

# VALUATION TRIBUNAL FOR WALES FRAMEWORK DOCUMENT

## Introduction

1. This Framework Document has been drawn up by the Welsh Government's Local Government Directorate (LGD) in consultation with the Valuation Tribunal for Wales (the VTW). It sets out the broad framework within which the VTW operates and details the terms and conditions under which the Welsh Ministers provide funds to the VTW. A comprehensive overview of public financial management arrangements in Wales is provided by *Managing Welsh Public Money*. Release of funds is conditional upon the satisfactory performance by the VTW of all its obligations as set out in this document and such other conditions and requirements as the Welsh Ministers may, in accordance with section 70 (2) of the Government of Wales Act 2006 (the 2006 Act) from time to time impose. The document shall be reviewed from time to time by the Welsh Government and the VTW jointly but at no less than five yearly intervals. Copies of the document together with any subsequent amendments have been placed in the Library of the National Assembly for Wales (the Assembly) and made available to members of the public via the VTW's website. The document has been signed and dated by the LGD and the VTW.

2. The Welsh Government and its sponsored bodies (WGSB) have agreed the following principles to govern relations between them:

## Joint mission and purpose

3. WGSBs play a key role in the governance of Wales and meeting the aspirations of Welsh citizens. From the perspective of the Welsh Government, the primary role of an WGSB is to fulfil its statutory responsibilities and to meet objectives established by the Welsh Ministers using funds voted by the Assembly. This relationship is conducted through a sponsorship arrangement managed on behalf of Ministers by the Welsh Government. WGSBs have diverse organisational forms, including charities and quasi-judicial bodies and can cover different jurisdictions beyond Wales. Whilst respecting this diversity, Ministers look to WGSBs primarily to deliver important functions and services for the people of Wales on their behalf.

4. Within the constraints set by statute and Ministerial commitments, WGSB objectives will as far as possible be specified in terms of outcomes that are clear, relevant and challenging. To promote innovation and efficiency, WGSBs shall be given as much flexibility as possible in how these outcomes are achieved. However, the performance framework should assess the contribution of the WGSB in achieving outcomes.

## **Relationships between the Welsh Government and WGSBs**

5. The relationship between the Welsh Government and WGSBs should be based on trust and mutual respect, with a proportionate approach to risk. Where there is evidence of poor performance or weak governance, the Welsh Government will adopt a more prescriptive 'hands-on' approach to the relationship. The Welsh Government will ensure that its sponsorship functions perform effectively and meet the expectations set out in these principles.

6. WGSBs are highly valued for their expertise and experience. WGSBs, the Welsh Government and the wider public sector recognise the importance of working together and building 'Team Wales', seeking opportunities for broader and deeper collaboration in policy development supporting each other and celebrating success. Opportunities to save money, identify efficiencies and improve effectiveness should be pursued energetically and jointly.

7. WGSBs and the Welsh Government form an extended family and undertake to maintain a consistent, respectful and collegiate approach to dealing with each other in public and private. All parties undertake to strive for effective communication, to be as open as possible, to share information on a 'no surprises' basis and to manage contentious matters through dialogue and negotiation.

### **Governance and accountability**

8. The chairs or equivalents of WGSBs are important figures in Welsh public life with appointments usually in accordance with the *Code of Practice for Ministerial Appointments to Public Bodies*. WGSBs are accountable to Ministers for achieving the defined objectives, ensuring high quality corporate governance and for oversight of the WGSB executive including the Chief Executive.

9. Governance and the internal control regime should be a matter primarily for the WGSB's Governing Council. The Welsh Government will rely on the VTW's and the Welsh Government's Internal Audit Service for assurance. The sponsorship role should focus on accounting for delivery of objectives and the management of relationships between the WGSB and the Welsh Government.

10. While the expected norm is good performance, effective governance and a respectful relationship, that approach must be capable of an effective response to poor performance or other problems. Where there is evidence of poor performance in relation to objectives, management of funds, Council effectiveness or other aspects of governance, the Welsh Government has both the right and responsibility to become more involved and more

prescriptive. Performance management will be risk-based, relying on evidence of robust internal control to support a lighter touch or alternatively to apply a stronger grip where risks are managed less satisfactorily.

11. Welsh Government and WGSB accounting officers or their equivalents remain jointly accountable for public funds spent through WGSB sponsorship. However, the routine sponsorship management regime should be only as prescriptive as necessary to be assured that public funds are managed correctly and that outcomes are being achieved cost-effectively. Financial responsibility will be delegated to the extent possible, consistent with Welsh Ministers and accounting officer responsibilities.

12. Should circumstances and ministerial priorities change, it may be necessary to reshape the functions and methods of service delivery of WGSBs or, where more appropriate, to review the continued relevance of their objects and constitutional arrangements. The Welsh Government may from time to time conduct in depth organisational reviews to ensure that its WGSBs remain fit for purpose and / or make proposals for reform.

13. In addition, WGSB's must ensure that, in carrying out their functions, they do so in a way that is consistent with the Welsh Government's Citizen-Centred Governance Principles which incorporate the Seven Principles of Public Life set out by the Committee on Standards in Public Life (the Nolan Committee):

- putting the Citizen First;
- knowing Who does What and Why;
- engaging with Others;
- living Public Service Values;
- fostering Innovative Delivery;
- being a Learning Organisation; and
- achieving Value for Money.

# VALUATION TRIBUNAL FOR WALES : FRAMEWORK DOCUMENT

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# VALUATION TRIBUNAL FOR WALES

## 1. Purpose

The VTW's purpose is 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 VTW's jurisdiction are those lodged against Council Tax liability, Completion Notices and certain types of penalties imposed by Local Authorities or the Valuation Office Agency (VOA). The VTW is entirely independent of both the VOA, which sets the rateable values on non-domestic properties and council tax bands for homes, and the Local Authorities that send out the rates and council tax demands.

## 2. Governance and Accountability

### 2.1. Functions, duties and powers

The VTW's functions, duties and powers are set out in:

- section 55 of, and Schedule 11 to, the Local Government Finance Act 1988;
- section 15 (1) and (2) of the Local Government Finance Act 1992;
- the Valuation Tribunal for Wales Regulations (SI No.713 / 2010 ); and
- the Valuation Tribunal for Wales (Wales) (Amendment) Regulations (SI No. 547 / 2013).
- the Valuation Tribunal for Wales (Wales) (Amendment) Regulations (SI No. 554 / 2014).

### 2.2. Roles and Responsibilities

#### Welsh Ministers

- 2.2.1. The First Minister has allocated responsibility for the VTW to the Minister for Finance and Local Government. The Minister generally exercises functions of the Welsh Ministers in relation to the VTW, sets the policy framework for the VTW and is accountable to the Assembly for the VTW's activities.

## **Principal Accounting Officer**

2.2.2. The Principal Accounting Officer (PAO) for the Welsh Ministers is the Permanent Secretary to the Welsh Government. They have responsibilities specified by HM Treasury and is accountable to the Assembly through the Assembly's Public Accounts Committee; and the UK Parliament through the House of Commons Committee on Public Accounts for:

- the regularity and propriety of the Welsh Government's finances;
- the keeping of proper accounts for the Welsh Ministers;
- and for the effective and efficient use of resources including the funding provided to the VTW under the Welsh Government's Annual Budget Motion.

2.2.3. The PAO is also responsible for ensuring that the financial and other management controls applied across the Welsh Government are appropriate and sufficient to safeguard public funds. They are assisted in these duties by the Deputy Permanent Secretary for Education and Public Services whom he has designated as an Additional Accounting Officer (the AAO) and to whom he has delegated responsibility for the VTW. The Deputy Permanent Secretary has delegated functions in relation to the VTW to the Director for Local Government.

## **Sponsor Department's Additional Accounting Officer (AAO)**

2.2.4. The Director for LGD acts as the sponsor department's AAO for the VTW. They are responsible to the Welsh Government and the Assembly for ensuring that financial and other management controls applied by the VTW conform with the requirements both of propriety and good financial management; that an adequate statement of the financial relationship between the Welsh Ministers and the VTW is in place and is reviewed regularly; and for the quality of the Welsh Government's relationship with the VTW.

2.2.5. The AAO is accountable to the Assembly for the funding provided to the VTW and for advising the Minister on:

- an appropriate framework of objectives and targets for the VTW in the light of the LGD wider strategic aims and key delivery and performance indicators;
- an appropriate budget for the VTW in the light of the sponsor department's overall spending priorities; and on
- how well the VTW is achieving its strategic objectives within the policy and resources framework determined by the Minister and whether it is delivering value for money.

2.2.6. The AAO is also responsible for ensuring arrangements are in place to:

- monitor the VTW's activities and its financial position through regular meetings and returns;
- address any significant problems within the VTW, making such interventions as are judged necessary;
- periodically carry out an assessment of the risks both to the department and the VTW's objectives and activities;
- inform the VTW of relevant government policy in a timely manner;
- bring to the attention of the VTW's full Council any concerns about the activities of the VTW, requiring explanations and assurances that remedial action will be taken; and
- designate the Chief Executive of the VTW as its Accounting Officer or equivalent.

2.2.7. The AAO has delegated responsibility for the day to day management of relations with the VTW to the Deputy Director who heads the Sponsor Division within the Welsh Government.

### **Sponsor Division**

2.2.8. The Local Government Finance Policy Division (LGFP) in the sponsor department is the Sponsor Division and primary contact for the VTW. The Sponsor Division is the main source of advice to the Minister on the discharge of the Minister's responsibilities in respect of the VTW and supports the sponsor department's AAO on that officer's responsibilities for the VTW. Officials of the Sponsor Division will liaise regularly with VTW officials to review the VTW's financial performance against plans and the achievement against targets. The Sponsor Division will also take the opportunity to inform and explain wider policy developments that might impact on the VTW. More information about the Sponsor Division's responsibilities are at Annex 1.



## Accountabilities and Responsibilities of the VTW's Chief Executive

### *General*

2.2.9. The Chief Executive of the VTW is accountable personally to the AAO. The Chief Executive has analogous responsibilities to a Welsh Government Sponsored Body (WGSB) Accounting Officer, which are set out in the Welsh Government Memorandum *'The Responsibilities of an WGSB Accounting Officer'*. The Chief Executive is responsible personally for the proper stewardship and expenditure of public funds for which the Chief Executive has charge; the day-to-day operations and management of the VTW; and for ensuring compliance with the requirements of *'Managing Welsh Public Money'*. The Chief Executive may delegate, to VTW employees, the day-to-day administration of his responsibilities but remains personally responsible and accountable for them.

### *Accountabilities to the Assembly*

2.2.10. The Chief Executive is accountable to the Assembly for:

- ensuring that proper financial records are kept;
- signing a statement of Accounting Officer's responsibilities for inclusion in the VTW's annual report;
- signing the Governance Statement for inclusion in the VTW's annual report;
- giving evidence, including attending hearings, on matters relating to the VTW which arise before the Assembly's Public Accounts Committee, other committees of the Assembly, the House of Commons Committee on Public Accounts or other Parliamentary Committees, to account for the uses which public funds have been put and the VTW's stewardship of those funds; and
- acting upon any recommendations of those committees that have been accepted by the Welsh Government.

### *Accountability to the Sponsor Division*

2.2.11. The VTW's Chief Executive is accountable to the Sponsor Division (the Division) for:

- establishing, in agreement with the Division, the VTW's operational plans;
- informing the Division of progress in helping to achieve the LGD Directorate's policy objectives and demonstrating how resources are being used to achieve them;
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Division;
- notifying the Division promptly if overspends or under spends are likely and that corrective action is taken;

- ensuring that any significant problems are notified to the Division as quickly as possible; and
- providing the Division with such information about the VTW's performance and expenditure as the Division may reasonably require.

*Responsibilities in respect of the VTW's Governing Council*

2.2.12. The VTW's Chief Executive is also responsible for:

- advising the Council on the discharge of its responsibilities as set out in this document, relevant legislation, or other communication from the Welsh Government; and any guidance that may issue from time to time;
- advising the Council on the VTW's performance against its aims and objectives;
- ensuring that financial considerations are taken fully into account by the Council at all stages in reaching and executing its decisions and that suitable financial appraisal techniques are followed;
- ensuring that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensuring that robust internal management and financial controls are introduced, maintained and reviewed regularly - including measures to protect against fraud and theft; establishing procedures for handling complaints about the VTW; and developing and maintaining appropriate personnel management policies, all of which shall be readily available to all staff; and
- taking action as appropriate in accordance with the terms of the accounting officer's memorandum if the Council or its President is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, or efficiency or effectiveness, is of questionable feasibility, or is unethical.

**The Chief Executive's role as Principal Officer for Ombudsman cases**

2.2.13. The Chief Executive is the Principal Officer for handling cases involving the Public Services Ombudsman for Wales.

2.2.14. As Principal Officer for Ombudsman cases, the Chief Executive shall inform the Permanent Secretary to the Welsh Government of any complaints about the VTW accepted by the Public Services Ombudsman for Wales for investigation, and about the VTW's proposed response to any subsequent recommendations from the Public Services Ombudsman for Wales.

## The VTW's Governing Council

- 2.2.15. Within the framework set by the Welsh Government, the VTW's Governing Council (the Council) is responsible for the overall direction and management of the VTW. The President of the VTW is elected by the members of the VTW.
- 2.2.16. The 2010 Regulations prescribe the constitution of the Governing Council. Regulation 7 enables the appointment of one member of the Council by the Welsh Ministers.

### *Collective responsibilities*

- 2.2.17. The role of the Council is to:
- act in a way that promotes high standards of public finance, including the promotion of regularity, propriety and best value for money;
  - provide effective leadership for the VTW, in particular in defining and developing its strategic direction and in setting challenging objectives;
  - demonstrate high standards of corporate governance at all times;
  - ensure that the Minister is kept informed fully of any changes which are likely to impact on the strategic direction of the VTW or on the attainability of its targets, and of steps needed to deal with such changes;
  - ensure compliance with any statutory or administrative requirements for the use of public funds; that it operates within the limits of its authority, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, it takes into account guidance issued by the Welsh Government;
  - ensure that the VTW's activities are conducted in as efficient and effective a manner as possible;
  - ensure that strategies are developed for meeting the VTW's overall objectives in accordance with the policies and priorities established by the Welsh Government;
  - monitor the VTW's performance to ensure that it meets fully its aims, objectives and performance targets;
  - ensure that it commissions from its Chief Executive, and reviews regularly, financial information concerning the management of the VTW; is informed in a timely manner about any concerns as to the activities of the VTW; and provides that appropriate remedial action shall be taken to address any such concerns;
  - ensure that the VTW's control, regulation and monitoring of its activities ensure best value for money within a framework of best practice, regularity and propriety; and
  - appoint a Chief Executive after consultation with the Welsh Government, and the prior approval of the Minister.

- 2.2.18. The Council shall prepare internal guidance covering those matters that shall be delegated to staff and those that shall be reserved for determination by the Council. The VTW must maintain a list of matters which are reserved for decision by its Council and while it may, to the extent permitted by the 2010 Regulations, delegate to staff responsibility for the administration of day-to-day management matters, it remains ultimately responsible and accountable for all of them.

*The President's Personal Responsibilities*

- 2.2.19. The President is expected to consult frequently with the VTW Chief Executive, to attend Council meetings and other relevant VTW activities (including training days), and to represent the VTW as appropriate with outside bodies. This would normally equate to at least 12 working days per annum. The President shall lead and direct the Council, and shall be its primary contact with the Assembly, raising issues that the President personally considers appropriate, or as directed by the Council.
- 2.2.20. The President shall ensure that all other Council members are kept fully apprised of all pertinent communications with the Assembly.

2.2.21. The President has particular leadership responsibility for:

- devising the VTW's strategies;
- ensuring that the VTW, in reaching decisions, takes proper account of statutory and financial management requirements and all relevant guidance materials provided by the Welsh Ministers;
- promoting the economic, efficient and effective use of staff and other resources;
- ensuring high standards of propriety; and
- representing the views of the VTW to the public.

2.2.22 The President bears a personal responsibility to the Assembly for propriety in the conduct of the VTW's affairs and for ensuring that, within the context of its own statutory responsibilities, its policies are compatible with those of the Welsh Government. The President must also:

- ensure that all Council members are, as soon as possible, briefed fully on the terms of their appointment and on their duties, rights and responsibilities;
- ensure that he or she and other Council members receive appropriate training, including on the financial management and reporting requirements of public sector bodies and on the differences which might exist between private and public sector practice;
- assess the performance of individual Council members in accordance with the arrangements agreed with the Welsh Government; and
- ensure that a Code of Practice for Council members is in place which commits the President and other Council members to the Nolan seven principles of public life and includes a requirement for a comprehensive and publicly available register of Council members' interests.

#### *Individual Governing Council Member's responsibilities*

2.2.22. Individual Governing Council members shall act in accordance with their wider responsibilities to:

- comply at all times with the VTW's Code of Practice for Governing Council Members, and with the rules relating to the use of public funds and conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or political profit, nor seek to use the opportunity of public service to promote their private interests or those of persons or organisations with whom they have a relationship;
- comply with the VTW's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act always in good faith and in the best interests of the VTW.

- 2.2.23. The personal responsibility of the VTW's Chief Executive (who is accountable to the AAO) to ensure regularity, propriety and best value for money does not detract from the responsibility of the President and other Council members to act in a way that promotes high standards of public finance.

### **2.3. Accounting arrangements and audit**

#### **Accounting Officers**

- 2.3.1. The responsibilities of the Principal Accounting Officer and those of the AAO to whom responsibility for specific Welsh Government budgets have been delegated are set out at paragraphs 2.2.2 to 2.2.7 of this document.
- 2.3.2. The responsibilities of the Chief Executive of the VTW, analogous to that of an WGSB accounting officer, are set out at paragraphs 2.2.9 to 2.2.11 of this document and in *'The Responsibilities of an Welsh Government Sponsored Body (WGSB) Accounting Officer'* (see Annex 2).

#### **Financial and management accounting systems**

- 2.3.3. The VTW must operate financial and management accounting systems which enable full review of performance, costs, cash flow and workforce against agreed budgets and targets. All decisions and transactions must be documented fully to provide an effective trail for audit purposes.

#### **Annual Report**

- 2.3.4. As soon as possible after the end of each financial year, and no later than 30 September, the VTW shall publish a report of its activities to permit the Welsh Government, the Assembly, other clients and the public to judge its success in meeting its targets.
- 2.3.5. The VTW's Annual Report should be submitted to the Welsh Government Minister following its formal publication.
- 2.3.6. The Annual Report must outline the VTW's main activities and performance during the previous financial year and include a summary of the VTW's annual expenditure.

## **Audit**

- 2.3.7. The VTW will be subject to periodic internal audit by the Welsh Government's Internal Audit Services (IAS) as required by it.
- 2.3.8. The IAS by virtue of the Schedule 8 to the 2006 Act, shall have full access to the VTW's books and records for the purpose of carrying out examinations into the economy, efficiency and effectiveness with which the VTW has used its resources in discharging its functions and to examine matters of regularity and propriety of expenditures and receipts.
- 2.3.9. The Welsh Government reserves the right of access to carry out such IAS reviews as and when it considers it may be deemed necessary.

## **Sponsor Department's right of access**

- 2.3.10. Should the need arise, the Sponsor Division has a right of access to all the VTW's records and personnel for monitoring purposes including, for example operational investigations.

## **3. Management Arrangements**

### **3.1. General**

- 3.1.1. Unless otherwise agreed in writing by the Sponsor Division, the VTW shall at all times follow the principles, rules, guidance and advice in *Managing Welsh Public Money* and this document, referring any difficulties or potential bids for exceptions to the Sponsor Division in the first instance. A list of the guidance and instructions with which the VTW must comply is at Annex 2.
- 3.1.2. In pursuit of its aims the VTW shall work closely with other organisations in Wales including the private sector, local authorities and the voluntary sector reflecting the commitments in the Welsh Ministers' partnership agreements with the voluntary, business and local government sectors.

## **3.2. VTW Staff**

### **Recruitment, retention and management of staff**

- 3.2.1. Within the arrangements approved by the Minister the VTW is responsible for the recruitment, retention and motivation of staff including maintaining positive employee relations and putting in place a programme of training and development. In the recruitment, management and progression of staff the VTW will follow the principles of regularity and propriety in expending resources as set out in *'Managing Welsh Public Money'*, in particular Chapter 4 which deals with internal management and governance structures.
- 3.2.2. The Chief Executive is responsible for the day-to-day management of VTW staff, and for ensuring proper consultation with staff on all matters affecting them. The Chief Executive is responsible for determining the organisation of staff and adapting the VTW's structure to meet operational needs within the parameters of any running cost limit set by the Welsh Government. The approval of the Welsh Government must be obtained before any additional posts are created or any existing posts are re-graded.

### **Terms and Conditions of Service**

- 3.2.3. The staff of the VTW, whether on permanent or period appointment terms, will be subject to levels of remuneration and terms and conditions of service (including rates of reimbursement for expenses) as set out in the National Agreement on Pay and Conditions of Service for Local Government Staff (the Green Book) and the relevant VTW policies. The VTW, as the employer, appoints staff and determines their terms and conditions of service subject to the prior approval of the Welsh Government.
- 3.2.4. The current terms and conditions for VTW staff are set out in the relevant VTW policies, in individual contracts of employment, and in the National Agreement on Pay and Conditions of Service for Local Government Staff. VTW staff must also comply with the Code of Conduct for VTW staff and must be issued with a copy of it.

### **Code of Conduct**

- 3.2.5. The VTW must have in place a Code of Conduct for its staff. The VTW must ensure that its staff familiarise themselves with the content of the Code and act in accordance with the principles it describes.



## **Grievance / Disciplinary Procedure**

- 3.2.6. VTW will have in place appropriate grievance and disciplinary procedures and appropriate arrangements to handle any staff concerns that may relate to impropriety.

## **Pensions and Redundancy/Compensation Arrangements**

- 3.2.7. VTW staff are members of the Local Government Pension Scheme (LGPS) and pay employee contributions as set by the LGPS into one of the local authority schemes. The Welsh Government pays employer contributions on behalf of VTW staff into the scheme. Staff have the option to pay Additional Voluntary Contributions into their scheme if they so wish.
- 3.2.8. Pensions received by VTW staff will be in accordance with the LGPS.
- 3.2.9. Any proposal to make redundancy and / or early retirement payments to VTW staff or move from existing pension arrangements requires the agreement and written approval of the Welsh Government.

## **Confidentiality Clauses**

- 3.2.10. The application of confidentiality clauses to the terms of staff departure agreements are deemed to be inappropriate, except in relation to information that is classified as 'commercial in confidence' (for instance, when a member of staff who is in possession of or has access to commercially sensitive information leaves to join another employer). On the rare occasion when the VTW may need to consider the use of a confidentiality clause, for whatever reason, it shall regard the matter as novel or contentious and must secure express written authority in advance from the Welsh Government.

## **Staffing Levels**

- 3.2.11. Any proposals involving changes in complement or staff structure must be referred in detail to, and agreed by, the Welsh Government in writing before any appointment is advertised, offered or made.

## **Staff costs**

- 3.2.12. The VTW operates under a single running cost regime. Subject to its delegated levels of authority, the VTW must ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.

- 3.2.13. The VTW will keep its pay and grading systems under review and will consult with the Welsh Government on alternative arrangements which the VTW believes more closely reflect operational needs.

### **Staff Management and Development Policy**

- 3.2.14. The Chief Executive is responsible for the personnel management of staff. The VTW is responsible for developing clearly defined policies in respect of its staff. In particular it should ensure that:

- the level and structure of staffing, including grading and numbers of staff, is commensurate with its functions and the requirements of efficiency, effectiveness and economy;
- recruitment of staff is fair and based on open competition;
- a system is available at all levels which appraises satisfactorily the performance of staff and provides them with an outlook of future work-related objectives and development needs;
- a staff development programme is available through a training and development strategy designed to enable all staff to acquire the appropriate professional, management and other expertise necessary to achieve the VTW's aims and objectives;
- appropriate arrangements are in place to deal properly with any staff concerns about improper conduct; and
- full regard is given to an equal opportunities policy.

### **Consultation with Staff and Trade Unions**

- 3.2.15. The Chief Executive is responsible for ensuring proper consultation with staff on matters affecting them. As part of that process, a liaison group including representatives of the appropriate unions must be established.

## **3.3. Planning Framework**

### **Budget planning**

- 3.3.1. Following approval of the Welsh Government's final budget, the VTW will receive a formal statement of the funding allocated to it for the coming financial year, together with a statement of any change in policies that may affect the VTW.
- 3.3.2. The sum notified will represent a cash limit for the year to cover all the VTW's running costs including training costs and the cost of the Council.

- 3.3.3. Inclusion of any planned expenditure in the VTW's budget does not remove the need for it to seek express, written approval in advance from the Welsh Government where this expenditure is outside delegated limits or is for new schemes not agreed previously or which could be considered to be novel or contentious.
- 3.3.4. The VTW shall provide such detail as is required by the Sponsor Division to inform the Welsh Government's budget planning decisions. That shall include information on performance and the evidence base for effective interventions (including results of research and evaluation) as well as any financial pressures in implementing the strategic agenda.

### **Business Planning**

- 3.3.5. The Sponsor Division shall send, usually by the end of the December before the financial year to which it relates, the VTW a budget letter setting out their funding allocation and the areas for key performance indicators.
- 3.3.6. The VTW shall, by the end of February before the financial year to which it relates, submit its draft Operational Plan. The Plan shall be discussed with the Sponsor Division for final approval by 1 April.
- 3.3.7. While it is no longer an annual requirement to produce a Corporate Plan, the VTW may wish to include in its annual Operational Plan a strategic long-term statement.

### **Performance Monitoring**

- 3.3.8. Each year the VTW must agree with the Welsh Government the level of service to be achieved in key areas and the performance and output information that shall be collected to monitor progress.
- 3.3.9. Following consultation with the VTW, key performance indicators shall be agreed by the Minister and set out in the VTW's Operational Plan. Progress against agreed performance indicators must be reported to the Sponsor Division in a quarterly performance report and overall performance reviewed in an annual review meeting with the Sponsor Division to discuss performance against targets, current and future activities, and general policy developments

## **Financial monitoring**

- 3.3.10. The Sponsor Division monitors spend on a resource accounting basis and supplies information to the AAO as appropriate. The VTW must ensure that adequate records of expenditure and receipts are kept locally in each VTW office, or the VTW's Head Office as appropriate.
- 3.3.11. The VTW shall submit to the Sponsor Division a financial statement showing for each budget heading the payments made and the receipts obtained for each month.
- 3.3.12. Details of actual expenditure against the budget headings set by the Welsh Government shall be collated monthly by the Sponsor Division. Details of total spend against budget, including those items paid directly by the sponsor Division, will be communicated to the VTW at the end of each calendar month.
- 3.3.13. The VTW must notify the Sponsor Division immediately in writing if it becomes apparent at any time that the full-year expenditure is likely to exceed its approved provision. Similarly, the VTW must notify the Sponsor Division immediately it becomes apparent that it is likely to underspend by more than the equivalent of 3 per cent of its total allocated budget.

## **Periodic review**

- 3.3.14. As part of the programme of reviews of WGSBs for which it is responsible, the Welsh Government may periodically conduct a review of the VTW.

## **4. Financial Responsibilities**

### **4.1. Expenditure**

#### **Authority to spend**

- 4.1.1. Subject to any restrictions imposed by statute, by directions of the Welsh Ministers, or by this Document, the VTW may, as soon as its budget is agreed, incur expenditure on day to day running costs as approved in its annual budget without further reference to the Welsh Government. Inclusion of any planned expenditure in the VTW's budget or Operational Plan does not remove the need to seek formal, written approval in advance from the Welsh Government where such expenditure is outside delegated limits or is for new schemes not agreed previously. The VTW must provide the Welsh Government with such information about any individual project or expenditure as the Welsh Government may require.

- 4.1.2. The VTW shall not, without the prior express written approval of the Welsh Government, enter into any undertaking to incur any expenditure not provided for in the annual budget approved by the Assembly.

## **4.2. Conditions attaching to Expenditure**

### **Financial Delegations**

- 4.2.1. The levels to which the VTW is able to incur expenditure in given circumstances are set out in the Delegations limits at Annex 3. The various delegations have been determined by the Welsh Government in light of full consideration of the nature of its relationship with the VTW and they must not be modified or breached without express written agreement in advance from the Welsh Government.

### **Novel or Contentious Expenditure**

- 4.2.2. The VTW must obtain the written approval of the Welsh Government before incurring any expenditure for any purpose which is or might be considered novel or contentious; before making any change of policy or practice which has wider financial implications or which may affect the future level of resources required; and before making any significant change in the operation or funding of any initiative or particular scheme approved previously by the Welsh Government.

### **Gifts**

- 4.2.3. In considering gifts or non-pay rewards to tribunal staff, VTW must take a view on whether such a course of action represents an appropriate use of public money. In devising staff benefits, gift or non-pay reward schemes, the VTW must pay attention to HM Treasury's "Regularity, Propriety and Value for Money" and "Managing Welsh Public Money".

### **Procurement**

- 4.2.4. All procurement must be based on best value for money.
- 4.2.5. Wherever possible, contracts must be placed on a competitive basis, and the most economically advantageous tender accepted, unless, there are compelling reasons to do otherwise. Full details must be recorded in order to support any case made by the VTW to the Welsh Government for departure approval. Records must be kept and made available to Welsh Government on request.

- 4.2.6. The Welsh Government must be kept informed of any proposal to let a single tender and/or restricted contract over the value of £10,000. The VTW's delegation for letting such contracts shall be reviewed periodically in the light of arrangements made with the Welsh Government.
- 4.2.7. The VTW must consult the Welsh Government before entering into any procurement arrangements for significant Information Technology acquisitions or if it is considering new accommodation. Proposals for new accommodation or relocation must be approved in writing in advance by the Welsh Government.
- 4.2.8. Payment for goods and services by direct debit should generally be avoided. If, however, it is a condition of the service provided, or it is considered that additional value for money shall be achieved by using the direct debit mechanism, the VTW must comply with the guidance contained in *Managing Welsh Public Money*.
- 4.2.9. Requests for payment in advance should be resisted except in exceptional cases where it is considered that some payment may be necessary. If such a payment is considered appropriate the principles set out in *Managing Welsh Public Money* must be observed. Express written authority in advance must be secured from the Welsh Government in novel or contentious circumstances.

### **Leasing**

- 4.2.10. The VTW shall not enter into any type of lease agreement without securing the Welsh Government's written approval in advance. Any case to enter such an agreement must be supported by evidence to demonstrate that leasing offers best value for money in comparison to purchase.

### **Investments**

- 4.2.11. The VTW shall not make any investments except in respect of short-term deposits.

### **4.3. Funding**

#### **Exchequer sources**

- 4.3.1. LGPF will pay staff salaries and related costs (including pension costs). In other cases the Chief Executive has delegated authority to incur expenditure under banking arrangements approved by LGFP.

- 4.3.2. The Chief Executive must act in accordance with guidance issued by the Welsh Government relating to financial matters. The Chief Executive is responsible for holding an account at a local bank from which s/he meets the costs of members and staff travel and subsistence claims; the cost of training courses and seminars; office running costs including stationery, postage, utilities, (electricity, gas, water, telephone); office maintenance; and office equipment and supplies; office rent and rates; accommodation (including maintenance and works); and major costs associated with IT developments, computer equipment, and telecommunications contracts up to the delegated limits.
- 4.3.3. The Welsh Government shall pay the VTW the annual funding allocation for the expenditure covered by paragraph 4.3.2 above in four quarterly instalments.
- 4.3.4. The VTW will keep detailed records of all local expenditure and will submit such detail as is required by the Sponsor Division on request.

#### **Non-Exchequer sources**

- 4.3.5. Fees and charges for services provided by the VTW must be determined in accordance with HM Treasury's 'Fees and Charges Guide' and must be set to recover the full cost unless the Welsh Government (and, where necessary, HM Treasury) agrees otherwise.
- 4.3.6. The VTW may retain any gifts, bequests or similar donations that are made for an unspecified purpose and they shall be treated as receipts. The VTW must keep a written record of gifts, bequests and donations, given and received, and of their estimated value and whether they are disposed of or retained.
- 4.3.7. The VTW must have a system that enables its staff to report offers and receipt of gifts and hospitality. Each member of staff has a responsibility to volunteer this information and ensure that they enter not only gifts and hospitality received but also offered. The maintenance of such records will protect the individual member of staff from unjustified criticism and will enable the VTW to monitor the incidence and patterns of offers and receipt of gifts and hospitality.

## **4.4. Cash management**

### **Cash Balances**

- 4.4.1. Cash balances must be kept at the minimum level consistent with the efficient operation of the VTW. The VTW must at all times ensure that it collects promptly all monies due to it, and that any outstanding debts owed to the VTW are followed up at frequent and regular intervals. The VTW must also pay all matured and properly authorised invoices in accordance with the terms of contracts or within 30 days. The VTW must comply with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), and act in accordance with the terms of the Late Payment of Commercial Debt (Interest) Act 1998 (as amended).

### **In-Year cash surpluses**

- 4.4.2. All interest, net of any bank charges, earned by the VTW on its cash and bank balances which arise as a result of funding from the Welsh Government is to be declared each month on VTW's expenditure summary to Welsh Government and shall be surrendered to HM Treasury via the Welsh Consolidated Fund.

### **End-year balances**

- 4.4.3. The VTW may not carry-over unspent balances on its budgets from one financial year to the next. Any unspent budget allocation will be notified to the Welsh Government's Finance Division by LGFP. In the event of any VTW bank account being closed any unspent cash balances remain the property of the Welsh Government. Such funds cannot be spent but arrangements should be made to transfer them to the Welsh Government as soon as possible.

## **4.5. Other Financial Requirements**

### **Assets**

- 4.5.1. The VTW must, at all times, use its assets in the most cost efficient manner possible and dispose of those which are surplus to its requirements. Surplus assets shall, wherever practicable, be sold by auction or competitive tender unless agreed otherwise in writing in advance by the Welsh Government. The VTW must account for receipts from proceeds of the sale of assets and shall pay those receipts into the VTW bank account or forward such to LGFP for allocation to the VTW account.



4.5.2. The VTW must maintain at all times an accurate register of all its assets.

### **Risk management**

4.5.3. The VTW must develop a risk management strategy to ensure that any risks it assumes or to which it may be subject are dealt with in an appropriate manner in accordance with the relevant aspects of guidance on best practice in corporate governance.

4.5.4. The VTW must adopt and implement policies and practices to safeguard itself against fraud and theft.

4.5.5. The VTW shall take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract.

### **Fraud, losses and special payments**

4.5.6. Details of all cases of actual or suspected fraud and losses and special payments of a significant or unusual nature must be referred to the Welsh Government at the earliest opportunity.

### **Insurance**

4.5.7. The VTW shall not take out any insurance - other than cover which is required by statute - without receiving express written approval in advance from the Welsh Government.

### **Borrowing, lending and guarantees**

4.5.8. The VTW shall not, without the Welsh Government's prior written consent borrow (including temporary borrowing facilities such as a pre-arranged overdraft facility); lend; charge any asset or security; give any guarantee or indemnities; letters of comfort; or incur any other contingent liability (as described in Managing Welsh Public Money) whether or not in a legally binding form. Any financial guarantees and any indemnity given by the VTW must be covered adequately against un-drawn Assembly Public Expenditure Resources.

## **Banking arrangements**

- 4.5.9. The VTW must ensure that its banking arrangements are suitably structured and represent best value-for-money, and that efficient and cost effective methods are used for the transmission of money. The VTW's banking arrangements shall be kept separate and distinct from those of any other person, body or organisation. The VTW must ensure that its banking arrangements are reviewed at least every two years.
  
- 4.5.10. Each VTW office operates a local bank account from which to make payments locally relating to certain day to day costs. The Chief Executive is responsible for the proper custody and maintenance of these accounts, the making of payments, the receipt of monies and the custody of cash balances.
  
- 4.5.11. The Chief Executive is also responsible for providing such information about banking arrangements as is required to enable the AAO to fulfil their responsibilities.

## **Efficiency and effectiveness - appraisal, research and evaluation**

- 4.5.12. The VTW must ensure that it is providing the best possible quality of service to its users at the optimal cost to the taxpayer. It shall do that by reviewing all its services and activities on a regular basis. The VTW shall include an efficiency plan as part of its annual Operational Plan.

This Framework Document was approved by the Cabinet Secretary for Finance and Local Government on [date]

Signed.....

Director, Local Government Finance Policy Division

Date.....

Signed.....

Chief Executive, Valuation Tribunal for Wales

Date.....

## 5. ANNEX 1

### 5.1. Main Aims and Functions of the Sponsor Division

5.1.1. The main aims of the Sponsor Division are to:

- foster a relationship with the VTW based on mutual trust and respect and open and honest communication;
- ensure that the strategic aims and objectives of the VTW reflect and promote the wider strategic objectives of the Welsh Government.
- provide the VTW with the support and guidance it requires or may request to achieve its objectives; and
- encourage and promote high standards of corporate governance and financial accountability within the VTW to ensure its efficient and effective operation.

5.1.2. The functions of VTW sponsorship that underpin those principal aims are set out in this Framework Document. In addition, the Sponsor Division's functions shall include:

- communicating the Welsh Government's policies to the VTW and advising on the interpretation of policies;
- submitting advice to the Minister;
- providing information as appropriate to all relevant Assembly Committees on the VTW's activities;
- receiving and acting on the information provided by VTW under this Framework Document;
- checking the VTW's monthly expenditure summary and authorising the payment of quarterly funding instalments to VTW;
- advising the Minister on the setting of appropriate performance targets and indicators;
- monitoring and reviewing performance against the set targets and reporting to the Minister as appropriate;
- monitoring VTW's financial position through regular meetings with and returns from the VTW, reporting to the Minister as appropriate;

- ensuring that any requests to VTW for information are, unless circumstances warrant otherwise, submitted in sufficient time to enable preparation of a fully considered reply;
- issuing guidance to the VTW, where appropriate;
- bringing to the attention of the Governing Council and Chief Executive any concerns expressed about the activities of the VTW; and requiring explanations and assurances that any appropriate remedial action has been or shall be taken;
- carrying out, from time to time, an assessment of the VTW's activities; and
- reviewing periodically the terms of this Framework Document.

## 6. ANNEX 2

### 6.1. List of Government-wide Corporate Guidance and Instructions

- This document
- Managing Welsh Public Money  
<http://gov.wales/funding/managing-welsh-public-money/?lang=en>
- the Welsh Government Memorandum 'Responsibilities of a Welsh Government Sponsored Body (WGSB) Accounting Officer'
- Corporate Governance in Central Government Departments: Code of Good Practice
- HM Treasury's 'Managing the Risk of Fraud'  
[http://www.hm-treasury.gov.uk/d/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf](http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf)
- HM Treasury's 'Departmental Banking: A Manual for Government Departments' (issued as Annex 5.7 of 'Managing Public Money'  
[http://www.hm-treasury.gov.uk/d/mpm\\_annex5.7.pdf](http://www.hm-treasury.gov.uk/d/mpm_annex5.7.pdf)
- HM Treasury's 'Regularity, Propriety and Value for Money'  
[http://www.hm-treasury.gov.uk/d/Reg\\_Prop\\_and\\_VfM-November04.pdf](http://www.hm-treasury.gov.uk/d/Reg_Prop_and_VfM-November04.pdf)
- HM Treasury's 'Green Book – Appraisal and Evaluation in Central Government'  
[http://www.hm-treasury.gov.uk/d/green\\_book\\_complete.pdf](http://www.hm-treasury.gov.uk/d/green_book_complete.pdf)
- Cabinet Office's 'Magenta Book – Guidance Notes on Policy Evaluation'  
[http://www.nationalschool.gov.uk/policyhub/magenta\\_book/index.asp](http://www.nationalschool.gov.uk/policyhub/magenta_book/index.asp)  
<http://www.nationalschool.gov.uk/policyhub/docs/profpolicymaking.pdf>
- Cabinet Office's Code of Practice for Public Bodies
- the UK Evaluation Society's 'Guidelines for Good Practice in Evaluation'  
<http://www.evaluation.org.uk/resources/guidelines.aspx>
- Health and Safety Commission/Department for the Environment and the Regions' 'Revitalising Health and Safety'  
<http://www.hse.gov.uk/revitalising/strategy.pdf>
- extant 'Chief Executive Officer' letters
- extant 'Dear Accounting Officer' letters
- other relevant instructions and guidance issued by the Welsh Ministers
- those recommendations of the National Assembly's Public Accounts Committee, other Committees of the National Assembly the House of Commons Committee on Public Accounts, other Parliamentary Committees or Parliamentary authority that have been accepted by the Welsh Government which are relevant to the VTW

In addition, in the conduct of its business the VTW shall ensure, inter alia, that:

- it conforms with the terms of any compliance notice issued to the VTW by the Welsh Language Commissioner from time to time in relation to Welsh Language Standards.
- its functions are exercised with due regard to the principle that there should be equality of opportunity for all people
- it adopts and maintains a scheme, approved by the Information Commissioner, for the publication of information as required by the Freedom of Information Act

- its functions are exercised in a manner compatible with the Welsh Minister's duty to promote sustainable development and its guiding principle of promoting social inclusion
- its functions are exercised with due regard to the Welsh Government's Disability Gender and Race Equality Schemes
- it follows the approach to openness set out in the Welsh Government's Code of Practice on Access to Information
- it has due regard to the Commissioner for Public Appointment's Code of Practice for Ministerial Appointments to Public Bodies
- its procurements are effected with due regard to the principles set out in the Welsh Government's Value Wales Procurement Route Planner

As regards health, safety and welfare, the VTW must:

- comply with all relevant statutory duties in respect of health, safety and welfare as they relate to all its functions, projects, programmes and activities
- require organisations that it funds and any contractors and sub-contractors to those organisations to comply similarly and
- comply fully with UK Government policy on health, safety and welfare.

## 7. ANNEX 3

### 7.1. Valuation Tribunal for Wales - Delegation Limits

<b>Subject</b>	<b>Limit / Comments</b>
1. Staffing	Staff numbers are subject to running costs control. Any creation of posts or re-grading must not be made without approval of the Welsh Government sponsorship team. Payment of all staffing costs (including employer pension contributions) will be administered by the Welsh Government. Salaries are linked to the pay spines of local authorities in England and Wales. VTW can determine the pay within those spines but such decisions must be approved by the Welsh Government sponsorship team before being implemented.
2. Terms and conditions of service	These are as outlined in individual staff contracts and as detailed in the <i>National Agreement on Pay and Conditions for Local Government Staff</i> (Green Book) and VTW policies within the terms of the Green Book. The VTW must seek Welsh Government approval before changing terms and conditions of service.
3. Capital expenditure	No general delegated authority. The VTW Chief Executive must seek Welsh Government approval for any proposed capital project.
4. IT equipment/computers	The VTW Chief Executive has delegated authority to authorise payments on items outside of the IT partnership agreements made with Valuation Tribunal Service (TVS) and Valuation Office Agency (VOA). Welsh Government must be kept informed of planned and incurred expenditure.
5. Procurement/Tender, including maintenance, minor and major works	Chief Executive has delegated authority to authorise expenditure provided procedures as detailed in paragraphs 4.2.4 to 4.2.7 of this document are followed. If in doubt LGFP must be contacted.
6. Local Petty Cash Accounts	£100 limit and £100 limit per transaction.
7. End-year carry-over	Nil.
8. Borrowing, investing and lending	No delegation with regard to borrowing and lending. Investments may be made in respect to short-term deposits only.
9. Accommodation	Must apply to the Welsh Government to change



space/accommodation requirements.

10. Other expenditure not specifically covered elsewhere £10,000 per transaction. Permission to spend beyond this limitation must be sought from Welsh Government on a case by case basis.
11. Losses and Special Payments No general delegated authority. VTW must seek prior written approval of the Welsh Government to write off any losses and / or make any special payments.

## 8. ANNEX 4

### 8.1. Checklist of VTW Returns To The Welsh Government

DUE DATE	ITEM
28 February	Draft Operational Plan
1 April	Final Operational Plan
30 June	Updated Asset Inventory and other returns as requested for the Resource Accounts exercise.
30 June	FLA returns
30 June	Report on travel allowances paid to Governing Council Members
30 September	Annual Report

## **9. ANNEX 5**

### **9.1. Running Costs Definition**

1. All costs incurred by the VTW are classified as Running Costs (also known as Operating Costs). Running Costs will be related to the running of VTW operations.

2. Specifically, running costs are defined as costs associated with the central management of the organisation. Running costs are grouped under the following main headings:

- Office Accommodation
- Computing
- Tribunal Meetings
- Central Administration
- Staffing Costs
- Staff Training
- Member Training
- Governance (General Council and Committees)
- Receipts

3. The VTW works to the principle that running costs are kept as low as possible and that all expenditure is monitored efficiently and effectively. Additionally, the Welsh Government notifies the VTW annually of its running costs limit. The VTW must ensure that all costs related to its general activities are kept within the running cost limit.

4. The VTW is responsible for maintaining detailed accounts of its expenditure under the main headings listed above, and to provide such accounts to LGFP on request. In order to enable VTW to do this in a timely manner, LGFP will supply data on the spending it has undertaken on behalf of the VTW (eg staffing costs) each month.

5. The VTW is responsible for supplying LGFP with quarterly profiles of expected expenditure on running costs which will include a combination of actual expenditure to date and the forecast for the remainder of the financial year. That is intended to give LGFP a full picture of VTW's commitments and help both parties to use the budget effectively.