

**THE PLANNING SERVICE
ANNUAL REPORT AND ACCOUNTS
2006/07**

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

6 July 2007

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Chief Executive's Foreword

I am pleased to present the Planning Service's Annual Report and Financial Statements for 2006/07.

The Agency has continued to face high demands throughout the year, both on the development control and area plans sides of the business. While striving to meet these demands, our key areas of focus have been to further improve operational delivery and to advance the substantial programme of work necessary to lay the foundations for the new planning structures arising from the Review of Public Administration.

The year saw a slight downward trend in the number of incoming valid planning applications. It also saw a reduction in the live caseload (from 23,000 to 20,000) and for the first time in over two decades more decisions were issued than applications were received. Both are testament to the hard work and dedication of staff at all levels in difficult and demanding circumstances. The system nevertheless remains under pressure and measures to address this have been high on our agenda. Procedures to quality assure planning applications on receipt, so that only complete applications are accepted for processing, have been introduced in all our Divisional Offices and have alleviated some of the burden on our staff. The more streamlined Council consultation arrangements which came into effect in October 2005 have had a chance to bed down during 2006/07 and have been very effective in ensuring that only those cases that genuinely merit the investment of additional time are deferred for further consideration. We have also sought to tackle our current staff shortage – and specifically the loss in recent times of many experienced planners – through an extensive recruitment and promotion drive.

Major development proposals have benefited from more effective and concentrated management through the establishment at headquarters of a new Strategic Projects Unit nearly 2 years ago. We have also put in place an internal protocol for handling development proposals which have potentially significant economic and social benefits for the region.

Further wide-ranging reforms have been effected through legislation. The Planning Reform (Northern Ireland) Order, which was enacted in May 2006, includes provision for improvements to the development control process, enhanced enforcement powers and more straightforward development plan procedures. Although implementation has been subject to some slippage, we are also continuing to work towards the introduction of a comprehensive and sophisticated ICT solution, Electronic Planning Information for the Citizen (ePIC). This will facilitate a complete electronic planning system, working to the benefit of not only applicants but also key consultees and local Councils.

The year saw further progress with the Area Plan programme. We published the Issues Paper for the Coleraine Borough Houses in Multiple Occupation Subject Plan 2016 in April 2006, the draft Houses in Multiple Occupancy (HMOs) Subject Plan for Belfast City Council Area 2015 in June 2006 and the draft Banbridge, Newry and Mourne Area Plan 2015 in August 2006. The public inquiry into the draft Ards and Down Area Plan 2015 was formally closed by the Planning Appeals Commission on 17

January 2007 and the Commission's Report is anticipated at the end of 2007.

We have also been engaged in taking forward a significant raft of policy and legislative work flowing from the Review of Public Administration (RPA). The recommendations of the review will bring about the creation of a two-tier planning system, with the majority of planning functions currently exercised by the Planning Service transferring to new local authorities. A proposed service delivery model has been agreed through the Department's Local Government Taskforce, providing a framework within which we can begin to take forward the remaining work necessary for transition to the new structures.

Modernising the planning process to enable it to more effectively meet the demands it faces is an enormous task, and it is not one which the Planning Service can address single-handedly. Ultimately, all those who contribute to or are involved in the system will need to work constructively together if we are to bring about meaningful and lasting improvement in the way in which the process operates. The return of devolution will add fresh impetus to what needs to be done. I remain confident that we are moving in the right direction and that, with the sustained efforts and dedication of all our staff, we can achieve a high quality service that is responsive to the needs of the community.

A handwritten signature in black ink, reading "David Ferguson". The signature is written in a cursive style with a large, prominent 'D' and 'F'.

DAVID FERGUSON

Chief Executive

CHIEF EXECUTIVE'S REPORT

Introduction

The Planning Service presents its accounts for the year ended 31 March 2007 at pages 27 to 50. These accounts have been prepared under a direction issued by the Department of Finance and Personnel in accordance with section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

Status

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

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

Principal Activities

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

Business Review

A full review of the Agency's business activities during the year is provided in pages 10 to 21 of the Annual Report.

Future Developments

Details of future developments are contained in the Agency's Corporate Plan 2007/08 – 2008/09. The Ministerial target for the Agency, as set out in the Public Service Agreement, is:

By March 2008 to support sustainable development and the provision of major infrastructure through:

- increasing the proportion of Northern Ireland covered by adopted or draft area plans to 78% of the land area by 31 March 2008 from 47% at 31 March 2005;
- bringing forward by 31 March 2008 a further 9 Planning Policy Statements (PPSs), including a number of revisions to existing PPSs, in draft or final form from the position at 31 March 2005;
- improving the time taken to process planning applications to decision or withdrawal against 2004/05 performance, as follows:
 - 60% of Major Applications processed in 23 weeks (25 weeks 2004/05) – an 8% improvement
 - 70% of Intermediate Applications processed in 31 weeks (33 weeks 2004/05) – a 6% improvement
 - 80% of Minor Applications processed in 18 weeks (21 weeks 2004/05) – a 14% improvement.

- completing implementation of the Planning Service reform and modernisation programme, including the actions flowing from the Modernising Planning Processes Implementation Plan and delivery of ePIC, the Service's e-Planning system.

Management Board

The Agency's Management Board during the year ended 31 March 2007 comprised:

Chief Executive	–	Mr D G Ferguson
Director of Corporate Services	–	Mrs M Fleming
Director of Operations (to 4 March 2007)	–	Mr P McBride
Director of Operations (acting from 5 March 2007, substantive from 12 March 2007)	–	Ms A Garvey
Director of Strategic Planning (to 7 July 2006)	–	Mr P J Quinn
Acting Director of Strategic Planning (to 4 March 2007)	–	Mr T Clarke
Director of Strategic Planning (from 5 March 2007)	–	Mr P McBride

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

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

Further details of Directors' remuneration are included in the Agency Remuneration Report at page 22.

Charitable Donations

During 2006/07 the Agency made no charitable donations.

Disabled Persons

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

Equal Opportunities

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

Employee Involvement

The Agency's planning, administrative and support staff are essential to the conduct of its business. Every effort is made to inform staff of their progress with key performance targets and about topical issues through team briefing 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 and most staff attended local information sessions relating to the RPA. I regularly meet 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 Whitley (management and employee) Committees and at special meetings to discuss specific issues. The Agency is IIP accredited.

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.

A handwritten signature in black ink that reads "David Ferguson". The signature is written in a cursive style with a large, sweeping initial 'D'.

DAVID FERGUSON

Chief Executive

15 June 2007

MANAGEMENT COMMENTARY

1. ABOUT THE PLANNING SERVICE

1.1 Planning Service is an Executive Agency within the Department of the Environment. The planning system exists to regulate development and land use in the public interest. The Agency's planning functions are set out in the Planning (Northern Ireland) Order 1991. During the suspension of the devolved administration, all planning decisions are taken under the authority of the Parliamentary Under-Secretary of State for the Environment in Northern Ireland. During the 2006/07 business year the Minister with responsibility for the Planning Service was David Cairns MP.

2. THE AGENCY'S BUSINESS

2.1 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.

3. FINANCIAL REVIEW

3.1 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.

3.2 Results for the Year

The net cost of operations for the year as shown on page 35 was £20.846m. This included an amount of £9.960m for services provided free of charge by other Agencies and Departments (note 5).

3.3 Important Events Occurring after Year End

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

3.4 Fixed Assets

Details of the movement on 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 2007.

3.5 Pension Liabilities

The Department is covered by the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation

Liability Charge (ASLC). The scheme is essentially non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS(NI). The Agency meets the cost of pension cover provided for staff by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS(NI) as a whole.

3.6 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 2006 to 31 March 2007 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
7,301	97.2	7,100	1,427	19.5

3.7 Auditor

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

The Agency confirms that:

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

The audit of the financial statements for 2006/07 resulted in an audit fee of £10,317.

4. AIM AND STRATEGIC OBJECTIVES

4.1 The Agency's aim is:

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

4.2 The Agency's Strategic Objectives for the period up to 31 March 2007 were as follows:

RESULTS To make good, timely planning decisions within an up-to-date Area Plans, policy and legislative framework and in line with the Department's sustainable development principles.	PROCESSES To review, streamline, improve and monitor the Planning Service's key systems and processes and to prepare for the implementation of the Review of Public Administration.
PEOPLE To have well-motivated people with the right skills in the right place at the right time.	CLIENTS/STAKEHOLDERS To promote a mutual understanding of expectations and the capacity to meet them between Planning Service and its clients/stakeholders.

5. THE ORGANISATION

5.1 The Chief Executive of the Planning Service is directly responsible to the Minister for the Agency's performance and operations. The Planning Service Management Board comprises the Chief Executive and three Directors – the Director of Operations, the Director of Strategic Planning and the Director of Corporate Services.

5.2 Planning Service Headquarters is in Millennium House, 17-25 Great Victoria Street, Belfast, BT2 7BN. There are six Divisional Planning Offices and two Sub-Divisional Planning Offices located across Northern Ireland.

5.3 At 31 March 2007 the staff complement was 878.

6. PERFORMANCE AGAINST TARGETS

6.1 During 2006/07 some 26,585 valid planning applications were received into the system, representing a drop of almost 22% over the previous year. This has been due largely to the implementation across all Divisional Offices of new procedures to return applications which are considered to be invalid because they contain insufficient information or are not accompanied by the correct fee. The number of applications progressed to decision stage surpassed the number of incoming applications by some 5% and at 31 March 2007 there were over 3,500 fewer live applications than at 31 March 2006. In relation to the

processing of major (Article 31) applications, we issued a total of 8 notices of opinion and 9 decisions over the course of the year.

6.2 The continued high level of public interest in development is evidenced by the response to the most recent draft area plans. The Craigavon Town Centre Boundaries and Retail Designations Plan 2010, the Houses in Multiple Occupation Subject Plan for Belfast City Council 2015 and the Banbridge, Newry and Mourne Area Plan 2015 generated between them over 2,200 representations over the course of the year.

6.3 On the policy side, significant publications included Planning Policy Statement (PPS) 15 – Planning and Flood Risk, a Draft Addendum to PPS 7 – Residential Extensions and Alterations, draft policy on the Control of Development in Airport Public Safety Zones and clarification of PPS 3 – Access, Movement and Parking. Good progress was also made on a number of other PPSs.

6.4 Department of the Environment’s Public Service Agreement

The Planning Service’s performance in relation to the target set out in the Department of the Environment’s Public Service Agreement for 2006/07 – 2007/08 is as follows:

Target	Outturn
<p>By 31 March 2008, to support sustainable development and the provision of major infrastructure through:</p> <ul style="list-style-type: none"> increasing the proportion of Northern Ireland covered by adopted or draft area plans to 78% of the land area by 31 March 2008 from 47% at 31 March 2005. 	<p>Not likely to be achieved by target date.</p>
<ul style="list-style-type: none"> bringing forward by 31 March 2008 a further 9 Planning Policy Statements (PPSs), including a number of revisions to existing PPSs, in draft or final form from the position at 31 March 2005. 	<p>On track for achievement.</p>
<ul style="list-style-type: none"> by 31 March 2008 improving the time taken to process planning applications to decision or withdrawal against 2004/05 performance, as follows: <ul style="list-style-type: none"> 60% of Major Applications processed in 23 weeks (25 weeks 2004/05) – an 8% improvement 70% of Intermediate Applications processed in 31 weeks (33 weeks 2004/05) – a 6% improvement 80% of Minor Applications processed in 18 weeks (21 weeks 2004/05) – a 14% improvement 	<p>Not likely to be achieved by target date.</p>

- by 31 March 2008 completing implementation of the Planning Service Reform and Modernisation programme, including the actions flowing from the Modernising Planning Processes Implementation Plan and delivery of ePIC, the Service's e-planning system. On track for achievement.

6.5 Department of the Environment's Corporate and Business Plan

The Agency's performance against the targets included in the Department of the Environment's Corporate and Business Plan is reflected below:

Target	Outturn
Full delivery of the ePIC project by April 2007.	Not achieved.
By March 2007 progress the structured reform of the Planning Service in line with the Review of Public Administration.	Achieved.

6.6 Planning Service Corporate and Business Plan 2006/07

The Agency's performance against the targets, as set out in the Corporate and Business Plan for 2006/07, is reflected below under the relevant strategic objectives.

Strategic Objective 1:

To make good, timely planning decisions within an up-to-date Area Plans, policy and legislative framework, and in line with the Department's sustainable development principles.

Target	Outturn
To reduce time taken to process planning applications.	Not achieved.
<ul style="list-style-type: none"> ● In addition to our PSA target, other targets include ensuring 75% of all applications are validated within 6 days and 95% validated within 10 days: 75% of decisions should issue within 2 weeks of last Council consultation and 95% within 4 weeks of last Council consultation; and a 15% reduction in the number of applications in the system for longer than 12 months. 	

To continue to improve coverage of up-to-date area plans and planning policy.	Partially achieved
<ul style="list-style-type: none"> Our targets include publication of 1 PPS in final form; 4 PPSs in draft form; and 2 area plans in draft form. 	2 Area Plans (Belfast Metropolitan and Banbridge/Newry and Mourne) were published in draft form. A number of PPSs were published in draft or final form.

Strategic Objective 2:

To promote a mutual understanding of expectations and the capacity to meet them between Planning Service and its clients/stakeholders.

Target	Outturn
To develop a revised Communications Strategy incorporating the Planning Service's key messages.	Partially achieved.
<ul style="list-style-type: none"> In particular we will agree key messages for inclusion in our revised Communications Strategy and continue to implement a structured programme of engagement with key client and stakeholders groups. 	Key messages have been agreed.
To improve Agency performance against the NICS customer service principles.	Partially achieved.
<ul style="list-style-type: none"> In particular we will implement an action plan to address the issue of agency performance in this area. 	Action plan agreed and some measures to improve Agency performance against the NICS customer service principles implemented.

Strategic Objective 3:

To review, streamline, improve and monitor the Planning Service's key systems and processes and to prepare for the implementation of the Review of Public Administration.

Target	Outturn
To progress the structured reform of the Planning Service in line with the Review of Public Administration.	Achieved.
<ul style="list-style-type: none"> We will implement year 1 of the Review of Public 	

Administration programme.

<p>To continue to put improved systems and processes in place, in particular progress towards full implementation of the ePIC project.</p>	<p>Partially achieved.</p>
<ul style="list-style-type: none"> We will continue to implement the Modernising Planning Processes programme, including the ePIC project and legislation to reform key aspects of the planning process. 	<p>Improved systems and processes including reform of planning legislation, reviewing the development control process, roll-out of a project for the return of invalid applications and steps to improve liaison with consultees have continued to be implemented.</p>

<p>To continue to refine measures of performance.</p>	<p>Achieved.</p>
<ul style="list-style-type: none"> In particular, we will agree recommendations and proposed performance criteria flowing from a review undertaken in relation to performance on area plans. 	

Strategic Objective 4:

To have well-motivated people with the right skills in the right place at the right time.

Target	Outturn
<p>To have in place an HR Strategy to address the implications for Planning Service staff of the Review of Public Administration.</p>	<p>Achieved.</p>
<ul style="list-style-type: none"> We will develop a strategy specifically to address how we will manage the uncertainties for staff arising from the Review of Public Administration. 	

<p>To maintain recognised standards for people management and development.</p>	<p>Partially achieved.</p>
<ul style="list-style-type: none"> In particular, we will implement the 2006/07 element of the Agency's HR Strategy. 	

7 OTHER COMMITMENTS

7.1 Reform and Modernisation

The Modernising Planning Processes (MPP) programme saw continued progress on key projects. New procedures to return incomplete applications – known as the ‘invalids project’ – were rolled out in all the Divisional Offices to help address delaying factors in the processing of applications. Consideration is being given to how the project can be implemented in respect of strategic applications which are handled at headquarters. While it will take some time for the impact of the new arrangements to be fully realised, it has already resulted in a reduction in the number of invalid applications in the system from 23% at the end of March 2006 to under 7% at the end of March 2007.

Work has continued on the development of Service Level Agreements with our key consultees. Agreements with Environment and Heritage Service and Water Service were signed during the course of the year, in addition to a Memorandum of Understanding with HM Revenue and Customs.

The positive impact of the more streamlined Council consultation procedures which were implemented in October 2005 in alleviating some of the burden on the planning system has been fully realised. The total number of deferred cases dropped by 47% compared to 2005/06, while the number of Management Board referrals received into the system was 52, compared to 151 in the previous year. In consultation with the Northern Ireland Local Government Association, work to produce revised guidance for Councils has been completed and the guidance was issued in November 2006. A review of the arrangements is to be carried out during 2007/08.

7.2 Electronic Planning Information for the Citizen (ePIC)

Progress continues to be made in the delivery of the Agency’s ePlanning solution. Following a period of detailed design work, a phase of user acceptance testing was undertaken which highlighted some technical issues on system integration to be resolved. Work continues to address these and further integration testing will recommence shortly, prior to the solution being rolled out to the first pilot site. We are committed to the successful implementation of ePIC in the next business year.

7.3 Strategic Projects

In the autumn of 2005, a new Strategic Projects and Design Unit was established at Planning Service headquarters to provide a sharper focus on applications which have significant economic or social benefits for the region. Efforts are concentrated on encouraging developers to engage in constructive pre-application discussions, aimed at ensuring the submission of good quality planning applications accompanied by all the necessary technical information. The new unit has been working closely with the Strategic Investment Board and government departments to ensure that infrastructure

projects in the Investment Strategy for Northern Ireland (ISNI) are managed efficiently through the planning process. Significant private sector projects are also being processed as quickly as possible, particularly where there has been productive pre-application engagement.

7.4 Review of Public Administration (RPA)

The outcome of the RPA was announced by the Secretary of State in November 2005. The recommendations of the Review, as they relate to planning, would deliver the most significant change to the planning system in the last 30 years. Implementation would see the creation of a two-tier planning system with the majority of planning responsibilities currently exercised by the Planning Service transferring to newly established local authorities, at present proposed to be 7 in number.

During 2006/07, Planning Service made good progress to ensure that the substantial legislative and other changes required to give effect to the new arrangements can be in place for the April 2009 deadline.

Wide ranging policy development has been undertaken and the legislative requirements necessary to facilitate the RPA associated changes have been assessed and instructions prepared for the Office of Legislative Counsel.

Communication with key stakeholders, both internal and external, has been a key element underpinning the implementation programme, with seminars for staff being held across the Planning Service and regular engagement also taking place with a range of external stakeholders. Human resources and finance issues have also been high on the agenda.

Whilst work on the next phases of Planning Service's project to prepare for RPA will continue during 2007/08, it is recognised that the changing political environment and the restoration of the Northern Ireland Assembly on 8 May 2007 may have implications for the overall programme.

7.5 Legislative Framework

During the year the Planning Service also took forward a substantial programme of both primary and subordinate legislation and associated policy development. One Order-in-Council, the Planning Reform (Northern Ireland) Order 2006 (the 2006 Order) was made in May following extensive policy and legislative consultations during 2004 and 2005. The 2006 Order made a number of wide-ranging changes to the planning system intended to reform and improve planning processes while also enhancing transparency and community involvement in the planning system. These included provision for statements of community involvement, independent examination of draft development plans and a requirement to exercise development planning functions with the objective of contributing to the achievement of sustainable development. Much of the Order was brought into operation in June, including provisions to bring Crown

development within planning control. The Order is another step in the Department's MPP programme.

As regards subordinate legislation, 12 Statutory Rules were brought into operation. They included:

- the Planning (Electronic Communications) Order (Northern Ireland) 2006 providing for the use of electronic communications in the planning system.
- the Planning (Inquiry Procedure) Rules (Northern Ireland) 2006 providing procedures to be followed in connection with inquiries required to be held under Article 123B of the Planning (Northern Ireland) Order 1991 and where the Secretary of State has directed that evidence described in the direction shall only be heard or be open to inspection at that inquiry by specified persons.
- the Planning (Application of Subordinate Legislation to the Crown) Order (Northern Ireland) 2006 which, with the removal of Crown immunity from planning control, applied all planning subordinate legislation to the Crown with appropriate amendments.
- the Planning (General Development) (Amendment No. 2) Order (Northern Ireland) 2006 which increased the number of satellite dishes and other antennas which can be erected on dwelling houses and other buildings without applying for planning permission.
- the Planning (Development Plan)(Amendment) Regulations (Northern Ireland) 2006 replacing public inquiries into development plans with independent examinations, following provision for the latter by the Planning Reform (Northern Ireland) Order 2006.
- the Planning (General Development)(Amendment) Order (Northern Ireland) 2007 providing permitted development rights for water and sewerage undertakings – needed for the transfer of those responsibilities from the Department for Regional Development to a water and sewerage undertaker from 1st April 2007.

In addition, the Planning (National Security Directions and Appointed Representatives) Rules (Northern Ireland) 2006 were drafted for the Northern Ireland Court Service. They establish the procedure to be followed by the Secretary of State when, in relation to an inquiry or independent examination held under the Planning (Northern Ireland) Order 1991, he is considering giving a direction to the effect that the public disclosure of information relating either to national security or to measures intended to secure premises or property would be contrary to the public interest.

Other work in progress or completed included:

- Collaboration with the Department of Enterprise, Trade and Investment on the Electricity Consents (Planning) (Northern

Ireland) Order 2006, enabling that Department to grant deemed planning permission and deemed hazardous substances consent on an application for electricity consent under Articles 39 (consent required for construction, extension or operation of an electricity generating station) or 40 (consent required for overhead lines) of the Electricity (Northern Ireland) Order 1992.

- drafting of the Planning (Environmental Impact Assessment) (Amendment) Regulations (Northern Ireland) which will give effect to Article 3 of Directive 2003/35/EC of the European Parliament of the Council of 26 May 2003 (OJ L 156, 25.6.2003, p17) (“the Public Participation Directive”) in so far as it affects public participation in the decision making process for applications and appeals relating to development for which environmental impact assessment is required.
- the drafting of development orders which will provide planning permitted development rights for development which may be needed as part of preventative measures in relation to avian influenza.
- policy development and issue of a consultation paper on 22 January 2007 seeking views on the provision of permitted development rights for small scale renewable energy development associated with dwelling houses.
- policy development and the preparation of detailed legislative proposals which will give effect to the transfer of the majority of planning functions to district councils as part of the implementation of the Review of Public Administration.

7.6 Freedom of Information

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

Although the Planning Service has operated an open file system since November 2001, the new FOI and EIR provisions are designed to enable individuals to access even more information than they could before. Between 1 April 2006 and 31 March 2007 the Planning Service received 1,221 requests for information. This represents 81% of all requests received by the Department of the Environment during this period.

7.7 Ombudsman Cases

During 2006/07, 16 complaints of alleged maladministration by the Planning Service were investigated by the Northern Ireland Ombudsman’s office. By 31 March 2007, the Ombudsman had concluded and reported on his investigations in relation to 7 of these cases.

The Ombudsman did not find any evidence of maladministration in 6 out of 7 of the cases. In the remaining case, the Ombudsman criticised the Planning Service for poor communication.

8 CORPORATE GOVERNANCE

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

The Planning Service Management Board supports the Chief Executive by contributing to the corporate management of the Agency within the strategic policy and resources framework set by Ministers. Terms of reference have been developed for the Management Board setting out its purpose, key roles, responsibilities and procedures.

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

The Board had no independent non-executive members during the year.

The Planning Service Audit Committee (PSAC) meets at least twice a year. Its role is to advise the Chief Executive on Audit and Governance matters in relation to his responsibilities as Accounting Officer. It is an advisory body and has no executive powers. The PSAC is comprised of:

Chairman:	Chief Executive
Members:	Director of Corporate Services
	Director of Operations
	Director of Strategic Planning
	Divisional Planning Manager
	Senior Administrative Officer

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

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

AGENCY REMUNERATION REPORT

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits;
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

The pay award for staff in the Senior Civil Service (SCS) is comprised of two elements; a base pay uplift and a non-consolidated bonus. Both elements are based on performance. The non-consolidated bonuses are payable to a proportion of SCS staff as part of the annual pay award.

Service Contracts

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

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

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

Remuneration and pension entitlements

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

Senior Management Remuneration (Audited)

Officials	2006-07		2005-06	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Mr D Ferguson <i>Chief Executive</i>	95-100	0	85-90	–
Mr P McBride <i>Director of Operations (to 04/03/07)/Director of Strategic Planning (from 05/03/07)</i>	65-70	0	65-70	–
Mrs M Fleming <i>Director of Corporate Services</i>	55-60	0	50-55	–
Ms A Garvey <i>Director of Operations (acting from 05/03/07, substantive from 12/03/07)</i>	0-5 (50-55 full year equivalent)	0	–	–
Mr T Clarke <i>Acting Director of Strategic Planning (to 04/03/07)</i>	60-65	0	60-65	–

Salary

'Salary' includes gross salary; performance pay or bonuses; and any other allowance, such as London Weighting Allowances, to the extent that it is subject to UK taxation. This report is based on payments made by the Agency and thus recorded in these accounts.

Benefits in kind

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

Pensions of Senior Management (Audited)

Officials	Accrued pension at age 60 as at 31/3/07 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/07	CETV at 31/3/06	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr D Ferguson <i>Chief Executive</i>	35-40 plus lump sum of 105-110	0-2.5 lump sum of 2.5-5.0	741	567	19	0
Mr P McBride <i>Director of Operations (to 04/03/07)/ Director of Strategic Planning (from 05/03/07)</i>	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 0-2.5	679	486	9	0
Ms A Garvey <i>Director of Operations (acting from 05/03/07, substantive from 12/03/07)</i>	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 0-2.5	415	382	5	0
Mrs M Fleming <i>Director of Corporate Services</i>	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 0-2.5	463	357	7	0
Mr T Clarke <i>Acting Director of Strategic Planning to 04/03/07</i>	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 0-2.5	525	394	5	0

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). 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 Prices 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% of pensionable earnings for classic and 3.5% 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 in the same way as in classic.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach 60, or on immediately ceasing to be an active member of the scheme if they are already 60.

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the Department of Finance and Personnel's Superannuation Scheme Vote has received a transfer payment commensurate with 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.

Real increase in CETV

This 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 handwritten signature in black ink that reads "David Ferguson". The signature is written in a cursive style with a large, looped 'D' and 'F'.

DAVID FERGUSON

Chief Executive

15 June 2007

Annual Accounts 2006/07

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

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed the Planning Service to prepare for each financial year a statement of accounts in the form and on the basis set out in accounts direction DAO(DFP)04/07. 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 Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

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

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

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Planning Service policies, aims and objectives, whilst safeguarding the public funds and Agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in 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 2007 and up to the date of approval of the annual report and accounts, and it accords with DFP guidance.

Capacity to handle risk

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

The risk and control framework

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

- annual review of the Agency's Risk Management Policy Statement;
- the preparation and maintenance of Corporate, Directorate and business unit risk registers;
- the holding of risk management workshops for the preparation of risk registers and to ensure an appropriate link between objectives and risks;

- formal quarterly review and revision of the Corporate risk register by the Management Board, the Directorate Risk Registers by the relevant Director and business unit risk registers by the head of branch;
- the inclusion of risk management as a standing agenda item at the Agency's Audit Committee;
- ensuring that key risk priorities relate to obtaining timely and accurate information from other parties and also to human resource issues; and
- keeping staff informed on risk management issues by means of articles in the Agency's in-house magazines, updates on the Agency's intranet site and reminders to heads of business units.

The Planning Service does not have a single risk appetite. The level of risk that the Agency considers acceptable to bear is set on a risk by risk basis taking account of the potential impact of the risk on the Agency.

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

Review of effectiveness

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

During the year, work continued on delivery of the Agency's e-Planning solution, ePIC. The ePIC system is a technically complex solution which will provide Planning Service with a comprehensive and sophisticated IT planning facility for the benefit of all users.

Project implementation has been subject to some slippage, mainly due to the additional design and development work required to translate and customise the solution to meet the requirements of the planning process in Northern Ireland. The slippage has required the Agency to continue to rely on its current 20/20 computer system, in which control weaknesses have been identified in the past.

The Agency continues to work closely with its key supplier to ensure delivery of the ePIC solution in 2007/08.

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

- The Agency Audit Team is responsible for reviewing the systems of internal control and makes appropriate recommendations for improvement.
- Regular reports are prepared to Government Internal Audit Standards by the Department for Regional Development's Internal Audit Unit. The Head of Internal Audit (HIA) provides me with an interim report on internal audit activity within the Agency and an Annual Assurance Report at year-end which includes the HIA's independent opinion on the adequacy and effectiveness of the Agency's risk management, control and governance processes.
- The work of the internal audit unit is informed by an analysis of the risk to which the Agency is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the senior managers within the Agency and approved by me.
- In respect of 2006/07, Internal Audit has provided me with reasonable assurance regarding the adequacy and effectiveness of the risk management, control and governance processes within the Agency.
- Risk management and audit issues are regularly discussed at the Agency's Audit Committee and the Departmental Audit Committee.



DAVID FERGUSON

Chief Executive

15 June 2007

THE PLANNING SERVICE

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

I certify that I have audited the financial statements of Planning Service Agency for the year ended 31st March 2007 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

RESPECTIVE RESPONSIBILITIES OF THE AGENCY, THE CHIEF EXECUTIVE AND AUDITOR

The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and the Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I report to you whether, in my opinion, certain information given in the Annual Report is consistent with the financial statements. I also report 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.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with the Department of Finance and Personnel's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

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 report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most 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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, 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 also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

OPINIONS

AUDIT OPINION

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Agency's affairs as at 31 March 2007 and of the net cost of operations, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- The information given within the Annual Report is consistent with the financial statements.

AUDIT OPINION ON REGULARITY

In my opinion, 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.

REPORT

I have no observations to make on these financial statements.



JM Dowdall CB
Comptroller and Auditor General
22 June 2007

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

OPERATING COST STATEMENT

For the Year Ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Income	2	21,465	19,986
Expenditure			
Staff Costs	3	23,862	21,654
Depreciation and Amortisation	8 and 9	373	532
Other Operating Costs	4	18,257	19,336
Total Expenditure		<u>42,492</u>	<u>41,522</u>
Net Cost of Operations before Cost of Capital Credit		(21,027)	(21,536)
Capital Credit	6	181	149
Net Cost of Operations		<u>(20,846)</u>	<u>(21,387)</u>

The net cost of operations arises wholly from continuing operations.

STATEMENT OF RECOGNISED GAINS AND LOSSES

For the Year Ended 31 March 2007

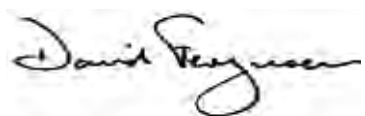
		2007 £'000	2006 £'000
Net gain on revaluation of Fixed Assets	13	6	4
		<u>6</u>	<u>4</u>

The notes on pages 38 to 50 form part of these accounts

BALANCE SHEET

As at 31 March 2007

	Notes	2007 £'000	2006 £'000
Fixed Assets			
Tangible Assets	8	6,833	4,310
Intangible Assets	9	83	148
		<u>6,916</u>	<u>4,458</u>
Current Assets			
Debtors	10	309	172
Current Liabilities			
Creditors (amounts falling due within one year)	11	(12,040)	(8,477)
		<u>(11,731)</u>	<u>(8,305)</u>
Net Current Liabilities			
Total Assets less Current Liabilities		(4,815)	(3,847)
Provisions for Liabilities and Charges	12	(819)	(858)
		<u>(5,634)</u>	<u>(4,705)</u>
Financed by:			
Capital and Reserves			
General Fund	13	(5,644)	(4,712)
Revaluation Reserve	13	10	7
		<u>(5,634)</u>	<u>(4,705)</u>



DAVID FERGUSON

Chief Executive

15 June 2007

The notes on pages 38 to 50 form part of these accounts

CASH FLOW STATEMENT

For the Year Ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Net Cash Outflow from Continuing Operating Activities	14	(8,965)	(7,757)
Capital Expenditure	14	(1,157)	(2,640)
Payments to Consolidated Fund		(33)	–
		<u> </u>	<u> </u>
Net Cash Outflow before Financing		(10,155)	(10,397)
		<u> </u>	<u> </u>
Cash Inflow from Financing	14	10,155	10,397
		<u> </u>	<u> </u>

The notes on pages 38 to 50 form part of these accounts

NOTES TO THE ACCOUNTS

For the Year Ended 31 March 2007

1. Accounting Policies

The financial statements have been prepared in accordance with the Financial Reporting Manual (FRM) and with an accounts direction issued by the Department of Finance and Personnel. The accounting policies contained in the FRM 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 FRM 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). Assets in the course of construction are not depreciated until the asset is brought into use.

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

Information Technology	3 – 5 years
Computer Software Licences (Intangible)	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 FReM. 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 2.2 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

	2007	2006
	£'000	£'000
Planning Fees	19,628	18,490
Property Certificate Fees	1,632	1,467
Recovery of Planning Compensation	182	22
CFER Income	23	7
	<u>21,465</u>	<u>19,986</u>

3. Staff Numbers and Costs

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

	2007		2006	
	Number	Number	Number	Number
	Permanently employed staff	Others	Total	Total
Senior Management	63	–	63	59
Professional and Technical	396	23	419	438
Executive, Administrative and Ancillary	278	32	310	290
Temporary Staff employed through Recruitment Agencies	–	23	23	29
	<u>737</u>	<u>78</u>	<u>815</u>	<u>816</u>

3.2 The costs incurred in respect of these employees were:

	2007		2006	
	£'000	£'000	£'000	£'000
	Permanently employed staff	Others	Total	Total
Salaries and Wages	18,151	793	18,944	17,291
Social Security Costs (ERNI)	1,331	61	1,392	1,258
Pension Costs (Superannuation)	3,114	1	3,115	2,850
Cost of Temporary Staff Employed through Recruitment Agencies	–	411	411	255
	<u>22,596</u>	<u>1,266</u>	<u>23,862</u>	<u>21,654</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 2003 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2006/07, employers' contributions of £3,115,094.36 were payable to the PCSPS(NI) (2005/06 £2,850,210.42) at one of four rates in the range 16.5 to 23.5 per cent of pensionable pay, based on salary bands (the rates in 2005/06 were between 16.5% and 23.5%). These rates have increased from 1 April 2005 as a result of the latest 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 £4,083.80 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 £546.72, 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.

4. Other Operating Costs

	2007	2006
	£'000	£'000
General Administration Expenses	1,633	1,791
Consultants Fees	966	896
Development Control Computer System	900	1,100
Property Certificate Computer System	147	197
Travel and Subsistence	563	555
Planning Compensation	–	21
Administration Provisions Provided in Year	20	(1)
Net Programme Provisions Charged in Year	393	532
Advertising of Planning Applications	1,113	1,135
Grants Payable	668	646
Construction Service	60	648
IT and Office Equipment	73	171
Data Scanning	521	168
Preparation of Development Plans	374	484
Staff Training	355	328
Geographical Information	353	229
Research, Bursaries and Awards	70	77
Land Registry Charges	70	63
Hospitality	16	26
Loss on Disposal of Fixed Assets	2	–
Notional Costs (see note 5)	9,960	10,270
	<hr/>	<hr/>
	18,257	19,336
	<hr/> <hr/>	<hr/> <hr/>

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.

	2007 £'000	2006 £'000
Services Provided by Parent Department		
Corporate Services including Finance	396	349
Consultations with Environment & Heritage Service	317	295
	<hr/>	<hr/>
	713	644
Other Notional Costs		
Consultations with Roads Service	4,069	4,622
Accommodation	2,590	2,583
Consultations with Water Service	588	544
IT Support and Services	365	301
Personnel Management and Recruitment	528	433
Planning Inquiries and Area Plans	198	65
Finance	146	155
Training and Development	168	288
Consultations with DARD	67	86
Central Policy and Management	21	19
Telecommunications	95	101
Legal Services	160	181
Land Valuations	38	23
Audit	10	10
Miscellaneous	204	215
	<hr/>	<hr/>
	9,247	9,626
	<hr/>	<hr/>
	9,960	10,270
	<hr/> <hr/>	<hr/> <hr/>

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	(21,260)	(205)	(21,465)
Staff Costs	23,862	–	23,862
Depreciation and Amortisation	373	–	373
Other Operating Costs	13,423	4,834	18,257
Capital Credit	(17)	(164)	(181)
	<hr/>	<hr/>	<hr/>
Net Cost of Operations	16,381	4,465	20,846
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8. Tangible Fixed Assets

	CIP Asset £'000	Information Technology £'000	Plant & Machinery £'000	Total £'000
Cost or Valuation				
At 1 April 2006		3,709	2,019	236
5,964				
Additions	2,627	197	–	2,824
Transfers	–	–	–	–
Disposals	–	(187)	(1)	(188)
Revaluation	–	6	1	7
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	6,336	2,035	236	8,607
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation				
At 1 April 2006	–	1,578	76	1,654
Charged in year	–	259	44	303
Disposals	–	(185)	(1)	(186)
Transfers	–	–	–	–
Revaluations	–	3	–	3
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	–	1,655	119	1,774
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net Book Value				
At 1 April 2006	3,709	441	160	4,310
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	6,336	380	117	6,833
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

9. Intangible Fixed Assets

	Software Licences
	£'000
Cost or Valuation	
At 1 April 2006	307
Additions	3
Transfers In	–
Revaluation	10
	<hr/>
At 31 March 2007	320
	<hr/> <hr/>
Amortisation	
At 1 April 2006	159
Charged in year	70
Transfers In	–
Revaluation	8
	<hr/>
At 31 March 2007	237
	<hr/> <hr/>
Net Book Value	
At 1 April 2006	148
	<hr/> <hr/>
At 31 March 2007	83
	<hr/> <hr/>

10. Debtors

10(a). Analysis by type

	2007	2006
	£'000	£'000
Other Debtors	66	121
Prepayments	243	51
	<hr/>	<hr/>
	309	172
	<hr/> <hr/>	<hr/> <hr/>

10(b). Intra-Government Balances

	2007	2006
	£'000	£'000
Debtors: Amounts falling due within one year		
Balances with other central government bodies	50	102
Balances with local authorities	–	–
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds	5	4
Balances with bodies external to government	254	66
	<u>309</u>	<u>172</u>
	<u><u>309</u></u>	<u><u>172</u></u>

11. Creditors (amounts falling due within one year)**11(a). Analysis by type**

	2007	2006
	£'000	£'000
Trade Creditors	498	1,020
Deferred Income	7,774	6,724
Amount due to the NI Consolidated Fund for CFER Income	–	10
Other Creditors and Accruals	3,768	723
	<u>12,040</u>	<u>8,477</u>
	<u><u>12,040</u></u>	<u><u>8,477</u></u>

11(b). Intra-Government Balances

	2007	2006
	£'000	£'000
Creditors: Amounts falling due within one year		
Balances with other central government bodies	184	153
Balances with local authorities	9	–
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds	–	–
Balances with bodies external to government	11,847	8,324
	<u>12,040</u>	<u>8,477</u>
	<u><u>12,040</u></u>	<u><u>8,477</u></u>

12. Provisions for Liabilities and Charges

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

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

	Planning Compensation	Legal Costs	Early Departure Costs	Total
	£'000	£'000	£'000	£'000
At 1 April 2006	220	638	–	858
Amounts incurred and charged against this provision during the year	(11)	(441)	–	(452)
Unused amounts reversed during the year	(160)	(79)	–	(239)
Increases to existing provision and additional provisions required	250	382	20	652
	<u>299</u>	<u>500</u>	<u>20</u>	<u>819</u>

13. Reconciliation of Movement in Reserves and Government Funds

	General Revaluation Fund	Revaluation Reserve	2007 Total	2006 Total
	£'000	£'000	£'000	£'000
At 1 April	(4,712)	7	(4,705)	(3,831)
Transfer of Assets	–	–	–	–
Transfer from Reval Reserve to GF	3	(3)	–	–
Net Vote Funding in Year	10,155	–	10,155	10,396
Net Cost of Operations	(20,846)	–	(20,846)	(21,387)
Notional Costs	9,960	–	9,960	10,270
Capital Credit	(181)	–	(181)	(149)
CFER Adjustment	(23)	–	(23)	(8)
Arising on Revaluation during the year (net)	–	6	6	4
	<u>(5,644)</u>	<u>10</u>	<u>(5,634)</u>	<u>(4,705)</u>

14. Notes to Cash Flow Statement

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

	2007 £'000	2006 £'000
Net Cost of Operations before Capital Credit	(21,027)	(21,536)
<i>Adjustments for Non-Cash Transactions</i>		
Notional Costs	9,960	10,270
Movement in Provisions	(39)	424
Depreciation and Amortisation Charge	373	532
Adjustment to Opening General fund	–	–
Loss on Disposal of Fixed Assets	2	–
	<u>10,296</u>	<u>11,226</u>
<i>Adjustments for Movements in Working Capital</i>		
Decrease in Debtors	(137)	130
Increase in Creditors	1,903	2,423
	<u>(8,965)</u>	<u>(7,757)</u>
Net Cash Outflow from Operating Activities	<u><u>(8,965)</u></u>	<u><u>(7,757)</u></u>

14.2 Capital Expenditure

	2007 £'000	2006 £'000
Payments for Tangible Fixed Assets	(1,113)	(2,633)
Payments for Intangible Fixed Assets	(44)	(7)
	<u>(1,157)</u>	<u>(2,640)</u>
Payments for Fixed Assets	<u><u>(1,157)</u></u>	<u><u>(2,640)</u></u>

14.3 Financing

	2007 £'000	2006 £'000
Drawdown from Department	34,752	33,670
Accruing Receipts	(24,597)	(23,273)
	<u>10,155</u>	<u>10,397</u>
Net Funding	<u><u>10,155</u></u>	<u><u>10,397</u></u>

15. Capital Commitments

	2007	2006
	£'000	£'000
Contracted capital commitments at 31 March 2007 for which no provision has been made	1,700	2,905
	<u> </u>	<u> </u>

16. Commitments under Operating Leases

Commitments under operating leases to pay rentals during 2007/08 are given in the table below, analysed according to the period in which the lease expires.

Obligations under operating leases comprise:

	2007
	£'000
Land and Buildings	–
Expiry within one year	–
Expiry after one year but not more than five years	–
Expiry thereafter	–
	<u> </u>
	–
	<u> </u>
Other:	
Expiry within 1 year	1
Expiry after one year but not more than five years	14
Expiry thereafter	–
	<u> </u>
	15
	<u> </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 was initially for a five year period (with the option of two one-year extensions) and commenced in October 1999 when the last planning office went live. The estimated capital value of the contract is £2.1m. The contract was extended in September 2004, November 2005 and again in October 2006, and will end on 31 December 2007.

Annual commitments under PFI contracts expiring:

	2007
	£'000
Within one year	361
Within two to five years	–
Thereafter	–
	<u> </u>
	361
	<u> </u>

18. Contingent Liabilities

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

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
2007	£'000	£'000	£'000	%
Planning Applications	19,475	18,667	808	104.3%
Property Certificates	1,632	900	732	181.3%
	<u>21,107</u>	<u>19,567</u>	<u>1,540</u>	

This information is provided for fees and charges purposes only, and not for SSAP 25 purposes.

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.

21. Review of Public Administration

The outcome of the Review of Public Administration was announced by the Secretary of State in November 2005. This will have a significant impact on the operations of the Agency, with many of the existing Agency Planning functions scheduled to transfer to local government in 2009.

During 2006/07, Planning Service made good progress towards putting in place the substantial legislative and other changes required to give effect to the new arrangements. However, the current programme may require revision if the new devolved Assembly seeks to change any key aspects of the November 2005 announcement. At this stage, it is too early for an accurate assessment of the potential financial impact to be made.

22. Events Occurring after the Balance Sheet Date

The Annual Report and Accounts were authorised to be issued and laid in the Assembly on 15 June 2007. There were no events occurring after the Balance Sheet date that require disclosure.

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