

**THE PLANNING SERVICE
ANNUAL REPORT AND ACCOUNTS
2007/08**

*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*

4 July 2008

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Chief Executive's Foreword

I am pleased to present the Planning Service's Annual Report and Financial Statements for 2007/08.

This is my first Annual Report as Chief Executive of the Planning Service. I have joined the Agency at a challenging time. Demands on the key streams of the Agency's business – development control and development plans – remain at a high level. At the same time, the Northern Ireland Executive has brought a renewed focus to the whole planning system, with the announcement by the Minister in November 2007 of a comprehensive programme of planning reform. In addition, in March 2008, the Minister announced the outcome of the review by the Executive of the local government aspects of the Review of Public Administration (RPA), which will lead to the transfer of most planning functions from central to local government in 2011.

The year witnessed a moderate increase of over 3% in the number of incoming valid planning applications compared to last year. In spite of this, the number of live applications in the system continued to drop, now standing at just under 18,500 compared to over 19,600 at the start of the year. In May 2007 a Divisional Support Team was established to help address development control workload pressures. Its efforts this year have been concentrated in the Craigavon Divisional Office.

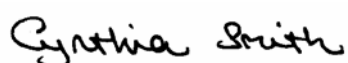
On the development plan side of the business, the Agency is currently contesting judicial challenges in respect of the Environmental Assessments of the Draft Northern, Magherafelt and Banbridge, Newry and Mourne Area Plans. This has the potential to impede progress with the development plan programme, but we are committed to resolving the matter as quickly as possible. As matters now stand, 18 of the 26 council areas are covered by the three adopted Plans and five draft Plans published by the Agency over the past six years. Three further draft Plans are underway – the West Tyrone Area Plan 2018, the Antrim, Ballymena and Larne Area Plan 2016 and the Armagh Area Plan 2018.

The restoration of the devolved administration in May 2007 impacted significantly on the Agency. The Executive's Programme for Government 2008 - 11 includes a commitment to a fundamental overhaul of the planning system. The reform programme comprises a wide-ranging package of short, medium and long term reform measures. The short term measures are primarily focused on delivering improvements in efficiency and effectiveness in the handling of planning applications and we embarked on a number of them during 2007/08. They included the launch of a scheme of Streamlined Council Consultation, which is currently being piloted with Derry City Council. It enables the speedy determination of more minor, straightforward applications, allowing a focus on applications of wider public interest. A further measure completed in December 2007 was the formal launch of Pre-Application Discussions for strategically significant applications. The aim is to promote engagement between the Planning Service and applicants before planning applications are submitted, with a view to identifying issues at an early stage and maximising the prospects of an early decision.

The future medium to long-term reforms will lead to more fundamental changes, and will impact on all the key elements of the planning system including development plans, policy and development control. Proposals for these more far-reaching measures, some of which are expected to require legislation, will be developed over the coming months. They will take account of the implications of the Review of Public Administration.

Within the Agency some internal re-structuring took place during the year. Most notably, the responsibility for planning policy transferred from the Agency to the Core Department. While we continued to experience some drift of senior and middle level planning officers to the private sector, there was a welcome slow down in resignations to a level of around 4% which is below average for the Northern Ireland Civil Service as a whole. Following Ministerial agreement the Agency is now paying the professional fees of its planners. This commitment which has been very well received is a positive recognition of the contribution specialist planners make to the work of the Agency. We have also been investing in the development of a new training strategy which it is hoped will assist with retention of professional staff.

As I have said, these are challenging times, not only for the Planning Service but for all those who contribute to or have an involvement in the planning system. With the support and commitment of all stakeholders, we have the opportunity to create a positive, dynamic planning system which will underpin the future economic growth and prosperity of Northern Ireland. Managing this ambitious programme of reform, while at the same time continuing to deliver the Agency's day-to-day business, must now become our key focus.



CYNTHIA SMITH

Chief Executive

CHIEF EXECUTIVE'S REPORT

Introduction

The Planning Service presents its accounts for the year ended 31 March 2008 at pages 27 to 51. 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 22 of the Annual Report.

Future Developments

Details of future developments are contained in the Agency's Corporate Plan 2008/09 – 2010/11. The Ministerial objective for the Agency, as set out in the Public Service Agreement, is to:

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

and the targets are:

- Ensure a fit for purpose suite of draft or adopted development plans is in place by March 2011;
- A fit for purpose legislative framework to be in place by March 2011;
- By March 2011 ensure:
 - 60% of major applications processed in 23 weeks, 70% of intermediate applications processed in 31 weeks, 80% of minor applications processed in 18 weeks.

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

Management Board

The Agency's Management Board during the year ended 31 March 2008 comprised:

Chief Executive (to 24 February 2008)	—	Mr D G Ferguson
Chief Executive (from 25 February 2008)	—	Mrs C D Smith
Director of Corporate Services	—	Mrs M Fleming
Director of Operations	—	Ms A Garvey
Director of Strategic Planning (to 29 February 2008)	—	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 23.

Charitable Donations

During 2007/08 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.

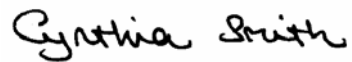
Employee Involvement

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 Bulletin" and "Communiqué" (in-house publications) to each member of staff. I have embarked on a programme to 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 "Cynthia Smith". The signature is written in a cursive, flowing style.

CYNTHIA SMITH
Chief Executive
23 May 2008

MANAGEMENT COMMENTARY

1. ABOUT THE PLANNING SERVICE

1.1 Planning Service is an Executive Agency within the Department of the Environment. The planning system exists to regulate development and land use in the public interest. The Agency's planning functions are set out in the Planning (Northern Ireland) Order 1991. At the beginning of the 2007/08 business year the Minister with responsibility for the Planning Service was David Cairns MP, Parliamentary Under-Secretary of State for the Environment in Northern Ireland. Following the restoration of devolution, he was replaced by the Minister of the Environment, Arlene Foster, on 8 May 2007.

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 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. 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 36 was £19.589m. This included an amount of £9.590m 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 2008.

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 2007 to 31 March 2008 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
6,954	97.3	6,764	516	7.4

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.

The Agency confirms that:

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

The audit of the financial statements for 2007/08 resulted in an audit fee of £12,726.

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 2008 were as follows:

<p>RESULTS</p> <p>To make good, timely planning decisions within a fit for purpose Area Plans, policy and legislative framework and in line with the Department's sustainable development principles.</p>	<p>PROCESSES</p> <p>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.</p>
<p>PEOPLE</p> <p>To have well-motivated people with the right skills in the right place at the right time.</p>	<p>CLIENTS/STAKEHOLDERS</p> <p>To promote a mutual understanding of expectations and the capacity to meet them between Planning Service and its clients/stakeholders.</p>

5. THE ORGANISATION

- 5.1 The Chief Executive of the Planning Service is directly responsible to the Minister for the Agency's performance and operations. The Planning Service Management Board comprises the Chief Executive 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 2008 the staff complement was 849.

6. PERFORMANCE AGAINST TARGETS

- 6.1 During 2007/08 some 27,426 valid planning applications were received into the system, representing an increase of over 3% on the previous year. At 31 March 2008 there were 18,479 live applications, 1,148 fewer than at 31 March 2007. In relation to the processing of major (Article 31) applications, we issued a total of 10 notices of opinion and 6 decisions over the course of the year.
- 6.2 With the Agency's operational workload outpacing the capacity to process it within published timescales, remedial action was taken in year to divert resources to the operational, demand-led side of the business on a temporary basis. A Divisional Support Team comprised of 8 planning officers from a number of development plan teams was set up in the Craigavon Divisional Office in May 2007 to help reduce the operational workload. Following a subsequent review of work programme priorities, which took account of the inability to progress the development plan programme, a further temporary re-deployment of staff from development plan to development control duties took

place in February 2008. Although these measures have been successful, pressures remain. Performance against targets during the year should be viewed in this context.

6.3 Progress on the area plan programme has been delayed by protracted legal challenges to the Environmental Assessments of the Magherafelt, Northern and Banbridge, Newry and Mourne Draft Area Plans. This legal case is still ongoing, with an appeal of the judgement pending.

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 achieved.</p> <p>59.3% of the land area of Northern Ireland (81.8% of the population) is covered by up-to-date draft or adopted area plans. Two area plans under preparation have been delayed in coming to draft publication due to a legal challenge. Together the two area plans represent 22.7% of the land area of Northern Ireland (11.4 % of the population). The legal case is still ongoing, with an appeal of the judgement scheduled for June 2008.</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>Responsibility transferred to the DOE's Planning and Environmental Policy Group</p>

- by 31 March 2008 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
- Not achieved.
 Various factors over the period, including a larger than expected operational workload, a high turnover of professional and technical staff together with ongoing vacancies, and issues surrounding the publication of Draft Planning Policy Statement (PPS) 14 “Sustainable Development in the Countryside”, have affected processing times. However, improvements in processing performance have taken place with the number of both applications in the system and applications received over decisions issued, declining during the period.

-
- 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.
- Not achieved.
 The majority of the actions in the Modernising Planning Processes Implementation Plan were completed. However, a small number were put on hold to allow resources to be redirected to work on the RPA/ Planning Reform programme. Progress with implementation of the ePIC system has been impeded by complex design and technical issues. During 2007/08 Planning Service has taken delivery of a basic system which meets most of the necessary functional requirements. Further work is continuing to

complete development before the system is tested and implemented.

6.6 Planning Service Business Plan 2007/08

The Agency's performance against the targets, as set out in the Business Plan for 2007/08, is reflected below under the relevant strategic objectives.

Strategic Objective 1:

To make good, timely planning decisions within a fit for purpose Area Plans, policy and legislative framework, and in line with the Department's sustainable development principles.

Target	Outturn
To meet the following targets for processing planning applications. <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.	Partially achieved. The targets for validating applications within 6 days and issuing decisions within 2 weeks of Council meetings were met and work to improve performance against the remaining targets will continue.
To implement a number of short-term actions to further improve procedures for handling planning applications.	Achieved.
To publish the draft Antrim, Ballymena and Larne Development Plan.	Not achieved. Progress on the Plan was delayed by a legal challenge and will be dependent upon the outcome of a pending appeal.
To complete the in-year element of Phase 1 of the agreed programme to further reform the planning system.	Partially Achieved. 14 of the 16 key outputs were fully completed; the remaining 2 will be completed early in 2008/09.

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
<ul style="list-style-type: none">To implement the Agency's 2007/08 Communications Action Plan.	Partially achieved. 18 of the 21 actions were implemented and the remainder will be implemented in 2008/09.
<ul style="list-style-type: none">To implement the 2007/08 elements of the Agency's NICS Customer Service Principles Action Plan.	Partially achieved. 30 of the 39 key actions were achieved. Implementation of the outstanding actions will be given due consideration.

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 revise the current RPA implementation programme in light of decisions arising from the Executive sub-committee review in relation to local government.	Not achieved. Outcome of review announced in March. Detailed implementation programme to be prepared following further engagement with emerging local government implementation structures.
To begin the User Acceptance Testing of Phase 1 of ePIC.	Not achieved. A basic system meeting most of the functional requirements was produced. Work will continue to complete development before the system is tested and implemented.

* Dependent on the outcome of the review of RPA decisions in relation to local government.

- To complete the following projects from the P2D programme –
- Implement agreed recommendations from the review of the Council consultation arrangements
 - Complete and review SLAs with key consultees
 - Pilot arrangements to improve customer service.

Partially achieved.
The projects on SLAs and customer service were completed and the agreed recommendations from the review of the Council consultation arrangements will be taken forward as necessary in line with RPA developments.

Strategic Objective 4:

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

Target	Outturn
To implement the 2007/08 elements of the Human Resources Strategy.	Partially achieved. 8 of the 17 elements were completed, a number were superseded by developments elsewhere in the NI Civil Service and the need for implementation and review of the remainder will be considered.
To develop a revised training and development strategy.	Achieved

Overall, performance was mixed with the Agency unable to meet a number of objectives, in some cases due to external factors. Elsewhere most objectives were met in large part and the Agency is taking forward measures to improve performance, particularly in those areas where progress has proved to be difficult.

7. OTHER COMMITMENTS

7.1 Planning Reform

In November 2007, the Minister announced that she intended to bring forward proposals for the reform of the planning system, with the key aim of bringing forward changes that would enable the planning system to play its part in delivering on the Programme for Government priorities and, in particular, by contributing to growing a dynamic, innovative and sustainable economy.

Since then, planning officials have been working on a twin track approach – progressing work on both a short term and a medium to longer term programme.

Work is progressing well on the implementation of the short-term reform programme, through a series of projects and pilots, which have been focused on helping tackle current workload pressures and having an immediate impact on handling planning applications by making the current processes more efficient and effective. For example a joint pilot scheme with Derry City Council in relation to streamlining non-contentious applications has reduced the processing time for these minor applications to an average 21 working days. The streamlined scheme has reinforced the need for a proportionate approach to handling planning applications and a trial of a new Development Control Group structure has been initiated to allow the implementation of revised management procedures which will address the proposed hierarchy of applications and speed up the overall processing times. Other projects include the formal launch of preapplication discussions for strategically important planning applications which, with joint commitment from both the applicant and Planning Service, will improve the quality of those applications and speed up the decision making process, and new appeal procedures which have introduced a proportionate approach to dealing with specific categories of appeals, including a change in the format and content of appeal statements to utilise staff resources more efficiently.

Following evaluation and refinement of the pilot projects and trials, many of these reforms will be rolled out across the Planning Service, while others will contribute to the medium to longer term reform programme, possibly requiring legislative change.

In November, the Minister also announced the appointment of Professor Greg Lloyd as her Independent Expert on Planning. Planning officials, with the support of Professor Lloyd, have been undertaking significant research, policy development and stakeholder engagement to develop, and bring forward for consultation later in 2008, proposals for more comprehensive changes to the planning system. These changes will impact on all aspects of the planning system and will be designed to enable the Executive's decisions in relation to the Review of Public Administration (announced in March 2008) to be implemented.

7.2 Strategic Projects

Planning Service is currently in the process of creating 2 multi-disciplinary teams within its Strategic Projects Division - teams which will be comprised of planners as well as professionals from other relevant disciplines - to help further enhance its focus on the processing of large scale planning proposals. To this end, new guidance for applicants/developers on the matter of pre-application discussions has also been published. This guidance is aimed at assisting in the development of procedures for meaningful pre-application engagement between the Planning Service, its key consultees - some of whom will be represented on the multi-disciplinary teams - and applicants. As part of the pre-application discussions, an indicative

timescale for processing an application will be provided. Clearly, if this is to be a success in terms of speeding up the process there will be obligations on everyone involved in the planning process, including agents, through a mutual commitment to improve the quality of applications and thereby maximise the prospects of getting through the statutory process quickly. In addition, a recent re-alignment of the reporting structures within Planning Service now means that the Strategic Projects Division reports directly to the Chief Executive - thereby serving to further improve the processing and management measures that are in place for this important area of work.

7.3 Legislative Framework

The Planning Service's work on legislation and related policy during this year was focused on a number of discrete areas. European Community Directives – The Agency continued to progress the Planning (Environmental Impact Assessment) (Amendment) Regulations (Northern Ireland) 2008 giving 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. These regulations came into operation on 12 February 2008. The Agency consulted on 17 December 2007 about draft regulations required, as a result of a number of Court judgements (including the European Court), to apply environmental impact assessment where a planning permission requires the Department's subsequent approval of reserved matters or the Department's approval of certain details before development can continue. The responses to that consultation, which ended on 11 February 2008, were being considered at year end. Substantial progress was also made in drafting regulations to apply environmental impact assessment requirements to the review of old mineral planning permissions (ROMPs) when the relevant provisions of the Planning (NI) Order 1991 (the 1991 Order) are brought into operation. Consultation on these regulations and other subordinate legislation required to bring ROMPs into operation is due to be initiated early in 2008/09.

Primary legislation – Policy development and the preparation of detailed legislative proposals to give effect to the transfer of the majority of planning functions to district councils as part of the Review of Public Administration (RPA) continued early in year, but was suspended pending the outcome of the review of the local government aspects of the RPA launched by the Minister in July 2007. Work resumed following the Minister's announcement in March 2008 of the outcome of the review.

Subordinate Legislation – The consultation period for the paper the Planning Service published on 22 January 2007 seeking views on the provision of permitted development rights for small scale renewable energy development associated with dwellinghouses ended on 30

April 2007. The subsequent analysis and consideration of responses was disrupted by staff changes but by year end that analysis was completed and work begun on drafting a Planning (General Development) (Amendment) Order to be brought forward later in 2008. The Department was called upon during the year to extend the period during which the extended permitted development rights provided under Part 6 of the Planning (General Development) Order (Northern Ireland) 1993 for buildings or excavations used for the storage of slurry or manure would be available to enable farmers to comply with the restrictions upon the spreading of slurry and manure on land by the Nitrates Directive. The Planning (General Development) (Amendment No. 2) Order (Northern Ireland) came into operation on 17 December 2007 and extended the period by a year to 31 December 2008. Drafting of a Planning (Avian Influenza) (Special Development) Order (Northern Ireland) 2008 providing permitted development rights for development which may be needed as part of preventative measures in relation to avian influenza was also completed and the draft regulations submitted in March 2008 for Ministerial approval and consideration by the Northern Ireland Assembly's Environment Committee.

Other work in progress or completed included:

- Completion of analysis of responses to the Department's 2003 consultation on the review of permitted development rights;
- Preparation of consultancy specifications for further reviews of permitted development rights under the Planning Reform programme;
- Policy development for consultation on amendments to the Planning (Control of Advertisements) Regulations (Northern Ireland) 1992;
- Policy development for consultation on the commencement of the provisions of the 1991 Order relating to –
 - certain internal operations (Article 11(2A));
 - access and design statements (Article 20(2A) and (2B)); Schedule 1 paragraphs (1A) and (1B).

7.4 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 more information. Between 1 April 2007 and 31 March 2008 the Planning Service received 621 requests for information. This represents just over 72% of all requests received by the Department of the Environment during this period.

7.5 Ombudsman Cases

During 2007/08, 16 complaints of alleged maladministration by the Planning Service were investigated by the Northern Ireland Ombudsman's office. By 31 March 2008, the Ombudsman had concluded and reported on his investigations in relation to 3 of these.

The Ombudsman did not find any evidence of maladministration in 2 of the cases. In the remaining case, the Ombudsman criticised the Planning Service for delay, inaction and poor communication.

8. CORPORATE GOVERNANCE

The Chief Executive, in her capacity as Agency Accounting Officer, is responsible for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and Agency assets in accordance with the responsibilities set out in "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. The Board undertakes an annual evaluation of its performance that involves the completion by Board members of a self-assessment questionnaire. The results of the evaluation are subsequently discussed by the Board.

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) met three times in the 2007/08 year. Its role is to advise the Chief Executive on Audit and Governance matters in relation to her responsibilities as Accounting Officer. It is an advisory body and has no executive powers. 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	2007-08		2006-07	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Mr D Ferguson <i>Chief Executive</i> (to 24/02/08)	85-90 (95-100 full year equivalent)	—	95-100	—
Mrs C Smith <i>Chief Executive</i> (from 25/02/08)	5-10 (85-90 full year equivalent)	—	—	—
Mr P McBride <i>Director of Strategic Planning</i> (to 29/02/08)	60-65 (65-70 full year equivalent)	—	65-70	—
Mrs M Fleming <i>Director of Corporate Services</i>	60-65	—	55-60	—
Ms A Garvey <i>Director of Operations</i>	55-60	—	0-5 (50-55 full year equivalent)	—

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 31/3/08 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/08 or date of leaving if earlier	CETV at 31/3/07 or date of commencement if later	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr D Ferguson <i>Chief Executive</i> (to 24/02/08)	35-40 plus lump sum of 115-120	0-2.5 plus lump sum of 2.5-5.0	834	749	23	0
Mrs C Smith <i>Chief Executive</i> (from 25/02/08)	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 0-2.5	527	503	1	0
Mr P McBride <i>Director of Strategic Planning</i> (to 29/02/08)	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 0-5.0	751	679	33	0
Mrs M Fleming <i>Director of Corporate Services</i>	20-25 plus lump sum of 75-80	0-2.5 plus lump sum of 0-2.5	518	463	10	0
Ms A Garvey <i>Director of Operations</i>	20-25 plus lump sum of 65-70	2.5-5.0 plus lump sum of 7.5-10	517	415	55	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.

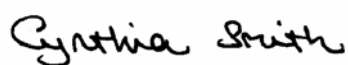
Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensions-ni.gov.uk.

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.



CYNTHIA SMITH
Chief Executive
23 May 2008

Annual Accounts 2007/08

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

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed the Planning Service to prepare for each financial year a statement of accounts in the form and on the basis set out in accounts direction DAO(DFP)03/08. 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 2008 and up to the date of approval of the annual report and accounts, and it accords with DFP guidance.

Capacity to handle risk

The Management Board leads the risk management process by approving the Agency's Risk Management Policy Statement and identifying the Agency's objectives and risks. Each Director then identifies the objectives and risks for his/her own Directorate. A control strategy is established for each risk and responsibility for controlling the risk is allocated to the appropriate member of staff. The Risk Management Policy Statement and risk registers are made available to all staff via the Agency's intranet site. Advice and guidance on risk management have been provided to staff through the staff induction process and regular reminders to heads of business units. The Management Board received refresher training in risk management in November 2007. 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 regular reviews of business unit risk registers by the head of branch;
- the inclusion of risk management as a standing agenda item at the Agency's Audit Committee;
- ensuring that key risk priorities relate to obtaining timely and accurate information from other parties and also to human resource issues; and
- keeping staff informed on risk management issues by means of information posted on the Agency's intranet site and reminders to heads of business units.

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

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

- The Agency Audit Team is responsible for reviewing the systems of internal control and makes appropriate recommendations for improvement.
- Regular reports are prepared to Government Internal Audit Standards by the Department for Regional Development's Internal Audit Unit. The Head of Internal Audit (HIA) provides me with interim reports on internal audit activity within the Agency and an Annual Assurance Report at year-end which includes the HIA's

independent opinion on the adequacy and effectiveness of the Agency's risk management, control and governance processes.

- The work of the internal audit unit is informed by an analysis of the risk to which the Agency is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the senior managers within the Agency and approved by me.
- In respect of 2007/08, Internal Audit has indicated that risk management, control and governance processes within the Agency are generally satisfactory, however there remains some risk that objectives may not be fully achieved and improvements are required in some areas that received limited assurance ratings. In relation to Landscape Architects Branch, concerns were raised regarding policies and procedures together with the roles and responsibilities of the branch. On Enforcement, a number of issues were raised including tendering for legal services along with reducing the backlog of applications. Progress is being made towards addressing all of the audit concerns raised.
- Risk management and audit issues are regularly discussed at the Agency's Audit Committee and the Departmental Audit Committee. 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 the public and for staff in the Agency.

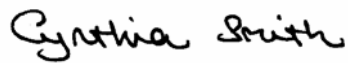
An Office of Government Commerce Health Check took place in July 2007 and was given a status red, but the report recognised the commitment of staff and the consortium and the need for the development of ePIC. All recommendations from the Health Check have now been implemented. Since September a baseline solution has been developed and demonstrated which, among other things, encapsulated a basic end-to-end processing of a planning application. This baseline represents up to 85% of the system which can be implemented. Further progress has been achieved towards agreeing the completed system with the contractor and the Agency will shortly negotiate on how a fit for purpose system could be delivered within a revised budget and timetable. Following completion of the remaining development work the project will be implemented during 2009.

A recent High Court decision has raised issues in regard to the Agency's compliance with EC Directive 2001/42/EC (assessment of the effects of certain plans and programmes on the environment) - in particular, the role of the Agency in area plan preparation as both responsible authority and consultation body, as defined in the Directive.

This judgement has significant implications for the delivery of the Agency's overall development plan programme. Further substantive work on the Antrim, Ballymena and Larne and the West Tyrone

Area Plans has temporarily ceased. Certain aspects of the judgement are currently the subject of an appeal by the Agency. The situation in regard to the plans affected by the decision of the Court will be reviewed again, once judgement has been handed down following the appeal proceedings. The Agency remains committed to the preparation of development plans as expeditiously as possible within the framework set out by European Directives and the Regional Development Strategy.

During the year the High Court decision on draft PPS14 (Sustainable Development in the Countryside) impacted on the processing of applications for development in rural areas, particularly single rural dwellings.



CYNTHIA SMITH
Chief Executive
23 May 2008

PLANNING SERVICE AGENCY

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

I certify that I have audited the financial statements of the Planning Service Agency for the year ended 31 March 2008 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 Cash Flow 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 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 Agency's and Chief Executive'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, the information, which comprises the Chief Executive's Report and Management Commentary, included 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 the Assembly 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. This other information comprises the Chief Executive's Foreword and the unaudited part of the Remuneration Report. 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 OPINIONS

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 the Assembly 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

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 2008 and of the net cost of operations, recognised gains and losses and cash flows 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 Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and

- information, which comprises the Chief Executive's Report and Management Commentary, included within the Annual Report, is consistent with the financial statements.

OPINION ON REGULARITY

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

REPORT

I have no observations to make on these financial statements.



JM Dowdall CB
Comptroller and Auditor General
24 June 2008

Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

OPERATING COST STATEMENT

For the Year Ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Income	2	22,469	21,465
Expenditure			
Staff Costs	3	24,122	23,862
Depreciation and Amortisation	8 and 9	171	373
Other Operating Costs	4	17,940	18,257
Total Expenditure		<u>42,233</u>	<u>42,492</u>
Net Cost of Operations before Cost of Capital Credit		(19,764)	(21,027)
Capital Credit	6	175	181
Net Cost of Operations		<u>(19,589)</u>	<u>(20,846)</u>

The net cost of operations arises wholly from continuing operations.

STATEMENT OF RECOGNISED GAINS AND LOSSES

For the Year Ended 31 March 2008

		2008 £'000	2007 £'000
Net gain on revaluation of Fixed Assets	13	5	6
		<u>5</u>	<u>6</u>

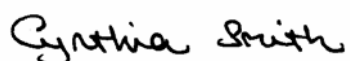
The notes on pages 39 to 51 form part of these accounts

BALANCE SHEET

As at 31 March 2008

	Notes	2008 £'000	2007 £'000
Fixed Assets			
Tangible Assets	8	7,542	6,833
Intangible Assets	9	48	83
		<u>7,590</u>	<u>6,916</u>
Current Assets			
Debtors	10	489	309
Current Liabilities			
Creditors (amounts falling due within one year)	11	(11,150)	(12,040)
		<u>(10,661)</u>	<u>(11,731)</u>
Net Current Liabilities			
Total Assets less Current Liabilities		(3,071)	(4,815)
Provisions for Liabilities and Charges	12	(1,338)	(819)
		<u>(4,409)</u>	<u>(5,634)</u>
Financed by:			
Capital and Reserves			
General Fund	13	(4,418)	(5,644)
Revaluation Reserve	13	9	10
		<u>(4,409)</u>	<u>(5,634)</u>

The notes on pages 39 to 51 form part of these accounts



CYNTHIA SMITH
Chief Executive
23 May 2008

CASH FLOW STATEMENT

For the Year Ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Net Cash Outflow from Continuing Operating Activities	14	(9,377)	(8,965)
Capital Expenditure	14	(2,019)	(1,157)
Payments to Consolidated Fund		(5)	(33)
		<u> </u>	<u> </u>
Net Cash Outflow before Financing		(11,401)	(10,155)
		<u> </u>	<u> </u>
Cash Inflow from Financing	14	11,401	10,155
		<u> </u>	<u> </u>

The notes on pages 39 to 51 form part of these accounts

NOTES TO THE ACCOUNTS

For the Year Ended 31 March 2008

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)	period of the licence
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

	2008 £'000	2007 £'000
Planning Fees	21,341	19,628
Property Certificate Fees	1,105	1,632
Recovery of Planning Compensation	16	182
CFER Income	7	23
	<u>22,469</u>	<u>21,465</u>

3. Staff Numbers and Costs

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

	2008 Number		2007 Number	
	Permanently employed staff	Others	Total	Total
Senior Management	63	–	63	63
Professional and Technical	411	22	433	419
Executive, Administrative and Ancillary	311	26	337	310
Temporary Staff employed through Recruitment Agencies	0	19	19	23
	<u>785</u>	<u>67</u>	<u>852</u>	<u>815</u>

3.2 The costs incurred in respect of these employees were:

	2008 £'000		2007 £'000	
	Permanently employed staff	Others	Total	Total
Salaries and Wages	18,678	543	19,221	18,944
Social Security Costs (ERNI)	1,351	45	1,396	1,392
Pension Costs (Superannuation)	3,219	1	3,220	3,115
Cost of Temporary Staff Employed through Recruitment Agencies	–	285	285	411
	<u>23,248</u>	<u>874</u>	<u>24,122</u>	<u>23,862</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 2007/08, employers' contributions of £3,220,256.91 were payable to the PCSPS(NI) (2006/07 £3,115,094.36) at one of four rates in the range 16.5 to 23.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every 4 years following a full scheme valuation. From 2008/09, the salary bands will be revised but the rates will remain the same (the rates will be changing with effect from April 2009). The contribution rates are set to meet the cost of the benefits accruing during 2007/08 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £5,073.79 were paid to one or more of a panel of three 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 £508.72, 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

	2008	2007
	£'000	£'000
General Administration Expenses	1,558	1,633
Consultants Fees	1,036	966
Development Control Computer System	1,140	900
Property Certificate Computer System	163	147
Travel and Subsistence	456	563
Planning Compensation	1	–
Administration Provisions Provided in Year	9	20
Net Programme Provisions Charged in Year	601	393
Advertising of Planning Applications	1,394	1,113
Grants Payable	527	668
Construction Service	79	60
IT and Office Equipment	21	73
Data Scanning	477	521
Preparation of Development Plans	117	374
Staff Training	248	355
Geographical Information	362	353
Research, Bursaries and Awards	71	70
Land Registry Charges	46	70
Hospitality	31	16
Loss on Disposal of Fixed Assets	13	2
Notional Costs (see note 5)	9,590	9,960
	<hr/>	<hr/>
	17,940	18,257
	<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.

	2008 £'000	2007 £'000
Services Provided by Parent Department		
Corporate Services including Finance	380	396
Consultations with Environment & Heritage Service	335	317
	<hr/>	<hr/>
	715	713
Other Notional Costs		
Consultations with Roads Service	4,184	4,069
Accommodation	2,849	2,590
Consultations with Water Service	—	588
IT Support and Services	15	365
Personnel Management and Recruitment	612	528
Planning Inquiries and Area Plans	423	198
Finance	150	146
Training and Development	165	168
Consultations with DARD	85	67
Central Policy and Management	21	21
Telecommunications	102	95
Legal Services	87	160
Land Valuations	39	38
Audit	13	10
Miscellaneous	130	204
	<hr/>	<hr/>
	8,875	9,247
	<hr/>	<hr/>
	9,590	9,960
	<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	(22,446)	(23)	(22,469)
Staff Costs	24,122	—	24,122
Depreciation and Amortisation	171	—	171
Other Operating Costs	12,733	5,207	17,940
Capital Credit	(23)	(152)	(175)
	<hr/>	<hr/>	<hr/>
Net Cost of Operations	14,557	5,032	19,589
	<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 2007	6,336	2,035	236	8,607
Additions	1,066	9	1	1,076
Transfers	—	(10)	—	(10)
Disposals	(12)	(1,492)	—	(1,504)
Revaluation	—	5	8	13
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	7,390	547	245	8,182
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation				
At 1 April 2007	—	1,655	119	1,774
Charged in year	—	65	43	108
Disposals	—	(1,242)	—	(1,242)
Transfers	—	(10)	—	(10)
Revaluations	—	4	6	10
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	—	472	168	640
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net Book Value				
At 1 April 2007	6,336	380	117	6,833
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2008	7,390	75	77	7,542
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

9. Intangible Fixed Assets

	Software Licences
	£'000
Cost or Valuation	
At 1 April 2007	320
Additions	26
Revaluation	4
	<hr/>
At 31 March 2008	350
	<hr/> <hr/>
Amortisation	
At 1 April 2007	237
Charged in year	63
Revaluation	2
	<hr/>
At 31 March 2008	302
	<hr/> <hr/>
Net Book Value	
At 1 April 2007	83
	<hr/> <hr/>
At 31 March 2008	48
	<hr/> <hr/>

10. Debtors: Amounts falling due within one year

10(a). Analysis by type

	2008	2007
	£'000	£'000
Other Debtors	173	66
Prepayments	316	243
	<hr/>	<hr/>
	489	309
	<hr/> <hr/>	<hr/> <hr/>

10(b). Intra-Government Balances

	2008 £'000	2007 £'000
Debtors: Amounts falling due within one year		
Balances with other central government bodies	7	50
Balances with local authorities	—	—
Balances with NHS Trusts	—	—
Balances with public corporations and trading funds	—	5
Balances with bodies external to government	482	254
	<u>489</u>	<u>309</u>

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

	2008 £'000	2007 £'000
Trade Creditors	742	498
Deferred Income	9,032	7,774
Amount due to the NI Consolidated Fund for CFER Income	1	—
Other Creditors and Accruals	1,375	3,768
	<u>11,150</u>	<u>12,040</u>

11(b). Intra-Government Balances

	2008 £'000	2007 £'000
Creditors: Amounts falling due within one year		
Balances with other central government bodies	118	184
Balances with local authorities	9	9
Balances with NHS Trusts	—	—
Balances with public corporations and trading funds	—	—
Balances with bodies external to government	11,023	11,847
	<u>11,150</u>	<u>12,040</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 £'000	Legal Costs £'000	Early Departure Costs £'000	Total £'000
At 1 April 2007	299	500	20	819
Amounts incurred and charged against this provision during the year	—	(74)	(17)	(91)
Unused amounts reversed during the year	—	(332)	—	(332)
Increases to existing provision and additional provisions required	—	933	9	942
At 31 March 2008	299	1,027	12	1,338

13. Reconciliation of Movement in Reserves and Government Funds

	General Fund £'000	Revaluation Reserve £'000	2008 Total £'000	2007 Total £'000
At 1 April	(5,644)	10	(5,634)	(4,705)
Transfer from Reval Reserve to GF	6	(6)	—	—
Net Vote Funding in Year	11,401	—	11,401	10,155
Net Cost of Operations	(19,589)	—	(19,589)	(20,846)
Notional Costs	9,590	—	9,590	9,960
Capital Credit	(175)	—	(175)	(181)
CFER Adjustment	(7)	—	(7)	(23)
Arising on Revaluation during the year (net)	—	5	5	6
At 31 March	(4,418)	9	(4,409)	(5,634)

14. Notes to Cash Flow Statement

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

	2008 £'000	2007 £'000
Net Cost of Operations before Capital Credit	(19,764)	(21,027)
<i>Adjustments for Non-Cash Transactions</i>		
Notional Costs	9,590	9,960
Movement in Provisions	519	(39)
Depreciation and Amortisation Charge	171	373
Loss on Disposal of Fixed Assets	13	2
	<hr/>	<hr/>
	10,293	10,296
<i>Adjustments for Movements in Working Capital</i>		
Decrease in Debtors	(178)	(137)
Increase in Creditors	272	1,903
	<hr/>	<hr/>
Net Cash Outflow from Operating Activities	(9,377)	(8,965)
	<hr/> <hr/>	<hr/> <hr/>

14.2 Capital Expenditure

	2008 £'000	2007 £'000
Payments for Tangible Fixed Assets	(2,258)	(1,113)
Payments for Intangible Fixed Assets	(7)	(44)
Proceeds of sale of Tangible Fixed Assets	246	—
	<hr/>	<hr/>
Payments for Fixed Assets	(2,019)	(1,157)
	<hr/> <hr/>	<hr/> <hr/>

14.3 Financing

	2008 £'000	2007 £'000
Drawdown from Department	36,826	34,752
Accruing Receipts	(25,425)	(24,597)
	<hr/>	<hr/>
Net Funding	11,401	10,155
	<hr/> <hr/>	<hr/> <hr/>

18. Contingent Liabilities

In November 2004 the Agency entered into a supply and support agreement with a consortium led by Hewlett Packard (HP) for the development and delivery of a comprehensive IT planning facility, ePIC.

In relation to system support, the Agency has paid HP the amounts due in respect of those elements of the ePIC solution which have been delivered by the consortium. HP contends that an additional £508k is due. The Agency has sought legal opinion on the matter and in the light of this opinion is confident that it is not liable for the additional amounts claimed.

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
2008	£'000	£'000	£'000	%
Planning Applications	21,239	23,864	(2,625)	89.0%
Property Certificates	1,105	596	509	185.6%
	<u>22,344</u>	<u>24,460</u>	<u>(2,116)</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

Following the return of devolution in May 2007, the Environment Minister announced a review of the decisions taken by the previous administration in relation to the local government aspects of the Review of Public Administration (RPA). As a consequence, work on RPA within Planning Service was suspended.

The Minister announced the outcome of the review in March of this year and confirmed that the majority of planning functions would transfer as proposed to 11 new council areas. We are still awaiting more detailed information on the working structures and arrangements that are to be put in place to implement the RPA recommendations. At this stage, therefore, 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 by the Accounting Officer on 23 June 2008. Since the balance sheet date, the former Minister for Finance and Personnel announced measures to address equal pay issues in the Northern Ireland Civil Service. This is likely to involve the payment of back pay in excess of £100m to some 9,000 civil servants across Northern Ireland Civil Service Departments and their agencies. Details of the final settlement will be progressed over the coming months and an exact figure will not be available until this process has concluded.

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