

The Planning Service



Annual Report & Accounts 2003-04



Department of the
Environment
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INVESTOR IN PEOPLE



The Planning Service Annual Report and Accounts

For the year ended 31 March 2004

Laid before the Houses of Parliament by the Department of the Environment in accordance with paragraph 12(2) and (4) of the Schedule to the Northern Ireland Act 2000 and Article 2(2)(a) of the Northern Ireland Act 2000 (Prescribed Documents) Order 2002

15 July 2004

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FOREWORD

I am pleased to present the Planning Service's Annual Report and Financial Statements for 2003/04. This is my first Annual Report as Chief Executive of the Planning Service since taking up my appointment in January this year.

In many respects it has been a difficult and challenging period for the Agency; yet it has also been an exciting year as our Modernising Planning Processes programme starts to lay the foundations for real change and improvement. A number of significant commitments in the programme have already been met. Challenging new performance targets have been introduced and application forms have been reviewed and replaced with a new comprehensive version. Improved guidance and a checklist for submitting a planning application have also been published.

We have been making excellent progress in other areas as well. The launch of the new Planning Service Website in September 2003 represents the first in a series of information technology developments that will ensure that all key planning services are delivered electronically by the end of 2005. Already, all the relevant strategy, policy and control documents that govern the planning process are available on-line and planning application forms can be downloaded. In addition, our website can be accessed for information on planning applications going to local councils for consultation and on new applications coming in to the planning process.

All of this work has been taken forward as the number of valid planning applications that are submitted to us continues to rise. The total in 2003/04 was an unprecedented 33,000 – an increase of just under 20% on the previous year and part of a trend that looks likely to continue. It has inevitably affected our ability to deliver our Ministerial targets, but we remain confident that the additional staff that we have been recruiting, together with the ongoing implementation of the Modernising Planning Processes programme, will make a difference in 2004/05.

Of course, if it is to make a difference there needs to be a link between human resource management and achieving our business objectives. We need to make sure that the Planning Service has the right mix of people, skills and experience; and that is why it is a key strategic issue for the Management Board. In the last year alone we have recruited over 80 new members of staff. Management of the recruitment, retention, training and development of staff are important because staff are our greatest asset. What has been achieved so far is due to their dedication and commitment to delivering a good service.

I believe that all of the changes that we have been and will be making underline our determination to create a more co-ordinated, transparent, speedier and efficient planning process for the public. I am very grateful to everyone in the Planning Service for all their hard work over the year.

A handwritten signature in black ink that reads "David Ferguson". The signature is written in a cursive, flowing style.

DAVID FERGUSON
Chief Executive

1. AIM AND STRATEGIC OBJECTIVES

1.1 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.

1.2 The Agency's objectives are:

Strategic Objective 1:

To provide high quality, up-to-date, professional Development Plans for all areas of Northern Ireland and ensure effective delivery of the Conservation of Built Heritage programme.

Strategic Objective 2:

To provide high quality, up-to-date, professional statements of regional Planning Policy.

Strategic Objective 3:

To provide timely, high quality, professional and transparent planning decisions.

Strategic Objective 4:

To ensure an appropriate legislative framework is in place to deliver the Agency's core functions.

Strategic Objective 5:

To provide high quality and efficient services in support of the Agency's core functions.

2. ABOUT THE PLANNING SERVICE

2.1 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. During the devolved administration, all planning decisions are taken under the authority of the Parliamentary Under-Secretary of State for the Environment in Northern Ireland, Angela Smith MP.

3. THE AGENCY'S BUSINESS

3.1 The Agency's key business areas are:

- the Development Control process (the system for dealing with individual planning applications), including enforcement;
- the formulation of Planning Policy for Northern Ireland;
- the preparation of Development Plans.

4. THE ORGANISATION

4.1 The Chief Executive is directly responsible to the Minister for the Agency's performance and operations. The Planning Service Management Board for 2003/04 comprises the Chief Executive and three Directors, who have responsibility for Operations, Plans and Policy, and Corporate Services.

4.2 Planning Service Headquarters is in Clarence Court, 10-18 Adelaide Street, Belfast BT2 8GB. There are six Divisional Planning Offices and two sub-Divisional Planning Offices located across Northern Ireland.

4.3 At 31 March 2004 the staff complement was 729.

5. PERFORMANCE AGAINST TARGETS

The challenging targets faced by the Agency at all levels are outlined below:

5.1 Programme for Government

Planning Service's *Programme for Government* targets, which are set out in further detail in a Public Service Agreement, are as follows:

Objective	Target Date	Outturn
Implement the agreed administrative actions flowing from the consultation on the <i>Modernising Planning Processes</i> document.	By end 2004.	On track for achievement.
Put in place any legislative changes necessary to modernise planning processes.	By end 2005.	On track for achievement.
Complete the current programme of Planning Policy Statement preparation.	By end 2005.	On track for achievement.
Complete the current programme of Development Plan preparation, ensuring the coverage of all 26 local Council areas.	By end 2006.	Likely to be achieved but with some delay.
Seek to issue decisions equivalent to at least 90% of the number of valid planning applications received each year 2003/04 to 2005/06.	Yearly, until end 2006.	Not achieved in 2003/04.

5.2 **Department of the Environment Corporate and Business Plan 2003/04**

The Agency's targets included in the DOE Corporate and Business Plan are:

Objective	Target Date	Outturn
In each year, to issue decisions equivalent to at least 90% of the number of valid applications received in that year.	By 31 March 2004.	Overall performance 82%. Shortfall in performance against this target due to an increase of 19.4% on number of valid applications received compared to last year.
To have implemented the relevant actions, as set out in the <i>Modernising Planning Processes Implementation Plan</i> published in February 2003.	By 31 March 2004.	Target substantially achieved. Checklist for applicants issued; householder and reserved matters applications being advertised; revised processes for Article 31 applications in place; improved enforcement implemented; consultation on Planning Fees completed.
To have published four Planning Policy Statements in final form and three draft Planning Policy Statements for consultation.	By 31 March 2004.	Likely to be achieved but with some delay.
To adopt one Area Plan, publish three draft Development Plans, including the Belfast Metropolitan Area Plan, and publish Issues Papers for two Area Plans.	By 31 March 2004.	Likely to be achieved but with some delay.

<p>To process to decision (or withdrawal):</p> <ul style="list-style-type: none"> • 70% of residential applications within 16 weeks; • 70% of commercial applications within 19 weeks; • 70% of industrial applications within 18 weeks. 	<p>By 31 March 2004.</p>	<p>Target not achieved.</p> <p>Shortfall in performance against this target due to an increase of 19.4% on number of valid applications received compared to last year.</p> <p>Industrial action also impacted on performance.</p>
<p>To publish a policy consultation paper for a new Planning Bill to introduce provisions on the removal of Crown Immunity and other elements of <i>Modernising Planning Processes</i> which require primary legislation.</p>	<p>By 31 March 2004.</p>	<p>Target likely to be achieved but with some delay. Revised target June 2004.</p>

5.3 Planning Service Corporate and Business Plan 2003/04

The Agency's targets, as set out in the Corporate and Business Plan for 2003/04, are listed below under the relevant strategic objective.

Strategic Objective 1:

To provide high quality, up-to-date, professional Development Plans for all areas of Northern Ireland and ensure effective delivery of the Conservation of Built Heritage programme.

Objective	Target Date	Outturn
<p>Deliver in-year Development Plan programme on time and to necessary quality standards by:</p> <ul style="list-style-type: none"> • Publishing draft plans for Magherafelt; Newry, Mourne & Banbridge; and Belfast Metropolitan Area (BMAP) • Publishing in final form the Cookstown Area Plan • Publishing in final form the Craigavon Area Plan. 	<p>By 31 March 2004.</p> <p>By 31 December 2003.</p> <p>By 31 March 2004.</p>	<p>Targets not achieved.</p> <p>Draft Magherafelt Area Plan to be published during first quarter of 2004/05, BMAP and Newry, Mourne & Banbridge to be published by third quarter.</p> <p>Both the Cookstown and Craigavon Area Plans will be published in final form during second quarter of 2004/05.</p>
<p>Implement the in-year development planning elements of <i>Modernising Planning Processes</i> through:</p> <ul style="list-style-type: none"> • Producing Development Plans in accordance with <i>Programme for Government</i> • Ensuring that Development Plans are prepared in general conformity with the <i>Regional Development</i> 	<p>By 31 March 2004.</p>	<p>Target substantially achieved.</p> <p>All Development Plans are now prepared in general conformity with the <i>Regional Development Strategy</i>. Consultation processes have been enhanced, particularly through the introduction of the Issues Paper approach, which forms the basis of an extensive community consultation, facilitated</p>

<p><i>Strategy</i></p> <ul style="list-style-type: none"> • Reducing the number of plans by grouping Council areas • Developing the Issues Paper approach through public consultation • Enhanced consultation processes with the public and key interest groups. 		<p>by independent community specialists.</p>
<p>Deliver in-year Conservation Area programme:</p> <ul style="list-style-type: none"> • Redesignation of Caledon Conservation Area • Designation of Lurgan Conservation Area. 	<p>By 30 September 2003.</p> <p>By 31 March 2004.</p>	<p>Achieved.</p> <p>Revised target May 2004.</p>

Strategic Objective 2:

To provide high quality, up-to-date, professional statements of regional Planning Policy.

Objective	Target Date	Outturn
<p>Deliver in-year Planning Policy Statement (PPS) programme on time by:</p> <p>Publishing for consultation:</p> <ul style="list-style-type: none"> • PPS 15 Planning and Flood Risk • PPS 17 Advertisements • Publishing in final form: • PPS 3 Access, Movement and Parking • PPS 4 Industry, Business and Distribution • An amendment to PPS 6 Planning, Archaeology and the Built Heritage • PPS 8 Open Space, Sport and Recreation. 	<p>By 31 October 2003.</p> <p>By 31 October 2003.</p> <p>By 30 September 2003.</p> <p>By 31 December 2003.</p> <p>By 31 December 2003.</p> <p>By 30 September 2003.</p>	<p>Planning Policy Statement (PPS) 8 (Open Space, Sport & Outdoor Recreation) was published in final form, while Planning Policy Statement (PPS) 17 (Control of Outdoor Advertising) was issued in consultation draft.</p> <p>Much of the groundwork has been laid for the remaining PPS's, and the Agency is on track to achieve the target of completing the current programme by 2005.</p>
<p>Implement the in-year planning policy elements of <i>Modernising Planning Processes</i> through:</p> <ul style="list-style-type: none"> • Producing clear, concise, easily understood PPSs • Reviewing need for additional policies to improve quality 	<p>By 31 March 2004.</p>	<p>Target substantially achieved.</p> <p>The establishment of an interdepartmental group with the Department of Regional Development ensures that all PPS's are in general conformity with the <i>Regional Development Strategy</i>.</p>

<p>of design</p> <ul style="list-style-type: none"> • Provision of guidance on the use of Planning Agreements • Enhanced consultation processes with community and key interests • Ensuring that all PPSs conform with the <i>Regional Development Strategy</i> • Commission independent research where necessary. 		<p>Tender documentation has been completed for the appointment of consultants to undertake an extensive public consultation exercise in relation to draft PPS 15 (Planning and Flood Risk), in line with our <i>Modernising Planning Processes</i> commitment to enhance consultation processes with community and key interests.</p>
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Strategic Objective 3:

To provide timely, high quality, professional and transparent planning decisions.

Objective	Target Date	Outturn
<p>Process to decision (or withdrawal)¹:</p> <ul style="list-style-type: none"> • 70% of residential applications within 16 weeks; • 70% of commercial applications within 19 weeks; • 70% of industrial applications within 18 weeks. 	<p>By 31 March 2004.</p>	<p>70% of residential applications were processed to decision (or withdrawal) within 21 weeks. 70% of commercial applications were processed to decision (or withdrawal) within 23 weeks, and 70% of industrial applications were processed to decision (or withdrawal) within 22 weeks.</p> <p>The shortfall in performance against these targets was due to a significant increase of 19.4% in the volume of valid applications received compared to the previous year. In addition, the industrial action throughout the latter part of the year resulted in a significant amount of staff 'working to rule', and impacted accordingly on performance against these targets. However, ongoing implementation of <i>Modernising Planning Processes</i> projects will have a greater impact on the targets from 2004/05 onwards.</p>
<p>Implement the in-year planning policy elements of</p>		<p>Targets not achieved.</p>

¹ These targets were based on an assumption that the number of planning applications received would not exceed a 7-9% increase on the 2002/03 total.

<p><i>Modernising Planning Processes</i> through:</p> <ul style="list-style-type: none"> • Reviewing outline planning application procedure and consulting on any legislative changes • Considering merits of Business Planning Zone designation and publishing conclusions • Assessing scale of problem in relation to twin tracking and repeat applications and bringing forward appropriate recommendations. 	<p>By 31 March 2004.</p> <p>By 31 December 2003.</p> <p>By 31 March 2004.</p>	<p>Outline planning application project revised due to issues raised by draft GB legislation. Revised target June 2004.</p> <p>Revised target for Business Planning Zones project June 2004 due to delay in appointment of consultants.</p> <p>Work on twin tracking and repeat application projects ongoing. Revised target for twin tracking project June 2004.</p>
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Strategic Objective 4:

To ensure an appropriate legislative framework is in place to deliver the Agency's core functions.

Objective	Target Date	Outturn
Implement the Planning (Amendment) (Northern Ireland) Order 2003.	By 31 October 2003.	Target substantially achieved. During the year, the Agency brought into operation the provisions in the Planning (Amendment) (Northern Ireland) Order 2003, strengthening its enforcement powers and giving greater protection to trees. Other provisions relating to planning agreements will be brought into operation when the terms for consulting with local Councils have been agreed.
Publish a policy consultation paper for a new Planning Reform Bill.	By 31 March 2004.	Not achieved. The policy consultation paper on legislative proposals for a new Planning Reform Bill is scheduled to issue in June 2004. Work is therefore underway on the legislative changes which are necessary to deliver the modernisation of planning processes by the end of 2005.
Implement the in-year planning policy elements of <i>Modernising Planning Processes</i> through: <ul style="list-style-type: none">• Review Permitted		Achieved.

Development Rights and issue consultation paper	By 30 June 2003.	
• Review Use Classes Order and issue consultation paper.	By 31 May 2003.	

Strategic Objective 5:

To provide high quality and efficient services in support of the Agency's core functions.

Objective	Target Date	Outturn
Implement new organisational structures.	By 31 May 2003.	Achieved. New organisational structures for the Agency have been implemented. The former Professional Services Directorate, which encompassed both development control and area plans and policy, was split into the Operations Directorate and the Plans and Policy Directorate, each headed by their own Director. The role of the Director of Corporate Services remains unchanged.
Establish Audit Team, develop strategy and programme and commence programme.	By 31 July 2003.	Achieved. A Planning Service Audit Team has been established, an audit strategy is in place, and the work programme is underway.
Produce draft Human Resource Strategy for Planning Service.	By 31 March 2004.	Achieved. A draft Human Resource Strategy was produced on target and is awaiting finalisation.
Secure adequate financial resources and	By 31 March 2004.	Achieved.

operate within budget allocation ² .		The Agency successfully secured adequate financial resources and operated within budget allocation for the 2003/04 financial year.
Develop full specification, carry out tender process and identify main supplier for e-planning project.	By 31 March 2004.	The commitment to develop a full specification, carry out the tender process and identify a main supplier for the e-planning project was not achieved by the target of March 2004, but was achieved in April 2004 with slippage of only a few weeks.
Respond to 94% of property enquiries within 10 days.	By 31 March 2004.	Achieved.
<p>Implement the in-year planning policy elements of <i>Modernising Planning Processes</i> through:</p> <ul style="list-style-type: none"> • Publish checklist for applicants • Publish consultation paper on Review of Fees • Establish new consultation arrangements with local Councils. 	<p>By 30 June 2003.</p> <p>By 30 June 2003.</p> <p>By 31 March 2004.</p>	<p>Target substantially achieved.</p> <p>Achieved.</p> <p>Achieved.</p> <p>Work is ongoing to establish new consultation arrangements with local Councils. This project has experienced some delay due to the demanding workload faced by the Northern Ireland Local Government Association, but discussions are now</p>

² In accordance with Public Expenditure cycle.

		underway, and steps are being taken to ensure the delivery of this project as quickly as possible.
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6. OTHER WORK COMMITMENTS

6.1 Planning Secretariat

The Secretariat provided administrative support to the Chief Executive, his Directors and the Minister, Angela Smith MP.

During the year, the Secretariat completed work on 1,584 cases, of which 816 related to the Minister, 627 related to the Chief Executive and 95 were Parliamentary Questions.

6.2 Modernising Planning Processes

In February 2003, the Minister launched the *Modernising Planning Processes Implementation Plan*, setting out a series of actions and a clear timetable for the comprehensive modernisation of planning processes over a three year period. During the past year a number of significant improvements to the process have been delivered. Challenging new performance targets have been introduced, which focus on the speed of processing of planning applications. Application forms have been reviewed for clarity and precision and a new comprehensive form has been introduced. Improved guidance and a checklist clarifying the requirements for submitting a planning application have been published.

The reform programme is complemented by a £10m project to ensure planning services are delivered electronically by 2005.

6.3 Legislative Framework

During the year a number of measures contained in the Planning (Amendment) (Northern Ireland) Order 2003 were brought into operation which strengthened the Department's powers to enforce planning control and streamlined the enforcement process. There were also improvements in the tools available to protect the built environment and for the protection of trees.

ANNUAL ACCOUNTS 2003/04

FOREWORD TO THE ACCOUNTS

Introduction

The Planning Service presents its accounts for the year ended 31 March 2004. 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 34 was £20,654K. This included an amount of £10,035K 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 21 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 -

- a. the workload of planning applications following the 19.4% increase in numbers in 2003/04, including the backlog in the system;
- b. delivery of the Development Plan Programme by the end of 2006, especially the Belfast Metropolitan Area Plan;
- c. completing the programme of Planning Policy Statements by the end of 2005;
- d. 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 2004.

Management Board

The Agency's Management Board during the year ended 31 March 2004 comprised:

Chief Executive (<i>from 5 January 2004</i>)	-	D G Ferguson
Acting Chief Executive (<i>to 31 July 2003</i>)	-	J E McConnell
Director of Corporate Services (<i>and Acting Chief Executive from 1 August 2003 to 2 January 2004</i>)	-	I T Maye
Director of Operations (<i>from 2 June 2003</i>)	-	P McBride
Director of Professional Services (Operations) (<i>to 31 July 2003</i>)	-	D J Cleland
Director of Plans and Policy	-	P J Quinn

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 2003 to 31 March 2004 was:

Total Number of Invoices paid in the period	% paid within 30 days or Contract Payment Terms	Number Paid within 30 Days or Contract Payment Terms	Number of Invoices Disputed	% of Invoices Disputed
7,365	98.6	7,264	44	0.6

Charitable Donations

During 2003/04 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

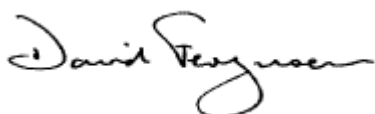
The Agency's professional, administrative and support staff are essential to the conduct of its business. Every effort is made to inform staff of their progress with key performance targets and about topical issues through team briefing and the periodic issue of "the Planning Bulletin" and "Communiqué" (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 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.



David Ferguson
Chief Executive
5 July 2004

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

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 Government Accounting 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 2004 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

Capacity to handle risk

We have developed appropriate procedures to ensure that we have identified the Agency's objectives and risks and determined a control strategy for each of the significant risks. The procedures include the allocation of responsibilities to the appropriate staff. In addition, the Agency continues to further embed risk management throughout the organisation by the completion of full risk assessments through each of the Agency's three Directorates. A policy on risk management has also been developed and endorsed by the Management Board.

The risk and control framework

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

- Preparation and maintenance of a Corporate Risk Register and three Directorate Risk Registers. Workshops facilitated by BDS consultants were used in the first instance to assist with the identification, assessment and prioritisation of risks, with clear assignment of accountability for management.
- Risk is included as a key topic for discussion and consideration at all business planning workshops to ensure appropriate link between objectives and risks.

- Risk Registers are monitored throughout the year and exception reporting on risk has been a standing agenda item for the monthly Management Board meetings during 2003/04.
- Risk management is a standing agenda item at the Agency's Audit Committee.
- Key risk priorities relate to obtaining timely and accurate information from other parties and also to human resources issues.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the 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. 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 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 and Directorate risk registers and exception reporting as required. It is also informed by the following:

- An Audit Team within the Agency has been established. It is responsible for reviewing the systems of internal control and makes appropriate recommendations for improvement.
- Regular reports prepared by the Department for Regional Development's Internal Audit Unit to standards defined in the Government Internal Audit Manual, which includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control.
- 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 risk management, control and governance processes.
- In respect of 2003/04, Internal Audit concluded that in overall terms their work confirms that adequate control frameworks have been established in most parts of the Agency. Recognition of the progress that has been made in furthering developing the risk management process has also been provided.

- Risk management and audit issues are regularly discussed at the Agency's Management Board meetings and the Audit Committee and the Board.

In overall terms Internal Audit has provided me with reasonable assurance regarding the adequacy and effectiveness of the risk management, control and governance processes within the Agency. However, they also identified a number of potential improvements to internal controls in the area of Development Control (specifically in relation to receipt, custody and lodgement of monies and use of consultants). Management is considering these recommendations and, if accepted, action will be taken in the near future to address them.

A handwritten signature in black ink that reads "David Ferguson". The signature is written in a cursive style with a large, looping 'D' at the beginning and a long, sweeping tail at the end.

David Ferguson
Chief Executive
5 July 2004

THE PLANNING SERVICE

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

I certify that I have audited the financial statements on pages 34 to 54 under the Government Resources and Accounts Act (Northern Ireland) 2001. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 37 to 39.

Respective Responsibilities of the Agency, the Chief Executive and Auditor

As described on page 28 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 I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

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 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 29 to 31 reflects the Agency's compliance with the Department of Finance and Personnel's guidance on the 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. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

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.

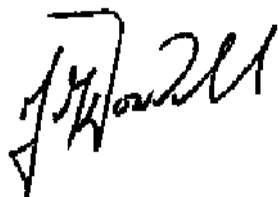
I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by 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 2004 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 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 C B
Comptroller and Auditor General
6 July 2004

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

OPERATING COST STATEMENT
For the Year Ended 31 March 2004

	Notes	2004 £'000	2003 £'000
Income	2	12,774	10,372
Expenditure			
Staff Costs	3	16,019	14,476
Depreciation and Amortisation	8 and 9	453	402
Other Operating Costs	4	17,088	14,716
Total Expenditure		<u>33,560</u>	<u>29,594</u>
Net Cost of Operations before Cost of Capital Credit		(20,786)	(19,222)
Capital Credit	6	132	177
Net Cost of Operations		<u>(20,654)</u>	<u>(19,045)</u>

The net cost of operations arises wholly from continuing operations.

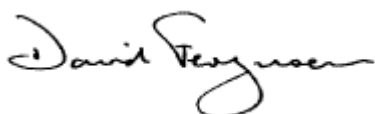
STATEMENT OF RECOGNISED GAINS AND LOSSES
For the Year Ended 31 March 2004

		2004 £'000	2003 £'000
Net gain on revaluation of Intangible Fixed Assets	13	<u>3</u>	<u>-</u>

The notes on pages 37 to 54 form part of these accounts

**BALANCE SHEET
AS AT 31 MARCH 2004**

	NOTES	2004 £'000	2003 £'000
Fixed Assets			
Tangible Fixed Assets	8	689	563
Intangible Fixed Assets	9	60	73
		<u>749</u>	<u>636</u>
Current Assets			
Debtors	10	437	129
Current Liabilities			
Creditors amounts falling due within one year	11	(4,812)	(3,371)
		<u>(4,375)</u>	<u>(3,242)</u>
Net Current Liabilities			
		(3,626)	(2,606)
Total Assets less Current Liabilities			
Provisions for Liabilities and Charges	12	(717)	(630)
		<u>(4,343)</u>	<u>(3,236)</u>
Financed by:			
Capital and Reserves			
General Fund	13	(4,346)	(3,236)
Revaluation Reserve	13	3	-
		<u>(4,343)</u>	<u>(3,236)</u>



David Ferguson
Chief Executive
5 July 2004

The notes on pages 37 to 54 form part of these accounts

CASH FLOW STATEMENT
For the Year Ended 31 March 2004

	NOTES	2004 £'000	2003 £'000
Net Cash Outflow from Continuing Operating Activities	14	(9,116)	(9,385)
Capital Expenditure	14	(525)	(367)
Net Cash Outflow before Financing		<u>(9,641)</u>	<u>(9,752)</u>
Cash Inflow from Financing	14	<u>9,641</u>	<u>9,752</u>

The notes on pages 37 to 54 form part of these accounts

NOTES TO THE ACCOUNTS

For the Year Ended 31 March 2004

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 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).

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.

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).

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

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) (PCSPS (NI)) which is a defined benefit scheme and is unfunded and non-contributory. The Agency recognises the expected 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 3.5 per cent 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 3.5 per cent 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

	2004 £'000	2003 £'000
Planning Fees	11,546	9,271
Property Certificate Fees	1,185	1,035
Recovery of Planning Compensation	43	7
Legal Fees Recovered	-	59
	<u>12,774</u>	<u>10,372</u>

3. STAFF NUMBERS AND COSTS

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

	2004 Number	2003 Number
Senior Management	48	36
Professional and Technical	349	311
Executive, Administrative and Ancillary	237	224
Temporary Staff employed through Recruitment Agencies	23	14
	<u>657</u>	<u>585</u>

3.2 The costs incurred in respect of these employees were:

	2004	2003
	£'000	£'000
Salaries and Wages	13,153	11,965
Social Security Costs (ERNI)	993	795
Pension Costs (Superannuation)	1,591	1,544
Cost of Temporary Staff Employed through Recruitment Agencies	282	172
	<u>16,019</u>	<u>14,476</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 actuarial valuation was carried out as at 31 March 1994 and an interim estimate of the scheme liability is available at 31 March 2003. A full actuarial valuation of the scheme liability is currently underway.

For 2003/04, employers' contributions of £1,591,276.42 were payable to the PCSPS(NI) (2002/03 £1,543,525.26) at one of four rates in the range 12 to 18 per cent of pensionable pay, based on salary bands. It is anticipated that rates will remain the same next year, subject to revalorisation of the salary bands, but may change from 2005-06 depending on the result of the current actuarial valuation. The contribution rates reflect benefits as they are accrued, not when the 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 of £2,443.92 were 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 £226.81, 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.

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

	Salary, including Performance pay	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31/3/04 and related lump sum	CETV at 31/03/ 2003	CETV at 31/03/ 2004	Real increase in CETV after Adjustment for Inflation and Changes in market Investment factors
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Current Board Members</i>						
Mr D Ferguson <i>Chief Executive (from 5 January 2004)</i>			Consent to disclosure Withheld			
Mr P McBride <i>Director of Operations (from 2 June 2003)</i>	45 - 50	0 - 2.5 plus 0 - 0.25 lump sum	20 - 25 plus 70 - 75 lump sum	387	410	8
Mr I T Maye <i>Director of Corporate Services</i>	60 - 65	2.5 - 5.0 plus 7.5 - 10.00 lump sum	10 - 15 plus 40 - 45 lump sum	128	167	33
Mr P J Quinn <i>Director of Area Plans & Policy</i>	55 - 60	0 - 2.5 plus 0 - 0.25 lump sum	15 - 20 plus 45 - 50 lump sum	203	222	10
<i>Previous Board Members</i>						
Mr J E McConnell (<i>to 31 July 2003</i>)	25 - 30	0 - 2.5 plus 0 - 2.5 lump sum	35 - 40 plus 105 - 110 lump sum	N/A	N/A	N/A
Mr D J Cleland (<i>to 31 July 2003</i>)	25 - 30	0 - 2.5 plus 2.5 - 5.0 lump sum	30 - 35 plus 95 - 100 lump sum	N/A	N/A	N/A

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 (CSP) 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). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Price Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium and classic plus. 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 percent and 12.5 per cent (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 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the website www.civilservicepensions-ni.gov.uk.

Columns 4 & 5 of the above table show the member's Cash Equivalent Transfer Value (CETV) accrued at the beginning and the end of the reporting period. Column 6 reflects the increase in CETV effectively funded by the employer. It takes account of 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.

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 and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. 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 within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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

	2004	2003
	£'000	£'000
General Administration Expenses	1,330	1,158
Consultants Fees	1,032	1,132
Development Control Computer System (PFI)	1,017	752
Property Certificate Computer System	361	287
Travel and Subsistence	513	470
Planning Compensation	34	93
Administration Provisions Provided in Year	33	57
Net Programme Provisions Charged/Released in Year	270	(184)
Advertising Planning Applications	802	617
Grants Payable	499	450
Construction Service	325	311
Capital Equipment	198	125
Preparation of Development Plans	83	183
Staff Training	242	160
Geographical Information (notional in 2003)	230	-
Research, Bursaries and Awards	43	44
Miscellaneous	38	45
Hospitality	3	30
Loss on Disposal of Fixed Assets	-	7
Notional Costs (see note 5)	10,035	8,979
	<u>17,088</u>	<u>14,716</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.

	2004	2003
	£'000	£'000
Services Provided by Parent Department		
Corporate Services including Finance	361	346
Consultations with Environment & Heritage Service	185	177
	<hr/> 546	<hr/> 523
Other Notional Costs		
Consultations with Roads Service	4,904	3,678
Accommodation	1,891	1,916
Consultations with Water Service	508	515
IT Support and Services	535	353
Geographical Information	-	29
Personnel and Management	489	461
Planning Inquiries and Area Plans	135	535
Finance	246	202
Training and Development	111	125
Consultations with DARD	107	101
Central Policy and Management	13	41
Telecommunications	91	86
Legal Services	118	151
Land Valuations	66	52
Audit	10	10
Miscellaneous	265	201
	<hr/> 9,489	<hr/> 8,456
	<hr/> <u>10,035</u>	<hr/> <u>8,979</u>

6. CAPITAL CHARGES

The Operating Cost Statement bears a non-cash credit for interest relating to the use of capital by the Agency. The basis of the credit is 3.5 per cent 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.

	Administration Costs £'000	Programme Costs £'000	Total £'000
Income	(12,731)	(43)	(12,774)
Staff Costs	15,711	308	16,019
Depreciation and Amortisation	453	-	453
Other Operating Costs	12,383	4,705	17,088
Capital Credit	(132)	-	(132)
Net Cost of Operations	<u>15,684</u>	<u>4,970</u>	<u>20,654</u>

8. TANGIBLE FIXED ASSETS

	Information Technology	Plant & Machinery	Total
	£'000	£'000	£'000
Cost or Valuation			
At 1 April 2003	1,583	65	1,648
Additions (* see table below)	537	27	564
Transfers in	2	-	2
Disposals	(153)	-	(153)
Revaluation	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2004	1,969	92	2,061
Depreciation			
At 1 April 2003	1,029	56	1,085
Charged in year	433	5	438
Transfers in	1	-	1
Disposals	(152)	-	(152)
Revaluation	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2004	1,311	61	1,372
Net Book Value			
At 1 April 2003	554	9	563
	<hr/>	<hr/>	<hr/>
At 31 March 2004	658	31	689
	<hr/>	<hr/>	<hr/>

* RECONCILIATION TO CASH FLOW STATEMENT

Additions above	564
Adjust for movement in opening and closing accruals	(39)
	<hr/>
Per Note 14.2	525
	<hr/>

9. INTANGIBLE FIXED ASSETS

	Software Licences
	£'000
Cost or Valuation	
At 1 April 2003	75
Additions	-
Disposals	-
Revaluation	3
At 31 March 2004	<u>78</u>
Amortisation	
At 1 April 2003	2
Charged in year	15
Disposals	-
Revaluation	1
At 31 March 2004	<u>18</u>
Net Book Value	
At 1 April 2003	<u>73</u>
At 31 March 2004	<u>60</u>

10. DEBTORS

	2004	2003
	£'000	£'000
Other Debtors	418	99
Prepayments	19	30
	<u>437</u>	<u>129</u>

11. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	2004	2003
	£'000	£'000
Trade Creditors	582	408
Deferred Income	3,397	2,316
Amount due to the DOE for CFER Income	-	59
Other Creditors and Accruals	833	588
	<u>4,812</u>	<u>3,371</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

Provision 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, and provisions for early retirement costs.

	Planning Compensation £'000	Other £'000	Total £'000
At 1 April 2003	496	134	630
Amounts incurred and charged against this provision during the year	(135)	(80)	(215)
Unused amounts reversed during the year	(112)	-	(112)
Increase to existing provisions and additional provisions required	250	164	414
At 31 March 2004	<u>499</u>	<u>218</u>	<u>717</u>

13. RECONCILIATION OF MOVEMENT IN RESERVES AND GOVERNMENT FUNDS

	General Fund	Revaluation Reserve	2004 Total	2003 Total
	£'000	£'000	£'000	£'000
At 1 April	(3,236)	-	(3,236)	(2,682)
Adjustment to correct rounding differences c/fwd	-	-	-	(2)
Net Vote Funding in year	9,641	-	9,641	9,752
Net Cost of Operations	(20,654)	-	(20,654)	(19,045)
Notional Costs	10,035	-	10,035	8,979
Capital Credit	(132)	-	(132)	(177)
Amount due the DOE for CFER Income	-	-	-	(59)
Revaluation of Intangible Assets In-Year	-	3	3	-
Adjustment to previous revaluation	-	-	-	(2)
At 31 March	<u>(4,346)</u>	<u>3</u>	<u>(4,343)</u>	<u>(3,236)</u>

14. NOTES TO CASH FLOW STATEMENT

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

	2004 £'000	2003 £'000
Net Cost of Operations before Interest	(20,786)	(19,222)
<i>Adjustments for Non-Cash Transactions</i>		
Notional Costs	10,035	8,979
Movement in Provision for Compensation	88	(259)
Depreciation and Amortisation Charge	453	402
Adjustment to Opening General Fund	-	(2)
Loss on Disposal of Fixed Assets	-	7
	<hr/> 10,576	<hr/> 9,127
<i>Adjustments for Movements in Working Capital</i>		
Increase in Debtors	(308)	(53)
Increase in Creditors	1,402	763
	<hr/>	<hr/>
Net Cash Outflow from Operating Activities	<u>(9,116)</u>	<u>(9,385)</u>

14.2 Capital Expenditure

	2004 £'000	2003 £'000
Payments for Tangible Fixed Assets	(525)	(363)
Payments for Intangible Fixed Assets	-	(4)
	<hr/>	<hr/>
Payments for Fixed Assets	<u>(525)</u>	<u>(367)</u>

14.3 Financing

	2004	2003
	£'000	£'000
Drawdown from Department	24,164	21,041
Accruing Receipts	(14,523)	(11,289)
Net Funding	<u>9,641</u>	<u>9,752</u>

15. CAPITAL COMMITMENTS

There are no capital commitments at the year end.

16. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating leases to pay rentals during 2004/05 are given in the table below, analysed according to the period in which the lease expires.

Obligations under operating leases comprise:

	2004
	£'000
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:

	2004
	£'000
Within one year	614
Between two to five years	519
After five years	-
	<hr/>
	1,133
	<hr/> <hr/>

18. CONTINGENT LIABILITIES

A possible obligation of £180K exists at the balance sheet date in respect of legal costs which may arise out of on going judicial reviews. In addition, obligation exists at the balance sheet date in respect of planning compensation payable 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 for compensation 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 (both cash and non-cash costs on an accruals basis). Performance for the year is shown below.

	Income	Expenditure	Deficit/Surplus	Recovery
2004	£'000	£'000	£'000	%
Planning Applications	11,546	13,398	(1,852)	86.2%
Property Certificates	1,185	1,001	184	118.4%
	<hr/>	<hr/>	<hr/>	
	12,731	14,399	(1,668)	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

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.