

VALUATION TRIBUNAL FOR WALES

ANNUAL REPORT 2014-2015

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Foreword by the President of the Valuation Tribunal for Wales

On reviewing the past year it is pleasing to note that our core business has been thoroughly and efficiently attended to as always, which has meant that the number of complaints and referrals to higher courts has been extremely low. The Governing Council continually reviews the core business and policies of the Tribunal; and following a full round of elections this year, it also reviewed the membership of our Advisory Committees, enabling the Council to refresh their membership. Each of the Committees is chaired by a Governing Council member and membership is made up of recommendations from the regional chairpersons groups. The committees deal effectively with subject areas which assist the Governing Council in its policy making role. Many of the staff play an extremely positive role in the committee structure and in supporting the work of the Governing Council, and I particularly thank them for their professionalism in presenting topics for discussion - and also in the training of members and chairs. It is also pleasing to note that the Governing Council this year approved the attendance of the Deputy Regional Representatives at their quarterly meetings.

Like all government sponsored organisations our budget has taken a cut this year, which means that we have to be prudent in our spending. As two thirds of all expenditure is used to cover staffing costs, the service will inevitably find it difficult to bear future cuts to our overall budget.

The election process is cumbersome and not particularly efficient and in an effort to improve the democratic process changes in the regulations will be explored with Welsh Government.

I welcome new members who have been appointed and newly elected chairs to the service and thank all our chairs and members for the efficiency in which they conduct appeals. Training is essential for members to enable them to be proficient in their service delivery and I congratulate the Training Committee for the content and amount of training that it has organised during the past year. I am pleased that attendance of members at training sessions has improved in recent times. The appraisal of chairs and members is ongoing and I thank the appraisers for their diligence in conducting the appraisals.

I am encouraged by the progress that is being made to develop further Welsh language skills and the awareness of responding in both written and spoken form to those who approach the Tribunal using the language. I particularly commend the work of the Bilingualism Committee in helping us as an organisation to face and meet the challenges set for us by the development of language standards by the Welsh Language Commissioner.

In conclusion, I thank the Chief Executive, 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 past year.

Diolch i bawb sy'n ymwneud â'r gwasanaeth

Carol Cobert

President - Valuation Tribunal for Wales

Introduction by the Chief Executive

This year has seen

- A steady turnover of appeals
- A tiny number of referrals to the higher courts, no complaints and no referrals to the ombudsman
- A significant number of elections, including that of the president and most of the Tribunal's regional representatives
- The remodelling of the Governing Council's advisory committees
- The continued implementation of our members' appraisal scheme
- The introduction of a formal training policy for members
- Welsh language awareness training for all staff and members
- The take-up of Welsh language studies, at various levels, by a large proportion of the staff
- The renewal of desktop computer systems, and the introduction of iPads to carry reference material and legislation for use at external tribunal hearings, and
- Investigative work for the development of a replacement appeal database system

All of these items and others are covered in the following pages.

It has been a busy and productive year; and I am grateful to the staff and members alike for their dedication and hard work in taking the Tribunal forward. As I mentioned in last year's report, the Tribunal has a long and successful history; but we are not a backward looking organisation. We are always looking for ways to improve our offering and our efficiency. I believe that this is clearly visible in the contents of this report.

Andrew Shipsides
Chief Executive – Valuation Tribunal for Wales

1 The Valuation Tribunal for Wales and its main functions

- 1.1 The Valuation Tribunal for Wales (VTW) was established by statutory regulation on 1 April 2010. It is a single all-Wales body, which combines and replaces a number of predecessor, locally based bodies spread throughout the principality, dating back, in various forms, to the creation of local valuation courts under the Local Government Act 1948. In this way, it has a long and successful history, having dealt with hundreds of thousands of appeals over the decades, with very few referrals to the superior courts. The VTW's current judicial and administrative functions are prescribed by:
- the Valuation Tribunal for Wales Regulations 2010 (as amended in 2013),
 - regulations 19 to 37 of the Non-domestic Rating (Alteration of Lists and Appeals) (Wales) Regulations 2005 (as amended),
 - regulations 16 to 32 of the Council Tax (Lists and Appeals) Regulations 1993 (as amended),
 - Schedule 4A of the Local Government Finance Act 1988, and
 - Sections 45 and 46 of the Land Drainage Act 1991 (as amended).
- 1.2 The VTW has a statutory judicial function to hear and determine appeals against the valuation of property for non-domestic 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 (the Welsh unitary authority 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 management of statutory compliance issues.
- 1.4 The Tribunal is a Welsh Government Sponsored Body (WGSB); and so funding is provided by Welsh Government (WG) on an annual budget basis, under a formal framework agreement, which was last reviewed and agreed in 2013/14.
- 1.5 Other than the *arm's length* co-operative management arrangements agreed with WG, the Valuation Tribunal is an entirely independent body. Importantly it is completely independent of the Valuation Office Agency (VOA) which sets

the rateable values on non-domestic properties and council tax bands for homes and the billing authorities who send out the rates and council tax demands.

2 The VTw's Organisational Structure

- 2.1 The VTw comprises a membership that hears and determines appeals, and a staff that provides support services to the membership. Regulations currently prescribe that the Tribunal should consist of a minimum of 186, and a maximum of 236, members. The Tribunal employed 21 staff at the beginning of the reporting period. This number fell to 20 for the last quarter of the year (details are in section 5).
- 2.2 The members are local volunteers who are appointed to the Tribunal jointly by the President and the billing authorities (BAs) in Wales, for periods up to six years. Members are unpaid, but they can claim travel and subsistence expenses. There is no automatic retirement age for members. An age profile of the membership is in Appendix A.
- 2.3 Most member appointments are made for the full six year period. Renewed periods of appointment are permissible, and so members can stay with the Tribunal for long, continuous periods of time. Although appointments may be made at any point in time dependent upon when casual vacancies arise, a regular cycle is in place for the majority of appointments. The broad membership is divided into three tranches, and every second year sees the appointment on one tranche. In other words, approximately a third of appointments expire every two years – which promotes a bulk appointment process, involving all (or nearly all) Welsh local authorities. This report year has been one of these bulk appointment years.
- 2.4 The membership and staffing are grouped into regional teams (north, south, east and west). This geographical arrangement is set by regulation with regard to the membership, principally to provide a mechanism for populating the Tribunal's Governing Council and to provide a local service to tribunal users. Members may sit anywhere in the country, but for practical and economic-efficiency purposes they tend to serve within their appointed region. Each region started the year with a staff team of five, comprising a mixture of tribunal officers who undertake the majority of case management activities and provide procedural and legal advice to members, and administrative support officers who provide clerical support services. Each team is headed by a senior case management/advice officer, who is known as the Regional Clerk.
- 2.5 There are ten chairpersons in each region. They are elected by the full membership and serve in this capacity until their ordinary term of membership expires. If they are reappointed as an ordinary member, they may stand for re-election as a chairperson. The end of 31st March 2014 saw the termination of a significant number of membership appointments (in line with the appointment cycle outlined in paragraph 2.3 above), including members who held the position of chairperson. Consequently elections were announced for a total of 12 chairperson positions at the beginning of this report period. Until the statutorily required election processes were completed, the Tribunal effectively operated with 12 fewer chairpersons. This had an operational impact. Section 4 presents a fuller discussion of the electoral procedures

(which are set by statutory regulation) and their impact, in the light of this year's experiences.

- 2.6 The President of the Tribunal leads the VTw's Governing Council and is elected by the full membership for a two-year period of office, and may be re-elected for successive or subsequent two-year terms during his or her period of appointment as member of the tribunal. However when a period of appointment as an ordinary member comes to an end, the position of President also ceases, even if the two-year presidential period is incomplete (notwithstanding the fact that the individual may have been reappointed for a successive period of office as an ordinary member). Such an early termination of presidency occurred at the beginning of this reporting period, and caused the VTw to be without a President for approximately a month while an election took place. A more detailed discussion of the situation this year is presented in Section 4.
- 2.7 The Governing Council is the Tribunal's policy-making, directive body. The council is statutorily required, and it is composed of the President, four Regional Representatives (who are elected from amongst the chairpersons of each region), and an independent person appointed by Welsh Government. The term of office for Regional Representatives is two years, unless this is cut short by the expiry of their ordinary membership (notwithstanding any immediate renewal). The term of office of the Welsh Government appointee is fixed by Welsh Government under its own rules. Under those rules the appointee may only serve a maximum of ten years, after which period a new person must be appointed. This is next due in June 2016. Governing Council members are unpaid, but they may claim travel and subsistence expenses.
- 2.8 The Chief Executive of the Tribunal is appointed by the Governing Council, but the appointment is subject to the approval of Welsh Ministers. The Chief Executive is also Clerk of the Tribunal. The Chief Executive leads the staff management team (which comprises him or herself and the four Regional Clerks).
- 2.9 The Tribunal operates from three offices. The north region is based at Welsh Government buildings in Llandudno Junction. The west region is located at government buildings in Penllergaer (on the outskirts of Swansea). And the east and south regions are located in privately rented accommodation in Newport. Some tribunal hearings are convened at Penllergaer and Newport; but none are held at Llandudno Junction where access to suitable hearing rooms cannot be guaranteed. Most tribunal meetings take place within hired venues across the country, with a view to providing a reasonably geographically-friendly service to the Tribunal's users.

3 The Governing Council and its committees

- 3.1 On 31 March 2014 (ie immediately before this reporting period) the membership of the Governing Council was:

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

However at the end of that day the periods of appointment, as ordinary tribunal members, of Miss Cobert, Mr Todd, Mr Clatworthy and Mr Evans came to an end. Accordingly they ceased to be Governing Council members at that time, notwithstanding the fact that each of them had been granted new six-year terms of appointment as ordinary members with effect from 1 April 2014.

- 3.2 Following a series of elections, all four individuals were returned to their respective seats on the Council. But because of complications with the elective processes that the Tribunal has to follow (which are discussed in Section 4), the two-year terms of office vary from individual to individual. The table below shows the current periods of appointment for elected Governing Council members.

Name	Election	Expiry
Carol Cobert	6 May 2014	5 May 2016
Michael McEvoy	7 March 2014	6 March 2016
Anthony Clatworthy	6 May 2014	5 May 2016
Rheinallt Evans	1 August 2014	31 July 2016
Neil Todd	1 August 2014	31 July 2016

- 3.3 The sixth member of the Governing Council, Mr Bob Parry, is appointed by Welsh Government (WG). The dates of his current terms of appointment are as shown below. At the end of this term, Mr Parry will have served a total of 10 years as WG appointee, which is the maximum under WG's own rules. A new person will have to be appointed at that time.

- 3.4 The Deputy Regional Representatives, who are also appointed by election and who deputise when necessary at Governing Council meetings, at the opening of this reporting period were:

Mr KC Mock (East)
 Mr DR Prytherch (North)
 Mrs BC Martin (South)
 Mr NKL Thomas (West)

- 3.5 In order to improve the cascading of governing information to Deputy Representatives, the Governing Council decided in the last reporting period to send all Governing Council papers to the deputies, even if they were not required to deputise at a meeting. In this reporting period the Council added to this by inviting the “local deputy” to any Governing Council meeting held in the deputy’s region, as an observer (without voting rights -- unless he or she was actually deputising for the full Regional Representative). Towards the end year, the Council decided that all deputies would be invited to all Governing Council meetings (again with observer status, unless actually deputising). The initial full Governing Council meeting with all deputies invited was held March 2015.

- 3.6 Attendances at the year's four Governing Council meetings are shown below:

25 June 2014, 24 September 2014, 3 December 2014, 18 March 2015

Member	Position	Attended	Notes
CA Cobert	President	4	
CN Todd	Regional Representative	4	
HM McEvoy	Regional Representative	4	
AHN Clatworthy	Regional Representative	4	
JR Evans	Regional Representative	4	
R G Parry	Independent Member	4	
KC Mock	Deputy Regional Representative	2	December and March
DR Prytherch	Deputy Regional Representative	1	September (sent apology in March)
BC Martin	Deputy Regional Representative	1	March
NKL Thomas	Deputy Regional Representative	0	(resigned in March)

- 3.7 Mr NKL Thomas resigned from his Deputy Representative position in March 2015. (An election was subsequently scheduled, which actually took place outside of this reporting period. Mr Thomas's successor is Mr DO Evans.)
- 3.8 All Governing Council meetings are supported by the attendance of the staff management team (ie the Chief Executive and Regional Clerks). Meetings take place quarterly, and this year (as in previous years) the meeting venues cycled through the regions: West (summer); North (autumn); East (winter); and South (spring). However at the end of the period it was decided to hold all meetings more centrally, to reduce overall costs. In the future meetings will take place in government accommodation in Newtown and Builth Wells.
- 3.9 This year the Governing Council reviewed and remodelled the advisory committees that report to it. The changes are shown in the table below:

Old committees	New committees
Compliance Finance and Audit HR Staff and Personnel Staff and Members' Training Welsh Language	Finance and IT HR Training Bilingualism

The new committees operate within a committee cycle drafted by the Chief Executive with a view to quickening the information flow from the committees into the Governing Council. Previously meetings had been scheduled on an *ad hoc* basis, which often resulted in the Council receiving committee authoritative reports and formal recommendations many months after the original discussions had taken place, because of a reliance on approved committee minutes. The new structure gave rise to an opportunity to refresh the membership of committees, and the Governing Council sought recommendations from the regional chairperson groups. The appointments made on these recommendations will last for the calendar year 2015. A new appointment exercise will take place towards the end of this year, to iron out slight inconsistencies of approach in the recommendation processes undertaken by individual regions. This is in keeping with the vision reported in last year's annual report that the Tribunal will have a fully revamped committee structure by the financial year 2015/16. At that point the Tribunal will have a clear and open appointment process, a regular cycle for appointments, a regular cycle for meetings, fully focussed committee remits, and a set of common committee rules.

4 VTW election procedures

- 4.1 Under regulations 11, 12 and 13 of the Valuation Tribunal for Wales Regulations 2010, the Tribunal must hold elections for its President, its Chairpersons and its Regional Representatives; and the procedure for these elections is prescribed in Schedule 2 to the Regulations. In short, the procedure in all cases is for the Chief Executive of the organisation to give the membership a minimum of 56 days' (8 weeks') notice of an election; and during this period at least the first three weeks should open for members to nominate candidates, and at least the final three weeks should be open for members to vote.
- 4.2 The normal period of office following an election is two years in the cases of the President and a regional representative, and in the case of a chairperson until the individual's term of appointment as a member of the Tribunal comes to an end. The fact that a member may be reappointed to the Tribunal for a new term immediately following an old term does not prevent the office of chairperson lapsing. Of course, a former chairperson who has a renewed membership may stand in the ensuing election; and many former chairpersons in this position do - and many of those are successfully re-elected. However, there is obviously a period of time while an election is taking place when a chairperson's position is unoccupied. In isolation this is not a problem, but at times when there are tranches of appointments/reappointments (as described earlier in this report), there may be a significant number of vacant chairperson seats, and this can impact adversely on tribunal hearing arrangements (and did do so this year). In the past, under previous statutory regulations, "former chairpersons" in this situation were able to serve for an interim period, which was long enough for an election to take place. Under the current regulations there is no provision for this interim service. It would be useful to the Tribunal to have this past provision re-introduced.
- 4.3 As stated above, the President and a regional representative is normally elected for a two year period, and usually the expiry of a period of appointment would fall within the elected member's current term of appointment. However, just as outlined above with regard to chairpersons, the President's and regional representatives' positions can come to an end (before the specified two year term) if their current term as an ordinary member comes to an end, notwithstanding a subsequent and immediate renewal of ordinary membership. Again an hiatus in the holding of these offices is introduced while an election takes place. This happened with regard to the President and three regional representatives this year. This seriously deleted representation on the Governing Council, especially as a number of deputy regional representatives were also affected. Again, an interim period of holding office when an election is taking place in this circumstance may be a useful addendum to the current procedure.
- 4.4 However, there is another aspect of the election procedures as they currently stand for regional and deputy regional representative positions which causes the Tribunal some concern. This is the fact that a person can only stand for

one of these positions if they are already a chairperson. However a member who has ceased to hold office as a regional representative because of the termination of their current term as an ordinary tribunal member has also ceased to hold the office of chairperson (as described in paragraph 4.2 above), despite their renewal as an ordinary member. In order to stand for the position of regional representative, they would first have to be elected as a chairperson. If the election process for chairpersons and regional representatives were to be run concurrently, the former regional representatives would be debarred from nomination (as they are not yet currently a chairperson [again]), and also the field of prospective nominees would be reduced. The Governing Council has therefore taken the view that, in the situation described and which was actually encountered this year, that elections for the positions of chairpersons must take place first, so that there is a full field of potential candidates and so that previous incumbents are not debarred from being nominated because of a technicality. This lengthens the period before a successful round of regional representative elections can be concluded; and so leaves the Tribunal with an incomplete Governing Council for longer.

- 4.5 Because of different circumstances in each of the regions (for instance, whether elections were fully contested or there was simply a sole nominee), the overall election processes as implemented this year have produced a situation where future Regional Representative (Governing Council) elections, at the end of respective two year terms, are due to be staged on a number of different dates (as detailed in the table in paragraph 3.2 above). Administratively this will prove extremely cumbersome and an inefficient use of the CEO's time
- 4.6 In conclusion, the Tribunal would like Welsh Government to look at the prescribed election processes and make improvements in the light of this year's experiences.

5. The VTW's Staff Structure

- 5.1 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.
- 5.2 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. The current Chief Executive Officer (CEO) is based with the North Wales regional team at the Government Buildings in Llandudno Junction. However location in the North is not an operational requirement. A future CEO may be based in any of the Tribunal's offices dependent upon proximity to their personal home. No matter where the CEO may be located, he or she is expected to visit the other offices with reasonable frequency – if possible, at least once per month. The current CEO was on a two-year fixed term contract until the end of February this year. The contract has now been made permanent.
- 5.3 The Chief Executive is supported by a Finance Officer/Personal Assistant (FO/PA), who also has responsibilities as an Administration Support Officer within the East Wales Region. This officer is therefore based in the Newport office. This is a legacy arrangement as a result of the current FO/PA being appointed by the previous CEO, who was based in Newport. Services provided by this officer to the CEO are facilitated by modern telecoms and the Tribunal's networked resources.
- 5.4 Staffing within the Tribunal tends to be very stable, with people joining and staying for some (often many) years. The current average length of service is 16 years; and nearly half of the workforce has served over 20 years. No new staff have been recruited this year, and there has been one leaver (retirement of an administrative support officer at the end of December, after 25 years' service).
- 5.5 As reported last year, three new PTOs were recruited in June 2013 on fixed term contracts due to terminate at the end of this reporting year. These contracts have now been made permanent.

- 5.6 New staff are automatically enrolled in the Dyfed Fund of the Local Government Pension Scheme (LGPS), which is the Tribunal's current fund of choice. However for historic reasons, the tribunal has staff with membership in four different funds (Clwyd, Dyfed, Greater Gwent and RCT). The Tribunal may consider consolidating membership in a single fund in the future, if it is economically viable. Transfer costs may however be prohibitive.
- 5.7 Staffing throughout the period equated to 20.75 full-time workers. They fulfilled the following roles:
- Chief Executive Officer
 - 4 Regional Clerks
 - 10 Professional Tribunal Officers
 - 1 Finance Officer/ PA
 - 4.75 Administration Support Officers
- 5.8 In addition to the above salaried staff, the Tribunal engaged a freelance HR consultant-adviser to provide a 24-hour HR helpline facility throughout the year and four single-day office visits or training sessions.
- 5.9 30% of the workforce is bilingual in English and Welsh, with each office location having at least two members of staff fully fluent in Welsh. Others have differing levels of proficiency. All staff were given language awareness training this year. This has increased the take-up of Welsh language study (which the tribunal actively promotes and supports).

6. Membership of the VTW

6.1 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, the relevant Regional Representative of 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.

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

Region	Minimum	Maximum
East Wales	48	60
North Wales	46	57
South Wales	48	62
West Wales	44	57

6.3 Currently the Tribunal is keeping its numbers at the minimum end of the range, as appeal numbers are showing a decline, principally due to the two year extension of the current rating list. Also Council Tax Reduction Scheme appeals remain low in volume (this is Year 2). Although these are likely to increase in the coming years, we anticipate that the volumes will remain modest (possibly in line with Council Tax liability appeals). We are therefore responding slowly to any casual membership vacancies that arise, as operationally the minimum number is more than sufficient for the present workload. (At the end of the period we had nine vacancies.) Distribution of the current membership across the regions can be ascertained from the figures presented in Appendix A.

6.4 Last year saw the introduction of a members' appraisal scheme. This has continued into this year. However progress has been hampered by the reducing volumes of work (commented upon in the above paragraph). This reducing volume of work has resulted in fewer tribunal meetings being arranged, thereby reducing the opportunity to cover a large tranche of the membership. In addition to this some appraisals have been cancelled at the

last minute when late settlements between parties have been reached, obviating the need for a tribunal hearing. The whole appraisal scheme is predicated upon observing a hearing in action. Nevertheless the scheme remains in place and is actively being pursued as best as possible in the current circumstances. It is still early days – ie less than two years after implementation; and the Tribunal is still learning from the experience. Questions are now being raised as to how the findings of individual appraisals can inform decisions on a member's training needs and indeed their future as a member. This is because of the current confidential, closed nature of the process, which does not allow the cascading of key information on to certain decision-making parts of the organisation. The Governing Council will examine these questions in due course. However, for now the system is bedding down slowly into the culture of the organisation; and in due course it will no doubt be developed further.

- 6.5 English-Welsh bilingualism remains at approximately one quarter of the total membership. As the need for a Welsh hearing can be identified many weeks in advance of the event taking place, the Tribunal does not encounter any difficulties in providing this to parties who wish to proceed in this way.

7. Training and Development

- 7.1 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 Training Committee arranged a full and varied programme for the year. Expenditure was maintained at the same level as in the previous financial year, which was an uplift on previous financial years – despite year on year cuts to the Tribunal's baseline budget.
- 7.2 A significant feature during the year was language awareness training for both members and staff. Indeed the Tribunal's approach to this and its desire to develop an encouraging and supportive culture for Welsh language acquisition and use amongst its staff are documented in our external trainer's doctoral thesis (see www.iaith.cymru/en/news/dr-steve-eaves-gains-welsh-cap and <http://orca.cf.ac.uk/73554/>). By the end of the reporting period, all staff had undertaken some voluntary Welsh language training, including for brand new learners an inhouse introductory course in our Newport office – with a tutor attending for half a day a week for a number of weeks from Coleg Gwent. The Tribunal is supporting three other members of staff (including the CEO) at slightly higher levels of Welsh language study.
- 7.3 The tribunal recognises the IRRV (Institute of Revenues Rating and Valuation) qualification and encourages and financially supports staff undertaking formal study. Three Professional Tribunal Officers obtained the Tech IRRV qualification during the year, including two PTOs who were recruited in June 2013. One administrative support officer is currently undertaking Tech IRRV studies.
- 7.4 Two administrative support officers are currently pursuing NVQ level 3 training in administrative management related subjects.
- 7.5 July 2014 saw the introduction of a formal, tribunal members' training policy for the first time. This policy makes certain, annual training events compulsory. Failure to attend these events will normally result in a member being suspended from sitting until he or she has completed the next set of required training. However the President does hold a discretion to override the suspension if the member applies for this in writing and can demonstrate good cause for not attending. The Tribunal has not yet completed the first annual cycle of training which is subject to this new policy. Its impact will be recorded in next year's annual report.

8. Workload

- 8.1 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.
- 8.2 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 2005 and 2010 rating lists and the 2005 valuation list. These lists are compiled and maintained by the Valuation Office Agency. Disposal of matters arising from the 2005 rating list is now in an end-phase, and outstanding cases dropped from 200 at the beginning of the year to 93 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 outstanding. Some of the these final cases arising from the 2005 list may therefore linger for some considerable time to come, but the Tribunal aims to dispose of half (or more) of them during the next twelve month period. Most of the rating appeal work in the period related to the 2010 list – with a little under 4400 outstanding at the beginning of the period and a further 4200 added to this number during the year. Over 6000 were disposed of during the year, leaving approximately 2500 outstanding at the end of the period. (Detailed numbers for rating appeals are shown in the table in Appendix B-1.)
- 8.3 Volumes of Council Tax Valuation appeals are much lower than non-domestic rating matters. At the start of the period nearly 700 were outstanding; and 1700 appeals were received during the year. Clearances stood at nearly 1800 at the end of the period – leaving approaching 600 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, 23% of council tax valuation cases are decided, compared with 15% of non-domestic rating appeals. (Last year's figures were 24% council tax and 15% rating.)
- 8.4 The volume of Council Tax Liability cases (which includes Council Tax Reduction Scheme appeals – added to our jurisdiction two years ago) 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 78% of the cases cleared

during the year (80% last year). However only 8% of these decided cases were successful claims (compared to 27% last year). There were no successful Council Tax Reduction claims. (Detailed numbers on Council Tax Liability appeals, together with applications for reviews of decision and the other minor appeal types mentioned in paragraph 8.1 can be found in Appendix B-2.)

- 8.5 As in previous years, very few cases were appealed to a higher level. A total of two non-domestic rating cases were lodged with the Lands Chamber, but subsequently settled by consent order. There were no referrals to the High Court during the year, with respect to Council Tax Liability appeals.

9. Complaints

- 9.1 VTW has a formal complaints procedure. Under this procedure, issues of dissatisfaction which are not resolved immediately, or shortly after they are brought to the administration's attention, are referred to the CEO. No complaints were escalated to CEO level this year.
- 9.2 No complaints were made to the Public Services Ombudsman for Wales about the Tribunal during the year.

10. The VTw's Estate

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

The East and South Wales Regions' administrative offices are co-located at 22 Gold Tops, Newport. This building is leased from a private landlord. The latest ten-year lease terminated in October 2014 and renewal is still subject to discussion – although a new lower rent (20% reduction) has been agreed. The reason for the delay in formalising the lease is that it is being made directly with the Tribunal as lessee. The previous lease had been made with Welsh Ministers as lessee. This earlier lease was made before the inception of the VTw as a single all-Wales body, and it was deemed at the time that the tribunal in its then current form did not hold land-holding powers. It has now been established between Welsh Government and the Tribunal that it (the VTw) can and should hold its own estate as an arm's length government sponsored body. The building has an excellent room for tribunal hearings, and small administrative and training events.

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 operational constraints (ie room booking cannot be guaranteed far enough in advance, as rooms may be retrieved for Ministerial use), but other meetings (staff, member and training) are occasionally accommodated.

The West Wales Administrative Office is housed within its own, discrete, self-contained area within the Government building at Penllergaer, on the outskirts of Swansea. It comprises one open-plan room. Occupation is held under a MOTO agreement. The region has access to suitable rooms within the building for tribunal hearings, and accordingly it does hold meetings there.

- 10.2 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.
- 10.3 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.
- 10.4 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 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.

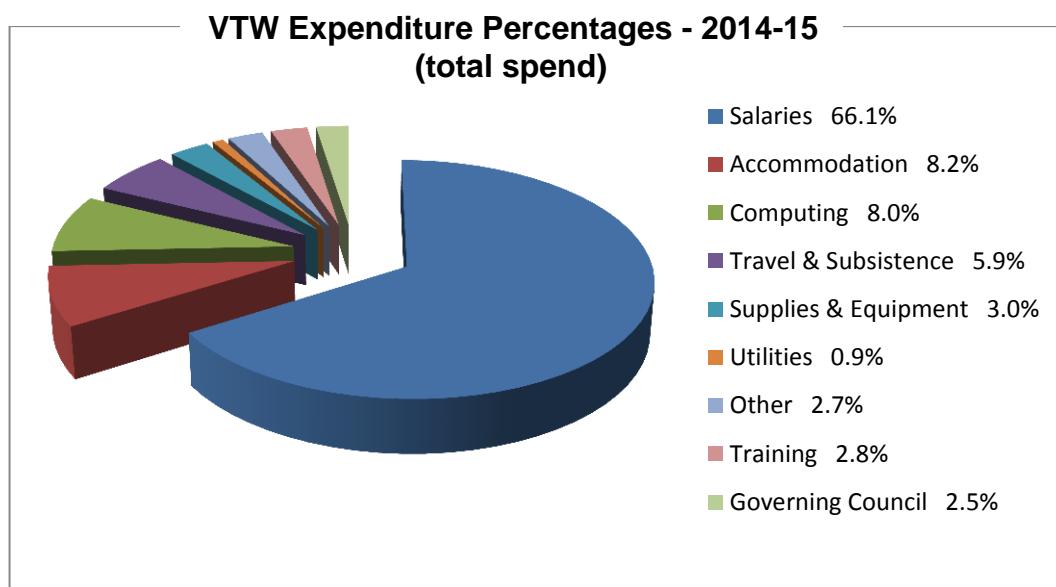
11. Information Technology

- 11.1 The VTW replaced its desktop workstation equipment and office suite software at the beginning of this year. This is the first refresh of workstation provision since 2008. These workstations, however, remain linked to a central database system that was developed in 1998/99 principally by the Tribunal's counterpart in England (the Valuation Tribunal Service - VTS) in conjunction with the Valuation Office Agency (VOA). The workstations do not have Internet access, based on security considerations dating from that time and the technical (but remote) possibility that a compromised (hacked) VTW workstation could provide a pathway to confidential tax information held by Her Majesty's Revenue and Customs (HMRC) -- as the VOA is an executive agency of HMRC. Email functionality, however, is on the workstations, through the Government Secure Intranet (GSI) network.
- 11.2 Although the workstation hardware is fresh, the underlying database and connectivity arrangements are dated. Accordingly VTW had discussions with VTS this year about the future of our partnership on a central UK database. In these discussions it was identified that the legislation underpinning the work of the two organisations was diverging, and, as a result of this, continued partnership was not a long-term viable option. Each organisation wanted to divest itself of the current arrangement linked to VOA (and HMRC), but both agreed that until each had developed its own systems we had to continue using the current, creaking arrangements for the short-term. A target for the inception of new systems was agreed, namely 1 April 2017 – which would coincide with the beginning of the next rating list in each country. However, even at that point there may be a need to continue the current system for a period to deal with the remaining appeals registered upon it.
- 11.3 Consequently the VTW has undertaken some initial background work for the development of a new standalone appeal system. This has included the training of a small team of staff in MS Access database use; an analysis of our data requirements; the mapping of a database table structure; and investigations into the possible use of the Public Sector Broadband network in Wales (an initiative of Welsh Government). Our plans are to have developed a working prototype system by the end of the 2015/16 financial year.
- 11.4 Towards the end of the current reporting period the Tribunal invested in iPad tablets for the Clerk of the Tribunal and the 13 tribunal-taking members of staff. These tablets were loaded with PDF copies of relevant statutes, statutory regulations and reference books, in order to improve the access to these materials at external tribunal hearing venues and at our quarterly practitioner forums.
- 11.5 Our own website continues to operate separately to our partnership arrangements with VTS England. The content has been stable throughout the year following a major revamp just before the beginning of the period. Unfortunately we have not managed to collect statistics on visits to and use of the website this year, despite a number of requests to our contracted website developer. Statistical analysis will be available in 2014/15.

- 11.6 As part of the Tribunal's efforts to be a *Welsh language aware and promoting* organisation, the grammar checking and dictionary software produced by Bangor University and known as Cysgliad was installed on all VTW desktop PCs this year, and not just on Welsh speakers' machines. This allows these users to move from machine to machine without compromising the software available to them. Its presence also promotes curiosity and minor use amongst other users who have some Welsh skills; and it demonstrates to all staff the organisation's commitment to being a proactive, improving organisation with regard to the Welsh language.

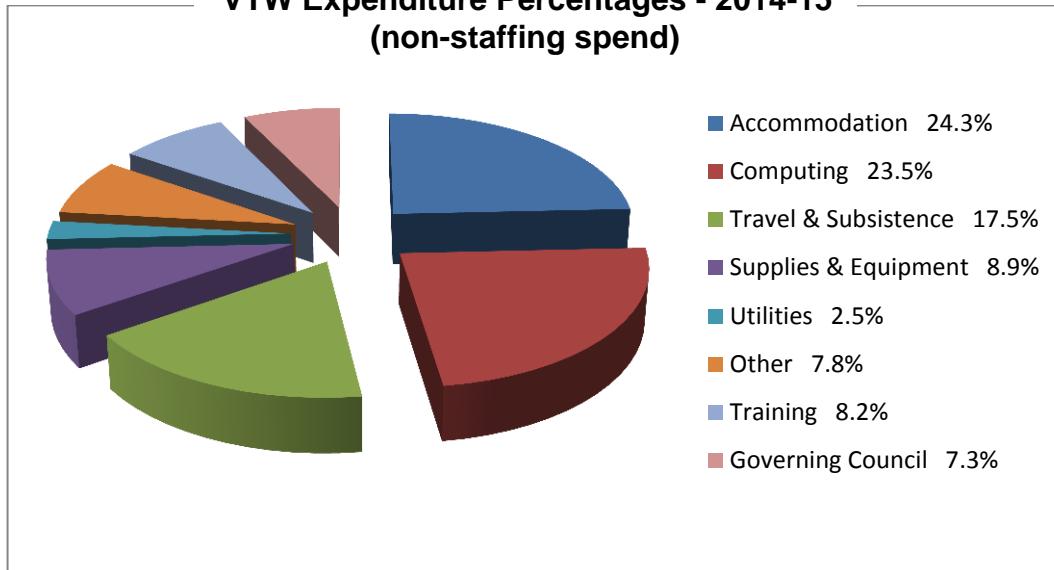
12. The VTW's Financial Resources

- 12.1 The Tribunal's budget for the year was £1.254M. This represented a significant decrease on the previous year's budget of £1.43M. As well as containing a small percentage cut to the Tribunal's baseline budget, in line with all Welsh Government departments and sponsored bodies, the decrease also included the removal of the previously agreed element for dealing with Council Tax Reduction appeals in year 2 of their introduction into the Tribunal's jurisdiction. This is because, on the evidence of year 2, the appeal volumes were likely to be very small. (And this proved to be the case).
- 12.2 Expenditure outturn for the year was £1,249,500 (just £4,500 short of the budget and representing a spend of 99.6%). Detailed figures by WG-agreed budget heads are shown in Appendix C. Distribution of actual spend by percentage is shown in the chart below. This shows that two thirds of all expenditure (and consequently of budget, as nearly 100% was used) was used to cover staffing costs. Given the very high percentage required to cover staffing costs and the very low turnover of staff as described earlier in the report, it is going to be very hard in the future to bear continued baseline cuts to the overall budget. This is because the savings required by cuts will have to be found in one third of the budget, if we are not to lose staff. This produces a gearing effect to the cuts. A 2½ percent cut of the overall budget becomes three times larger as a percentage of the funding area where we can potentially find the savings: ie 7½ percent of the third of the budget which is not committed to staff costs.



- 12.3 Looking at the third of the budget/expenditure that is not committed to staffing costs, the following breakdown occurs:

**VTW Expenditure Percentages - 2014-15
(non-staffing spend)**



- 12.4 It is clear that accommodation and computing comprise nearly half of this expenditure. Within those areas a large proportion of the expenditure is committed year on year through long-term contracts, ie the accommodation lease and MOTO agreements, and the IT partnership with VTS/VOA; and so is fixed. As detailed earlier a 20% saving has recently been agreed on the Newport lease, which will help in meeting the demands of next year's (2015/16) overall budget baseline cut; but the areas for significant future savings are nearing a point (if they have not already reached it) where they are exhausted. Any lower spending in those areas will comprise what the Tribunal does and is capable of doing.

Appendix A

Age and gender analysis of the membership (as at 31 March 2015)

Age	Under 30		30 -39		40-49		50-59		60-69		70-79		Over 80		Total	
	Gender	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M
North	0	0	0	0	0	1	5	2	10	3	16	6	3	0	34	12
East	0	0	0	0	0	1	4	1	7	6	12	5	1	0	24	13
South	0	0	1	0	2	2	1	2	10	7	9	6	2	1	25	17
West	0	0	1	0	2	1	4	2	15	2	12	4	4	0	38	10
Total	0	0	2	0	4	5	14	7	42	18	49	21	10	1	121	52
Percentage of total membership	0%		1.1%		5.2%		12.1%		34.7%		40.5%		6.4%		100%	

Notes

- 1 There are currently nine vacancies (minimum complement is set at 182; but this is excessive for the current numbers of appeals being registered with the tribunal)
- 2 The total number of members who are serving local authority council members is 30. This is significantly below the maximum proportion allowed by the tribunal's governing statutory regulations (which stipulate a maximum of one third of the total).

Appeal Clearance Data 1 April 2014 to 31 March 2015

Appeal Type		Council Tax Valuation Appeals		Non-Domestic Rating List 2005		Non-Domestic Rating List 2010		Miscellaneous (e.g. Liability/Penalties)*		All Appeals	
	Region		Total		Total		Total		Total		Total
Brought Forward	East	81	682	80	200	1094	4372	3	49	1258	5303
	North	172		19		1099		1		1291	
	South	153		35		1254		37		1479	
	West	276		66		925		8		1275	
Received	East	344	1700	0	0	1151	4198	13	97	1508	5995
	North	455		0		882		11		1348	
	South	368		0		1108		43		1519	
	West	533		0		1057		30		1620	
Settled	East	275	1398	57	96	1332	5136	4	22	1668	6652
	North	385		3		1233		1		1622	
	South	221		16		1423		13		1673	
	West	517		20		1148		4		1689	
Decided	East	43	416	1	11	213	928	6	78	263	1433
	North	143		2		206		7		358	
	South	119		1		281		45		446	
	West	111		7		228		20		366	
Allowed	East	10	85	0	2	8	91	0	6	18	184
	North	53		0		14		4		71	
	South	18		1		42		1		62	
	West	4		1		27		1		33	
Carried Forward	East	107	568	22	93	700	2506	6	46	835	3213
	North	99		14		542		4		659	
	South	181		18		658		22		879	
	West	181		39		606		14		840	

* A breakdown of Miscellaneous Appeals is shown overleaf

Appeal Clearance Data 1 April 2014 to 31 March 2015 – Analysis of Miscellaneous Types

Appeal Type		Council Tax Liability		Completion Notice		Penalty Notice		Application for Review of Decision		Council Tax Reduction		All	
	Tribunal		Total		Total		Total		Total		Total		Total
Brought Forward	East	1	40	0	2	0	0	0	0	2	7	3	49
	North	0		1		0		0		0		1	
	South	36		1		0		0		0		37	
	West	3		0		0		0		5		8	
Received	East	6	27	2	19	0	0	1	0	4	39	13	97
	North	2		0		0		6		3		11	
	South	9		17		0		5		12		43	
	West	10		0		0		0		20		30	
Settled	East	0	4	1	5	0	0	0	0	3	13	4	22
	North	0		1		0		0		0		1	
	South	4		3		0		0		6		13	
	West	0		0		0		0		4		4	
Decided* (includes strikeouts in CTR)	East	4	47	1	1	0	0	1	0	0	18	6	78
	North	0		0		0		6		1		7	
	South	36		0		0		5		4		45	
	West	7		0		0		0		13		20	
*Allowed	East	0	1	0	0	0	0	0	0	0	0	0	6
	North	0		0		0		4		0		4	
	South	0		0		0		1		0		1	
	West	1		0		0		0		0		1	
Carried Forward	East	3	16	0	15	0	0	0	0	3	15	6	46
	North	2		0		0		0		2		4	
	South	5		15		0		0		2		22	
	West	6		0		0		0		8		14	

Note on CTR strikeouts: there were 3 strikeouts (in the West region only)

Appendix C

Valuation Tribunal for Wales Expenditure 2014-2015 (£s)

Area of expenditure	Allocated funds	Expenditure	Funds remaining/ overspent	Percentage annual spend
Salaries	701000	693974	7026	99.0%
Pensions	137000	132234	4766	96.5%
Subtotal	838000	826208	11792	98.6%
Accommodation Costs	94000	102766	-8766	109.3%
Computer Expenditure	94000	99652	-5652	106.0%
Travel & Subsistence	93000	74210	18790	79.8%
Supplies and Equipment	30000	37616	-7616	125.4%
Utilities	11000	10727	273	97.4%
Other Running Costs	35000	33121	1879	94.6%
Training	36000	34574	1426	96.0%
Governing Council	23000	30712	-7712	133.5%
Subtotal	416000	423378	-7378	101.8%
Total Expenditure	1254000	1249586	4414	99.6%

Notes

- 1 This year's allocation over budget heads saw a significant readjustment compared to previous years, in an attempt to better reflect actual spending patterns. Previous years' allocations had been stated in Welsh Government's annual budget letter; but those allocations bore little comparison to recent data. This is because the head amounts themselves have always been indicative sums and not caps: movement is allowed between heads. However as the budget becomes tighter and tighter (this year saw the removal of Year 2 funding for Council Tax Reduction appeals and an overall cut of 2½ %) analysis of spending to inform budget allocation becomes more and more critical.
- 2 The noticeable "overspend" this year on the Governing Council head is due to switching all Governing Council related expenditure to that heading. Previously T&S and accommodation costs for the Governing Council and its committees were allocated to those other headings. This was done in order to obtain a better insight into the full cost of governing the organisation and its internal central services.