

**THE PLANNING SERVICE
ANNUAL REPORT AND ACCOUNTS
2009/10**

*Laid before the Northern Ireland Assembly under section 11(3)(c)
of the Government Resources and Accounts Act (Northern Ireland)
2001 by the Department of the Environment
on
2 July 2010*

THE PLANNING SERVICE ANNUAL REPORT AND ACCOUNTS 2009/10

*The Accounting Officer authorised these
financial statements for issue
on
30 June 2010*

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Chief Executive's Foreword

I am pleased to present the Planning Service's Annual Report and Financial Statements for 2009/10.

Over the course of the past year the Agency has continued to feel the impact of the economic downturn, with a further drop in the number of valid planning applications received compared to the previous year. The associated income for 2009/10 was some £7m below budget. Steps were taken to address the shortfall through implementing an increase of 15% in planning application fees with effect from August 2009, and through savings generated both by the Agency and across the Department. However, the economic climate has significant implications for the affordability of staff and in the latter part of the year the Agency has undertaken a review of its operating costs and has also contributed to a wider Departmental review of corporate services and to a further review of the Planning Service's operating costs. A range of measures is now being taken forward to respond to the resource pressures including a programme of work to fundamentally review and develop a new sustainable funding programme to support planning in the future.

Much of our focus during 2009/10 was on advancing our ambitious Planning Reform programme and the associated work required to facilitate the transfer of planning functions to the new District Councils in May 2011 as had been anticipated within the context of the Review of Public Administration. Consultation on the policy proposals took place between July and October 2009, and included a number of stakeholder events held at venues across Northern Ireland. Final policy proposals were subsequently agreed by the Executive in February 2010. However, in June 2010 Executive Ministers were unable to agree on the way forward for local government reform. Consequently, the new councils will not be created in May 2011 as had been envisaged, nor will planning functions be transferred to local government at that stage. It is understood that the Executive intends to review the position over the summer.

The report of the Assembly's Public Accounts Committee on the performance of the Planning Service, published in February 2010, provided a useful strategic stocktake at a time when we were engaged in taking forward a fundamental overhaul of the planning system. We responded positively to the recommendations in a Memorandum of Reply which was laid before the Assembly in April 2010. Action to take forward the Committee's recommendations is now underway and implementation will be subject to regular reporting and monitoring.

We have also taken forward a number of further process improvement and customer-focused initiatives. In June 2009 the Minister launched a

Good Practice Guide in partnership with the building industry. It aims to improve the efficiency of the planning system and to provide greater certainty about timescales. It also seeks to raise the quality of planning applications by looking not only at the responsibilities of the Planning Service, but also at those of applicants, agents and consultees. This was followed in July 2009 by our Customer Service Action Plan which sets out a range of measures to address issues which were raised through our last customer survey. These include consistency of decision-making across the Agency, accessibility to and communication with planners and responsiveness to customers' concerns. The very successful streamlined council consultation scheme has now been adopted by all Councils and is impacting positively on performance. Such is the success of the scheme that it received one of only two commendations in the category for Planning Processes at the 2009 Royal Town Planning Institute National Awards.

On the development management side of the business there were improvements in application processing times and the Agency is currently on track to meet most of its Programme for Government commitments. Our Strategic Projects Teams also processed a number of significant investment proposals, including a £15 million development by Radox Laboratories and a new factory for Bombardier representing an investment of £300 million. Pre-application discussions continue to be encouraged, and have enabled eight large scale investment applications to be processed in six months or less.

As regards the development plan programme, the independent examinations in respect of both the draft Magherafelt Area Plan 2015 and the draft Banbridge, Newry and Mourne Plan 2015 were held before the Planning Appeals Commission. The Commission's reports are now awaited.

The year has seen us make real progress in our quest to bring about significant reforms to the planning system and to enable a smooth transition to local government in 2011 as had been anticipated. Over the coming months our key priority will be to build on these foundations to deliver this extensive programme of change.



CYNTHIA SMITH
Chief Executive

CHIEF EXECUTIVE'S REPORT

Introduction

The Planning Service presents its accounts for the year ended 31 March 2010 at pages 35 to 70. These accounts have been prepared under a direction issued by the Department of Finance and Personnel in accordance with section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

Status

The Planning Service was established as a Next Steps Executive Agency within the Department of the Environment for Northern Ireland on 1 April 1996.

As Chief Executive of the Agency, I am also the Accounting Officer with the responsibilities and delegations outlined in the Agency's Framework Document.

Principal Activities

The Agency's aim is to improve the quality of life of the people of Northern Ireland by planning and managing development in ways which are sustainable and which contribute to creating a better environment.

Business Review

A full review of the Agency's business activities during the year is provided in pages 10 to 28 of the Annual Report.

Future Developments

Details of future developments are contained in the Agency's Business Plan 2010 – 2011. The Ministerial objective for the Agency, as set out in the Public Service Agreement, is to:

Deliver a modern effective planning system which meets the needs of the whole community and the economy while protecting the environment;

and the targets are:

- Ensure a fit for purpose suite of draft or adopted development plans is in place by March 2011;

- A fit for purpose legislative framework to be in place by March 2011;
- By March 2011 ensure:
 - 60% of major applications processed in 23 weeks, 70% of intermediate applications processed in 31 weeks, 80% of minor applications processed in 18 weeks.

Additionally, under the Programme for Government, the Agency is committed to deciding all large scale planning proposals within 6 months, provided there has been pre-application consultation.

Management Board

The Agency's Management Board during the year ended 31 March 2010 comprised:

Chief Executive	–	Mrs C D Smith
Director of Corporate Services	–	Mrs M Fleming
Director of Operations	–	Ms A Garvey
Director of Strategic Planning	–	Mr T Clarke
Independent Board Member (from 1 June 2009 to 7 August 2009)	–	Mr P Wickens
Independent Board Member (from 1 December 2009)	–	Mr N Mack

The Management Board meets regularly and is responsible for the effective management of the Agency's business.

Appointments to the Management Board are made in accordance with the Civil Service Commission's General Regulations. As civil servants, the remuneration of members of the Management Board is determined by the normal civil service pay arrangements.

Further details of Directors' remuneration are included in the Agency Remuneration Report at page 29.

Charitable Donations

During 2009/10 the Agency made no charitable donations.

Disabled Persons

The Agency is committed to and operates within the NI Civil Service Code of Practice on the Employment of Disabled People and aims to ensure that disablement is not a bar to recruitment or advancement.

Equal Opportunities

The Agency follows the Northern Ireland Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of ability, qualifications and aptitude for the work.

Employee Involvement

The Agency's planning, administrative and support staff are essential to the conduct of its business. Every effort is made to inform staff of their progress with key performance targets and about topical issues through team briefing, publication of information on the intranet and the periodic issue of notes and the in-house publication "the Bulletin" to each member of staff. There is active and regular consultation between the Agency's management and staff representatives through local and Planning Service level Whitley (management and employee) Committees and at special meetings to discuss specific issues.

Health and Safety

The Agency is committed to adhering to all existing legislation on health and safety at work to ensure that staff and customers enjoy the benefits of a safe environment.



CYNTHIA SMITH

Chief Executive

30 June 2010

MANAGEMENT COMMENTARY

1. ABOUT THE PLANNING SERVICE

- 1.1** Planning Service is an Executive Agency within the Department of the Environment. The planning system exists to regulate development and land use in the public interest. The Agency's planning functions are set out in the Planning (Northern Ireland) Order 1991. At the beginning of the 2009/10 business year the Minister of the Environment with responsibility for the Planning Service was Sammy Wilson MP MLA. He was succeeded by Edwin Poots MLA on 1 July 2009.

2. THE AGENCY'S BUSINESS

- 2.1** The Agency's key business areas are:
- the development management process (the system for dealing with individual planning applications), including enforcement;
 - the preparation of development plans.

3. FINANCIAL REVIEW

3.1 Funding and Financial Position

The Planning Service is funded jointly by income from fees and monies voted by the Northern Ireland Assembly. Income from fees relates to charges for planning applications and property certificates. The Agency continues to be significantly impacted by the effects on income of the economic downturn. Whilst the rate of decline in application volumes slowed during 2009/10 as compared to 2008/09, preliminary statistics indicate a reduction of 5% in the number of applications submitted in 2009/10 as compared to the previous year. Despite a planning fee increase of 15% introduced from August 2009, the Agency's budgetary pressures remain considerable, and have been addressed in 2009/10 by applying budget reductions across all DOE business areas, including Planning Service, which contributed approximately £1.8m to the reductions. However, the Agency did not recover in full the costs of determining planning applications and responding to property enquiries during 2009/10.

3.2 Results for the Year

The net cost of operations for the year as shown on page 46 was £30.714m. This included an amount of £11.414m for services provided free of charge by other Agencies and Departments (note 4a).

3.3 Going Concern

The Statement of Financial Position at 31 March 2010 shows negative Taxpayers equity of £707,339. This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the NI Consolidated Fund. Such drawings will be from grants of Supply approved annually by the Northern Ireland Assembly, to meet the Net Cash Requirement of the Department of the Environment of which The Planning Service is part.

Future financing of the Agency's liabilities is accordingly to be met by future grants of Supply to the Department of the Environment and the application of future income, both to be approved annually by the Northern Ireland Assembly. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the Planning Service Agency's financial statements for 2009/10.

3.4 Important Events Occurring after Year End

There have been no significant events since the year-end which affect these accounts.

3.5 Fixed Assets

Details of the movement on fixed assets are set out in notes 7 and 8 to the accounts. The Agency does not believe that there is any material difference between the market and book values of its assets at 31 March 2010.

3.6 Financial Assistance and Grants to Other Bodies

During the year Planning Service provided funding to "Disability Action" to raise awareness of disability access issues and to "Community Places" to enable disadvantaged community groups and individuals to participate in the planning system, and Townscape Heritage Initiative grants to groups for expenditure in connection with the promotion, preservation or enhancement of the character and appearance of Conservation Areas.

3.7 Pension Liabilities

The Department is covered by the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation Liability Charge (ASLC). The scheme is essentially non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS(NI). The Agency meets the cost of pension cover provided for staff by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS(NI) as a whole.

3.8 Sickness Absence

The sickness absence target for the 2009/10 year was 8.5 days. At the date of signing the accounts sickness absence figures for this financial year were not validated by NISRA, however it is likely that the Department will outturn an average of 9 days sickness absence per person.

3.9 Payments to Suppliers

The Agency is committed to the prompt payment of bills for goods and services received, in accordance with the Late Payment of Commercial Debts (Interest) Act 1998, Late Payment of Commercial Debts Regulations 2002 and British Standard 7890 – Achieving Good Payment Performance in Commercial Transactions. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is the later. In November 2008, the Executive sought payments to be made within 10 days to help local businesses in the current economic climate.

In 2009/10, 87% of invoices for goods or services were paid within 30 days or contract terms and 66% were paid within 10 days.

3.10 Auditor

The financial statements are audited by the Comptroller and Auditor General (C & AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Planning Service. He reports his findings to the Northern Ireland Assembly.

The Agency confirms that:

- (a) so far as its Accounting Officer (AO) is aware, there is no relevant audit information of which the entity's auditors are unaware, and
- (b) the AO has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The audit of the financial statements for 2009/10 resulted in an audit fee of £17,375.

4. AIM AND STRATEGIC OBJECTIVES

4.1 The Agency's aim is:

To improve the quality of life of the people of Northern Ireland by planning and managing development in ways which are sustainable and which contribute to creating a better environment.

4.2 The Agency's Strategic Objectives for the period up to 31 March 2010 were as follows:

<p>RESULTS</p> <p>To make good, timely planning decisions within a fit for purpose Area Plans, policy and legislative framework which supports the key priorities in the Executive's Programme for Government.</p>	<p>PROCESSES</p> <p>To review, streamline, improve and monitor the Planning Service's key systems and processes.</p>
<p>RESOURCES</p> <p>To have the necessary financial, human and other resources to deliver the Agency's aims and objectives.</p>	<p>CUSTOMERS/STAKEHOLDERS</p> <p>To deliver good quality service to our customers and stakeholders.</p>

5. THE ORGANISATION

- 5.1** The Chief Executive of the Planning Service is directly responsible to the Minister for the Agency's performance and operations. The Planning Service Management Board comprises the Chief Executive, three Directors - the Director of Operations, the Director of Strategic Planning and the Director of Corporate Services – and one Independent Board Member.
- 5.2** Planning Service Headquarters is in Millennium House, 17-25 Great Victoria Street, Belfast, BT2 7BN. There are six Divisional Planning Offices and two Sub-Divisional Planning Offices located across Northern Ireland.
- 5.3** At 31 March 2010 the staff complement was 844. The Agency has been carrying a significant number of vacancies at both professional and administrative grades throughout the business year and in response to the economic downturn significant staffing reductions are anticipated in 2010/11 to help reduce running costs.

6. PERFORMANCE AGAINST TARGETS

- 6.1** Approximately 19,600 valid planning applications were received during 2009/10, representing a decrease of around 5% on the previous year. The number of applications decided exceeded the number received by around 3% leading to an associated reduction in the number of live applications in the system. Progress was also made towards improving application processing times. In relation to major (Article 31) applications, 37 were processed to a decision or recommendation to the Minister during the year.
- 6.2** On the development plan side of the business, independent examinations were completed in respect of the draft Magherafelt Area Plan 2015 and the draft Banbridge, Newry and Mourne Area Plan 2015. However, as in recent years Planning Service's development plan programme has continued to be significantly affected by a number of judicial reviews, in particular the ongoing litigation related to the Strategic Environmental Assessment (SEA) process associated with the draft Northern Area Plan which remains to be heard before the European Court of Justice.

In view of the continuing difficulties associated with the Department's development plan programme and in preparation for the transfer of responsibility for development plans to new Councils as part of local government reform, the Minister announced in December 2009 that preparatory forward planning work would be undertaken in association with Council Transition Committees. This work includes pilot preparatory studies to inform work on the new style local development plans for the following proposed new council areas:

- Omagh, Fermanagh;
- Derry, Strabane
- Antrim, Newtownabbey;
- Armagh, Banbridge and Craigavon.

It is envisaged that this work will enable these Councils to bring forward new local development plans within a shorter timeframe. It should also facilitate an early assessment of the initial stages of the new development plan system in practice, enabling any problems that might arise to be addressed. The Operating Costs review and the recent delays to the local government reform programme is, however, likely to have implications for how this work is taken forward in the context of the wider reform programme.

6.3 Department of the Environment's Public Service Agreement

The Planning Service's performance in relation to the targets set out in the Department of the Environment's Public Service Agreement for 2008/09 – 2010/11 is as follows:

Target	Position at 31 March 2010
Ensure a fit for purpose suite of draft or adopted development plans is in place by March 2011	<p>Not likely to be achieved</p> <p>Ongoing legal proceedings in relation to the Strategic Environmental Assessment process which accompanied the draft Northern and the draft Magherafelt Area Plans have had an impact on the development plan programme.</p>

A fit for purpose legislative framework to be in place by March 2011.

On track for achievement.

The target is extremely challenging but ultimately achievable. Good progress has been made but the bill timetable remains extremely tight and any changes to the overarching legislative timetable for RPA, to which this target is inextricably linked, would have a significant impact.

By March 2011:

On track for achievement.

- 60% of major applications processed in 23 weeks.
 - 70% of intermediate applications processed in 31 weeks.
 - 80% of minor applications processed in 18 weeks.
-

Planning Service is also committed through the Programme for Government to determining all large scale investment planning proposals within 6 months provided there has been pre-application consultation.

Target	Position at 31 March 2010
Year on year from 2008-11 decide all large scale investment planning proposals within 6 months, provided there has been pre-application consultation.	On track for achievement.

6.4 Planning Service Business Plan 2009/10

The Agency's performance against the targets in the Business Plan for 2009/10 is reflected below under the relevant strategic objectives.

Strategic Objective:

To make good, timely planning decisions within a fit for purpose Area Plans, policy and legislative framework which supports the key priorities in the Executive's Programme for Government.

Target	Outturn
Prepare for and participate in independent examinations in respect of the draft Magherafelt Area Plan 2015 and the draft Banbridge, Newry and Mourne Area Plan 2015.	Achieved.
To process to decision or withdrawal: <ul style="list-style-type: none">– 50% of major applications within 23 weeks;– 70% of intermediate applications within 31 weeks¹; and– 75% of minor applications within 18 weeks– 85% of applications validated within 6 working days, and– 95% of applications validated within 10 working days.– 85% of decisions issued within 2 weeks of Council meeting, and– 95% of decisions issued within 4 weeks of Council meeting.	Partially achieved. Subject to final validation of our statistics all elements of the target were met with the exception of the element in respect of major applications which was not achieved by a narrow margin. Initial indications are that the target was met in full by the six Divisional Planning Offices.

1 target excludes applications deferred as a consequence of draft Planning Policy Statement 14/21

Decide all large scale investment planning proposals within 6 months, provided there has been pre-application consultation.	Achieved.
Produce policy proposals for Minister's consideration.	Achieved.
Provide all necessary instructions and feedback to OLC to enable production of draft Bill.	Achieved.
Complete drafting of Statutory Rules to enable DSO clearance.	Not achieved. The drafting of subordinate legislation was adversely affected by unforeseen delays in progressing the associated primary legislation.
Engage with RPA implementation structures to prepare and provide for the transfer of planning functions.	Achieved.

Strategic Objective:

To deliver good quality service to our customers and stakeholders.

Target	Outturn
Monitor and report progress achieved on the implementation of actions targeted for 2009/10 in the Agency's Customer Service Action Plan.	Achieved.

Strategic Objective:

To review, streamline, improve and monitor the Planning Service's key systems and processes.

Target	Outturn
Implement actions targeted for 2009/10 arising from the NIAO Value for Money Scrutiny and the PEDU Review.	Achieved.
Oversee and contribute to delivery of Action Plan on handling of housing applications	Achieved.
Complete software development and integration, User Acceptance Testing and roll-out of the ePIC system.	Partially achieved. Software development and integration were completed and User Acceptance Testing was well advanced during the business year. Roll-out of the system will commence in 2010/11.

Strategic Objective:

To have the necessary financial, human and other resources to deliver the Agency’s aims and objectives.

Target	Outturn
Review, agree and complete implementation of year 2 of the Agency’s Efficiency Delivery Plan.	Not achieved. Although the Agency did achieve cost efficiencies over the course of the business year through a range of measures, it did not have a formal Efficiency Delivery Plan.
Identify and submit to DOE/ DFP timely bids for financial resources.	Achieved.
Deliver year 1 of the Development Programme for specialist staff.	Partially achieved. Delivery commenced later in the year than anticipated due to a delay in the appointment of key staff.
Communicate pro-actively with staff to prepare them for changes which affect them (Planning Reform, RPA, Process Changes, Epic).	Achieved.

Overall, 13 of the Agency’s 15 targets were achieved in whole or in part during the year. Of the two which were not achieved, one related to legislation where a delay in securing Executive agreement to policy consultation impacted on progress. The other was in relation to the Agency’s Efficiency Delivery Plan, which was effectively superseded by other efficiency measures due to the difficult resourcing position throughout the year. The Agency continues to seek to implement measures to help address any areas of shortfall in its performance.

7 Other Commitments

7.1 Planning Reform

The Environment Minister is committed to taking forward a comprehensive programme of reform of the planning system. The key goal is to ensure that we have a modern, efficient and effective planning system which serves the needs of all the people of Northern Ireland and which supports the Executive's Programme for Government priorities in relation to promoting economic growth.

The consultation paper 'Reform of the Planning System in Northern Ireland: Your chance to influence change' was subject to public consultation between July and October 2009. The paper outlined the wide-ranging reform proposals, including the measures needed to transfer the majority of planning functions to local government. The response to the public consultation demonstrated broad support for the majority of the proposed changes, including the new streamlined development plan process and the development management approach to handling planning applications, both of which will be central to the reformed planning system.

The Environment Minister subsequently formulated his final planning policy proposals, taking full account of the consultation responses. The Executive agreed to these final policy proposals in February 2010 and, in doing so, gave their formal agreement to the drafting of the legislation required to give effect to the reforms and to the transfer of the majority of planning functions within the context of the Review of Public Administration (RPA) decisions, under which the majority of planning functions had been due to move to local government in May 2011. The detailed formal Government Response to the consultation exercise, including a summary of the reform measures to be adopted as agreed by the Executive, was published on the Planning Service website in March 2010.

At a special meeting of the Northern Ireland Executive in June 2010, Executive Ministers were not able to come to an agreement on the way forward for local government reform. As a consequence, the new councils will not be created in May 2011, as had been envisaged under RPA, nor will planning functions be transferred to them at that point.

Although the recommendations of RPA will not be implemented in May 2011, the Minister has indicated that he remains committed to the process of local government reform and that

he intends to bring a revised timetable for a delivery programme to the Executive over the summer of 2010. These delays to the process of local government reform may have implications for the planning reform programme. At the time of writing it was not clear how the planning reform programme might be taken forward in light of delays to the process of local government reform.

7.2 Public Accounts Committee

Following its Value for Money review into the performance of the Planning Service the Northern Ireland Audit Office published its report in November 2009. The report was the subject of a Public Accounts Committee (PAC) hearing on 3 December 2009. The PAC subsequently published its report on 18 February 2010.

The report contained 15 recommendations, 13 of which related directly to the Planning Service. They covered a range of issues raised including application processing times and performance against targets; delays and costs associated with implementation of the ePIC system; and customer service. The remaining two recommendations applied more generally to the wider Northern Ireland Civil Service. The Planning Service responded positively to the recommendations in a Memorandum of Reply which was laid before the Assembly in April. Work to implement the recommendations will be taken forward during 2010/11.

7.3 Short Term Measures

The year has seen further progress with the programme of process improvement measures aimed at making the handling of planning applications and appeals more efficient and effective. Of most significance was the launch by the Minister in June 2009 of the Good Practice Guide in partnership with the building industry. It focuses on active caseload management, introducing a project management approach for handling planning applications and identifying the roles and responsibilities of Planning Service staff, applicants/agents and consultees at each stage of the process. The implementation of the Guide is a critical step in preparing for the overall reform of the planning system to help make the development management process responsive in a way which is proportionate to different types of development proposal.

7.4 Streamlined Council Consultation Scheme/Royal Town Planning Institute Award

2009/10 has seen the successful bedding in of the Planning Service scheme for streamlined council consultation – piloted with Derry City Council and now operating in all 26 councils in

Northern Ireland. The scheme enables the speedy determination of generally minor, non-contentious planning applications and means that one in three planning decisions is now issued in an average of 33 working days.

Planning Service aims to gain agreement from all councils to adopt an extended version of the scheme before March 2011, which will mean that about 60% of all applications will be streamlined.

At the February 2010 GB and Ireland Royal Town Planning Institute Awards the Planning Service received a commendation for the scheme. It was one of only two commendations in the category for Planning Processes. The awards showcase only the best in imaginative solutions and exemplary practice of key planning concepts.

7.5 Strategic Projects

Two Strategic Project teams based at Planning Service headquarters handle planning applications across the province for large scale investment proposals including all Article 31 applications. They also process other economically significant applications which while not qualifying as Article 31, are nevertheless viewed as important to the NI economy. The teams are committed to supporting the future economic development needs of Northern Ireland by making timely decisions to ensure that the benefits of economic investment and job creation are realised.

During this financial year the teams have processed 37 Article 31 applications including the new eco village at Magheramore, Larne - £100m, the new Acute Hospital, Enniskillen - £210m, the redevelopment of Hilden Mill, Lisburn - £100m and the redevelopment of both the Northcott and Dairy Farm Shopping Centres with a combined investment of £60m. 25 other economically significant applications have also been processed including a £15m development investment by Radox Laboratories, a new factory for Bombardier representing an investment of £300m (part of an overall investment of £520m), approvals within the Titanic Quarter and a number of retail proposals. In addition, there is the associated construction and post development employment creation.

During 2009/10 the Planning Service processed 8 large scale planning proposals within the Programme for Government target of 6 months, maintaining a 100% success rate since the introduction of the pre-application discussions process.

A number of significant development proposals were also approved by Divisional Planning Offices during the year, including the Peace Bridge across the River Foyle in Londonderry and major mixed use developments in Banbridge and Dungannon.

7.6 Enforcement

In November 2009 the Agency published its Enforcement Strategy. It set out the Agency's objectives for the enforcement of planning control, its guiding principles and priorities for enforcement action and its performance targets. From the beginning of the business year the Agency's information systems were improved to enable enforcement records to be better maintained and performance monitoring data to be more easily extracted.

The Strategy will enable the Agency's enforcement resources to be used effectively to ensure that the integrity and credibility of the planning system is not undermined.

7.7 Legislative Framework

During the year the Planning Service's work on legislation and related policy development was focused on compliance with European Directives, including European Courts of Justice judgements; policy development associated with reform of the planning system; following up on the subordinate legislation required by the Planning Reform (NI) Order 2006 and responding to a range of requests for legislation and policy advice.

European Directives - Following a consultation exercise on proposals to transpose the requirements of the Mining Waste Directive (MWD) via the planning system, the Planning (Management of Waste from Extractive Industries) Regulations (Northern Ireland) 2010 were made on 5 March 2010 and came into operation on 1 April 2010. The Regulations place requirements upon operators in the onshore extractive industry to manage extractive waste so as to prevent or reduce as far as possible any adverse effects on the environment and human health. Work was completed on the Planning (Control of Major-Accident Hazards) Regulations (Northern Ireland) 2009 which came into operation on 31 December 2009. The Regulations implement in relation to planning in Northern Ireland, Article 12 of Directive 96/82/EC on the control of major accident hazards involving dangerous substances, as amended by Directive 2003/105/EC.

Other subordinate legislation included the Planning (Fees) (Amendment) Regulations (Northern Ireland) 2009 which introduced an increase in planning fees.

Planning Reform - The proposed reform of the planning system includes detailed legislative proposals to give effect to the transfer of the majority of planning functions to district councils. The reform proposals impact on every aspect of the planning system: how development plans are drawn up, how development proposals, applications and appeals are managed together with matters relating to enforcement, how policy is produced and the way in which these functions are delivered. The work this year was largely focused on completing the necessary policy development, issuing a public consultation paper in July 2009, analysis of responses, finalising proposals and seeking Ministerial and Executive clearance ahead of preparing detailed instructions to Legislative Counsel in order that the primary legislation requirements for a new Planning Bill could be drafted. In addition, the review of permitted development rights initiated in 2008/09 resulted in a public consultation exercise on new proposals for householder, non-householder and microgeneration permitted development in October 2009. The consultation ended in January 2010 and the consultation responses are currently being analysed so that revised legislation can be taken forward in 2010/11. The recent delays to the local government reform programme may have implications for how this work is taken forward in the context of the wider planning reform programme.

7.8 Electronic Planning Information for the Citizen (ePIC)

Steady progress on the development of ePIC has been achieved. Software development and integration were completed, User Acceptance Testing was well advanced and the project is now substantially completed. The full ePIC service, providing improved access to Planning Service for the citizen, should be operational before the end of 2010, exploiting the full potential of the system elements already delivered, including the Internet Portal, the fee calculator and the application tracking service.

7.9 Freedom of Information

The Freedom of Information Act 2000 (FOI) and the Environmental Information Regulations 2004 (EIR) came into effect on 1 January 2005. These access to information regimes, which are fully retrospective, give individuals fully enforceable statutory rights of access to information that is held by us and the right of access to that information, subject to certain exemptions (FOI) and/or exceptions (EIRs).

Although the Planning Service has operated an open file system since November 2001, the FOI and EIR provisions are designed to enable individuals to access more information. Between 1 April 2009 and 31 March 2010 the Planning Service received 361 requests for information. This represents just under 60% of all requests received by the Department of the Environment during this period.

7.10 Ombudsman Cases

During 2009/10, 22 complaints of alleged maladministration by the Planning Service were investigated by the Northern Ireland Ombudsman's office. By 31 March 2010, the Ombudsman had concluded and reported on his investigations in relation to 5 of these.

The Ombudsman did not find any evidence of maladministration in 3 of the cases. In the remaining 2 cases, the Ombudsman criticised the Planning Service for failings in communication and administration.

8 CORPORATE GOVERNANCE

The Chief Executive, in her capacity as Agency Accounting Officer, is responsible for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and Agency assets in accordance with the responsibilities set out in "Managing Public Money Northern Ireland".

The Planning Service Management Board supports the Chief Executive by contributing to the corporate management of the Agency within the strategic policy and resources framework set by Ministers. The Management Board formally considers its remit, constitution and operating procedures at least once every 2 years.

Terms of Reference have been developed for the Management Board setting out its purpose, key roles, responsibilities and procedures. The Terms of Reference were reviewed and updated in June 2009 to include reference to the Independent Board Member and take account of revised administrative and management information arrangements. The Board undertakes an annual evaluation of its performance that involves the completion by Board members of a self-assessment questionnaire. The results of the evaluation are subsequently discussed by the Board.

The Board appointed an Independent Board Member (IBM) in June 2009. Following his resignation in August, a further IBM was appointed in December.

Board members take decisions both corporately and collectively, acting in the public interest in accordance with the Nolan principles of public life. Those matters which have Agency-wide implications, are of a cross-cutting nature, or which are novel and contentious are normally reserved for collective decision by the Board. Major programmes are standing items on the Board's agenda. The Board may decide to delegate subsequent lower level matters to one or more Board members for decision.

The Planning Service Audit Committee (PSAC) met quarterly in the 2009/10 year. Its role is to advise the Chief Executive on Audit and Governance matters in relation to her responsibilities as Accounting Officer. It is an advisory body and has no executive powers.

During the year the PSAC arrangements were modified to ensure compliance with the requirements of the Audit Committee Handbook (DAO 7/07). The PSAC was reconstituted to ensure that non-executives were in the majority and it is now comprised of:

Chairman: Independent Board Member

Members: Independent Senior Civil Service Member
Director of Corporate Services

The Head of Internal Audit, the Head of the Planning Service Audit Team and a representative from the NIAO attend all PSAC meetings. Other Agency staff may be asked to attend PSAC meetings from time to time to advise on specific matters.

The PSAC's Terms of Reference have been amended to reflect these new structures and roles. The new Terms of Reference also set out the competency framework for members of the Committee, the scope of the Committee's work and the arrangements for effective channels of communication between the Committee and its stakeholders.

The Planning Service had no arm's length bodies during the year.

AGENCY REMUNERATION REPORT

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. Further information about the work of the Review Body can be found at www.ome.uk.com.

The Northern Ireland Permanent Secretary Remuneration Committee helps determine pay on entry and the annual review of NICS Permanent Secretaries in line with the agreed response to the annual recommendations of the Senior Salaries Review Body.

The pay award for staff in the Northern Ireland Senior Civil Service (SCS) is normally comprised of two elements; a base pay uplift and a non-consolidated bonus. Both elements are based on performance. The senior civil service pay award in 2009/10 comprised a base pay uplift only, with individuals' awards differentiated on the basis of performance and position on the relevant pay band. There were no non-consolidated bonus payments to any senior civil servants as part of the pay award.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the Agency.

Remuneration (Audited)

Officials	2009-10		2008-09	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Mrs C Smith <i>Chief Executive</i>	90-95	–	95-100	–
Mrs M Fleming <i>Director of Corporate Services</i>	60-65	–	65-70	–
Ms A Garvey <i>Director of Operations</i>	60-65	–	60-65	–
Mr T Clarke <i>Director of Strategic Planning</i>	65-70	–	50-55 (65-70 full year equivalent)	–
Mr N Mack <i>Independent Board Member (From 01/12/09)</i>	0-5 (10-15 full year equivalent)	–	–	–
Mr P Wickens <i>Independent Board Member (From 01/06/09 – 07/08/09)</i>	0-5 (10-15 full year equivalent)	–	–	–

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

Pension Entitlements (Audited)

Officials	Accrued pension at age 60 as at 31/3/10 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/10	CETV at 31/3/09 or date of commencement if later ***	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mrs C Smith Chief Executive	30-35 plus lump sum of 90-95	2.5-5.0 plus lump sum of 7.5-10.0	652	531	52	0
Mrs M Fleming Director of Corporate Services	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 5.0-7.5	625	519	43	0
Ms A Garvey Director of Operations	25-30 plus lump sum of 75-80	0-2.5 plus lump sum of 2.5-5.0	623	524	39	0
Mr T Clarke Director of Strategic Planning	25-30 plus lump sum of 85-90	5.0-7.5 plus lump sum of 20.0-22.5	749	512	180	0

*** The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2009.

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by the Northern Ireland Assembly each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant

employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the RPI and attract annual pension increase. However, in line with RPI for September 2009 being in the negative, there will be no other increase for any public sector pensions in 2010.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or on immediately ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos. Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to

transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



CYNTHIA SMITH

Chief Executive

30 June 2010

Annual Accounts 2009/10

STATEMENT OF THE AGENCY'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed the Planning Service to prepare for each financial year a statement of accounts in the form and on the basis set out in accounts direction DAO(DFP)03/10. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year-end and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the accounts direction issued by the Department of Finance and Personnel, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis.

The Accounting Officer of the Department of the Environment has designated the Chief Executive of the Planning Service as Accounting Officer of the Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and Personnel and published in "Managing Public Money Northern Ireland".

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Planning Service policies, aims and objectives, whilst safeguarding the public funds and Agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Planning Service for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and it accords with DFP guidance.

Capacity to handle risk

The Management Board leads the risk management process by approving the Agency's Risk Management Policy Statement and identifying the Agency's objectives and risks. Each Director then identifies the objectives and risks for his/her own Directorate. A control strategy is established for each risk and responsibility for controlling the risk is allocated to the appropriate member of staff. The Risk Management Policy Statement and risk registers are made available to all staff via the Agency's intranet site. Advice and guidance on risk management have been provided to staff through the staff induction process and regular reminders to heads of business units. The Agency keeps abreast of developments in risk management through regular contact with relevant branches elsewhere in the Department and receives refresher training in risk management as appropriate.

The risk and control framework

The Management Board ensures that procedures are in place for verifying that aspects of risk management and control are regularly reviewed and reported on. This is informed by the following procedures which have been established within the Agency:

- annual review of the Agency's Risk Management Policy Statement;
- the preparation and maintenance of Corporate, Directorate and business unit risk registers;
- the holding of risk management workshops for the preparation of risk registers and to ensure an appropriate link between objectives and risks;
- formal quarterly review and revision of the Corporate risk register by the Management Board, the Directorate risk registers by the relevant Director and regular reviews of business unit risk registers by the head of branch;
- the inclusion of risk management as a standing agenda item at the Agency's Audit Committee;
- ensuring that key risk priorities relate to obtaining timely and accurate information from other parties and also to human resource issues; and
- keeping staff informed on risk management issues by means of information posted on the Agency's intranet site and reminders to heads of business units.

The level of risk that the Agency considers acceptable to bear is set on a risk by risk basis taking account of the potential impact of the risk on the Agency.

All staff are advised to be alert to potential risks and to report relevant risks to their line manager, Directorate risk co-ordinator or the Agency's Risk Manager. Significant risks are evaluated in accordance with the Agency's Risk Management Policy Statement and are considered in terms of likelihood and potential impact.

Planning Service reported 3 allegations of fraud to the Comptroller and Auditor General in 2009/10. All allegations of fraud are investigated in line with the Planning Service Anti Fraud Policy and Fraud Response Plan.

Information risk is proactively managed across the Agency and the following key measures have been put in place:

- Agency policy statement setting out Planning Service's commitment to manage information in compliance with the Data Protection Act.

- the specific identification of information risks in the Corporate risk register.
- provision of awareness training and a programme of reviews of key business areas across the Agency with the aim of putting in place best practice on data/information processing, retention and security.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors (DRD Internal Audit and Planning Service audit team) and the senior managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The process applied in maintaining and reviewing the effectiveness of the system of internal control has included monitoring of the Corporate Risk Register and is also informed by the following:

- the Agency Audit Team is responsible for reviewing the systems of internal control and makes appropriate recommendations for improvement.
- regular reports are prepared to Government Internal Audit Standards by the Department for Regional Development's Internal Audit Unit. The Head of Internal Audit (HIA) provides me with interim reports on internal audit activity within the Agency and an Annual Assurance Report at year-end which includes the HIA's independent opinion on the adequacy and effectiveness of the Agency's risk management, control and governance processes.
- the work of the internal audit unit is informed by an analysis of the risk to which the Agency is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the senior managers within the Agency and approved by me.
- in respect of 2009/10, Internal Audit has indicated that risk management, control and governance processes within the Agency are generally satisfactory, however there remains some risk that objectives may not be fully achieved and improvements are required to enhance the adequacy and/or effectiveness of

risk management, control and governance. The Agency received a limited assurance rating on Pre-Application Discussions (PADs). Progress is being made towards addressing all of the audit concerns raised.

- the Agency Audit Committee, which meets regularly, has an independent chairman, an independent Senior Civil Service member and a representative of the Planning Service Management Board. I attend this Committee together with other members of the Agency Management Board, representatives of DRD Internal Audit, the Planning Service Audit Team, Northern Ireland Audit Office and other Agency representatives. The Committee reviews and monitors updates to audit action plans, updates to the Agency risk register and provides support and guidance on corporate governance issues. The Audit Committee, in its Annual Report for 2009-10, has concluded that the assurance available was sufficient to support me in my accountability obligations and has raised no implications on the overall management of risk.

SIGNIFICANT INTERNAL CONTROL ISSUES

ePIC System

During the year, work continued on delivery of the Agency's e-Planning solution, e-Planning Information Citizen Project (ePIC). The aim of ePIC is to help deliver improvements in the quality of service we provide to our customers and stakeholders.

Ministerial approval to an outline business case for additional capital funding to complete the ePIC project, amounting to £3.5m, was obtained in December 2008. Approval for the business case was given by DFP Supply in July 2009, and this revised the capital budget for e-PIC to £12.8m. The required capital allocation for 2009/10 was secured and expended appropriately. Work on the project is continuing during 2010/11 on the basis of a commitment received from DFP officials that they will support the Department's in year capital bid and with the contingency that expenditure incurred on ePIC in 2010/11 will be covered from Departmental resources. This will allow essential work in line with contractual obligations to be maintained. Implementation of ePIC is scheduled to commence in June 2010 with roll out of the system to all Divisional offices by November 2010. An asset impairment review carried out as at 31 March 2010 identified nugatory expenditure leading to an impairment of £250k in relation to the Agency's ePIC asset under construction. This amount has been written off to programme costs in 2009/10.

The approach which the Agency followed in seeking to procure further consultancy support for the ePIC project is the subject of a review by the Department and DFP's Central Procurement Directorate. The outcome of this review is awaited. This consultancy support completed in March 2010.

In September 2009 the Environment Committee referred its concerns about time and cost overruns on ePIC to the Public Accounts Committee. Following the PAC hearing on the Performance of the Planning Service in December 2009, PAC included in its formal report specific recommendations relating to ePIC, which the Agency will implement during 2010/11.

Budgetary Pressures

The Agency continues to be significantly impacted by the effects of the economic downturn, with a 5% reduction in the volume of planning applications submitted compared to 2008/09. Despite a planning application fee increase of 15% introduced from August 2009, the Agency's budgetary pressures remain considerable and have been addressed in 2009/10 by applying budget reductions across all Departmental business areas, including the Planning Service which contributed approximately £1.8m to the reductions. During the year the Agency and the Department also established a Planning Service Operating Costs Review team to develop and implement proposals for managing the Agency's operating costs in that and subsequent years.

Fees for Mineral Extraction

The annual fees audit carried out by the Planning Service Audit Team identified an incorrect application of the fee regulations for mineral extraction, which has resulted in an estimated undercharging of approximately £230k for existing live minerals applications in the 2009/10 year. The figure of £230k is considered to be the amount likely to be recoverable from individuals affected and is included within receivables. Work is currently ongoing to establish the amount of the fee shortfall for those minerals applications where a planning decision has issued.

VFM Review

The NIAO Value for Money review took place during 2008/09 and the final report, which included criticisms of the Agency's performance over a number of years, was published on 25 November 2009. Senior departmental officials attended the Public Accounts Committee (PAC) for a Hearing in regard to the NIAO report on 3 December 2009. The PAC produced their report, which included 15 recommendations, on 18 February 2010. The formal Memorandum of Reply to the PAC Report

was laid in the Assembly by the Finance Minister on 16 April 2010. Arrangements have been put in place to implement and monitor the recommendations made by the PAC.

Planning Reform/RPA

In February 2010 the final planning reform proposals were cleared by the Executive and the Office of Legislative Counsel began drafting the required primary legislation. In the context of RPA the changes required under the reform programme would have required the completion of the primary legislation and a significant raft of subordinate legislative changes before the dissolution of the current Assembly in Spring 2011. However, the delays to the local government reform programme will have implications for how this work is taken forward in the context of the wider planning reform programme.

Court Judgement – Strategic Environmental Assessment (SEA)

A High Court decision has raised issues in regard to compliance with the EU Directive on SEA Directive 2001/42/EC- (assessment of the effects of certain development plans and programmes on the environment). The decision is currently the subject of a reference from the NI Court of Appeal to the European Court of Justice, and has had significant implications for the delivery of the Agency's overall development plan programme and PSA targets. The Agency remains committed to the preparation of development plans as expeditiously as possible within the framework set out by European Directives and the Regional Development Strategy.

HR Connect

The Agency has received an inter-Departmental Assurance Report from DFP Internal Audit covering all services provided by DFP to other Departments. DFP Internal Audit carried out a programme of audits in HR Connect. An additional ten quality assurance reviews were to be carried out by Fujitsu and Capita review teams (the Contractor). However, the contractor has only completed two of its ten planned reviews, and these are considered by DFP Internal Audit to lack rigour, breadth and depth. Accordingly, a limited assurance rating has been provided for HR Connect overall. It is understood that DFP Internal Audit will undertake all audits in HR Connect from 2010/11 onwards.



CYNTHIA SMITH

Chief Executive

30 June 2010

PLANNING SERVICE AGENCY

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Planning Service for the year ended 31 March 2010 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Operating Cost Statement, the Statement of Financial Position, the Statement of Cash Flows and Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

RESPECTIVE RESPONSIBILITIES OF THE CHIEF EXECUTIVE AND AUDITOR

As explained more fully in the Statement of Agency's and Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Agency; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

OPINION ON REGULARITY

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

OPINION ON THE FINANCIAL STATEMENTS

In my opinion:

- the financial statements give a true and fair view, of the state of the Agency's affairs as at 31 March, and of the net cost operating cost, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and HM Treasury directions issued thereunder.

OPINION ON OTHER MATTERS

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Chief Executive's foreword, the Chief Executive's Report and the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH I REPORT BY EXCEPTION

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

REPORT

I have no observations to make on these financial statements.

A handwritten signature in black ink that reads "Kieran J. Donnelly". The signature is written in a cursive style with a large initial 'K' and 'D'.

KJ Donnelly

Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

1 July 2010

Operating Cost Statement

For the year ended 31 March 2010

	Notes				2009-10 £'000	Restated 2008-09 £'000
		Staff Costs	Other Costs	Income	Totals	
Administration Costs:						
Staff costs	3	24,854	–	–	24,854	24,925
Other administrative costs	4	–	13,789	–	13,789	12,037
Operating income	6	–	–	(15,788)	(15,788)	(17,692)
Programme Costs:						
Staff costs	3	–	–	–	–	–
Programme costs	5	–	7,870	–	7,870	5,062
Income	6	–	–	(11)	(11)	(23)
Totals		<u>24,854</u>	<u>21,659</u>	<u>(15,799)</u>	<u>30,714</u>	<u>24,309</u>
Net Operating Cost		<u><u>24,854</u></u>	<u><u>21,659</u></u>	<u><u>(15,799)</u></u>	<u><u>30,714</u></u>	<u><u>24,309</u></u>

The notes on pages 50 to 70 form part of these accounts

Statement of Financial Position

As at 31 March 2010

	Notes	31 March 2010 £'000	Restated 31 March 2009 £'000	Restated 1 April 2008 £'000
Non-current assets:				
Property, plant and equipment	7	744	708	791
Intangible assets	8	10,615	8,541	6,799
Total non-current assets		<u>11,359</u>	<u>9,249</u>	<u>7,590</u>
Current assets:				
Trade receivables	9	734	238	489
Total current assets		<u>734</u>	<u>238</u>	<u>489</u>
Total assets		<u>12,093</u>	<u>9,487</u>	<u>8,079</u>
Current liabilities				
Trade and other payables	10	(8,497)	(8,883)	(11,607)
Total current liabilities		<u>(8,497)</u>	<u>(8,883)</u>	<u>(11,607)</u>
Non-current assets plus/less net current assets/liabilities		<u>3,596</u>	<u>604</u>	<u>(3,528)</u>
Non-current liabilities				
Provisions for liabilities and charges	11	(4,304)	(1,508)	(1,338)
Total non-current liabilities		<u>(4,304)</u>	<u>(1,508)</u>	<u>(1,338)</u>
Assets less liabilities		<u>(708)</u>	<u>(904)</u>	<u>(4,866)</u>
Taxpayers' equity:				
General fund		(719)	(899)	(4,875)
Revaluation reserve		11	(5)	9
Total taxpayers' equity		<u>(708)</u>	<u>(904)</u>	<u>(4,866)</u>

The notes on pages 50 to 70 form part of these accounts



CYNTHIA SMITH
Chief Executive
30 June 2010

Statement of Cash Flows

For the year ended 31 March 2010

	Notes	2009-10 £'000	Restated 2008-09 £'000
Cash flows from operating activities			
Net operating cost		(30,714)	(24,309)
Adjustments for non-cash transactions	4,5	15,288	9,926
(Increase)/decrease in trade and other receivables	9	(497)	252
Increase/(decrease) in trade payables	10	(386)	(2,724)
Less movements in payables relating to items not passing through the OCS		(882)	319
Use of provisions	11	(744)	(593)
Net cash outflow from operating activities		<u>(17,935)</u>	<u>(17,129)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(16)	(2,126)
Purchase of intangible assets	8	(1,551)	(20)
Net cash outflow from investing activities		<u>(1,567)</u>	<u>(2,146)</u>
Payments to the Consolidated Fund		<u>–</u>	<u>(5)</u>
Net cash outflow		<u>(19,502)</u>	<u>(19,280)</u>
Cash flows from financing activities			
From Consolidated Fund (Supply) – current year		19,502	19,280
Net financing		<u>19,502</u>	<u>19,280</u>
Net increase/(decrease) in cash and cash equivalents in the period		<u>–</u>	<u>–</u>
Cash and cash equivalents at the beginning of the period		<u>–</u>	<u>–</u>
Cash and cash equivalents at the end of the period		<u>–</u>	<u>–</u>

The notes on pages 50 to 70 form part of these accounts

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2010

	Notes	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2008		(4,418)	9	(4,409)
Changes in accounting policy	2.1	(457)	–	(457)
Restated balance at 1 April 2008		<u>(4,875)</u>	<u>9</u>	<u>(4,866)</u>
Changes in taxpayers' equity for 2008-09				
Net gain/(loss) on revaluation of property, plant and equipment		–	(2)	(2)
Non-cash charges – cost of capital	4, 5	(84)	–	(84)
Non-cash charges – notional costs	4a	9,069	–	9,069
Non-cash charges – auditor's remuneration	4a	14	–	14
Transfers between reserves		12	(12)	–
Net operating cost for the year		<u>(24,309)</u>	<u>–</u>	<u>(24,309)</u>
Total recognised income and expenses for 2008-09		<u>(15,298)</u>	<u>(14)</u>	<u>(15,312)</u>
Funding from Parent		19,280	–	19,280
CFERs - other		<u>(6)</u>	<u>–</u>	<u>(6)</u>
Balance at 31 March 2009		<u>(899)</u>	<u>(5)</u>	<u>(904)</u>
Changes in taxpayers' equity for 2009-10				
Net gain/(loss) on revaluation of property, plant and equipment		–	4	4
Net gain/(loss) on revaluation of intangible assets		–	7	7
Release of reserves to the operating cost statement		–	–	–
Non-cash charges – cost of capital	4, 5	(16)	–	(16)
Non-cash charges – notional costs	4a	11,397	–	11,397
Non-cash charges – auditor's remuneration	4a	17	–	17
Transfers between reserves		(5)	5	–
Net operating cost for the year		<u>(30,714)</u>	<u>–</u>	<u>(30,714)</u>
Total recognised income and expense for 2009-10		<u>(20,220)</u>	<u>11</u>	<u>(20,209)</u>
Funding from Parent		19,502	–	19,502
CFERs payable to the Consolidated Fund		<u>(1)</u>	<u>–</u>	<u>(1)</u>
Balance at 31 March 2010		<u>(719)</u>	<u>11</u>	<u>(708)</u>

The notes on pages 50 to 70 form part of these accounts

NOTES TO THE AGENCY ACCOUNTS

For the Year Ended 31 March 2010

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2009/10 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel (DFP). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Planning Service for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Planning Service are described below. They have been applied consistently in dealing with items that are considered material in relation to the accounts.

The financial statements have been presented in Sterling, rounded to the nearest thousand.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, as modified to account for the revaluation of property, plant and equipment and intangible assets.

1.2 Property, Plant and Equipment

Property, plant and equipment assets comprise the furniture and fittings, plant and machinery, computer systems (bespoke software) and information technology equipment held by the Agency.

The minimum level for capitalisation of a tangible fixed asset is £500 for IT equipment and £1,000 for all other assets.

All tangible assets are valued at current replacement cost: IT assets by the application of an accelerated depreciation policy and other assets by using appropriate indices compiled by the Office for National Statistics.

1.3 Intangible Assets

Computer software licences are treated as intangible assets except where they have been developed internally (bespoke software).

Purchased computer software licences are capitalised as an intangible asset where expenditure of £500 or more is incurred. Software licences are amortised over the period of the licence.

1.4 Depreciation

Depreciation is provided at rates calculated to write off the valuation, less estimated residual value of each asset, over its expected useful life (IT assets – accelerated depreciation; all other assets – straight line depreciation). Assets in the course of construction are not depreciated until the asset is brought into use.

The estimated useful lives of the main categories of fixed assets are:

Information Technology	3 – 5 years
Computer Software Licences (Intangible)	period of the licence
Plant and Machinery (Office Equipment)	5 years

1.5 Grants Payable

The Agency recognises such expenditure in the period in which the recipient carries out the activity which creates an entitlement to the grant support, in so far as is practicable to do so. Where the Agency cannot estimate with any reliable accuracy the amount of such grant entitlement outstanding at the balance sheet date, such liabilities are disclosed as contingent liabilities.

1.6 Value Added Tax

Most of the activities of the Agency are outside the scope of VAT. VAT is recovered centrally by the Department on a cash basis. Income and expenditure is shown net of VAT where it is recoverable.

1.7 Private Finance Initiative (PFI) Transactions

PFI transactions have been accounted for in accordance with IFRIC 12, Service Concession Arrangements as required by the iFRoM. Where the balance of risks and rewards of ownership of the PFI project are borne by the operator, the PFI payments are recorded as an operating cost.

Where substantially all the risks and rewards of ownership of a leased asset are borne by the Agency, the asset is recorded as a fixed asset and a debt is recorded to the lessor, of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Operating Cost Statement over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

Lease costs within this PFI contract are separately disclosed in accordance with IAS 17.

1.8 Provisions

The Agency provides for legal or constructive obligations, which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation where this can be determined. This relates to early retirement costs, equal pay claims, planning compensation, potential legal actions and provision for future liabilities in respect of on-going judicial reviews and unsettled employer liability cases. Where the effect of the time value of money is significant the estimated risk-adjusted cash flows are discounted using the real rate set by the Department of Finance and Personnel (DFP) (currently 2.2 per cent).

1.9 Notional Costs

Since Resource Accounts are required to show the full economic cost of delivery of public services, the Operating Cost Statement includes certain notional elements of expenditure. These costs have been included on the basis of the estimated costs incurred by the providing department.

1.10 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by DFP.

1.11 Leases

Operating lease rentals are charged to the Operating Cost Statement on a straight-line basis over the term of the lease.

1.12 Net Vote Funding

Supply funding is not treated as income on the face of the Operating Cost Statement, but is credited to the general fund.

1.13 Operating Income

Operating income is income which relates directly to the operating activities of the Agency. It comprises fees and charges for determining planning applications and responding to property enquiries.

The income as stated in the Agency accounts is the amount earned by the processing of planning applications throughout the year, not the amount of fees received during this period, and is earned as the work is carried out. Income is recognised as the application passes through crucial stages of the planning application process.

1.14 Capital Charge

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at the real rate set by the DFP (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for:

property, plant and equipment and intangible assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:

- additions at cost
- disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal)
- impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure)
- depreciation of property, plant and equipment and amortisation of intangible assets.

1.15 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)). The defined benefit schemes are unfunded and non-contributory except in respect of dependants' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, the Agency recognises the contributions payable for the year.

1.16 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the NI Assembly in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the NI Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the NI Assembly.

2. First-time Adoption of IFRS

2.1 Reconciliation of UK GAAP reported taxpayers' equity to IFRS at the date of transition 1 April 2008

	Notes	General Fund £'000	Revaluation Reserve £'000
Taxpayers' equity at 31 March 2008 under UK GAAP		(4,418)	9
Adjustments for:			
IAS 19 Employee Benefits	2.4	(457)	–
Taxpayers' equity at 1 April 2008 under IFRS		<u>(4,875)</u>	<u>9</u>

2.2 Reconciliation of UK GAAP reported taxpayers' equity to IFRS at the end of the final UK GAAP reporting period 31 March 2009

	Notes	General Fund £'000	Revaluation Reserve £'000
Taxpayers' equity at 31 March 2009 under UK GAAP		(447)	(5)
Adjustments for:			
IAS 19 Employee Benefits	2.4	(451)	–
Adjustment to opening balance for rounding differences		(1)	
Taxpayers' equity at 1 April 2009 under IFRS		<u>(899)</u>	<u>(5)</u>

2.3 Reconciliation of UK GAAP reported net operating cost to IFRS for the year ended 31 March 2009

	Notes	£'000
Net operating cost for 2008-09 under UK GAAP		24,315
Adjustments for:		
IAS 19 Employee Benefits	2.4	(6)
Net operating cost for 2008-09 under IFRS		<u>24,309</u>

2.4 Impact of IAS 19 Employee Benefits

Following the adoption of IAS 19 it was identified that an accrual needed to be recognised for untaken staff annual and flexi-leave balances. An adjustment of £457,000 was accounted for through the opening balance sheet. A further £6,000 was adjusted for to reflect the movement in staff salaries and numbers through the 31 March 2009 balance sheet.

3. Staff Numbers and Related Costs

Staff costs comprise:

			2009-10 £'000	Restated 2008-09 £'000
	Permanently employed staff	Others	Total	Total
Wages and salaries	20,157	174	20,331	20,137
Social security costs	1,429	11	1,440	1,450
Other pension costs	3,478	3	3,481	3,338
Capitalised Staff Costs	(398)	–	(398)	–
	<u>24,666</u>	<u>188</u>	<u>24,854</u>	<u>24,925</u>

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) is an unfunded multi-employer defined benefit scheme but the Planning Service is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2007 and details of this valuation are available in the PCSPS (NI) resource accounts.

For 2009-10, employers' contributions of £3,481,268.67 were payable to the PCSPS(NI) (2008-09 £3,337,776.35) at one of four rates in the range 16.5 to 23.5 per cent (2008-09: 16.5 to 23.5 per cent) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2010/11, the rates will be in the range 18 to 25 per cent. The contribution rates are set to meet the cost of the benefits accruing during 2009/10 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employers' contributions (2008-09 £nil) were paid to stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent (2008-09: 3 to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £nil (2008-09 £nil) 0.8 per cent of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £nil. Contributions prepaid at that date were £nil.

2 people (2008-09: 3 people) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £2,593.93 (2008-09: £3,640.28).

Average Number of Persons Employed

The average number of whole-time equivalent persons employed during the year was as follows.

			2009-10 Number	2008-09 Number
	Permanent staff	Others	Total	Total
Senior Management	66	0	66	65
Professional and Technical	409	9	418	439
Executive, Administrative and Ancillary	322	18	340	346
Temporary Staff Employed through Recruitment Agencies	0	0	0	8
	<u>797</u>	<u>27</u>	<u>824</u>	<u>858</u>

4. Other Administrative Costs

	Notes	2009-10 £'000	Restated 2008-09 £'000
Rentals under operating leases		22	25
Non-cash items			
Depreciation		58	115
Amortisation		–	20
Cost of Capital (Credit)		(23)	(9)
Provision provided for in year	11	25	43
Notional Costs	4a	11,414	9,083
Other Expenditure			
Travel and Subsistence		469	412
Data Scanning		–	54
Staff Training		95	433
Geographical Information		376	376
Hospitality		14	28
General Administration Expenses		1,339	1,457
		<u>13,789</u>	<u>12,037</u>

4a. Notional Costs

These costs relate to services received for which no actual payment was made. They are included in the accounts so as to reflect the full economic cost of provision.

Services Provided by Parent Department

	2009-10 £'000	2008-09 £'000
Corporate Services including Finance	1,048	579
Consultations with Northern Ireland Environment Agency	516	473
	<u>1,564</u>	<u>1,052</u>

Other Notional Costs

	2009-10 £'000	2008-09 £'000
Consultations with Roads Service	3,991	3,880
Accommodation	3,291	2,939
IT Support and Services	977	7
Personnel Management and Recruitment	–	143
Planning Inquiries and Area Plans	389	282
Finance	40	155
Consultations with DARD	155	141
Central Policy and Management	21	21
Telecommunications	117	116
Legal Services	165	188
Land Valuations	21	24
Audit	17	14
Account NI	482	–
Miscellaneous	184	121
	<u>9,850</u>	<u>8,031</u>
	<u>11,414</u>	<u>9,083</u>

Auditors' remuneration contains no element relating to non-audit work.

5. Programme Costs

	Notes	2009-10 £'000	Restated 2008-09 £'000
Current grants		444	485
PFI service charges		517	504
Non-cash items			
Amortisation		42	29
Cost of capital credit/(charge)		7	(75)
Provision provided for in year	11	3,515	720
Impairment of fixed assets		250	–
Other Expenditure			
Consultants Fees and Contracted Out Costs		589	765
Development Control Computer System		802	596
Property Certificate Computer System		151	150
Planning Compensation		3	2
Advertising of Planning Applications		1,151	1,245
Construction Service		127	105
IT and Office Equipment		27	64
Planning Reform		105	253
Preparation of Development Plans		20	72
Research Bursaries and Awards		61	88
Land Registry Charges		59	59
		<u>7,870</u>	<u>5,062</u>

6. Income

	2009-10 £'000	2008-09 £'000
Planning Fees	15,261	17,184
Property Certificate Fees	527	508
Recovery of Planning Compensation	10	16
CFER Income	1	7
	<u>15,799</u>	<u>17,715</u>

7. Property, Plant and Equipment

	Payments on Account & Assets under Construction Restated £'000	Information Technology Restated £'000	Plant & Machinery Restated £'000	Total Restated £'000
Cost or valuation				
At 1 April 2009	639	436	221	1,296
Additions	1	75	–	76
Disposals	–	(24)	(6)	(30)
Revaluations	–	14	–	14
Reclassifications	–	(141)	5	(136)
At 31 March 2010	<u>640</u>	<u>360</u>	<u>220</u>	<u>1,220</u>
Depreciation				
At 1 April 2009	–	402	186	588
Charged in year	–	13	35	48
Disposals	–	(24)	(6)	(30)
Revaluations	–	10	–	10
Reclassifications	–	(140)	–	(140)
At 31 March 2010	<u>–</u>	<u>261</u>	<u>215</u>	<u>476</u>
Net book value at 31 March 2010	<u>640</u>	<u>99</u>	<u>5</u>	<u>744</u>
Net book value at 31 March 2009	<u>639</u>	<u>34</u>	<u>35</u>	<u>708</u>
Asset financing:				
Owned	640	99	5	744
Finance Leased	–	–	–	–
On-balance sheet PFI contracts	–	–	–	–
Net book value at 31 March 2010	<u>640</u>	<u>99</u>	<u>5</u>	<u>744</u>

	Payments on Account & Assets under Construction Restated £'000	Information Technology Restated £'000	Plant & Machinery Restated £'000	Total Restated £'000
Cost or valuation				
At 1 April 2008	639	547	246	1,432
Additions	–	34	–	34
Disposals	–	(145)	(17)	(162)
Revaluations	–	–	(9)	(9)
At 31 March 2009	<u>639</u>	<u>436</u>	<u>220</u>	<u>1,295</u>
Depreciation				
At 1 April 2008	–	473	168	641
Charged in year	–	74	41	115
Disposals	–	(145)	(17)	(162)
Revaluations	–	–	(7)	(7)
At 31 March 2009	<u>–</u>	<u>402</u>	<u>185</u>	<u>587</u>
Net book value at 31 March 2009	<u>639</u>	<u>34</u>	<u>35</u>	<u>708</u>
Net book value at 31 March 2008	<u>639</u>	<u>74</u>	<u>78</u>	<u>791</u>
Asset financing:				
Owned	639	34	35	708
Finance Leased	–	–	–	–
On-balance sheet PFI contracts	–	–	–	–
Net book value at 31 March 2009	<u>639</u>	<u>34</u>	<u>35</u>	<u>708</u>

8. Intangible Assets

	Payments on Account & Assets under Construction Restated £'000	Software Licences Restated £'000	Internally Generated Software £'000	Total Restated £'000
Cost or valuation				
At 1 April 2009	8,384	346	158	8,888
Additions	2,356	17	–	2,373
Impairments	(250)	–	–	(250)
Revaluations	–	2	9	11
Reclassifications	(79)	136	79	136
At 31 March 2010	10,411	501	246	11,158
Amortisation				
At 1 April 2009	–	318	29	347
Charged in year	–	10	42	52
Revaluations	–	1	3	4
Reclassifications	–	140	–	140
At 31 March 2010	–	469	74	543
Net Book Value at 31 March 2010	10,411	32	172	10,615
Net Book Value at 31 March 2009	8,384	28	129	8,541
Asset Financing				
Owned	10,411	32	172	10,615
Finance Leased	–	–	–	–
On-Balance Sheet PFI contracts	–	–	–	–
Net Book Value at 31 March 2010	10,411	32	172	10,615

An impairment review carried out at the balance sheet date has resulted in nugatory expenditure of £250k being recognised on the ePIC asset.

	Payments on Account & Assets under Construction Restated £'000	Software Licences Restated £'000	Internally Generated Software Restated £'000	Total Restated £'000
Cost or valuation				
At 1 April 2008	6,751	350	–	7,101
Additions	1,791	–	–	1,791
Disposals	–	(4)	–	(4)
Reclassifications	(158)	–	158	–
At 31 March 2009	8,384	346	158	8,888
Amortisation				
At 1 April 2008	–	302	–	302
Charged in year	–	20	29	49
Disposals	–	(4)	–	(4)
At 31 March 2009	–	318	29	347
Net Book Value at 31 March 2009	8,384	28	129	8,541
Net Book Value at 31 March 2008	6,751	48	–	6,799
Asset Financing				
Owned	8,384	28	129	8,541
Finance Leased	–	–	–	–
On-Balance Sheet PFI contracts	–	–	–	–
Net Book Value at 31 March 2009	8,384	28	129	8,541

9. Trade Receivables and Other Current Assets

9a. Analysis by type

	2010 £'000	2009 £'000	2008 £'000
Amounts falling due within one year:			
Other receivables	328	53	129
Prepayments and accrued income	245	156	316
VAT debtor	161	29	44
	<u>734</u>	<u>238</u>	<u>489</u>

9b. Intra-Government Balances

	2010 £'000	2009 £'000	2008 £'000
Receivables: Amounts falling due within one year			
Balances with other central government bodies	233	15	7
Balances with local authorities	–	–	–
Balances with NHS Trusts	–	–	–
Balances with public corporations and trading funds	–	–	–
Balances with bodies external to government	501	222	482
	<u>734</u>	<u>237</u>	<u>489</u>

10. Trade Payables and Other Current Liabilities

10a. Analysis by type

	2010 £'000	Restated 2009 £'000	Restated 2008 £'000
Amounts falling due within one year			
Trade payables	1,008	346	742
Amounts due to the NI Consolidated Fund for CFER Income	4	4	1
Accruals and deferred income	7,485	8,533	10,864
	<u>8,497</u>	<u>8,883</u>	<u>11,607</u>

10b. Intra-Government Balances

	2010 £'000	Restated 2009 £'000	Restated 2008 £'000
Trade payables: Amounts falling due within one year			
Balances with other central government bodies	318	199	118
Balances with local authorities	–	–	9
Balances with NHS Trusts	–	–	–
Balances with public corporations and trading funds	–	–	–
Balances with bodies external to government	8,179	8,684	11,480
	<u>8,497</u>	<u>8,883</u>	<u>11,607</u>

11. Provisions for Liabilities and Charges

Provision for planning compensation is in respect of expected claims under the Planning (NI) Order 1972 for discontinuance orders and under the Land Development Values (Compensation) Act (NI) 1965 for refusal of planning permission.

Other provisions include legal costs which may become payable in respect of ongoing judicial reviews and unsettled employer liability cases, and provisions for early retirement costs and equal pay.

	Planning Compensation £'000	Equal Pay Claim £'000	Legal Costs £'000	Early Departure Costs £'000	Total £'000
Balance at 1 April 2009	256	–	1,230	22	1,508
Provided in the year	137	3,098	432	26	3,693
Provisions not required written back	–	–	(152)	(1)	(153)
Provisions utilised in the year	(286)	–	(424)	(34)	(744)
Balance at 31 March 2010	<u>107</u>	<u>3,098</u>	<u>1,086</u>	<u>13</u>	<u>4,304</u>

Analysis of expected timing of discounted flows:

	Planning Compensation £'000	Equal Pay Claim £'000	Legal Costs £'000	Early Departure Costs £'000	Total £'000
In the remainder of the Spending Review period (to 2011)	107	3,098	1,086	13	4,304
Between 2012 and 2016	–	–	–	–	–
Between 2017 and 2021	–	–	–	–	–
Thereafter	–	–	–	–	–
Balance at 31 March 2010	<u>107</u>	<u>3,098</u>	<u>1,086</u>	<u>13</u>	<u>4,304</u>

11.1 Early Departure Costs

The Agency is required to meet the cost of paying the pensions of employees who retire early from the date of their retirement until they reach normal pensionable age. The Agency provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

11.2 Planning Compensation

Provision for planning compensation is in respect of expected claims under the Planning (NI) Order 1972 for discontinuance orders and under the Land Development Values (Compensation) Act (NI) 1965 for refusal of planning permission.

11.3 Legal Costs

Provision for legal costs is in respect of on-going judicial reviews and unsettled employer liability cases which may become payable.

11.4 Equal Pay

This provision represents the Agency's expected share of the settlement payment to be made to staff at AA, AO, EO11 and analogous grades in the NICS as a result of an agreement with NIPSA in respect of Equal Pay. As over 13,000 staff are affected, each with their own personal circumstances, implementation of the settlement will be a major administrative exercise and will take several months to fully complete. The exact amount to be paid will depend on a number of factors, including the number of staff who agree to the settlement and the amount that HMRC calculate is due from departments to discharge taxation obligations.

12. Capital Commitments

	2009-10 £'000	2008-09 £'000
Contracted capital commitments at 31 March 2010 for which no provision has been made		
Intangible assets	1,045	1,489
	<u>1,045</u>	<u>1,489</u>

13. Commitments under Leases

13.1 Operating Leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2009-10 £'000	Restated 2008-09 £'000
Obligations under operating leases comprise:		
Information Technology:		
Not later than one year	257	324
Later than one year and not more than five years	–	257
Later than five years	–	–
	<u>257</u>	<u>581</u>
Other:		
Not later than one year	18	11
Later than one year and not more than five years	38	4
Later than five years	–	–
	<u>56</u>	<u>15</u>

Information Technology includes the operating lease element of the computerised Development Control Computer System and Property Certificate System. This cost is included as part of the PFI cost disclosed in note 5. The lease is due to expire on 31 December 2010.

13.2 Finance Leases

The Agency has no obligation under finance leases.

14. Commitments under PFI Contracts

14.1 Off-Balance Sheet

In December 1997, a PFI contract was signed for the provision of a computerised development control system. The contract was initially for a five year period (with the option of two one-year extensions) and commenced in October 1999 when the last planning office went live. The estimated capital value of the contract is £2.1m. The contract was extended in September 2004, November 2005, October 2006, October 2007 and again in October 2008 and will end on 31 December 2010.

14.2 Charge to the Operating Cost Statement and Future Commitments

The total amount charged in the Operating Cost Statement in respect of off-balance sheet PFI transactions was £517,164 (2008-09: £503,952); and the payments to which the agency is committed during 2009-10, analysed by the period during which the commitment expires, is as follows.

	2009-10 £'000	Restated 2008-09 £'000
Expiry not later than 1 year	418	–
Later than 1 year not later than 5	–	935
Later than 5 years	–	–
	<u>418</u>	<u>935</u>

15. Key Corporate Financial Targets

The Agency is required to recover in full the costs of determining planning applications and responding to property enquiries (both cash and non-cash costs on an accruals basis). Performance for the year is shown below.

	Income £'000	Expenditure £'000	(Deficit)/ Surplus £'000	Recovery %
2010				
Planning Applications	15,261	24,845	(9,584)	61.4%
Property Certificates	527	618	(91)	85.3%
	<u>15,788</u>	<u>25,463</u>	<u>(9,675)</u>	

16. Contingent Liabilities

During 2009/10 the Agency and the Department established a Planning Service Operating Cost Review team to develop and implement proposals for managing the Agency's operating costs in that and subsequent years. The pressure on the Agency's budgets in 2010/11 are estimated in excess of £9m and a further Review of Planning Service's Operating Costs, which reported in April 2010, has concluded that this funding gap can only be bridged by the redeployment of approximately 271 staff from the Agency.

However, 160 of these surplus staff are specialist planners and it is possible that, if these staff do not volunteer for regrading and the full range of pre-redundancy measures are unsuccessful, it may be necessary to bring forward an appropriate redundancy scheme for planners. At this stage it is not possible to quantify either the timing or the potential financial impact of such a scheme, should it become necessary.

The Agency has no other contingent liabilities as at the Balance Sheet date.

17. Losses and special payments

17.1 Minerals fees undercharged

An audit carried out by the Planning Service Audit Team during 2009-10 identified an incorrect application of the planning fee regulations for minerals extraction. Included within other receivables at note 9 above is an amount of £230k due from applicants in relation to estimated fees undercharged for existing live minerals applications. In respect of minerals applications where a decision has already issued, it is estimated that the planning fee regulations may have been incorrectly applied over the past ten years at least. Consequently, it is anticipated that the work to quantify the potential fee shortfall will take approximately six months to complete. Preliminary indications are that the shortfall will be considerably greater than £250k and will be disclosed within the Agency's losses note in the 2010-11 Annual Report and Accounts.

17.2 ePIC Impairment

£250k of nugatory expenditure in relation to the Agency's ePIC asset under construction has been written off to programme costs in 2009-10.

18. Related-Party Transactions

The Planning Service is an executive agency of the Department of the Environment.

The Department of the Environment is regarded as a related party. During the year, the Agency has had material transactions with the Department, and with other entities for which the Department is regarded as the parent department, primarily Northern Ireland Environment Agency.

In addition, the Planning Service has had material transactions with other government departments and other central government bodies. Most of these transactions have been with the Department for Regional Development and the Department of Finance and Personnel.

During the year, none of the Management Board members, members of the key management staff or other related parties has undertaken any material transactions with the Agency.

19. Review of Public Administration and Planning Reform

The Environment Minister is committed to taking forward a comprehensive programme of reform of the Northern Ireland planning system. A consultation paper outlining the proposals for reform was subject to public consultation from July – October 2009. The final policy proposals, which take account of the consultation responses, were subsequently formulated by the Minister and cleared by the Northern Ireland Executive in February 2010.

The planning reform measures, as agreed by the Executive, are intended to streamline and improve the service delivery and efficiency of the planning system, with a focus on the allocation of appropriate resources to the more significant planning applications, with development being led by a streamlined system of council-led development plans. Any additional costs associated with the reform initiatives are expected to be those associated with any necessary modifications to existing Planning Service IT systems, training staff and elected representatives involved in the new Planning system, and providing guidance to the public, particularly to developers, agents, consultees and others involved with the planning system.

The wide-ranging planning reform measures were developed within the context of the Review of Public Administration (RPA) decisions, under which the majority of planning functions had been due to move to local government in May 2011. However, in June 2010, Executive Ministers were not able to come to an agreement on the way forward for local government reform. As a consequence, the new councils will not be created in May 2011, as had been envisaged under RPA, nor will planning functions be transferred to them at that point.

Although the recommendations of RPA will not be implemented in May 2011, the Minister has indicated that he remains committed to the process of local government reform and that he intends to bring a revised timetable for delivery programme to the Executive over the summer of 2010.

These delays to the process of local government reform may have implications for the planning reform programme. However, until the Executive takes a final decision on the revised timetable for local government reform, it is not possible to provide a definitive assessment of the potential financial impact of the planning reform initiatives and the transfer of planning functions.

20. Events Occurring after the Balance Sheet Date

The Annual Report and Accounts were authorised to be issued and laid in the Assembly by the Accounting Officer on 30 June 2010. There were no events after the Balance Sheet that required disclosure.



Published by Corporate Document Services and available from:

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ISBN 9781847127990



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