# Valuation Office Agency (VOA) Framework Document

**Valuation Office Agency (VOA)**

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**Introduction and background**

**1. Background**

1.1. The Valuation Office Agency (VOA) is an Executive Agency of HM Revenue and Customs (HMRC). The VOA provides valuation and property advice to support taxation and benefits. As well as undertaking Council Tax and non-domestic property valuations, which typically underpin the collection of over £60 billion a year in Council Tax and business rates by local authorities, the VOA also provides support to other public sector bodies. Its valuations also support the collection of property-related national taxes and property-related benefits.

**2.Purpose of document**

2.1. This Framework Document (the Framework Document) has been agreed between His Majesty’s Revenue and Customs (‘HMRC’ – ‘the Department’) and the Valuation Office Agency (‘VOA’ – ‘the Agency’) in accordance with HM Treasury’s handbook [Managing Public Money](https://assets.publishing.service.gov.uk/media/65c4a3773f634b001242c6b7/Managing_Public_Money_-_May_2023_2.pdf) (MPM) and has been approved by HM Treasury.

2.2. This Framework Document sets out the broad governance framework within which the VOA and HMRC operate. It sets out the VOA’s responsibilities; describes the governance and accountability framework that applies between the roles of the Department, the VOA, and other departments with a policy interest, for example, HM Treasury, Ministry of Housing, Communities and Local Government and Welsh Government; and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.

2.3. The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms.

2.4. Copies of this document and any subsequent amendments have been placed in the libraries of both Houses of Parliament and made available to members of the public on the VOA pages of the GOV.UK website.

2.5. This Framework Document will be regularly reviewed and updated at least once every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer of the Department. It is expected that the next review would be concluded in 2027.

**3. Objectives**

3.1. The VOA’s objectives are to:

* provide trusted property valuations efficiently
* deliver an excellent customer experience
* be a great place to work

The VOA also contributes to HMRC’s objective to support wider government economic aims through a resilient, agile tax administration system.

To achieve these objectives the VOA and the Department will:

* work together in recognition of each other’s roles and areas of expertise
* provide an effective environment for the VOA to achieve its objectives through the promotion of partnership and trust
* ensure that the VOA also supports the strategic aims and objectives of the Department and wider government as a whole

**4. Classification**

4.1. The VOA has been classified as a central Government organisation by the Office for National Statistics/HM Treasury Classifications Team.

4.2. It has been administratively classified by the Cabinet Office as an Executive Agency.

**Purpose, aims and duties**

**5.Purpose**

5.1. The VOA is an Executive Agency of HMRC. It does not have a separate legal personality to the Department. The VOA serves a number of government bodies. The 4 main ones are the Ministry of Housing, Communities and Local Government (MHCLG), Welsh Government, Department of Work and Pensions (DWP), and HMRC. These bodies along with HM Treasury lead on policy and the VOA provides operational services.

5.2. The purpose of the VOA is to:

* undertake rating valuation work in England and Wales on behalf of MHCLG, and the Welsh Government
* undertake Council Tax valuation work in England and Wales on behalf of MHCLG and Welsh Government
* provide valuation services to HMRC in England, Wales and Scotland in connection with national taxes
* provide valuation and property management services in England, Wales and Scotland to central government, the devolved administrations, public bodies and to others where it is in the public interest
* provide valuation services to the DWP in connection with housing benefit and local housing allowances, and to MHCLG in connection with Fair Rents
* support policy making departments in advising ministers on policy matters relating to property

5.3. The Commissioners of HMRC are charged by statute with the care and management of the taxes that they administer and with responsibility for appointing:

* valuation officers for rating purposes
* listing officers for council tax purposes
* district valuers for Housing Act and other purposes
* rent officers for housing benefit, Local Housing Allowance and Fair Rent purposes

**6.Powers and duties**

6.1. The VOA is bound by the provisions of the Commissioners for Revenue and Customs Act 2005. Section 10 sets out the functions of the VOA.

6.2. The VOA operates under a number of different authorities in relation to its work. These include those devolved authorities to the VOA’s CEO on appointment by the Commissioners for HMRC in relation to HMRC’s responsibility for the care and management of the taxes they administer.

6.3. The principal authorities which relate to statutory officers within the Agency are:

(a) in relation to a District Valuer

* authorities arising under the Housing Acts and the Community Infrastructure Levy Regulations 2010

(b) in relation to a listing officer

* authorities arising under the Local Government Finance Act 1992, and regulations made under it, concerning the compilation and maintenance of valuation lists in England and Wales

(c) in relation to a valuation officer

* authorities arising under the Local Government Finance Act 1988, and regulations made under it, concerning the compilation and maintenance of rating lists in England and Wales

(d) in relation to a Rent Officer

* The Welfare Reform Act 2007
* The Housing Act 1996
* The Housing Act 1988
* The Rent Act 1977
* The Rent (Agriculture) Act 1976

(e) various references in other primary and secondary legislation concerning the certification and apportionment of rateable values by valuation officers for different purposes in England and Wales and the authority to determine Community Infrastructure Levy appeals in accordance with the Planning Act 2008

6.4. The VOA is also authorised by HM Treasury to provide advice or assistance, including training, to overseas Governments in connection with the development of land or property-based taxation systems.

**7.Aims**

7.1. The VOA’s strategic aims are set out in the VOA’s Business Plan to provide a fair and robust basis for taxes which help to pay for public services and for housing benefits, and to help drive better use of property in the public sector. Its objectives to enable this to be achieved are to:

* compile and maintain accurate and comprehensive valuation and rating lists for local taxation
* make Fair Rent registrations and maintain the register of Fair Rents
* determine reasonable market rents for housing benefit purposes
* calculate and publish Local Housing Allowances
* provide accurate valuations for national taxes
* deliver expert advice on valuations and strategic property management
* develop and maintain a comprehensive and up-to-date property database
* advise policy makers on valuation and property issues

**Governance and accountability**

**8. Governance and accountability**

8.1. The VOA shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this framework document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.

8.2. In particular (but without limitation), the VOA should:

* comply with the principles and provisions of the [Corporate Governance in Central Government Departments Code of Good Practice](https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report
* comply with MPM
* in line with MPM have regard to the relevant [Functional Standards](https://www.gov.uk/government/collections/functional-standards) as appropriate
* take into account the codes of good practice and guidance set out in Annex A of this framework document, as they apply to Arm’s-length Bodies (ALBs)

8.3. In line with MPM Annex 3.1, the VOA shall provide an account of corporate governance in its annual governance statement including an assessment of its compliance with the Code with explanations of any material departures. To the extent that the VOA does intend to materially depart from the Code, the sponsorship team should be notified in advance.

**Role of the department**

**9. The responsible minister**

9.1. The VOA is an Executive Agency of HMRC which is a non-ministerial department established by the Commissioners for Revenue and Customs Act 2005 (CRCA). This gives legal powers and responsibilities for managing HMRC’s day-to-day functions to Commissioners appointed by the King. HMRC is accountable for how it conducts its business to the Chancellor of the Exchequer who is accountable to Parliament for all matters concerning the VOA as part of their responsibility for HMRC. On behalf of the Chancellor the designated Treasury Minister responsible for HMRC and the VOA is the Exchequer Secretary to the Treasury (XST).

9.2. The minister’s responsibilities in respect of the VOA are:

* providing guidance and direction to ensure the strategic aims and objectives of the VOA are consistent with those of the Department and government
* answering VOA Parliamentary Questions and correspondence that UK ministers receive from members of the UK Parliament and devolved parliaments/assemblies (following usual HM Treasury clearance procedures)

**Other ministerial powers and responsibilities**

9.3. The minister is also responsible for:

* setting the performance framework within which the VOA will operate including approving the VOA’s Strategy and Annual Plan
* matters regarding spending approvals, acquisitions, disposals, and joint ventures in line with delegations as set out in the delegation letter
* such other matters as may be appropriate and proportionate

**The Principal Accounting Officer**

10.1. The Principal Accounting Officer (PAO) is the Chief Executive and Permanent Secretary of HMRC.

**PAO’s specific accountabilities and responsibilities**

10.2. The PAO of HMRC designates the Chief Executive as the VOA’s Accounting Officer (AO) and ensures that they are fully aware of their responsibilities. The PAO issues a letter appointing the AO, setting out their responsibilities and delegated authorities.

10.3. The respective responsibilities of the PAO and AOs for ALBs are set out in Chapter 3 of MPM.

10.4. The PAO is also responsible for advising the responsible Minister on:

* an appropriate framework of objectives and targets for the VOA in the light of the Department’s wider strategic aims and priorities
* an appropriate budget for the VOA in the light of HMRC’s overall public expenditure priorities
* how well the VOA is achieving its strategic objectives and whether it is delivering value for money

10.5. The PAO via the sponsorship team is also responsible for ensuring arrangements are in place in order to:

* monitor the VOA’s activities and performance
* address significant problems in the VOA, making such interventions as are judged necessary
* periodically and at such frequency as is proportionate to the level of risk carry out an assessment of the risks both to HMRC and the VOA’s objectives and activities in line with the wider Departmental risk assessment process
* inform the VOA of relevant government policy in a timely manner
* bring ministerial or Departmental concerns about the activities of the VOA to the HMRC’s Board, requiring explanations and assurances that appropriate action has been taken

**11. The role of the sponsorship team**

11.1. The VOA Sponsor Team in HMRC is the primary contact for the VOA. The responsible Senior Civil Servant for this relationship is Director, Change Assurance and Investment. They also support the PAO on their responsibilities toward the VOA.

11.2. The VOA Sponsor Team is responsible for managing the relationship between VOA and HMRC to ensure that the VOA is supported and HMRC is assured of delivery. There are formal monthly liaison meetings between the VOA and the Sponsor Team which enable both the VOA and the Sponsor Team to discuss key issues and to allow VOA to escalate any concerns. At these meetings the VOA Sponsor Team will also take the opportunity to explain wider policy developments that might have an impact on the VOA.

**12. Resolution of disputes between the VOA and HMRC**

12.1. Any disputes between HMRC and the VOA will be resolved in as timely a manner as possible. HMRC and the VOA will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the senior sponsor, will be used to resolve the issue. Failing this, the HMRC senior sponsor will ask the relevant Director General to oversee the dispute. They may then choose to ask the Permanent Secretary to nominate a non-executive member of the Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Minister.

**13. Freedom of Information requests**

13.1. Where a request for information is received by either party under the [Freedom of Information Act 2000](http://www.legislation.gov.uk/ukpga/2000/36/contents), or the [Data Protection Act 1998](http://www.legislation.gov.uk/ukpga/1998/29/contents) or 2018, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party’s responsibilities.

**14. Reporting on legal risk and litigation**

14.1. The VOA shall provide a quarterly update to the sponsor on the existence of any active litigation and any threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the sponsor in a timely manner.

14.2. In respect of each substantial piece of litigation involving the VOA, the parties will agree a litigation protocol (by the VOA’s Litigation and Settlement Strategy) which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the sponsor to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:

* material developments in the litigation are communicated to the sponsor in an appropriate and timely manner
* legally privileged documents and information are clearly marked as such
* individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege
* circulation of privileged information within government occurs only as necessary

**The VOA governance structure**

**15. The Chief Executive**

15.1. The Chief Executive of the VOA is responsible for the leadership and management of the VOA and delivering its objectives. The Chief Executive is also responsible for ensuring appropriate governance arrangements are in place and those arrangements are reviewed on a regular basis.

15.2. The Chief Executive is supported by an Executive Committee (ExCom), composed of the VOA’s executive directors. The VOA ExCom is the decision-making body responsible for the day-to-day management of the agency. Advice and scrutiny is provided by HMRC’s Board and HMRC’s Audit and Risk Committee.

15.3. The VOA’s Risk and Assurance Committee is a sub-committee of VOA’s ExCom. It provides assurance to the Chief Executive, as the AO, and HMRC’s Audit and Risk Committee, on the integrity of the financial statements and advice and assurance on the effectiveness of the Agency’s governance, risk and control arrangements.

15.4. The Chief Executive of the VOA is appointed by the PAO in consultation with the XST. This process is governed by the Civil Service Commission’s recruitment principles and is in line with Director General level appointments across the Civil Service.

**Responsibilities of the ALB’s Chief Executive as Accounting Officer**

15.5. The Chief Executive as AO is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of the VOA. In addition, they should ensure that the VOA as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of MPM. These responsibilities include the below and those that are set in the AO appointment letter issued by the PAO of HMRC.

**Responsibilities for accounting to Parliament and the public**

15.6. Responsibilities to Parliament and the public include:

* signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State
* preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts
* ensuring that effective procedures for handling complaints about the VOA in accordance with [Parliamentary and Health Service Ombudsman’s Principles of Good Complaint Handling](https://www.ombudsman.org.uk/about-us/our-principles/principles-good-complaint-handling) are established and made widely known within the VOA and published on GOV.UK
* acting in accordance with the terms of MPM and other instructions and guidance issued from time to time by HMRC, the Treasury and the Cabinet Office
* ensuring that as part of the above compliance they are familiar with and act in accordance with:
  + any governing legislation
  + this framework document
  + any delegation letter issued to the VOA as set out in paragraph 17
  + any elements of any settlement letter issued to HMRC that is relevant to the operation of the VOA
  + any separate settlement letter that is issued to the VOA from HMRC
* ensuring they have appropriate internal mechanisms for monitoring, governance and external reporting regarding non-compliance with any conditions arising from the above documents
* giving evidence, normally with the PAO, when summoned before the Public Accounts Committee on the VOA’s stewardship of public funds. The VOA’s CEO has direct access to Treasury Ministers on any issues affecting his or her operational responsibilities. He or she must consult with the PAO where the issue affects the latter’s responsibilities or has wider implications for HMRC

**Responsibilities to HMRC**

15.7. Responsibilities to HMRC include:

* establishing, in agreement with HMRC, the VOA’s corporate and business plans in the light of the Department’s wider strategic aims and agreed priorities
* informing the Department of progress in helping to achieve the Department’s policy objectives and in demonstrating how resources are being used to achieve those objectives
* ensuring that timely forecasts and monitoring information on performance and finance are provided to HMRC; that HMRC is notified promptly if over or under spends are likely and that corrective action is taken; and that HMRC is notified in a timely fashion of any significant problems, whether financial or otherwise, whether detected by internal audit or by other means

**Responsibilities to HMRC’s Board**

15.8. The Chief Executive is responsible for:

* advising the Board on the discharge of their responsibilities as set out in this document, any relevant legislation and in any other relevant instructions and guidance that may be issued from time to time
* advising the Board on the VOA’s performance compared with its aims and objectives
* ensuring that VOA’s financial considerations are taken fully into account by the Board at all stages in providing its advice, and that financial appraisal techniques are followed

**Managing conflicts**

15.9. In executive agencies, final decisions, responsibility and accountability rest with the Chief Executive as the AO. However, the expectation is that the Chief Executive will follow the advice of the Board.

**Managing conflicts – policy matters**

15.10. If the Board, or its chairperson, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe upon the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical the Chief Executive in their role as AO should reject that course of action and ensure that the Board have a full opportunity to discuss the rationale for that rejection.

15.11. Such conflicts should be brought to the attention of the responsible Minister as soon as possible.

15.12. Furthermore, the AO must write a letter of justification to the chair of the Board and to the PAO, setting out the rationale for not following the advice and recommendation of the board and copy that letter to the Treasury Officer of Accounts.

15.13. If the responsible minister agrees with the proposed course of action of the Board, it may be appropriate for the Minister to the direct the AO in the manner as set out in MPM paragraph 3.6.1 onwards.

**Managing conflicts – operational matters**

15.14. If the Chair or Board of HMRC is minded to instruct the VOA’s AO to carry out a course inconsistent with their duties as AO, then the AO should make their reservations clear, preferably in writing. If the Board is still minded to proceed, the AO should then:

* seek the Board’s written direction to carry it out, and inform HM Treasury
* proceed to implement without delay
* follow the routine in paragraph 3.6.6 of MPM

**16. The HMRC Board**

16.1 Oversight and assurance for the VOA is provided by HMRC’s Board and Audit and Risk Committee (ARC). The roles and responsibilities of HMRC’s Board, its Chair and members are set out in the Board Operating Framework which applies in relation to their governance of the VOA as well as HMRC itself.

**Duties of the HMRC Board with respect to VOA**

16.2. The HMRC Board (‘The Board’) shall provide advice, support and constructive challenge to the Chief Executive and Executive Team on:

* establishing and taking forward the strategic aims and objectives of the VOA, consistent with its overall strategic direction and within the policy and resources framework determined by the responsible Treasury minister
* providing effective leadership of the VOA within a framework of prudent and effective controls which enables risk to be assessed and managed
* ensuring financial and human resources plans are in place for the VOA to meet its objectives
* reviewing management performance
* ensuring that the Board receives and reviews regular financial and management information concerning the management of the VOA
* ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the VOA operates within the limits of any statutory authority and any delegated authority agreed with HMRC, and in accordance with any other conditions relating to the use of public funds
* ensuring that in providing advice, the Board takes into account guidance issued by HMRC to VOA
* ensuring that as part of the above compliance they are familiar with:
  + this framework document
  + any delegation letter issued to body as set out in paragraph 17
  + any elements of any settlement letter issued to HMRC that is relevant to the operation of the VOA
  + any separate settlement letter that is issued to the VOA from HMRC
  + that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the Chief Executive and the VOA as a whole act in accordance with their obligations under the above documents
* demonstrating high standards of corporate governance at all times, including by using HMRC’s Audit and Risk Committee to help it to address key financial and other risks to the agency
* determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by the VOA of its objectives

16.3. The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

16.4. The Board should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The Board should ensure that effective arrangements are in place to provide assurance over the design and operation of risk management, governance and internal control in line with the Management of Risk – Principles and Concepts (the [Orange Book](https://www.gov.uk/government/publications/orange-book)). The Board must ensure that the Department’s Audit and Risk Committee are provided with routine assurances with escalation of any significant limitations or concerns. The Board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.

**Management and financial responsibilities and controls**

**17. Delegated authorities**

17.1. The VOA’s delegated authorities are set out in the delegation letter. This delegation letter may be updated and superseded by later versions which may be issued by the sponsor department in agreement with HM Treasury.

17.2. In line with MPM Annex 2.2 these delegations will be reviewed on an annual basis.

17.3. The VOA will obtain the Department’s and, where appropriate, HM Treasury’s prior   written approval before:

* entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the VOA’s annual budget as approved by the Department
* incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
* making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department
* making any change of policy or practice which has wider financial implications that might prove repercussive, or which might significantly affect the future level of resources required
* carrying out policies that go against the principles, rules, guidance and advice in MPM

17.4. In addition to the delegation letter, VOA is included in HMRC’s Schedule of Delegated Authorities.

**18. Spending authority**

18.1. The Agency receives its funding to undertake valuations for local taxation purposes through the Parliamentary Supply Estimate process from its parent department HMRC whereby the resources of the Agency are identified separately within the overall HMRC departmental total. Once the VOA’s annual budget has been approved by HMRC and subject to any restrictions imposed by the HM Treasury settlement or delegation letters, the VOA shall have authority to incur expenditure approved in the budget without further reference to the sponsor department, on the following conditions:

* the VOA shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of HMRC and as agreed by HM Treasury and Cabinet Office as appropriate
* the VOA shall comply with MPM regarding novel, contentious or repercussive proposals
* inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal HMRC approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed
* the VOA shall provide HMRC with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require

18.2. Additional funding for specified elements of work the Agency undertakes for a number of different clients is agreed annually, and in each case the arrangements are set out within a Service Level Agreement (SLA).

**19. Banking and managing cash**

19.1. The VOA must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by Government Banking).

19.2. The VOA should only hold money outside Government Banking Service accounts where a good business case can made for doing so and HM Treasury consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.

19.3. Commercial accounts where approved should be operated in line with the principles as set out in MPM.

19.4. The AO is responsible for ensuring the VOA has a banking policy as set out in MPM and ensuring that policy is complied with.

**20. Procurement**

20.1. The VOA shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the Public Contracts Regulations 2015.

20.2. The VOA shall establish its procurement policies and document these in a Procurement Policy and Procedures Manual.

20.3. In procurement cases where the VOA is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the Finance department of the sponsor.

20.4. Goods, services, and works should be acquired by competition. Proposals to let single-tender or restricted contracts shall be limited and exceptional, and a quarterly report explaining those exceptions should be sent to HMRC.

20.5. Procurement by the VOA of works, equipment, goods, and services shall be based on, a full option appraisal and value for money (VfM), i.e. the optimum combination and whole life costs and quality (fitness for purpose).

20.6. The VOA shall:

* engage fully with HMRC and government wide procurement initiatives that seek to achieve value for money from collaborative projects
* comply with all relevant Procurement Policy Notes issued by Cabinet Office
* co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of value for money

20.7. The VOA shall comply with the [commercial](https://www.gov.uk/government/publications/commercial-operating-standards-for-government) and [grants](https://www.gov.uk/government/publications/grants-standards) standards. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and ALBs, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

**21. Risk management**

21.1. The VOA shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance [Management of Risk: Principles and Concepts](https://assets.publishing.service.gov.uk/media/6453acadc33b460012f5e6b8/HMT_Orange_Book_May_2023.pdf).

**22. Counter fraud and theft**

22.1. The VOA should adopt and implement policies and practices to safeguard itself against fraud and theft.

22.2. The VOA should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set in in MPM Annex 4.9 and the [Counter Fraud Functional Standard](https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud). It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.

22.3. The VOA should keep records of and prepare and forward to the Department an annual report on fraud and theft suffered by the VOA and notify HMRC of any unusual or major incidents as soon as possible. The VOA should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

**23. Staff**

**Broad responsibilities for staff**

23.1. Within the arrangements approved by the responsible minister and the Treasury the VOA will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

* the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination against employees with protected characteristics under the Equality Act 2010
* the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness
* the performance of its staff at all levels is satisfactorily appraised and the VOA performance measurement systems are reviewed from time to time
* its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the VOA’s objectives
* proper consultation with staff takes place on key issues affecting them
* adequate grievance and disciplinary procedures are in place
* whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place

**Staff costs**

23.2. Subject to its delegated authorities, the VOA shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

**Pay and conditions of service**

23.3. The VOA’s staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the sponsor department and the Treasury. The right to pay, grade, promote and manage the Agency’s staff within that overall framework is delegated to the Agency’s CEO. Where the Agency needs to vary terms and conditions within the general pay structure, HMRC will be consulted ahead of approval being sought from the Cabinet Office and HM Treasury.

23.4. If Civil Service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the [Civil Service Management Code](https://www.gov.uk/government/publications/civil-servants-terms-and-conditions) and the annual Civil Service Pay Remit Guidance, except where prior approval has been given by the Department to vary such rates.

23.5. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the Department together with subsequent amendments.

23.6. The VOA shall abide by public sector pay controls, including the relevant approvals process dependent on the organisations classification as detailed in the [Senior Pay Guidance](https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward) and the [Public Sector Pay and Terms Guidance](https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note).

23.7. The VOA shall operate a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by the Department, where relevant with due regard to the Senior Pay Guidance.

**Pensions, redundancy and compensation**

23.8. Compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments.

23.9. VOA staff shall normally be eligible for a pension provided by CSPS. Staff may opt out of the occupational pension scheme provided by the VOA, but that employers’ contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.

23.10. Any proposal by the VOA to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of HMRC. Proposals on severance must comply with the rules in chapter 4 of MPM.

**Business plans, financial reporting and management information**

**24.Corporate and business plans**

24.1. The VOA shall submit annually to HMRC a draft of the corporate plan. The VOA shall agree with HMRC the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the VOA’s statutory and/or other duties and, within those duties, the priorities set from time to time by the responsible Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how the VOA contributes to the achievement of the Department’s medium-term plan and priorities and aligned performance metrics and milestones. HMRC’s Board shall consider the VOA’s plan annually.

24.2. The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by HMRC. Subject to any commercial considerations, the business plan should be published by the VOA on its website and separately be made available to staff.

24.3. The following key matters should be included in the plans:

* key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives
* key non-financial performance targets
* a review of performance in the preceding financial year, together with comparable outturns for the previous year, and an estimate of performance in the current year
* alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast
* other matters as agreed between HMRC and the VOA

**25. Budgeting procedures**

25.1. Each year, in the light of decisions by HMRC on the updated draft corporate plan, HMRC will send to the VOA:

* a formal statement of the annual budgetary provision allocated by the Department in the light of competing priorities across the Department and of any forecast income approved by HMRC
* a statement of any planned change in policies affecting the VOA

25.2. The approved annual business plan will take account both of approved funding provision and any forecast receipts. It will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

**26. Annual report and accounts**

26.1. The VOA must publish an annual report of its activities together with its audited accounts after the end of each financial year. The VOA shall provide HMRC with its finalised accounts each year by a date agreed with HMRC in order for the accounts to be consolidated within HMRC’s. A draft of the report should be submitted to the Department at least 2 weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the Department as well as the Treasury’s Financial Reporting Manual (FReM).

26.2. The annual report must:

* cover any corporate, subsidiary or joint ventures under its control
* comply with the FreM and in particular have regard to the [illustrative statements for an executive Agency](https://www.gov.uk/government/publications/government-financial-reporting-manual-2020-21)
* outline main activities and performance during the previous financial year and set out in summary form forward plans

26.3. Information on performance against key financial targets is included within the annual report and subject to the auditor’s consistency opinion. The report and accounts shall be laid in Parliament and made available on the VOA website, in accordance with the guidance in the FReM.

**27. Reporting performance to HMRC**

27.1. The VOA shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans.

27.2. The VOA shall inform HMRC of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver Ministers’ policies, and the achievement of key objectives regularly.

27.3. HMRC formally reviews the VOA’s performance through regular Business Reviews which the PAO holds with the Chief Executive. The Chief Executive is also a member of HMRC’s Executive Committee which meets monthly. HMRC’s ExCom performance hub and transformation performance pack regularly includes VOA data, and assurance is provided by the Internal Audit function. Performance against plans and targets, and expenditure against DEL and AME allocations will be reviewed at monthly finance and performance meetings.

27.4. The responsible minister will meet the chief executive regularly and at least once a year.

**28. Information sharing**

28.1. HMRC has the right of access to all the VOA’s records and personnel for any purpose including, for example, audits and operational investigations.

28.2. The VOA shall provide HMRC with such information about its operations, performance, individual projects or other expenditure as HMRC may reasonably require.

28.3. HMRC and HM Treasury may request the sharing of data held by the VOA in such a manner as set out in central guidance except insofar as it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.

28.4. As a minimum, the VOA shall provide HMRC with information monthly that will enable HMRC satisfactorily to monitor:

* the VOA’s cash management
* forecast outturn by resource headings
* other data required for the Online System for Central Accounting and Reporting (OSCAR)
* data as required in respect of its compliance with any Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter

**Audit**

**29. Internal audit**

29.1. The VOA shall:

* establish and maintain arrangements for internal audit
* ensure that any arrangements for internal audit are in accordance with the [Public Sector Internal Audit Standards](https://www.gov.uk/government/publications/public-sector-internal-audit-standards) (PSIAS) as adopted by HM Treasury
* ensure that the audit strategy, periodic audit plans and annual audit report, including the VOA’s Head of Internal Audit opinion on risk management control and governance is considered by HMRC’s ARC and shared with the HMRC sponsorship team
* share with HMRC information identified during the audit process and the Annual Audit Opinion Report (together with any other outputs) at the end of the audit, in particular on issues impacting on the HMRC’s responsibilities in relation to financial systems within the VOA

**30. External audit**

30.1. The Comptroller and Auditor General (C&AG) audits the VOA’s annual accounts and lays them before Parliament, together with their report.

30.2. The C&AG:

* will consult HMRC and the VOA on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG
* has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the VOA
* will share with HMRC information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on HMRC’s responsibilities in relation to financial systems within the VOA
* will consider requests from departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement of the audit. Consistent with the C&AG’s independent status, the provision of such reports is entirely at the C&AG’s discretion

30.3. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the VOA has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the VOA shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

**Reviews and winding up arrangements**

**31. Review of VOA’s status**

31.1. The VOA will be reviewed as part of the wider Public Bodies Reviews programme, at a time determined by the Department’s ministers and their PAO. It is expected that the date of the next review will be in 2025 although this is provisional and subject to agreement between ministers and the PAO.

**32. Arrangements in the event that the VOA is wound up**

32.1. HMRC shall put in place arrangements to ensure the orderly winding up of the VOA. In particular it should ensure that the assets and liabilities of the VOA are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to HMRC.) To this end, HMRC shall:

* have regard to [Cabinet Office guidance on winding up of ALBs](https://assets.publishing.service.gov.uk/media/633443a6e90e0772dde3636a/Public_Bodies_-_a_guide_for_departments_-_chapter_10.pdf)
* ensure that procedures are in place in the VOA to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body
* specify the basis for the valuation and accounting treatment of the VOA’s assets and liabilities
* ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts
* arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that HMRC inherits the role, responsibilities, assets and liabilities, HMRC’s PAO should sign

32.2. The VOA shall provide HMRC with full details of all agreements where the VOA or its successors have a right to share in the financial gains of developers. It should also pass to HMRC details of any other forms of claw-back due to the VOA.

**Annex A: Guidance**

The VOA shall comply with the following guidance, documents and instructions:

**Corporate governance**

* This framework document
* [Corporate Governance Code for Central Government Departments](https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017) (relevant to Arm’s Length Bodies) and supporting guidance
* [Code of practice for partnerships between Departments and Arm’s Length Bodies](https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice)

**Financial management and reporting**

* [Managing Public Money](https://www.gov.uk/government/publications/managing-public-money) (MPM)
* [Government Financial Reporting Manual](http://www.gov.uk/government/collections/government-financial-reporting-manual-frem) (FReM)
* [Relevant Dear Accounting Officer (DAO) letters](http://www.gov.uk/government/collections/dao-letters)
* [Relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts](https://www.gov.uk/government/collections/whole-of-government-accounts)
* the most recent letter setting out the delegated authorities, issued by the parent department.

**Management of risk**

* [Management of Risk](https://www.gov.uk/government/publications/orange-book) and [Management of Risk Framework](https://www.gov.uk/government/publications/management-of-risk-in-government-framework)
* [www.gov.uk/government/publications/public-sector-internal-audit-standards](http://www.gov.uk/government/publications/public-sector-internal-audit-standards)
* [HM Treasury approval processes for Major Projects above delegated limits](https://www.gov.uk/government/publications/treasury-approvals-process-for-programmes-and-projects)
* The [Government cyber-security strategy](https://www.gov.uk/government/publications/national-cyber-strategy-2022/national-cyber-security-strategy-2022) and [cyber security guidance](https://www.gov.uk/government/collections/cyber-security-guidance-for-business): and

**Commercial management**

* [Procurement Policy Notes](https://www.gov.uk/government/collections/procurement-policy-notes)
* [Cabinet Office spending controls](https://www.gov.uk/government/collections/cabinet-office-controls)
* [Transparency in supply chains - a practical guide](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf)

**Public appointments**

The following are relevant where public bodies participate in public appointments processes:

* [Guidance from the Commissioner for Public Appointments](https://publicappointmentscommissioner.independent.gov.uk/)
* [Governance Code on Public Appointments](http://www.gov.uk/government/publications/governance-code-for-public-appointments)
* [Procurement Policy Note 08/15 – Tax Arrangements of Public Appointees](https://www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees)

**Staff and remuneration**

* [HM Treasury guidance on senior pay and reward](http://www.gov.uk/government/publications/senior-civil-service-pay-and-reward)
* [Civil Service pay guidance](http://www.gov.uk/government/collections/civil-service-pay-guidance) (updated annually)
* [Public sector pay and terms](https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note)
* [Whistleblowing Guidance and Code of Practice](https://www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers)
* [The Equalities Act 2010](http://www.gov.uk/guidance/equality-act-2010-guidance)

**General**

* [Freedom of Information Act](http://www.legislation.gov.uk/ukpga/2000/36/contents) [guidance and instructions](https://ico.org.uk/for-organisations/guide-to-freedom-of-information/)
* [The Parliamentary and Health Service Ombudsman’s Principles of Good Administration](https://www.ombudsman.org.uk/about-us/our-principles)
* other relevant instructions and guidance issued by the central Departments (Cabinet Office and HM Treasury)
* Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the government and are relevant to VOA
* [Guidance from the Public Bodies team in Cabinet Office](http://www.gov.uk/government/publications/public-bodies-information-and-guidance)
* [The Civil Service diversity and inclusion strategy](https://www.gov.uk/government/publications/civil-service-diversity-and-inclusion-strategy-2022-to-2025) (outlines the ambition, to which Arm’s Length Bodies can contribute)
* [Guidance produced by the Infrastructure and Projects Authority (IPA) on management of major projects](http://www.gov.uk/government/organisations/infrastructure-and-projects-authority)
* [The Government Digital Service](http://www.gov.uk/government/organisations/government-digital-service)
* The Government [Fraud, Error](https://www.gov.uk/government/organisations/public-sector-fraud-authority), [Debt](https://www.gov.uk/guidance/government-debt-management-function-gdmf) and [Grant Efficiency](https://www.gov.uk/government/collections/grants-management-function) functions
* [Code of Practice for Official Statistics](https://code.statisticsauthority.gov.uk/#:~:text=The%20Code%20of%20Practice%20for%20Statistics%20sets%20the,produced%20by%20people%20and%20organisations%20that%20are%20trustworthy)
* [Accounting Officer System Statements](http://www.gov.uk/government/publications/accounting-officer-system-statements) (AOSS are produced by departments with input from ALBs)