 2023 recruitment exercise with the JAC in March 2023, with a closing date for applications of 7 June 2023. The interviewing stage has concluded and appointments are to be announced in the near future.

We are currently engaging with our sponsoring Department and Ministry of Justice colleagues to find ways of adapting the recruitment framework to reflect that VTE Membership is non-paid, with no formal requirement to be legally qualified, and the scope for improving the current recruitment process.

Appeals

We received a total of 5,480 appeals between 1 April 2022 and 31 March 2023, of which 1,270 were received under the 2017 Rating List (Check, Challenge and Appeal (CCA)), an increase from 1,190 received in 2021-22. 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 approached its end on 31 March 2023. This has seen some hiatus in increased checks being made to the VOA. Our expectation is that these checks will materialise as appeals as they go through the challenge journey.

Given the new 2023 Rating List having come into effect on 1 April 2023, we will now be dealing with cross rating list years (2010, 2017 and 2023).



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 reappointed 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 employee to provide; 12 weeks' notice for employer – in line with s.86 of the Employment Rights Act 1996 (hereafter, ERA 1996) 1996
Director of Operations & Development	Permanent contract Commenced on 1 January 2015 3 months' notice for employee to provide; 12 weeks' notice for employer – in line with s.86 ERA 1996
Finance Director	Permanent contract Commenced on 1 February 2018 3 months' notice for employee to provide; 5 weeks' notice for employer – in line with s.86 ERA 1996 (due to lower level of continuous service)

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 (subject to audit)

Board Members	Salary (£'000)		Pension benefits (to nearest £'000)		Total (£'000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Harry Rich	5-10	5-10	—	—	5-10	5-10
Lola Moses	5-10	5-10	—	—	5-10	5-10
Gary Garland**	70-75	70-75	38	37	110-115	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*	1-5	5-10	—	—	1-5	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 2 January 2023 (Full year equivalent 5-10)

** 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 2022–2023 £37,661 (2021-2022 £36,600) was paid by the VTS into the Judicial Pension Scheme.

Remuneration of Directors

Table 6

Single total figure of remuneration (subject to audit)

Officials	Salary (£'000)		Bonus payments (£'000) *		Pension benefits (to nearest £'000) **		Total (£'000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Antonio Masella Chief Executive & Chief Operating Officer	100-105	100-105	10-15	5-10	(65)	14	45-50	120-125
Lee Anderson Director of Operations & Development	85-90	80-85	—	—	(10)	11	75-80	90-95
Keung Wong Finance Director	85-90	80-85	—	—	16	23	100-105	105-110

* 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.

Salary

'Salary' includes gross salary, bonus, overtime, any inclusion (where appropriate) of 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, with only two employees selecting to opt out of the LGPS following the latest statutory triennial re-enrolment exercise carried out in June 2023.

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 but with protections for those already in the scheme at that point.

Cash Equivalent Transfer Value (CETV) is the current value of the member's benefits within the pension scheme. The CETV is determined by actuarial principles.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

Pension benefits

Table 7 (subject to audit)

Officials	Accrued pension at pension age as at 31 March 2023 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2023 £'000	CETV at 31 March 2022 £'000	Real increase in CETV £'000
Antonio Masella Chief Executive & Chief Operating Officer	62.5-65 plus lump sum 95-97.5	(2.5)-0 plus lump sum (10)-(7.5)	1,337	1,139	71
Lee Anderson Director of Operations & Development	42.5-45 plus lump sum 65-67.5	0-2.5 plus lump sum (2.5)-0	895	713	102
Keung Wong Finance Director	7.5-10 plus lump sum 0	0-2.5 plus lump sum 0	133	87	28

Fair pay disclosure (subject to audit)

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 2022-23 (inclusive of bonus) was within the remuneration banding of £110,000-£115,000 (2021-22: also £110,000-£115,000). Figures for remuneration bands comprise bonus added to salary band. This was 2.94 times (2021-22: 3.06 times) the median remuneration of the workforce. The median in 2022-23 was £38,296 (2021-22: £36,818). In 2022-23, 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 (2021-22: £20,000-£25,000 lowest band to a highest band of £110,000-£115,000).

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 (subject to audit)

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

		2022-23		2021-22
	Total salary and allowances	Bonus payments	Total salary and allowances	Bonus payments
Staff average	-1.35%	n/a	1%	n/a
Highest paid Director	2.04%	13.38%	1.75%	53.78%

* The calculations include bonus which is paid in arrears.

Table 9 (subject to audit)
Fair pay ratios

	2022-23	2021-22*
Band of highest paid Director's total remuneration	£110,000–£115,000	£110,000–£115,000
Mid-point of highest paid Director's salary band (used in ratios)	£112,500	£112,500
Median remuneration (50th percentile) (excluding highest paid Director)	£38,296	£36,818
Ratio of median (50th percentile) to highest paid Director's salary band (mid-point)	2.94	3.06
25th percentile remuneration (£)	£29,854	£28,344
Ratio of 25th percentile to highest paid Director's salary band (mid-point)	3.77	3.97
75th percentile remuneration (£)	£42,503	£40,578
Ratio of 75th percentile to highest paid Director's salary band (mid-point)	2.65	2.77

* The additional quartile requirements were new for 2021-22.

N.B. The total salary figure is the same as total remuneration for each of the percentiles.

Table 10
Staff split by remuneration band

Remuneration band	Period ended 31 March 2023, based on FTE pay, number of staff	Period ended 31 March 2022, based on FTE pay, number of staff
£40,000 to £45,000	14	11
£45,000 to £50,000	2	1
£50,000 to £55,000	2	2
£55,000 to £60,000	1	3
£60,000 to £65,000	1	-
£65,000 to £70,000	1	1
£70,000 to £75,000	1	1
£75,000 to £80,000	-	-
£80,000 to £85,000	-	2
£85,000 to £90,000	2	-
£90,000 to £95,000	-	-
£95,000 to £100,000	-	-
£100,000 to £105,000	-	-
£105,000 to £110,000	-	-
£110,000 to £115,000	1*	1*

* The remuneration for the Chief Executive includes bonus payment.

Staff report

The VTS had restructured its operational team during 2019-20, just ahead of the COVID-19 pandemic. However, the consequences and restrictions of the pandemic required us to reorganise our working arrangements and implement reduced face-to-face contact. During 2021-22 and 2022-23 there was a period of further development of working practices as we dovetailed the new structural arrangements with the need to be agile and flexible with our responses to COVID-19. The structure the VTS has put in place is lean and resulted in bolstering our operational focus towards greater customer service and user engagement. In turn this underpinned our 'cradle-to-grave' approach from start to finish of an appeal.

We have coupled this new structure with greater ownership of the work and empowerment of staff and is something upon which we are building further to create more motivated and engaged staff. This structure also creates a better environment for staff development and has facilitated an improved career pathway for individuals coming into the organisation, providing opportunities to develop their skills and abilities and to transition into other 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 and we have seen a number of internal applicants being successful in obtaining higher graded roles. The impact of COVID-19 has also meant that we have added to our existing number of permanent homeworkers first introduced in 2009, in circumstances where such roles were possible and where it was in the interests of our business needs. This has allowed us to compress our estate to a single office. 60% of our staff are now permanent homeworkers.

Throughout 2022-23 we have reviewed our employment offering and created a resilience to the way we work and operate. In part this has been influenced by a very competitive employment market which has demanded greater flexibility and a greater emphasis on work-life balance and supported by greater levels of hybrid or "smarter" working. During the pandemic, it was reported by the Office for National Statistics (ONS) that approximately 500,000 over 50s had left the workforce. This left a gap in the employment market which created some initial difficulties in recruiting to Finance and HR roles during 2022-23.

The VTS had two temporary agency assignments/placements in 2022-23. The total cost (including VAT) was £26,951 during the year.

The specifics of this spend is that the VTS engaged a finance professional to backfill a post of Finance Officer. The permanent Finance Officer took on additional acting up duties to cover the role of Financial Controller. This created a gap in a key part of the business and meant that there was a temporary need for agency resource. The second assignment/placement was in Corporate Services and was required to assist with governance. It was prudent to see how this revised role developed before considering the potential for permanent recruitment.



Despite these recruitment challenges, our new SMART working methodology was implemented in such a way as to ensure that office occupation for such staff still averaged at least three days a week. This change was precipitated by the COVID-19 pandemic but also reflects a change to our operations with online Tribunal hearings as a default. We have seen a new balance for those staff who continue to work the majority of their time in an office, but which is now combined with some time working from home. This hybrid type of SMART working – splitting time between homeworking and office working – is expected to have a consequential positive impact upon motivation, staff commitment and flexibility. This agile approach has allowed the VTS to move forward knowing we have the resilience to transition quickly to total homeworking if ever the need arises again.

We have augmented our IT infrastructure and have fully utilised IT through communication/video conferencing packages such as MS Teams. This has been used for internal communications as well as for tribunals and has proved successful in allowing good communication. We have moved forward with the further development of our suite of Learning Management System (LMS) modules. This supports 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. The future challenge will be to obtain a suitable balance between online learning and face-to-face sessions and in that respect, we have increased interaction and personal contact training during 2022-23.

Our detailed (and amendable) succession plan was kept under regular review and will form the focus for further work during 2023-24.

Following the closure of the Doncaster office in June 2021, we successfully transitioned office-based clerking staff and office-based Tribunal Support Officers to homeworking, and this continues to be a positive initiative for the VTS with high performance levels being maintained.

We have been mindful of the challenges presented by cyber security risks and during 2022-23 we have taken steps to ensure our staff are reminded of those risks and they have been made aware of such threats and how to deal with them.

There were no employment claims against the VTS in 2022-23 and that remains the case as at the time of writing in December 2023. None are currently envisaged.

The VTS recognises Unison for collective bargaining purposes and liaises with Unison's central head office branch in London as required. Contracts for staff are based on local terms and conditions. Pay increases/cost of living awards are contractual and based upon the agreed outcomes of the NJC for Local Government Services.

The VTS has recently embarked on the creation of a trainee clerk grade to address succession planning coupled with the concomitant challenges associated with an ageing workforce. This new grade will also provide value for money in reducing initial salary costs.

Staff costs

Staff costs comprise:

Table II (subject to audit)

	2022-23 £'000	2021-22 £'000
Wages and salaries	2,277	2,308
Social security costs	257	246
Other pension costs	992	1,096
Agency staff costs	27	15
Total staff costs	3,553	3,665

Staff numbers as at 31 March 2023

As at 31 March 2023, the actual number of staff employed (headcount) was 59 compared to 56 as at 1 April 2022.

Average number of staff over the year

The average staff FTE for the whole year was 54.61, average head count was 55.31 (2021-22: 58.26) (based on numbers each month rather than a simple average of start and end of year numbers).

During the year there were nine new starters – five Tribunal Clerks, two Tribunal Support Officers, one Finance Administrator and one HR & Training Adviser. There were six leavers during the year. Two were retirements, three were normal resignations and one was a 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. This restricts the ability of the VTS to prevent early retirement from those who have long service – combined with membership of the LGPS – and who are over age 55.

Given there were six leavers during the 2022-23 year, this is a turnover rate of 10.17% (16.9% for 2021-22).

Average number of persons employed:

Table 12 (subject to audit)

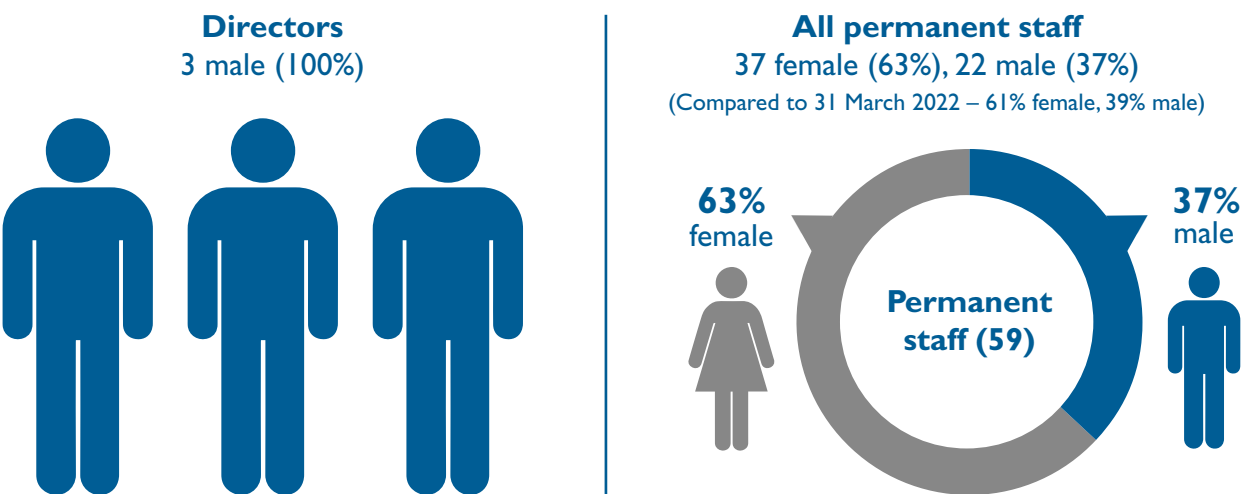
	Permanently employed staff	Others	2022-23 Total	2021-22 FTE Total
Directly employed	54.61	–	54.61	58.26
Other	–	2	2	2
Total	54.61	2	56.61	60.26

Staff composition at 31 March 2023

Table 13
Gender Profile as at 31 March 2023

Gender	Number 2022-23	Percentage 2022-23	Percentage 2021-22	Variance 2022-23 to 2021-22
Female	37	63%	61%	+2%
Male	22	37%	39%	-2%

Chart 5
Gender Profile as at 31 March 2023



This is similar to the 55% female to 45% male split in the Civil Service (Civil Service Statistics, 2022). Relatively small changes in an organisation like the VTS can alter the percentages significantly. In respect of Local Government, there is a 75% female to 25% male split (LGA/ONS Quarterly survey, Q4 2022-23).

The representation of ethnic minorities within the workforce at the end of the year increased to 25.42% compared to 20.3% as at 31 March 2022.

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 nine as at 31 March 2023 (15.25% of the workforce compared to seven individuals – 11.9% of the workforce in 2021-22). 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 from 45.9 in 2021-22 to 45.8 in 2022-23. The median age was 48 as at 31 March 2023 – a slight decrease from age 49 reported for 31 March 2022.

Table 14
Age Profile as at 31 March 2023 (and last year's percentages – 2021-22)

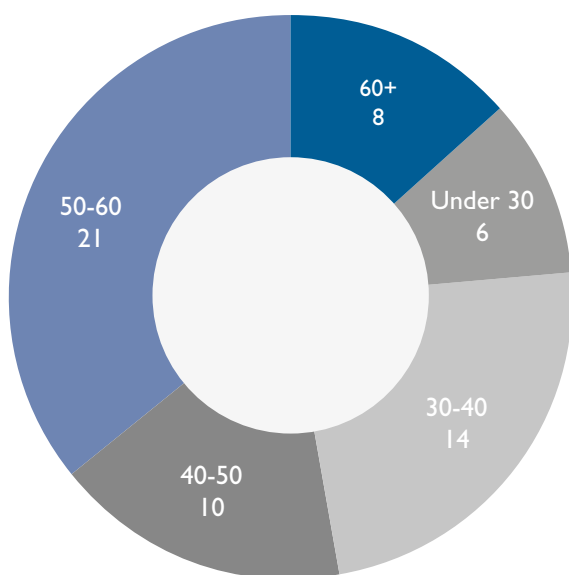
Age	Number 2022-23	Percentage 2022-23	Percentage 2021-22	Variation percentage
Under 30	6	10.17	10.17	0
30-40	14	23.73	23.73	0
40-50	10	16.95	18.64	-1.69
50-60	21	35.59	35.59	0
60+	8	13.56	11.86	1.7
Total	59	100%	100%	

Table 15
Length of Service as at 31 March 2023

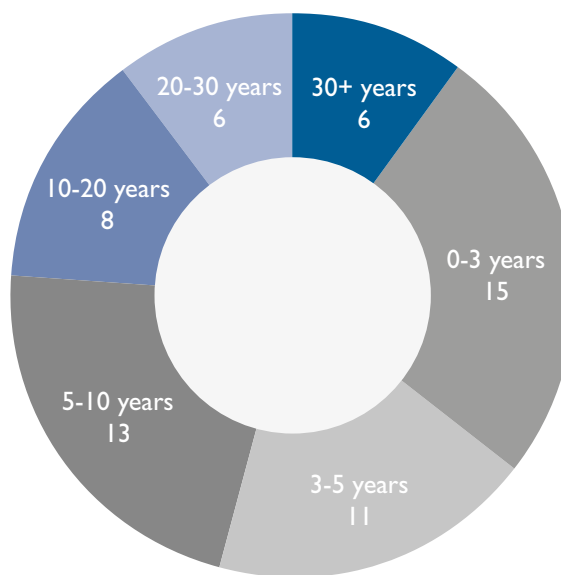
Length of Service	Number 2022-23	Percentage 2022-23	Percentage 2021-22	Variation percentage
Under 3 years	15	25.42	22.03	8.48
3-5 years	11	18.64	15.25	3.39
5-10 years	13	22.03	22.03	0
10-20 years	8	13.56	11.86	1.7
20-30 years	6	10.17	11.86	-1.69
30+ years	6	10.17	16.95	-6.78
Total	59	100%	100%	

Chart 6

Age Profile as at 31 March 2023


Chart 7

Length of Service as at 31 March 2023



The average length of service decreased to 10.46 years (from 12.81 years in 2021-22). This was largely as a consequence of some longer-serving staff retiring. The median length of service decreased to 6.06 years (from last year's 8.67 years). (These figures include service in the former valuation tribunals before staff transferred to the VTS in 2004.)

Sickness absence data

In 2022-23, 60% (35 people) had recorded sickness; 2021-22, 50% (30 people). The percentages are calculated from our average staffing over the year i.e. assuming a simple average staffing of number of employees at 1 April 2022 (57 people) and number employed as at 31 March 2023 (59 people) = average of 58. By this calculation, 40% of staff had no sickness during the year. In the previous year 2021-22, 50% 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 2023 increased from 7.54 days to 8.24 days, but still remains lower than the 8.97 days reported in 2020-21. Excluding long-term sickness, average sickness absence was 3.06 days (compared to the 2.08 recorded for 2021-22). Despite the increase, this remains in line with our KPI of maintaining short-term absence under 3.6 days per employee. 10 staff reported positive coronavirus tests that contributed to this sickness absence; one person was infected with COVID-19 twice to make 11 instances of COVID-related sickness absence. Due to our IT advancement, some staff who had contracted COVID-19 were able to work from home. In the previous year, 2021-22, nine staff reported COVID-19 as sickness absence. There were no ill-health retirements during 2022-23 but three staff experienced quite long periods of long-term absence (more than 20 consecutive days sick) totalling 286.5 days.

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 but have now moved – wherever possible – to face-to-face interviews. Any person with a disability who meets the essential criteria for a role will be interviewed. It is important to note that whilst the VTS encourages individuals to disclose disabilities in order to provide reasonable adjustments, some individuals do not do so and some applicants do not disclose any equality information.

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.

We continue to build upon our wellbeing and mental health arrangements and providing support in the workplace. Staff are encouraged to support each other and to engage regularly with colleagues through the MS Teams platform. We also promote non-work conversations during break times and encourage homeworkers to attend the office site whenever appropriate to enhance physical and social engagement.

Staff have been provided with the necessary equipment to do their jobs effectively. 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. Portable appliance testing has been completed for home and office workers during 2022-23.

With the aim of supporting homeworking staff, we hire accommodation to bring together remote teams to improve social interaction. This allows various groups to get together with colleagues and enhance working relationships, creating a positive working environment. We are developing further strategies to enhance the support that we can provide.



Reporting of compensation schemes (subject to audit)

There were no redundancies or other exit payments made to staff 2022-23 (nor in 2021-22).

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 £52,000 (£49,000 for 2021-22) 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 refundable 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 journey, 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, 1,276 appeals were lodged with fees received totalling £364,800. 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 redundancies or other exit payments made to staff 2022-23 or 2021-22.

There were no losses for the 2022-23 financial year. This information has been audited.



Antonio Masella

Accounting Officer
Valuation Tribunal Service

24 January 2024



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 2023 under the Local Government Act 2003.

The financial statements comprise the Valuation Tribunal Service's

- Statement of Financial Position as at 31 March 2023;
- 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 2023 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 and Regularity of Public Sector Bodies in the United Kingdom* (2022). My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Valuation 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 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 is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises the 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.

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 Reports.

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

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

Responsibilities of the 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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the Valuation Tribunal Service from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the Local Government Act 2003;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the Local Government Act 2003; 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, I:

- considered the nature of the sector, control environment and operational performance including the design of the Valuation Tribunal Service's accounting policies and performance indicators;



- inquired 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 on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Valuation Tribunal Service's controls relating to the Valuation Tribunal Service's compliance with the Local Government Act 2003 and Managing Public Money;
- inquired of management, Valuation Tribunal Service's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the 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 Tribunal Service 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.

I obtained an understanding of the Valuation Tribunal Service's framework of authority and other legal and regulatory frameworks in which the Valuation Tribunal Service operates and I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Valuation 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.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;

■ in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated 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 risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date: 26 January 2024

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

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2023



	Note	2022-23 £'000	2021-22 £'000
Staff costs	2	3,553	3,665
Purchase of goods and services	3	1,095	1,496
Other operating expenditure	3	306	211
Depreciation, amortisation and impairment charges	3	124	152
Provision and pensions expense	3	18	70
Right-of-use asset interest on lease liability	3	19	–
Right-of-use asset depreciation	3	277	–
Total operating expenditure		5,392	5,594
Finance expense (net interest on pension liabilities)	3	327	405
Net expenditure for the year		5,719	5,999
Other Comprehensive Net Expenditure			
Items which will not be classified to net operating costs			
Actuarial loss/(gain) on pension scheme liabilities	10	(19,113)	(9,316)
Total comprehensive net expenditure/(net income) for the year ended 31 March		(13,394)	(3,317)

The notes on pages 65 to 83 form part of these accounts.

Statement of Financial Position

as at 31 March 2023

	Note	31 March 2023 £'000	31 March 2022 £'000
Non-current assets			
Property, plant and equipment	4	89	31
Intangible assets	5	535	474
Pensions	10	5,446	–
Right-of-use asset	12	717	–
Total non-current assets		6,787	505
Current assets			
Trade and other receivables	6	117	11
Cash and cash equivalents	7	164	95
Total current assets		281	106
Total assets		7,068	611
Current liabilities			
Trade and other payables	8	(387)	(312)
Obligation under lease	12	(277)	–
Total current liabilities		(664)	(312)
Total assets less current liabilities		6,404	299
Non-current liabilities			
Pensions	10	–	(12,780)
Obligation under lease	12	(440)	–
Total non-current liabilities		(440)	(12,780)
Total assets less total liabilities		5,964	(12,481)
Taxpayers' equity			
General fund		518	299
Pension reserve		5,446	(12,780)
Total taxpayers' equity		5,964	(12,481)

The notes on pages 65 to 83 form part of these accounts.



Antonio Masella

Accounting Officer

Valuation Tribunal Service

24 January 2024

Statement of Cash Flows

for the year ended 31 March 2023



	Note	2022-23 £'000	2021-22 £'000
Cash flows from operating activities			
Net operating cost	SoCNE	(5,719)	(5,999)
Employers pension contributions	10	(450)	(462)
Adjustment for non-cash transactions			
Right-of-use asset interest on lease liability	12	19	–
Depreciation and amortisation	4, 5 & 12	402	152
Decrease/(Increase) in trade and other receivables	6	(106)	154
Other non-cash pension movements	10	1,337	1,535
(Decrease)/Increase in trade and other payables	8	75	28
Net cash outflow from operating activities		(4,441)	(4,592)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(88)	–
Purchase of intangible assets	5	(157)	(130)
Net cash outflow from investing activities		(245)	(130)
Cash flows from financing activities			
Payment of lease principal	12	(296)	–
Grant in aid received from sponsoring Department	TpEq	5,051	4,550
Net cash inflows from financing activities		4,755	4,550
Net (decrease)/increase in cash and cash equivalents for the period		69	(172)
Cash and cash equivalents at the beginning of the period	7	95	267
Cash and cash equivalents at the end of the period	7	164	95

The notes on pages 65 to 83 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023

		2022-23		
	Note	General Fund £'000	Pension Reserve £'000	Total Taxpayers' Equity £'000
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 cost		–	(36)	(36)
Actuarial (losses)/gains		10	9,316	9,316
Balance at 31 March 2022		299	(12,780)	(12,481)
Grants from sponsoring Department		5,051	–	5,051
Comprehensive net expenditure for the year		SoCNE	(5,719)	(5,719)
Other pension movements in the year		887	(887)	–
Actuarial (losses)/gains		10	19,113	19,113
Balance at 31 March 2023		518	5,446	5,964

The notes on pages 65 to 83 form part of these accounts.



Note I Statement of accounting policies

I.1 Basis of preparation

These financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM) issued by HM Treasury and Accounts Direction as issued by the Department for Levelling Up, Housing and Communities (DLUHC). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The accounting policies also meet the accounting and disclosure requirements of the Companies Act 2006 to the extent these are appropriate. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Valuation Tribunal Service (VTS) for the purpose of giving a true and fair view has been selected. The accounting policies have been applied consistently in dealing with items that are considered material to the financial statements. All policies adopted for the VTS are described below.

I.2 Going concern basis

The financial statements have been prepared on a going concern basis.

The Statement of Financial Position shows net surplus of £5,964,165 at 31 March 2023. 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 2023-24. 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.

I.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 IFRS is to be adopted:

IFRS 17 Insurance Contracts (effective from 2025-26)

The International Accounting Standards Board 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 to delay the implementation of IFRS 17 in central government by two years to 1 April 2025.

I.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.

I.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 2023.

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

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



1.7 Intangible assets

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

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

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

1.8 Grant in Aid (GIA)

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

1.9 Employee benefits

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

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

The net pension surplus 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 surplus arising for the VTS, as at 31 March 2023 is £5,446,000. 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 2022. The financial position of the pension fund was funded at 128%, which is equivalent to a surplus of £12.6m, compared to 111% funded at the 2019 triennial valuation. The VTS have accepted the new contribution rate of 16.3% (the previous contribution rate was 16.3%) for the next three years from 1 April 2023 to 31 March 2026.

The amount of surplus arising from the defined benefit plan that an entity is allowed to recognise is limited under IAS19 valuation. This is the assessment under the application of IFRIC 14. The actuary, Barnett Waddingham, carried out the assessment and concluded that the economic benefit will be a reduction of future contributions, which will be the value of the current service cost in future years.

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.

I.10 Leases

IFRS 16 Leases

IFRS 16 Leases replaced the IAS 17 and is applied on 1 April 2022.

Under IFRS 16 leases, a lessee (the organisation that has entered into a finance lease arrangement) is required to recognise a right-of-use asset representing its right of use the underlying leased asset and a lease liability representing its obligation to make lease payments.

From 2022-23 the lease of the office building is categorised as a right-of-use asset. In prior financial years under IAS 17, leases were classified as either operating or finance leases and the VTS lease liability/commitments were disclosed for not later than five years. Upon transition, the lease liability is capitalised along with the right-of-use asset.

The lease discount rate used is set out annually by HM Treasury in the Public Expenditure System paper. For 2022-23 financial year the discount rate used was 3.51%.

I.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.

I.12 Taxation

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

I.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.

I.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.

I.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:

	2022-23 £'000	2021-22 £'000
Wages and salaries	2,277	2,308
Social security costs	257	246
Other pension costs	992	1,096
Agency staff costs	27	15
Total staff costs	3,553	3,665

Please see the Remuneration and staff report (from page 39) for further detail on staff costs and numbers.

Note 3 Other operating costs

	Note	2022-23 £'000	2021-22 £'000
Cash items			
Other operating expenditure			
VTE costs		141	130
Board costs		59	59
Travel and subsistence		47	4
Training		59	18
		306	211
Purchase of goods and services			
Support services (IT, legal and finance)		363	380
Rentals under operating leases		156	463
IT (maintenance and licences)		298	428
Post and communications		4	2
Tribunal costs		10	3
Printing & publications		22	16
Auditors' remuneration and expenses		52	49
Other goods and services		133	102
Variable maintenance		11	12
Heating and lighting		20	17
Internal audit		26	24
		1,095	1,496
Non-cash items			
Administration charge – pensions	10	18	70
Net interest on pension liabilities	10	327	405
Amortisation	5	96	122
Depreciation	4	28	30
Right-of-use asset depreciation	12	277	–
Right-of-use asset interest on lease liability	12	19	–
		765	627
Total		2,166	2,334



Note 4 Property, plant and equipment

	2022-23		
	Furniture & fittings £'000	Information technology £'000	Total £'000
Cost or valuation at 1 April 2022	5	180	185
Additions	–	88	88
Disposals	–	(22)	(22)
Reclassifications	–	(1)	(1)
At 31 March 2023	5	245	250
Accumulated depreciation at 1 April 2022	4	150	154
Charge for period	1	28	29
Disposals	–	(22)	(22)
At 31 March 2023	5	156	161
Net book value at 31 March 2023	–	89	89
Owned at 31 March 2023	–	89	89

Note 5 Intangible assets

	2022-23		
	IT assets under construction £'000	IT development expenditure £'000	Total £'000
Cost or valuation			
At 1 April 2021	322	762	1,084
Additions	48	82	130
Disposals	–	(76)	(76)
Reclassifications	(282)	282	–
At 31 March 2022	88	1,050	1,138
Additions	157	–	157
Disposal	–	(242)	(242)
Reclassifications	(96)	96	–
At 31 March 2023	149	904	1,053
Amortisation			
At 1 April 2021	–	618	618
Charge for period	–	122	122
Disposals	–	(76)	(76)
At 31 March 2022	–	664	664
Charge for period	–	96	96
Disposal	–	(242)	(242)
At 31 March 2023	–	518	518
Net book value at 31 March 2023	149	386	535
Owned at 31 March 2023	149	385	535
Net book value at 31 March 2022	88	386	474
Owned at 31 March 2022	88	386	474

Note 6 Trade and other receivables

	Note	2022-23 £'000	2021-22 £'000
Amounts falling due within one year:			
Prepayments and accrued income		117	11
Balance at 31 March		117	11

Note 7 Cash and cash equivalents

	Note	2022-23 £'000	2021-22 £'000
Cash at bank at 1 April		95	267
(Decrease)/Increase in cash for the year	SCF	69	(172)
Cash at bank and held at 31 March		164	95
The following balance at 31 March was held at:			
Government banking services		164	95

Note 8 Trade and other payables

	Note	2022-23 £'000	2021-22 £'000
Amounts falling due within one year:			
Trade payables		224	146
Accruals		163	166
Balance at 31 March		387	312
(Decrease)/Increase in trade and other payables		75	28

Note 9 Provisions

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

Note 10 Pensions

	2022-23		
	Assets £'000	Obligations £'000	Net liability/ (asset) £'000
Year ended 31 March 2023			
Opening position	59,030	(71,810)	(12,780)
Current service cost	—	(992)	(992)
Administration costs	(18)	—	(18)
	(18)	(992)	(1,010)
Net interest	—	(1,839)	(1,839)
Interest income on plan assets	1,512	—	1,512
Total net interest	1,512	(1,839)	(327)
Total (expenditure)/income recognised in the statement of comprehensive net expenditure	1,494	(2,831)	(1,337)
Plan participants contributions	164	(164)	—
Employer contributions*	450	—	450
Benefits paid including expenses	(2,298)	2,298	—
Unfunded benefits paid	(89)	89	—
Expected closing position	58,751	(72,418)	(13,667)
Changes in demographic assumptions	—	1,607	1,607
Changes in financial assumptions	—	25,220	25,220
Experience	—	(6,802)	(6,802)
Return on assets excluding amounts included in net interest	(748)	—	(748)
Other actuarial losses	(164)	—	(164)
Total re-measurements recognised in the statement of other comprehensive net expenditure	(912)	20,025	19,113
Closing position	57,839	(52,393)	5,446

* Contributions by employer including unfunded pension payments.

Note 10 Pensions (cont.)

	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)
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 financial assumptions	–	3,424	3,424
Experience	–	(149)	(149)
Return on assets excluding amounts included in net interest	6,041	–	6,041
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.

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

Assumptions as at:	31 March 2023		31 March 2022	
	% pa	real	% pa	real
RPI increases	3.30	–	3.65	–
CPI increase	2.90	(0.4)	3.25	(0.4)
Salary increases	3.90	0.6	4.25	0.6
Pension increases	2.90	(0.40)	3.25	(0.40)
Discount rate	4.80	1.5	2.60	(1.05)

The assumed life expectancies from age 65 are:

Life expectancy from age 65		31 March 2023	31 March 2022
		Weighted by liability	Weighted by liability
Retiring today	Males	21.6	22.0
	Females	24.2	24.4
Retiring in 20 years	Males	22.7	23.3
	Females	25.4	25.9

The above table shows the life expectancies at 31 March 2023 weighted by liability.

The table below summarises the membership data, as stated in the IAS19 report dated at 31 March 2023, for members receiving funded and unfunded benefits.

Member data summary	31 March 2023			31 March 2022		
	Number of members	Salaries/pensions/£'000	Average age	Number of members	Salaries/pensions/£'000	Average age
Actives	58	2,217	49	59	2,165	50
Deferred pensioners	123	368	54	128	420	50
Pensioners	223	2,072	72	223	1,985	73
Unfunded pensioners	45	95	77	48	89	77

Sensitivity analysis

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

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

Sensitivity analysis	£'000s	£'000s	£'000s	£'000s	£'000s
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of obligation	49,103	50,706	52,393	53,094	56,063
Projected service costs	353	401	415	428	487
Adjustment to long-term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of obligation	52,616	52,437	52,393	52,349	52,175
Projected service costs	416	415	415	414	413
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of obligation	55,892	53,063	52,393	51,737	49,248
Projected service costs	490	429	415	402	351
Adjustment to life expectancy assumptions		+ 1 Year	None	-1 Year	
Present value of obligation		54,756	52,393	50,140	
Projected service costs		430	415	399	

Statement of Financial Position

The asset and liability values as at 31 March are reflected in the table on page 73 and are reported in the Statement of Financial Position on page 62 as the total pension net surplus of £5,446,000.

Unfunded benefits paid as at 31 March 2023 amounted to £89,000 (2021-22: £94,000). The liability for unfunded benefits at 31 March 2023 was £1,202,000 (2021-22: £1,341,000). This is contained within the net pension surplus of £5,446,000 (2021-22: £12,780,000).

Assets

The estimate asset allocation as at 31 March 2023 is as follows:

Asset breakdown	31 March 2023		31 March 2022	
	£'000s	%	£'000s	%
Equities	34,013	59%	33,600	57%
Target return portfolio	10,754	19%	12,714	22%
Infrastructure	7,318	13%	6,014	10%
Property	5,680	10%	5,296	9%
Cash	74	0%	1,406	2%
Total	57,839	100%	59,030	100%

Projected pension expense for the year to 31 March 2024

Projections for the year	31 March 2024 £'000s	31 March 2023 £'000s
Service cost	415	988
Net interest on the defined liability (asset)	(272)	326
Administration expenses	17	77
Total loss (profit)	160	1,391
Employer contributions	362	361

Note II Capital commitments

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

Note 12 Right-of-use assets

	2022-23 Buildings £'000	2021-22 Buildings £'000
Right-of-use assets		
Cost or Valuation		
At 1 April 2022	994	1,387
At 31 March 2023	994	1,387
Depreciation		
At 1 April 2022	–	116
Depreciation charge for the year	277	277
At 31 March 2023	277	393
Carrying amount at 31 March 2023	717	994

Note: Zero additions to right-of-use assets. Cost model measurement/current value in existing use measurement used.

The VTS adopted IFRS 16 Leases from April 2022 and this standard replaced IAS17 Leases. The opening balance represents a five-year lease for the London office (120 Leaman Street, London) ending on 31 October 2025 (FY 2025-26) that was within scope of IFRS 16 Leases. The lease liability within one year is £273,000 and later than one year is £434,000. Lease interest of £19,000 was recognised in the Statement of Cash Flow. However, the interest will reduce in future years as the value of asset is depreciated. A maturity analysis of lease liabilities within scope of IFRS 16 Leases, based on undiscounted gross cashflows, is reported in the table above. Liquidity risk is the possibility that the VTS may be unable to meet its obligations from lease liabilities to be settled with cash. As the VTS can draw down cash from the Consolidated Fund and, if necessary, make a Contingencies Fund request for cash, its liquidity risk is low. The VTS choose not to reassess whether a contract is, or contains, a lease at the date of initial application in accordance with the accounting standard.

The lease discount rate used is set out annually by HM Treasury in the Public Expenditure System paper. For 2022-23 financial year the discount rate used was 3.51%. In the transition to IFRS 16, the rate used to determine lease liability for existing leases was 0.95%. In 2021-22, the year preceding transition, the operating lease commitment was £1,037,000 for up to five years.

Note 13 Related party disclosures

The VTS is sponsored by DLUHC, which is regarded as a related party. During the reporting period there were several significant related party transactions. The values of related party transactions include the following:

- GIA of £5,051,000 (2021-22: £4,550,000) 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 £449,000 (2021-22: £462,000) 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 £805,000 (2021-22: £791,000)

Note 14 Check, Challenge and Appeal (CCA) fees

	2022-23		2021-22	
	Number	£'000	Number	£'000
Balance at 1 April	1,191	335	449	124
CCA cases received during the period	1,276	365	1,178	326
Less: Cases determined in favour of the Appellants	(289)	(79)	(272)	(71)
Add back: Cases held for repayment to the Appellants at 31 March	12	3	21	4
Less: Cases determined in favour of the Authority	(180)	(47)	(188)	(49)
Add back: Cases held for remittance to the Consolidated Fund at 31 March	7	2	3	1
Balance at 31 March	2,017	579	1,191	335



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.

There are no other significant events after the reporting period that require disclosure.

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

