

# The Planning Service



## Annual Report & Accounts 2002-03



Department of the  
**Environment**  
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INVESTOR IN PEOPLE



**THE PLANNING SERVICE**  
**ANNUAL REPORT & ACCOUNTS 2002/03**

*Presented to The Houses of Parliament  
by the Secretary of State for Northern Ireland  
in accordance with Article 2(2)(a) of the Northern Ireland  
Act 2000 (Prescribed Documents) Order 2002*

*15 July 2003*

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15 July 2003*



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## FOREWORD

I am pleased to present the Planning Service's Annual Report on its activities during the past year.

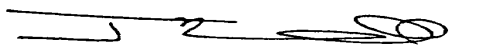
This has been a year tinged with deep sadness because of the untimely death of our Chief Executive, Hugh McKay, and our colleague Michael McEvoy. On behalf of all the staff in Planning Service, I would like to extend my deepest sympathy to Hugh and Michael's families.

It has also been a year filled with challenges, not least in terms of the volume of planning applications with which we deal. We saw an unprecedented 11% year-on-year increase in planning application numbers in the last year. We also saw a temporary hold on some planning applications in some areas as a result of concerns over the impact of development on water quality. We have met these challenges head on, as I hope will be evident from this report.

In presenting this Annual Report I should take the opportunity to highlight some of the key developments in the past year. For me, the most significant developments were:

- ❑ The publication of the *Modernising Planning Processes Implementation Plan* in February 2002, setting out a series of actions and a clear timetable for the comprehensive modernisation of planning processes over the next three years. This followed consultation on reform proposals in 2002. The reform programme covers the three core functions of the Planning Service: development control; development planning, and the preparation of planning policy.
- ❑ The enactment of the Planning (Amendment) (NI) Order 2003, in February 2003, which has provided important new and enhanced planning powers to strengthen and streamline the enforcement process, and introduced important new protections for the built environment and for trees.
- ❑ The reorganisation of the Planning Service to provide a clearer management focus on the delivery of the targets set out in *Building on Progress - Priorities and Plans for 2003 – 2006* published by the Secretary of State, the Rt. Hon Paul Murphy, in December 2002.
- ❑ Our continuing efforts to recruit and train new staff, to strengthening of our management structures, and to provide our staff with the skills they need to meet the challenges they face.

I believe these and other developments set out in this Annual Report will, in coming years, lead to real improvements in the service we deliver to the public we serve. We have laid the foundations for change. Our challenge now is to build on those foundations.



**J E McCONNELL**  
**Acting Chief Executive**

## **1. AIM AND STRATEGIC OBJECTIVES**

### **1.1 The Agency's aim is:**

To plan and manage development in ways which will contribute to a quality environment and seek to meet the economic and social aspirations of present and future generations.

### **1.2 The Agency's objectives are to:**

#### **Customer Service**

- Provide operational planning policy guidance, Development Plans and high quality professional planning decisions;
- Pursue continuous improvement in the delivery of services, having regard to the effective use of available resources, Section 75 of and Schedule 9 to the Northern Ireland Act 1998 and associated human rights and equality policies;
- Secure improvements in the quality of services available to customers in line with the principles of Service First – The New Charter Programme and the Agency's Charter Standards Statement; and
- Provide an accurate and speedy land and property information service to the conveyancing community.

#### **Operational**

- Ensure, with regard to the Regional Development Strategy, that Development Planning and Development Control promote the orderly and consistent use of land; and
- Provide planning support for physical and social regeneration projects of the Department for Social Development.

#### **Financial and Administrative**

- Secure best value and efficiency in the management of the Agency;
- Develop and maintain effective financial and management information systems;
- Maintain high levels of motivation, skills and performance of staff; and
- Explore opportunities for and introduce, where practicable, Public Private Partnership arrangements.

## 2 **ABOUT THE PLANNING SERVICE**

- 2.1 The Planning Service is an Executive Agency within the Department of the Environment. The town and country planning system exists to regulate the development and the use of land in the public interest. The Department's functions, in relation to planning, are set out in the Planning (Northern Ireland) Order 1991. The role of the Agency is to administer most of these functions. All planning decisions up until 14 October 2002 were taken under the authority of the Minister for the Department of the Environment. Following the suspension of the Northern Ireland Assembly the Parliamentary Under Secretary of State at the Northern Ireland Assembly, Angela Smith MP, has exercised that authority.

## 3 **THE AGENCY'S BUSINESS**

- 3.1 The Agency's key business areas are development control, including enforcement, development planning, and the preparation of planning policy.

## 4 **ORGANISATION**

- 4.1 The Chief Executive is directly responsible to the Minister for the Agency's performance and operations. During 2002/03, the Agency's Management Board comprised the Chief Executive and two Directorates headed by the Director of Professional Services and the Director of Corporate Services. From January 2003 the Planning Service engaged in structural reorganisation to provide a clearer management focus on the delivery of the targets set out in *Building on Progress - Priorities and Plans for 2003 – 2006* published by the Secretary of State, the Rt. Hon Paul Murphy, in December 2002. As a result, the Agency was reconfigured into three Directorates: Plans & Policy, Operations and Corporate Services, each of which is headed by a Director.
- 4.2 The Agency's Headquarters is in Clarence Court, 10-18 Adelaide Street, Belfast BT2 8GB. There are six Divisional Planning Offices and two Sub-Divisional Planning Offices.
- 4.3 At the 31 March 2003 the staff compliment was 611.

## 5. KEY PERFORMANCE TARGETS

### PROGRAMME FOR GOVERNMENT II (PFG II) 2002-2005

<b>Objective</b>	<b>Target Date</b>	<b>Outturn</b>
Eliminate the backlog of planning applications	By end December 2002	Target not Achieved.
Complete the current programme of Development Plan preparation	By end 2005	Limited progress. Target extended to end of 2006.
Complete the current programme of Planning Policy Statement preparation	By end 2004	Limited progress. Target extended to end of 2005.

### DEPARTMENTAL CORPORATE AND BUSINESS PLAN 2002-2003

<b>Operational Objectives</b>	<b>Performance Measure/Target</b>	<b>Outturn</b>
Planning Applications	Reduce the backlog of planning applications by 60% (as measured from 1 April 2000)	Not achieved. The increase in planning applications received has impacted on the backlog resulting in an increase of 49% in the backlog, as compared with the position at April 2000.
Development Plans	Adopt one Development Plan and publish six Draft Development Plans, including BMAP	Adoption of Development Plan not achieved. One Draft Plan published while five have been delayed.
Planning Policy Statements	Publish five PPS for consultation and four in final form, including PPS 10 on Telecommunications	Two PPS's published for consultation, and two PPS's published in final form. The remaining PPS's have been delayed.

Legislative Framework	Ensure that the Planning (Amendment) Bill 2003 completes its passage through the Assembly and is enacted by March 2003 to strengthen the Department's enforcement powers Ensure that the Planning (General Development) (Amendment) Order (NI) 2002 is made and comes into operation by June 2002	Target achieved. Planning (Amendment)(Northern Ireland) Order 2003 received Royal Assent in February 2003  Target achieved.
Planning Processes	Publish an Implementation Plan by the end of 2002	Implementation Plan published in February 2003.

### **AGENCY LEVEL MEASURES AND TARGETS 2002-2003**

#### **Volume of Output**

<b>Performance Measure</b>	<b>Target</b>	<b>Outturn</b>
Preparing Area Plans in accordance with agreed Programme	Adopt the Cookstown Area Plan 2010. Publish the following plans in draft form by 31 March 2003: BMAP 2015 Ards/down Area Plan 2015 Banbridge/Newry & Mourne Area Plan 2015 Magherafelt Area Plan 2015 Northern Area Plan 2016 Antrim/Ballymena/Larne Area Plan 2016	Adoption of Cookstown Area Plan delayed.  Ards Down Plan published in December 2002.  Remainder of Draft Plans not yet published.

## Quality of Service

<b>Performance Measures</b>	<b>Target</b>	<b>Outturn</b>
Customer Satisfaction	Achieve a customer satisfaction level of 80% in relation to the determination of planning applications	61% customer satisfaction
Planning Application processing	<p>Minor applications – 65% of applications to be taken to District Council within 8 weeks</p> <p>Major applications – 60% to be taken to District Council within 8 weeks</p> <p>Decisions – 65% of major/minor application decisions to issue within 14 working days of final consultation</p> <p>Invalid Applications – to reduce the proportion of invalid planning applications received to 15 % overall</p>	<p>Achieved 51.4%.</p> <p>Achieved 41.2%.</p> <p>Achieved 68.3%.</p> <p>Achieved 24.6%.</p>
Property Certificate processing time	To issue responses to 94% of property enquiries within 10 working days	Achieved 93.6%.

## Efficiency

<b>Performance Measure</b>	<b>Target</b>	<b>Outturn</b>
Modernising Planning Processes	Produce implementation plan by end 2002	Implementation Plan published in February 2003.

## Financial Performance

Performance Measures	Targets	Outturn
Level of financial and budgetary control achieved	Maintain expenditure within approved resource budget plans	Target achieved.
Recovery of specific costs	To maintain full recovery of the costs of determining planning applications	Full recovery of costs not achieved.
	To maintain full recovery of the costs of responding to property enquiries	Target achieved.

## 6 PROGRESS AGAINST OUR STRATEGIC OBJECTIVES

### 6.1 Customer Service and Operational

“provide Planning Policies and Development Plans and ensure that they promote orderly and consistent use of land”

“provide high quality professional planning decisions that promote the orderly and consistent use of land”

“improve delivery of services, having regard to the effective use of available resources, Section 75 of and Schedule 9 to the Northern Ireland Act 1998 and associated human rights and equality policies”

“provide an accurate and speedy land and property information service to the conveyancing community”

### 6.2 Planning Policy Statements (PPSs)

In terms of producing policy, consultation on the proposals set out in Modernising Planning Processes made it clear that the public wish to see unambiguous, concise and easily understood PPSs that contain policies distinctive to Northern Ireland. There is also an expectation that the main interest groups will be involved with us from the earliest stage in identifying key issues that each Policy Statement should address. Our commitments to improved policy making are set out in the Modernising Planning Processes Implementation Plan.

While good progress has been made in taking forward the programme of planning policy development, progress was hampered by problems encountered earlier in the year in securing the staff necessary to take forward the programme. Those problems have been overcome, and the Policy Unit is now fully staffed. The net result is that we do not

now expect to deliver a fully updated policy suite until the end of 2005.

PPS3 Access, Movement and Parking and PPS4 Industry, Business and Distribution were published for consultation. PPS10 Telecommunications and PPS11 Planning and Waste Management were published in final form.

### 6.3 **Development Plans**

The public expectation is that we will produce development plans more quickly, yet ensure increased public consultation. Our commitments to improving the process of development plan preparation are set out in the Modernising Planning Processes Implementation Plan. In addition, the requirements of the Regional Development Strategy, the equality agenda, and New TSN have all impacted fundamentally on the development plan preparation process.

While good progress has been made in taking forward the programme of development plan preparation, overall progress has been hampered by a variety of internal and external factors. The Draft Ards Down Plan was published in December 2002. The Cookstown Area Plan could not be adopted due to the need to amend the Strategic Planning (Northern Ireland) Order 1999. The necessary changes were introduced by the Planning (Amendment)(Northern Ireland) Order 2003, and the way is now clear to adopt that Plan.

### 6.4 **Development Control**

The number of planning applications submitted to Planning Service continued to rise. Concerns over the impact of development on water quality delayed the processing of some applications in some areas for a number of months, and were not resolved until later in the year. During the year there were 27,941 applications submitted, an increase of 10.4% over the previous year. A total of 26,634 applications were made valid during the year, and increase of 8.7% over last year. There were 22,610 decision issued representing an increase of 5.4% on the previous year. At the end of March 2003 the backlog of applications had increased by 49% to 6332 applications, as compared with the position at March 2000. As a result, it was not possible to meet the target set out in the Programme for Government 2002-2005.

In an effort to deal with this increasing workload Planning Service has been actively recruiting professional and administrative staff. The staff compliment for the Agency was 611 at 31 March 2003. However, it takes time to train staff and time for them to gain sufficient experience before they can contribute fully to the work of development control.

The Agency set a performance target in 2002/03 to raise customer satisfaction, in relation to the determination of planning applications,

to 80% from the 64% achieved in 2001/02.

For 2002/03 the Agency used a continuous customer survey in relation to the delivery of planning applications, based on a questionnaire issued each quarter to a random selection of applicants for planning permission. The survey again covered all the aspects of the planning application process from pre application enquiries to planning decisions and sought the views of customers on all aspects of the service. A total of 1200 questionnaires was issued of which 28% were returned. Overall 61% of respondents were satisfied with the service they received. This represents a slight decrease in customer satisfaction.

Speed of processing applications continues to be one of the main reasons for the decrease in customer satisfaction. Despite a 1% increase in the number of respondents who received a decision in less than 2 months there was a 4% increase in the level of dissatisfaction with the length of time taken to issue a decision notice, perhaps reflection increasing customer expectations.

#### **6.5 Property Certificates System**

The results of a customer survey carried out in the Summer of 2002 showed that there was a 94% satisfaction rate with the quality of the service provided by the Property Certificate Service.

A new Property Certificate system was fully installed across Northern Ireland by November 2002. This is the forerunner to providing an electronic on-line Property Certificate Service to solicitors in collaboration with other Agencies including Roads Service, Water Service, the Environment and Heritage Service and the Northern Ireland Housing Executive. The installation affected the performance target of 94% for responses to inquiries and there was a small drop to 93.6%.

#### **6.6 Financial and Administrative**

“obtain best value and efficiency in the management of the Agency”

“develop and maintain effective financial and management information systems”

“maintain high levels of motivation, skills and performance of staff”

“explore opportunities for and introduce, where practicable, Public Private Partnership arrangements”

The expenditure for 2002/03 was within the delegated level set by the Department.

The Agency continued to recover fully the costs of processing Property Certificates.

In the area of Development Control we did not earn sufficient income to recover our costs in 2002/03. There was an injection of additional money during the year, to help tackle the increasing workload, which did not generate an equivalent amount of earned income. This was due to the fact that the fee increase for 2002/03 was not put in place until 3 March 2003, and new inexperienced staff were less productive than existing staff. While existing staff also worked abnormal levels of overtime, this was more costly and did not generate a proportionate increase in output.

## **7 OTHER WORK AND COMMITMENTS**

### **7.1 Planning Secretariat**

The Secretariat provided administrative support to the Chief Executive, his Directors and the Minister, Dermot Nesbitt and on the suspension of the Assembly, Angela Smith MP.

During the year the Secretariat completed work on 2,155 cases of which 1,425 related to the Minister, 512 were replies from the Chief Executive and 192 were answers to Assembly and Parliamentary Questions.

### **7.2 Modernising Planning Processes**

The Modernising Planning Processes Consultation Paper, published in February 2002 represented the first comprehensive review of the planning system in nearly 30 years. Consultation responses were carefully considered and analysed and informed the preparation of an Implementation Plan, which was published by the Minister, Angela Smith MP on 3 February 2003.

There are three key themes that flow through the Implementation Plan – accessibility, simplicity and speed. The Plan set out a three-year programme to modernise and reform planning processes, across the Agency's three core business areas of development control, including enforcement, development planning, and the preparation of planning policy. It includes a specific action in relation to the development of an electronic planning system by the end of 2005, on which work has already commenced.

The published Implementation Plan sets out the way forward on each and every issue and gives the timescale within which each issue will be taken forward. The aim is to complete the implementation of the Plan by the end of 2005.

### 7.3 **Legislative Framework**

#### *Planning (Amendment) (Northern Ireland) Order 2003*

The enactment of the Planning (Amendment) (NI) Order 2003, in February 2003, which had been before the Assembly prior to suspension, has provided important new and enhanced planning powers to strengthen and streamline the enforcement process, and introduced important new protections for the built environment and for trees.

#### *The Planning (General Development) (Amendment) Order (NI) 2002*

This Order, which came into operation on 21 June 2002, had the effect removing permitted development rights from telecommunications code system operators, except for limited rights that could be exercised in an emergency. This legislative change gave effect to the Executive Committee's decision to introduce a requirement for full planning permission for all telecommunications development.



**ANNUAL ACCOUNTS 2002/03**



## **FOREWORD TO THE ACCOUNTS**

### **Introduction**

The Planning Service presents its accounts for the year ended 31 March 2003. 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.

The Chief Executive of the Agency is also the Accounting Officer with the responsibilities and delegations outlined in the Agency's Framework Document.

### **Principal Activities**

The Agency's overall aim is to plan and manage development in ways which will contribute to a quality environment and seek to meet the economic and social aspirations of present and future generations.

To this end its main activities are:

- Development Planning; and,
- Development Control, including the Property Certificate service.

### **Funding**

The Planning Service is funded jointly by income from fees and monies voted by the Northern Ireland Assembly and Parliament. Income from fees relates to charges for planning applications and property certificates.

### **Results for the Year**

The net cost of operations for the year as shown on page 29 was £19,045K. This included an amount of £8,979K for services provided free of charge by other agencies and departments (note 5).

## **Business Review**

A full review of the Agency's business activities during the year is provided in pages 4 to 14 of the Annual Report.

## **Important Events Occurring after Year End**

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

## **Future Developments**

Details of future developments are contained in the Agency's Corporate Plan 2003/04 – 2005/06. The main challenges for the Agency are -

- the workload of planning applications following the 10.4% increase in numbers in 2002/03, including the backlog in the system;
- delivery of the Development Plan Programme by the end of 2006, especially the Belfast Metropolitan Area Plan;
- completing the programme of Planning Policy Statements by the end of 2005;
- implementing all the actions flowing from the Implementation Plan on Modernising Planning Processes by the end of 2005 (including electronic delivery of key services).

## **Fixed Assets**

Details of the movement of fixed assets are set out in notes 8 and 9 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 2003.

## **Management Board**

The Agency's Management Board during the year ended 31 March 2003 comprised:

Chief Executive ( <i>to 3 November 2002</i> )	-	H S McKay
Acting Chief Executive ( <i>from 4 November 2002</i> )	-	J E McConnell
Director of Corporate Services	-	I T Maye
Director of Professional Services (Operations)	-	D J Cleland

Director of Professional Services (Plans and Policy) - P J Quinn  
*(from 2 January 2003)*

Our Chief Executive, Mr Hugh McKay, died during the year and Mr John McConnell was appointed Accounting Officer and acting Chief Executive on 4 November 2002.

A reorganisation of the Agency's Management structure took place during the year and resulted in the creation of a third directorate by dividing the Professional Services Directorate into Plans & Policy and Operations.

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 note 3 to the accounts.

### **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.

### **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 and British Standard BS 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 and services, or presentation of a valid invoice or similar demand, whichever is later.

Regular reviews conducted to measure how promptly the Agency paid its bills found that prompt payment performance for the period 1 April 2002 to 31 March 2003 was:

Total no. of invoices paid in the period	% paid within 30 days or contract payment terms	No. paid within 30 days or contract payment terms	No. of invoices disputed	% of invoices disputed
6,014	98.8	5,941	37	0.6

### **Charitable Donations**

During 2002/03 the Agency made a donation of £500 to the Queen's University Planning Society. The Society produces a newsletter through which it aims to promote land use planning and makes presentations to schools to raise the profile of the planning profession to prospective entrants to the discipline.

### **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**

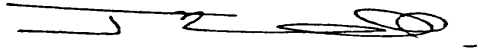
The Agency's professional, administrative and support staff are essential to the conduct of its business. Every effort is made to inform staff of their progress with key performance targets and about topical issues through team briefing and the periodic issue of "the Planning Bulletin" and "Communique" (in-house publications) to each member of staff. Many staff also participate in discussion and working groups on specific topics. The Chief Executive regularly meets staff either at Chief Executive "lunches" or during visits to local offices. There is active and regular consultation between the Agency's management and staff representatives through local and Planning Service level Whitleys and at special meetings to discuss specific issues. The Agency has retained IiP recognition, which will be reassessed in 2004.

### **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.

**Auditor**

These accounts have been audited by the Comptroller and Auditor General.

A handwritten signature in black ink, appearing to read 'J E McConnell', with a horizontal line underneath.

J E McConnell  
Acting Chief Executive  
1 July 2003

## **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 a statement of accounts for each financial year in the form and on the basis set out in the accounts direction at Appendix A. 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, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Agency is required 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 have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer of the Department of the Environment has designated the Chief Executive of the Planning Service as the Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, published in "Government Accounting in Northern Ireland" issued by the Department of Finance and Personnel.

## **STATEMENT ON INTERNAL CONTROL**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Agency policies, aims and objectives, set by the Department's Ministers, whilst safeguarding the public funds and Agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The system of internal control is designed to manage rather than eliminate the 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 the principal risks to the achievement of Agency policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. I expect to have the procedures in place by March 2004 necessary to implement DFP guidance. This takes account of the time needed to fully embed the processes which the Agency has agreed should be established and improve their robustness.

We have carried out appropriate procedures to ensure that we have identified the Agency's objectives and risks and are in the process of determining a control strategy for each of the significant risks. Based on that strategy, risk ownership will be allocated to the appropriate staff and the Agency will set out its attitude to risk to the achievement of the Agency's objectives.

The Management Board will ensure that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and reported on. There will be a full risk and control assessment before reporting on the year ending 31 March 2004. Risk management will also be incorporated more fully into the corporate planning and decision making processes of the Agency.

The Board receives periodic reports concerning internal control. The appropriate steps are being taken to manage risks in significant areas of responsibility and monitor progress on key projects.

Following the identification of the Agency's key objectives and risks, further work will be done to bring about more consistency in the way in which the Agency treats risks.

In addition to the actions mentioned above, in the coming year the Agency plans to:

- Regularly review and update the record of risks facing the organisation;
- update a system of key performance and risk indicators;
- maintain an organisation-wide risk register;
- establish an Audit team to quality assure the Agency's processes; and
- arrange for reports from the Agency's senior managers on internal control activities.

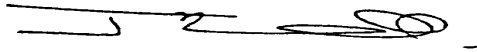
The Agency uses the services of the Department for Regional Development's Internal Audit Unit, which operates to standards defined in the Government Internal Audit Manual. The work of the internal audit unit is informed by an analysis of the risk to which the body is exposed, and annual internal audit 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. At least annually, the Head of Internal Audit (HIA) provides me with a report on internal audit activity within the Agency. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Agency's system of internal control.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors 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.

In respect of 2002/03, Internal Audit concluded that its work provided me with reasonable assurance regarding the adequacy and effectiveness of internal controls within the agency. During the coming year we will work to address concerns raised in the course of individual audits, the most notable of which are:

- **Development Planning:** The programme to produce up to date Area Plan coverage by 2006 is very dependent on the actions of parties over which Planning Service has little or no control. (Examples include the independent PAC, Councils and consultees such as Roads Service and Water Service (DRD) and Rivers Agency (DARD)). In order to address this problem the relevant Corporate & Business Plan target is being restricted to those parts of the process which are within our control. In addition Service Level Agreements with consultees are being revised to include realistic and agreed response times to assist the Agency in meeting its PfG target.
- **Development Control Computer System – 20/20 Planner:** Internal Audit have identified as a key weakness in the system the lack of monitoring of activities carried out by our suppliers, MVM, and by our staff with who are designated as 'Super Users' and 'System Administrators'. In order to fulfil their contractual obligations, MVM require full access to 20/20 Planner. Their activity is currently monitored by way of monthly Access Logs. Discussions are on going with MVM to produce enhanced reports linked to Customer Problem Reports which will enable Planning Service to scrutinise related activity. However,

MVM advise that there is no software to monitor activities carried out by 'Super Users' and 'System Administrators'. We are currently seeking the advice of DRD ISU on this matter. We have undertaken to implement their recommendation to log and monitor such activities if software is available and is not detrimental to the performance of 20/20.



J E McConnell  
Acting Chief Executive  
1 July 2003

## **THE PLANNING SERVICE**

### **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS**

I certify that I have audited the financial statements on pages 29 to 48 under the Government Resources and Accounts Act (Northern Ireland) 2001. These financial statements have been prepared under the historic cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 32 and 33.

#### **Respective Responsibilities of the Agency, the Chief Executive and Auditor**

As described on page 23 the Agency and Chief Executive are responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. The Agency and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 24 to 26 reflects the Agency's compliance with the Department of Finance and Personnel's guidance 'Corporate governance: statement on Internal Control'. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

## **Basis of Audit Opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Agency and Chief Executive in the preparation of the financial statements and of whether the accounting policies are appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

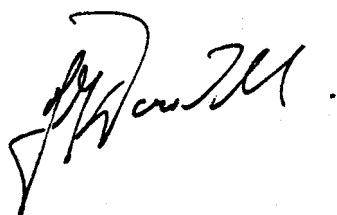
I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Planning Service at 31 March 2003 and of the net cost of operations, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel; and
- in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



J M Dowdall  
Comptroller and Auditor General  
8 July 2003

Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU

**OPERATING COST STATEMENT**  
**For the Year Ended 31 March 2003**

	<b>Notes</b>	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b>
<b>Income</b>	2	10,372	9,336
<b>Expenditure</b>			
Staff Costs	3	14,476	12,753
Depreciation	8 and 9	402	406
Other Operating Costs	4	14,716	13,699
		<hr/>	<hr/>
<b>Total Expenditure</b>		<u>29,594</u>	<u>26,858</u>
<b>Net Cost of Operations before Capital Charge/(Credit)</b>		(19,222)	(17,522)
Capital Credit	6	177	152
		<hr/>	<hr/>
<b>Net Cost of Operations</b>		<u>(19,045)</u>	<u>(17,370)</u>

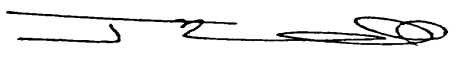
The net cost of operations arises wholly from continuing operations.

There are no recognised gains or losses other than the net cost of operations for the period as stated above.

*The notes on pages 32 to 48 form part of these accounts*

**BALANCE SHEET**  
**As at 31 March 2003**

	<b>Notes</b>	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b>
<b>Fixed Assets</b>			
Tangible Fixed Assets	8	563	603
Intangible Fixed Assets	9	73	-
		636	603
<b>Current Assets</b>			
Debtors	10	129	76
<b>Current Liabilities</b>			
Creditors amounts falling due within one year	11	(3,371)	(2,472)
		(3,242)	(2,396)
<b>Net Current Liabilities</b>			
		(3,242)	(2,396)
<b>Total Assets less Current Liabilities</b>			
		(2,606)	(1,793)
Provisions for Liabilities and Charges	12	(630)	(889)
		(3,326)	(2,682)
<b>Financed by:</b>			
<b>Capital and Reserves</b>			
General Fund	13	(3,236)	(2,684)
Revaluation Reserve	13	-	2
		(3,236)	(2,682)

  
 J E McConnell  
 Acting Chief Executive  
 1 July 2003

*The notes on pages 32 to 48 form part of these accounts*

**CASH FLOW STATEMENT**  
**For the Year Ended 31 March 2003**

	<b>Notes</b>	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b>
Net Cash Outflow from Continuing Operating Activities	14	(9,385)	(8,510)
Capital Expenditure	14	(367)	(343)
Net Cash Outflow before Financing		<u>(9,752)</u>	<u>(8,853)</u>
Cash Inflow from Financing	14	<u>9,752</u>	<u>8,853</u>

*The notes on pages 32 to 48 form part of these accounts*

**NOTES TO THE ACCOUNTS**  
**For the Year Ended 31 March 2003**

**1. Accounting Policies**

The financial statements have been prepared in accordance with the Northern Ireland Resource Accounting Manual (NIRAM) and with an accounts direction issued by the Department of Finance and Personnel. The accounting policies contained in the NIRAM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the NIRAM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Agency for the purposes of giving a true and fair view has been selected. The Agency's accounting policies have been applied consistently in dealing with items considered to be material in relation to these accounts.

**1.1 Accounting Convention**

These accounts have been prepared under the historical cost convention, as modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

**1.2 Fixed Assets**

The Agency's fixed assets were transferred to the Department of the Environment's fixed asset register at 1 April 2002. Consequently all accounting policies in relation to fixed assets were brought into line with those applied by the parent department. The resultant revaluation adjustment is further explained in note 8.

The minimum level for capitalisation of tangible fixed assets is £500 for IT equipment and £1,000 for all other assets. Computer software licences are treated as intangible assets except where they have been developed internally (bespoke software).

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).

Information Technology	3 – 5 years
Computer Software Licences (Intangible)	3 years
Plant & Machinery (Office Equipment)	5 years

**1.3 Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (NI) which is a defined benefit scheme and is unfunded and non-contributory. The Agency recognises the cost of

providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS(NI) of amounts calculated on an accruing basis. The liability for future benefits is a charge on the PCSPS(NI).

#### **1.4 Grants Payable**

Grants payable by the Agency, in accordance with its statutory powers and duties, are accounted for in the period in which it is known or estimated that the recipient has carried out the activity which creates the entitlement.

#### **1.5 Cost of Capital**

In accordance with DFP guidelines, notional interest is charged or credited on the basis of 6% of the average cost of capital employed by the Agency. Capital employed is defined as total assets less liabilities with the exception of liabilities due to the Consolidated Fund.

#### **1.6 Value Added Tax**

Income and expenditure is shown net of value added tax where it is recoverable.

#### **1.7 Private Finance Initiative (PFI) Transactions**

PFI transactions have been accounted for in accordance with Technical Note 1 (Revised) *How to Account for PFI Transactions* as required by the NIRAM. 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 the balance of risks and rewards of ownership are borne by the Agency, it is recognised as a fixed asset and the liability to pay for it is accounted for as a finance lease.

#### **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 the effect of the time value of money is significant, the estimated risk adjusted cashflows are discounted using the Treasury discount rate of 6% in real terms.

#### **1.9 Notional Costs**

Some of the costs directly relating to the running of the Agency are borne by other departments and are outside the Agency's Vote. These costs have been included on the basis of the estimated costs incurred by the providing department.

## 2. Income

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Planning Fees	9,271	8,409
Property Certificates Fees	1,035	922
Recovery of Planning Compensation	7	5
Legal Fees Recovered	59	-
	<u>10,372</u>	<u>9,336</u>

## 3. Staff Numbers and Costs

**3.1** The average number of full time equivalent persons employed during the year was:

	<b>2003</b>	<b>2002</b>
	<b>Number</b>	<b>Number</b>
Senior Management	36	33
Professional and Technical	311	269
Executive, Administrative and Ancillary	224	191
Temporary Staff employed through Recruitment Agencies	14	-
	<u>585</u>	<u>493</u>

**3.2** The costs incurred in respect of these employees were:

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Salaries and Wages	11,965	10,396
Social Security Costs (ERNI)	795	749
Pension Costs (Superannuation)	1,544	1,308
Cost of Temporary Staff employed through Recruitment Agencies	172	-
Regeneration Salaries Funded by DRD	-	300
	<u>14,476</u>	<u>12,753</u>

The PCSPS(NI) is an unfunded defined benefit scheme which produces its own resource accounts, but Planning Service is unable to identify its share of the underlying assets and liabilities. The most up to date valuation was carried out as at 31 March 1999 and an interim estimate of the scheme liability is available at 31 March 2002. A full actuarial valuation of the scheme liability is currently underway.

For 2002/03, employers' contributions of £1,543,525.26 were payable to the PCSPS(NI) (2001/02 £1,307,654.75) at one of four rates in the range 12 to 19.5 per cent of pensionable pay, based on salary bands. The 2003/04 rates are in the range 12 to 18 per cent of pensionable pay, based on revalorised salary bands.

Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they accrue, not when costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions are paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 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 0.8 per cent of pensionable pay, are payable to the PCSPS(NI) the cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

**3.3** The salary and pension entitlements of the Agency's Chief Executive and most senior managers (disclosed in bands) were as follows:

	<b>Age</b>	<b>Salary</b>	<b>Real increase in pension at 60</b>	<b>Total accrued pension at 60 at 31/3/03</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Current Board Members</b>				
Mr J E McConnell <i>Acting Chief Executive (from 4 November 2002)</i>	60	25 - 30	0 - 2.5	30 - 35
Mr D J Cleland <i>Director of Professional Services (Operations)</i>	60	65 - 70	2.5 - 5	30 - 35
Mr I T Maye <i>Director of Corporate Services</i>	40	50 - 55	0 - 2.5	10 - 15
Mr P J Quinn <i>Director of Professional Services (Plans and Policy) (from 2 January 2003)</i>	47	10 - 15	0 - 2.5	10 - 15

## **Previous Board Members**

Mr H S McKay

Consent to disclosure unobtainable

*Chief Executive (to 3 November 2002)*

## **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.

## **Pension**

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (**classic**, **premium**, and **classic plus**). New entrants after 1 October 2002 may choose between membership of **premium** or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution (**partnership pension account**). All members of the Agency's Management Board are members of the "classic" scheme.

### **(a) Classic Scheme**

Benefits accrue at the rate of 1/80<sup>th</sup> of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the members' pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

### **(b) Premium Scheme**

Benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80<sup>th</sup> of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure, the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse or eligible partner at a rate of 3/8<sup>th</sup> the member's pension (before any commutation). On death in service, the scheme pays a lump sum benefit of three times pensionable earnings and also provides a service enhancement on commuting the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical

retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

#### **(c) Classic Plus Scheme**

This is essentially a variation of **premium**, but with benefits in respect of service before 1 October 2002 calculated broadly as per **classic**.

All staff in service at 1 October 2002 will be given the option to join the **premium** or **classic plus** arrangements.

Pensions payable under **classic**, **premium**, and **classic plus** are increased in line with the Retail Prices Index.

#### **(d) Partnership Pension Account**

This is a stakeholder-type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up to 28% of the fund as a lump sum.

#### **Benefits in kind**

None of the agency's Management Board received any benefits in kind during the financial year. Benefits in kind are defined as any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

#### 4. Other Operating Costs

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
General Administration Expenses	1,158	1,025
Consultants Fees	1,132	1,070
Development Control Computer System (PFI)	752	767
Property Certificate Computer System	287	181
Travel and Subsistence	470	385
Planning Compensation	93	158
Administration Provisions Provided in Year	57	-
Net Programme Provisions Released in Year	(184)	-
Advertising Planning Applications	617	563
Grants Payable	450	758
Construction Service	311	244
Capital Equipment	125	178
Preparation of Development Plans	183	220
Staff Training	160	124
Credit for 01/02 Diminution in Value of Fixed Assets net of Revision of 00/01 Fixed Asset Impairment	-	(43)
Research, Bursaries and Awards	44	37
Miscellaneous	45	31
Hospitality	30	17
Loss on Disposal of Fixed Assets	7	4
Notional Costs (see note 5)	8,979	7,980
	<u>14,716</u>	<u>13,699</u>

## 5. Notional Costs

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

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
<b>Services Provided by Parent Department</b>		
Corporate Services including Finance	346	286
Consultations with Environment & Heritage Service	177	168
	<hr/> 523	<hr/> 454
<b>Other Notional Costs</b>		
Consultations with Roads Service	3,678	3,597
Accommodation	1,916	1,710
Consultations with Water Service	515	494
IT Support and Services	353	223
Geographical Information	29	206
Personnel and Management	461	393
Planning Inquiries and Area Plans	535	235
Finance	202	133
Training and Development	125	79
Consultations with DARD	101	-
Central Policy and Management	41	-
Telecommunications	86	91
Legal Services	151	95
Land Valuations	52	58
Audit	10	24
Miscellaneous	201	188
	<hr/> 8,456	<hr/> 7,526
	<hr/> <u>8,979</u>	<hr/> <u>7,980</u>

## 6. Capital Charges

The Operating Cost Statement bears a non-cash charge or credit for interest relating to the use of capital by the Agency. The basis of the (charge)/credit is 6% of the average capital employed, defined as total assets less liabilities except for liabilities due to the Consolidated Fund.

## 7. Administration and Programme Analysis

Administration costs reflect the net resources consumed directly by the Agency in providing government services. Programme costs refer to those elements of expenditure, net of income, that do not fall within administration costs.

	<b>Administration Programme</b>		<b>Total</b>
	<b>Costs</b>	<b>Costs</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Income	(10,306)	(66)	(10,372)
Staff Costs	14,168	308	14,476
Depreciation	402	-	402
Other Operating Costs	10,861	3,855	14,716
Capital Credit	(177)	-	(177)
Net Cost of Operations	<u>14,948</u>	<u>4,097</u>	<u>19,045</u>

## 8. Tangible Fixed Assets

	<b>Information Technology</b>	<b>Plant &amp; Machinery</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>			
At 1 April 2002	1,359	59	1,418
Additions	360	8	368
Disposals	(355)	(3)	(358)
Adjustment to opening cost or valuation*	219	1	220
	<hr/>	<hr/>	<hr/>
At 31 March 2003	1,583	65	1,648
<b>Depreciation</b>			
At 1 April 2002	757	58	815
Charge for year	401	3	404
Adjustment to previous in-year depreciation*	-	(4)	(4)
Disposals	(348)	(3)	(351)
Adjustment to previous backlog depreciation*	219	2	221
	<hr/>	<hr/>	<hr/>
At 31 March 2003	1,029	56	1,085
<b>Net Book Value</b>			
At 1 April 2002	<hr/>	<hr/>	<hr/>
	602	1	603
	<hr/>	<hr/>	<hr/>
At 31 March 2003	554	9	563
	<hr/>	<hr/>	<hr/>

\* The revaluation adjustments above result from the transfer of the Agency's assets to the Department's fixed asset register and adoption of the Department's fixed asset accounting policies. In respect of IT equipment, adoption of the Department's accelerated depreciation policy resulted in a write back of amounts previously written off on revaluation and a corresponding adjustment to backlog depreciation. The adjustments to Plant & Machinery (office equipment) arise from the Department's use of different revaluation indices.

## 9. Intangible Fixed Assets

	<b>Software Licences</b>
	<b>£'000</b>
<b>Cost or Valuation</b>	
At 1 April 2002	-
Additions	75
Disposals	-
Revaluation	-
At 31 March 2003	<u>75</u>
<b>Amortisation</b>	
At 1 April 2002	-
Charge for year	2
Disposals	-
Revaluation	-
At 31 March 2003	<u>2</u>
<b>Net Book Value</b>	
At 1 April 2002	<u>-</u>
At 31 March 2003	<u>73</u>

## 10. Debtors

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Other Debtors	99	52
Prepayments	30	24
	<u>129</u>	<u>76</u>

## 11. Creditors (amounts falling due within one year)

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Trade Creditors	408	190
Deferred Income	2,316	2,016
Amount due to the DOE for CFER Income	59	-
Other Creditors and Accruals	588	266
	<u>3,371</u>	<u>2,472</u>

## 12. Provisions for Liabilities and Charges

Provisions for planning compensation is in respect of expected claims under the Planning (NI) Order 1972 for revocation of planning permission 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 on going judicial reviews and unsettled employer liability cases.

	<b>Planning Compensation</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2002	889	-	889
Amounts incurred and charged against this provision during the year	(133)	-	(133)
Unused amounts reversed during the year	(410)	-	(410)
Increase to existing provisions and additional provisions required	150	134	284
At 31 March 2003	<u>496</u>	<u>134</u>	<u>630</u>

### 13. Reconciliation of Movement in Reserves and Government Funds

	<b>General Fund £'000</b>	<b>Revaluation Reserve £'000</b>	<b>2003 Total £'000</b>	<b>2002 Total £'000</b>
At 1 April	(2,684)	2	(2,682)	(2,293)
Adjustment to correct rounding differences carried forward	(2)		(2)	-
Net Vote Funding in Year	9,752		9,752	8,853
Net Cost of Operations	(19,045)		(19,045)	(17,370)
Notional Costs	8,979		8,979	7,980
Regeneration Salaries Funded by DRD	-		-	300
Capital Credit	(177)		(177)	(152)
Amount due the DOE for CFER Income	(59)		(59)	-
Adjustment to previous revaluation		(2)	(2)	-
Gross Revaluation of Fixed Assets (net of 00/01 Revision)				168
Backlog Depreciation				(125)
Credit for 01/02 Permanent Diminution net of Revision of 00/01 Fixed Asset Impairment				(43)
At 31 March	<u>(3,236)</u>	<u>-</u>	<u>(3,236)</u>	<u>(2,682)</u>

## 14. Notes to Cash Flow Statement

### 14.1 Reconciliation of Net Cost of Operations to Net Cash Outflow from Operating Activities

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Net Cost of Operations before Interest	(19,222)	(17,522)
<b><i>Adjustments for Non-Cash Transactions</i></b>		
Notional Costs	8,979	7,980
Regeneration Salaries Funded by DRD	-	300
Movement in Provision for Compensation	(259)	(101)
Depreciation and Amortisation Charge	402	406
Loss on Disposal of Fixed Assets	7	4
Adjustment to Opening General Fund	(2)	
Credit for 01/02 Permanent Diminution net of Revision of 00/01 Fixed Asset Impairment		(43)
	<u>9,127</u>	<u>8,546</u>
<b><i>Adjustments for Movements in Working Capital</i></b>		
Increase in Debtors	(53)	(39)
Increase in Creditors	763	505
	<u>(9,385)</u>	<u>(8,510)</u>

### 14.2 Capital Expenditure

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Payments for Tangible Fixed Assets	363	343
Payments for Intangible Fixed Assets	4	-
	<u>367</u>	<u>343</u>

### 14.3 Financing

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Drawdown from Department	21,041	18,848
Accruing Receipts	(11,289)	(9,995)
Net Funding	<u>9,752</u>	<u>8,853</u>

### 15. Capital Commitments

There were no capital commitments at the end of the financial year for which no provision has been made in the accounts.

### 16. Commitments under Operating Leases

Commitments under operating leases to pay rentals during 2003/04 are given in the table below, analysed according to the period in which the lease expires.

Obligations under operating leases comprise:

	<b>2003</b>
	<b>£'000</b>
Within one year	5
Between two to five years	13
After five years	-
	<u>18</u>

## 17. Commitments under PFI Contracts

In December 1997 a PFI contract was signed for the provision of a computerised development control system. The contract is 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.

Annual commitments under PFI contracts expiring:

	<b>2003</b>
	<b>£'000</b>
Within one year	-
Between two to five years	880
After five years	-
	<hr/>
	<u>800</u>

## 18. Contingent Liabilities

A possible obligation of £100K exists at the balance sheet date in respect of legal costs which may arise out of on going judicial reviews. In addition an obligation may exist in respect of planning compensation claims under the Planning (Tree Preservation Order) Regulations (NI) 1973. These claims have not yet been proven before the Lands Tribunal and are by no means certain. Our best estimate of the possible liability at the balance sheet date is £22,000. A further possible obligation of £21,000 exists in respect of other unsettled claims under employment legislation.

## 19. Key Corporate Financial Targets

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

	<b>Income</b>	<b>Expenditure</b>	<b>Surplus</b>	<b>Recovery</b>
<b>2003</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Planning Applications	9,271	11,548	(2,277)	80.3%
Property Certificates	1,035	949	86	109.1%
	<hr/>	<hr/>	<hr/>	
	<u>10,306</u>	<u>12,497</u>	<u>(2,191)</u>	

## **20. 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 Environment and Heritage Service.

In addition, the Planning Service has had material transactions with other government departments and other central government bodies; primarily 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 have undertaken any material transactions with the Agency.