

# **VALUATION TRIBUNAL FOR WALES**

## **ANNUAL REPORT 2012-2013**

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## **Foreword by the President of the Valuation Tribunal for Wales**

Welcome to the Valuation Tribunal for Wales' Annual Report for 2012-13.

Following the biennial election of members to the Governing Council in May 2012, I was elected President following in the footsteps of John Owens who has served as President over a number of years. John Owens guided the Governing Council through the development of the VTW following fundamental changes in its structure and I am grateful for all the help and advice he has given me. A new Governing Council was also elected in June/July 2012 made up of Regional Representatives from the four Regions, plus a Governing Council Member appointed by Welsh Government. Meetings of the Governing Council and its sub-committees have ensured that the VTW continues to perform its statutory duties efficiently and professionally.

Simon Hill after a further two year secondment as Chief Executive decided that he no longer wished to carry out the work of Chief Executive and reverted back to being the full-time Clerk to the East Wales Region. After an open interview process the Governing Council appointed Andrew Shippides as the VTW Chief Executive in March 2013. Andrew comes to the VTW with valuable experience of the Tribunal Service having previously served the Tribunal Service in England. I am grateful for the work that Simon Hill has given which has enabled a smooth transition of management responsibilities.

It has been a busy year for the VTW with the announcement that the Tribunal would deal with the Council Tax Reduction Scheme Appeals. This necessitated a concentrated training programme with outside expertise employed to deliver the training to staff and members to ensure all were equipped to understand appeals within this new jurisdiction. In addition a structured programme of ongoing training was arranged by the Staff and Members Training Committee and included events that were tailored to meet the needs of chairs and members. Senior members of staff continued to meet on a regular basis to co-ordinate and oversee administrative projects and consistency of approach throughout the VTW.

In conclusion, I would like to thank Simon Hill, Andrew Shippides, Regional Clerks and all the members and staff of the Tribunal who have collectively contributed towards the efficient and effective service delivered by the VTW during this busy year.

Carol Cobert  
President – Valuation Tribunal for Wales

## **Introduction by the Chief Executive**

This is my first annual report on the work of the Valuation Tribunal for Wales. It covers the year 1 April 2012 to 31 March 2013.

I am indebted to my predecessor, Simon Hill, for the skill and dedication that he has applied in overseeing the work of the Valuation Tribunal for Wales throughout the vast majority of this year. I am also much enriched by the advice and information that he has passed on, as he steps back full-time into the role he has combined with the Chief Executive position for the last four years – that of Regional Clerk within East Wales. The content of this report very much represents the work that he has been involved in and has managed with great alacrity.

It has been an unusual and demanding year, in that much attention has had to be given to the impact of a widening of the Tribunal's jurisdiction. From 1 April 2013 the Tribunal is the arena within which council taxpayers can challenge whether their billing authority has determined their liability for the tax correctly under a newly introduced Council Tax Reduction Scheme. Although Council Tax Reduction Scheme appeals can only be registered with the Tribunal from 1 April 2013, and so they do not, in themselves, constitute any part of this current report, the preparation required to be ready to receive them has been considerable. Consulting with local authorities on link-processes and the potential scale of the appeal workload has taken time. So too has agreeing draft regulations with Welsh government. But possibly most time-consuming of all has been the development of enhanced computer systems to deal with the new workload. This has been complicated by the fact that our IT partner, the Valuation Tribunal Service in England, has different requirements, owing to variations in the implementation of Council Tax Reduction between England and Wales. The upshot of this is that some planned work – for instance, the calendared review of certain policy documents – has had to give.

Nevertheless the core business of the Tribunal has been thoroughly attended to. The Regional Clerks have ensured that there was a full listing plan for the year. Accordingly appeal clearances have been good – and, as in previous years, the number of complaints and referrals to higher courts has been extremely low.

I took up the Chief Executive role in March, and it has been instructive to me to review the work of the previous eleven months. I hope that under my stewardship, working with the Governing Council over the next twelve months, will be as well managed. It is certainly my aim to do so.

Andrew Shipsides  
Chief Executive – Valuation Tribunal for Wales

## **1. The VTW's Main Functions**

- 1.1 The Valuation Tribunal for Wales (VTW) has both judicial and administrative functions, which are prescribed by the Valuation Tribunal for Wales Regulations 2010 ("the regulations").
- 1.2 The VTW has a statutory judicial function to hear and determine appeals against the valuation of property for Non-Domestic (Business) Rates, Council Tax and Drainage Rates. Other types of appeals within the Valuation Tribunal's jurisdiction are those lodged against Council Tax liability, Completion Notices and certain types of penalties imposed by Billing Authorities (Councils) or the Valuation Office Agency.
- 1.3 The VTW's administrative functions, in support of its judicial role, include:
  - the provision of accommodation;
  - the appointment of staff including the Chief Executive/Clerk of the Tribunal;
  - the provision of information technology;
  - the provision of equipment;
  - the provision of training for members and staff;
  - the co-ordination of the provision of general advice on procedure relating to VT proceedings; and
  - the active management of issues of compliance.
- 1.4 The Valuation Tribunal is entirely independent of the Valuation Office Agency (VOA) which sets the rateable values on non-domestic properties and council tax bands for homes and the Councils that send out the rates and council tax demands.

## 2. The VTW's Organisational Structure

- 2.1 Members are local volunteers who are appointed to the Tribunal jointly by the President and the Billing Authorities (BAs) in Wales. They sit on the panels that hear and determine appeals. Hearings are arranged at local venues, a feature recognised as providing benefit to the rate/taxpayer.
- 2.2 The VTW comprises four geographical regions and is administered from three offices situated on the M4 and A55 corridors. At the end of this reporting period, the offices were located at Penllergaer (on the edge of Swansea), Newport and Llandudno Junction. The West Wales region relocated its office from Carmarthen to Penllergaer in January 2013.
- 2.3 Each of the four Regions that exist within the Valuation Tribunal has a Regional Clerk and Professional Tribunal Officer(s) (PTO(s)), together with administrative support staff. Professional members of staff provide legislative and procedural guidance and general support to the lay membership.
- 2.4 The VTW's Governing Council was established from 1 July 2010 and comprises six non-paid members who are supported by VTW officers (the Chief Executive/Statutory Clerk and the Regional Clerks, who together form the Management Team). The statutory functions of the VTW are performed on its behalf by the Governing Council, its role being similar to that of a Board. The Clerks manage their individual Regions and contribute to the Council's work and its endeavours to strive for uniformity of administrative operations and consistency in Tribunal practice across Wales.
- 2.5 The Governing Council comprises the President of the VTW, elected by the entire membership of the Tribunal, and Regional Representatives who are elected by those members from within the East, North, South and West Wales Regions of the Tribunal respectively. Welsh Ministers also make a single appointment to the Governing Council.
- 2.6 Elections for the Governing Council are fixed on a two-year cycle by regulations; and so this year saw the first successive election following the foundational election in 2010. As announced in last year's annual report, Mr John H Owens stepped down as President, and so a successor to the role was bound to be elected. Miss Carol Cobert, a longstanding member of the Governing Council, both under the VTW and the previous body, the Valuation Tribunal Service for Wales (VTSW) was duly elected.
- 2.7 At the opening of the period the membership of the Governing Council was:
  - Mr JH Owens, President of the VTW
  - Mr EC Beaumont, East Wales Regional Representative
  - Mr HM McEvoy MBE, North Wales Regional Representative
  - Miss CA Cobert JP, South Wales Regional Representative
  - Mr NKL Thomas, West Wales Regional Representative
  - Mr RG Parry OBE, Independent Welsh Government appointed member

Following the election held on 1 July 2012, the membership was:

- Miss CA Cobert JP, President of the VTW (elected)
- Mr CN Todd, East Wales Regional Representative (elected)
- Mr HM McEvoy MBE, North Wales Regional Representative (elected)
- Mr AHN Clatworthy, South Wales Regional Representative (elected)
- Mr JR Evans, West Wales Regional Representative (elected)
- Mr RG Parry OBE, Independent Welsh Government appointed member

Note: Mr RG Parry was reappointed by Welsh Government (WG) for a further term of office of 4 years from June 2012.

2.8 The 1 July elections also saw the election of Deputy Regional Representative, as required by regulations. The elected individuals were:

- Mr KC Mock,. East Wales
- Mr JB Jones, North Wales
- Mrs BC Martin, South Wales
- Mr NKL Thomas, West Wales

2.9 The President, Regional Representatives, and WG Appointee are called to every Governing Council meeting. If a Regional Representative is unable to attend, their Deputy Regional Representative attends instead, if possible. A total of 4 Governing Council meetings were held in 2012-13, and the attendances were as follows:

*13 June 2012*

<b>Member</b>	<b>Position</b>	<b>Attend ed</b>	<b>Notes</b>	<b>Appointed to:</b>
JH Owens	President	1		30 June 2012
EC Beaumont	Regional Representative	0	Apology given	30 June 2012
HM McEvoy	Regional Representative	1		30 June 2012
CA Cobert	Regional Representative	1		30 June 2012
NKL Thomas	Regional Representative	1		30 June 2012
RG Parry	Independent Member	1		30 June 2012

*12 September 2012, 5 December 2012, 13 March 2013*

<b>Member</b>	<b>Position</b>	<b>Attend ed</b>	<b>Notes</b>	<b>Appointed to:</b>
CA Cobert	President	3		30 June 2014
CN Todd	Regional Representative	2	Apology given - Dec Deputy attended	30 June 2014
HM McEvoy	Regional Representative	2	Apology given - Sep Deputy attended	30 June 2014
AHN Clatworthy	Regional Representative	3		30 June 2014
JR Evans	Regional Representative	2	Apology given - Sep Deputy attended	30 June 2014
R G Parry	Independent Member	2	Apology given - Mar	11 June 2016
JB Jones	Deputy Regional Representative	1	Deputising - Sep	30 June 2014
NKL Thomas	Deputy Regional Representative	1	Deputising - Sep	30 June 2014
KC Mock	Deputy Regional Representative	1	Deputising - Dec	30 June 2014

### 3. The VTW's Management Framework

- 3.1 The Management Statement and Financial Memorandum, which were finalised in September 2010, set out the relationship between the VTW and Welsh Government and define the terms and conditions under which Welsh Ministers provide funding to the Tribunal. They specify the limits of delegation and other rules, regulations and guidelines relevant to the exercise of the VTW's functions and detail how the VTW will be held to account. Payment of funds to the VTW is conditional upon the satisfactory performance of its obligations, as set out in the above documents and such other conditions and requirements as the Welsh Ministers may from time to time impose.
- 3.2 The Governing Council has continued to promote enhancement of the management disciplines adopted by the VTW, which will in turn lead to a strong corporate governance culture that will ensure:
- proper process, propriety, scrutiny and accountability are demonstrated;
  - policy and planning frameworks are established;
  - comprehensive and robust accounting procedures are in place;
  - clear guidance on effectiveness and efficiency are in place; and
  - clearly supported compliance policies exist and continue to be developed.
- 3.3 In addition to the detailed statements regarding functions, compliance, responsibilities, policy framework, staffing and personnel management and periodic reviews of the service, the VTW considers that the aforementioned documents expect it to achieve the following key objectives:
- to establish a cohesive service within which policies on training, information technology, accommodation and staff terms and conditions are uniformly applied;
  - to strive to improve customer understanding and satisfaction with the work of the Valuation Tribunal;
  - to foster enhancement of the work of the VTW and its stakeholders to improve the appeals process;
  - to seek to improve efficiency, effectiveness and consistency of service provided by the Valuation Tribunal; and
  - to ensure that the Tribunal functions with absolute judicial independence, and is perceived as such by its 'customers,' so as to enhance public confidence.
- 3.4 Much of the detailed work of the Governing Council is undertaken by its reporting committees. At the beginning of the reporting period these were:
- Staff and Members' Training – planning and implementing relevant and timely training on an annual cycle.
  - HR and Personnel – encompassing areas such as staff recruitment and retention, staff policies (e.g. Code of Conduct and Disciplinary/Grievance Policies) and superannuation.

- Compliance – monitoring the VTW’s adherence to Welsh language, disability discrimination, health and safety and equality and diversity requirements etc.
- Finance and Audit – encompassing, inter alia, the VTW’s financial procedures, risk assessment, budget setting and monitoring processes.

It became apparent during the course of the year that Welsh language matters dominated the work of the Compliance Committee, especially in anticipation of the replacement of Welsh Language Schemes by Welsh Language Standards, which are being developed by the Welsh Language Commissioner. Accordingly, this part of the Compliance Committee’s work was broken away, and a new Welsh Language Committee was formed.

3.5 The reporting committees are comprised of a mixture of staff and members, drawn from all levels of experience and rank within the organisation. The aim is to make best use of a wide base of enthusiasms and knowledge as possible, in the development of new policies, initiatives and monitoring practices. The development of this process is still in its infancy, and co-ordination has, as yet, not been fully implemented. This is primarily a result of not having, until the very end of this reporting period, a paid management officer with responsibilities limited to national administration and management solely. The Tribunal in its current and predecessor forms, for the last few years, has combined the role of Chief Executive with that of a tribunal clerk with day-to-day local responsibilities for appeal processing and member co-ordination. This, combined with the Chief Executive’s involvement in (a) the development of the regulations for Council Tax Reduction Scheme appeals and (b) the recruitment process for a new Chief Executive in late 2012 and early 2013, has resulted in the lack of development and co-ordination of a national committee cycle scheme. The development of this cycle is an objective for the coming reporting period. (Further details of Council Tax Reduction Scheme appeals and the recruitment of a new Chief Executive are given in later sections of this report.)

3.6 As indicated above with respect to the Chief Executive role for the majority of this period, high-level paid management within the organisation is organised on a “dual-role” basis. The management team comprises the Chief Executive and the Regional Clerks. Each, until the very end of this reporting period, had to combine day-to-day tribunal operational tasks with senior management duties. This remains the case for the Regional Clerks, but has now changed with respect to the Chief Executive. The Chief Executive in post for the majority of the year was Simon Hill, who is also Regional Clerk for East Wales. Following his decision not to seek an extension to his Chief Executive secondment, the Governing Council took the opportunity of appointing a person to the role without day-to-day tribunal operational functions. This will increase the attention and focus given on a daily basis to higher level management and strategic issues, and it is hoped that this will be a significant step forward in improving overall co-ordination and harmonisation across the service.

## 4. The VTW's Staff Structure

- 4.1 Each of the four regions has a Regional Clerk, responsible for planning and controlling the appeal work arising in their geographical area. The Clerks supervise their own small teams of dedicated staff, which include Professional Tribunal Officers (staff trained to advise members on law and procedure) and Administration Support Staff. This is a legacy of the regions being, in the past, discrete independent tribunals. The arrangement works well and individual members of staff at all levels have built up a high degree of specialist local knowledge. Some Professional Tribunal Officers (PTOs), prior to the advent of the VTW (ie a single national tribunal) were designated as peripatetic, which allowed management to call upon them to serve in areas outside their usual confines. This could occur because of long term staff sickness absence or an increase in workload in certain areas. Now that the organisation is a single tribunal, all PTOs may be asked to cover tribunals at any location within Wales.
- 4.2 Above the Regional Clerks is the role of Chief Executive, which also encompasses, under the VTW's governing regulations, the statutory position of Clerk of the Tribunal. As indicated earlier, for the majority of this reporting period, the Chief Executive role was undertaken by the Regional Clerk for East Wales, Mr Simon Hill. Mr Hill was originally seconded to the role in 2009, and the secondment was renewed in 2011. A renewal was potentially due in 2013, but Mr Hill indicated in June 2012 that he would not be seeking renewal or continuance of any type. Consequently the role was advertised in November 2012 on a two-year fixed term basis; and following an open recruitment exercise an appointment was made with effect from 4 March 2013. The appointee was Mr Andrew Shipsides, who has 16 years' experience working in valuation tribunals in England. His final role there was Head of Administration for the North West (which incorporated the clerkships of Merseyside, Cheshire and Lancashire). The Valuation Tribunal Service in England abolished the Head of Administration senior management tier in 2006; and Mr Shipsides subsequently worked in the private sector, broadening his experience of corporate administration. Whilst with the English tribunals in the late 1990s Mr Shipsides took the leading user-adviser role in the development of the tribunals' computer system; that development still forms the basis of the IT systems used in Wales. Mr Shipsides is based in the Tribunal's Llandudno Junction office; whereas Mr Hill was (and still is) based in the Newport Office
- 4.3 The Chief Executive is supported by a Finance Officer/Personal Assistant, who also has responsibilities as an Administration Support Officer within the East Wales Region. This officer is therefore based in the Newport office. Services provided by this officer to the new Chief Executive are facilitated by modern telecoms and the Tribunal's networked resources.
- 4.4 During the reporting period, a total of 19 people were employed by the VTW (all full-time). They fulfilled the following roles:
- Combined Chief Executive & Regional Clerk (until 4 March 2013)
  - Chief Executive (from 4 March 2013)

- 4 Regional Clerks (including combined role shown above)
- 7 Professional Tribunal Officers
- 1 Trainee Professional Tribunal Officer
- 1 Finance Officer/ PA
- 5 Administration Support Officers

One Administration Support Officer left during the year and has not, as yet, been replaced.

- 4.5 During the period, in order to cover a perceived gap in Human Resources expertise, an experienced HR consultant-adviser was engaged on a 12-month contracted (non-staff) basis to provide a 24 hour helpline facility, occasional ad hoc training management-sessions, and advice and recommendations on current HR policies and documentation.
- 4.6 Because of historical (separate tribunal) reasons, employees belong to four different pension funds within the Local Government Pension Scheme and 100% of the workforce is included within these pension arrangements. However, now that the VTW is a single entity, the placement of new members of staff into “the appropriate fund” is not entirely clear under the present drafting of LGPS regulations. This is a matter which WG will have to address in due course.
- 4.7 The VTW continues to monitor staff attendance and reports to Welsh Government on a monthly basis, as part of its remit to monitor staff absences within public service bodies.
- 4.8 A total of 98½ days were lost to staff sickness during the year, which equates to a staff absence rate of just over five days per member of staff. Figures were distorted by the medium-term absence of one member of staff (22 days) and they represent a small increase in comparison to the previous year’s figure. However, the figure remains below the public sector annual average of 8½ days absence per member of staff, as it has done for several years, and it compares favourably with other Welsh Government Sponsored Bodies (WGSBs). As the VTW has a very low staff number, the average per member of staff can easily be skewed by a single long-term absence due to severe illness or incapacity.
- 4.9 A third of the workforce is bilingual in English and Welsh, with each regional team having at least one member of staff fully fluent in Welsh. Others have differing levels of proficiency. The Tribunal promotes the development of Welsh skills and readily funds appropriate training courses for those wishing to improve their language proficiency. Awareness of responding in Welsh to people who approach the Tribunal using the language is strong throughout the organisation; and great care and attention is given to providing our services to these users through the medium of Welsh, in both written and spoken form.

## 5. Membership of the VTW

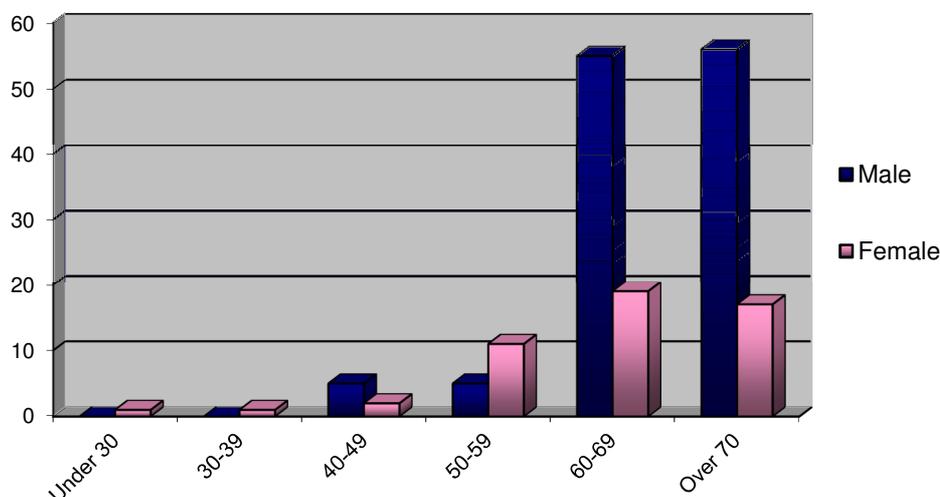
5.1 The number of Tribunal members is determined by statutory regulation and is stated in terms of the number of members that can be appointed in relation to each local authority area throughout Wales. The appointments in relation to each area are made by joint appointment panels, comprising a representative, or representatives, of the council for the area concerned and the VTW President or, if authorised by the President, a VTW Regional Representative for the VTW Governing Council. The duration of appointments can be any period up to a maximum of six years. In practice, six years is commonly adopted and is the norm. Appointment panels generally convene once every two years and deal with the appointment of one third of the allotted complement for the region concerned. Ad hoc appointment panels may be convened at any time in order to deal with any significant mid-term fluctuation in membership, but this is unusual. Fluctuation in membership is usually as a result of deaths or resignations. Both are occasional events, and so membership levels tend to be stable over reasonably long periods of time. At the expiry of an appointment the member concerned may be reappointed. There is no upper age limit with regard to membership. Many of the current membership have been reappointed several times in their career with the Tribunal and its predecessor bodies, and so hold a great deal of experience in dealing with local taxation appeals.

5.2 The Regional complements throughout the reporting year were as follows:

<b>East Wales</b>	<b>48</b>	<b>South Wales</b>	<b>48</b>
<b>North Wales</b>	<b>46</b>	<b>West Wales</b>	<b>44</b>

5.4 The following chart shows the age profile of the membership, broken down by gender, as it stood at the beginning of the period. A table with the raw data is included in Appendix A.

**Membership Profile by Age and Gender**



- 5.5 The age profile, as has been the case for many years, shows members predominantly in the 60 years+ age bracket and the diversity of members in other respects, such as ethnicity and disability, is below 5%. Attempts have been made to address this disparity in membership, so as to reflect the diversity of populations within the respective regions, at times of recruitment. However, the voluntary nature of membership results in interest frequently emanating from the retired or semi-retired sectors of society. This is an area which needs to be addressed by the VTW and ways of encouraging applications for membership from under-represented groups will continue to be investigated.
- 5.6 A quarter of the membership is bilingual in Welsh and English, and so – together with our bilingual staff – we are able to hold hearings entirely in Welsh without interpretation facilities being present, provided that all other participants can speak Welsh. If other participants cannot speak Welsh, we employ a contractor to provide simultaneous oral translation, in order to preserve the perceived independence of the Tribunal. However, the members hearing the case would be fluent Welsh speakers and so would fully understand the party presenting their case directly in Welsh.

## 6. Workload

- 6.1 The Tribunal's jurisdiction covers a range of different appeal types. These are principally Non-domestic Rating List appeals, Council Tax Valuation List appeals, and Council Tax Liability appeals. Other appeals, which are occasionally received, are Penalty Notice appeals, Completion Notice appeals, and Drainage Rate appeals. Further to the appeal workload, the Tribunal also deals with applications for the review of decisions in a range of cases where a party is dissatisfied with the outcome.
- 6.2 In terms of volumes, the majority of appeals lie in the area of non-domestic rating followed by council tax valuation. During this year the Tribunal dealt with appeals made in relation to entries in the 2000, 2005 and 2010 Rating Lists and the 2005 Valuation List. These lists are compiled and maintained by the Valuation Office Agency. A milestone for the Tribunal this year was the disposal of the final outstanding appeals arising from the 2000 rating list. This means that all matters relating to that list are now closed. Disposal of matters arising from the 2005 rating list is now in an end-phase, and outstanding cases dropped from a little over 3000 at the beginning of the year to just over 400 at the end of the year. With regard to the end-phase of rating appeal disposal it is often the case that some complex and difficult cases, that require significant discussion between the parties before the matters can be listed for hearing before a tribunal, remain in this phase. Some of the final 400 cases arising from the 2005 list may therefore linger for some considerable time to come, but the Tribunal aims to dispose of the majority during the next twelve month period. Most of the rating appeal work in the period related to the 2010 list – with approximately 9400 outstanding at the beginning of the period and a further 6500 added to this number during the year. 8800 were disposed of during the year, leaving 7100 outstanding at the end of the period. The Tribunal is in “mid-phase” with regard to rating appeals emanating from the 2010 list; and so (on the basis of past experience) significant numbers of appeals are still likely to flow through the Tribunal over the next couple of years. However, the Welsh Government announcement made earlier this year, postponing the usual quinquennial revaluation of non-domestic property may have an impact on how chartered surveyor property agents (who initiate the majority of appeals on behalf of ratepayers) gear their workload. The revaluation is now scheduled to take place in 2017. (Detailed numbers for rating appeals are shown in the table in Appendix B-1.)
- 6.4 Volumes of Council Tax Valuation appeals are much lower than non-domestic rating matters. At the start of the period 450 were outstanding; and 1600 appeals were received during the year. Clearances stood at a little over 1500 at the end of the period – leaving nearly 550 to carry forward. However appearance rates at tribunal are generally higher for Council Tax Valuation appeals, as a proportion of the number received, when compared to Non-domestic Rating appeals. Accordingly, despite the lower volumes, they constitute a significant proportion of the Tribunal's hearing and determination workload. This is because the majority of council tax cases are brought by unrepresented taxpayers, who are often less prepared to negotiate and settle their case with a representative of the Valuation Office Agency, than a

qualified property professional is with regard to rating matters. As a broad indicator of this, 21% of council tax valuation cases are decided, compared to 13% of non-domestic rating appeals

- 6.5 The volume of Council Tax Liability cases is much lower than both types of valuation cases referred to in the above paragraphs, however these tend to be far more contentious matters, often registered by unrepresented appellants. The Tribunal decided 80% of the cases cleared during the year. Less than 10% of these were successful claims. Often losing appellants in these cases will apply for a review of the decision, quite commonly without good grounds (the required grounds are laid out in statutory regulations). The applications, nevertheless, have to be examined by members. Many are subsequently rejected as baseless. Although small in number, Council Tax Liability matters can command significant amounts of tribunal time. (Detailed numbers on Council Tax Liability appeals, together with the minor appeal types mentioned in paragraph 6.1 can be found in Appendix B-2.)
- 6.6 As in previous years, very few cases were appealed to a higher level. A total of six non-domestic rating cases were lodged with the Lands Chamber on appeal (3 from East Wales – on the same property [a steelworks]; 2 from North Wales – which also included a steelworks; and 1 from West Wales. It is not unusual for appeals on large complex industrial plants, like steelworks, to progress to the higher courts. In cases like this, where agreement between the parties cannot be struck outside of the court system, the Valuation Tribunal is often used as a no-cost “rehearsal hearing” prior to progressing to higher levels. There were no referrals to the High Court during the year, with respect to Council Tax Liability appeals.

## **7. Complaints**

- 7.1 Two complaints were received during the year. One was a complex matter relating to separate but inter-related appeals initiated by individuals, who were a married couple, in relation to properties located in both England and Wales. In short, tribunal decisions made separately by the English and Welsh Tribunals conflicted. After examining all the issues and the relevant law, the CEO decided, in line with the complainant's wishes, that it was possible to hold a formal review of the Welsh decision many months after it had originally been made, on the basis that the interests of justice warranted such a review. The other matter was a minor, non-specific complaint about tribunal procedures following the dismissal of an appeal. The complainant was advised of his options and rights with regard to pursuing the matter if he so wished, but no adverse conduct was found to exist on the part of the Tribunal in dealing with the original appeal.

## 8. The VTW's Estate

- 8.1 The administrative offices of the four regions of the VTW are situated at three strategic locations in Wales.

**The East and South Wales Administrative Offices** are both located at 22 Gold Tops, Newport. This building is leased from a private landlord until October 2014 and is generally considered to be fit for purpose (Welsh Government Strategic Estate Review in 2008). The occupation is of many years' standing (over 15 years). A hearing room and member retirement facilities are incorporated with the premises and are regularly used – thus saving on staff travelling expenses and room hire charges.

**The North Wales Administrative Office** is located in part of an open-plan office within the Welsh Government Building at Llandudno Junction. Occupation is held under a MOTO agreement (Memorandum of Terms of Occupation). As a new public building, the premises comply with all current accessibility and safety standards. The Tribunal does not currently hold tribunal hearings within the building because of perceived operational constraints, but other meetings (staff, member and training) are occasionally accommodated.

**The West Wales Administrative Office** began the period situated in Carmarthen town centre in a 1<sup>st</sup> and 2<sup>nd</sup> floor office building at 14 King Street – owned by Welsh Government. However, as the building did not meet current accessibility standards and, due to WG plans to dispose of it, the office relocated to a discrete, self-contained area within the Government Building at Penllergaer, on the outskirts of Swansea. Occupation is held under a MOTO agreement. The region has access to a suitable room for tribunal hearings.

- 8.2 Planned and preventative building maintenance at Llandudno Junction and Penllergaer is provided by Welsh Government as part of the MOTO agreements. With regard to Newport, VTW engages a national company to perform this function.

- 8.3 The VTW hires accommodation at numerous venues to conduct its judicial functions. Hearings need to be held at convenient locations and in suitable premises. The key elements that are considered when sourcing suitable accommodation for hearing rooms are:

- ease of accessibility including the availability of car parking facilities;
- demonstration of appropriate independence from the bodies whose decision is being appealed;
- compliance with the Disability Discrimination Act (DDA) and Health and Safety (H&S) provisions;
- the meeting of user expectations; and
- the provision of value for money.

- 8.4 The Tribunal, from time to time, still uses some modern local authority premises, as these provide good quality, safe, accessible and value-for-money venues. However, because the appeals being considered arise from local taxation issues, the use of these venues is not 100% ideal – as it might be perceived that the Tribunal’s independence is compromised. The Tribunal is aware of this and so, when these venues are used, the separation of the Tribunal and the local authority in question is explained in detail to hearing attendees. The Tribunal is committed to moving away from the use of local authority accommodation so far as possible, whilst still undertaking to provide good quality, safe and accessible venues.

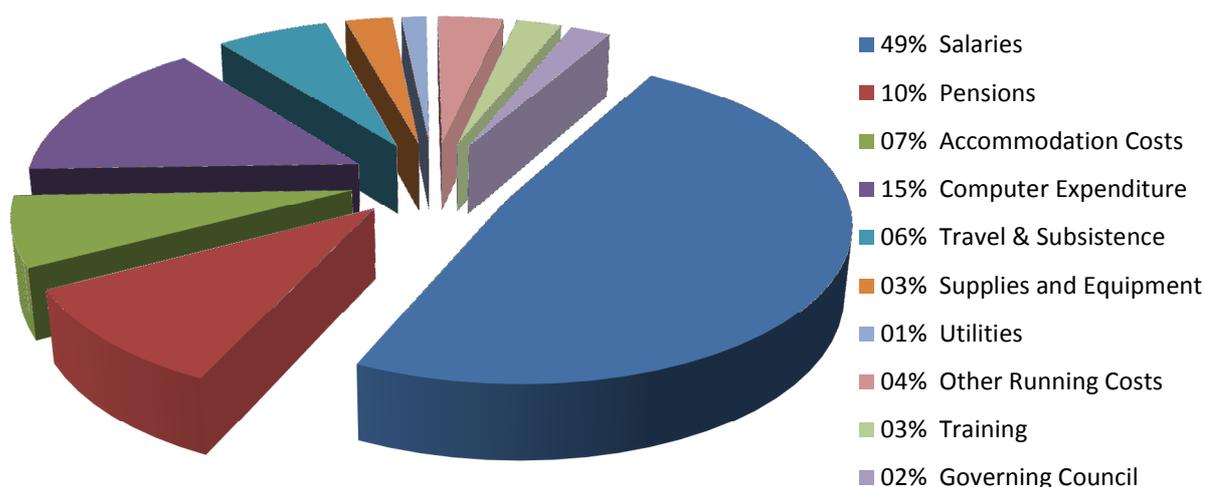
## 9. Information Technology

- 9.1 Each office has sufficient personal computers (PCs) to enable staff to access the VTW's central database. These PCs run Windows XP software along with Office 2007 applications, including Outlook (e-mail facilities). Multi-function printers that allow document scanning, fax, photocopying and e-mail facilities directly from the printer are provided at each office location. The technological refresh of desktops, printers and servers has enabled the VTW (in conjunction with the English VTS) to continue to receive comprehensive support and maintenance for all its IT services.
- 9.2 The centralised database links all of the Welsh offices using a Wide Area Network (WAN). Network connections to all offices were upgraded during 2009, which has enabled staff to enjoy greater bandwidths and has also assisted in the GSI accreditation process, requiring greater levels of data security to be demonstrated.
- 9.3 The move from a GSX to a GSI accredited network will also result in the future possibility of remote access to the WAN and central database and could enable more flexible working practices, such as remote working, to be adopted by staff. The VTW plans to trial remote access in the next reporting period.
- 9.4 The VTW (as part of a larger English VTS contract) sub-contracts support and development services in respect of the Central Database from Capgemini via the VOA, who in turn sub-contract Capgemini services as part of the much larger overarching contract with Her Majesty's Revenue and Customs (HMRC).
- 9.5 Aside from the shared and partnership IT arrangements with the English VTS and the VOA, the VTW operates its own website at [www.valuation-tribunals-wales.org.uk](http://www.valuation-tribunals-wales.org.uk). The website is maintained by a VTW-employed contractor and is fully bilingual. It features all VTW literature in PDF format, together with contact details for all the Regional VTW offices and the Chief Executive. The site is used to promote the VTW, including the recruitment of potential new members, and to publicise new initiatives as and when appropriate.

## 10. The VTW's Financial Resources

- 10.1 The overall costs of running the Tribunal, averaging around £1.1 million per annum in recent years, is funded by Welsh Government. The expenditure heads vary little from year to year. The VTW is treated as a Welsh Government Sponsored Body (WGSB).
- 10.2 Last year's budget allocation was £1.198 million. This shows a small cut of £41K on the previous twelve months - as a general result of austerity cutbacks within the public service sector. The main areas of expenditure are relatively fixed long-term commitments – such as staffing costs, IT and accommodation. These amount to broadly 80% of total expenditure. Appendix C provides a detailed breakdown of the VTW's expenditure for 2012/2013. The percentage distribution is shown in the chart below.

**VTW Expenditure Percentages - 2012-13**



- 10.3 The outturn for the year showed a 97% spend of the allocated resources. However rent and service charge payments for the West Wales Region for the final quarter (related to the occupation of new premises at Penllergaer) are not included, as the processing and allocation of these liabilities were not completed by Welsh Government by the close of the accounts on 2012-13. These charges will be applied during the 2013-14 financial year. It is anticipated that these will be modest and in line with the delegated budget. However, cognisance of this carry-over will need to be taken upon the completion of the 2013-14 accounts.

- 10.4 The Chief Executive on behalf of the Governing Council is the designated officer for safeguarding the VTW's public funds and has responsibility for ensuring the propriety of the use of all allocated funds.
- 10.5 Financial monitoring for the second half of the year was impeded as a result of a change-over in staff within the sponsoring department of Welsh Government, a shortage of staff there, and the need for them to focus on the development of the Council Tax Reduction Scheme. Many large bills for the main budget heads (staffing, IT and accommodation) are paid directly by WG and the spending information is then passed to the Chief Executive. However, although the bills were paid on time, reporting of the expenditure broke down in the second half of the year for the foregoing reasons. Fortunately, as this expenditure is relatively fixed the Chief Executive was able to make reasonably accurate estimates. It is anticipated that good liaison, both ways, on financial expenditure will be re-established in the new budget year.

## 11. Training and Development

- 11.1 The Valuation Tribunal has a strong track record in delivering regular, purposed training to staff and members alike, as recorded in previous annual reports. This year was no different. The Staff and Members Training Committee arranged a full and varied programme for the year within the tight budget available to it.
- 11.2 A full-day event for all members, covering a range of topics, including Council Tax Liability matters, valuation (repair/disrepair) issues, case studies, and review of recent higher court cases, and members' issues (including travel and subsistence and appraisal). The event was staged at three separate venues across Wales, in order to offer a range of dates, facilitate reasonably local attendance and minimise travel costs. The locations were Llangollen (April), Brecon (Llangoed Hall, May) and Aberystwyth (June).
- 11.3 A two-day event was arranged for chairpersons at Llandrindod, where they were addressed by Debra Carter, Deputy Director of WG Local Government Finance division, Meri Huws, the Welsh Language Commissioner, David Subbachi, a Director at the Valuation Office Agency, and David Magor, CEO of the Institute of Revenues, Rating and Valuation. A chairperson also reported back on her attendance at an advanced training course run by the Judicial College. The event took place in October.
- 11.4 A broad cross-section of staff attended a range of internal and external events throughout the year. These included:
- IRRV Wales Conference (June)
  - Pension scheme developments (July)
  - Professional Tribunal Officers' practitioners' day (September)
  - Welfare Reform and Council Tax Reduction Scheme (December & March)
  - Ombudsman for Wales presentation (February)
  - Welsh course for managers (February)
  - HR management training (February)

A number of first aiders also refreshed their training to maintain their certification.

## **12. Council Tax Reduction Scheme Appeals**

- 12.1 During the year Ministers decided that appeals arising from the proposed replacement system for Council Tax Benefit should be referred to the Valuation Tribunal for Wales. That system would be known as the Council Tax Reduction Scheme and would become operational on 1 April 2013. Because of this development, the Chief Executive became increasingly involved, for a large portion of the year, in discussions about, and preparations for, this new area of jurisdiction. This included trying to assess the scale of the likely appeal rate (which included contacting all 22 Welsh local authorities for their estimates), advising on the wording and scope of statutory regulations, and developing new IT systems.
- 12.2 The new appeals will, in many ways, be similar to Council Tax Liability (CTL) appeals. Like the arrangements for CTL appeals, individual council taxpayers will have to raise any grievance about the operation of the Council Tax Reduction Scheme with their local authority before they are able to register an appeal directly with the VTW. As noted earlier in this report, Council Tax Liability matters have proven to be contentious issues which demand significant amounts of tribunal time, albeit that the number of cases received is few in number. It is anticipated that any Council Tax Reduction Scheme appeals (CTR appeals) will be similarly contentious and time-consuming. However, the volumes that will be submitted are, as yet, unknown. Initial estimates placed the volumes as significantly more than we currently experience with CTL appeals. Accordingly Welsh Government has planned a temporary, two year uplift in the Tribunal's spending, allowing for the recruitment and training of new fixed term staff, the training of existing staff and members, and an increase in the number of tribunal hearings. However, after the initial estimates were made and budget plans put in place, Ministers announced that people who would be adversely affected by the introduction of the scheme would be protected by a safety-net Welsh Government payment to local authorities for the first year of operation. It is anticipated that this will depress the appeal rate in the coming reporting period. Next year's annual report will cover the outcome of all these developments.

## Appendix A

### Analysis of the membership of the Valuation Tribunal for Wales (as at 1 April 2012)

Age	Under 30		30-39		40-49		50-59		60-69		Over 70		Total		Billing Authority Members (max 1/3)	Of which are Chairs	Total in Office	Full Complement
Region	M	F	M	F	M	F	M	F	M	F	M	F	M	F				
East Wales	0	0	0	0	1	1	1	2	14	5	14	7	30	15	9	10	45	48
North Wales	0	0	0	0	1	1	0	5	15	3	15	3	31	12	8	10	43	46
South Wales	0	1	0	1	0	0	1	3	14	8	11	4	26	17	6	10	43	48
West Wales	0	0	0	0	3	0	3	1	12	3	16	3	34	7	13	10	41	44
Total	0	1	0	1	5	2	5	11	55	19	56	17	121	51	36	40	172	186
% of Total	0.0%	2.8%	0.0%	0.6%	2.9%	1.2%	2.9%	6.4%	32.0%	11.0%	32.6%	9.9%	70.3%	29.7%	20.9%			

## Appendix B-1

### Appeal Clearance Data 1 April 2012 to 31 March 2013

Appeal Type		Council Tax Valuation Appeals		Non-Domestic Rating List 2000		Non-Domestic Rating List 2005		Non-Domestic Rating List 2010		Miscellaneous (e.g. Liability/Penalties)*		All Appeals	
	Region		Total		Total		Total		Total		Total		Total
<b>Brought Forward</b>	East	63	453	2	2	572	3118	1677	9409	1	24	2315	13006
	North	63		0		726		2248		5		3042	
	South	85		0		940		2899		12		3936	
	West	242		0		880		2585		6		3713	
<b>Received</b>	East	353	1597	0	0	1	6	1390	6529	8	76	1752	8208
	North	441		0		2		1757		22		2222	
	South	315		0		2		1920		21		2258	
	West	488		0		1		1462		25		1976	
<b>Settled</b>	East	251	1193	2	2	463	2624	1276	7435	1	19	1993	11273
	North	327		0		643		1756		3		2729	
	South	162		0		831		2430		6		3429	
	West	453		0		687		1973		9		3122	
<b>Decided</b>	East	64	323	0	0	1	92	218	1371	6	55	289	1841
	North	70		0		38		460		21		589	
	South	88		0		43		322		16		469	
	West	101		0		10		371		12		494	
<b>Allowed</b>	East	17	30	0	0	0	8	12	115	1	11	30	164
	North	2		0		3		30		4		39	
	South	5		0		5		47		5		62	
	West	6		0		0		26		1		33	
<b>Carried Forward</b>	East	101	534	0	0	109	408	1573	7132	2	26	1785	8100
	North	107		0		47		1789		3		1946	
	South	150		0		68		2067		11		2296	
	West	176		0		184		1703		10		2073	

## Appeal Clearance Data 1 April 2012 to 31 March 2013 – Analysis of Miscellaneous Types

Appeal Type		Council Tax Liability		Completion Notice		Penalty Notice		Application for Review of Decision		Other		All	
	Tribunal		Total		Total		Total		Total		Total		Total
<b>Brought Forward</b>	East	0	20	1	2	0	0	0	0	0	2	1	24
	North	3		0		0		0		2		5	
	South	11		1		0		0		0		12	
	West	6		0		0		0		0		6	
<b>Received</b>	East	5	37	2	20	0	0	1	18	0	1	8	76
	North	6		6		0		9		1		22	
	South	13		4		0		4		0		21	
	West	13		8		0		4		0		25	
<b>Settled</b>	East	0	7	1	10	0	0	0	0	0	2	1	19
	North	1		0		0		0		2		3	
	South	3		3		0		0		0		6	
	West	3		6		0		0		0		9	
<b>Decided*</b>	East	3	28	2	8	0	0	1	18	0	1	6	55
	North	6		5		0		9		1		21	
	South	11		1		0		4		0		16	
	West	8		0		0		4		0		12	
<b>*Allowed</b>	East	0	2	0	1	0	0	1	7	0	1	1	11
	North	0		0		0		3		1		4	
	South	1		1		0		3		0		5	
	West	1		0		0		0		0		1	
<b>Carried Forward</b>	East	2	22	0	4	0	0	0	0	0	0	2	c
	North	2		1		0		0		0		3	
	South	10		1		0		0		0		11	
	West	8		2		0		0		0		10	

## Valuation Tribunal for Wales Expenditure 2012-2013 (£s)

Area of expenditure	Allocated funds	Expenditure	Funds remaining/ overspent	Percentage annual spend
Salaries	567000	560847	6153	99%
Pensions	116000	120020	-4020	103%
<b>Subtotal</b>	<b>683000</b>	<b>680867</b>	<b>2133</b>	<b>100%</b>
Accommodation Costs	90000	83509	6491	93%
Computer Expenditure	180000	172627	7373	96%
Travel & Subsistence	85000	72907	12093	86%
Supplies and Equipment	35000	30764	4236	88%
Utilities	20000	16355	3645	82%
Other Running Costs	50000	42642	7358	85%
Training	35000	29331	5669	84%
Governing Council	20000	26187	-6187	131%
<b>Subtotal</b>	<b>515000</b>	<b>474323</b>	<b>40677</b>	<b>92%</b>
Receipts		-2905		
<b>Total Expenditure</b>	<b>1198000</b>	<b>1158095</b>	<b>42810</b>	<b>97%</b>

## Note

Accommodation Costs expenditure does not include rent, rates and service charges for the Penllergaer occupation (4<sup>th</sup> Quarter: January to March 2013). These liabilities are calculated under a MOTO (Memorandum of Terms of Occupation) with Welsh Government. The relevant internal charging processes had not been completed by the close of the Government accounting period for 2012-13. The relevant amount will be charged retrospectively in 2013-14.