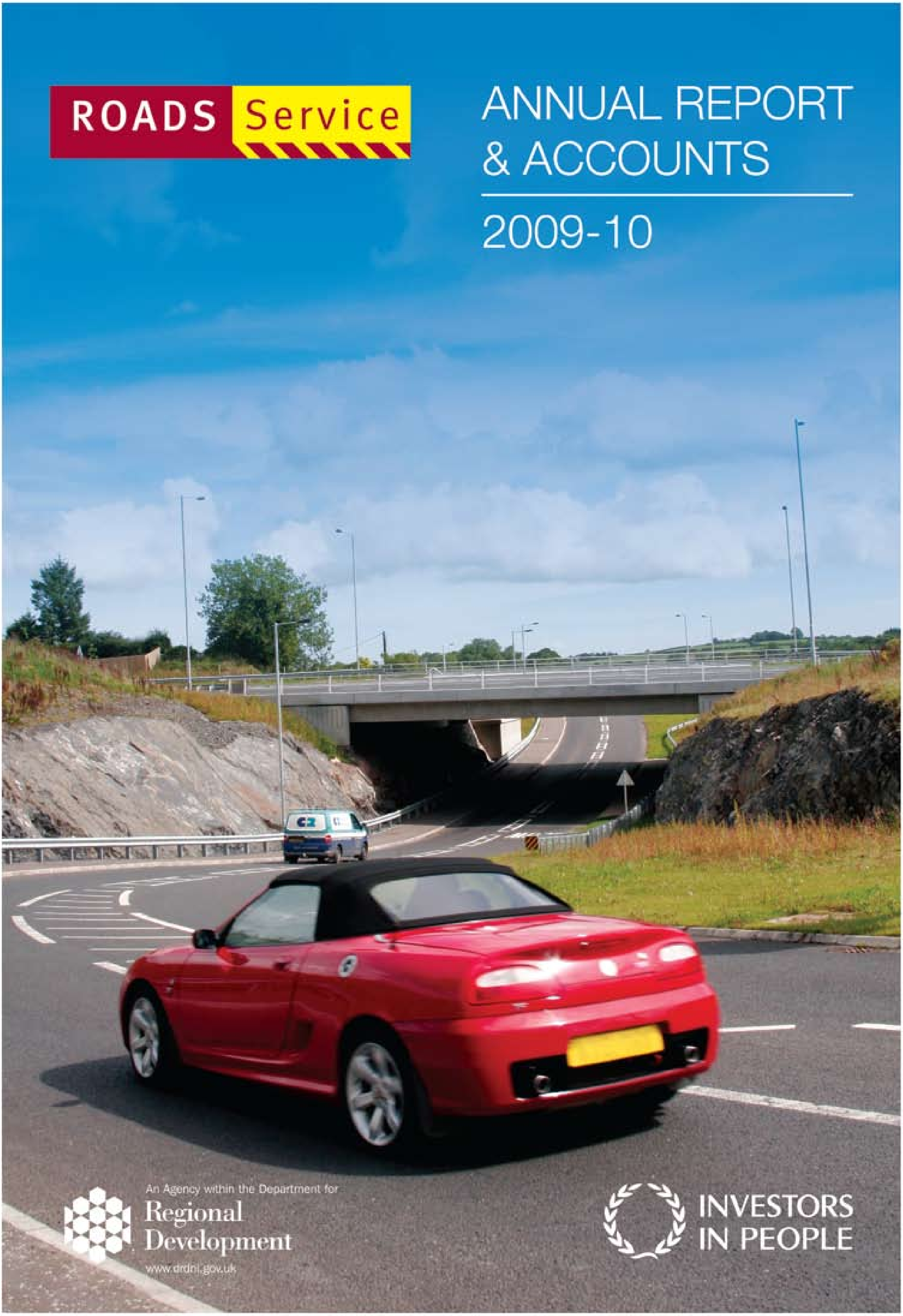
ROADS Service

ANNUAL REPORT & ACCOUNTS

2009-10



An Agency within the Department for Regional Development

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INVESTORS IN PEOPLE

Roads Service
Annual Report and Accounts

For the year ended 31 March 2010

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

2 July 2010

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Chief Executive's Report

I am pleased to present Roads Service's 2009-10 Annual Report and Accounts.

Throughout 2009-10 Roads Service continued to contribute towards the delivery of our Department's Public Service Agreement targets through a wide range of activities targeted at the management, maintenance and development of the road network. Regrettably the overall investment for structural maintenance still falls significantly short of that recommended by independent assessment and as a result there is still some risk that we will not achieve the PSA target that other roads in the network receive resurfacing treatment of 30% of that recommended in Best Practice Guidelines.

During 2009-10 we delivered 16 of our 17 performance targets as set by our Minister, Conor Murphy in the 2009-10 Business Plan. These have been achieved in a very challenging financial environment. One target that we have been unable to achieve has been the payment of invoices within 30 days which was been adversely affected by the introduction of a new financial management system.

Maintaining the road network continues to be a key priority for Roads Service. The £85 million allocation for structural maintenance in 2009-10 was significantly short of that recommended by independent assessment; however it has enabled us to resurface 859 km of the road network, as well as surface dress approximately 6.2 million square metres of the road network.

This has been the most severe winter for almost 50 years, with extended periods of snow and ice stretching from early November to late March. During this period we responded to over 105 call-outs which then required some 7,000 km of the main roads to be salted. Throughout this exceptional weather, the 270 staff involved in this work, ensured that traffic was able to move safely and freely along the main routes. This was a considerable achievement which was recognised by the media and by the many positive comments we have received from businesses, local councillors and the travelling public. As a result of the ongoing severe weather, expenditure on winter service was £8.1million, more than £3million higher than the average for the previous 5 years.

2009-10 was the second year of the ten year capital investment plan on our road network as outlined in the Investment Strategy for Northern Ireland (ISNI) 2008-18. In the past year we have progressed capital road works schemes to the value of some £400 million through construction. We successfully completed the construction phase of our first Design, Build, Finance and Operate (DBFO) package with the opening of the M2 widening between Sandyknowes and Greencastle in August. This was one of several major schemes that have significantly improved the journey times for thousands of regular travellers.

We have also made good progress on the second DBFO Package, with the completion of the four A1 junctions at Hillsborough, Dromore, Banbridge and Loughbrickland, as well as the carriageway realignment and widening at A4 Annaghilla and A5 Tullyvar. The on-going construction of the dual carriageways on the A1 Beech Hill to Cloghogue at Newry and the A4 Dungannon to Ballygawley continue to make good progress and are due to be completed by the end of 2010-11. In addition, we have continued to progress a wide range of strategic road improvements including the dual carriageway improvements to the A5 Western Corridor, the A8 Eastern Seaboard Corridor and the A6 North Western Corridor. During the year we also delivered 171 Local Transport and Safety Projects which contribute directly to the provision of safer roads. These included 30 collision remedial schemes, 54 traffic calming schemes and 49 school travel and safety projects.

In response to the difficult financial environment we have critically examined our internal structures to identify opportunities to deliver our services more efficiently and effectively. This work will continue, taking account of the Review of Public Administration, and the Executive's vision for strong local government through the transfer of a number of our functions to the new councils in 2011.

The achievements over the past year have been largely due to the professionalism and determination of our staff and I want to thank them for their continued efforts in managing, maintaining and developing the road network.

G W Allister
Chief Executive

01 July 2010

Directors' Report

History and Statutory Background

The Agency's accounts have been prepared in accordance with a direction given by the Department of Finance and Personnel in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

Roads Service was established as an Executive Agency within the Department of the Environment for Northern Ireland on 1 April 1996, under the Government's Next Steps Initiative. As a result of Devolution on 2 December 1999, it is now an Agency within the Department for Regional Development (DRD).

Pension Liabilities

Staff Pension Liabilities are borne by the Principal Civil Service Pension Scheme (NI) and are therefore not reflected in these Accounts (see notes 1 and 3 to the Accounts and the Remuneration Report).

Roads Service Board

The Agency is managed by a Board, headed by the Chief Executive, five Directors and one independent board member.

The members of the Board at 31 March 2010 were:

G Allister	- Chief Executive
A Murray (Dr)	- Director of Network Services
M Glass (Mrs)	- Director of Corporate Services
B Cairns	- Director of Engineering
J McNeill	- Director of Finance
J White	- Director of Strategic Programmes
J Keanie	- Independent Board Member

Appointments to the Board of Roads Service are made in accordance with the Civil Service Commission's General Regulations.

Michaela Glass was appointed as Acting Director of Corporate Services at 1 June 2009 in place of Barry Jordan. She was appointed permanent Director of Corporate Services from 4 January 2010. John White was appointed permanent Director of Strategic Programmes on 19 October 2009. John Keanie was appointed an Independent Board Member on 1 April 2009.

As Civil Servants, the remuneration of the members of the Board is determined by the normal Civil Service Pay Regulations (see the Remuneration Report).

Charitable Donations

The Agency made no charitable donations during the year (2008-09: £nil).

Disabled Employees

The Agency is committed to and follows the NI Civil Service Code of Practice on the employment of disabled people. The Agency aims to ensure that disablement is not a bar to recruitment or advancement.

Equality of Opportunity

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

Employee Involvement

The maintenance of a highly skilled workforce is key to the future of the business. Roads Service recognises the benefits of keeping employees informed of the progress of the business and involving them in the Agency's performance. During the year, employees were regularly provided with information regarding financial and economic factors affecting the performance of the Agency and on other matters of concern to them, through meetings and notices. Roads Service Whitley Committee and the Joint Industrial Council provide for regular consultations with employees' representatives.

Payment Policy

The Agency is committed to prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code 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 or services, or presentation of a valid invoice or similar demand, whichever is later.
In 2009-10, 82.73% of invoices for goods or services were paid within 30 days or contract terms. Also 57.44% were paid within 10 workings days.

Board Members' Interests

There are no company directorships or other significant interests held by board members which may conflict with their management responsibilities.

Published Sickness Absence Data

Listed in the table below are the sick absence results for Roads Service.

	Average days lost per member of staff	Absence Rate 2009/10 (Percentage of sick days compared to total working days available)
Non-industrial	5.8	2.6
Industrial	13.0	5.9

The figures relating to non-industrial staff are the most recent NISRA statistics based on information taken from the HR Connect system.

Reporting of Personal Data Related Incidents

The Agency is required to report on personal data related incidents. Within our governance framework, we have an explicit control system to meet our responsibility under Data Protection and Freedom of Information. The control system has been established to ensure the appropriate handling of personal data and information used for operational and reporting purposes through the development of appropriate strategy and policy. We will continue to monitor and assess our information risks in order to identify and address any weakness and ensure continuous improvement of our systems.

There were no incidents of personal data loss recorded within the period under review.

Auditors

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

The audit of the financial statements for 2009-10 resulted in a notional audit fee of £77k (2008-09: £58,304), which is included within other administrative costs in the Operating Cost Statement (see page 68 of the accounts).

So far as the Accounting Officer is aware, there is no relevant audit information of which the Agency's auditors are unaware. The Accounting Officer 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 Agency's auditors are aware of that information.


U.K.
Local

Management Commentary

Introduction

This Annual Report and Accounts is an informative and comprehensive review of Roads Service's performance for the 2009-10 financial year.

About the Agency

Our main functions are to make sure that:

- we deliver on our Programme for Government obligations and annual performance targets agreed with the Minister for Regional Development;
- measures are taken to implement the roads related elements of the Regional Transportation Strategy for Northern Ireland 2002-2012 and the Investment Strategy for Northern Ireland; and
- the public road network is managed, maintained and developed in a safe and efficient way.

Our Organisation

Our headquarters is in Belfast and we have four operational divisions, Northern, Southern, Eastern and Western, each headed by a Divisional Roads Manager. Each division is divided into a number of sections which generally correspond with District Council areas. These divisions oversee the planning, ordering and payment of network services through Roads Service Consultancy, Roads Service Direct and the private sector. They also provide the Agency's main interface with customers.

Roads Service Direct, our contractor business unit, is centred in Ballymena with staff based at various locations throughout Northern Ireland. They carry out a wide range of activities ranging from patching roads to sea-defence work, as well as responding to emergency calls relating to events such as flooding and the aftermath of road traffic collisions. Throughout the winter they operate on a rota standby basis to treat roads for ice and snow when weather conditions require it.

The Roads Service Consultancy, based in Downpatrick, is a single business unit covering all of Northern Ireland and is responsible for managing our engineering activities such as design and contract supervision.

Appendix 1 provides details of our organisational structure.

Vision, Mission, Key Objectives and Core Values

Vision

A safe and efficient road network which meets the needs of all.

Mission

To facilitate, in a sustainable way, the safe movement of people, goods and services for the social and economic benefit of all people in Northern Ireland.

Key Objectives

Within the resources available, our key objectives are to:

- maintain the road infrastructure to keep it safe, effective and reliable;
- improve the road network;
- manage the road network to promote its safety and efficient operation;
- deliver quality services for our customers and stakeholders in a fair and equitable way;
- operate to resource limits and deliver value for money;
- support and motivate all our people to achieve the Agency's objectives; and
- take forward the implementation of the roads aspects of the Executive's decision on the RPA local government review.

Core Values

The core values that we see as central to the culture of the Agency are:

- Openness -
  communicative, responsive, consultative, honest;
- Professional Approach -
  common purpose, expertise, high standards, integrity, respect;
- Supportive -
  caring, staff development, recognising and rewarding performance;
- Sense of Public Duty -
  impartiality, integrity, fairness, service, accountability;
- Flexible -
  innovative, questioning, receptive to change, resourceful, team approach;
- Decisive Management -
  focused decision making, role clarity, empowerment, leadership; and
- Commitment to Delivery -
  setting high standards and aiming for high performance while adopting a 'can do' attitude.

Meeting
Our Key Objectives

The Roads Service Corporate Plan 2009 – 2012 and Business Plan 2009-10 detailed our key performance targets, as set by the Minister, for 2009-10. During the year we achieved 16 of the 17 performance targets as shown below. Further detail on the targets and actual performance is provided in Appendix 2.

Maintain the road infrastructure to keep it safe, effective and reliable

During the year we maintained the motorway and trunk road network with over 72% in a satisfactory structural condition. This puts Roads Service in an excellent position to meet the overall PSA target.

Also, other roads in the road network received 48% of the resurfacing treatment recommended in Best Practice Guidelines. While this is a significant increase over last year there is still some doubt as to whether we can meet the overall PSA target for this part of the network.

We repaired or made safe 96% of the serious road defects by the end of the day following the day of detection.

Improve the road network

In September 2009, we produced a report on the condition of our Road Network which will be used to inform future financial planning.

During the year we achieved 89% of our major works milestones as part of the strategic road network improvements. This has secured further progress towards the goal of reducing journey times on the key transport corridors by 2015, in line with PSA target 13 commitments.

We were able to report that the total number of target collisions occurring at treated sites, was reduced by 70% over the 3 years following completion of the collision remedial works. Based on this performance, Roads Service is confident that the 3 year PSA target will be achieved.

Manage the road network to promote its safety and efficient operation

Over the 2009-10 year we implemented 171 Local Transport and Safety Projects.

We also, introduced an improved Street Works register and notifications system.

Deliver quality services for our customers and stakeholders in a fair and equitable way

We responded to 94% of written enquires from customers within 15 working days and informed 97% of applicants for Blue Badges of our decision within 15 working days of receipt of their valid applications.

Unfortunately, we did not meet our target of paying 95% of undisputed invoices within 30 days.

Operative to resource limits and deliver value for money

During the year we maintained expenditure within resource limits and to approved budgets. This included delivering our efficiency savings identified in Budget 2008 – 2011.

We also maintained our ‘excellent’ status as a Centre of Procurement Expertise.

Support and motivate all our people to achieve the Agency’s objectives

During the year we developed an action plan to address the key issues identified in feedback from our successful re-accreditation to Investors in People standard and in our staff survey.

We reduced the average annual level of absenteeism due to sickness to 5.9% for industrial staff and to 2.6% for non-industrial staff.

Take forward the implementation of the roads aspects of the Executive’s decision on the RPA local government review

During the year we reached agreement with local government on the public realm functions of Roads Service which are to transfer to local government under the Review of Public Administration.

We have also developed a plan for the future operational structure of Roads Service based on future business needs and taking account of new council boundaries.

At the same time we have briefed our staff about the transfer of public realm functions to new councils and future organisational structure of Roads Service.

Regional Transportation Strategy 2002-2012

The Regional Transportation Strategy (RTS) sets out a strategic framework for the future planning, funding and delivery of transportation throughout Northern Ireland.

The RTS is being delivered through three supporting transport plans:

- The Belfast Metropolitan Transport Plan (BMTP) covering the Belfast Metropolitan Area;
- The Regional Strategic Transport Network Transport Plan (RSTNTP) dealing with the Regional Strategic Transport Network; and
- The Sub-Regional Transport Plan (SRTP) dealing with other urban areas and the rural area.

The transport plans confirm packages of transport schemes, consistent with the general principles and indicative levels of spend in the RTS. These packages form part of our programmes under the key objectives set out on the following pages. The implementation of these proposals is, in many cases, subject to economic appraisal, any relevant statutory procedures, for example environmental assessment, planning and land acquisition, and the availability of the necessary funding.

The Department for Regional Development is currently reviewing the RTS. Any new RTS will be implemented through the development of new Integrated Transport Plans. In the interim the existing three transport plans will continue until they expire in 2015. Nevertheless as the new RTS is likely to have a changed emphasis some elements of these existing plans may need to be reconsidered or amended earlier than 2015.

Tullygarley Bridge, Ballymena

Network Maintenance

Key Objective: Maintain the road infrastructure to keep it safe, effective and reliable

Maintaining the Network

We are responsible for maintaining approximately 25,000 kilometres of public roads, 9,500 kilometres of footways and 5,800 bridges, which is valued at over £30 billion. Maintenance includes a wide range of activities from major reconstruction and resurfacing of road surfaces, known as structural maintenance, to the everyday upkeep of the network, such as cutting grass, cleaning gullies, repairing or cleaning road signs and timely salting of roads in preparation for winter conditions. These activities enhance user safety and minimise the potential for more expensive maintenance at a later stage.

Structural Maintenance

Structural maintenance is the resurfacing and surface dressing of roads and footways and the repair of surface defects, such as potholes and broken flagstones, to prolong the life of the roads and improve their strength, ride quality, skid resistance and safety for the public. It also includes the improvement of road gullies, culverts and manholes to prevent rain and frost from penetrating and damaging the road structure.

Unfortunately the overall investment level for structural maintenance still falls significantly short of that recommended by Professor Martin Snaith[1] in his recent independent review of Structural Maintenance Funding Requirements which was subsequently endorsed by the Regional Development Committee. It is against this background that we apply a sub-optimal budget strategy which aims to provide the best value for the funds which are available. The measures included in this strategy concentrate resources on maintaining the strategic road network to pre-defined targets, meeting statutory responsibilities and dealing with short-term public liability issues, such as patching serious defects for safety reasons. It is well recognised, however, that these reactive maintenance activities absorb an ever increasing proportion of the budget, leaving a reduced amount for good value activities such as resurfacing. As a consequence of this underfunding, we can only treat our local road network at 48% of that recommended in National Good Practice Guidelines.

The period of this report presented significant challenges on the maintenance side. Volatile and fluctuating oil prices continue to lead to increased construction and energy costs which greatly impacted on the purchasing power of our financial allocation.

1. Professor Martin Snaith OBE,MA, BAI, MSc, PhD, ScD FREng, FICE, FIHT, Emeritus Professor of Highway Engineering and formerly Pro-Vice Chancellor of Birmingham University. Professor Snaith has advised private companies, governments and aid agencies on all aspects of the management of road networks throughout the world for over 30 years

In addition, the relatively wet summer and autumn, combined with one of the coldest winters in around 50 years, resulted in major cracking in many rural carriageways, allowing water to penetrate and inevitably resulting in more potholes.

In 2009-10, we invested approx £85m on structural maintenance. This funding allowed us to resurface 859 lane km of the road network compared to our target of 350 lane km. Also, during the summer months we surface dressed approximately 6.2 million square metres of the road network.

We continued to give a high priority to the condition of footways and spent around £4.2m on resurfacing them and £3.4 million on patching them.

Condition of the Network

Monitoring the condition of our road network is an essential part of planning maintenance work and, in order to detect deterioration at an early stage, we undertake a number of annual road condition surveys. These are carried out using specialist vehicles, which measure the strength, surface condition, skidding resistance and bumpiness of the network.

A deflectograph survey measures the strength of the road and is reported in terms of residual life i.e. the number of years the road potentially has left before it starts to disintegrate. For 2009 72.4% of the motorway and trunk road network had a residual life of more than five years compared to a target of 70%. The information from the survey gives us an indication of areas of the road network which require further investigation and are likely to require maintenance. A map showing the strategic road network is attached at Appendix 3.

Local roads (roads other than motorways, trunk roads and non-trunk A roads) are monitored using Coarse Visual Inspection (CVI) Surveys, in accordance with the United Kingdom Pavement Management System. CVI surveys record the length of roads that have consistent defects rather than detailed measurement of individual defects and are a fast and efficient way of surveying the North's large highway network. As with the deflectograph survey results the CVI survey data give us an indication of areas of the road network which require further investigation and which are likely to require maintenance. CVI data is also used as part of the annual valuation of the Province's road network. The overall surface condition of the strategic road network is recorded using SCANNER (Surface Condition Assessment for National NEtwork of Roads.) The aim of the survey is to produce reliable information for monitoring deterioration trends and to target further detailed investigations.

Routine Maintenance

Routine maintenance is important, both to enhance user safety and to help prevent more significant and costly maintenance problems building up over time. Much of the routine maintenance work is determined by set timetables. During the year, we invested around £17.2m on routine maintenance activities which included cutting grass verges to maintain visibility, emptying gullies and maintaining boundary fences.

Winter Service

The aim of winter service is to help, as far as possible, main road traffic to move safely and freely in wintry conditions by spreading salt at the most effective times. It is vital that we cover as much of the road network as possible for the available budget and criteria have been devised to identify the roads that would provide the best cost benefits.

The winter of 2009/10 was the harshest winter for almost 50 years with road surface temperatures falling below freezing on over 55 days since the start of October. The cold weather experienced in December and January formed part of the most extreme cold spell since early 1963. There was snowfall every day for the first two weeks of the year, reaching depths of 25cms in some areas of the North with drifts significantly deeper. During this period a fleet of 135 gritters and over 270 personnel were available to salt approximately 7000kms of main roads, representing 28% of the network. We aim to complete this in just over three hours which is an immense logistical exercise.

There were approximately 105 call-outs this year, using around 84,000 tonnes of salt, at a cost of just under £74,000 per call-out to treat all roads on the salting schedule. A further 11,000 tonnes of salt was also used to facilitate secondary salting and fill salt boxes on roads not on the salted schedule during the extended cold winter period. Our total winter service expenditure was £ 8.1m which was £3.2m higher than the previous five year average. Because of the high costs involved, it is essential that our engineers take informed decisions and they are assisted in this task by the very latest technology. There are currently 21 Roads Service maintained weather stations across Northern Ireland with an additional three stations maintained by the DBFO companies, and with further data provided from 10 sites in Southern Ireland.

Information on our salting activities continues to be relayed electronically to the broadcast media to ensure that the latest news on road conditions is available to motorists across Northern Ireland. Additional information, including our winter service leaflet, can be found on our website along with advice on driving in poor weather conditions.

Street Works

The Northern Ireland road network is a major public asset and is valued at over £30 billion, below which runs a complicated network of pipes and cables. This underground apparatus delivers key services to the public including water supply, waste water disposal, electricity, gas and telecommunications. For that reason Parliament has given utility companies the right to open the public road to place or maintain their equipment. During 2009-10 there were 36,000 utility company road openings.

Roads Service works closely with utility companies through the Northern Ireland Road Authority and Utilities Committee to minimise disruption caused by street works and ensure better quality reinstatements through cooperation and coordination and through implementation of agreed codes of practice. In March

2009 the Northern Ireland Assembly Public Accounts Committee published a report on Road Openings by Utilities. The report was critical of the performance of utility companies in complying with the established procedures for co-ordination of street works, and also criticised Roads Service performance in policing the actions of utility companies. The report included a number of recommendations which Roads Service agreed to implement. We are working hard to meet all of those recommendations and some of our progress to date is set out below:

- We have achieved our target to introduce an improved Street Works Register and notification system by 31 December 2009;

- We have reviewed our customer interface with stakeholders and the public and identified further action we can take to improve our systems for communicating, recording complaints and using feedback regarding the work of utility companies;

- Roads Service Inspectors have carried out over 19,000 visits to street works sites to inspect work in progress and completed reinstatements;

- We have continued to work on changes to the existing legislation governing street works. These changes will allow the Department to introduce a number of new measures including a permit scheme and a fixed penalty noticing system over the next few years. The changes will also give the Department direction-making powers which will allow it to direct utility companies as to the dates and times they may carry out street works; and

- Using the management information available from the new Street Works Registration and Notification system we have reviewed our key performance indicators in line with the Public Accounts Committee's recommendations. This has improved our ability to monitor our own performance and that of the utility companies. The following table sets out the revised set of key performance indicators for street works, along with the results for 2009-10.

KPI	Description	Outturn
1	**NUMBER OF LATE NOTIFICATIONS** This new indicator shows the percentage of proposed utility works notified to the Department without the agreed level of advance notification, expressed as a percentage of the number of works started. It provides a measure of the correct use of the system. It is not a measure of works commenced without the agreed level of advance notice as the result includes works started early with the Department's consent and works which did not proceed on the proposed date.	18.2%
2	**NUMBER OF EMERGENCY AND URGENT NOTICES** This indicator adds the percentage of notices issued by utilities that are urgent notices to the previous indicator which showed only emergency notices. In an emergency or urgent situation, utilities can start street works prior to issuing a commencement notice, or with only 2 hours advance notice. During the year 3.3% of works were classified as emergency and 14.5% as urgent.	17.8%
3	**NON-COMPLIANCE WITH ARTICLE 18 OF THE STREET WORKS (NI) ORDER** When we have undertaken substantial work on a road, such as resurfacing, Article 18 of the Street Works (NI) Order 1995 permits us to place restrictions on utilities digging up the road. This indicator shows the number of times the restrictions of Article 18 have been broken without prior approval.	0
4	**DEFECT RATE OF PERMANENT REINSTATEMENT** This indicator gives the total number of times a defect has been identified/ recorded on street works sites. In these cases, we have asked for remedial work to be carried out by utilities.	4,179
5	**INADEQUATE SIGNING, LIGHTING AND GUARDING** To ensure the safety of road users, we inspect the temporary signing, lighting and guarding at street works sites for compliance with required standards. This indicator shows the number of compliance failures identified during those inspections. In these cases, we asked for remedial work to be carried out by utilities.	237

Network
Development

Key Objective:
Improve the Strategic Road Network

Major Works

Major Works are managed under the following four categories.

- Long-term Planning Schedule.
- 10-year Forward Planning Schedule.
- Preparation Pool.
- Construction Programme.

Long-term Planning Schedule

A long-term planning schedule will also be developed as a vehicle for schemes that are not expected to start within the next ten years but are considered to be of strategic benefit in the longer term.

10-Year Forward Planning Schedule

The Forward Planning Schedule contains a number of schemes that could be started within the next ten years, subject to satisfactory appraisals, availability of finance, and satisfactory progression through the statutory processes.

All of the schemes have been or are being appraised on the basis of the five national criteria for transport schemes of integration, safety, economy, environment and accessibility, to ensure consistency between plans and with the Government's transport policy. The highest priority schemes will subsequently be considered for progression into the Preparation Pool. The following schemes are included in the 10-year Forward Planning Schedule.

- A28 Armagh East Link.
- City Centre Ring Southern Section, Belfast.
- Fortwilliam/M1 Corridor/Tillysburn Park and Ride.
- M2/A8(M) Sandyknowes Junction.
- M1 Slip-roads at Blacks Road.
- M1/A1 Sprucefield Bypass.
- A1 Junctions (Phase 2).
- A26 Ballymoney to Coleraine.
- A26 Nutts Corner to M1 Moira.
- A4 Enniskillen Southern Bypass.
- A4 Fivemiletown Bypass.
- A3 Portadown to Richill Dualling.

Preparation Pool

The Preparation Pool allows high priority schemes to be taken through the statutory procedures, in advance of funding being confirmed. Subsequent progression into the Construction Programme is dependent on the level of funding available at that time. Progress on schemes in the current Preparation Pool is shown overleaf -

Preparation Pool

Scheme	Position at 31 March 2010
A6 dual carriageway – M22 to Castledawson Roundabout	ES, NIMDO and NIMVO published in March 2007. Public Inquiries held in November 2007. Departmental Statement published in November 2009. Public Exhibitions held Nov/ Dec 2009. Comments expressing objections received.
A32 Cherrymount Link, Enniskillen	NIP, DO and VO published in February 2009.
A55 widening at Knock Road, Belfast	ES, NIMDO and NIMVO published in November 2009.
A3 Armagh North and West Link	Preliminary Options Report approved in April 2008.
A2 widening at Greenisland	ES, NIMDO and NIMVO published in March 2007. Public Inquiries held in October 2007, with the Inspector's report received in January 2008. NIP and DO published in October 2008.
A6 Londonderry to Dungiven dual carriageway	Minister announced preferred route in May 2009.
A5 Aughnacloy (Border) - Londonderry	Minister announced preferred route in July 2009. Contractors appointed to the scheme as part of an Integrated Delivery Team in December 2009.
A31 Magherafelt Bypass	ES, NIMDO and NIMVO re-published in June 2008. Public Inquiry held in April 2009. Inspectors report received in June 2009.
A26 Glarryford - A44 dualling	Preferred Route announced in August 2008.
A2 Sydenham Bypass	Minister announced preferred option in February 2010.
Westlink/York Street Interchange	Preliminary Options Report approved in March 2009.
A8 Belfast to Larne	Minister announced preferred route in August 2009. Contractors appointed to the scheme as part of an Integrated Delivery team in January 2010.

Scheme	Position at 31 March 2010
A32 Dromore – Irvinestown – Enniskillen	Schemes at Shannaragh, Cornamuck, Esker Bog and Sidaire being developed.
A2 Widening Buncrana Road	Preferred route announced in February 2009.
A29 Cookstown Eastern Distributor	Preferred Route Report approved in March 2010
A2 Ballykelly Bypass	Preferred route announced in March 2010
A24 Ballynahinch Bypass	Preliminary Options Report approved in February 2009.

ES - Environmental Statement
NIP - Notice of Intention to Proceed
DO - Direction Order
VO - Vesting Order
NIMDO - Notice of Intention to make a Direction Order
NIMVO - Notice of Intention to make a Vesting Order

A4 Dualling, Ballygawley

Construction Programme

Scheme	Estimated Cost £M	Position at 31 March 2010
A1 Beech Hill to Cloghogue	152	On site. Scheduled for completion in summer 2010
A1 Junction Improvements	30	Complete
A4 Dungannon to Ballygawley	115	On site. Anticipated completion Winter 2010
A4 / A5 Improvements (A4 Annaghilla & A5 Tullyvar)	18	Complete
A26/M2 Ballee Road East, Ballymena	10-12	On site. Scheduled for completion in July 2010
A2 Broadbridge dualling, Londonderry	45-50	On site. Scheduled for completion in November 2010
A29 Carland Bridge improvement, Dungannon	3-5	On site. Scheduled for completion in November 2010
Cairnshill Park and Ride	10-11	On site. Scheduled for completion in June 2010

The Construction Programme contains those schemes which have completed the statutory procedures, where applicable, and for which funding has been confirmed. Details of progress on schemes in the 2009-10 programme are set out above.

A5 (LONDONDERRY- AUGHNACLOY)

The preferred route for the dualling of 86km of the A5 from Derry to the border at Aughnacloy was identified and published in July 2009. Delivery of a scheme of this magnitude requires an innovative approach to procurement which has resulted in Roads Service involving integrated delivery teams aligned to early contractor involvement.

To that end three contractors were appointed to the project in December 2009.
The contracts are in two phases – the first phase is to assist Roads Service and the scheme consulting engineers in the development of the design of the new dual carriageway in advance of the publication of the draft statutory orders currently planned

for late 2010. The second phase is the construction of the new dual carriageway.

The construction phase is planned to commence in 2012 subject to a successful outcome of the Public Inquiry, scheduled for summer 2011, and the availability of finance.

A8 (BELFAST-LARNE)

The preferred route for the dualling of 14km of the A8 Belfast to Larne route was identified and published in August 2009.

The development of this project is on a similar timescale to the A5. The procurement process is also through an integrated delivery team approach aligned to early contractor involvement. The contractor was appointed to the project in January 2010 with the delivery phases similar to the A5.

The construction phase could commence in 2012 subject to a successful outcome of the Public Inquiry scheduled for summer 2011 and the availability of finance.

A6 DUALLING OF BELFAST TO LONDONDERRY ROAD

The A6 is an important part of the national road network within Northern Ireland, providing an essential road link between the Belfast Metropolitan Area and the North West.

The proposed Randalstown to Castledawson scheme will provide 14 km of dual carriageway from the end of the M22 motorway at Randalstown, via the Toome Bypass, to the Castledawson Roundabout.

The planning process for the project should be completed in 2010 and, subject to the availability of finance and satisfactory progression through procurement, it is anticipated that work could commence on site in 2011/12.

The proposed Londonderry to Dungiven scheme will provide 30 kilometres of dual carriageway from the Caw Roundabout to Dungiven, including a dual carriageway bypass of Dungiven. The preferred route option was published in May 2009 and it is anticipated that the scheme could commence in 2012/13, subject to satisfactory progress through the statutory processes, economic appraisal, the availability of funding, and satisfactory progression through the procurement process.

When these schemes are complete, 75% of the route will be to a minimum of dual carriageway standard.

Public Private Partnerships

We are currently delivering over £450 million of capital improvements through the use of the Design, Build, Finance and Operate (DBFO) form of contract. The DBFO approach is a form of Public Private Partnership where road improvements are designed, constructed and financed by a private sector consortium which then operates and maintains the road, whilst monitored by Roads Service, for up to 30 years for an agreed series of payments from Government.

DBFO Package 1 includes the M1/ Westlink upgrade, M2 widening between Sandyknowes and Greencastle and the M2 Crosskennan slip-roads at Antrim Hospital. The Crosskennan slip-roads were opened in July 2007. The Grosvenor Road junction on the Westlink opened in March 2008, with the overall scheme being formally opened in March 2009, some five months ahead of schedule. The M2 widening was completed in August 2009. The project also includes the operation and maintenance of 60km of the motorway and trunk road network, which began in April 2006.

DBFO Package 2 includes dualling the A1 between Beech Hill and Cloghogue, Newry, improving the safety of junctions on the A1, dualling the A4 between Dungannon and Ballygawley and improving the A4 at Annaghilla and A5 at Tullyvar. The four new grade separated junctions on the A1 were all made available to traffic in late 2009. Construction on the A4 at Annaghilla and the A5 at Tullyvar has progressed satisfactorily and both stretches of new carriageway were made available to traffic in mid March 2010. The A1 Beech Hill to Cloghogue scheme is progressing very well and is anticipated for completion in late Summer 2010. The A4 between Dungannon and Ballygawley is progressing satisfactorily despite poor weather during the winter months and is expected to be completed in early 2011. This project also includes the operation and maintenance of 125km of the motorway and trunk road network, which commenced in February 2008.

Bridge Strengthening

During the year, we spent £6.5 million on strengthening bridges. These included repairs to rectify extensive damage to a number of bridges caused by the severe flooding which occurred in August 2008 and November 2009. Works included structural repairs to Legacurry Bridge, Loop Bridge and replacement of Glenarm and Cushendun Bridges.

Local Transport and Safety Projects

During the year, we spent over £22 million on a range of measures to improve the safety and efficiency of the road network. Schemes included:

- 30 collision remedial measures at specific sites;
- traffic calming measures on 54 projects;
- 25km of new footway and other improvements for pedestrians;
- 21.7km of cycle lanes;
- 49 school safety zones;
- 38 controlled pedestrian crossings; and
- the use of Intelligent Transport Systems to provide traffic control and travel information to road users.

EU Structural Funds 2007-13

During the past 15 years, we have received approximately £110 million of funding from the European Regional Development Fund. We are now participating in the 2007-13 EU Funding programme.

In order to manage, co-ordinate and monitor the funding available for the 2007-13 programme period, we liaise with the Department of Finance and Personnel, Department for Transport in Westminster and the Special EU Programmes Body in the implementation of the two EU Funding programmes relevant to Roads Service.

* INTERREG IVA Cross Border Territorial Co-operation Programme.
* TEN-T (Trans-European Networks) funding.

In 2009 Roads Service has been awarded £3.2 million from the TEN-T programme for Consultant's Fees on the A8 - Coleman's Corner to Ballyrickard Road, and A6 Dungiven to Derry Dualling.

M2 Foreshore

A2 Bangor to Belfast Road

Network Management

Key Objective: Manage the road network to promote safety and efficient operation

We have continued to make use of the latest technology and traffic management techniques to improve road safety, provide facilities for all road users, and effectively manage the network.

In an effort to improve road safety, we have an annual programme to implement traffic calming measures to lower traffic speed and improve driver behaviour in urban streets. In 2009-10 we implemented traffic calming in 54 projects as well as installing 30 collision remedial schemes to reduce the likelihood of collisions occurring. We provide School Safety Zones to improve road safety in the vicinity of schools, and during the past year we have installed schemes at 49 schools. The total expenditure on traffic calming and school travel and safety projects was £2.2m

One of our high priorities is the promotion of sustainable travel modes. We have installed 21.7km of cycle lanes and 25km of new footway and other pedestrian measures as well as 250m of bus lane and erected 51 bus shelters. There are now over 100 junctions in the Greater Belfast Area equipped to provide priority to buses at traffic signals. Over the course of the year we installed seven new passenger information displays at bus stops and there are now 178 real time displays operating in the Greater Belfast Area.

Effective management of the road network relies upon the efficient operation of Intelligent Transport Systems (ITS) which can include facilities ranging from traffic signals, variable message signs and travel information to very sophisticated traffic control systems for the urban and motorway networks.

Subject to the availability of funding, we have continued to install traffic signals and pelican crossings, at selected locations in our towns and cities. We are also looking at how it may be possible to reduce waiting times for pedestrians at appropriate controlled crossings. During the course of the year we implemented traffic signal control at complex interchanges of the M1/Westlink with Broadway and Stockman's Lane. A new traffic control system which will display mandatory variable speed limits is currently being commissioned on both carriageways of the M1/Westlink between Black's Road and Clifton Street. The hours of operation of our Traffic Information and Control Centre (TICC) have been extended during weekdays and now also include Saturdays.

Our facilities to monitor traffic flow and provide on trip information to drivers have increased through the addition of more CCTV cameras and roadside variable message signs. Our main sources of pre-trip information are the trafficwatch website, **www.trafficwatchni.com**, radio broadcasts and our traffic information telephone line 08457123321.

Traffic Flow Information

We are continuing to extend our coverage of traffic volume monitoring sites across the network. Eight additional sites were installed this year. Currently we have 319 locations at which traffic flow can be measured. From the information gathered from these counting sites we publish the Annual Traffic Census and Vehicle Kilometres of Travel Report.

Development Control and Private Streets

We contribute to the Planning (NI) Order 1991 town and country planning process with the provision of transportation and roads related advice to Planning Service. In 2009-10, we dealt with 24,687 consultations and processed 77% of these within the agreed timetable.

New housing developments that have been 'determined' and which will eventually be adopted and maintained must be built to a standard acceptable to the Department. In the past year, private streets with a construction value of £10.3m were determined and 72km of streets were adopted. We inspected the construction of these streets at various stages to ensure they met the required standard. Information for developers is available on our website.

We also work closely with Planning Service on its Development Plans which are the basis against which future development applications are considered.

Car Parking

We provide over 30,000 parking spaces in our 360 off-street car parks, approximately half of which are charged and subject to a tariff review. We also provide over 2,300 charged on-street parking spaces in controlled parking zones. This helps visitors and shoppers to contribute to the vitality and economy of our towns and cities by discouraging long-stay parking and encouraging a turnover of short-stay spaces.

In all of our towns and cities, parking restrictions are in place to manage traffic, to reduce congestion and to improve road safety. We work in partnership with our service provider, NSL, to enforce parking restrictions and ensure compliance with on and off-street parking regulations.

The level of illegal parking has reduced significantly since October 2006, when Roads Service assumed responsibility for the delivery of this service, thus reducing congestion and improving access to the kerbside for certain vehicles. For example, delivery vehicles can access loading bays more easily and accessibility bays reserved for disabled people are less likely to be blocked by vehicles not displaying a valid Blue Badge.

Street Lighting

We provide and maintain street lighting on all adopted thoroughfares within urban areas and, in certain circumstances, on rural roads. In 2009-10, we spent £5.3 million installing new street lighting systems and replacing those that had reached the end of their useful lives.

During the year, we spent £11.8m on maintaining our 270,000 street lights. In addition to this, we also spent £9.6m on electricity for public lighting systems. Street lights are inspected every two weeks in winter and every four weeks in summer to identify any outages. The overall rate of outages is 1%, which is within our key performance target of keeping 98% of street lights working.

Having considered the costs and potential benefits of the various options, the Street Lighting Working Group has recommended a series of energy conservation measures for implementation during 2010/13. To reduce light pollution and improve energy conservation, we have specified modern efficient lanterns for all our new and upgrading schemes. We have also focused on the selection of appropriate lighting design levels for new schemes and have conducted a number of energy conservation trials including replacing existing luminaries with luminaries of lower wattage output and improved optical performance.

Emergency Response Service

We have procedures in place to assist with roads related emergency incidents, ensuring a response, 24 hours a day, 7 days a week (24/7). We are also committed to co-operating with and assisting the blue light services and other statutory agencies, as far as practical, to ensure that quick and appropriate responses are made to incidents.

Our emergency response procedures are supported by a well-established reporting system to gather operational information from across Northern Ireland during an emergency. These arrangements feature a Roads Incident Desk that assesses new and follow-up incident reports received from Divisions and forwards them to the Press Office, Private Office and senior managers. A lead communicator is available out of hours all year round to ensure that the latest news on road conditions is available to the travelling public.

A joint Roads Service/PSNI Protocol is in place for the management of major or critical traffic incidents on the Motorway and Trunk Road Network in the Belfast area. The purpose of this is to ensure that incidents are dealt with as effectively and efficiently as possible and that measures are put in place to mitigate the effects of any resulting traffic congestion on the surrounding road network. A further joint protocol is being prepared for the remainder of the trunk road network.

Abnormal Loads

Vehicles outside the normal limits of length, width or weight are known as abnormal loads and require permission from Roads Service to travel along the road network. In 2009-10 we approved over 10,000 movements.

EuroRAP

Roads Service continues to be an active member of the European Road Assessment Programme (EuroRAP) an organisation with membership drawn from both motoring organisations and road authorities right across Europe. It was established to independently assess and report on the safety records of Europe's strategic roads.

Star rating surveys have been carried out across the EuroRAP network in Northern Ireland. This will enable us to focus on identifying stretches of road to be considered for a possible comprehensive package of measures to remove or mitigate hazards and improve safety, subject to available funding.

We are continuing to work closely with EuroRAP and our national road authority partners in Scotland, Wales and Ireland as this work develops.

Speed Management

Roads Service has reviewed its speed management policy in co-operation with the PSNI and the Department of the Environment's (DoE) Road Safety Branch. It mirrors a similar review undertaken by the Department for Transport (DfT) in England and reviews undertaken by the regional government road authorities in Scotland and Wales.

The draft policy was scrutinised by the Executive and all NI Government Departments before being subjected to public consultation during Spring 2009. Following consideration based on the consultation process plus updated guidance from DfT the revised document was published in April 2010 and included in the Roads Service Manual.

The new policy contains detailed proposals in the following key areas:

- the identification and adoption of a two-tier system on rural roads for the application of speed limits. This may lead to upper tier roads (typically "A" class roads), where mobility is important, having higher speed limits than the lower tier roads (typically "B", "C" and "Unclassified" roads), which have a local or access function and where quality of life benefits are important;

- an undertaking to review the speed limits on all of the upper tier roads within five years;

- guidance on setting of speed limits in urban areas, where although the speed limit will still remain at 30 mph, there will be many situations where it should be lowered to 20 mph to protect vulnerable road users in residential and other areas. Similarly, there will be circumstances when the speed limit can be raised on higher quality urban roads;

- updated guidance on speed limits for dual carriageways, which may lead to the speed limit being reduced from 70 mph or lower on those where a collision history indicates that this speed cannot be achieved safely; and
- introduction of the concept of part-time speed limits at schools, when a reduced speed limit would be applied whenever school children are arriving at or leaving the premises.

Environmental Considerations

We liaise with other highway authorities across the UK to ensure that environmental issues in design and construction are consistent with the Government's key theme of sustainable development and protection of the built environment. To complement the Construction Sustainability Action Plan introduced in 2007, we have also put in place Biodiversity and Sustainable Procurement Action Plans.

These action plans set out specific environmental targets to be achieved during the year and will assist us in achieving our environmental obligations.

We apply the principles of sustainable procurement and sustainable construction in all of our work. In particular, we are working to implement the actions set out in our Construction Sustainability Action Plan and our Biodiversity Action Plan.

Air Quality

The Environment (Northern Ireland) Order 2002 places a responsibility on councils and other public bodies, including Roads Service, to achieve air quality standards and objectives in relation to powers exercisable by them. We have continued to work with councils in preparing assessments and in determining and implementing any actions that fall to us.

During 2010, we continued to work closely with the Department of the Environment on their Draft Local Air Quality Management Policy Guidance LAQM PGNI (09) and the Air Quality Standards Regulations (Northern Ireland) 2010.

We continued to work with Belfast City Council in monitoring progress against their Air Quality Action Plan to which we are contributing by progressing the delivery of Belfast Metropolitan Transport Plan proposals. We have maintained our membership of the Belfast Air Quality Steering Group, the NI Climate Change Impacts Partnership and of the Scotland and Northern Ireland Forum For Environmental Research project.

Noise

The Environmental Noise Regulations (Northern Ireland) 2006 sets responsibilities associated with the production of Noise Action Plans. The Department of the Environment is defined as the authority overseeing the implementation. As Noise Action Plans for roads relate specifically to traffic, the Department has been appointed as the competent authority tasked with producing the Roads Action Plan.

This plan is a high level strategic plan of the noise action planning process which will take place over the next five years to address the health effects of environmental noise caused by traffic.

Following Public Consultation in December 2008, the revised DRD Roads Noise Action Plan was formally adopted by the Environment Minister on 5 March 2010. This Roads Noise Action Plan is now Government policy.

We are now proceeding with the next step in the action planning process which includes identifying and confirming areas worst affected by noise and evaluating potential mitigation measures.

Faughan Bridge on the A2 Broadbridge scheme

Newtownards Southern Distributor

Customers

Key Objective: Deliver quality services for our customers and stakeholders in a fair and equitable way

External Communications

Our approach to a quality customer service is based on the following principles.

- Timeliness - supplying up-to-date information through our corporate publications and via our website **www.roadsni.gov.uk.**

- Openness and Transparency - acting in accordance with the Freedom of Information Act by publishing and making available a range of classes of information on our Publication Scheme which can be accessed online at **www.drdni.gov.uk/foi.**

- Accessibility - continuing to make our publications available, if requested, in a range of alternative formats such as braille, audio-tape, large print and minority ethnic languages.

During 2009-10, we continued to carry out public consultations and exhibitions on major road schemes including:

- A2 Ballykelly Bypass - Apr 09 (Following the announcement of the preferred corridor);

- A24 Ballynahinch Bypass – Nov 09 (Following the announcement of the preferred corridor);

- A55 Knock Road – Nov 09 (Following the publication of the draft Statutory Orders);

- A6 Randalstown to Castledawson – Nov/Dec 09 (Following the publication of the Departmental Statement);

- A6 Londonderry to Dungiven – Jan 10 (Following the announcement of the preferred route); and

- A2 Ballykelly Bypass – Mar 10 (Following the announcement of the preferred route)

We once again participated at the Royal Ulster Agricultural Society Spring Show at Balmoral in May, which was attended by some 70,000 visitors over three days.

We also published a series of information leaflets about the services we provide and on specific road schemes. Our free magazine ‘on the move’ was published and distributed through our local offices, selected petrol stations and public libraries. We issued press releases and roadworks reports to the media and continued our partnership with BBC Radio Ulster, which broadcasts traffic reports directly from our Traffic Information and Control Centre.

Customer Charter

Our Customer Charter outlines the functions that we are responsible for and sets out the standards of service that the public should expect to receive from us. The document explains how the public can contact us, how their enquiries will be dealt with, and the action that can be taken in the event of a customer being dissatisfied with our service.

During the year, we received 13,911 written enquiries from the general public and a further 500 written complaints. We issued substantive responses to 95% of these within our three week target. We also received 202 Freedom of Information requests and issued a reply to 197 of these within the Government's 20 day target.

A8 Doagh Road to Coleman's Corner dualling.

Business

Key Objective: Operate to resource limits and deliver value for money

Improved Service Delivery

Following the completion of the Best Value Reviews of our two provider units, Roads Service Consultancy and Roads Service Direct, work has been continuing in both business units to further expand on the recommendations for improvement identified during these reviews.

Within Roads Service Consultancy during 2009-10 we:

- continued to monitor continuous improvement and Best Value through the use of Key Performance Indicators (KPIs), including benchmarking with our partner organisation and external benchmarking with other UK consultants and local road authorities;
- continued to manage our partnership contract with Amey Owen Williams Ltd Consultants to assist with the delivery of the Roads Service programmes. A new three year contract was awarded in April 2009;
- continued to assess and monitor the performance of our Term and Measured Term Contractors through the use of project KPIs;
- achieved the Agency's target of obtaining greater than an 80% averaged benchmarked score and remained in the upper quartile of the Highway Design Benchmarking Club members. The 2009-10 result was 85%;
- Continued to deliver efficiency savings through our procurement processes, made through process improvements and reduced construction costs;
- successfully gained registration under ISO 9001:2008, for our Quality Management System, incorporating all engineering services within Roads Service Consultancy;
- extended the scope of our ISO 9001:2008 registration to include the work of the Roads Service Consultancy Laboratories;
- we have maintained UKAS accreditation for a total of 12 No. engineering and materials laboratory tests; and
- ensured that the Strangford Lough Ferry Service was available for greater than 97% of standard service hours throughout the year. During 2009-10 we achieved 99.3% availability.

Within Roads Service Direct during 2009-10 we:

- obtained re-accreditation to the revised ISO 9001:2008, for our Quality Management System, incorporating all areas of Roads Service Direct.
- exceeded the target for the timely repair of R1 (96%) and R2 (96%) surface

defects but did not meet target for R3 (92%) surface defects due to the high number of defects caused by the severe winter weather conditions.

- continued to deliver the winter service throughout the extended period of severe wintry conditions experienced across the whole of Northern Ireland in December and January.

- surface dressed 3.07 million square metres of carriageway equating to 56% of the overall Roads Service target (to be undertaken by both Roads Service Direct and private sector contractors) and 52% of that actually completed by the end of the season;

- delivered 3652 training days for industrial and non-industrial Roads Service staff;

- continued to monitor continuous improvement and Best Value through the use of our Balanced Scorecard performance monitoring system, quality audits, financial monitoring, unit costing and customer meetings and surveys; and

- to date the unit cost index for the major work activities that Roads Service Direct undertakes has not met the target however the external construction inflation index for the same period will not be confirmed until September 2010.

Centre of Procurement Expertise (CoPE)

The Department of Finance and Personnel commissioned Price Waterhouse Coopers to review the status of the Centres of Procurement Expertise.
A final report was published in September 2009 which provides scores in each of the 10 areas for assessment. The report states that Roads Service has increased their assessment scores to 815 which is an 'exemplar' level based on the current criteria.

Roads Service 2012

During 2009-10 we developed our vision of what Roads Service might look like in 2012 taking account of the external environment in which it operates including the challenging financial environment. The vision will see Roads Service as:

- an Agency, working with the Department to deliver our Programme for Government obligations and annual performance targets agreed with the Minister for Regional Development;

- setting the strategic direction of the Agency and contributing to the development of the Programme for Government, ISNI and the Department's transportation policy;

- an "intelligent client". This is defined as "a knowledgeable organisation, capable of making informed judgements, providing expert advice and delivering value for money services";

- more focussed on service delivery. Back office and support functions are likely to be provided by/through the Department and a range of transactional service providers. Transportation policy will be developed by the Department;

Strabane Bypass

- still organised on a client/provider separation;
- coterminous with the new 11 Council boundaries which will mean changes to our current divisional boundaries and a renewed focus on local priorities as identified through our active engagement in the community planning process;
- delivering work programmes through a range of strategic, medium to long term partnerships, including through reshaped internal providers; and
- using its direct labour workforce to deliver a more focussed range of functions.

Throughout the year we made significant progress towards achieving this vision by:

- amalgamating a number of our back office functions with the Department;
- delivering significant admin savings in 2010-11;
- identifying a number of potential improvements to the interaction between the client and providers;
- reviewing our divisional boundaries and Section Offices structure to ensure that they are still the most appropriate to facilitate delivery of our business objectives; and
- identifying a number of depots including Carrickfergus, Ballycastle and Cookstown that are planned for closure in 2010-11.

The work associated with Roads Service 2012 will be continued in 2010-11 to ensure the vision is realised.

Corporate Governance

The Chief Executive as Accounting Officer is responsible for maintaining a sound system of internal control that supports the achievement of our policies, aims and objectives, whilst safeguarding the public funds and assets. The Chief Executive is supported in this by the Roads Service Board, which includes an Independent Board Member.

We measure our performance against targets agreed with the Minister and published in our Corporate and Business Plan. Progress is monitored by the Roads Service Board on a regular basis.

The Board has established an on-going risk management process. This identifies the principal risks associated with the achievement of our policies, aims and objectives along with the controls required to manage those risks at Agency, Directorate and Business Unit level.

The Board has also put in place arrangements to provide assurance on internal control and risk management. This includes the establishment of the Audit Committee, which is chaired by the Independent Board Member and which oversees a programme of internal audits.

Our

People

Key Objective: Support and motivate all our people to achieve the Agency's objectives

We recognise that our objectives can only be achieved through the contribution and commitment of our staff. At 31 March 2010, there were 2267 people in Roads Service, comprising 1126 Professional and Technical, 634 Industrial, 441.5 Administrative and 65.5 Support staff.

We maintain good two-way communication with staff via a number of channels including staff opinion surveys, Departmental magazine, team meetings/briefings at branch level and informal meetings between the Roads Service Board and staff 'on the ground'. Most importantly, we use these feedback mechanisms to improve how we work together to deliver the services we are responsible for.

We also have strong working relationships with Trade Union Side representatives and we have continued to keep them informed of issues impacting upon staff through our regular meetings of the Whitley Committee. This includes the work being taken forward to implement the RS 2012 vision as well as proposals for the reform of local government in which staff working within the Parking Enforcement Unit are due to transfer to local government in May 2011.

We also continued to develop good working relations with the Industrial Trade Unions, Unite and GMB, through quarterly Joint Industrial Council meetings and Local Consultative Committees. We were also represented on the NICS-wide Central Joint Consultative Committee.

We are committed to the training and development for our staff. During 2009-10, we were able to provide 3837 of the training needs identified by staff. This included assisting more than 20 staff to undertake recognised qualifications. This enabled a number of staff to apply for posts in the Professional and Technical fields where we have experienced difficulties in recruitment. We continued to support staff to gain membership of relevant professional bodies such as the Institute of Civil Engineers.

We also supported a number of staff through our Employer Supported Volunteer Scheme to enable them to undertake a variety of voluntary activities in the local community.

Our Roads Service Training Centre continued to arrange and provide a wide range of training in highway maintenance industrial skills and sector scheme requirements. Training was also provided to non-industrial staff in a range of highway related functions.

We continued to operate an output based incentive scheme for our industrial workforce, designed to ensure a high output of high quality road maintenance work.

Health and Safety

From the introduction of ‘Operation, Analysis and Control’ procedures to Health and Safety in 1998-99, and working from the base line figure of 68 lost time accidents for that year, the 2007-08 figure fell to 26.

Our target is to reduce by 20% the number of accidents over the next three years. Unfortunately, there were 27 lost time accidents in 2008-09 which would indicate that our three year target is at risk of not being achieved.

A preventative and corrective action plan has been developed developed and implemented in July 2009 to address the risk of not achieving this target.

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Financial

Review

Funding

Roads Service is funded principally by monies voted from Parliament and, to a lesser extent, by income from car parking and related enforcement activities, ferry receipts, proceeds from the sale of land and operation and maintenance costs recoverable from third parties.

Financial Results

The Roads Service budget for the 2009-10 financial year was £1.8 billion. Of this, £1.4 billion represents notional cost of capital charges. The remaining £419 million is the Agency's operating budget which was fully expended .

Financial Performance

The main features arising from the Agency's financial performance in the year (pages 62-101) are as follows.

- Net resource outturn is 100% of the total budget of £162 million.
- Gross capital expenditure of some £257 million is on budget.
- Capital charges were less than anticipated, (£121m, 8.5%) mainly due to falls in the value of assets.

	2009-10 Actual £m	2009-10 Budget £m	Variance £m
Net Resource Expenditure (excluding capital charges and depreciation)	162	162	nil
Gross Capital Expenditure	257	257	nil
Operating Expenditure	419	419	nil
Cost of Capital Charges and depreciation	1,293	1,414	(121)
Total	1,712	1,833	(121)

- The completion of the final Sandyknowes to Greencastle section marks the completion of construction of the £140m DBFO1 project covering widening of the M1 at Westlink and widening of the M2. All sections of this project are now open to the public.

- The first phases of the £300m DBFO 2 project were completed with the opening to the public of 4 grade separated junctions on the A1 and the opening of the A4 Annaghilla and A5 Tullyvar schemes.

- Just over £33 million of Local Transport and Safety Projects have been undertaken this year.

Fixed Assets

Details of the movements in fixed assets are set out in notes 7 and 8 to the Accounts.

The net book value of fixed assets has decreased by £2.3 billion during the year. The majority of this decrease is due to the revaluation of infrastructure assets, which includes a decrease of £2.5 billion in infrastructure land values.

Roads Service is responsible for managing property with a value of £375 million including Land for Schemes, Depots and Car Parks.

Roads Service Property Strategy includes carrying out an annual review of all land holdings to identify:

- land to be retained for future road schemes;
- land that is now surplus to requirements; and
- land that has development potential and could be disposed of to the improvement of Roads Service.

Remote Contingent Liabilities

As stated in note 20 of the Annual Accounts, there are no contingent liabilities that are not required to be disclosed under IAS 17 but are required to be disclosed for assembly reporting and accounting purposes.

Important Events Occurring After the Year End

There are no significant events since the year-end which might affect a reader's understanding of these accounts.

Future

Strategy

Review of Public Administration (RPA)

In March 2008 the Executive announced that a number of public realm aspects of local roads functions would transfer to the 11 new councils to be created in 2011. The functions identified to transfer included work in relation to:

- streetscaping;
- town and city centre environmental improvements;
- grass cutting/weed spraying;
- gully emptying;
- street lighting;
- off-street car parks;
- pedestrian permits;
- alley-gating;
- permitting local events to be held on roads; and
- the salting of footways.

However, following a period of consultation with local government during 2009, Executive Ministers agreed to transfer a refined suite of functions in 2011. The revised functions that will transfer include:

- pedestrian permits;
- alley-gating;
- permitting local events to be held on roads;
- off-street car parking; and
- on-street parking enforcement.

As a result, approximately 60 Roads Service staff could transfer to the new councils under these proposals. The Executive's decision also advised that Roads Service would implement structural arrangements to facilitate coterminosity with the new council boundaries, and there would be formal and direct input by new councils to local roads decision making.

On 14 June 2010 the Executive decided to postpone the local government reform programme and to retain the existing 26 councils for the local council elections in 2011. Roads Service is working closely with officials from the Department of the Environment and local government, to clarify the impact of this decision.

Building a Better Future - Programme for Government 2008-11

Building a Better Future – Programme for Government 2008-11 sets out the Northern Ireland Executive's priorities and spending plans in Northern Ireland. To support the Executive's priorities and realise its goal of a better future, a framework of Public Service Agreements (PSAs) has been agreed with Departments for the period 2008-11. Working within the framework agreed with the Minister and our parent Department, we have undertaken to deliver on our commitments against the following PSAs over the 3-year Corporate Plan period:

- Improving the Transport Infrastructure (PSA 13): Maintain and develop the public road and rail network and improve public transport provision to deliver a modern, efficient and sustainable transportation system that facilitates economic growth and social inclusion across the Region; and

- Promoting Safer Roads (PSA 14): Deliver a safer road network and achieve measurable reductions in road deaths and serious injury.

Throughout the Programme for Government period, we will contribute to:

- the improvement of the strategic road network by the advancement/completion of a range of major works schemes (PSA 13);
- the maintenance of the road infrastructure to keep it safe, effective and reliable through resurfacing, surface dressing and the timely repair of road defects (PSA 13); and
- safer roads by using a range of initiatives including road safety engineering, traffic calming, Intelligent Transport Systems and the further enhancement of the pedestrian and cycling network (PSA 14).

Strategic Road Improvement Programme

The Investment Strategy for Northern Ireland 2008-18, endorsed by the Assembly in January 2008, envisages in the region of £3.1 billion expenditure on roads infrastructure with over £612m identified during the current Budget period 2008-09 to 2010-11.

Included within the £3.1 billion is a £400m contribution from the Irish Government to help fund major roads programmes, providing dual carriageway standard on routes within Northern Ireland on the Western Corridor (A5 Londonderry to Aughnacloy) and the Eastern Seaboard Corridor (A8 Belfast to Larne). Preferred routes for both the A5 and A8 were announced by the Minister in July and August 2009 respectively. In line with the Integrated Delivery Team approach adopted on these two schemes Contractors were appointed to the A5 in December 2009 and A8 in January 2010. An early involvement by the Contractors will assist Roads Service and the scheme consulting engineers in the development of the design of the new dual carriageways in advance of the publication of the draft statutory orders currently planned for late 2010.

In addition, we are developing major schemes to dual significant lengths of the A6 Belfast-Londonderry route which, along with a range of other proposals across the Province, forms the basis of the roads programme published in the Investment Delivery Plan for Roads in spring 2008.

Efficiency Programme

Budget 2008-11 incorporated efficiencies of £19.8m to be delivered by Roads Service by the end of the budget period. Some £17.4m of this target has been delivered in the 09/10 year.

G W Allister
Chief Executive

01 July 2010

Remuneraton

Report

Remuneration Policy

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

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

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

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners 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 an individual receiving compensation as set out in the Civil Service Compensation Scheme.

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

Salary and Pension Entitlements

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

Benefits in Kind

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

Remuneration (Audited Information)

	2009-10		2008-09	
Officials	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Mr G Allister Chief Executive	85-90	-	90-95	-
Dr A Murray Director of Network Services.	60-65	-	60-65	-
Mr B Jordan Acting Director of Corporate Services from 01/04/09 to 31/05/2009.	15-20 (60-65 full year equivalent)	-	60-65 (65-70 full year equivalent)	-
Mrs M Glass Acting Director of Corporate Services from 01/06/2009 to 03/01/2010. Director of Corporate Services from 04/01/2010 to 31/03/2010.	30-35 (45-50 full year equivalent)	-	-	-
Mr B Cairns Director of Engineering.	60-65	-	65-70	-
Mr J White Acting Director of Strategic Programmes from 01/04/2009 to 18/10/2009. Director of Strategic Programmes from 19/10/2009 to 31/03/10.	65-70	-	60-65	-
Mr J McNeill Director of Finance.	65-70	-	70-75	-
Mr T Deehan Acting Director of Finance 19/08/2009 to 30/11/2009.	10-15 (50-55 full year equivalent)	-	-	-
Mr J Keanie Non-Executive Director 01/04/2009 to 31/03/2010	10-15	-	-	-

Salary

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

Pension of Senior Management (Audited Information)

Board Members	Accrued pension at age 60 as at 31/3/10 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/03/10 £'000	CETV at 31/3/09 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (to nearest £100)
Mr G Allister Chief Executive	35-40 plus 110-115 lump sum	(0-2.5) plus (5-7.5) lump sum	902	857	(51)	-
A Murray (Dr) Director of Network Services.	25-30 plus 50-55 lump sum	(0-2.5) plus (0- 2.5) lump sum	503	350	(7)	-
Mr B Cairns Director of Engineering.	25-30 plus 80-85 lump sum	(0-2.5) plus (2.5-5) lump sum	686	654	(42)	-
Mr B Jordan Acting Director Of Corporate Services from 01/04/09 to 31/05/09.	20-25 plus 60-65 lump sum	(0-2.5) plus (2.5-5) lump sum	369	390	(28)	-
Mrs M Glass Acting Director of Corporate Services from 01/06/2009 to 03/01/2010. Director of Corporate Services from 04/01/2010 to 31/03/2010.	10-15 plus 30-35 lump sum	0-2.5 plus 0-2.5 lump sum	159	135	7	-
Mr J White Acting Director of Strategic Programmes from 01/04/2009 to 18/10/2009. Director of Strategic Programmes from 19/10/2009 to 31/03/10.	30-35 plus 90-95 lump sum	0-2.5 plus 5-7.5 lump sum	785	661	49	-
Mr J McNeill Director of Finance.	15-20 plus 25-30 lump sum	(0-2.5) plus (2.5-5) lump sum	275	266	(30)	-
Mr T Deehan Acting Director of Finance 19/08/2009 to 30/11/2009.	0-5 plus 10-15 lump sum	0-2.5 plus 0-2.5 lump sum	88	80	3	-

The factors used in calculating CETVs have been updated during 2009. New factors have been applied to calculate the opening CETV figure for 09/10 and as a result there may be a slight difference between the CETV figures as at 31/3/09 and the figures at 31/3/10.

Negative balances in Real Increase in CETVs reflects the fact that last year's salary declarations included non-pensionable bonuses which inflated the figures. The above reflects the correct position.

Northern Ireland Civil Service (NICS) Pension Arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by 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 joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'earned pension' arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. Earned pension benefits are increased annually in line with increases in the RPI and attract annual pension increase. However, in line with RPI for September 2009 being in the negative, there will be no other increase for any public sector in 2010.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may give up (commute) some of their pension to provide a lump sum. Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly 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 pension age, or on immediately ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the 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 CSP arrangement. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values)(Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

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

Compensation for loss of office

There was no compensation paid for loss of office in 09-10.

G W Allister
Chief Executive
01 July 2010

Appendices

Street lighting on Comber Bypass

Our Structure

(at 31 March 2010)

Appendix 1

Roads Service Chief Executive
Geoff Allister

Director of Network Services
Andrew Murray

Divisional Manager Northern
Uel Wilson
(Acting)

Divisional Manager Southern
Bertie Ellison
(Acting)

Divisional Manager Western
Pat Doherty

Divisional Manager Eastern
Ken Hutton
(Acting)

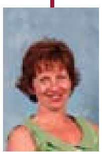
Deputy Divisional Manager Eastern
Kevin Monaghan

Director of Engineering
Bob Cairns

Head of Transportation & Engineering Policy Unit
Simon Richardson
(Acting)

Head of Roads Services Direct
Damien McQuillan
(Acting)

Head of Roads Services Consultancy
John Irvine



Director of Corporate Services
Michaela Glass

Director of Finance
John McNeill

Director of Strategic Programmes
John White

Independent Board Member
John Keanie

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Deputy Divisional Manager
Kevin Monaghan

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Head of Transportation and Engineering Policy Unit
Simon Richardson (Acting)

Key Performance Targets

Appendix 2

Target	Outturn
Key Objective: Maintain the road infrastructure to keep it safe, effective and reliable	
Maintain the motorway and trunk road network so that at least 70% is in satisfactory structural condition. +	Achieved 72.4%
Other roads[1] in the network to receive resurfacing treatment of 28% of that recommended in Best Practice Guidelines. +	Achieved 48%
Repair or make safe by the end of the day following the day of detection, at least 94% of serious road defects: • 50-100mm deep on heavily trafficked urban roads and footways; and • Over 100mm deep on all roads and footways (except lightly trafficked rural roads).	Achieved 96%
Key Objective: Improve the road network	
By 30 September 2009, produce a report on the condition of our Road Network to inform future financial planning. Improve the strategic road network by achieving 85% of our major works milestones which include the completion of the following schemes: • M2 widening; • A20 Newtownards Sourthern Distributor; • A1 Hillsborough Junction; • A1 Dromore Junction; • A1 Banbridge Junction; • A1 Loughbrickland Junction; and • A5 Tullyvar Reduce, by at least 50%, the total number of target collisions[2] occurring at treated sites over the 3 years following completion of the collision remedial works.	Achieved Achieved Achieved

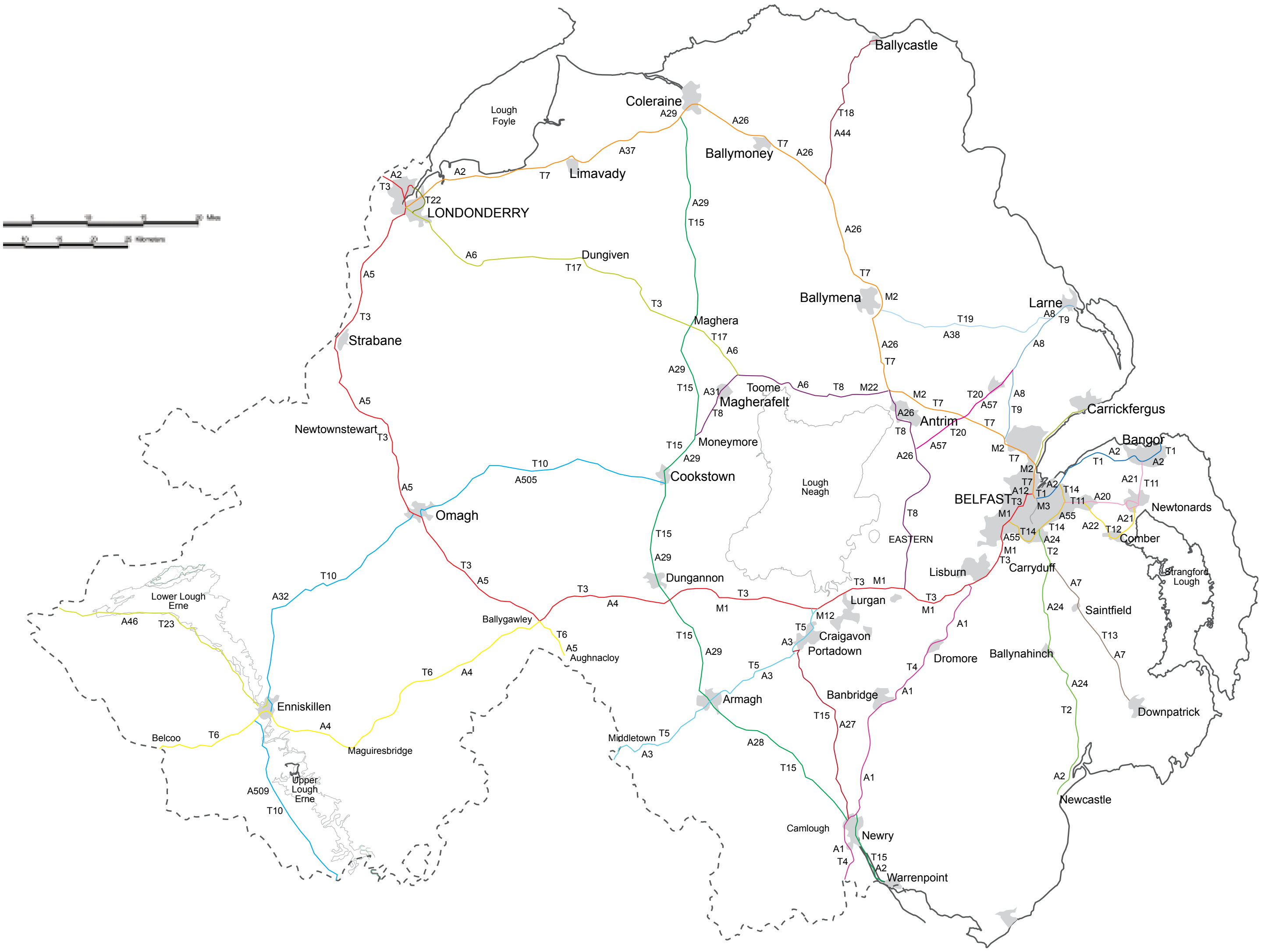
Key Objective: Manage the road network to promote its safety and efficient operation	
By end March 2010 to have implemented 130 Local Transport and Safety Projects, including traffic calming, enhancement of the pedestrian and cycling network and school travel and safety projects.	Achieved
Introduce an improved Street Works register and notifications system by 31 December 2009.	Achieved
Key objective: Deliver quality services for our customers and stakeholders in a fair and equitable way	
Respond to 90% of written enquiries from customers within 15 working days.	Achieved 94% Not Validated
Inform 95% of applicants for Blue Badges of our decision within 15 working days of receipt of their valid applications* *Excludes referral times for applications referred to GPs for comment	Achieved 97%
Pay 95% of undisputed invoices within 30 days	Not Achieved
Key Objective: Operate to resource limits and deliver value for money	
Maintain expenditure within resource limits and to approved budgets.	Achieved
Maintain 'excellent' status as a Centre of Procurement Expertise	Achieved

Key Objective: Support and motivate all our people to achieve the Agency's objectives	
By 30 June 2009, to have developed an action plan, addressing issues identified in feedback from our successful re-accreditation to Investors in People standard and staff survey.	Achieved
By the end of March 2010, reduce the average annual level of absenteeism due to sickness to not more than: • 6.% (13.44 days per person) for industrial staff; and • 3.9% (8.5 days per person) for non-industrial staff.	 Achieved 5.9% Achieved 2.6% Not Validated Performance is based on information from HR Connect and cannot be validated at this time.
Key Objective: Take forward the implementation fo the roads aspects of the Executive's decision on the RPA local government review.	
By 30 September 2009 to have: • Reached agreement with local government on the public realm functions of Roads Service which are to transfer under the Review of Public Administration; and • Developed a plan for the future operational structure of Roads Service based on future business needs and taking account of new council boundaries.	Achieved
By end December 2009, provide briefing to all staff about the conclusions of public realm functions transferring to new councils and future organisational structure of Roads Service.	Achieved

Targets marked + are Public Service Agreement targets
[1] Other than motorways and trunk roads
[2] A collision, the type of which is to be addressed by the remedial works

Strategic Road Network

Appendix 3



Accounts

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Statement of

Agency's and Chief Executive's Responsibilities

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel (DFP) has directed Roads Service to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency and of its net operating costs, statement of change's in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by DFP, 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 accounts; and
- prepare the accounts on the going concern basis.

The Accounting Officer of the Department for Regional Development has designated the Chief Executive of Roads Service as the Accounting Officer for 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 in "Managing Public Money in Northern Ireland" issued by the Department of Finance and Personnel.

The Chief Executive is responsible for the maintenance and integrity of the information on the Agency's website.

Statement on

Internal Control

1 Scope of responsibility

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

Roads Service is an Executive Agency within the Department for Regional Development (DRD) and operates within the context of the Department's overall vision and strategic objectives. The Department approves the Agency's Corporate and Business Plan and regularly reviews the Agency's performance towards its performance targets.

As Chief Executive of the Agency I am a member of the Departmental Board which directs the work of the Department. I also attend the Departmental Weekly Business Review meetings which are chaired by the Permanent Secretary.

I also attend the Road Service Audit Committee and the Departmental Audit Committee. Appropriate records of all such meetings are maintained.

2 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 Roads Service for the year ended 31 March 2010 and up to the date of approval of the Annual Report and Accounts and accords with DFP guidance.

3 Capacity to handle risk

The Agency Board has ensured that appropriate procedures are in place and that staff have been adequately equipped to identify, evaluate and manage risk. These procedures include the allocation of risk management duties to the appropriate staff. A clear statement of the importance the Agency attitudes to risk management, with regard to the achievement of the Agency's objectives, has been conveyed to relevant staff.

4 Significant areas of risk for the Agency

An area of risk that concerns me is the structural condition of the road network. While I recognise the funding pressures facing the Executive I am concerned that the level of funding made available to Roads Service for structural maintenance is insufficient to maintain the network in a satisfactory condition on an ongoing basis. Reasons for my concern are:

- An independent assessment of the funding required for the structural maintenance of the road network by Professor Martin Snaith, a leading authority in the field of structural maintenance and road condition assessment, highlights the case for a significantly enhanced level of investment to carry out much needed maintenance repair work;

- The report states that the overall Structural Maintenance budget should be increased to around £112 million per annum at today's prices, giving an equivalent expenditure of around £4,400 per carriageway-km. This is considerably lower than equivalent actual expenditure in England and Wales;
- Some 2.7% of the motorway network and around 43% of the trunk road network are at or below the national skidding resistance investigatory level. While such lengths are monitored and action taken in line with national standards, if there is a history of skidding collisions, such a high proportion of the upper road hierarchy with relatively low skidding resistance is a cause for concern; and
- On the non trunk road network we continue to 'paper over the cracks' on too many occasions. The relatively low level of funding means that the good practice resurfacing frequency of once in 25 or 30 years is not achieved. Indeed, resurfacing frequencies on the non trunk network are often in excess of good practice e.g.. the resurfacing frequency for the U-class roads last year was 1 in 100 years. This means that significant lengths of the non trunk road network will be of irregular profile and/or below the desirable skid resistance level.

I am also concerned that no funding was made available for the ongoing operation and maintenance of our street lighting systems. To maintain safety standards and public services in this area, I had to divert funds from other resource budgets, including structural maintenance.

5 The risk and control framework

Risk management is incorporated into the corporate planning, decision making and performance reporting processes of the Agency.

The Board receives quarterly reports concerning risk management and ensures that the appropriate steps are taken to manage risks in significant areas of responsibility and to monitor progress on key projects.

In addition to the actions mentioned above, the Agency has:

- regularly reviewed and updated the record of risks facing the organisation;
- set up a system of key performance and risk indicators;
- developed and maintained a corporate risk register and business unit risk registers and arranged for reports from each Director on internal control activities;
- introduced controls to manage confidential, important or sensitive information appropriately; and
- established an Audit Committee to review the comprehensiveness, reliability and integrity of the assurances supplied to the Board and the Accounting Officer.

6 Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive 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 letters 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 2009/10, the Agency successfully migrated its financial management system to Account NI. Although there were initial difficulties with the production of management reports, senior management was quick to intervene and to escalate these concerns to an appropriate level to ensure a prompt resolution. Management also reacted with countermeasures to ensure that an appropriate level of service was maintained throughout the migration period.

The Agency Audit Committee, which meets regularly, has an independent Chairman, an independent Member and a representative of the Road Service Board. I attend this Committee along with the Director of Finance and representatives of Internal Audit and the Northern Ireland Audit Office. The Committee reviews and monitors updates to audit action plans, updates to the corporate risk register and provides support and guidance on corporate governance issues. The Audit Committee in it's work for this year has concluded that the assurance available was sufficient to support me in my accountability obligations and it has raised no implications on the overall management of risk.

From September 2009 the Committee was chaired by the Non-Executive Member of the Roads Service Board.

7 Significant internal control problems

- As part of their audit programme, Internal Audit identified internal control problems in a Departmental review of Small Assets/ Equipment in relation to the management of Roads Service Assets. Follow up action is being pursued through the normal agreed audit action plan.

- The Agency has received an inter-Departmental Assurance Report from DFP Internal Audit covering all services provided by DFP to other Departments. DFP Internal Audit carried out a programme of audits in HR Connect. An additional ten Quality Assurance reviews were to be carried out by Fujitsu and Capita review teams (the Contractor). However, the contractor has only completed two of its ten planned reviews, and those are considered by DFP Internal Audit to lack rigour, breadth and depth. This issue has been escalated to the highest levels within DFP and Fujitsu, and it is clear that a different audit strategy will be required for 2010-11. Only a limited audit opinion has therefore been provided for HR Connect.

Geoff Allister
Chief Executive

1 July 2010

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

Respective responsibilities of the Chief Executive and Auditor

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

Scope of the Audit of the financial statements

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

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

Opinion on Regularity

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

Opinion on the financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Agency's affairs as at 31 March 2010, and of the net operating cost, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

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

Emphasis of matter: significant uncertainty on contractor claim

Without qualifying my opinion, I draw attention to note 16 to the financial statements. Roads Service Agency has included a provision within their financial statements in relation to a contractor dispute. A reliable estimate of the provision, based on all the information available and a disclosure noting the significant uncertainty in relation to the outcome of this claim have been included. This claim is still in draft form, the costs have not been fully analysed, and there are significant issues of dispute over the interpretation of the contract, for which a written legal opinion has not yet been obtained. Considering these complexities which have yet to be resolved, there is significant uncertainty as to the outcome of this claim which could have a material effect on the financial statements.

Matters on which I report by exception

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

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

I have no observations to make on these financial statements. I will continue to monitor developments in this contractual dispute.

Kieran J Donnelly

KJ Donnelly

Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast, BT7 1EU
1 July 2010

Operating Cost Statement

For the year ended 31 March 2010

	Note	Staff costs	Other costs	2009-10 £000 Income	2008-09 £000 Total
Administration Costs:					
Staff costs	3	59,549	-	-	59,200
Other administration costs	4	-	23,089	-	21,871
Income	6	-	-	-	-
Programme Costs:					
Staff costs	3	-	-	-	-
Programme costs	5	-	1,406,650	-	1,421,947
Income	6	-	-	(27,328)	(28,017)
		59,549	1,429,739	(27,328)	1,475,001
Net Operating Cost				**1,461,960**	**1,475,001**

The notes on pages 73 to 101 form part of these accounts

Statement of Financial Position

as at 31 March 2010

	Note	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
Non-current assets:				
Property, plant and equipment	7	30,555,810	32,834,033	35,520,602
Intangible assets	8	198	193	257
Total non-current assets		30,556,008	32,834,226	35,520,859
Current assets:				
Assets classified as held for sale	11	508	12,334	15,164
Inventories	12	1,348	1,359	1,282
Trade and other receivables	13	32,948	27,932	23,719
Other current assets		-	-	-
Cash and cash equivalents	14	14	11	30
Total current assets		34,818	41,636	40,195
Total assets		30,590,826	32,875,862	35,561,054
Current Liabilities:				
Trade and other payables	15	(100,490)	(66,356)	(60,075)
Other liabilities		-	-	-
Total current liabilities		(100,490)	(66,356)	(60,075)
Non-current assets less net current liabilities		30,490,336	32,809,506	35,500,979
Non-current liabilities				
Provisions	16	(51,151)	(60,875)	(68,325)
Other payables	15	(163,738)	(103,126)	(35,697)
Total non-current liabilities		(214,889)	(164,001)	(104,022)
Assets less liabilities		**30,275,447**	**32,645,505**	**35,396,957**
Taxpayers' equity:				
General fund		13,084,629	12,880,784	12,731,768
Revaluation reserve		17,086,467	19,663,430	22,562,590
Grant reserve		104,351	101,291	102,599
Total taxpayers' equity		**30,275,447**	**32,645,505**	**35,396,957**

G Allister
Chief Executive
1 July 2010

The notes on pages 73 to 101 form part of these accounts.

Statement of Cash Flows

For year ended 31 March 2010

	2009-10 £000	2008-09 £000
Cash Flows from operating activities		
Net operating cost	(1,461,960)	(1,475,001)
Adjustments for non-cash transactions	1,311,865	1,342,686
(Increase)/Decrease in trade and other receivables	(5,016)	(4,213)
less movements in receivables relating to items not passing through OCS	645	2,859
(Increase)/Decrease in inventories	11	(77)
(Increase)/Decrease in trade payables	88,427	77,747
less movements in payables relating to items not passing through the OCS	(15,162)	(10,794)
Use of provisions	(4,562)	(4,771)
Use of bad debt provisions	(1,832)	-
Use of other revenue provisions	-	-
Net cash outflow from operating activities	**(87,584)**	**(71,564)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(249,548)	(231,126)
Purchase of intangible assets	(121)	-
Proceeds of disposal of property, plant and equipment	792	768
Proceeds of disposal of intangibles	-	-
Loans to other bodies	-	-
(Repayments) from other bodies	-	-
Net cash outflow from investing activities	**(248,877)**	**(230,358)**
Cash flows from financing activities		
From the Consolidated Fund (Supply) - current year	331,957	289,698
From the Consolidated Fund (Supply) - prior year	-	-
From the Consolidated Fund (non-Supply) - prior year	-	-
From the EU/TENS (non-Supply)- Capital grants	323	9,116
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	-	-
Developer contributions	6,199	7,854
Net financing	**338,479**	**306,668**
Net increase/(decrease) in cash and cash equivalents in the year before adjustments for receipts and payments to the consolidated fund	2,018	4,746
Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities	-	-
Payments of amounts due to the Consolidated Fund	(8,334)	(728)
Net increase/(decrease) in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund	(6,316)	4,018
Cash and cash equivalents at the beginning of the year	(4,711)	(8,729)
Cash and cash equivalents at the end of the year	**(11,027)**	**(4,711)**

The notes on pages 73 to 101 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For year ended 31 March 2010

	Note	General Fund	Revaluation Reserve	Government Grant Reserve	Total Reserves
Balance at 31 March 2008		12,732,765	22,562,590	102,599	35,397,954
Changes in accounting policy		(997)			(997)
Restated balance at 1 April 2008	2	12,731,768	22,562,590	102,599	35,396,957
Changes in taxpayers' equity for 2008-09					
Opening adjustment		-	190	-	190
Net gain/(loss) on revaluation of property, plant and equipment		-	(2,867,145)	(9,069)	(2,876,214)
Net gain/(loss) on revaluation of intangible assets		-	-	-	-
Net gain/(loss) on revaluation of investments		-	-	-	-
Receipt of donated assets		-	-	-	-
Release of reserves to the operating cost statement		-	-	(5,285)	(5,285)
Contributions to capital assets		65,001	-	-	65,001
Non-cash charges - notional charges		9,030	-	-	9,030
Non-cash charges - cost of capital		1,241,662	-	-	1,241,662
Non-cash charges - auditors' remuneration		59	-	-	59
Transfers between reserves		32,205	(32,205)	-	-
Net Operating cost for the year		(1,475,001)	-	-	(1,475,001)
Total recognised income and expense for 2008-09		**12,604,724**	**19,663,430**	**88,245**	**32,356,399**
Funding from Parent		289,698	-	-	289,698
National Insurance Fund		-	-	-	-
CFERs payable to the Consolidated Fund:					
Operating Income - non-EU		(560)	-	-	(560)
Operating Income - EU		-	-	-	-
Revenue Exchange Rate Gains / Losses - non-EU		-	-	-	-
Revenue Exchange Rate Gains / Losses - EU		-	-	-	-
Capital Exchange Rate Gains / Losses - non-EU		(1,081)	-	-	(1,081)
Capital Exchange Rate Gains / Losses - EU		-	-	-	-
Non-operating Income - non-EU		(11,997)	-	13,046	1,049
Non-operating Income - EU		-	-	-	-
Balance at 31 March 2009	**2**	**12,880,784**	**19,663,430**	**101,291**	**32,645,505**

Statement of Changes in Taxpayers' Equity (continued)

	Note	General Fund £000	Revaluation Reserve £000	Government Grant Reserve £000	Total Reserves £000
Changes in taxpayers' equity for 2009-10					
Opening adjustment		307	(8,619)	-	(8,312)
Net gain/(loss) on revaluation of property, plant and equipment		-	(2,488,047)	-	(2,488,047)
Net gain/(loss) on revaluation of intangible assets		-	8	-	8
Net gain/(loss) on revaluation of investments		-	-	-	-
Receipt of donated assets		-	-	-	-
Release of reserves to the operating cost statement		-	-	(5,245)	(5,245)
Contributions to capital assets		105,365	-	-	105,365
Non-cash charges - notional charges		11,280	-	-	11,280
Non-cash charges - cost of capital		1,145,348	-	-	1,145,348
Non-cash charges - auditors' remuneration		-	-	-	-
Transfers between reserves		72,485	(80,305)	7,820	-
Net Operating cost for the year		(1,461,960)	-	-	(1,461,960)
Total recognised income and expense for 2009-10		**12,753,609**	**17,086,467**	**103,866**	**29,943,942**
Funding from Parent		331,957	-	-	331,957
National Insurance Fund		-	-	-	-
CFERs payable to the Consolidated Fund					
Operating Income - non-EU		(723)	-	-	(723)
Operating Income - EU		-	-	-	-
Revenue Exchange Rate Gains / Losses - non-EU		-	-	-	-
Revenue Exchange Rate Gains / Losses - EU		-	-	-	-
Capital Exchange Rate Gains / Losses - non-EU		271	-	-	271
Capital Exchange Rate Gains / Losses - EU		-	-	-	-
Non-operating Income - non-EU		(485)	-	485	-
Non-operating Income - EU					-
Balance at 31 March 2010		**13,084,629**	**17,086,467**	**104,351**	**30,275,447**

The notes on pages 73 to 101 form part of these accounts.

Notes to the Agency's Accounts

1 Statement of Accounting Policies.

These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel (DFP). The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. In addition to the primary statements prepared under IFRS, the FReM also requires the Agency to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes show Outturn against Estimate in terms of the net resource requirement and the net cash requirement.

Where the FReM 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 purpose of giving a true and fair view has been selected. The Agency's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Basis of preparation

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

1.2 First-time adoption of International Financial Reporting Standards

As these financial statements represent the Agency's first-time adoption of IFRS, an explanation of the effect of transition is given in Note 2 to these financial statements. Note 2 includes a reconciliation of the Agency's equity as previously reported under UK GAAP as at the date of transition and as at the end of the current reporting period and a reconciliation of the Net Operating Cost for the previous accounting period under UK GAAP. In accordance with IFRS1 the Agency has prepared an opening IFRS Statement of Financial Position as at 31 March 2008. It has used the same accounting policies in the opening Statement of Financial Position as in these financial statements.

1.3 Property, plant and equipment

Property, plant and equipment is sub-categorised into infrastructure assets and non-infrastructure assets. Infrastructure assets relates to the motorways, trunk roads, road carriageways, footways, communications, bridges and other structures and land within the road network perimeter. Non-infrastructure assets include land, buildings, transport equipment, plant and machinery and IT and office equipment.

1.3.1 Capitalisation policy

Infrastructure assets

Maintenance which replaces or enhances the service potential of the road network is capitalised. This includes reconstruction and resurfacing costs, together with any other spend directly leading to the enhancement of the surface potential of the road surface. Staff costs directly attributable to these maintenance activities are capitalised.

Non-infrastructure assets

The minimum level for capitalisation of a tangible asset is £1,000, except for land for which there is no threshold and car park additional works where the threshold is £5,000. On initial recognition they are measured at historic cost including any costs, such as installation, directly attributable to bringing them into working condition.

1.3.2 Valuation

Infrastructure assets

The road surface is recognised as a single asset and is held at depreciated replacement cost (DRC). The structures and communications are also held at DRC. The valuation has been prepared by in-house professionally qualified engineers, supported by external valuers. An annual revaluation is carried out by reference to the 'Baxter' index for construction in England, Wales and Northern Ireland. In 2009-10 Roads Service has applied a provisional index to 31 December 2009 as this was the most up to date at the Statement of Financial Position date.

Depending on the availability of new scheme information a more extensive revaluation may be performed to review and update the unit rates which form the basis of the valuation.

Land and buildings

Land and buildings are valued by Land and Property Services and are updated annually to reflect both subsequent expenditure and the movement in appropriate published indices.

Other Non-infrastructure assets

All other tangible assets are valued at DRC or open market values were obtainable and restated for inflation by the appropriate inflation indices.

Surpluses arising on revaluation are taken to the relevant reserve. Losses on revaluation are debited to the relevant reserve to the extent that revaluation gains have been recorded previously, otherwise they are debited to the operating cost statement. All losses that are a result of a loss of economic value or service potential are taken to the operating cost statement.

The following valuers have been involved in valuing property, plant and equipment at the dates specified:

Asset Category	Valuer name and qualifications	Date of last valuation	Valuation method in intervening years
Infrastructure Land	N/A	N/A	Indicative Land Indices (LPS)
Land for scheme	Land & Property Services (LPS)	31 March 2006	Indicative Land Indices (LPS)
Car Parks	Land & Property Services (LPS)	31 March 2008	Indicative Land Indices (LPS)
Buildings	Land & Property Services (LPS)	31 March 2008	BCIS Index (LPS)
Infrastructure Assets	EC Harris (Professional surveyors) and Professor MS Snaith FREng	31 March 2004	Baxter Index (Provisional)
Transport Equipment – Ferry	Blyth Bridges (Marine Consultants)	31 March 2006	Index provided by Marine Consultants
Transport Equipment – Vehicles	N/A	N/A	Adjusted National Statistics SIC92
Plant and Machinery	N/A	N/A	Adjusted National Statistics SIC92
Surplus Assets	Land & Property Services (LPS)	31 March 2008	Property Market Indices (LPS)

1.3.3 Depreciation

Infrastructure assets

Depreciation is the value of the service potential replaced through the maintenance program. As the value of the network is enhanced by carrying out maintenance, the element being replaced is removed from the infrastructure value. The value of the replaced part is approximated to the value of the enhanced part and is written off as depreciation. The depreciation charge is adjusted by the output of an annual condition survey.

Non-infrastructure assets

Tangible assets are depreciated at rates calculated to write them down to estimated residual value over their estimated useful lives. Payments on account and assets in the course of construction are depreciated from the point at which the asset is brought into use. No depreciation is provided on freehold land as it has an unlimited or very long estimated useful life.

Depreciation is calculated as follows:

- Freehold Land – not depreciated.
- Buildings, Operating Assets and Office Equipment are depreciated on a straight line basis over their expected useful lives. Estimated useful economic lives by asset category are as follows:

Buildings excluding dwellings	15-50 years
Transport Equipment	3-50 years
Plant and Machinery	3-15 years

- IT equipment and computers are depreciated using the accelerated depreciation method to write off assets over three to ten years.
- Assets in the course of construction are not depreciated until they have been brought into use.

1.4 Intangible assets

1.4.1 Intangible assets acquired separately – software licences

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged to the Operating Cost Statement on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, or more frequently when there is an indication that the intangible asset may be impaired, with the effect of any changes in estimate being accounted for on a prospective basis. Amortisation commences when the intangible asset is available for use. The residual values of the intangible assets are assumed to be zero.

Software licences are the main intangible asset acquired separately and are capitalised as an intangible asset where expenditure of £1,000 or more is incurred. Except where reliable evidence of current value cannot be readily ascertained, these are restated to current value each year in accordance with the movement in the RPI. Software licences are amortised over the term of the licence. Other intangible fixed assets are amortised over three to five years.

Amortisation is charged to the Operating Cost Statement on a straight-line basis over their estimated useful lives. Intangible assets are amortised over 4 years.

1.4.2 Internally-generated intangible assets

An internally-generated intangible asset arising from development is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use;
- The intention to complete the intangible

asset and use it;

- The ability to use the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Software systems and website development are the main internally generated intangible assets.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

1.5 Assets no longer classified as Donated Assets

Assets adopted from developers do not meet the definition of a donated asset and do not qualify for the treatment set out in the iFReM for donated assets. These assets are treated as normal tangible assets in accordance with IAS 16. They are capitalised at their current value on receipt, and this value is credited to the General Fund. They are subject to cost of capital charges at the standard rate of 3.5%.

1.6 Vesting of property

In certain instances the Agency will vest property. In such circumstances the Agency assumes ownership at the date of which the vesting order becomes operative and hence the property is capitalised.

1.7 Non-current assets held for resale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

1.8 Impairment of tangible and intangible assets excluding goodwill

At each statement of financial position date, the Agency reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Agency estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment of an infrastructure asset is defined as the loss of service potential for more than 1 year e.g. closing one lane of carriageway for more than 1 year.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Operating Cost Statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease through the Revaluation Reserve.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that increased carrying amount does not exceed the carrying amount that would have been determined has no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Operating Cost Statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase to the Revaluation Reserve.

1.9 Inventories

Inventories and work-in-progress are stated at the lower of cost or net realisable value. Cost includes labour, material, transport and an element of overheads, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale.

1.10 Grant funding

Grants received in respect of tangible assets are credited to a Grant Reserve and released to the Operating Cost Statement over the lives of the assets.

1.11 Operating income

Operating income is income which relates directly to the operating activities of the Agency.

Operating income is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. It is separately identified and released to the Operating Cost Statement in the period in which the underlying activity takes place.

It principally comprises fees and charges for services provided on a full-cost basis to external customers, as well as public repayment work, but it also includes other income such as that from investments. It includes both income appropriated-in-aid of the Estimate and income payable to the Consolidated Fund. Operating income is stated net of VAT.

Operating income is split under the following headings in the Operating Cost Statement:

Administration Income; and
Programme Income.

1.12 EU income

All income from the EU is separately identified and is released to the Operating Cost Statement in the period in which the underlying activity takes place.

1.13 Funding from Parliamentary/Assembly Supply

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

1.14 Administration and programme expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the most recent guidance on Estimates issued by DFP.

Administration costs reflect the costs

of running the Agency and include expenditure on administrative staff and associated costs including accommodation, communications and office supplies.

Programme costs reflect the costs of operating, managing, maintaining and improving the road network. It includes staff costs where they directly relate to service delivery.

1.15 Notional costs

Since Resource Accounts are required to show the full economic cost of delivery of public services, the Operating Cost Statement includes certain notional items of expenditure.

1.16 Staff costs

Under IAS19 Employee Benefits, all staff costs are recorded as an expense as soon as the Agency is obligated to pay them. This includes the cost of any untaken leave as at the year end. This cost has been estimated using average staff numbers and costs applied to the average untaken annual and flexi leave determined from the results of a survey to ascertain leave balances as at 31 March 2010. It is not anticipated that the level of untaken leave will vary significantly from year to year.

1.17 Capital charge

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at the real rate set by the Department of Finance and Personnel – currently 3.5% – on the average carrying amount of all assets less increases in value due to indexation less liabilities, except for:

- tangible and intangible assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year;
- additions at cost;
- disposals as valued in the opening statement of financial position (plus any subsequent capital expenditure prior to disposal);
- impairments at the amount of the reduction of the opening statement of financial position value (plus any subsequent capital expenditure);
- depreciation of tangible and amortisation of intangible assets;
- donated assets;
- amounts due from, or due to be surrendered to the Consolidated Fund; and
- cash balances within the centralised Northern Ireland Civil Service pool of accounts currently held at the Northern Bank.

1.18 Foreign exchange

The Resource Accounts have been presented in Sterling (the functional currency). In preparing the Resource Accounts, transactions in currencies other than the Agency's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each Statement of Financial Position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the Operating Cost Statement in the period in which they arise.

1.19 Pensions

Past and present employees are covered by the provisions of the Principal Civil

Service Pension Scheme (PCSPS) (NI) which is a defined benefit scheme and is unfunded and non-contributory except in respect of dependants' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium and classic plus). New entrants after 1 October 2002 may choose between membership of premium or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution (partnership pension account).

1.20 Early departure costs

The Agency is required to meet the cost of paying the pensions of employees who retire early from the date of their retirement until they reach normal pensionable age. The Agency provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced in the current or previous years by establishing a provision for the estimated payments. The provision is discounted by the Treasury discount rate of 2.2% in real terms. In past years, the Agency settled some or all of its liability in advance by making a payment to the DFP Superannuation Vote. The amount provided is shown net of any such payments.

1.21 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.22 Public Private Partnership (PPP) Transactions

PPP transactions are accounted for in accordance with IFRIC12 Service Concession Arrangements.

Where the balance of risks and rewards of ownership of the PPP property is borne by the Agency, the property is recognised as a tangible asset and the liability to pay for it accounted for as an imputed loan, from the point at which the asset is available for use. Contract payments to the PPP provider are apportioned between the element associated with the repayment of the imputed loan and the level of service provided.

Where the balance of risks and rewards of ownership of the PPP property are borne by the PPP operator, the PPP payments are recorded as an operating cost. Where the Agency has contributed assets, a prepayment for their fair value is recognised and subsequently charged as an operating cost over the life of the PPP contract. Where at the end of the PPP contract all or part of the property reverts to the Agency, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year.

1.23 Grants and subsidies payable

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

1.24 Provisions

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that the Agency will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by Treasury (currently 2.2%).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.25 Contingent liabilities

In accordance with IAS37 the Agency discloses as contingent liabilities potential future obligations arising from past obligating events, where the existence of such obligations remains uncertain pending the outcome of future events outside the Agency's control, unless their likelihood is considered to be remote. Guarantees, indemnities and undertakings which are not financial guarantee contracts under IAS39 are treated as contingent liabilities.

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

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS37 are stated at the amounts reported to the Assembly.

1.26 Value Added Tax

Most the activities of the Agency are outside the scope of VAT. VAT is recovered centrally by the Department (from DFP) on a cash basis. The Operating Cost Statement is stated net of VAT. Both trade receivables and trade payables are stated gross of VAT and the VAT account balance is adjusted accordingly.

1.27 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for derecognition. A financial liability is derecognised when, and only when, it is extinguished.

The Agency has financial instruments in the forms below:

1.27.1 Trade Receivables

Trade receivables are recognised and carried at fair value less any provision for impairment. A provision for impairment is established when the probability of recovery is assessed as being remote.

1.27.2 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and balances at commercial banks.

1.27.3 Trade payables

Trade payables are not interest bearing and are recognised initially at fair value.

The Agency assesses at each Statement of Financial Position date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired.

The Agency measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Operating Cost Statement and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Operating Cost Statement to the extent that a provision was not previously recognised.

1.28 Estimation Techniques

In the application of the accounting policies above, the Agency is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and accounted for prospectively.

The significant estimation techniques for the Agency include the valuation of the road network and the estimation of useful life of property, plant and equipment.

2.First-time adoption of IFRS

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

	Note	General Fund £000	Revaluation reserve £000	Government grant reserve £000
Taxpayers' equity at 31 March 2008 under UK GAAP		12,732,765	22,562,590	102,599
Adjustments for:				
IAS16 Property, plant and equipment	2.1	-	-	-
IAS38 Intangible Assets	2.2	257	-	-
IAS19 Employee benefits	2.3	(1,254)	-	-
Taxpayers' equity at 1 April 2008 under IFRS		12,731,768	22,562,590	102,599

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

	Note	General Fund £000	Revaluation reserve £000	Government grant reserve £000
Taxpayers' equity at 31 March 2009 under UK GAAP		12,881,870	19,663,430	101,291
Adjustments for:				
IAS16 Property, plant and equipment	2.1	-	-	-
IAS38 Intangible Assets	2.2	193	-	-
IAS19 Employee benefits	2.3	(1,280)	-	-
Taxpayers' equity at 1 April 2009 under IFRS		12,880,783	19,663,430	101,291

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

		£000
Net operating cost for 2008-09 under UK GAAP		1,474,912
Adjustments for:		
IAS16 Property, plant and equipment	2.1	-
IAS38 Intangible Assets	2.2	64
IAS19 Employee benefits	2.3	25
Net operating cost for 2008-09 under IFRS		1,475,001

2.1 In applying IAS16 Property, Plant and Equipment the Agency's policy of using modified 'renewals accounting' as applied under UK GAAP to account for the road infrastructure has been discontinued. Under the application of the IFRS the road surface will be recognised as a single asset and will be valued at depreciated replacement cost based on its service potential. All expenditure that has or will enhance the service potential will be capitalised, depreciation will be the value of the service potential replaced through the maintenance programme plus or minus the output from an annual condition survey.

An adjustment of £56,617,000 has been reflected in the opening balance sheet being an increase in the Gross value of the infrastructure asset (enhancement of service potential) and the opening accumulated depreciation balance (replacement through maintenance programme). The corresponding entries for this has been accounted for through general reserves giving a net effect of £nil.

The adjustment for the year ended 31 March 2009 has been £40,555,000. This adjustment has been accounted for as additions to the road network, reversal of maintenance expenditure through the OCS, a charge to accumulated deprecation and an expense to the OSC for the equivalent amount for depreciation. The net effect of these adjustments is £nil through the OCS and £nil to the net book value of infrastructure assets.

2.2 Only those items meeting the recognition criteria in IAS38 Intangible Assets have been recognised as intangible assets. Following the application for the standard's criteria a number of qualifying assets were identified. The gross book value of this adjustment to the opening balance sheet was £257,000.

2.3 Following the adoption of IAS19 it was identified that an accrual needed to be recognised for untaken staff annual and flexi-leave balances. An adjustment of £1,254,000 was accounted for through the opening balance sheet. A further £28,000 was adjusted for to reflect the increase in staff salaries and numbers through the 31 March 2009 balance sheet.

2.4 Under UKGAAP land identified as surplus was accounted for as part of tangible fixed assets. Under IFRS5 these assets no longer meet the definition of a non-current asset. The surplus land has been classified as held for sale. This adjustment is a balance sheet reclassification only.

3. Staff numbers and related costs

3.1 Staff costs consist of:

	Permanently Employed Staff £000	Others £000	2009-10 £000 Total	2008-09 £000 Total
Wages and salaries	54,542	-	54,542	53,095
Social Security Costs	3,743	-	3,743	3,782
Pension Costs	8,269	-	8,269	8,081
Recruitment Agency staff	-	1,193	1,193	1,002
	66,554	**1,193**	**67,747**	**65,960**
Less Industrial Wages Capitalised			-	-
Less Salaries Capitalised			(8,198)	(6,760)
Less recoveries in respect of outward secondments			-	-
Total Net Costs			**59,549**	**59,200**

The Principal Civil Service Pension Scheme (PCSPS) (NI) of which most of the Department's employees are members is an unfunded multi-employer defined benefit scheme which produces its own resource accounts but the Department for Regional Development is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2007 and details of this valuation are available in the PCSPS (NI) Resource Accounts.

For 2009-10, normal employer's contributions of £8,269,000 were payable to the PCSPS (NI) (2008-09 £8,081,000) at one of four rates in the range 16.5% to 23.5% of pensionable pay, (2008-09 16.5% to 23.5%) based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2009-10, the salary bands will be revised but the rates will remain the same. (The rates will be changing with effect from April 2010). The contribution rates are set to meet the cost of the benefits accruing during 2009-10 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees joining after 1 October 2002 could opt to open a partnership account, a stakeholder pension with an employer contribution. Employer's contributions of £31,602 (2008-09 £24,260.74) were payable 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% (2008-09 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% (2008-09 3%) of pensionable pay. In addition employer contributions of £1,469.4 (2008-09 £Nil) 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 (2008-09 £nil). Contributions prepaid at that date were £nil (2008-09 nil).

7 people (2008-09 7 people) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £6,860.28 (2008-09 £11,521.90).

3.2 Average Number of Persons Employed

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

	Permanent Staff Number	Others Number	2009-10 Number Total	2008-09 Number Total
Board and Senior Management	9	-	9	12
Administration and Support	449	49	498	534
Professional and Technical	802	9	811	924
Industrial	587	-	587	620
Staff engaged in Capital Projects	256	-	256	120
Total	**2,103**	**58**	**2,161**	**2,210**

4. Other Administration Costs

	2009-10 £000	2008-09 £000
Rentals under operating leases	174	393
PPP Service Charge	-	-
Interest on PPP Loans	-	-
Other Administrative Costs:		
Contracted Out Services	1,678	-
Exchange loss/(gain) *	405	-
Other administration expenditure	5,792	11,614
Less Other Operating Costs Capitalised		
Non cash items:		
Notional costs	11,203	9,030
Depreciation	1,089	810
Revaluation charged to OCS	27	-
Loss/(profit) on Disposal of Fixed Assets	-	-
Cost of capital charges	2,017	2,297
Auditors' remuneration and expenses	77	59
Provision provided for in year	627	(2,332)
Unwinding of discount on provisions	-	-
Total	**23,089**	**21,871**

* Exchange loss comprise £399k of Cfer related exchange differences.

5. Programme Costs

	2009-10 £000	2008-09 £000
Rentals under operating leases	209	-
PPP Service Charge	3,610	2,797
PPP Interest on Loan	6,736	1,940
Other programme expenditure:		
Contracted Out Services	43,305	30,901
Road Drainage costs	19,670	17,182
Exchange gain	-	(1,872)
Other Programme expenditure	32,400	34,143
Non cash items:		
Notional costs	-	-
Depreciation	141,175	93,352
Revaluation charged to OCS	6,096	-
Loss/(profit) on Disposal of Fixed Assets	12	14
Cost of capital charges	1,143,331	1,239,365
Auditors' remuneration and expenses	-	-
Provision provided for in year	10,106	4,125
Unwinding of discount on provisions	-	-
Total	**1,406,650**	**1,421,947**

6. Income

	2009-10 £000	2008-09 £000
Programme income		
Car Park Receipts	10,941	10,839
PCN Income	4,818	5,199
Recoverable Work	3,076	3,683
Sale of Land	-	-
Strangford Ferry Receipts	876	928
Other	2,372	2,083
Release from Government Grant Reserve *	5,245	5,285
Total	**27,328**	**28,017**

* Release from Government Grant Reserve was previously classified within programme cost.

7. Property, plant and equipment

	Property	Infrastructure Assets	Transport Equipment	Plant & Machinery	IT & Office Equipment	Payments on Accounts & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2009	412,168	35,215,163	37,341	13,687	4,973	-	35,683,332
Opening adjustment	12,334	(9,332)	(459)	459	-	-	3,002
Additions	5,653	247,240	2,341	(9)	989	-	256,214
Developer Contributions	-	99,166	-	-	-	-	99,166
Revaluation Charge to OCS	(6,141)	-	-	-	-	-	(6,141)
Disposals	(301)	-	(805)	(173)	-	-	(1,279)
Revaluations/ Indexation	(45,522)	(2,624,937)	1,796	385	49	-	(2,668,229)
Reclassifications	1	-	-	-	(1)	-	-
Transfers	(983)	-	-	-	-	-	(983)
At 31 March 2010	377,209	32,927,300	40,214	14,349	6,010	-	33,365,082
Depreciation							
At 1 April 2009	818	2,809,657	25,611	8,650	4,563	-	2,849,299
Opening balance adjustment	-	(1,018)	(212)	212	-	-	(1,018)
Backlog depreciation	(204)	(181,223)	922	293	32	-	(180,180)
Charged in year	1,326	137,019	2,630	907	259	-	142,141
Revaluation/ Indexation Depreciation Charge to OCS	(20)	-	-	-	-	-	(20)
Disposals Depreciation	-	-	(767)	(183)	-	-	(950)
At 31 March 2010	1,920	2,764,435	28,184	9,879	4,854	-	2,809,272
Net book value at 31 March 2010	**375,289**	**30,162,865**	**12,030**	**4,470**	**1,156**	**-**	**30,555,810**
Net book value at 31 March 2009	411,350	32,405,506	11,730	5,037	410	-	32,834,033
Asset Financing:							
Owned	375,289	30,005,146	12,030	4,470	1,156	-	30,398,091
On-balance Sheet PPP contracts	-	157,719	-	-	-	-	157,719
Net book value at 31 March 2010	**375,289**	**30,162,865**	**12,030**	**4,470**	**1,156**	**-**	**30,555,810**

7. Property, plant and equipment (continued)

	Property	Infrastructure Assets	Transport Equipment	Plant & Machinery	IT & Office Equipment	Payments on Accounts & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2008	594,000	37,376,328	34,886	11,833	5,212	-	38,022,259
Opening adjustment	-	(12,804)	-	-	(250)	-	(13,054)
Additions	30,335	191,599	1,099	1,233	92	-	224,358
Developer Contributions	-	57,147	-	-	-	-	57,147
Disposals	-	-	(1,245)	(595)	(81)	-	(1,921)
Impairments	-	-	-	-	-	-	-
Reclassification as held for sale	(483)	(25)	-	-	-	-	(508)
Transfers	(313)	313	-	-	-	-	-
Revaluations	(211,371)	(2,397,395)	2,601	1,216	-	-	(2,604,949)
At March 2009	**412,168**	**35,215,163**	**37,341**	**13,687**	**4,973**	**-**	**35,683,332**
Depreciation							
At 1 April 2008	-	2,467,020	22,538	7,460	4,639	-	2,501,657
Opening balance adjustment	-	(12,994)	-	-	(250)	-	(13,244)
Backlog depreciation	(44)	265,746	2,049	860	-	-	268,611
Charged in year	862	89,885	2,210	888	253	-	94,098
Disposals	-	-	(1,186)	(558)	(79)	-	(1,823)
Impairments	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
At 31 March 2009	**818**	**2,809,657**	**25,611**	**8,650**	**4,563**	**-**	**2,849,299**
Net book value at 31 March 2009	**411,350**	**32,405,506**	**11,730**	**5,037**	**410**	**-**	**32,834,033**
Net book value at 31 March 2008	**594,000**	**34,909,308**	**12,348**	**4,373**	**573**	**-**	**35,520,602**
Asset Financing:							
Owned	411,350	32,309,620	11,730	5,037	410	-	32,738,147
On-balance Sheet PFI contracts	-	95,886	-	-	-	-	95,886
Net book value at 31 March 2009	**411,350**	**32,405,506**	**11,730**	**5,037**	**410**	**-**	**32,834,033**

7.1 Valuations

The following valuers have been involved in valuing the property, plant and equipment at the dates specified:

Asset Category	Valuer name and qualifications	Date of last valuation	Valuation method in intervening years
Infrastructure Land	N/A	N/A	Indicative Land Indices (LPS)
Land for scheme	Land & Property Services (LPS)	31 March 2006	Indicative Land Indices (LPS)
Car Parks	Land & Property Services (LPS)	31 March 2008	Indicative Land Indices (LPS)
Buildings	Land & Property Services (LPS)	31 March 2008	BCIS Index (LPS)
Infrastructure Assets	EC Harris (Professional surveyors) and Professor MS Snaith FREng	31 March 2010	Baxter Index (Provisional)
Transport Equipment – Ferry	Blyth Bridges (Marine Consultants)	31 March 2006	Index provided by Marine Consultants
Transport Equipment – Vehicles	N/A	N/A	Adjusted National Statistics SIC92
Plant and Machinery	N/A	N/A	Adjusted National Statistics SIC92

All property, plant and equipment assets are restated to fair value each year except for assets in course of construction.

The Roads and Bridges Infrastructure valuation was performed on a Depreciated Replacement Cost basis at 31 March 2010, utilising the 'Baxter Index' for construction in England, Wales and Northern Ireland. For 2009-10 a provisional index to 31 December 2009 was applied, as this was the most up to date available at the time of the production of the valuation.

For valuation purposes footways have been assumed to be maintained in a "steady state".

The valuation of land for schemes has been indexed to 31 March 2010 using indicative land rates provided by Land and Property Services.

7.2 Condition Surveys for the Road Network

FReM in respect of IAS 16 requires entities to value their property using the most appropriate methodology. In Roads Service an annual condition survey is undertaken to inform the decision on whether depreciation should be charged and whether any adjustment is necessary in respect of the condition of the network.

On the motorway and trunk road network and the rest of the “A” class roads this condition survey is a machine based survey (Deflectograph) carried out as a three year rolling programme. On the non-trunk roads, the condition survey is a visual survey (Coarse Visual Inspection (CVI)) carried out as a rolling programme over two years on the “B” and “C” class roads and over every four years on the “Unclassified” roads. An independent consulting engineer’s opinion is sought on the output from the CVI survey and on the methodology used to calculate the condition assessment.

CVI is the only physical survey currently suitable for the majority of non-trunk roads. However CVI is a visual as opposed to a machine based survey and is therefore subjective and has limited repeatability. To overcome this problem the results of each year’s survey are aggregated: 2 years for “B” and “C” class roads and 4 years for unclassified roads.

Until a machine based survey is fully developed, tested and implemented the CVI survey remains the only physical assessment of condition on this class of road.

8. Intangible Assets

	Software licences £000	Capitalised Website development £000	Total £000
Cost or valuation			
At 1 April 2009	228	29	257
Opening Adjustment		6	6
Additions	121	-	121
Disposals	-	-	-
Impairments	-	-	-
Indexation	13	1	14
At March 2010	**362**	**36**	**398**
Amortisation			
At 1 April 2009	57	15	72
Charged in year	113	9	122
Disposals	-	-	-
Impairments	-	-	-
Indexation	5	1	6
At 31 March 2010	175	25	200
Net book value at 31 March 2010	**187**	**11**	**198**

	Software licences £000	Capitalised Website development £000	Total £000
Cost or valuation			
At 1 April 2008	228	29	257
Additions	-	-	-
Disposals	-	-	-
Impairments	-	-	-
Revaluations	-	-	-
At March 2009	228	29	257
Amortisation			
At 1 April 2008	-	-	-
Charged in year	57	7	64
Disposals	-	-	-
Impairments	-	-	-
Revaluations	-	-	-
At 31 March 2009	57	7	64
Net book value at 31 March 2009	**171**	**22**	**193**

9. Financial Instruments

IAS 32 *Financial Instruments: Disclosures and presentation*, requires disclosure that enables evaluation of the significance of financial instruments for the Agency's financial position and performance, the nature and extent of risks arising from financial instruments to which the Agency is exposed during the period and at the reporting date and how the Agency manages those risks. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the Agency is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IAS 32 mainly applies. The Agency has very limited powers to borrow or invest surplus funds and except for relatively insignificant forward purchases of foreign currency, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency, in undertaking its activities.

Classification of financial instruments

The Agency's financial assets are classified as loans and receivables and comprise trade and other receivables (note 13) and cash and cash equivalents. The Agency's financial liabilities comprise payables excluding tax assets, accruals and deferred income less than 1 year (note 15). The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities.

Risk Management

Financial risks include credit risk, liquidity risk and market risks (interest rate and currency).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Agency is not exposed to significant credit risk as the majority of receivable balances are with other Government bodies. The Agency manages credit risk by ensuring regular review of receivables and prompt follow up of unpaid invoices. The maximum exposure to credit risk is represented by the carrying amounts of the trade receivables carried in the balance sheet.

Liquidity risk

The Agency's net revenue resource requirements are financed by resources voted annually by the Assembly, as is its capital expenditure. It is not, therefore, exposed to significant liquidity risks.

Currency risk

The Agency receives reimbursement of certain grant payments from the European Union. Transactions with the EU are denominated in Euro and therefore exposed to currency risk. The Agency translates its EU receivable balances at the relevant exchange rate at each year end. The Agency does not have the authority to manage risk through hedging.

Interest rate risk

All of the Agency's financial assets and liabilities carry nil or fixed rates of interest. The Agency is not therefore exposed to significant interest rate risk.

10. Impairments

No impairment expenses have been accounted for through the Operating Cost Statement.

11. Assets held for sale

	2009-10 £000	2008-09 £000	01 April 2008 £000
At 1 April 2009	12,334	15,164	15,164
Opening Adjustment	-	(2,654)	
Transfers In	983	508	-
Transfers Out	(12,334)	-	-
Disposals	(475)	(684)	-
	508	**12,334**	**15,164**

The Agency intends to dispose of, within the next year, a number of parcels of land it no longer requires. The land was previously held as part of the ongoing development of the road network. A search is underway for a buyer. No impairment loss was recognised on reclassification of the land as held for sale at 31 March 2010. These assets were previously classified as surplus assets.

12. Inventories

	2009-10 £000	2008-09 £000	01 April 2008 £000
Material and Fuel	464	415	477
Yard and Salt Stock	884	944	805
	1,348	**1,359**	**1,282**

13. Trade receivables and other current assets

Amounts falling due within one year:

	2009-10 £000	2008-09 £000	01 April 2008 £000
Trade receivables	3,754	2,974	3,889
Other receivables *	11,909	6,795	3,180
Prepayments and accrued Income	3,028	4,430	2,742
VAT	9,506	8,787	10,115
EU Grants Receivable - capital*	4,751	4,946	3,793
	32,948	**27,932**	**23,719**

* Included within other receivables is £6,188k (2008-09: £6,209k) and included within EU grants receivables is £1,621k (2008-09: £1,688k) both amounts will be due to consolidated fund once debts are collected.

13. Trade receivables and other current assets (continued)

Intra-Government Balances

			Amounts falling due within one year			Amounts falling due after more than one year
	2009-10 £000	2008-09 £000	01 April 2008 £000	2009-10 £000	2008-09 £000	01 April 2008 £000
Balances with other central government bodies	17,309	17,228	13,321	-	-	-
Balances with local authorities	1,326	524	118	-	-	-
Balances with NHS Trusts	15	42	24	-	-	-
Balances with Public Corporations	1,644	840	1,621	-	-	-
Total intra-government balances	20,294	18,634	15,084	-	-	-
Balances with bodies external to government	12,654	9,298	8,635	-	-	-
Total receivables at 31 March	**32,948**	**27,932**	**23,719**	**-**	**-**	**-**

14. Cash and cash equivalents

	Cash and bank balances	Bank Overdraft	2009-10 £000 Net
Balance at 1 April	11	(4,722)	(4,711)
Net change in cash and cash equivalent balances	3	(6,319)	(6,316)
Balance at 31 March	**14**	**(11,041)**	**(11,027)**

	Cash and bank balances	Bank Overdraft	2008-09 £000 Net
Balance at 1 April	30	(8,759)	(8,729)
Net change in cash and cash equivalent balances	(19)	4,037	4,018
Balance at 31 March	**11**	**(4,722)**	**(4,711)**

15. Trade payables and other current liabilities

Amounts falling due within one year:

	2009-10 £000	2008-09 £000	01 April 2008 £000
Trade payables	1,466	7,826	10,330
Other payables	2,243	25,090	27,864
Accruals and deferred Income	77,718	13,298	10,611
Amounts payable to the Consolidated Fund *	8,022	15,420	2,511
Bank overdraft	11,041	4,722	8,759
	100,490	**66,356**	**60,075**

* Includes EU grants payable to the Consolidated Fund of £1,621k (2008-09 £1,688k)
Work-in-progress has been reclassified from other payables in 08-09 to accruals and deferred income in 09-10.

15. Trade payables and other current liabilities (continued)

Amounts falling due after more than one year:

	2009-10 £000	2008-09 £000	01 April 2008 £000
Other payables, accruals and deferred income	7,836	7,240	8,118
Imputed loan on PPP contracts	155,902	95,886	27,579
	163,738	103,126	35,697

Intra Government Balances

	Amounts falling due within one year			Amounts falling due after more than one year		
	2009-10 £000	2008-09 £000	01 April 2008 £000	2009-10 £000	2008-09 £000	01 April 2008 £000
Balances with other central government bodies	13,212	17,378	3,756	-	-	-
Balances with local authorities	554	408	193	-	-	-
Balances with NHS Trusts	-	-	-	-	-	-
Balances with Public Corporations	500	149	155	-	-	-
Total intra-government balances	14,266	17,935	4,104	-	-	-
Balances with bodies external to government	86,224	48,422	55,971	163,738	103,126	35,697
At 31 March	**100,490**	**66,357**	**60,075**	**163,738**	**103,126**	**35,697**

16. Provisions for Liabilities and Charges

	£000 Land Provision	£000 Equal Pay Settlement	£000 Contractors Claims	£000 Other Claims	2009-10 £000 Total
Balance at 1 April 2009	57,544	-	-	3,331	60,875
Provided in the year	(3,777)	4,852	8,650	5,831	15,556
Provisions utilised in the year	(20,720)	-	-	(4,560)	(25,280)
Balance at 31 March 2010	**33,047**	**4,852**	**8,650**	**4,602**	**51,151**

	£000 Land Provision	£000 Equal Pay Settlement	£000 Contractors Claims	£000 Other Claims	2008-09 £000 Total
Balance at 1 April 2008	62,195	-	-	6,130	68,325
Provided in the year	29,291	-	-	1,793	31,084
Provisions utilised in the year	(33,942)	-	-	(4,592)	(38,534)
Balance at 31 March 2009	**57,544**	**-**	**-**	**3,331**	**60,875**

In addition to the above provisions there was £1,832k of bad debt provisions utilised.

The other claims provision includes unsettled public/employer, contractors claims, and unfair dismissal liability claims at the year end.

The unsettled public and employer provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated. The amount provided is on a percentage expected probability basis. Expenditure is likely to be incurred over a period of five years.

The contractors claims provision relates to all known legal claims made against the Agency by contractors in 09-10. Included within the provision is an amount in respect of a contractor dispute. The figure is a reliable estimate, based on all information available, but there remains significant uncertainty as to the outcome of this claim.

Other claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in Note 20.

Land Provision

The land provision relates to land being acquired for future Roads Schemes.

Equal Pay Settlement

The provision represents the department's/agency's expected share of the settlement payment to be made to staff at AA, AO, EOII and analogous grades in the NICS as the result of an agreement with NIPSA in respect of Equal Pay.

As over 13,000 staff are affected, each with their own personal circumstances, implementation of the settlement will be a major administrative exercise and will take several months to fully complete. The exact amount to be paid will depend on a number of factors, including the number of staff who agree to the settlement and the amount that HMRC calculate is due from departments to discharge tax obligations.

17. Capital Commitments

Contracted capital commitments at 31 March 2010 not otherwise included in these accounts:

	2009-10 £000	2008-09 £000	01 April 2008 £000
Contracted	49,912	84,430	33,180
	49,912	**84,430**	**33,180**

18. Commitments Under Leases

Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2009-10 £000	2008-09 £000	01 April 2008 £000
Land and buildings			
Not later than one year	11	-	-
Later than one year and not later than five years	61	89	-
Later than five years	-	-	-
	72	**89**	**-**
Other			
Not later than one year	103	134	122
Later than one year and not later than five years	83	106	175
Later than five years	66	36	58
	252	276	355
Total	**324**	**365**	**355**

19. Commitments Under PPP Contracts

19.1 On-balance sheet

Roads Service has entered into the following on-balance sheet PPP contract for the Design, Build, Finance and Operations of sections of the Road Network:

PPP Package 1: M1/Westlink upgrade

Grosvenor Road

M2 Crosskennan slip roads at Antrim Hospital

M2 widening between Sandyknowes and Greencastle

Operation and maintenance of 65km of the motorway/trunk roads network.

PPP Package 1 commenced on 03 February 2006 and was completed on 29 November 2009. The estimated capital value of this PPP Package 1 is £118,219k.

PPP Package 2: A1 dualling between Beech Hill and Cloghogue

Improving the safety junctions on the A1

A4 dualling between Dungannon and Ballygawley

Improving A4 Annaghilla and A5 at Tullyvar

Operation and maintenance of 125km of the motorway/trunk roads network.

PPP Package 2 commenced on 16 November 2007 and is due to be completed on 28 March 2011. The estimated capital value of PPP Package 2 is £226,000k.

Under IFRIC12, these assets are treated as assets of the Agency. The substance of the contract is that the Agency has two finance leases. Payments to the PPP providers comprise two elements - imputed finance lease charges and service charges.

Total obligations under on balance sheet PPP contracts for the following periods comprise:

	2009-10 £000	2008-09 £000	01 April 2008 £000
Not later than one year	10,965	8,948	2,360
Later than one year and not more than five years	116,114	102,387	82,636
Later than five years	629,553	653,260	681,809
	756,632	764,595	766,805
Less: Interest Element	(404,265)	(412,983)	(415,193)
	352,367	**351,612**	**351,612**

19.2 Charge on the Operating Cost Statement and future commitments

The total amount charged in the Operating Cost Statement in respect of the service element of off balance sheet PPP transactions and the service element of on balance sheet PPP transactions was £3,610,216 (2008-09: £2,797,133) and the payments to which the Agency is committed, analysed by the period during which commitment expires is as follows:

	2009-10 £000	2008-09 £000	01 April 2008 £000
Not later than one year	4,496	3,010	2,608
Later than one year and not more than five years	61,884	49,359	82,637
Later than five years	765,464	781,898	681,809
	831,844	**834,267**	**767,054**

20. Contingent Liabilities Disclosed Under IAS37

At 31 March 2010 there were unsettled public and employer liability cases in which the Agency are disputing liability but which could lead to a loss. A review of outstanding cases by the Central Claims Unit, which are considered unlikely to succeed, has indicated possible liabilities estimated at £10m. There were unsettled cases in relation to Contractors Claims for which a possible liability of £23m is estimated, and possible dismissal compensation payments of £50k.

Land highlighted for future schemes to the value of £1.2m is also estimated.

There are no contingent liabilities that are not required to be disclosed under IAS37 but are required to be disclosed for Assembly reporting and accounting purposes. (2008-09: £Nil)

21. Related Party Transactions

Roads Service is an Executive Agency within the Department for Regional Development ("the Department").

The Department is regarded as a related party. During the year Roads Service has had various transactions with the Department.

In addition Roads Service has had transactions with other government departments and central government bodies.

None of the senior management board, management staff or other related parties has undertaken any material transactions with Roads Service during the year.

22. Key Performance Targets

The Agency has a number of key performance targets. A review of performance targets during the year is contained in Appendix 2 of the Annual Report.

23. Business Activities Attracting Fees and Charges

The financial target for car parking services in 2009-2010 is 70% recovery of the full cost of providing, updating and maintaining the services. The actual percentage recovery achieved was 62%.

The target was not achieved in 2009-2010 due to a reduction in the number of Penalty Charge Notices issued as enforcement becomes more effective. Costs have increased due to the full introduction of clamping and removal.

The financial target for the ferry service in 2009-2010 is 50% recovery of the full cost of providing and maintaining the service. The actual percentage recovery achieved was 45%.

The target was not achieved in 2009-2010 due to a reduction in the number of Ferry users (including commercial users) given the current economic climate. Fuel and maintenance costs have increased and additional costs have been incurred with premises rental due to the refurbishment of the ferry terminal.

Car Parks/ Related Enforcement

	2009-10 £000	2008-09 £000
Operating Costs	14,243	12,934
Notional Costs	11,052	12,136
Income	(15,760)	(16,039)
Deficit/ (Surplus)	**9,535**	**9,031**

Strangford Ferry

	2009-10 £000	2008-09 £000
Operating Costs	1,667	1,612
Notional Costs	348	313
Income	(915)	(969)
Deficit	**1,100**	**956**

This note is provided for fees and charges purposes and not for IFRS 8 purposes.

24. RPA Reform

In September 2009, the Executive Sub-Committee agreed a refined suite of public realm functions that would transfer to local government by May 2011. These are:

- a Pedestrian permits;
- b Alleygating;
- c Permitting local events on roads;
- d Off street parking; and
- e On street parking enforcement.

Discussions with local government on how the functions are to transfer are continuing and at this stage it is too early for an accurate assessment of the financial impact to be made.

25. Losses and Special Payments

	2009-10 Number of Cases	2009-10 £000	2008-09 Number of Cases	2008-09 £000
Stores and Plant Losses	12	45	19	29
Abandoned Claims	4	1,831	91	225
Fruitless Payments and Constructive Losses	-	-	-	-
Foreign Exchange Losses	-	-	1	14
Other Cash Losses	6	2	-	-
Special Payments	-	-	-	-
	22	**1,878**	**111**	**268**

The Agency incurred losses relating to Penalty Charge Notice (PCN) debt of £1,830,694 during the financial year. The penalty charge notices were all more than six months old and all steps possible to recover the debt were taken. The loss was categorised as 'claims waived or abandoned' in accordance with Managing Public Money (NI).

26. IAS 8 Requirement to Disclose Impact of Standards Issued but not Adopted

IFRIC 16 Hedges of a Net Investment In a Foreign Operation

Effective Date: 01 July 2009. This is not applicable to Roads Service.

IFRIC 17 Distribution of Non-cash Assets to Owners

Effective Date: 01 July 2009. This is not applicable to Roads Service.

IFRIC 18 Transfers of Assets From Customers

Effective Date: 1 July 2009. This is not applicable to Roads Service because PPP transactions are accounted for in accordance with IFRIC 12 Service Concession Arrangements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Effective Date: 1 July 2010. This is not applicable to Roads Service.

27. Post Balance Sheet Events

There are no post balance sheet events, that impact on these financial statements.

The Accounts for the year ended 31 March 2010 were authorised to be issued on 2 July 2010 by the Accounting Officer.

Further copies of this document can be obtained from:

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Should you require this document in Irish or an accessible format eg. Braille, audio-cassette, minority ethnic language etc, please contact Strategic Planning Branch.