

## **Summary Minutes of the Valuation Tribunal Service Board 152<sup>nd</sup> Meeting held on 25 September 2024 at 10:30 am in Leman Street**

**Present:** Suzanne McCarthy (Interim Chair); Stephen Chappell (Member) and Kevin Everett (Member).

**In attendance:** Tony Masella (Chief Executive & Chief Operating Officer); Keung Wong (Finance Director); John Parkin (Performance Manager) and Karen Clewer (Planning Manager) for item 7 only; Nick Pellegrini (ALB Business Partner, MHCLG – as an observer) and Nicola Hunt (Board Secretary).

### **Welcome, Apologies, Declarations of Interest, Confirmation of Minutes**

Apologies for absence had been received from Gary Garland (VTE President, *ex-officio* member), Alison Griffiths (Member) and Lee Anderson (Director of Operations & Development).

There were no new declarations of interest.

Minutes of the meeting held on 25 July 2024 were confirmed as a true record of the meeting.

Actions had been completed as required.

### **Chief Executive's Report**

Tony Masella confirmed that challenges were still being faced regarding VTE Member engagement, with only 56% of members currently making themselves available for tribunal hearings. It was noted fewer members were sitting for a minimum 10 days or more each year.

The Membership Engagement Lead was encouraging engagement by proactively contacting those members who were not meeting the required number of sittings under their Terms and Conditions of appointment. Tony Masella advised that since 1 April 2024 there had been a loss of 13 VTE Members (nine resignations, three retirements and one removal by the Judicial Conduct Investigations Office (JCIO)).

In referring to appeal work volumes, Tony Masella provided a breakdown of outstanding appeals. It was noted 48% of total outstanding appeals (2,860) related to the 2017 Rating List, of which 1,264 were suppressed (office fit-out appeals, currently subject to litigation).

The volume of 2017 Rating List appeals received had increased between April to July, with a dip in August. Tony Masella reminded the Board that this increase at the end of the Rating List had been expected and it had featured a significant risk on the risk register since 2019.

Clearance of appeals relied on VTE Members being available to hear and clear them. Tony Masella advised that he had been successful, working with the Ministry of Justice, to increase the VTE Membership with an intake of 30 Senior Members on an annual basis since 2018. It was regrettable that engagement prevented the effectiveness of this resource. Clerks had also been recruited since 2020 to backfill retirements to protect front line hearing activity. He had also introduced triaging of cases with the aim of minimising hearing time and enhancing the professional

competence of staff. Tony confirmed there would be some 2017 Rating List appeals carried over into the next financial year.

Tony Masella referred to the high number of Consent Orders issued. The CCA framework envisaged all information being made available upfront, this would allow agreements to be reached without necessitating a hearing if agreement was possible. The high level of Consent Orders signalled that this was not the case and that discussions were taking place after an appeal had been made and evidence disclosed. These late agreements impacted on hearing resources, depriving someone else of a hearing.

Tony Masella directed the Board to the hearings forecast planned until 31 March 2025, showing 84 hearings were planned for November, 63 in December, 91 in January, 85 in February and 86 in March, with a total of 722 cases listed. The success of this plan was heavily reliant on VTE Member engagement.

### **Public Body Review Update**

The Interim Chair explained that since the discussion at the previous Board meeting, Tony Masella had expanded on some of the answers on the self-assessment model. Nick Pellegrini confirmed the self-assessment model was the first step in stage 1, which was focussed on obtaining evidence. Ministers would then indicate whether to proceed to stage 2. It was possible that the review would proceed to stage 2 due to the VTE Member engagement issues and clearance rates. However, evidence would need to be fully reviewed before a decision was made.

### **VTE President's Report**

***Update on single member hearings.*** In his absence, the VTE President had submitted a paper setting out his thoughts on reducing the number of members that constitute a panel to one. He had concluded that in the interest of justice, VTE Members should not sit alone as they were not appointed in a professional legal capacity to the VTE and that a lay tribunal is based on a panel of two or more sitting on 'trial' cases (i.e. cases where arguments were presented and needed to be weighted and deliberated). He added that a single member panel was not a solution to the member engagement issues experienced and could open more legal challenges.

The Interim Chair suggested the matter be fully discussed when the President was in attendance to allow him to elaborate further.

***Making the CCA System More Effective.*** A joint VTE/VTS paper was tabled for discussion. This paper built on the experience of the VTS and VTE since the introduction of CCA and highlighted potential improvements in the process.

Tony Masella clarified the three stages of the process: *Check* – to check if information held by the VOA was correct; *Challenge* – (to the VO) to facilitate disclosure, exchange and negotiation; and then *Appeal* – to the VTE where there was a genuine dispute. The expectation was that under this system fewer appeals would be lodged as parties would have disclosed and exchanged their respective cases at an earlier stage within the process, allowing for negotiation and possible settlement. This was certainly not the experience.

Tony Masella explained that while the CCA framework was sound in theory, experience was that the process was flawed in practice. Evidence was not always being disclosed at the start, and negotiation was not forthcoming, forcing people to seek a resolution in the tribunal, and around 34% of the cases resulted in late agreements (Consent Orders) forced by the listing. These flaws had resulted in issues being considered by a hearing panel which were not envisaged, for example, whether evidence was new, and panels having to navigate a plethora of evidence bundles searching for relevant information.

Tony Masella referred to the suggestions in the paper to improve the current regulations to maximise effectiveness. He believed that the system could be managed better if these suggestions were implemented. Nick Pellegrini thanked Tony for the paper and explained that he needed to fully understand how the regulations could be changed and to what effect. He agreed that this was an opportunity to make changes, but the impact of making such changes would have to be assessed and discussed with the VOA in order to understand the implications and avoid any unforeseen consequences.

Stephen Chappell and Kevin Everett (both VTE Senior Members) were strongly supportive of the proposed changes outlined in the paper.

## **Finance**

**Management Accounts to 31 August 2024.** The management accounts to 31 August 2024 reflected a total resource funding forecast year to date of £6,121k, against a budget of £6,168k, and an underspend of £47k. It was noted:

- Total resource funding was 99% vs the budget
- August cashflow was within the £225k mark
- Total CCA fees of £1,805,650 had been received as of 31 August 2024
- 6,406 Appeals had been received to date
- Bank transactional costs for appeal refunds totalled £31,151 to date

**Impact of Forecast vs Expenditure 2024-25 and Spending Review 2025.** Keung Wong was mindful that in previous years there had been an underspend at year end which put the VTS in a delicate position when planning for next year's budget ahead of the 2025 Spending Review challenges. The budget requested for 2024-25 was close to the expected spend, but it was hoped it may be possible to convert some of the underspend from the pay budget to non-pay to be utilised for IT development work. This request would be submitted with the summer supplementary return and required Departmental approval. He was keen to maximise funding for this year to allow savings to be found next year and hoped with prioritisation it may be possible to find the 5% savings requested.

The VTS and VTE had made significant improvements over the years that had resulted in savings which had been absorbed with no benefit to the VTS or VTE. There was a danger that further cuts could severely impact on the delivery of its statutory duty. Nick Pellegrini explained the Spending Review was a generic exercise that all departments had to carry out and that it was up to each individual department how to frame their response, and what the reduction would mean.

**Draft VTS Annual Report & Accounts 2023-24.** The draft Annual Report & Accounts 2023-24 had been previously circulated. The report had also been

submitted to the Audit & Risk Assurance Committee (ARAC) at the meeting in July. Kevin Everett (ARAC Chair) confirmed the report was carefully reviewed and the Committee was happy with the current draft. The version before the Board had been sent to NAO and the sponsoring Department requesting feedback, and work continued with NAO in terms of reviewing the data.

It was planned to lay the accounts in November. If necessary, once ARAC have reviewed the accounts an additional virtual Board meeting would be arranged for the Annual Report & Accounts to be formally approved.

### **Operations and Programme Update**

***Performance Framework and Planning for Hearings.*** John Parkin and Karen Clewer were invited to present the *Performance Framework*. John advised the Board on a number of initiatives which focussed on increasing performance.

There had been an increase in 2017 Rating List appeals received, many of which related to shops affected by the closure of Debenhams. There had also been an increase in Council Tax Completion Notices. The number of Council Tax Valuation appeals had increased, but not as high as anticipated. Volumes of Council Tax Liability and Council Tax Reduction appeals received had reduced, even though a spike was usually seen when billing authorities issued the annual bills. Tony Masella added that Council Tax Reduction appeals were the most difficult to deal with and were extremely resource intensive. It was pointed out that the reduction in Council Tax Reduction and Council Tax Liability appeals received was a key indicator that the active case management was working.

John Parkin was pleased to report that the clearance KPIs in Q1 had improved from last year for both Council Tax and non-domestic rating. The average number of days to clear appeals had fallen from Q1 2023-24 to Q1 2024-25. This was due to a surge of billing authority appeals received after annual bills were issued and there had been no capacity to increase the number of listings.

The new active case management process was working well. It was still too early to judge if it would be a success, but so far, the impact was positive. Working in this way provided the opportunity for any preliminary issues to be dealt with earlier in the process to allow tribunal time to be used more efficiently. Also, appeals which were outside of the jurisdiction were identified and not progressed.

Karen Clewer advised that the number of hearings had been reduced as the number of members fell from 161 to 141 during 2023-24. The number of hearings was now being increased to 80 hearings per month, which meant at least 160 members were required. However, currently there were only 145 active members. It was noted that 31% of members sat at least 12 times last year. Following VTE Members' requests half-day hearings, in addition to full days, were in place.

John Parkin and Karen Clewer concluded their presentation by confirming that over the past 12 months steady improvements had been made and work continued to reduce the backlog of appeals. Providing there was member engagement, they hoped it would be possible to continue improving performance against the KPIs. The Interim Chair thanked John and Karen for the excellent presentation which gave the Board confidence.

**Appeal Workload Analysis.** The analysis of operational workflow for the period 1 August 2023 to 1 September 2024 had been circulated. The Board noted the following:

- 8,140 appeals received
- 7,011 appeals cleared
- 5,972 appeals outstanding at the start of September 2024

**KPI Data (Q1).** The KPI report had been previously circulated. This was noted by the Board.

### **Risk Management**

**Strategic Risk Register.** The register was presented by Tony Masella who referred the Board to the seven live risks categorised as three amber, three yellow and one red. The register had been reviewed recently by the Executive Management Team. The Board noted the register.

### **Incident Response & Business Continuity Plan**

The revised plan had been previously circulated. Keung Wong explained that the plan was reviewed annually and had been discussed during the ARAC meeting in July. The Interim Chair suggested the process for reporting serious incidents should include informing the sponsoring Department. It was agreed that the Executive would review the wording. The Board noted the plan.

### **Chair's Report**

**Update on VTS Board Recruitment.** The Interim Chair invited Nick Pellegrini to provide an update on the recruitment of Board Members. He confirmed that a total of five new Board Members were likely to be appointed and it was hoped contracts would be signed by mid-October. The Public Appointments Team would issue letters to the successful applicants.

### **Committee Reports**

**ARAC Draft Minutes (31 July 2024).** The draft minutes from the meeting on 31 July 2024 had not yet been approved by the Committee but were circulated to the Board for information. The Board noted the draft minutes.

**Date of next meeting:** Tuesday 26 November 2024.