

**The Valuation Tribunal Service
Annual Report and Accounts
2004-2005**





The Valuation Tribunal Service Annual Report and Accounts 2004-2005



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Foreword by Chairman

“Over eleven hundred people participate as members, chairmen or presidents of tribunals, all of them as volunteers. I pay tribute to their commitment to public service and their eagerness to provide a customer friendly hearing for those appearing at tribunals.”

It is a privilege to present to you the first Annual Report of the Valuation Tribunal Service (VTS). The preparation of this document has been a reminder to all of us in the service of what has been achieved in this first year, and the story it tells is a testament to the hard work and commitment of our staff.



When a new body is created, it is important to ensure that there is no disturbance to the core service being delivered. Everyone has worked hard to ensure stability and continuity. Staffs have continued to service tribunals, to participate in training events, to undertake special projects, to help to plan and deliver new initiatives, and to adapt to a new corporate structure.

The new Board of the Valuation Tribunal Service has developed over the year into a strong and complementary team. With enthusiastic and focussed support from the Chief Executive and his team, the Board has established the key governance framework. With that in place, the Board could then turn its attention to the future, and the proposals it wished to make for development of the service. It is a tribute to the speed at which the Board and the executive team began to function effectively that steps taken over the year have already produced some cost reductions and savings in the service.

A particular feature of the year has been the opportunity to meet and talk with a large number of members of the fifty-six valuation tribunals across the country. Over

eleven hundred people participate as members, chairmen or presidents of tribunals, all of them as volunteers. I pay tribute to their commitment to public service and their eagerness to provide a customer friendly hearing for those appearing at tribunals.

Our Annual Report is the opportunity to reflect on what has been achieved, and the lessons learnt over the past year. It is also the opportunity to say some important thank yous – to staff, to tribunal members, to Board members and to other partners and stakeholders, all of whom have contributed to the success of the year.



Anne Galbraith
Chairman, Valuation Tribunal Service

20 June 2005

Outline of what we do

The VTS was created as a corporate body by the Local Government Act 2003 and was formally established on 1 April 2004 as a Non Departmental Public Body (NDPB), sponsored by the Office of the Deputy Prime Minister (ODPM). It comprises a chairman and members, who are appointed by the First Secretary of State, and commonly referred to as the 'VTS Board'.

The VTS is charged with providing or arranging for the provision of the services required for the operation of Valuation Tribunals in England, in particular:

- accommodation;
- staff (including clerks to tribunals);
- information technology;
- equipment;
- training for members and staff of (including clerks to) tribunals; and
- for giving general advice about procedure relating to proceedings before tribunals.

The VTS has a Chief Executive's Office based in London with a permanent staff of 12. There are a further 148 staff employed in 14 administrative units, serving 56 valuation tribunals, to provide guidance and general support to a lay membership totalling 1,198.

Valuation tribunals have jurisdiction in hearing appeals against:

- non-domestic rating;
- council tax valuation and liability;
- completion notices;
- drainage assessments; and
- failure to provide requested rental information.

The VTS is resourced from public funding and is responsible and accountable for its activities. The VTS works in accordance with a corporate governance framework and requirements laid down by its sponsoring department.

Organisational Structure

The VTS Board



The Board consists of seven members, including the Chairman and Deputy Chairman, the majority of whom are presidents of Valuation Tribunals.

Members of the Board during 2004-05 were:

Board Members	Position	Number of board meetings attended*	Appointment started	Appointment ends/ Resignation
Anne Galbraith OBE	Chairman	10	1 April 2004	31 March 2006
Paul Wood OBE	Deputy Chairman	10	1 April 2004	31 March 2006
Maurice Crosswell ¹	Board Member	9	1 April 2004	31 March 2006
Edward Gunby	Board Member	10	1 April 2004	31 March 2006
Peter Lawton ²	Board Member	7	13 July 2004	31 March 2006
Irene Robinson	Board Member	10	1 April 2004	31 March 2007
Michael Tildesley	Board Member	9	1 April 2004	31 March 2007
Lionel Campuzano ³	Board Member	3	1 April 2004	4 July 2004

* (10 meetings held in 2004-05)

¹ assigned by the Board to chair a regional training event for members. Therefore Maurice Crosswell was able to attend a maximum of nine meetings.

² appointed 13 July, Peter Lawton was able to attend a maximum of seven meetings.

³ resigned 4 July 2004. Lionel Campuzano was able to attend a maximum of three meetings.

Audit Committee

The Audit Committee consists of four members of the Board. The work of the committee includes reviews of:

- internal control and risk management;
- the internal audit programme, considering the major findings of internal audit investigations (and management’s response), and ensuring co-ordination between the Internal and External Auditors;
- external audit reports, including performance reports and annual audit letters, together with the management responses; and
- the annual financial statements.

Members of the Audit Committee during 2004-05 were:

Audit Committee Members	Position	Number of Committee meetings attended*
Irene Robinson ¹	Chairman	4
Maurice Crosswell	Member	4
Peter Lawton ²	Member	3
Paul Wood OBE	Member	4

* 4 meetings held during 2004-05

¹ qualified accountant

² appointed 13 July 2004, the maximum possible audit committee meetings Peter Lawton was able to attend was 3.

Remuneration Committee

The Remuneration Committee consists of three members of the Board. The work of the committee encompasses making recommendations to the Board and ODPM on the terms of service and remuneration of the Chief Executive, Directors and staff having regard to appropriate comparator organisations.

Members of the Remuneration Committee during 2004-05 were:

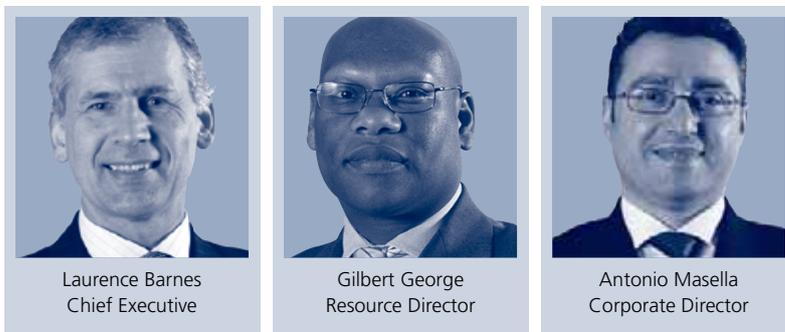
Remuneration Committee Members	Position	Number of Committee meetings attended*
Edward Gunby	Chairman	3
Anne Galbraith OBE	Member	3
Michael Tildesley	Member	3

* 3 meetings held during 2004-05

Chief Executive and Accounting Officer

Laurence Barnes is the Chief Executive and Accounting Officer of the VTS. He is responsible to the VTS Board for the day-to-day operational and financial management of the VTS in his capacity of Chief Executive, and directly responsible to Parliament in his role of Accounting Officer.

Executive Management Team (EMT)



Laurence Barnes
Chief Executive

Gilbert George
Resource Director

Antonio Masella
Corporate Director

The role of the EMT is to implement operational and strategic Board-approved plans, and provide strategic direction for staff.

Members of the EMT during 2004-05 were:

Name	Position	Appointment started	Appointment ends
Laurence Barnes	Chief Executive	1 April 2004	31 March 2007
Gilbert George	Resource Director	1 April 2004	Permanent
Antonio Masella	Corporate Director	1 April 2004	Permanent

Senior Management Team (SMT)

The EMT are also members of the SMT, which provide the day-to-day operational control. Other members of the SMT hold the position of Heads of Administration. During 2004-05 these were:

Name	Admin unit
Kate Adams	Southern
Jon Bestow	Eastern
Richard Bowater MBE	East Midlands
Malcolm Buckland	Home Counties North
Murray Campbell	Thames Valley
Ian Coates	Home Counties South
Larry Goddard	London North
Brian Hannon	South West
John Hewitson	West Midlands
Mavis Latham	Yorkshire
David Phillips	Wessex
Lesley Rutherford	Northern
Andrew Shipsides	North West
Vincent Turner	London South

Corporate Governance

The VTS was created by the Local Government Act 2003, which laid down the functions that the service must fulfil. The Act has been supplemented by a Management Statement and Financial Memorandum produced by ODPM, and agreed on behalf of the service by the Chairman of the Board. These documents set out the expectations of our sponsoring department. Board members are issued with a code of practice on their appointment, to which they must conform. The Act and these other documents set the framework within which the service must function.

For the VTS as a new organisation to operate at arms length from a sponsoring department, and in line with best practice for public bodies, there has therefore been a need to put into place a detailed system of corporate governance. This process:

- ensures due process, propriety and scrutiny;
- provides the policy and planning framework for operations and administration;
- provides a comprehensive and auditable system of accounting and process; and
- details the requirements for effectiveness, efficiency and sound public service.

An overarching framework of governance was drafted and agreed prior to formation on 1 April 2004, and this covered some 80 aspects of process and policy. The majority of items required attention in the immediate period before and after formation. In particular, the focus was placed on the requirements of setting up a new Board, establishing an independent financial system for taking over the pay and procurement from ODPM, and restructuring the employment and management practices to take account of the changes.

The financial aspects of governance are a good example of the level of detail that was required. From among a wide range of activities this provided comprehensive standing financial instructions; levels of internal control; new accounting processes with cost centre management; fraud and fraud response plans; a wide range of policies to cover travel and subsistence, and an examination of the usage of such items as mobile telephones and laptops. The entire accounting, procurement and payroll processes also required comprehensive new procedures to reflect the new statutory position. In addition, the audit functions and the Audit Committee of the Board were set-up, and both internal and external auditors were appointed.

Such a level of detail was repeated in most other aspects of setting up the VTS Board and the service including human resources, training, information technology functions, internal and external communication, risk management, estates and the process of corporate development.

The VTS Board and head office staff undertook a very heavy workload during the period April – September 2004 to write, develop, discuss, refine and agree the bulk

of the governance requirements. Some papers were created as 'living documents' to be reviewed at regular intervals during the year, and the remainder will be reviewed annually. The governance requirement does not stop here. There are always new obligations or initiatives led by regulations, best practice, new developments or simple experience, particularly with human resources or aspects connected with finance and accounting. The Board and staff therefore have a continuous involvement with governance arrangements.

The corporate governance framework is itself subject to audit and this process was completed in April 2005. The report by our internal auditors found that, after such a short period, there was basically a sound system of governance, and made only the following minor recommendations to achieve greater control:

- introduce independent members to the Audit and Remuneration committees of the VTS Board;
- assess Board members' skills, to inform future training;
- develop an induction pack for new Board members;
- periodically review Board members' declarations of interests; and
- revise the code of conduct for staff.

The auditors commented most favourably on the quality and scale of the framework achievement within the relatively short timescale.

The VTS Board will undertake an annual review of its effectiveness, and the first of these will take place in June 2005. The Chairman of the Board appraises individual Board members and the Chief Executive, whilst ODPM formally appraises the Chairman.

Highlights of the year by Chief Executive

“Most have welcomed the more consistent and coherent approach with staff, a greater sense of corporate responsibility and understanding, and a bottom-up approach that captures ideas and promotes inclusivity.”

This has been a challenging year for the VTS and for Valuation Tribunals. Although the current strategic development plan consultation highlights the potential change programme ahead, there has already been a considerable transformation process over the year that has been unheralded, successful and accepted widely by both staff and members.

We have brought together, under a TUPE framework, a staff that previously had 56 different employers (with up to 56 ways of operating) and introduced clear line management structures and new working practices.

Most have welcomed the more consistent and coherent approach with staff, a greater sense of corporate responsibility and understanding, and a bottom-up approach that captures ideas and promotes inclusivity. Balanced with this has been the need to retain and promote the strong partnership ethic between staff and members, with sound lines of communication. An additional responsibility has been the establishment of a head office to draw together the corporate threads and bring together the work previously undertaken by ODPM and the Valuation Tribunal Management Board. The magnitude of this work has not always been understood fully, despite the wholesale transfer of responsibilities and functions from the sponsoring department.

A notable new element of work has been the establishment and smooth operation of the VTS Board. It is a credit to the predecessor Valuation Tribunal Management Board that the transition to the new VTS Board, and its responsibilities, went very smoothly with some key personalities providing continuity across the entire organisational



framework. The work of the Board has been split this year into three main functions: establishing the corporate governance of the organisation; maintaining the normal monitoring and review function; and developing the strategic planning. The governance issues covered all disciplines ranging from Board orders and procedures; reporting and business planning, audit responsibilities; anti-fraud initiatives; payroll contracts; IT and training strategies; and a plethora of human resource policies. In all, around 80 aspects of governance procedure were covered, and many of these have a regular place on the agenda to fulfill the Board's monitoring, audit and policy function. The monitoring and review function covers not only the finances of the organisation, but also workload statistics and a review of complaints.

Into the autumn of 2004, the Board started to turn its attention to strategic development. Thereafter it spent some five months in regular discussion and written review on how the VTS and valuation tribunals might be developed together in partnership. This needed to be undertaken in a way that rationalised processes and structures, yet retained the core ethos and spirit of local justice, enhanced customer focus and would be, of course, affordable over the medium term. A wide-ranging consultation paper proposing a five-year development plan was circulated to all staff, members and external stakeholders at the end of February 2005, looking at the appeal process, staff structures and responsibilities, tribunal structures, and a wide range of member appointment and retention issues. The consultation period closed at the end of May 2005, and the Board is committed to announce its final decisions and recommendations on the way ahead by the end of July 2005.

Part of the ongoing governance responsibility of the Board has been to undertake a statistical analysis of the workload and review the progress of appeals. The Board took the view that a wholesale change to the process of appeals was well overdue and the current system was wasteful, bureaucratic and lacked customer focus and choice. A new system of Appeals Direct has been proposed to provide greater separation between the Valuation Office Agency (VOA) and the VTS which enhances judicial independence, allows for more effective case management, and customer choice. In the VTS' view, it would also be a decisive move towards best practice in the tribunal world. In addition, Appeals Direct would reduce bureaucracy and introduce a more effective and efficient system. In a significant step towards this, the VTS and the VOA have together carried out a trial in the North West region on listing after target date, the outcome of which is under review and may provide a common approach on listing. The VTS has actively developed Appeals Direct during the year, and are of the view that this represents both an effective way forward and the best choice for the ratepayer. A case will be placed before the Minister for review, and it is possible that Appeals Direct could be introduced for the council tax revaluation in April 2007.

Prior to this, and representing a significant workload during the past year, has been the preparation for the non-domestic rating (NDR) revaluation that took place in April 2005. This entailed a great deal of 'behind the scenes' work on our Information Technology (IT) systems to ensure that additional software packages were added and that they worked smoothly within the existing system. No detailed examination of the application of Appeals Direct to NDR will take place until after the Council Tax revaluation in 2007.

Finally, it should not be forgotten that all of these events have taken place against a backdrop of continuous change and adaptation, and against demanding business objectives set by the Board and agreed with ODPM and placed in the annual plan. The Business Plan for 2004-05 set targets for implementing structures and processes, and reporting the progress of mainstream business achievements and milestones. At the end of the 2004-05 financial year the vast majority of the objectives contained within the Business Plan were achieved completely, and the remaining few achieved to within 80%, an outcome that the Board and the sponsoring department have commended.

VTS' Public interests and other matters

Equality and diversity

The VTS is fully committed to equality of opportunity in the workplace, and strives to ensure that all job applicants are treated fairly regardless of sex, age, race, disability or religion. The aim of the VTS is for its workforce to reflect the diversity of society at large and customers with whom the VTS interacts. The VTS respects the dignity and worth of each individual that makes up its workforce, as well as the diverse and positive contribution that they make in shaping the VTS' policies and delivering its services at the front line.

Disability

We value the skills and experience that disabled people bring to the workforce and wish to make full use of the talents of disabled staff and members, and to be user-friendly towards appellants with disabilities. The VTS has carried out significant works on its estates in order to comply with the Disability Discrimination Act (DDA). This cost was in excess of £200,000 for the 2004-05 financial year, with a further £110,000 earmarked for the financial year 2005-06.

Health and safety

The VTS publishes a Health and Safety Policy and is fully committed to the health and safety of all our staff, valuation tribunal members, and other persons who are lawfully on VTS premises.

In 2004-05 there were 20 recorded accidents involving VTS staff, of which none were classed as reportable (more serious), and none resulted in absence from work. In terms of injuries, 12.5% of staff involved in recorded accidents suffered minor injuries. There were no reportable injuries sustained.

The VTS monitors its statutory responsibility through its Health and Safety Committee.

Conserving energy, reducing waste and minimising the release of greenhouse gases

We are currently developing a sustainable development strategy that will build into our policies and practices.

How the VTS would introduce the Euro

The ODPM requested the VTS to prepare a high level plan of how the VTS would prepare for the introduction of the Euro should a decision be taken for the UK to adopt the Euro currency. A high level plan has been drafted and approved by the ODPM and the VTS Board. The VTS plan was also subject to a government gateway review by the Office of Government Commerce.

Freedom of Information Act

The Freedom of Information Act 2000 (FOI) received Royal Assent on 30 November 2000.

FOI gives individuals two distinct rights:

- the right to be told whether the information exists; and
- the right to receive the information, where possible in their preferred format.

The VTS has received approval from the Information Commissioner in accordance with section 19 of the FOI Act of its publication scheme, which gives details of the classes of information that the VTS makes available proactively and how they are accessible. This approval has been granted for the period from 24 March 2005 to 29 February 2008.

Details of company directorships and other significant interests

A register of Board members' business interests is held by the Resource Director at the following address:

Chief Executive's Office
Block One
Angel Square
1 Torrens Street
London EC1V 1NY.

Tribunal and Judicial Matters

Workload report

At the beginning of 1 April 2004, a total of 299,778¹ appeals were carried forward to the 2004-05 financial year.

As at 31 March 2005, a total of 310,981¹ appeals have been cleared against a total appeal clearance benchmark agreed with the Valuation Office Agency of 303,308¹.

During the year under review a total of 5,462 tribunals were scheduled in England, of which 4,229 actually met.

A total of 271,966 appeals were listed on tribunal agendas in preparation for a hearing:

- 21,476 appeals related to council tax.
- 250,490 appeals related to non-domestic rating.

Valuation tribunals issued a total of 41,553 decisions during the course of this financial year:

The average operational cost of clearing an appeal was £34.71 per case (2003-04 £38.18²).

During the course of the year, the VTS has concentrated on the disposal of appeals older than 12 months old. As at 31 March 2005, the number of appeals in excess of 12 months old has reduced to 33,361. In terms of Rating Lists, this figure breaks down as:

- 2000 Rating List – 32,327
- 1995 Rating List – 738
- 1990 Rating List – 296

¹ Appendix 2

² source Annual Report produced by Valuation Tribunal Management Board

Judicial matters

In the run up to the launch of the VTS there was concern over how members interests would be properly represented and how the partnership of the judicial and executive arms of the service would function.

To find an effective way forward the ODPM, our sponsoring department, launched a public consultation in the summer of 2004 on Sustaining the Judicial Independence of Valuation Tribunals. As an interim measure, whilst the consultation was taking place and until the outcome was known, a two-part Tribunal Liaison Committee (TLC)

was established. The members' part consisted in the main of those Presidents who had formerly been members of the National Association of Valuation Tribunals (NAVVT) committee, and this was chaired by Peter Jewell, President of the Herefordshire and Worcestershire Valuation Tribunal. A part two meeting, with nominated Board members, was chaired by the VTS Chairman. Peter Kain, Clerk to the London South West Valuation Tribunal, acted as the TLC Secretary.

ODPM received a significant number of responses to the consultation document. After an analysis of the responses and further consideration of the issue, the Minister issued a decision that the VTS should establish two committees. These would be a Members Judicial Committee (MJC) consisting of elected Presidents from each of the tribunal groupings within administrative units of the VTS, and a Judicial Interface Committee (JIC) consisting of three elected representatives of the MJC and three Board members.

Elections to the new MJC took place during March 2005 and the current membership is as follows:

Name	Tribunal	Administrative Unit
Mr John Birkbeck	Cornwall VT	South West AU
Mr Derek Carline	Kent VT	Home Counties South AU
Mr Tony Craig	Central London VT	London North AU
Mr John Dunning	Norfolk VT	Eastern AU
Mr Lyell Fairlie	Hampshire North VT	Southern AU
Mr Ian Irvine	Teesside VT	Northern AU
Mr Peter Jewell	Herefordshire & Worcestershire VT	West Midlands AU
Mr Aubrey John	Oxfordshire VT	Thames Valley AU
Mr John Jones	Bedfordshire VT	Home Counties North AU
Mr Tony Ritchie	London South East VT	London South AU
Mr David Sheard	West Yorkshire VT	Yorkshire AU
Mrs Clementine Smith	Severnside VT	Wessex AU
Mr Jeremy Smith	Cheshire VT	North West AU
Mr Martin Suthers	Nottinghamshire VT	East Midlands AU

At the first meeting of the MJC on 12 April 2005, Peter Jewell was elected as Chairman. Pauline Sans, Clerk to the Manchester North and South Valuation Tribunals, was appointed as its Secretary. Both the MJC and JIC will meet quarterly.

A further issue of significance to tribunals was a request to the VTS from the Minister, for advice on a number of matters concerning the structure of the service and related matters on the appointment of members, chairmen and presidents, and the process involved in making an appeal. The Minister had made it clear at the launch of the

VTS on 1 April 2004, that it was his intention to review the regulations governing valuation tribunals to take account of best practice and the transition to NDPB status. The Board gave extensive thought to the questions raised by the Minister and proposed a number of changes to the regulatory framework, which it included in the strategic development consultation document circulated in February 2005. Following that, in March, the VTS held eight regional roadshows for staff and members of tribunals, at which the proposals were presented and views and comments on them were invited. The consultation ended in May 2005, after which the Board has been taking stock of responses and preparing its recommendations and advice to the Minister.

We have said goodbye to a number of long serving presidents during the last year, though some remain with their tribunals as chairmen. We formally record our sincere appreciation for the many years of voluntary service to valuation tribunals by Charles Magee (Durham), Stephen Evans (Warwickshire), Howard Singh (Suffolk), Barry Hibberd (London NE), Henry Cator (Norfolk), Tony Cox (Hampshire South) and Bill Belcher (West Sussex). We welcome in their stead (respectively) Ray Bennett, Roy Taylor, Peter Lawton, Jay Patel, John Dunning, Murray Bell and Brian Hill.

Each tribunal has also seen a number of members retiring on reaching the age limit of 72. This is prescribed by regulations and is one of the matters being considered in the consultation exercise. We pay enormous tribute to those who have served, as volunteers, on the various tribunals. Their valuable contribution and strong sense of public duty is rightly recognised by each of the respective tribunals at their Annual General Meetings.

Our current membership of tribunals stands close to 1,200. There is wide recognition in the service that the membership is too large and, as members leave, most tribunals are not recruiting. Instead they are actively encouraging remaining members to consider concurrent appointment to adjacent tribunals, so that the service can maximise its training input. This trend to concurrent appointments is increasing and is greatly welcomed. However, as so little recruitment of new members is taking place, achievement of our aspirations for a more diverse membership will take time.

Working Committees

The Legal and Publications Advisory Committee (LPAC)

The Committee operates under the direction of the Corporate Director and is responsible for providing advice to professional staff on tribunal related matters. The Committee also retains responsibility for developing and maintaining VTS publications, and providing advice to the VTS on various ODPM consultations relating to local taxation matters.

Best Practice Committee (BPC)

The BPC meets under the direction of the Corporate Director and is responsible for reviewing the operational effectiveness of processes and procedures leading up to, and after, a valuation tribunal hearing to ensure consistent practices.

Human Resources

Staff numbers

On 1 April 2004 all employees of the English valuation tribunals were transferred under TUPE regulations into the newly formed VTS. At the same time a new Chief Executive's Office was established.

Employee numbers as at 31 March 2005 were:

Office/Administrative Unit	Staff in Post	Full time equivalent (FTE)
Chief Executive's Office	13	13.0
Eastern AU	9	8.2
East Midlands AU	9	7.9
Home Counties North AU	9	9.0
Home Counties South AU	10	9.3
London North AU	14	14.0
London South AU	9	9.0
Northern AU	11	11.0
North West AU	21	19.1
Southern AU	4	4.0
South West AU	6	5.4
Thames Valley AU	5	3.9
West Midlands AU	19	18.3
Wessex AU	9	7.5
Yorkshire AU	11	10.6
Totals	159	150.2

At that date there were three additional posts, one on secondment, one on a contract and one from an agency.

Staff complements are being reviewed in line with the VTS Strategy.

Composition of workforce

The workforce is made up as follows:

Category	% of Workforce
Male	35.9
Female	64.1
Black or Black British	4.4
White	92.5
Mixed	0.6
Asian or Asian British	0.6
Chinese or other ethnic group	0.0
Not declared	1.9
Disabled	0.6

Appointments and leavers

Sixteen appointments were made over the period, including 13 new posts in the Chief Executive's Office. One employee retired and four resigned. The retiree was replaced from internal resources, with no consequent vacancy. Three of the other posts were lapsed and one was covered by agency staff. The appointees were as follows:

Category	% of Appointees
Male	50.0
Female	50.0
Black or Black British	25.0
White	68.7
Mixed	0.0
Asian or Asian British	6.3
Chinese or other ethnic group	0.0
Not declared	0.0
Disabled	0.0

Staff Profile

Employees have an average age of 45.3 years.

Average length of service is 16.6 years.

Employees' terms and conditions are based on those of the National Joint Council for Local Government.

Employees belong to 31 different pension funds within the Local Government Pension Scheme (according to location) and 92% of the workforce is in the pension scheme.

Attendance

This is the first year for which sickness absence figures are available. The average number of working days lost per full time equivalent employee was 11 days for the year. Factoring out leave and Bank Holidays, 4.9% of available working time was lost through sickness absence.

Health and Safety

The VTS has a comprehensive risk assessment record. All health and safety policies have been updated and implemented, including a no-smoking initiative.

General

The chief focus has been on setting up an HR service where none existed before, and on gathering together and rationalising the HR records. A new HR and training database has been established to facilitate management reporting and general staffing administration.

The payroll has been contracted out to a new payroll provider (LogicaCMG) from 1 April 2005 under a HM Treasury framework agreement.

A number of policies have been introduced or overhauled, for example on harassment.

There has been ongoing consultation with UNISON and a formal recognition agreement is in hand.

An employee appraisal exercise has been carried out this year. A new system has been devised for next year.

Information Technology (IT)

IT Strategy

In July 2004, following extensive consultation with our stakeholders, the Board approved the IT Strategy, setting out the roadmap for utilising technology within the business for the next five years. In line with current government policy its aim is to foster joined up Government and improve electronic communications with all stakeholders and parties. Consistent and appropriate upgrades and stated milestones have been built into the plan to enable greater control of IT expenditure.

Risk management

A major risk was identified within the Service, being the increasing cost of support and imminent withdrawal of high-level support for some of the older Microsoft products still in use within the VTS. These include, but are not limited to, the desktop operating systems, the back-end servers and the e-mail system. Therefore, a proposal to upgrade these items has been approved by the Board. The project started this year and will be fully concluded within the second quarter of the next financial year. A large amount of planning has already been undertaken to ensure no disruption to any of the services or to any parties whilst this work is being undertaken.

NDR revaluation 2005

A new rating list was published on 1 April 2005. In order for the Service to process appeals against this list, changes were made to the centralised database, which monitors and stores all appeal details. This work was concluded towards the end of the current financial year and ensures that the software is capable of dealing with appeals against the 2005 list.

Change in our technology support contract

During the course of the last financial year, a new contract was implemented, which covers the technology support agreement. The existing contract with EDS expired and the new contract was awarded to a consortium consisting of CapGemini, Fujitsu and British Telecom.

This led to a large number of procedural changes and the new contract has taken some time to settle down. It is expected that the new contract will improve the delivery of IT services. Additionally, it is hoped that the overall costs of IT support in future years will be reduced as a consequence of the new contract.

Training

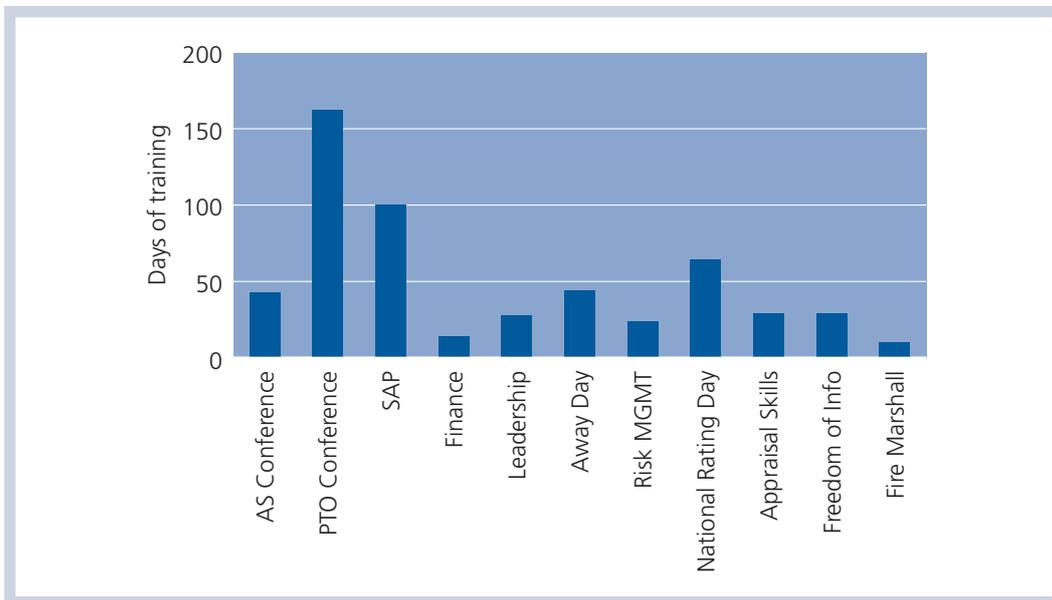
The Training and Development Programme for 2004-2005 was produced in line with the VTS business objectives. The Board approved a training strategy to support these objectives and consequently this strategy has informed the training programme for the VTS.

Staff

A comprehensive range of training events were organised to address certain operational priorities such as:

- supporting staff following the introduction of the new SAP accounting system and procedures;
- supporting staff in the appraisal process; and
- developing senior management to enhance leadership and management skills.

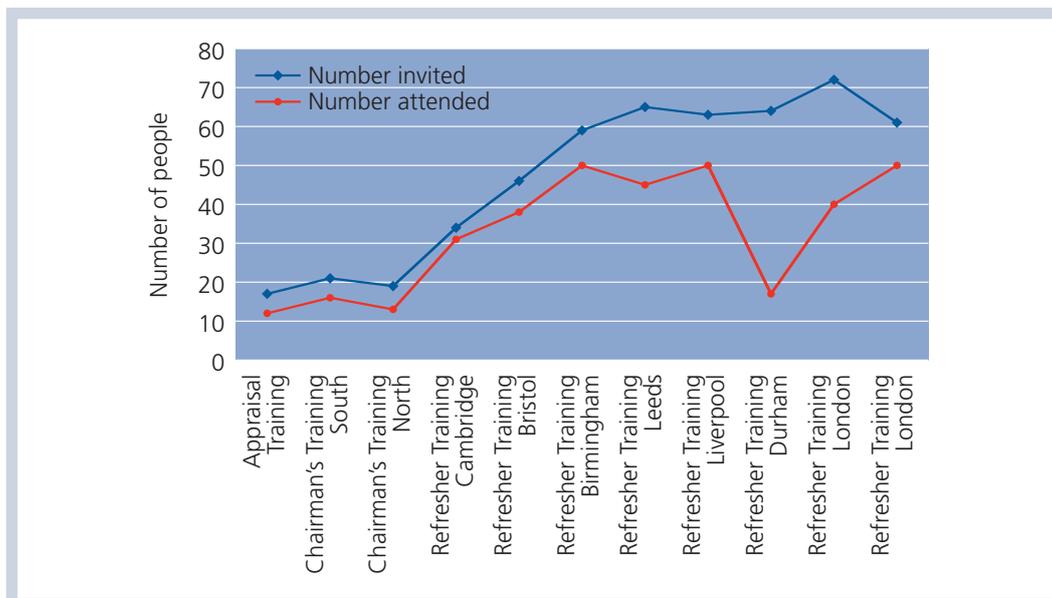
VTS staff received a total of 551 days of training, as detailed below. This figure equates to an average of 3 days training per person.



Tribunal Members

During 2004-05, significant progress was made in developing the members' training and development programme, with an emphasis on partnership working. This approach enabled the VTS to draw in experience from tribunal members and staff, who are selected through an open, transparent process. The training team was recruited with a commitment to attend a Train the Trainer course to perfect the skills required to perform this training role.

The training team designed, developed and delivered a total of 12 training events. The detail of these events, including the total number of people invited and the number of people who attended, is shown below.



Estates

When the VTS was set up on 1 April 2004, it inherited a portfolio of 25 properties from the ODPM. Two of these premises were already surplus to the business requirements of the VTS and have since been surrendered, as part of an ongoing rationalisation of the estate. Properties in a further three locations are due to be given up during 2005-06 as part of this process.

Following establishment of the VTS as a NDPB, an additional property was acquired at the Angel in London, which houses the Chief Executive and his management team.

The VTS is currently in the process of developing a longer-term estate strategy and has recently published a consultation paper on the future of the business. This proposes a further reduction in the overall size of the estate, with the business being operated from four main regional offices, supported by locally based satellite offices across the country.

In the past year, steps have been taken to secure leases in respect of several of the properties that were inherited from the ODPM and occupied by means of inter-departmental agreements which did not provide the VTS with any security of tenure.

An ongoing refurbishment and planned maintenance programme has also been maintained by the VTS in order to ensure that our offices are in a good condition and generally meet modern-day health and safety standards within the workplace.

A key achievement in this area is the implementation of works across the VTS estate to meet the requirements of the Disability Discrimination Act (DDA). In excess of £300,000 will have been spent in taking every reasonable step to ensure that our premises comply. We are scheduled to complete the final phase of this work by 31 October 2005.

As part of the DDA requirements, the VTS has also arranged for Evac-Chairs to be installed at each of our premises.

We have recently introduced an Asbestos Management Plan and are in the process of arranging for the removal, treatment or monitoring of any such materials that have been identified within our premises.

Forward look by Chief Executive

In May 2005 the consultation period for the strategy development plan ended and we have entered an intensive period of analysis, study and discussion of the responses. This will take us through to the end of July, after which the Board will be tendering its advice to the Minister on those issues on which he sought a view from the VTS. On other aspects of the consultation, the Board will be announcing its decisions, having first agreed with our sponsoring department on the allocation of funding and the impact on our future Business and Corporate plans. We will then begin a period of further communication with staff and members on the detail of implementation to commence the five-year plan for rationalisation and development. It is unlikely that substantial changes to the structure will take place in 2005, and the remainder of this year will be spent on detailed implementation planning and local consultation with regard to office siting and staffing issues.

The detailed implementation plan will need to look realistically at timescales to ensure that adequate time is allowed to communicate fully on the changes, undertake any necessary preparatory training, complete the internal recruiting for any new structure and introduce a revised financial schedule. These factors may militate against a rapid structural change, and will also allow time for Ministers to take a view on the implementation of change. Nevertheless, some office changes will occur independently and the office rationalisation programme will continue with negotiations over four new offices during the year, one of which we aim to complete and occupy. Potentially, the administrative rationalisation affects staff to a greater degree, so we will continue to give high priority to resolving staff issues and to make a substantial effort to carry staff with us as we go forward in the programme.

Members are less affected by office matters, but tribunal structures and member issues also feature strongly in the strategic development plan.

Once the Minister has formed a view on any changes that are required in tribunal structures and member issues, the Board will work closely with the sponsoring department as they carry forward any necessary regulatory reforms. This will ensure that appropriate preparations can be made for any new structures or operational changes that affect members.

If the proposals for Appeals Direct are accepted by the Government as the way forward, and it is decided that it should be introduced for the council tax revaluation in 2007, this would require substantial involvement from the VTS throughout the next 12 months. In addition, our computer systems will require additional revaluation software packages to be written, tested and trialled during the year, so that we are well ahead in our preparation for revaluation. As we move into 2006, the issues surrounding public communication on council tax revaluation issues will gather pace. We will therefore need to have available a new range of leaflets and videos that

inform the public of their rights and how the appeal process works, should they wish to exercise their right to appeal. Such material could be made available, for example, at Citizens Advice Bureaux, and through the Valuation Office, local councils and solicitors' offices.

As we move further into 2006 and 2007 we will continue to build on the agreed five-year plan for rationalisation. This will provide substantial challenges to effect smooth transitions as office changes occur and new staff structures are implemented. At the same time we will commence work with the new Tribunal Service to examine future structures and common operating patterns across both administrative and judicial disciplines.

All of this work contributes to an ongoing effort to promote our partnership working, modernise our structures and procedures, provide a greater focus on the customer, and prepare for greater affiliation within the wider tribunal world. Together it represents a substantial test to introduce a rolling programme of transformation whilst maintaining the highest standards of operational effectiveness and public service. The Board and the Executive are confident however that the VTS and valuation tribunals will rise to this challenge.

Foreword to the financial statements

These financial statements have been prepared in line with a direction issued by HM Treasury in accordance with Section 7(2) of the Government Resources and Accounts Act 2000.

Statutory basis

The Valuation Tribunal Service is a non-departmental public body (NDPB). It was created under the Local Government Act 2003. The constitution of the VTS is set out in section 105 and Schedule 4 to this Act.

Principal activities:

- to provide, or arrange for the provision of, the services required for the operation of valuation tribunals in England, particularly accommodation, staff (including clerks to tribunals), IT, equipment and training of members of valuation tribunals and all staff of (including clerks to) tribunals;
- to give general advice about procedure relating to proceedings before tribunals;
- to provide the First Secretary of State with such information advice and assistance as he may require;
- to carry out its functions with respect to valuation tribunals in the manner which it considers best calculated to secure their efficient and independent operation; and
- in relation to its functions with respect to the valuation tribunals, to consult the tribunals concerned about the carrying out of its functions.

VTS aims

To secure the efficient and independent operation of the valuation tribunals in England and to improve customer service through the spread of best practice.

The Secretary of State has defined the overall aim for the VTS as follows:

To provide staff, accommodation and other support (including general advice about procedure in relation to proceedings before tribunals) to valuation tribunals in England.

Going concern

The balance sheet at 31 March 2005 shows net liabilities of £6,605,000. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the VTS' other sources of income, may only be met by future

grants or grants-in-aid from the VTS' sponsoring department, the Office of the Deputy Prime Minister. 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 2005-06, takes into account the amounts required to meet the VTS' liabilities falling due in that year, this has already been included in the Department's estimates for that year, (which have been approved by Parliament), and there is no reason to believe that the Department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Financial Reporting Standard 17 'Retirement benefits'

Under HM Treasury guidance, the VTS has implemented Financial Reporting Standard 17 (FRS17). The VTS prepares its accounts in accordance with the HM Treasury Resource Accounting Manual as it applies to Non-Departmental Public Bodies. This assumes a net discount rate of 3.5% p.a. and assumes inflation to be 2.5% p.a. Further, under FRS17, the additional costs associated with paying benefits early, or granting additional service, where staff members retire on unreduced pension on redundancy or efficiency grounds have been recognised in full in the Income and Expenditure Statement in the year the requirement is granted.

Financial Summary

These financial statements have been prepared in accordance with a direction given by HM Treasury in accordance with section 7(2) of the Government Resources and Accounts Act 2000.

During the 12 months, the VTS was funded by the Office of Deputy Prime Minister (ODPM). The funding received amounted to £10,950,000 (Revenue £10,610,000 and Capital £340,000); in addition other forms of income totalled £200,000.

Net operating costs for the financial year as at 31 March 2005 were £10,793,000.

Fixed Assets

The total net book value of the VTS' fixed assets as at 31 March 2005 was £327,000. The movements in fixed assets for the year are set out in notes 6 and 7 to the financial statements. There were no costs incurred on Research and Development during the 12 months ended 31 March 2005.

Pension Liabilities

For the purposes of Financial Reporting Standard 17, pension scheme liabilities of £6,977,000 have been recognised in the balance sheet. An actuarial gain of £737,000 is shown in the Statement of Recognised Gains and Losses. In addition £924,000 is recognised in the Income and Expenditure account for Net Revenue Account Cost.

The above pension entries in the Report and Accounts represent non-cash items.

Payment to suppliers

The VTS is committed to the prompt payment of bills for goods and services received. Payments are normally made as specified in contracts. If there is no contractual provision or understanding, they should be paid within 30 days of the receipt of goods and services, or presentation of a valid invoice or similar demand, whichever is later. A review of all payments made during the twelve-month period, conducted to measure how promptly the VTS pays its bills, found that 90.24% of bills were paid within this time-scale.

The Late Payment of Commercial Debts (Interest) Act 1998 (which came into effect from 1 November 1998) and the Late Payment of Commercial Debts Regulations

2002 (which came into force on 7 August 2002) provide that all business and public sector bodies have the following entitlements:

- to claim interest for late payments;
- to claim reasonable debt recovery costs, unless the supplier has acted unreasonably;
- to challenge contractual terms that do not provide a substantial remedy against late payment; and
- to challenge, as 'representative bodies', contractual terms that are grossly unfair on behalf of small and medium sized enterprises.

Events since the end of the financial year

There are no events that have happened since the end of the financial year to materially affect the contents of these financial statements.

Employee Involvement

During 2004-05 the VTS employed on average 150.2 full-time equivalent staff. The VTS maintains regular communications and contact with managers and staff through individual and group meetings, team briefs, the Intranet and through the VTS' newsletter. The VTS consults on issues affecting staff with representatives from the Trade Union, UNISON.

Auditors

The accounts of the VTS are audited by the Comptroller and Auditor General under the Government Resources and Accounts Act 2000. An internal audit service for the VTS is provided by Deloitte and Touche under the terms of a service level agreement.

Statement of the Board's and Chief Executive's Accounting Responsibilities

Under the Local Government Act 2003, the Board and the Chief Executive of the Valuation Tribunal Service for England are required to prepare a statement of accounts for each financial year, in the form and on the basis determined by the First Secretary of State, with the consent of HM Treasury.

The Accounting Officer for the ODPM has designated me as the VTS' Accounting Officer for the accounting period 1 April 2004 to 31 March 2005.

I have responsibility for the propriety and regularity of the public finances and for the keeping of proper records, as set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by HM Treasury and published in Government Accounting by the Stationery Office.

The annual accounts are prepared on an accruals basis and must show a true and fair view of the VTS' state of affairs at the year end, and of its income and expenditure and cash flows for the financial year.

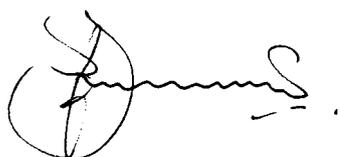
In preparing these accounts, I am required to:

- observe the accounts direction issued by the First 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 or not applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare annual accounts on a going concern basis, unless it is inappropriate to presume that the VTS will continue in operation.

The VTS Board will continue to employ Deloitte and Touche as the internal auditors for the VTS for the 2005-06 accounting period, operating to Government Internal Audit Standards (GIAS). The work of the internal auditors has been carried out in accordance with agreed plans.

The development and maintenance of the VTS internal control framework will be informed by work undertaken by our internal auditors and the content of our external auditors' management letter.

Signed on behalf of the Board by



**Laurence Barnes, Accounting Officer and Chief Executive,
Valuation Tribunal Service**

20 June 2005

Statement on internal control

1 Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of VTS policies, aims and objectives, set by the department's Ministers, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance effectiveness.

The system of internal control is based on ongoing processes designed to identify and prioritise the risks to the achievement of VTS policies, aims and objectives, to evaluate the likelihood of those risks occurring and their impact should they occur and to manage them efficiently, effectively and economically. The system of internal control has been in place in the VTS for the year ended 31 March 2005, and accords with HM Treasury guidance.

3 Capacity to handle risk

Whilst every member of staff within the VTS has responsibility to ensure that the VTS' exposure to risk is minimised, overall leadership of the VTS' risk management process rests with members of the Executive Management Team (EMT). They are responsible for promoting and embedding a risk management culture within the VTS, which includes setting the risk management framework within which the VTS operates.

As Accounting Officer, I act as the Risk Champion for the VTS. The Corporate Director has leadership responsibility for ensuring that appropriate mechanisms are in place to identify, monitor and control risk and for advising the EMT on the actions needed in order to comply with our corporate governance requirements.

An important part of our risk management framework is to ensure that staff have the appropriate skills to discharge their risk management responsibilities. During the year, training on risk management has been targeted at our Senior Management Team (SMT).

4 The risk control framework

The VTS has developed a system for managing risks, which complies with the principles set out in the "Orange Book", (Management of Risks – Principles and Concepts) published by HM Treasury in October 2004.

The key standards of the VTS' risk management strategy are to:

- ensure that there is ownership and awareness of risk management throughout the organisation;
- ensure that a systematic process is in place for identifying, monitoring and controlling the key risks faced by the VTS in delivering its corporate agenda. This includes maintaining a structured system of risk registers, which log risks at corporate, regional and project level;
- manage risk in accordance with best practice;
- provide risk management training;
- promote and communicate risk awareness to staff; and
- operate a system of stewardship reporting whereby, at the end of each financial year, responsible managers formally report to the Accounting Officer on the effectiveness of the system of internal control and the action that they have taken to manage risk within their area of responsibility.

During the year the main priorities have been to formulate our risk strategy, to raise awareness of risk management and to implement risk registers.

Review of effectiveness

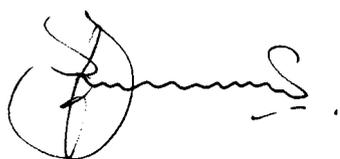
As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the senior managers within the VTS who have responsibility for the implementation of our internal control framework, and comments made by the external auditors in their management letter and other reports.

I have been advised of the effectiveness of the system of internal control by our internal auditors. Plans to address weaknesses and ensure continuous improvement are in place. The processes that I have implemented to maintain an effective system of internal control include:

- the EMT meets on a regular basis and is responsible for implementing the strategic direction of the VTS, ensuring that appropriate corporate governance procedures are in place, establishing the risk priorities for the organisation and overseeing the effective management of risk within the VTS;

- the SMT, which is comprised of the Heads of Administration, which meets at least eight times a year to consider the procedures, operational and strategic direction of the VTS and is responsible for ensuring that corporate risks are identified as early as possible, are properly managed and that the importance of risk management receives a high profile within regional units;
- an Audit Committee which meets at least four times a year and is responsible for ensuring, as far as possible, that appropriate mechanisms are in place within the VTS for the assessment and management of risk and for advising the Accounting Officer on the effectiveness of the system of internal control within the organisation, prior to his signing off the Statement on Internal Control;
- regular reports by internal audit, to standards defined in the Government Internal Audit Standards, which includes the internal auditors' independent opinion on the adequacy and effectiveness of the VTS' system of internal control together with recommendations for improvement;
- periodic reports on internal control to the VTS Board from the Chairman of the Audit Committee;
- the establishment of an appropriate delegated budget management framework;
- the establishment of a system of end-of-year stewardship reporting by senior managers;
- the development of a risk management strategy and risk management framework which comply with best practice;
- the establishment of a corporate risk register, which is supported by regional risk registers, reviewed by the SMT on a periodic basis;
- the adoption of formal project management arrangements for all key projects, which includes the development and maintenance of project risk registers; and
- regular reports to the VTS Board on progress against the VTS' key targets, objectives and projects.

There are no control problems of significance to report.



Laurence Barnes
Accounting Officer, Valuation Tribunal Service

20 June 2005

Report by Internal Auditors

Introduction

We have now completed our Internal Audit Programme covering the financial period, 1 April 2004 – 31 March 2005, as approved by the VTS Audit Committee. The purpose of this report is to present the results of the Internal Audit work carried out by Deloitte and Touche during 2004-05.

As defined in the GIAS, the role of internal audit is to provide an independent and objective opinion to the Accounting Officer on risk management, control and governance. The opinion given by internal audit is a key element of the framework of assurance, which the Accounting Officer needs to inform the completion of the annual Statement on Internal Control (SIC). The opinion can only be reasonable in the sense that no opinion or assurance can ever be absolute and is by definition an extrapolation of the evidence available. The Internal Audit opinion does not supersede the Accounting Officer's personal responsibility for risk, control and governance.

The Statement of Assurance

We are required to give an opinion on risk management, control and governance. In assessing the level of assurance to be given, we have taken into account:

- All internal audits undertaken between 1 April 2004 and 31 March 2005;
- The action taken in response to our audit recommendations;
- Whether fundamental or significant recommendations have been accepted by management, and the consequent risks;
- The effects of any material changes in the VTS' objectives or systems; and
- Whether or not any limitations have been placed on the scope of internal audit.

Based on the work completed between 1 April 2004 and 31 March 2005, carried out in accordance with the scopes agreed by the Audit Committee, taking into account the proposed action by management to rectify the control weaknesses identified in our detailed reports, in our opinion VTS has an adequate and effective system of internal controls which provides reasonable assurance regarding the effective and efficient achievement of VTS' objectives.

Sources of Assurance

To provide the required assurance we undertook an agreed programme of work with the following objectives:

- to appraise the soundness, adequacy and application of the whole internal control system;
- to ascertain the extent to which the system of internal control ensures compliance with established policies and procedures;
- to ascertain the extent to which the assets and interests entrusted to or funded by the VTS are properly controlled and safeguarded from losses arising from fraud, irregularity or corruption;
- to ascertain that accounting and other information is reliable as a basis for producing accounts, and financial, statistical and other returns;
- to ascertain the integrity and reliability of financial and other information provided to management, including that used in decision making; and
- to ascertain that systems of control are laid down and operate to promote the most economic, efficient and effective use of resources.

We have provided in Section 1 a statement of the level of assurance achieved for each system audited. Full or substantial assurance was achieved for 89% of all of the systems audited.

Assurance Statement

The Internal Audit operational plan for 2004-05 covered 10 audits as agreed by the Audit Committee. A statement of the level of assurance achieved for each area of audit is shown below.

Significance Level	Audit Area	Assurance Level 2004-05
High	Risk Management – Phase 1	Substantial
High	Payments to Suppliers/T&S Claims	Substantial
High	Payroll	Substantial
High	Purchasing and Payments	Substantial
High	Nominal Ledger	Full
High	Information Technology – Wide Area Network	Substantial
High	Staff Development and Appraisals	Limited
High	Performance Monitoring	Substantial
High	Corporate Governance	Substantial
Medium	Regional Office Compliance	N/A

Deloitte and Touche, Chartered Accountants and Registered Auditors

Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements on pages 42 to 47 under the Local Government Act 2003. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 48 to 51.

Respective Responsibilities of the VTS, the Chief Executive and Auditor:

As described on page 34, the Chief Executive is responsible for the preparation of the financial statements in accordance with the Local Government Act 2003 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Chief Executive is also responsible for the preparation of the Foreword and contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the VTS has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 35 to 37 reflects the VTS' compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information that I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the VTS' corporate governance procedures or its risk and control procedures.

Basis of Audit Opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions

included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the VTS and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the VTS' circumstances, consistently applied and adequately disclosed.

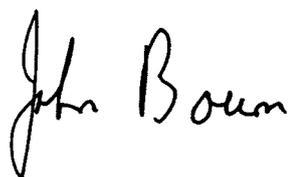
I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by error or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern the VTS. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

The Financial Statements give a true and fair view of the state of affairs of the Valuation Tribunal Service at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Local Government Act 2003 and directions made thereunder by the First Secretary of State, and in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



John Bourn, Comptroller and Auditor General

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

22 June 2005

Income and Expenditure Account for the Period to 31 March 2005

	Note	Period ended 31 March 2005 £'000
Income		
Grant-in-aid receivable from the Office of the Deputy Prime Minister for revenue purposes		10,610
Transfer from Government Capital Reserve	15	12
Other Income	2	200
Total Income		10,822
Expenditure		
Administration Costs		
– Staff costs	3e	5,273
– Other costs	4	5,508
– Depreciation	5	12
Total Expenditure		(10,793)
Surplus/(Deficit) before interest		29
Interest received		2
Interest paid/charges		(2)
Cost of capital	8	(10)
Notional expenditure ¹		(202)
Surplus/(Deficit) after interest		(183)
Reversal of cost of capital	8	10
Reversal of notional expenditure ¹		202
Net revenue account cost (pension) ²	13a	(924)
Surplus/(Deficit) for period	14	(895)

The notes on pages 48 to 74 form part of these accounts.
All of the results are derived from continuing operations.

¹ VTS rent and related costs were paid by the ODPM in March 04 (2003-04 financial year), these costs were related to the VTS 2004-05 financial year. The VTS has recognised these costs in its Income and Expenditure Statement as notional costs.

² The Net revenue account cost comprise of an operating charge, which represents the employer's share of the cost of Local Government Pension Scheme (LGPS) benefits accruing over the financial year plus the cost of granting early retirement. In addition interest being the difference between the interest accrued on the pension scheme liabilities and the expected investment return on the pension scheme assets.

Statement of Total Recognised Gains and Losses as at 31 March 2005

	Note	Period ended 31 March 2005 £'000
Surplus/(Deficit) for period		(895)
Unrealised Surplus/(Deficit) on Revaluation	16	0
Increase/(Decrease) in Irrecoverable Surplus from Membership Fall and Other Factors	13b/16	737
Total Recognised Gains and Losses for the period		(158)

The entries relating to the introduction of FRS17 is explained in the foreword on page 31. This statement analyses the difference between the long-term assumptions made by the actuary and the calculations to be made under FRS 17 as at 31 March 2005.

There are four components to the Increase/(Decrease) in Irrecoverable Surplus from Membership Fall and Other Factors as described below:

1 Actual return less expected return on pension scheme assets

In the element charged to financing costs in the Income and Expenditure Account, an assumption is made at the beginning of the period about the expected investment returns to be achieved on the Scheme's assets in the accounting period. In practice, the actual investment returns will differ from those assumed. The difference between the expected returns and those actually achieved are reflected in this accounting statement.

2 Experience gains and losses arising on the scheme liabilities

As a roll forward approach has been used to calculate the liabilities, there is a small experience loss due to rounding errors within the calculations. A more significant experience gain/loss could potentially occur following a formal valuation. This item arises because the actual movement in the liabilities may not be in line with the assumed experience. For example, there may have been different number of deaths

or leavers, or salaries may not have grown as expected which leads to a different period end assessment of liability from that expected. These differences are reflected above.

3 Changes in financial assumptions underlying the scheme liabilities

These actuarial assumptions are partly financial and partly demographic. Although under FRS17 the financial assumptions are market-related, the VTS prepares its accounts in accordance with HM Treasury Resource Accounting Manual as it applies to Non-Departmental Public Bodies. The discount rate employed for both the 2004-05 and 2005-06 financial years is thus a net discount rate of 3.5% p.a., with inflation assumed to be 2.5% p.a. This means that the financial assumptions have remained constant over the accounting period. The disclosures as at 31 March 2004 and 31 March 2005 are both based on the demographic assumptions adopted for the funding valuations as at 31 March 2004. As a result, there is no difference in either the financial or demographic assumptions that requires to be accounted for over 2004-05.

4 Increase/(Decrease) in Irrecoverable Surplus from Membership Fall and Other Factors

The surplus (deficit) in a defined benefit scheme is the excess (shortfall) of the value of assets in the scheme above (below) the value of the pension liabilities. The amount of any surplus that an employer should recognise an asset should be limited to the surplus from which it can benefit, either through reduced contributions in the future or through refunds from the scheme. The maximum surplus that can be recovered through reduced future contributions is assessed as the employer cost of all future service for current employees (or the value of the liability expected to arise from future service in the scheme by current and future scheme members less the value of employee contributions over the same period). No growth in the number of active scheme members should be assumed but a declining membership should be reflected if appropriate. The amount to be recovered from any refund to the employer reflects only refunds that have been agreed at the balance sheet date. There is no legal mechanism by which refunds can be made to employers from the LGPS.

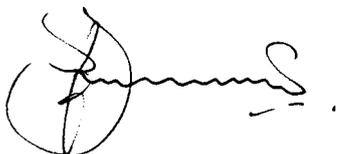
There is no surplus for FRS17 purposes in the LGPS attributable to the VTS' participation in the scheme at either 31 March 2004 or 31 March 2005. Thus, the

reference to a reduction in irrecoverable surplus does not apply to the current financial year, in other words there is no effect of any change in irrecoverable surplus over the year to 31 March 2005. This item would only be an issue if there were a surplus and, due to a fall in the active members, the value of the future service fell, such that the employer cost of all future service for employees was less than the amount of the surplus. In this case, the employer would not be able to disclose the full amount of the surplus in its balance sheet as an asset.

Balance Sheet as at 31 March 2005

	Note	Period ended 31 March 2005 £'000
Fixed Assets		
– Intangible Assets	6	7
– Tangible Assets	7	320
		<u>327</u>
Current Assets		
– Debtors	9	561
– Cash at Bank and in Hand	20	206
		<u>767</u>
Creditors		
– Amounts Falling due within one year	10	536
		<u>231</u>
Net Current Assets		
		<u>558</u>
Total Assets less Current Liabilities		
		<u>56</u>
Deferred Income	11	56
Provisions for Liabilities and Charges	12	130
		<u>372</u>
Net Assets employed excluding pension liabilities		
		<u>6,977</u>
Provisions for Pension Liabilities	13	6,977
		<u>(6,605)</u>
Total Net Liabilities		
Represented by		
Capital and Reserves		
– General Reserve	14	(880)
– Government Capital Reserve	15	328
– Revaluation Reserve	16	737
– Pension Fund Reserve	17	(6,790)
		<u>(6,605)</u>

The notes on pages 48 to 74 form part of these accounts



Laurence Barnes,
Chief Executive,
Valuation Tribunal Service

20 June 2005

Cash Flow Statement for the period to 31 March 2005

	Note	Period ended 31 March 2005 £'000
Net Cash Inflow/(Output) from Operating Activities	19	203
Capital Expenditure		
Purchase of Fixed Assets	6/7	(340)
Proceeds of Sale of Fixed Assets		0
Net Cash Outflow from Capital Expenditure		(340)
Financing		
Transfer of Deferred Government Grant		328
Staff loans from ODPM (Pre 1 April 2004)		15
Total financing		343
Net Cash Inflow/(Outflow)	20	206
The notes on pages 48 to 74 form part of these accounts.		

Notes to the Accounts

1 Statement of accounting policies

- 1.1** The financial statements have been prepared in accordance with the 2004-05 Resource Accounting Manual (RAM) issued by HM Treasury. The accounting policies contained in the RAM follow UK Generally Accepted Accounting Practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the RAM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the VTS, for the purpose of giving a true and fair view, has been selected. The VTS' accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.
- 1.2** The accounts follow the accruals concept of accounting and have been prepared under the historical cost convention modified to account for the revaluation of fixed assets.

1.3 Basis of Accounting

These accounts are prepared on a going concern basis.

1.4 Fixed Assets and Depreciation

i Capitalisation threshold

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds £1,000 including VAT. Individual items valued at less than this threshold are capitalised if they constitute integral parts of a composite asset that is in total valued at more than the capitalisation value.

ii Land and buildings

The VTS does not hold any financial interest in land or buildings. The VTS occupies various premises rented or leased from a number of landlords.

iii Revaluation

The VTS re-values its assets in March of each year using appropriate indices provided by the Office for National Statistics.

iv Depreciation

The straight line method of depreciation is used, i.e. depreciation is provided at rates calculated to write off the valuation of fixed assets less the estimated residual value by equal annual instalments over their estimated useful lives. The VTS reviews the asset lives annually. The asset lives currently applied to the VTS' main category of assets are as follows:

- Computers 3 years;
- Furniture and Office Equipment 5 years.

Depreciation is in the month of acquisition and is charged in the month of asset disposal.

v Intangible assets and amortisation

Software licences are capitalised as Intangible Assets and shown in note 6. These licences are amortised by equal annual instalments over the length of the licence.

vi Assets under construction

These represent the accumulated expenditure incurred in constructing assets that enhance the VTS' infrastructure. Assets under construction are not depreciated until brought into use.

vii Donated assets

Donated tangible fixed assets are capitalised at valuation, which represents current cost on receipt. This valuation gain is credited to the donated asset reserve. The valuation of these assets is then reviewed annually.

Donated assets are subject to revaluation, depreciation and impairment reviews in the same way as other assets.

viii Group assets

The core VTS capitalisation threshold is £1,000; some assets as categorised below can be grouped where the £1,000 threshold is not reached.

The VTS allows grouping of items as follows:

- networked computer infrastructure;
- strategic IT equipment; and
- furniture.

Where the VTS replaces key components of grouped assets, the replacement is depreciated over the remaining useful life of the asset.

Where regular maintenance is performed, this is expensed during the year.

1.5 Stocks

The VTS aims to hold stock at a level that is commensurate with immediate business needs. Therefore stock holdings are minimal and have no significant realisable value outside the VTS. It has been given a nil value in the VTS' accounts for the year ended 31 March 2005.

1.6 Government grants

Grant-in-aid is receivable by the Board to enable the Board to discharge its statutory function. Grant of a revenue nature is credited to income in the year to which it relates. Grant utilised for the purchase of tangible fixed assets is credited to a Government Capital Reserve and released to the Income and Expenditure account over the expected useful lives of the relevant assets. On the disposal of a fixed asset paid for wholly or in part by government grant, an amount equal to the profit or loss on disposal, or such proportion thereof as is appropriate, is transferred from the grant reserve to the Income and Expenditure account.

1.7 Capital charge

A charge, reflecting the cost of capital utilised by the VTS, is included in operating costs. The charge is calculated at the government's standard rate of 3.5% in real terms on all assets less liabilities, except for donated assets and cash balances with the Paymaster General, which do not attract a charge.

1.8 Pensions

The Local Government Pension Scheme (LGPS) is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 1997, as amended. It is contracted out of the State Pension.

All VTS staff who have consented are members of the LGPS. The LGPS is a funded multi-employer contributory defined benefit scheme. Every three years independent actuaries carry out a valuation of the pension fund and set the rate at which the VTS must contribute to fully fund the payment of Scheme benefits for the fund's membership.

The latest formal valuation of the LGPS schemes in which there are VTS staff members was carried out as at 31 March 2004. For 2004-05, employer's contributions of £478,179 were paid to the LGPS, at a rate ranging from 3.5% to 32.1% of pensionable pay. During 2004-05 the VTS also made related pension payments for former VTS employees totalling £88,822.

The VTS 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 Income and Expenditure account in the year the retirements are granted.

1.9 Operating Leases

Rentals payable under operating leases are charged to the Income and Expenditure account in the year to which the payments relate.

1.10 Finance Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the VTS, the asset is recorded as a fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to operating costs over the period of the lease at a constant rate in relation to the balance outstanding.

1.11 Provisions

The VTS provides for legal or constructive obligations which are of uncertain timing or amount at the Balance Sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury discount rate of 3.5% (2004-05, 6%) in real terms.

Dilapidation provisions are made for leases on buildings which the VTS still occupies. Where buildings have been vacated, these have been included in Creditors.

1.12 VAT

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

1.13 Taxation

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

2 Other Income

	Period ended 31 March 2005
Note	£'000
Rent receivable	198
Publications and copies of documents	2
Receipts from sale of fixed assets	0
Total Other Income	200
Income generated complies with HM Treasury Fees and Charges direction.	

3 Board and Staff Costs

3a Board members' emoluments and expenses

The Board consists of up to seven members, including the Chairman. Members are appointed by the First Secretary of State for terms ranging from 12 to 36 months. Non-Executive Board members are eligible to receive an annual fee, which is not pensionable.

3b Chairman's and Chief Executive's emoluments

The Chairman was appointed by the First Secretary of State on 1 April 2004. The Chairman's total emolument consists of a salary of £37,000. The Chairman does not participate in the Local Government Pension Scheme.

The Chief Executive was appointed on 1 April 2004. The Chief Executive is a member of the Local Government Pensions Scheme. The amount of the Chief Executive's bonus is decided by the Remuneration Committee, who review performance against agreed targets. The bonus is also approved by the First Secretary of State.

The contract for the Chairman ends on 31 March 2006 and that for the Chief Executive on 31 March 2007.

The salary and pension entitlements of the Chairman and Chief Executive were as follows:

Note	Period ended 31 March 2005 £'000
<i>The emoluments of the Chairman, Anne Galbraith for the period 1 April 04 to 31 March 05:</i>	
– Basic salary	37
Total emoluments	37
<i>The emoluments of the Chief Executive, Laurence Barnes for the period 1 April 04 to 31 March 05:</i>	
– Basic salary	75
– London weighting	3
– Performance related pay	8
– Employer pension contribution	9
Total emoluments	95
– Pension increase (net of inflation)	1
– Total accrued pension at 31 March 2005	14

3c Fees and emoluments for non-executive members of the VTS for the period 1 April 04 to 31 March 05:

Name	Note	Period ended 31 March 2005 £'000
Anne Galbraith		37
Paul Wood		10
Maurice Crosswell		6
Edward Gunby		6
Peter Lawton ¹		4
Irene Robinson		6
Michael Tildesley ²		0
Lionel Campuzano ³		1
Total		70

¹ appointed 13 July 2004. ² fee declined. ³ resigned 4 July 2004.

3d Executive Directors

The salary and pension entitlements of the most senior members of the Valuation Tribunal Service were as follows:

Note	Period ended 31 March 2005 £'000
<i>The emoluments of the Resource Director, Gilbert George:</i>	
– Basic salary	52
– London weighting	3
– Employer pension contribution	6
Total emoluments	61
– Pension Increase (net of inflation)	1
– Total accrued pension at 31 March 2005	7
 <i>The emoluments of the Corporate Director, Antonio Masella:</i>	
– Basic salary	52
– London weighting	3
– Employer pension contribution	5
Total emoluments	60
– Pension Increase (net of inflation)	1
– Total accrued pension at 31 March 2005	172

3e Staff Costs

Note	Period ended 31 March 2005 £'000
The aggregate payroll costs for the VTS were as follows:	
Salaries	4,174
Social security costs	351
Pension costs	567
	5,092
Other staff costs	
Redundancies and payment in lieu of notice	56
Fringe benefits	2
Agency/Seconded Staff costs	104
Other non staff fees	19
	181
Total staff costs	5,273
The average number of staff employed during the period to 31 March, including the Chief Executive was:	159

Staff Numbers and Location

Office/Admin Unit	Senior Management staff number	Payroll staff number (excludes senior management)	Inward seconded staff number	Agency/ temporary staff number	Year ended 31 March 2005 total staff number
Chief Executive Office	3	9	2	1	15
Eastern	1	8	0	0	9
East Midlands	1	8	0	0	9
Home Counties North	1	8	0	0	9
Home Counties South	1	9	0	0	10
London North	1	13	0	0	14
London South	1	8	0	0	9
Northern	1	10	0	0	11
North West	1	20	0	0	21
Southern	1	3	0	1	5
South West	1	5	0	0	6
Thames Valley	1	4	0	0	5
Wessex	1	8	0	0	9
West Midlands	1	18	0	0	19
Yorkshire	1	10	0	0	11
Total	17	141	2	2	162

The number of staff, including the Chief Executive, whose annual rate of remuneration as at 31 March 2005 exceeded £40,000 excluding pension contributions and performance related pay but including any benefits in kind and London Weighting was:

Remuneration Band	Number
– £40,000 to £44,999	24
– £45,000 to £49,999	1
– £50,000 to £54,999	0
– £55,000 to £59,999	2
– £60,000 to £64,999	0
– £65,000 to £69,999	0
– £70,000 to £74,999	0
– £75,000 to £79,999	1
– £80,000 to £84,999	0

Senior Managers

The salary, pension entitlements and the value of any taxable benefits in kind of the senior management team of the VTS were as follows:

Name	Salary, including London Weighting and performance pay (£k)	Benefits in kind (rounded to nearest £k)	Real increase in pension & related lump sum at age 60 (£k)	Total accrued pension at age 60 at 31.3.05 & related lump sum (£k)	CETV at 31.3.04 (nearest £k)	CETV at 31.3.05 (nearest £k)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £k)
	i	ii	iii	iv	v	vi	vii
Laurence Barnes	85	0	4	4	0	14	9
Gilbert George	55	0	3	3	0	7	4
Antonio Masella	55	0	15	60	123	172	38
Kate Adams	42	1	7	64	242	283	25
Jon Bestow	Consent to disclose withheld						
Richard Bowater	Consent to disclose withheld						
Malcolm Buckland	43	1	1	57	180	198	3
Murray Campbell	42	1	2	50	165	185	9
Ian Coates	43	1	4	83	303	331	12
Larry Goddard	44	1	4	68	246	275	11
Brian Hannon	42	1	3	44	145	164	8
John Hewitson	43	1	1	51	152	168	4
Mavis Latham	Consent to disclose withheld						
David Phillips	43	1	1	71	270	294	5
Lesley Rutherford	Consent to disclose withheld						
Andrew Shippides	43	1	1	36	105	118	4
Vincent Turner	43	1	3	49	153	172	8

Columns (v) and (vi) of the table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column (vii) reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or

arrangement) and uses common market valuation factors for the start and end of the period.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the staff member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the staff member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefit in another scheme or arrangement that the individual has transferred to the LGPS arrangements. They also include any additional pension benefit accrued to the staff member as a result of their additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

4 Other costs

	Note	Period ended 31 March 2005 £'000
4a Board costs		
Emoluments	3c	70
Training		8
Travel and Subsistence		30
Total Board costs		108
4b Members' Costs		
Financial Loss Allowance		101
Training		73
Travel and Subsistence		393
Total Members' costs		567
4c Administration costs		
Travel and Subsistence – staff		261
Furniture and Office Equipment		36
Telecommunications and Postage		341
Publications, Printing and Publicity		85
Recruitment, Training and Conferences		174
Catering and Hospitality		43
Office Supplies		83
Subscription to Professional Organisations		20
Car hire and Lease Cost		7
Removals and Storage		6
Professional Services ¹		1,523
Information Technology		262
(Profit)/Loss on sale of Fixed Assets		0
		2,841
Internal audit fees		16
External audit fees		30
Total Administration costs		2,887

¹ includes legal fees and outsourced contracts e.g. accounting system, IT support, Payroll.

4d Estates Costs

	Note	Period ended 31 March 2005 £'000
Rent		825
Rates		275
Service Charges		217
Fixed Maintenance		189
Domestic Services		79
Heating and Lighting		27
Insurance		19
Temporary Accommodation		96
Security		5
Variable Maintenance		203
Car Park Charges		11
Total Estates Costs		1,946
Total Other costs		5,508

4e Programme costs

There were no programme costs incurred during the period covered by these statements.

5 Depreciation

	Note	Period ended 31 March 2005 £'000
Intangible Fixed Assets		
Depreciation charge for period	6	1
Tangible Fixed Assets		
Depreciation charge for period	7	12
Total Depreciation charge for period		13

6 Intangible Fixed Assets

	Software licences £'000
Cost or Valuation	
At 1 April 2004	0
Revaluation	0
Impairment	0
Additions	8
Disposals	0
At 31 March 2005	8
Depreciation	
At 1 April 2004	0
Revaluation	0
Impairment	0
Additions	1
At 31 March 2005	1
Net Book Value At 31 March 2005	7
Net Book Value At 1 April 2004	0

Donated assets received from the ODPM were fully depreciated in the ODPM accounts prior to 1 April 2004. These assets do not appear in the VTS Balance Sheet but are listed in the VTS inventory.

No revaluation has taken place during 2004-05, as all assets are under one year old.

7 Tangible Fixed Assets

	Furniture, Fittings & Office Equipment £'000	Computers & Other IT £'000	Total £'000
Cost or Valuation			
At 1 April 2004	0	0	0
Revaluation	0	0	0
Impairment	0	0	0
Additions	49	283	332
Disposals	0	0	0
At 31 March 2005	49	283	332
Depreciation			
At 1 April 2004	0	0	0
Revaluation	0	0	0
Impairment	0	0	0
Additions	3	9	12
Disposals	0	0	0
At 31 March 2005	3	9	12
Net Book Value At 31 March 2005	46	274	320
Net Book Value At 1 April 2004	0	0	0

Donated assets received from the ODPM were fully depreciated in the ODPM accounts prior to 1 April 2004. These assets do not appear in the VTS Balance Sheet but are listed in the VTS inventory.

No revaluation has taken place during 2004-05, as all assets are under one year old.

8 Notional Costs

Guidance given by the HM Treasury in respect of NDPBs' Annual Reports and Accounts requires NDPBs to disclose the full cost of their activities in their accounts.

The VTS has therefore included in its accounts charges for the notional cost of capital.

The cost of capital has been arrived at by calculating a rate of 3.5 per cent to the average capital employed.

The average capital employed is defined as an average of total assets less current liabilities at 1 April 2004 and 31 March 2005. The total assets are to exclude non-interest bearing bank balances with the Office of the Paymaster General and the Bank of England.

Note	Period ended 31 March 2005 £'000
Capital employed as at 1 April 2004	0
Capital employed as at 31 March 2005	558
Average capital employed	279
Notional Interest on Capital @ 3.5%	<u>10</u>

9 Debtors

Note	Period ended 31 March 2005 £'000
Due in one year	
Trade Debtors	0
Accrued Income and Prepayments	524
Bad and Doubtful Debt Provision	0
Staff Car Loans	10
Other Debtors	8
	<u>542</u>
Due in more than one year	
Staff Car Loans	19
Total Debtors	<u>561</u>

10 Creditors: Amounts falling due within one year

	Period ended 31 March 2005 £'000
Note	
Trade Creditors	164
Taxation and Social Security	0
Accrued Expenses	230
Other Creditors	142
	<u>536</u>

11 Deferred Income

	Period ended 31 March 2005 £'000
Note	
Deferred Income	<u>56</u>

12 Provisions for Liabilities and Charges

	Period ended 31 March 2005 £'000
Note	
Balance of provision at 1 April 2004	0
Provision for unpaid rent ¹	40
Provision for dilapidation	90
Provision utilised in year	0
	<u>130</u>

¹ Absentee landlord with regards to our Witham Office.

13 Provisions for Pension Liabilities

	Period ended 31 March 2005 £'000
	Note
Balance of provision at 1 April 2004	0
Additional charge in year	6,977
Provision utilised in year	0
	<u>6,977</u>

A provision has been recognised for pension liabilities.

Employers following the Treasury Resource Accounting Manual guidance are required to adopt FRS17 in line with the original timetable. As a result, for the financial year ended 31 March 2005, we are required to disclose the FRS17 figures in the primary statements of our accounts.

For the purpose of FRS17, we commissioned a qualified independent actuary to carry out an assessment of the LGPS as at 31 March 2005. The results of the actuarial valuation are shown below.

As required under FRS17, we have used the projected unit method of valuation to calculate the service cost.

The financial assumptions used for the purposes of the FRS17 calculations as at 31 March 2004 and 31 March 2005 are shown in the table below.

Assumptions as at	31 Mar 2005 % p.a.	Real % p.a.	31 Mar 2004 % p.a.	Real % p.a.
Price Increases	2.5%	–	2.5%	–
Salary Increases	4.0%	1.5%	4.0%	1.5%
Pension Increases	2.5%	–	2.5%	–
Discount Rate	6.0%	3.5%	6.0%	3.5%

Salary increases are assumed to be 1.5% more than price increases, in line with the assumption used in the latest formal valuations by the vast majority of the funds. We have rebased the results for those Funds that did not have a real salary increase assumption of 1.5% at the 31 March 2004 formal valuation.

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31 March 2005 for the year to 31 March 2006).

FRS17 requires that the expected return on assets is to be set by the VTS having taken actuarial advice. The expected returns as at 31 March 2004 and 31 March 2005 are shown in the table below:

Assets Class	Expected Return at 31 March 2005 (% per annum)	Expected Return at 31 March 2004 (% per annum)
Equities	7.7%	7.7%
Bonds	4.8%	5.1%
Property	5.7%	6.5%
Cash	4.8%	4.0%

There is a range of actuarial assumptions that are acceptable under the requirements of FRS17, particularly in respect of the expected return on equities. We consider that these assumptions are within the acceptable range and are thus consistent with the requirements of FRS17. The assumed returns are net of administration and investment expenses. Allowance has been included in the cost of accruing benefits for expenses to the extent that we have been informed that it has been allowed for in the future service rate.

Balance Sheet disclosure as at 31 March 2005

Assets (Employer)	Long Term Return At 31 Mar 2005 % p.a.	Assets At 31 Mar 2005 £'000	Long Term Return At 31 Mar 2004 % p.a.	Assets At 31 Mar 2004 £'000
Equities	7.7%	14,685	7.7%	13,446
Bonds	4.8%	3,369	5.1%	3,104
Property	5.7%	1,353	6.5%	1,226
Cash	4.8%	949	4.0%	867
Total	7.0%	20,355	7.0%	18,644
Net Pension Asset as at		31 Mar 2005		31 Mar 2004
		£'000		£'000
Estimated Employer Assets (A)		20,355		18,643
Present Value of Scheme Liabilities ¹		25,866		24,559
Present Value of Unfunded Liabilities ²		1,466		1,472
Total Value of Liabilities (B)		27,332		26,031
Net Pension Asset (A)-(B)		(6,977)		(7,388)

¹ We estimate that this liability comprises of approximately £14,807,000, £1,865,000 and £9,194,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2005. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of members may not be reliable for certain types of employers. However, we are satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

² It is assumed that all unfunded pensions are payable for the remainder of the staff member's life. On the death of the staff member, their spouse will receive a pension equal to 50% of the member's staff pension as at the time of death of the staff member. We have assumed 80% of staff members are married and we have assumed mortality to be in line with pma92c2004/pfa92c2004 (Standard Mortality Tables, 1992 series).

13a Revenue Account Costs for the year to 31 March 2005

Analysis of amount charged to operating profit

	Year to 31 March 2005	
	£'000	(% of Payroll)
Amount Charged to Operating Profit		
Service Cost	545	14.1
Current Service Costs	0	0.0
Gains/(Losses) on Curtailment and Settlements	118	3.0
Decrease in Irrecoverable Surplus	0	0.0
Total Operating Charge (A)	663	17.1
Amount Credited to Other Finance Income		
Expected Return on Employer Assets	1,298	33.5
Interest on Pension Scheme Liabilities	(1,559)	(40.3)
Net Return/(Charges) (B)	(261)	(6.7)
Net Revenue Account Cost (A)-(B)	924	23.9

Movement in Surplus/(Deficit) During the Year

	Year to 31 March 2005 £'000
Surplus/(Deficit) at Beginning of the Year	(7,387)
Current Service Cost	(545)
Employer Contributions	506
Contributions in respect of Unfunded Benefits	91
Other Income	0
Other Outgoings	0
Past Service Costs	0
Impact of Settlements and Curtailments	(118)
Net Return on Assets	(261)
Actuarial Gains/(Losses)	737
Surplus/(Deficit) at End of Year	(6,977)

13b History of Experience Gains and Losses

	Year to 31 March 2005 £'000
Difference Between the Expected and Actual Return on Assets	762
Value of Assets	20,356
Percentage of Assets	3.7%
Experience Gains/(Losses) on Liabilities	(25)
Total Present Value of Liabilities	27,332
Percentage of the Total Present Value of Liabilities	(0.1%)
Actuarial Gains/(Losses) Recognised in STRGL	737
Total Present Value of Liabilities	27,332
Percentage of the Total Present Value of Liabilities	2.7%

Projected pension expense for the year to 31 March 2006

Analysis of projected amount to be charged to operating profit for the year to 31 March 2006

	Year to 31 March 2006 £'000	(% of Payroll)
Projected Amount Charged to Operating Profit		
Estimated Current Service Cost	465	12.4
Current Service Costs	0	0.0
Gains/(Losses) on Curtailment and Settlements	0	0.0
Decrease in Irrecoverable Surplus	0	0.0
Total Operating Charge (A)	465	12.4
Projected Amount Credited to Other Finance Income		
Expected Return on Employer Assets	1,406	37.5
Interest on Pension Scheme Liabilities	(1,518)	(40.5)
Net Return (B)	(112)	(3.0)
Estimated Net Revenue Account Cost (A)-(B)	577	15.4

14 General Reserve

	As at 31 March 2005 £'000
Balance at 1 April 2004	15
Surplus/(Deficit) for the period	(895)
Balance at 31 March 2005	<u>(880)</u>
<p>Staff loans balances not previously recognised by ODPM pre 1 April 2004, VTS has reinstated staff loan balances as at 1 April 2004.</p>	

15 Government Capital Reserve

	As at 31 March 2005 £'000
Balance at 1 April 2004	0
Allocated from grant-in-aid (purchase of capital assets)	340
Transfer to Income and Expenditure	(12)
Balance at 31 March 2005	<u>328</u>

16 Revaluation Reserve

	As at 31 March 2005 £'000
Balance at 1 April 2004	0
Arising on revaluation during the year (pensions)	737
Balance at 31 March 2005	<u>737</u>

17 Pension Fund Reserve

	As at 31 March 2005 £'000
Balance at 1 April 2004	0
Movement in period	6,790
Balance at 31 March 2005	<u>6,790</u>

18 Reconciliation of Movement in funds

	As at 31 March 2005 £'000
Opening balance of funds	0
Movement in funds:	
Operating Surplus/(Deficit) before interest	(895)
Staff Loans (transferred from ODPM)	15
Grant-in-Aid (Capital Purchases)	340
Depreciation Transfer to Income and Expenditure Account	(12)
Other Recognised Gains and Losses for the year	737
Pension Fund Reserves	(6,790)
Closing Balance of Funds	<u>(6,605)</u>
Represented by:	
General Reserve	(880)
Government Capital Reserve	328
Revaluation Reserve	737
Pension Fund Reserve	(6,790)
Closing Balance of Funds	<u>(6,605)</u>

19 Reconciliation of Operating Deficit to net cash flow from operating activities

	As at 31 March 2005 £'000
Operating Surplus/(Deficit) before interest	29
Depreciation charges	12
(Profit)/Loss on disposal of fixed Assets	0
(Increase)/Decrease in Debtors	(561)
Increase/(Decrease) in Creditors	593
Increase/(Decrease) in Provisions for Liabilities and Charges	130
Net Cash Inflow/(Outflow) from Operating Activities	<u>203</u>

20 Reconciliation of net cash flow to movement in cash balance held

	As at 31 March 2005 £'000
Cash at bank and in hand at 1 April 2004	0
Increase/(Decrease) in cash for the year	206
Cash at bank and in hand at 31 March 2005	<u>206</u>

21 Commitments under non-private finance initiative leases

		Period ended 31 March 2005 £'000
<p>These were annual commitments as at 31 March 2005 to pay rentals under lease agreements as follows:</p>		
Land and Buildings		
Leases that:		
– Expire within 1 year		73
– Expire after 1 year but no more than 5 years		1,852
– Expire after more than 5 years		1,697
		<u>3,622</u>

There were no annual commitments as at 31 March 2005 to pay rental on office equipment under lease agreements.

22 Capital Commitments

The VTS is committed to making all its offices DDA compliant and is committed to spending £110,000 in the 2005-06 financial year.

23 Commitments under Private Finance Initiative (PFI)

There were no contracted PFI contracts during the reporting period.

24 Related Party Transactions

The VTS is a Non-Departmental Public Body sponsored by the Office of the Deputy Prime Minister which is regarded as a related party. During the course of the reporting period the VTS had a number of significant related party transactions.

None of the Board members, senior management staff or other related parties has undertaken any material transaction with the Valuation Tribunal Service.

25 Contingent liabilities

No contingent liabilities have been identified as at 31 March 2005.

26 Financial Instruments

Financial Reporting Standard 13 (FRS13), Derivatives and Other Financial Instruments, requires disclosure of the impact of financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way government agencies are financed, the VTS is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS13 mainly applies. The VTS has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the VTS in undertaking its activities.

As permitted by FRS13, debtors and creditors which mature or become payable within 12 months from the Balance Sheet date have been omitted from the currency profile.

Liquidity risk

The VTS' net revenue resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure. The VTS is not, therefore, exposed to significant liquidity risks.

Interest rate risk

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

27 Performance against targets

The VTS has delivered on its 2004-05 business plan targets within its gross grant-in-aid entitlement (£11,893,000) for the 2004-05 financial year, drawing-down £10,950,000 (Revenue £10,610,000 and Capital £340,000) which represents 92.07% of its grant-in-aid entitlement.

Business plan targets have been accomplished whilst absorbing the setting up of its head office in London. Success has also been achieved in the reduction of the cost per appeal from £38.18 (2003-04¹) to £34.71 (2004-05).

Key objectives, targets, milestones and achievements are shown in Appendix 4.

¹ source Valuation Tribunal Management Board.

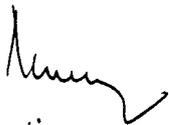
Accounts Direction

THE VALUATION TRIBUNAL SERVICE

ACCOUNTS DIRECTION GIVEN BY THE FIRST SECRETARY OF STATE WITH THE CONSENT OF THE TREASURY, IN ACCORDANCE WITH PARAGRAPH 20(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 annual accounts for the period ending 31 March 2005 and for subsequent accounting periods, until superseded, shall be prepared in accordance with:
 - (a) the accounting and disclosure requirements given in *Government Accounting* and in the Treasury guidance *Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance* (and its replacement, *the Financial Reporting Manual*), 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 First Secretary of State;in so-far 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 First 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 Acts and accounting standards. Additional disclosure requirements of the First 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.

Signed by authority of the First Secretary of State



An officer in the Office of the Deputy Prime Minister

Date 8 February 2005

SCHEDULE 1

1. Stocks and work in progress shall be included in the balance sheet at the lower of estimated replacement cost and estimated net realisable value.
2. Central government grants used to pay for fixed assets, stocks or work in progress shall be credited to a grant reserve. This differs from the requirement in accounting standards that such grants must be credited to deferred income.
3. With one exception, revaluation gains on fixed assets, stocks or work in progress, to the extent that the assets were financed by central government grants, shall be taken to the grant reserve in the balance sheet, without passing through the income and expenditure account. To the extent that the assets were financed by funds from other sources, revaluation gains shall be taken to the revaluation reserve in the balance sheet. This differs from the requirement of the Companies Act that all revaluation gains must be taken to one separate reserve. The exception is that any revaluation gain that reverses a previous revaluation loss should be taken to the income and expenditure account to the extent that the previous loss was itself taken to the income and expenditure account.
4. On the disposal of fixed assets, stock or work in progress, any amount in the grant reserve relating to the assets shall be transferred directly to the general reserve in the balance sheet, without passing through the income and expenditure account.
5. On the disposal of a fixed asset financed wholly by central government grants, the profit or loss on disposal shall be offset in the income and expenditure account by an equal and opposite amount transferred to or from the general reserve. Where central government grants were only used to finance a part of the cost of the asset, the amount of the transfer to or from the general reserve shall be reduced in proportion.
6. The foreword and balance sheet shall each be signed and dated by the chairman on behalf of the board members, and by the accounting officer.

SCHEDULE 2

ADDITIONAL DISCLOSURE REQUIREMENTS

The following information shall be disclosed in the annual accounts, as a minimum, and in addition to the information required to be disclosed by paragraphs 1 and 2 of this direction.

1. The foreword

A statement on the Service's policy for conserving energy, reducing waste and minimising the release of greenhouse gases.

2. The notes to the annual accounts

(a) an analysis of grants from:

- (i) government departments
- (ii) European Community funds
- (iii) other sources identified as to each source;

(b) For grants from the Office of the Deputy Prime Minister, the following information shall also be shown:

- (i) the amount that the Service is entitled to receive for the year
- (ii) the amount received during the year
- (iii) the amount released to the income and expenditure account for the year
- (iv) the amount used to acquire or improve fixed assets in the year
- (v) movements on amounts carried forward in the balance sheet

and the note should make it possible to reconcile any of the amounts in (i) to (v) above, to each of the other amounts;

(c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;

(d)* a report on the emoluments of each individual board member and key manager during the year (with separate disclosure where more than one person occupied an office). The report shall include full details of all elements in the remuneration package of each person, such as fees, salary, annual bonuses, payment on termination of office, other taxable benefits, pension contributions, and the performance related elements of these (for which the basis on which the performance is measured shall be explained). For this purpose, a key manager means the chief executive, members of the management board and all employees reporting direct to the chief executive. For each board member, the report shall also show the time commitment in terms of days per month;

(e)* if a board member, the chief executive or a senior manager has been appointed for a fixed term or is on a fixed-term service contract, the term shall be stated together with details of any predetermined compensation on termination of office;

(f)* a statement of the pension entitlements earned by the chief executive and by each individual board member and senior manager during the year, disclosed on a basis recommended for

non-departmental public bodies by the Treasury, or recommended for listed companies by the Faculty of Actuaries and the Institute of Actuaries;

- (g) details of employees, other than board members, showing:
- (i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the Service, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)
 - (ii) the total amount of loans to employees
 - (iii) employee costs during the year, showing separately:
 - (1) wages and salaries
 - (2) early retirement costs
 - (3) social security costs
 - (4) contributions to pension schemes
 - (5) payments for unfunded pensions
 - (6) other pension costs
 - (7) amounts recoverable for employees on secondment or loan to other organisations
- (The above analysis shall be given separately for the following categories:
- I employed directly by the Service
 - II on secondment or loan to the Service
 - III agency or temporary staff
 - IV employee costs that have been capitalised);
- (h) an analysis of liquid resources, as defined by accounting standards;
- (i) in the note on debtors, prepayments and payments on account shall each be identified separately;
- (j) a statement of debts written off and movements in provisions for bad and doubtful debts;
- (k) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £100,000, with separate disclosure and particulars of any individual amounts in excess of £100,000. Disclosure shall also be made of any loss or special payment of £100,000 and below if it is considered material in the context of the Service's operations.
- (l)* particulars, as required by the accounting standard on related party disclosures, of material transactions during the year and outstanding balances at the year end (other than those arising from a contract of service or of employment with the Service), between the Service and a party that, at any time during the year, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:
- (i) transactions and balances of £5,000 and below are not material
 - (ii) parties related to board members and key managers are as notified to the Service by each individual board member or key manager

(iii) the following are related parties:

- (1) subsidiary and associate companies of the Service
- (2) pensions funds for the benefit of employees of the Service or any subsidiary companies (although there is no requirement to disclose details of contributions to such funds)
- (3) board members and key managers of the Service
- (4) members of the close family of board members and key managers
- (5) companies in which a board member or a key manager is a director
- (6) partnerships and joint ventures in which a board member or a key manager is a partner or venturer
- (7) trusts, friendly societies and industrial and provident societies in which a board member or a key manager is a trustee or committee member
- (8) companies, and subsidiaries of companies, in which a board member or a key manager has a controlling interest
- (9) settlements in which a board member or a key manager is a settlor or beneficiary
- (10) companies, and subsidiaries of companies, in which a member of the close family of a board member or of a key manager has a controlling interest
- (11) partnerships and joint ventures in which a member of the close family of a board member or of a key manager is a partner or venturer
- (12) settlements in which a member of the close family of a board member or of a key manager is a settlor or beneficiary
- (13) the Office of the Deputy Prime Minister, as the sponsor department for the Service.

For the purposes of this sub-paragraph:

- (i) A key manager is as defined in sub-paragraph 3(d), above.
- (ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, "spouse" includes personal partners, and "relatives" means brothers, sisters, ancestors, lineal descendants and adopted children.
- (iii) A controlling shareholder of a company is an individual (or an individual acting jointly with other persons by agreement) who is entitled to exercise (or control the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at Service meetings of the company.

* 3(d), 3(e), 3(f) and 3(l). Under the Data Protection Act 1998 and the Human Rights Act 1998, the Service needs to obtain consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, or if for any other reason information is not available, this shall be stated in the note.

Tribunal Workload

Valuation Tribunals – Total of all Types of Appeals

1 April 2004 to 31 March 2005

Tribunals	Appeals b/f	Appeals Received	Settled	Standard Decisions	Non- Standard Decisions	Total Cleared	Appeals c/f
North							
Cumbria	2,075	1,339	2,001	237	135	2,373	1,975
Durham & Teesside	5,377	3,149	5,884	143	156	6,183	2,343
Northumberland/ Tyne & Wear	7,824	3,934	7,854	386	149	8,389	3,369
Total	15,276	8,422	15,739	766	440	16,945	7,687
Yorkshire							
East Yorkshire	5,905	2,631	4,977	677	115	5,769	2,767
North Yorkshire	3,822	1,660	3,742	282	127	4,151	1,331
South Yorkshire	6,698	4,068	5,756	330	219	6,305	4,461
West Yorkshire	11,849	8,312	10,963	1,122	226	12,311	7,850
Total	28,274	16,671	25,438	2,411	687	28,536	16,409
North West							
Lancashire	4,245	3,228	3,796	816	255	4,867	2,606
Manchester North/South	24,209	11,073	19,580	3,717	600	23,897	11,385
Merseyside & Cheshire	11,572	5,859	20,653	1,709	253	12,707	4,724
Total	40,026	20,160	44,029	6,242	1,108	41,471	18,715
West Midlands							
Birmingham	6,683	3,973	6,317	354	122	6,793	3,863
Coventry/Solihull/ Warwickshire	4,894	2,561	4,526	173	61	4,760	2,695
Herefordshire/ Worcestershire/ West Midlands West	9,615	5,668	9,513	994	103	10,610	4,673
Staffordshire/Shropshire	7,151	4,278	7,464	1,132	72	8,668	2,761
Derbyshire	4,548	3,119	4,552	831	83	5,466	2,201
Total	32,891	19,599	32,372	3,484	441	36,297	16,193
East Midlands							
Leicestershire/ Nottinghamshire/ Northamptonshire	11,279	5,865	13,455	904	446	14,805	2,339
Eastern							
Cambridgeshire	3,713	1,804	3,692	109	41	3,842	1,675
Lincolnshire	4,515	2,289	4,087	79	190	4,356	2,448
Norfolk	10,030	6,438	9,093	1,154	442	10,689	5,779
Suffolk	2,601	1,518	2,663	130	75	2,868	1,251
Total	20,859	12,049	19,535	1,472	748	21,755	11,153

Continuation – Total of all Types of Appeals
1 April 2004 to 31 March 2005

Tribunals	Appeals b/f	Appeals Received	Settled	Standard Decisions	Non- Standard Decisions	Total Cleared	Appeals c/f
Home Counties North							
Bedfordshire & Hertfordshire	8,196	3,570	6,749	1,490	339	8,578	3,188
Essex	4,664	3,399	5,613	622	315	6,550	1,513
Total	12,860	6,969	12,362	2,112	654	15,128	4,701
London Central & North							
Central London	22,734	12,901	16,375	1,019	370	17,764	17,871
London North East	10,256	6,566	9,336	1,234	502	11,072	5,750
London North West	16,053	6,871	11,465	2,405	202	14,072	8,852
Total	49,043	26,338	37,176	4,658	1,074	42,908	32,473
London South							
London South East	7,929	4,874	7,128	1,406	110	8,644	4,159
London South West	10,039	5,972	7,775	1,586	119	9,480	6,531
Total	17,968	10,846	14,903	2,992	229	18,124	10,690
Home Counties South							
East & West Sussex	8,720	4,245	6,067	2,031	101	8,199	4,766
Kent	8,027	3,265	6,119	1,613	141	7,873	3,419
Surrey	6,962	3,045	5,425	892	46	6,363	3,644
Total	23,709	10,555	17,611	4,536	288	22,435	11,829
Thames Valley							
Berkshire	5,323	2,226	4,009	305	93	4,407	3,142
Oxfordshire/ Buckinghamshire	6,844	3,768	6,281	948	73	7,302	3,310
Total	12,167	5,994	10,290	1,253	166	11,709	6,452
Southern							
Hampshire/Isle of Wight/ Wiltshire	13,684	5,787	13,335	0	1,052	14,387	5,084
Wessex							
Dorset & Somerset	5,473	3,894	5,348	1,130	351	6,829	2,538
Sevenside & Gloucestershire	7,459	3,585	7,938	815	156	8,909	2,135
Total	12,932	7,479	13,286	1,945	507	15,738	4,673
South West							
Devon/Cornwall/ Isles of Scilly	8,810	5,473	9,805	696	242	10,743	3,540
TOTAL	299,778	162,207	279,336	33,471	8,082	310,981	151,938

Valuation Tribunal – Totals of Non Domestic Rating Appeals (NDR)
1 April 2004 to 31 March 2005

Tribunals	Appeals b/f	Appeals Received	Settled	Standard Decisions	Non- Standard Decisions	Total Cleared	Appeals c/f
North							
Cumbria	1,952	937	1,686	192	65	1,943	946
Durham & Teesside	5,292	2,725	5,573	141	90	5,804	2,213
Northumberland/ Tyne & Wear	9,620	4,537	9,280	521	197	9,998	4,159
Total	16,864	8,199	16,539	854	352	17,745	7,318
Yorkshire							
East Yorkshire	5,814	2,144	4,584	605	83	5,272	2,686
North Yorkshire	3,738	1,277	3,379	247	111	3,737	1,278
South Yorkshire	6,539	3,716	5,447	293	147	5,887	4,368
West Yorkshire	11,753	7,345	10,132	1,036	189	11,357	7,741
Total	27,844	14,482	23,542	2,181	530	26,253	16,073
North West							
Lancashire	4,062	2,548	3,279	689	179	4,147	2,463
Manchester North/South	23,669	10,145	18,595	3,538	509	22,642	11,172
Merseyside & Cheshire	11,313	5,036	10,056	1,568	152	11,776	4,573
Total	39,044	17,729	31,930	5,795	840	38,565	18,208
West Midlands							
Birmingham	6,659	3,736	6,116	337	106	6,559	3,836
Coventry/Solihull/ Warwickshire	4,806	2,154	4,220	157	24	4,401	2,559
Herefordshire/ Worcestershire/ West Midlands West	9,431	4,853	8,869	892	49	9,810	4,474
Staffordshire/Shropshire	6,950	3,496	6,751	1,031	31	7,813	2,633
Derbyshire	4,315	2,648	4,075	758	24	4,857	2,106
Total	32,161	16,887	30,031	3,175	234	33,440	15,608
East Midlands							
Leicestershire/ Nottinghamshire/ Northamptonshire	11,035	4,741	12,479	833	285	13,597	2,179
Eastern							
Cambridgeshire	3,651	1,481	3,418	107	27	3,552	1,580
Lincolnshire	4,441	1,905	3,789	38	143	3,970	2,376
Norfolk	9,868	5,706	8,589	1,094	394	10,077	5,497
Suffolk	2,493	999	2,207	106	35	2,348	1,144
Total	20,453	10,091	18,003	1,345	599	19,947	10,597

Continuation – Totals of Non Domestic Rating Appeals (NDR)
1 April 2004 to 31 March 2005

Tribunals	Appeals b/f	Appeals Received	Settled	Standard Decisions	Non- Standard Decisions	Total Cleared	Appeals c/f
Home Counties North							
Bedfordshire & Hertfordshire	8,099	2,898	6,372	1,285	274	7,931	3,066
Essex	4,484	2,474	4,860	483	241	5,584	1,374
Total	12,583	5,372	11,232	1,768	515	13,515	4,440
London Central & North							
Central London	22,659	12,584	16,050	1,004	367	17,421	17,822
London North East	10,042	5,716	8,736	1,100	405	10,241	5,517
London North West	15,517	5,535	10,629	2,114	131	12,874	8,178
Total	48,218	23,835	35,415	4,218	903	40,536	31,517
London South							
London South East	7,712	3,815	6,463	1,159	13	7,635	3,892
London South West	9,671	4,916	6,960	1,394	28	8,382	6,205
Total	17,383	8,731	13,423	2,553	41	16,017	10,097
Home Counties South							
East & West Sussex	8,597	3,271	5,265	1,948	21	7,234	4,634
Kent	7,937	2,370	5,537	1,489	26	7,052	3,255
Surrey	6,791	2,473	5,115	665	6	5,786	3,478
Total	23,325	8,114	15,917	4,102	53	20,072	11,367
Thames Valley							
Berkshire	5,242	1,810	3,731	245	46	4,022	3,030
Oxfordshire/ Buckinghamshire	6,669	2,774	5,434	836	32	6,302	3,141
Total	11,911	4,584	9,165	1,081	78	10,324	6,171
Southern							
Hampshire/Isle of Wight/ Wiltshire	13,445	4,476	12,344	0	737	13,081	4,840
Wessex							
Dorset & Somerset	5,218	2,654	4,443	966	272	5,681	2,191
Sevenside & Gloucestershire	7,244	2,525	6,984	741	102	7,827	1,942
Total	12,462	5,179	11,427	1,707	374	13,508	4,133
South West							
Devon/Cornwall/ Isles of Scilly	8,473	3,644	8,207	600	126	8,933	3,184
TOTAL	295,201	136,064	249,654	30,212	5,667	285,533	145,732

Valuation Tribunals – Council Tax Banding Appeals
1 April 2004 to 31 March 2005

Tribunals	Appeals b/f	Appeals Received	Settled	Standard Decisions	Non- Standard Decisions	Total Cleared	Appeals c/f
North							
Cumbria	120	389	312	45	64	421	88
Durham & Teesside	66	402	315	8	56	379	89
Northumberland/ Tyne & Wear	68	332	222	50	12	284	116
Total	254	1,123	849	103	132	1,084	293
Yorkshire							
East Yorkshire	78	469	383	68	24	475	72
North Yorkshire	75	370	348	35	13	396	49
South Yorkshire	117	331	295	35	45	375	73
West Yorkshire	78	939	819	81	20	920	97
Total	348	2,109	1,845	219	102	2,166	291
North West							
Lancashire	150	646	490	121	52	663	133
Manchester North/South	450	871	937	139	56	1,132	189
Merseyside & Cheshire	164	793	638	123	75	836	121
Total	764	2,310	2,065	383	183	2,631	443
West Midlands							
Birmingham	21	228	197	17	9	223	26
Coventry/Solihull/ Warwickshire	83	400	299	16	33	348	135
Herefordshire/ Worcestershire/ West Midlands West	179	800	637	102	43	782	197
Staffordshire/Shropshire	188	773	706	99	34	839	122
Derbyshire	221	452	470	73	48	591	82
Total	692	2,653	2,309	307	167	2,783	562
East Midlands							
Leicestershire/ Nottinghamshire/ Northamptonshire	240	1,108	969	71	159	1,199	149
Eastern							
Cambridgeshire	48	312	269	2	7	278	82
Lincolnshire	69	342	285	41	26	352	59
Norfolk	159	731	503	60	47	610	280
Suffolk	71	512	425	23	29	477	106
Total	347	1,897	1,482	126	109	1,717	527

Continuation – Valuation Tribunals – Council Tax Banding Appeals
1 April 2004 to 31 March 2005

Tribunals	Appeals b/f	Appeals Received	Settled	Standard Decisions	Non- Standard Decisions	Total Cleared	Appeals c/f
Home Counties North							
Bedfordshire & Hertfordshire	91	642	366	205	45	616	117
Essex	176	909	749	138	60	947	138
Total	267	1,551	1,115	343	105	1,563	255
London Central & North							
Central London	61	316	314	12	3	329	48
London North East	120	808	558	92	63	713	215
London North West	446	1,285	800	250	49	1,099	632
Total	627	2,409	1,672	354	115	2,141	895
London South							
London South East	199	1,015	652	247	75	974	240
London South West	309	1,025	793	186	72	1,051	283
Total	508	2,040	1,445	433	147	2,025	523
Home Counties South							
East & West Sussex	110	957	792	81	70	943	124
Kent	73	849	575	121	86	782	140
Surrey	102	562	306	226	36	568	96
Total	285	2,368	1,673	428	192	2,293	360
Thames Valley							
Berkshire	76	407	274	58	43	375	108
Oxfordshire/ Buckinghamshire	167	971	840	110	29	979	159
Total	243	1,378	1,114	168	72	1,354	267
Southern							
Hampshire/Isle of Wight/ Wiltshire	185	1,289	962	0	293	1,255	219
Wessex							
Dorset & Somerset	241	1,227	902	164	66	1,132	336
Sevenside & Gloucestershire	208	1,033	949	74	33	1,056	185
Total	449	2,260	1,851	238	99	2,188	521
South West							
Devon/Cornwall/ Isles of Scilly	327	1,807	1,591	95	101	1,787	347
TOTAL	5,536	26,302	20,942	3,268	1,976	26,186	5,652

Presidents of Valuation Tribunals as at 31 March 2005.

Title	First name	Surname	Valuation Tribunal
Mr	Ian	Andrews	President of the Dorset VT
Mr	Peter	Ashton	President of the Essex South VT
Mr	Michael	Atkins	President of the Surrey VT
Mr	Garry	Bean	President of the Birmingham VT
Mr	Murray	Bell	President of the Hampshire South VT
Mr	Raymond	Bennett	President of the Durham VT
Mr	John	Birkbeck	President of the Cornwall VT
Mr	John	Bosson	President of the Lancashire VT
Mr	John	Burcher	President of the Gloucestershire VT
Mr	Derek	Carline	President of the Kent VT
Mr	Paul	Chittenden	President of the Hertfordshire VT
Mr	Dave	Church	President of the West Midlands West VT
Mr	Bill	Clements	President of the East Sussex VT
Mrs	Angela	Comfort OBE	President of the Essex North VT
Mr	Antony	Craig	President of the Central London VT
Mr	Maurice	Crosswell	President of the London South West VT
Mr	Tony	Dingley	President of the Isles of Scilly VT
Mr	Jim	Dixon	President of the Lincolnshire VT
Mr	George	Dunn	President of the Manchester South VT
Mr	John	Dunning	President of the Norfolk VT
Mrs	Mary	Fagan	President of the East Yorkshire VT
Mr	Lyell	Fairlie	President of the Hampshire North VT
Mrs	Jane	Fitzgerald	President of the Wiltshire VT
Mr	Stephen	Fowler	President of the Somerset VT
Mr	Bill	Glover	President of the Tyne & Wear VT
Mr	Stanley	Gorman	President of the Merseyside VT
Mr	Philip	Harrison	President of the Manchester North VT
Mr	Brian	Hill	President of the West Sussex VT
Mr	Grahame	Holloway	President of the Devon VT
Mr	Peter	Hurlstone	President of the Shropshire VT
Mr	Ian	Irvine	President of the Teesside VT

Continuation – Presidents of Valuation Tribunals as at 31 March 2005.

Title	First name	Surname	Valuation Tribunal
Mrs	Ann	Jacobs	President of the Isle of Wight VT
Mr	Peter	Jewell	President of the Herefordshire & Worcestershire VT
Mr	Aubrey	John	President of the Oxfordshire VT
Mr	John	Jones	President of the Bedfordshire VT
Mr	Peter	Lawton	President of the Suffolk VT
Mr	Bill	Miller	President of the North Yorkshire VT
Mr	Joe	Osborne	President of the Derbyshire VT
Mr	Jayantilal	Patel	President of the London North East VT
Mr	Anthony	Ritchie	President of the London South East VT
Mr	Tom	Sale OBE	President of the Northumberland VT
Mr	David	Sheard	President of the West Yorkshire VT
Mr	Jeremy	Smith	President of the Cheshire VT
Mrs	Clementine	Smith	President of the Severnside VT
Mr	Martin	Suthers OBE	President of the Nottinghamshire VT
Mr	Brian	Talfourd-Cook	President of the Berkshire VT
Mr	Roy	Taylor	President of the Warwickshire VT
Mr	Michael	Tildesley	President of the Leicestershire VT
Mr	Denver	Tolley	President of the Staffordshire VT
Mr	Richard	Tomlinson	President of the London North West VT
Mr	Jim	Walker	President of the Buckinghamshire VT
Mr	David	Waters	President of the Northamptonshire VT
Mr	Paul	Wood OBE	President of the South Yorkshire VT
Mr	Kevin	Woodthorpe	President of the Cambridgeshire VT
Mr	John	Woolley	President of the Cumbria VT
Mr	David	Young	President of the Coventry & Solihull VT

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05

VTS Objective: Service Delivery

What This Means		To deliver a high quality appeals service that is responsive to the needs of Valuation Tribunal users.
Key Tasks		To effectively and efficiently manage the disposal of appeals.
Targets	How Measured	
The Chief Executive will agree with the Valuation Office Agency (VOA) a global clearance figure by 30 May 2004 for Council Tax and Non-Domestic Rating.	Quarterly meetings between the VTS and the VOA to ensure effectiveness of Memorandum of Agreement and address ongoing issues.	Fully achieved.
Memorandum of Agreement between the VOA and the VTS to be agreed and delivered by both parties by 30 September 2004.	Implementation of a joint Memorandum of Agreement between VOA and VTS to ensure uniform geographical practices.	Fully achieved.
The Heads of Administration to liaise with the presidents of valuation tribunals to ensure all appeals are listed within regulatory guidelines.	On a quarterly basis monitor the following: <ul style="list-style-type: none"> – Number of appeals listed – Clearance rates – Number of appeals settled before hearing – Number of appeals settled after hearing – Number of tribunals convened – Number of tribunals cancelled – Number of postponements and adjournments. 	Fully achieved.

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05

Continuation – VTS Objective: Service Delivery

<p>What This Means To implement a national complaints charter and devise a national register to monitor complaints.</p>		
<p>Key Tasks In recognition that the Chief Executive is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration, his Office will devise a national complaints charter for circulation to all Valuation Tribunal offices.</p>		
Targets	How Measured	
Devise and issue complaints procedure for the Chief Executive's Office by 31 July 2004.	Monitor, report and address issues raised on the national complaints register.	Fully achieved.
Heads of Administration to ensure that a local register is in place to monitor any such complaints by 31 July 2004.	Monitor complaint handling times from receipt of complaint until resolved.	Fully achieved.
Devise a national complaints register by 31 July 2004.	Report types of complaints in the VTS' Annual Report.	Fully achieved.

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05

Continuation – VTS Objective: Service Delivery

What This Means Develop a comprehensive communications strategy to inform external stakeholders and internal staff on the role, function status and development of Valuation Tribunals.		
Key Tasks Develop a Communications Strategy.		
Targets	How Measured	
Undertake a review of current external communications to be completed by the end of the financial year.	Publishing the Communications Strategy on the web-site. Produce and evaluate questionnaire.	Fully achieved. Partly achieved – survey completed on 31 March 2005. Findings to be evaluated and analysed in April 2005.
Quarterly meetings of the Rating Liaison Group (RLG) to be convened to include the VOA, RSA, IRRV and RICS to discuss issues affecting the business of the VTS.	Improve the frequency and quality of our contact with stakeholders.	Fully achieved.
Regular liaison meetings with the ODPM to discuss sponsorship issues.		Fully achieved.
Key Tasks Revise existing family of guidance leaflets.		
Targets	How Measured	
Revised guidance leaflets to reflect the changes introduced by the new corporate body and to be printed and distributed by 16 August 2004.	All leaflets to obtain the Plain English Crystal mark to ensure clarity and customer understanding.	Fully achieved.

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05
Continuation – VTS Objective: Service Delivery

Key Tasks All leaflets are to comply with the Disability Discrimination Act 1995.		
Targets	How Measured	
The Chief Executive's Office will ensure all guidance leaflets will be available in audio and Braille by 30 October 2004.		Fully achieved.
Key Tasks All leaflets are to comply with the Race Relations Act 1976 and Race Relations Act 2000.		
Targets	How Measured	
To translate upon request guidance leaflets in other languages and maintain a register of languages sought.		Fully achieved.
Key Tasks Develop and manage the VTS web-site, including Members' Pages, and Intranet to allow greater flow of information.		
Targets	How Measured	
The web-site and Intranet will be reviewed and revised to reflect the new corporate image by the end of the year. The web-site will be regularly updated to ensure timely and relevant information is accessible at all times.	Monitor and analyse web access both to the home page, and consequential pages accessed by monitoring 'hits' quarterly.	Partly achieved. Consultants appointed to carry out the review. Development work will take place during 2005-2006 Financial Year.
Key Tasks The Chief Executive's Office will collate findings of past customer surveys undertaken by individual Valuation Tribunals.		
Targets	How Measured	
Heads of Administration to provide details of customer survey findings carried out within their Administrative Unit and prepare a report to the Chief Executive's Office by 30 June 2004.	Review findings and plan outline of customer survey to be issued in 2005-06.	Fully achieved.

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05

VTS Objective – Judicial Liaison

<p>What This Means To assist in providing an interface between the administrative and judicial roles of Valuation Tribunals.</p>		
<p>Key Tasks Subject to the outcome on the ODPM's public consultation 'Judicial Independence', the VTS will set up a forum to facilitate a meaningful dialogue between the judicial and administrative functions of Valuation Tribunals.</p>		
Targets	How Measured	
<p>An interim committee (Tribunal Liaison Committee) to be created by 31 May 2004. Meetings are to be held on a quarterly basis until such time as the consultation process has been completed and the Secretary of State has agreed on the best way forward.</p>	<p>Published minutes of the Committee on the Members' pages of the web-site.</p>	<p>Fully achieved.</p>
	<p>Effective communications between the judiciary and administrative sections of the Valuation Tribunals, ensuring a cohesive, unified VTS.</p>	<p>Fully achieved.</p>
<p>TLC disbanded in January 2005</p>		<p>Fully achieved.</p>
<p>Members' Judicial Committee (MJC) in process of being set-up.</p>	<p>Nominations for MJC Members to be completed by 31 March 2005.</p>	<p>Fully achieved.</p>
<p>What This Means To provide Clerks of Tribunals to act as chief judicial advisors to members of Valuation Tribunals.</p>		
<p>Key Tasks Ensure that statutory Clerks are effective in the provision of advice at hearings.</p>		
Targets	How Measured	
<p>Provision of training to Clerks and tribunal-taking staff as part of the staff development process.</p>	<p>Appraisal system.</p>	<p>Partly achieved. – New system to be introduced by 30th July 2005.</p>

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05

VTS Objective Management Structure

What This Means	To integrate the Chief Executive's Office into the existing administrative structure.	
Key Tasks	The Chief Executive and Directors will provide advice and guidance to senior managers within Valuation Tribunals and be proactive on all aspects of the business.	
Targets	How Measured	
Development of a coherent framework for effective communication between the Chief Executive's Office and HOAs leading to a consistent, quality delivery of local services.	Set up Executive Management Team (EMT) monthly meetings comprising the Chief Executive and Directors.	Fully achieved.
Introduction of line manager framework for staff.	Organise monthly Senior Management Team (SMT) meetings comprising the Chief Executive, the Directors and HOAs.	Fully achieved.
What This Means	Assist the Board in providing interface on policy and strategy matters between the administrative and judicial systems.	
Targets	How Measured	
Develop knowledge of the Board enabling informed and effective guidance on strategic issues within the Valuation Tribunals.	Develop Training Programme for Board members to be held after each Board Meeting on both administrative and judicial issues within the VTS.	Fully achieved.
	Regular presentations to the Board by Chief Executive Office Managers on their areas of specialisation.	Fully achieved.
Undertake a risk assessment review to identify the risks and produce a risk register by 30 November.	Implementation of the Risk Management Strategy.	Fully achieved.
	Risk register to be reviewed by the Board on a quarterly basis.	Fully achieved.

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05

Continuation – VTS Objective Management Structure

Key Tasks Ensure that the Transfer of Undertakings (Protection of Employment) process was effective.		
Targets	How Measured	
The Chief Executive will meet with UNISON by 31 July 2004 to review any outstanding TUPE issues following transfer.		Fully achieved.
Key Tasks Address the union recognition for collective bargaining between UNISON and SATA.		
Targets	How Measured	
The Chief Executive will consult with staff and workplace unions regarding the matter of union recognition for collective bargaining purposes by 30 October 2004.	Confirmation of a single staff union.	Fully achieved.
Key Tasks Undertake a feasibility study to review Management Information Systems (MIS).		
Targets	How Measured	
Complete feasibility study by 31 July 2004 and provide Board with recommendation for introduction of MIS system.		Fully achieved.

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05

VTS Objective – Staff and Staff Training

What This Means To foster a well-trained and motivated work force with appropriate skills within an effective management system		
Key Tasks Review the Staff Development Review (SDR) process to ensure it meets the needs of the Valuation Tribunal Service.		
Targets	How Measured	
Cost and devise training strategy by 30 November 2004.	Implementation of the Training Strategy.	Fully achieved.
Key Tasks Undertake staff training needs analysis.		
Targets	How Measured	
Heads of Administration to discuss the process with the Unit staff and provide a report to the Resource Director by 30 June 2004.	Analyse reports.	Fully achieved.
Set up Training Needs Project Group (TNPG) to include representation from all grades within the VTS by 31 July 2004.	Terms of Reference and minutes of meetings.	Fully achieved.
TNPG to formulate and devise training needs questionnaire and distribute to all staff by 1 September 2004.	Analyse results of questionnaire to ensure accurate reflection of staff needs which will feed into the training policy.	Fully achieved.
Key Tasks Develop and maintain training database		
Targets	How Measured	
Based on feasibility study of MIS develop Phase 1 of MIS database as an HR and training database by 31 March 2005.	Central record of staff skills and VTS group knowledge base.	Fully achieved.
	Accurate record of staff training details.	Fully achieved.

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05
Continuation – VTS Objective – Staff and Staff Training

Key Tasks To ensure the provision of a healthy working environment for staff.		
Targets	How Measured	
Introduce a VTS Health and Safety Policy Statement that recognises the VTS as a corporate body and meets all relevant legislation by 30 June 2004.	Monitor attendances, track career progression and cost benefit analysis.	Fully achieved.
Heads of Administration to provide a Health and Safety report to Chief Executive's Office by 31 March 2005.	Awareness of the Policy Statement by all VTS staff in offices. Implementation of Accident Books and a monitoring system to record numbers of incidents during the year, the course of action taken, the number of accidents which resulted in more than three days absence from work and the risks identified and how such risks were addressed.	Fully achieved.
To establish a VTS Health and Safety Committee, comprising appointed Health and Safety Officers, chaired by the Corporate Director.		Fully achieved.
To undertake asbestos surveys across the VTS estate in accordance with statutory requirements.	Appoint Health and Safety Officers for each Administrative Unit.	Fully achieved.
Key Tasks To achieve full DDA compliance across the VTS estate.		
Targets	How Measured	
Conduct full access audits across the VTS estate and translate into action plans by 31 October 2004.	Health and Safety Officer to assist Heads of Administration to ensure works recommended by the Disability Discrimination Act (DDA) audits are enforced and completed within timescale stipulated. Agree a three-phased implementation programme for monitoring purposes.	Fully achieved.

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05
Continuation – VTS Objective – Staff and Staff Training

Key Tasks		
Continuation – To achieve full DDA compliance across the VTS estate.		
Targets	How Measured	
Implementation of Phase 1 of DDA, compliance by 1 October 2004.		Fully achieved.
Implementation of Phase 2 of DDA, compliance by 31 October 2004.		Fully achieved.
Arrange for asbestos surveys to be undertaken by 30 June 2004.	Review results of surveys and act accordingly. Maintain an asbestos register.	Fully achieved.
Key Tasks		
To review position of properties occupied by means of inter-departmental agreements (MOTO's)		
Targets	How Measured	
Enter into negotiations with landlords with a long term aim of securing leasehold occupation of properties.	Monitor and evaluate progress of discussions on a monthly basis.	Partly achieved. – ongoing for 2005-06 Financial Year.
Key Tasks		
To research and work towards Investors in People accreditation as a corporate body.		
Targets	How Measured	
Undertake research across the VTS, evaluating the requirements necessary working towards the long term objective to attain full accreditation status. To be completed by 31 March 2005.	Evaluate the research undertaken.	Partly achieved. – ongoing for 2005-06 Financial Year.

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05

VTS Objective – Member and Member Training

What This Means		
To ensure a well trained lay membership of Valuation Tribunals, and to keep the membership updated with any changes in relevant legislation.		
Key Tasks		
To revise Members' Training Programme.		
Targets	How Measured	
Heads of Administration to provide a report detailing all training undertaken by the president, chairmen and members of their Valuation Tribunals by 30 April 2004.	Central record of current levels of knowledge for the VTS membership.	Fully achieved.
Heads of Administration to supply the Training Manager with details of all training undertaken by Presidents, Chairmen and Members.	Set up interim recording system to monitor attendance of members at training events.	Fully achieved.
	Transfer information into MIS database.	Fully achieved.
In consultation with presidents, review current status of members' appraisal undertaken by tribunals within their administrative unit by 30 April 2004.	Revise and evaluate training programme for members for roll out in January 2005, to include equal opportunities, human rights and induction for new members.	Partly achieved. – ongoing for 2005-06 Financial Year.
In consultation with the interim Tribunals Liaison Committee, the VTS Board to consider recommendations for the future use and development of the appraisal system.		Partly achieved. – ongoing for 2005-06 Financial Year.
Key Tasks		
To improve Equal Opportunities Monitoring		
Targets	How Measured	
To implement an equal opportunity monitoring system for the membership.	Provision of accurate information to the Cabinet Office on the diversity of the membership within Valuation Tribunals.	Fully achieved.

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05

VTS Objective – Finance

What This Means Produce unqualified annual accounts.		
Key Tasks Draft year-end timetable.		
Targets	How Measured	
The Resource Director will issue to all staff year-end timetable by February 2005.	Year-end timetable on file with issued dated.	Fully achieved.
What This Means Ensuring expenditure is contained within resources available.		
Key Tasks Draft year-end instructions.		
Targets	How Measured	
The Resource Director will issue to all staff year-end instructions by February 2005.	Year-end instructions on file with issued dated.	Fully achieved.
What This Means Securing economy, efficiency and effectiveness and regularity and propriety.		
Key Tasks Ensure compliance of accounts direction issued by the ODPM sponsoring team and HM Treasury guidance.		
Targets	How Measured	
Statutory accounts produced by May 2005 to include applicable elements of ODPM accounts direction and HM Treasury guidance.	National Audit review of compliance of accounts direction.	Fully achieved.
Key Tasks All internal audit recommendation to be implemented.		
Targets	How Measured	
Recommendations to be implemented by March 2005.	Report to Audit Committee on implementation of audit recommendations.	Fully achieved.

VTS Objectives, Targets, Time bound Tasks and Key Performance Indicators (KPIs) for 2004-05

Continuation – VTS Objective – Finance

What This Means Implement adequate financial and accounting security.		
Key Tasks Draft Scheme of Delegation and Fraud policy.		
Targets	How Measured	
The Resource Director will draft Scheme of Delegation and Fraud policy by June 2005.	The Board to approve Scheme of Delegation and Fraud policy.	Fully achieved.
What This Means Implement cost effective cost centres across all regional units.		
Key Tasks Devise cost centre and budgetary reporting on SAP.		
Targets	How Measured	
The Resource Director will devise and implement cost centre management reporting system on SAP by May 2004.	Budgetary reporting by cost centres available on SAP.	Fully achieved.

Glossary of pension terms

Actuarial Gains & Losses

Changes in actuarial deficits or surpluses that arise because:

- events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses)
or
- the actuarial assumptions have changed.

Current Service Cost

The increase in the present value of the scheme liabilities expected to arise from employee service in the current period.

Curtailment

Curtailements will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Expected Rate of Return on Assets

The average rate of return expected over the remaining life of the related obligation on the actual assets held by the Scheme.

Interest on Pension Scheme Liabilities

The expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement.

Irrecoverable Surplus

The employer may not control or be able to benefit from the whole of a surplus – it may be so large that the employer cannot absorb it all through reduced contributions. The amount recoverable through reduced contributions reflects the maximum possible to be recovered without assuming an increase in the number of employees covered by the scheme.

Past Service Cost

Discretionary benefits awarded on early retirement are treated as past service costs. This includes added years and unreduced pension benefits awarded before the rule of 85 age.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases; and
- the accrued benefits for members in service on the valuation date.

Rule of 85 Age

The date on which the sum of

- the member's age in whole years on the date his local government employment ends or the date he elects for payment, if later,
- his total membership in whole years, and
- in a case where he elects after his local government employment ends, the period beginning with the end of that employment and ending with the date he elects for payment,

equals 85 years.

The rule of 85 can be reached prior to age 60, however benefits can only be paid prior to age 60 if the employer permits it. Therefore, generally for the calculations where Hymans Robertson is actuary to the Fund, we assume a minimum of age 60 for the rule of 85. The Funds with different advisors may have made different assumptions in their calculations.

Settlement

Settlements will take account of outgoing bulk transfers and will show the difference between the FRS 17 liability and the amount paid to settle the liability.

Map of administrative units



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