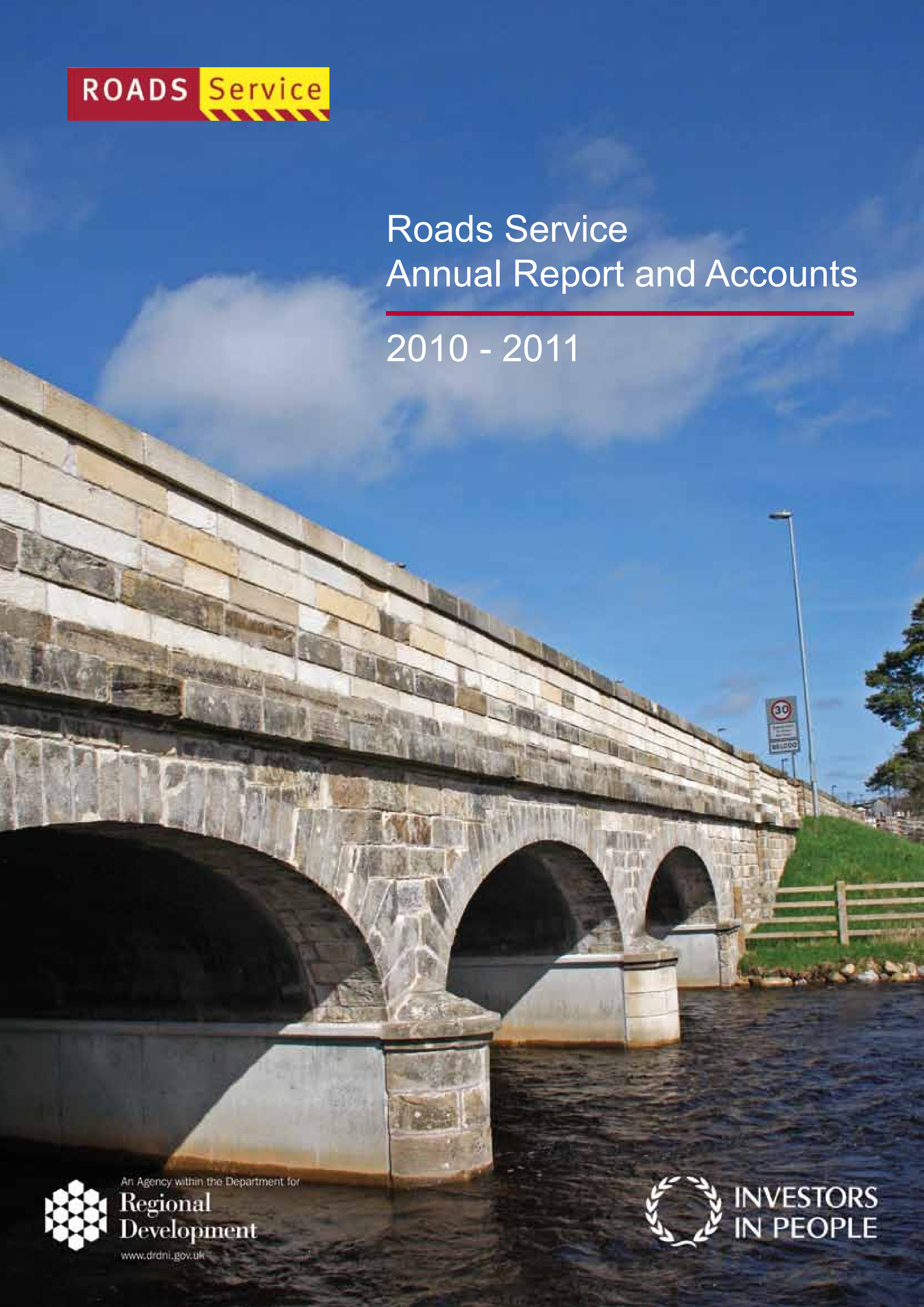
ROADS Service

Roads Service
Annual Report and Accounts

2010 - 2011



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Roads Service
Annual Report and Accounts

For the year ended 31 March 2011

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

14 October 2011

This document/publication is also available on our website at www.drdni.gov.uk

Any enquiries regarding this document/publication should be sent to us at Strategic Planning Branch, Room 2-25B, Clarence Court, 10-18 Adelaide Street, Belfast, BT2 8GB.

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Chief Executive's Report

I am pleased to present Roads Service's 2010-11 Annual Report and Accounts.

This is the last annual report covering the Programme for Government (PfG) 2008 – 2011 and I am pleased to report that Roads Service has made a significant contribution to the PfG through the delivery of the Department's Public Service Agreement (PSA) targets. Through a wide range of activities to maintain, manage and develop the road network we have achieved, or are on track to achieve, all of our associated PSA targets. Given the scale and complexity of our work programmes, this is a significant achievement.

During 2010-11 we delivered 14 of the 15 performance targets as set out in our Business Plan 2010-11. One of the targets, to develop a plan in response to the NICS staff survey, was achieved one month late. The one target we did not achieve related to the implementation of the Review of Public Administration (RPA), due to delays in the overall programme outside our control. As a result it was agreed with our Minister that this target should be withdrawn.

We successfully delivered a wide range of services to the public through careful planning, ensuring the Agency delivered the maximum value from the available financial resources. This detailed planning also enabled us to effectively use the significant additional funding which was made available to us after Christmas.

This year was the third of the ten year capital investment plan on our road network as outlined in the Investment Strategy for Northern Ireland (ISNI) 2008-18. During the past twelve months we have progressed 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. We also successfully completed the construction phase of our second Design, Build, Finance and Operate (DBFO) package with the opening of the A1 Beech Hill to Cloghogue at Newry and the A4 Dungannon to Ballygawley.

This year was also the final year of Budget 2008 – 2011 and over the last three years the Agency has made significant improvements to the strategic road network through the completion of over £550m of schemes. These include:

- A4 Henry Street / Sligo Road, Enniskillen
- A20 Newtownards Frederick Street Link
- A20 Newtownards Southern Distributor
- M1 / Westlink Improvements
- M2 Widening
- A4 Annaghilla / A5 Tullyvar
- A1 Junction Improvements at Hillsborough, Dromore, Banbridge and Loughbrickland
- A26 / M2 Ballee Road East, Ballymena
- A2 Broadbridge dualling, Londonderry
- A29 Carland Bridge improvement, Dungannon
- Cairnshill Park and Ride
- A1 Beech Hill to Cloghogue at Newry
- A4 Dungannon to Ballygawley

These strategic road improvements, which are shown in Appendix 3 have significantly improved the journey times for thousands of daily commuters throughout the strategic road network.

During the year we also delivered 86 Local Transport and Safety Projects which contribute directly to the provision of safer roads. These included, amongst others 19 collision remedial schemes, 22 traffic calming schemes and 22 school travel and safety projects.

The past winter saw the longest uninterrupted sub-zero spell in Northern Ireland since 1881 and this extreme weather represented a significant challenge. During the extreme conditions we used around 96,000 tonnes of salt to treat all roads on the salting schedule and a further 14,000 tonnes to facilitate salting and filling salt boxes on roads not on the salted network. As a consequence, our total winter service expenditure was £10m, more than £4m higher than our annual average.

Throughout this exceptional weather the 270 staff involved in this work ensured that traffic was able to move safely and freely along the strategic routes. Indeed we were one of the few areas throughout the UK and

Ireland where the strategic road network was kept open at all times during this severe weather. This success was primarily due to the staff involved, the effective management of the gritting operations and our well-established practice of targeting the available resources on the busier main through-routes.

Regrettably, the overall funding for maintaining the road network still falls significantly short of that recommended by independent assessment[1]. In 2010-11 we spent £88m on structural maintenance activities which is still significantly short of the £116m recommended by independent assessment. However, this funding has enabled us to resurface 884km of the road network, as well as surface dress approximately 5.9m square metres of the road network during the year.

In response to the difficult financial environment we have continued, as part of the Roads Service 2012 project, to critically examine our internal structures to identify opportunities to deliver our services more efficiently and effectively. This work will continue, taking account of the budget allocations in Budget 2010, and the future Executive decisions relating to the Review of Public Administration.

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

G W Allister
Chief Executive
9 September 2011

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 2011 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.

John Keanie was re-appointed as Independent Board Member on 1 April 2011 for a further two year period. However, he resigned with effect from the 1 August 2011 to take up a position as Commissioner for Public Appointments.

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 (2009-10: £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 2010-11, 90.01% of invoices for goods or services were paid within 30 days or contract terms. Also 75.61% were paid within 10 working 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 2010/11 (Percentage of sick days compared to total working days available)
Non-industrial	6.5	3.0%
Industrial	12.5	5.7%

These figures 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 during 2010/11.

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 2010-11 resulted in a notional audit fee of £58,779 (2009-10: £77,000), which is included within other administrative costs in the Statement of Comprehensive Net Expenditure (see page 72 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.


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Management Commentary

Introduction

This Annual Report and Accounts is an informative and comprehensive review of Roads Service's performance for the 2010-11 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 maintained, managed and developed in a safe and efficient way.

Our Organisation

Our headquarters are 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 in 2010/11 were to:

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

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 2010 – 2013 and Business Plan 2010-11 detailed our key performance targets, as set by the Minister, for 2010-11. During 2010-11 we delivered 14 of the 15 performance targets as set out in our Business Plan 2010-11. One of the targets however, which required the Agency to develop a plan in response to the NICS staff survey, was achieved one month late. The one target we did not achieve related to the implementation of the Review of Public Administration (RPA), due to delays in the overall programme outside our control. As a result it was agreed with our Minister that this target should be withdrawn.

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 70.9% in a satisfactory structural condition. This has also enabled us to achieve the associated Programme for Government target.

Also, as a result of significant additional funding received late in the financial year other roads in the road network received 49% of the resurfacing treatment recommended in Best Practice Guidelines.

We repaired or made safe 95% of the serious road defects by the end of the day following the day of detection.

Manage the road network to promote its safety and efficient operation

Over the 2010-11 year we implemented 86 Local Transport and Safety Projects.

We also completed 31% sample inspections of road openings by utilities as set out in the NIRAUC Code of Practice for Inspection.

Improve the road network

During the year we achieved 100% 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 our Programme for Government commitments.

We were able to report that the total number of target collisions occurring at treated sites, was reduced by 68% over the 3 years following completion of the collision remedial works. This has also enabled us to achieve the associated Programme for Government target.

Ensure Roads Service is structured effectively to enable it to respond to the challenging financial environment.

We developed new organisational structures as part of the Roads Service 2012 Project.

Following the suspension of RPA, our target to complete the transfer of powers to the local councils in support of the Review of Public Administration by March 2011 was withdrawn.

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

We responded to 94% of written enquiries from customers within 15 working days and informed 99% of applicants for Blue Badges of our decision within 15 working days of receipt of their valid applications.

We also worked with the Department to help implement its Information Security Strategic Action Plan.

Operate 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.

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 the NICS staff attitude survey.

We reduced the average annual level of absenteeism due to sickness to 5.7% for industrial staff and to 3.0% for non-industrial staff.


A4 Dungannon to Ballygawley

Network Maintenance

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

We are responsible for maintaining approximately 25,500 km of public roads, 9,700 km 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.

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. We monitor the residual life of the motorway network and the main strategic roads, known as the trunk road network.

The 2010 deflectograph survey, which measures the life expectancy of the strategic road network, shows that 70.9% of the motorway and trunk road network has a residual life of more than five years (target: 70%). This target combines the condition of the motorway and trunk road network.

Recently we introduced new survey technology to help assess the overall surface condition of the main strategic road network. The new technology is called SCANNER (Surface Condition Assessment for National NEtwork of Roads). This is a condition survey, undertaken at normal traffic speed, using laser sensors and other devices to measure rutting, cracking and the profile of the road surface. The aim of the survey is to produce reliable information for monitoring deterioration trends and to target further detailed investigations.

All other roads (local roads) are monitored using Coarse Visual Inspection (CVI) Surveys in accordance with the United Kingdom Pavement Management System, which is carried out over a 4-year period on all roads apart from motorways, trunk roads and non-trunk A roads.

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


Resurfacing Rosneath Gardens Dundonald

and manholes to prevent rain and frost from penetrating and damaging the road structure.

In 2010-11, we invested approximately £88m on structural maintenance. This funding allowed us to resurface 884 lane kilometres of the road network compared to our target of 385 lane kilometres. Also, during the summer months we surface dressed approximately 5.9m square metres of the road network.

We continued to give a high priority to the condition of footways and spent around £4m on resurfacing them and £3m on patching them.

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 £15.3m on routine maintenance activities which included cutting grass verges to maintain visibility, emptying gullies and maintaining boundary fences.

Winter Service

The past winter saw the longest uninterrupted sub-zero spell in Northern Ireland since 1881 and this extreme weather set a challenging test for Roads Service's winter gritting policy. However, Roads Service was well prepared, equipped and resourced to deal with these conditions. Indeed Northern Ireland was one of the few areas in GB, and further afield, where the strategic road network was kept open at all times during this prolonged adverse weather event. This success was in no small measure due to the effective management of the gritting operations carried out by Roads Service and, its well-established practice of targeting the limited resources available for this service on the busier main through routes.

There were approximately 113 call-outs this year, using around 96,000 tonnes of salt to treat all roads on the salting schedule. A further 14,000 tonnes of salt was used to facilitate secondary salting and filling salt boxes on roads not on the salted network during the extended cold period. Our total winter service expenditure was £10m which was over £4m higher than the previous five year average.

Pedestrians were also affected by the arctic weather and the condition of some town centre footways remained difficult for a number of days at the start of the event. However things could have been much worse for pedestrians had it not been for the very positive efforts of the majority of councils working with Roads Service to keep main footways clear. Roads Service will continue to engage with the Northern Ireland Local Government Association (NILGA) and directly with councils through our local divisions on the issue of gritting footpaths, to try to encourage as many as possible of the remaining councils to come on board, to provide this valuable service to their local ratepayers.

As with all extreme weather events we will carry out an internal review of our performance to see if any lessons need to be learnt. Improvements will be built into the current policy, putting Roads Service in an even stronger position to deal with the next extreme weather event.

Street Works

The Northern Ireland road network is a major public asset and is valued at almost £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 2010-11 there were 48,000 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. Since then we have been working hard to meet all of those recommendations and some of our progress during 2010/11 is set out below:

- we have introduced sample checks on works classified as emergency or urgent to ensure that these classifications are not being used to avoid the advance notification required for planned works;
- we have commenced sample surveys of businesses and residents affected by ongoing major street works to ensure that utility companies are meeting their obligations to give advance information and warning to affected frontagers;
- Roads Service Inspectors have carried out over 17,000 visits to street works sites to inspect work in progress and completed reinstatements, not including inspections related to defective utility company apparatus; and
- using the management information available from the new Street Works Registration and Notification system we monitored performance against key performance indicators in line with the Public Accounts Committee's recommendations. The following table sets out the results for 2010-11, with performance for 2009-10 in brackets for comparison.

KPI	Description	Outturn
1	NUMBER OF LATE NOTIFICATIONS This 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.	5.6% [18.2%]
2	NUMBER OF EMERGENCY AND URGENT 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 2.3% of works were classified as emergency and 10.3% as urgent.	12.6% [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 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 [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, not including defective utility company apparatus. In these cases, we have asked for remedial work to be carried out by utilities.	1,812 [2,365]
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.	191 [237]

The Public Accounts Committee also recommended that Roads Service publish details of the performance of utility companies against a target pass rate of 90% of statutory sample inspections. These inspections fall into three categories; Category A inspections of work in progress which includes temporary signing, lighting and guarding; Category B inspections of permanent reinstatement within 6 months of completion; and Category C inspections of permanent reinstatement within 3 months of the end of the 2 year maintenance period. The results for 2010-11 are set out below:

	Category A		Category B		Category C	
	Inspected	Pass Rate	Inspected	Pass Rate	Inspected	Pass Rate
BT	751	91.7%	284	91.5%	287	97.2%
Firmus Energy	519	98.3%	137	97.8%	128	93.0%
NIE	682	97.7%	332	98.8%	338	98.8%
NI Water	1,252	94.1%	2,323	95.7%	2,364	95.6%
Phoenix Natural Gas	1,170	97.5%	553	97.1%	551	98.5%
Virgin Media	5	80.0%*	176	96.6%	176	100.0%

*Note: The Virgin Media pass rate for category A inspections represents only one failure.

Network Development

Improve the Strategic Road Network

To support the Government's objectives to grow the economy and enhance social inclusion we have continued to improve the strategic road network within the confines of the available budget. An improved road network will increase our competitiveness making it easier for businesses to compete in a global market, to work with our customers and to attract investment from outside the region. It will contribute significantly to a transport system that affords citizens from all backgrounds the opportunity to access jobs and services.

We have continued to implement a programme of road safety engineering measures, albeit at a reduced level, due to the decrease in investment compared with previous years. These measures included collision remedial schemes, traffic calming schemes and schemes to improve safety at schools.

Major Works

Major Works are managed under the following categories.

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

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

10-Year Forward Planning Schedule

The 10-Year 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 below.

Scheme	Position at 31 March 2011
A6 dual carriageway – M22 to Castledawson Roundabout	DO and NIP confirmed. Additional statutory procedures being advanced for alternative junction at Annaghmore / Bells Hill Road.
A32 Cherrymount Link, Enniskillen	NIP, DO and VO published in February 2009. Procurement in progress.
A55 widening at Knock Road, Belfast	ES, NIMDO and NIMVO published in November 2009. Public Inquiry held in November 2010.
A3 Armagh North and West Link	Preliminary Options Report approved in April 2008.
A2 widening at Greenisland	NIP and DO published in October 2008. Procurement suspended following the outcome of Budget 2010.
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. ES, NIMDO and NIMVO published in November 2010.
A31 Magherafelt Bypass	NIP and DO published in September 2010.
A26 Glarryford - A44 dualling	Preferred Route announced in August 2008.
A2 Sydenham Bypass	Minister announced preferred option in February 2010. Public exhibition held in February/March 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. ES, NIMDO and NIMVO published in January 2011.
A32 Dromore – Irvinestown – Enniskillen	Preferred Route Report for the Shannaragh scheme approved in December 2009. ES, NIMDO and NIMVO published in February 2011. Preliminary Options Report for the Cornamuck scheme approved in March 2011.
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 Vesting Order.

Construction Programme

Scheme	Estimated Cost £M	Position at 31 March 2011
A1 Beech Hill to Cloghogue	152	Officially Opened July 2010.
A4 Dungannon to Ballygawley	115	Officially Opened December 2010.
A26/M2 Ballee Road East, Ballymena	10-12	Officially Opened October 2010.
A2 Broadbridge dualling, Londonderry	45-50	Officially Opened February 2011.
A29 Carland Bridge improvement, Dungannon	3-5	Officially Opened December 2010.
Cairnshill Park and Ride	10-11	Full bus service commenced on 1 November 2010.

Major achievements in 2010/11

Last year saw the completion of some of the largest road schemes ever to have been undertaken in Northern Ireland - most of the projects being delivered through a second DBFO package of works worth £340m. This included major dualling schemes on the A4, between Dungannon and Ballygawley, and on the A1 at Newry, between Beech Hill and Cloghogue.

The A1 dualling scheme was completed in July 2010 and provided the last link of dual carriageway between Belfast and Dublin. This was a significant milestone and marked the culmination of many years of work both North and South to upgrade the Eastern Seaboard Corridor to modern standards. The 20km of dualling on the A4 was officially opened in December and along with an improved section of the A4 at Annaghilla greatly improves East-West linkages within the province. Both schemes will bring a significant reduction to journey times on these key transport corridors and improve the reliability of travel times.

A number of other major works projects have also recently been completed as detailed in the table above. When combined with the second DBFO package of works, the total major capital works completed in 2010/11 amounted to approximately £400m.

Significant progress has been made on the development of the A5 and A8 dual carriageway schemes with the draft Orders being published in November 2010 and January 2011 respectively. It is anticipated that the Draft Orders for the A6 Derry to Dungiven scheme will be published in the incoming year.

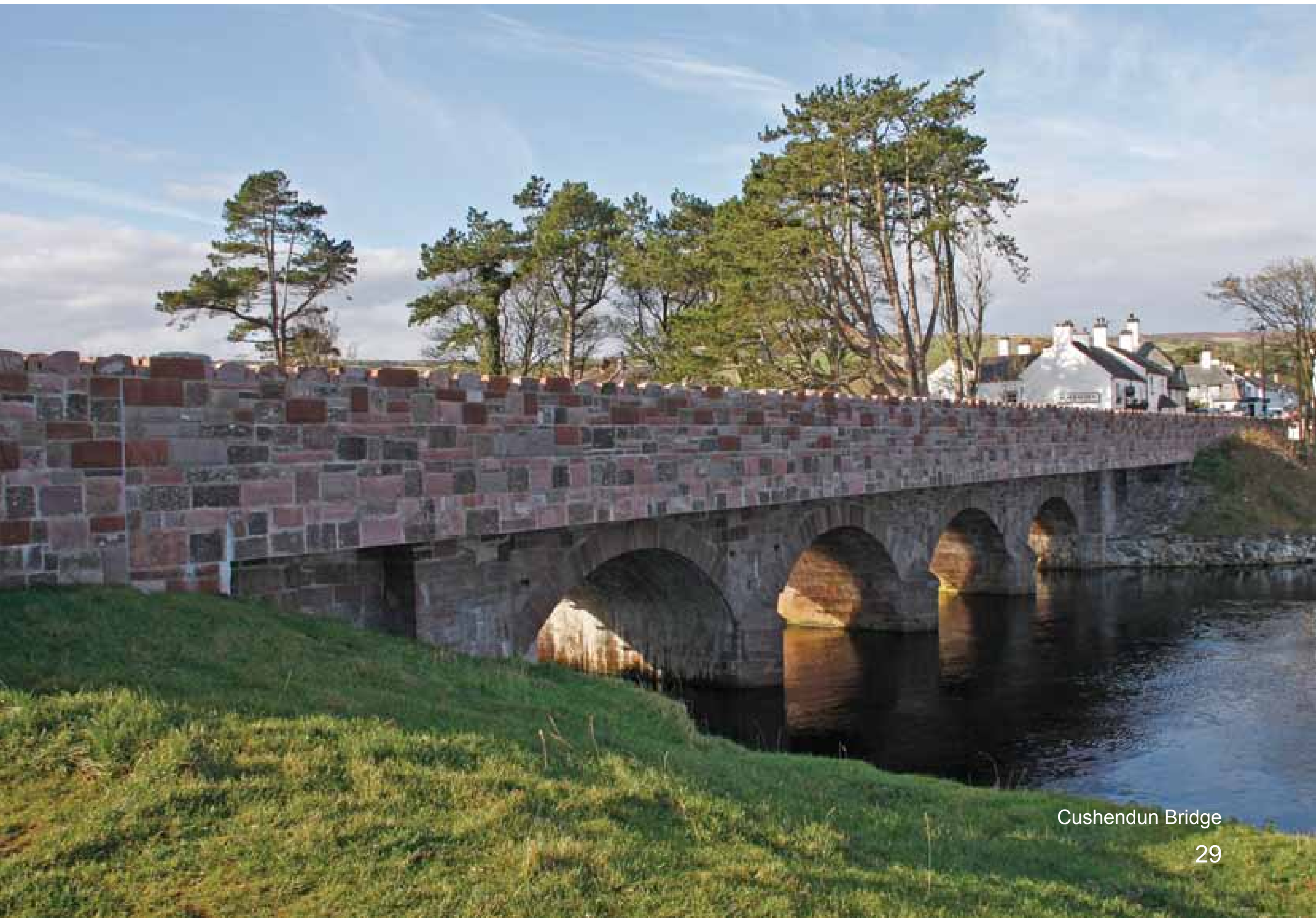
Bridge Strengthening

During the year, we spent £3m on strengthening bridges. Works included structural repairs to Thompson's Bridge, Mill Engines Bridge, Ballynameta Bridge and Portaferry Road Newtownards Bridge.

Local Transport and Safety Measures

During the year, we spent over £12.2m on a range of measures to improve the safety and efficiency of the road network. Schemes included:

- 19 collision remedial measures at specific sites;
- traffic calming measures on 22 projects;
- 15.5km of new footway and other improvements for pedestrians;
- 18.8km of cycle lanes;
- 22 school safety zones;
- 23 controlled pedestrian crossings; and
- the use of Intelligent Transport Systems to provide traffic control and travel information to road users.



Cushendun Bridge

Network Management

Manage the road network to promote its safety and efficient operation

We are committed to managing the road network to promote its safe, efficient operation and to improve the network where possible within the available budget.

This commitment can be seen with the annual implementation of various Local Transport and Safety Measures. These measures are designed to deliver an integrated transport network on themes such as:

- the extension of the networks to encourage and support walking and cycling as a viable mode of transport;
- public transport measures such as park and ride;
- highway measures, minor improvements and safety measures; and
- traffic management measures, to control traffic and influence travel demands.

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 2010-11 we implemented traffic calming in 22 projects as well as installing 19 collision remedial schemes to reduce the likelihood of collisions occurring in the future. We provide School Safety Zones to improve road safety in the vicinity of schools, and during the past year we have installed schemes at 22 schools. The total expenditure on traffic calming and school travel and safety projects was £1.0m.

One of our priorities is the promotion of sustainable travel modes. We have constructed 18.8km of cycle lanes and 15.5km of new footway and other pedestrian measures as well as 1.26km of bus lane and erected 35 bus shelters. There are now over 115 junctions in the Greater Belfast Area equipped to provide priority to buses at traffic signals. Over the course of the year we installed 10 new passenger information displays at bus stops and there are now 190 real time displays operating in the Greater Belfast Area.

Roads Service uses Intelligent Transport Systems (ITS) to maximise the capacity of the existing road infrastructure. An example of this is the introduction in September 2010 of variable mandatory speed limits on the M1 from Black's Road (junction 3) to the A12 Westlink at Clifton Street, with the intention of providing more reliable journey times, reduction in collisions and improved air quality.

We also provide information to enable users of the road network to make decisions on their choice of route and time of travel and in May 2010 we launched an enhanced website, **www.trafficwatchni.com**, which provided access to an increased number of CCTV images, together with information on incidents and planned roadworks. We also continue to provide traffic information via radio broadcasts and our traffic information telephone line 08457 123321.

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 2010-11, we dealt with 18,265 consultations and processed 81% of these within the agreed timetable.

New housing development roads and footways that Roads Service has approved for future adoption and maintenance must be built to the required standards. In the past year, Roads Service approved proposals for private streets with a construction value of £12.1m. In the same period, we adopted 106km of new streets which we had inspected at various stages to ensure that they were built properly.

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. 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 2010-11 we provided a cashless facility for drivers to pay parking charges in Belfast. This system gives drivers an alternative and convenient method of paying parking charges by mobile phone.

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.

Street Lighting

We provide and maintain street lighting on all adopted footways/carriageways within urban areas and, in certain circumstances, on rural roads. In 2010-11, we spent £17.5m installing new street lighting systems and replacing those that had reached the end of their useful lives.

During the year, we spent almost £10m on maintaining our 271,000 street lights. In addition to this, we also spent £10m 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.

In addition, Department for Finance & Personnel (DFP) initiative called 'Invest to Save' allocated Street Lighting £1m which we used to replace street lighting lanterns with more energy efficient replacements.

Emergency Response Service

Emergencies in Roads Service can range from minor traffic collisions or localised flooding incidents to very serious and exceptional incidents that effect the safe movement of people, goods and services across Northern Ireland. For example, widespread prolonged closure of major roads due to flooding, storms or snow.

We have procedures in place to assist with these roads related emergency incidents, ensuring a response, 24 hours a day, 7 days a week. 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.

The Roads Service Emergency Response plan has been designed to deal with this range of possible emergencies. This plan includes checklists which have also been developed to clarify roles, responsibilities and actions for specific personnel during the operational response and associated upward reporting during and following incident.

A review of the Roads Service Emergency Response Plan (RSERP) is currently underway to look at the effectiveness of the plan during the recent snow event and in particular the effectiveness of the communications element of the plan. Once the outcome of this review is concluded, Roads Service will ensure that the amended plan dovetails into the Departmental Major Emergency Response Plan and is clearly communicated to other agencies, local councils and resilience forums to ensure that our emergency plans and responsibilities are clearly communicated and understood.

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. Work is continuing with the PSNI to extend the Protocol to other major routes in Northern Ireland.


30
Speed limit
in miles
per hour
BELCOO

Construction Sustainability Programme

Roads Service is committed to the principles of sustainable development, which includes sustainable construction, procurement and climate change.

We have recently launched an internal website 'Roads to Sustainability', to contribute to the introduction of best practice across the Agency. Key Roads Service actions ensure that our activities in new infrastructure and maintenance are consistent with Northern Ireland's sustainable development priorities and objectives. All major roads projects aim to provide an accessible transport infrastructure that promotes economic growth and social inclusion across all areas while reducing emissions and adverse impacts.

Our procurement plans include proposals to incorporate social inclusion clauses into our construction contracts, for the unemployed, apprentices and student work placements, based on contract labour value. The plans are in accordance with the guidance set out in the Department of Finance and Personnel's 2008 publication "Equality of Opportunity and Sustainable Development in Public Sector Procurement".

We ensure that statutory environmental standards are met in respect of air, water and other environmental pollution and implement Civil Engineering Environmental Quality Assessment and Awards Scheme (CEEQUAL) to measure contract performance against all relevant statutory environmental standards on major roads projects.

To halt biodiversity loss and ensure appropriate mitigation measures, we implement an Agency Biodiversity Plan for our construction and maintenance projects. In particular we ensure that improvements, operation and maintenance of the road network do not adversely affect Sites of Local Nature Conservation Importance or Areas of Special Scientific Interest.

To reduce the total quantity of waste going to landfill we have developed and implemented Departmental Waste Management Action Plans and eliminate waste as far as possible in project designs and construction. We measure and report progress in reduction of waste on construction sites through the Waste Resources Action Programme (WRAP) Halving Waste to Landfill agreement. We are currently achieving over 50% recycled or re-used content on average across our works projects.

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 - 11 we continued to work closely with the Department of the Environment on their Draft Local Air Quality Management Policy Guidance LAQM PGNI (09). We have also assisted the Department of the Environment by detailing measures demonstrating Roads Service's commitment to improving air quality.

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

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 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.

Roads Service Eastern Division has commissioned a consultant to take forward the next stage of the action planning process, which includes identifying and confirming areas worst affected by noise and evaluating potential mitigation measures.

A29 at Carland Bridge

Customers

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.drdni.gov.uk/roads**.

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 2010-11, we continued to carry out public consultations and exhibitions on major road schemes including:

- A29 Cookstown Eastern Distributor – June 10 (Following the announcement of the preferred corridor);
- A5 WTC – Nov 10 (Following the publication of the draft Statutory Orders);
- A8 Belfast to Larne – Jan 11 (Following the publication of the draft Statutory Orders);
- A6 Londonderry to Dungiven – Sept 10 (Health Impact Assessment Workshops); Nov/Dec 10 (Community Information Events); and
- A6 Randalstown to Castledawson – Jan 11 (To present the proposals for the Annaghmore Road and Bellshill Road junctions).

We once again participated at the Royal Ulster Agricultural Society Spring Show at Balmoral in May, which was attended by some 80,000 visitors over three days.

We also published a series of information leaflets about the services we provide and on specific road schemes. 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 14,163 written enquires from the general public and a further 977 written complaints. We issued substantive responses to 95% of these within our 3 week target. We also received 244 Freedom of Information requests and issued a reply to 240 of these within the Government's 20 day target.

Donegall Square North

Delivering Value for Money

Operate to resource limits and deliver value for money

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.

Centre of Procurement Expertise (CoPE)

Roads Service is one of the Centres of Procurement Expertise (CoPE) in Northern Ireland, with procurement policy developed by Engineering Policy Branch and procurement delivery managed by Roads Service Consultancy (RSC) - Contracts Section. RSC are accredited to ISO 9001:2008 for their Quality Management System, which has been implemented across the full range of functions undertaken.

The Department of Finance and Personnel commissioned Price Waterhouse Coopers to review the status of the CoPEs, and 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 has developed a Procurement Strategy in line with current best practice and the principles of the Achieving Excellence Initiative. The strategy meets the needs of Roads Service in respect of value for money and best industry practice, whilst endeavouring, wherever possible, to take account of the needs of the Northern Ireland Construction Industry.

For all construction related procurement, contracts are published and managed using the eSourcingNI Web based electronic tendering system. Open Tender competitions are normally used when the contract value is up to £1.5m. The restricted process is normally used for term contracts or when the contract is estimated to cost more than £1.5m.

Methods for the delivery of capital and maintenance works are as follows:

- Integrated Delivery Team;
- Design Build Finance and Operate;
- Design and Build (Schemes valued £5M and above);
- Traditional Client Design Contracts; and
- Term Contracts (Works Order Value up to £350k).

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 2010-11 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. We are now in year 3 of the current 3 year contract with Amey Owen Williams Ltd;
- 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 2010-11 result was 80%;
- continued to deliver efficiency savings through our procurement processes, made through process improvements and reduced construction costs;
- successfully retained our registration under ISO 9001:2008, for our Quality Management System, incorporating all engineering services within Roads Service Consultancy;
- we have maintained our UKAS accreditation for a total of 12 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 2010-11 we achieved 99.9% availability.

Within Roads Service Direct during 2010-11 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 (95%) surface defects but did not meet the targets for R2 (91%) and for R3 (91%) 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 2.85m square metres of carriageway equating to 59% of the overall Roads Service target (to be undertaken by both Roads Service Direct and private sector contractors) and 48% of that actually completed by the end of the season;
- delivered 3788 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 achieved the target however the external construction inflation index for the same period will not be confirmed until October 2011.

Roads Service 2012

In 2009, and in response to the challenges facing Roads Service, the Roads Service Board developed a high level vision of what the Agency could look like by 2012. During 2010-11 this vision was revised to reflect changes in the RPA position and to reflect a greater focus on structural reform projects that were ongoing throughout the Agency.

As a consequence the objective for the RS 2012 Project to oversee and co-ordinate individual projects which, when combined, will ensure the Agency is more able to respond to the changing financial environment. This will ensure that by 2012 Roads Service remains:

- An Agency working within the Department to deliver our Programme for Government obligations and Ministerial priorities.
- A professional, customer focussed organisation making an important contribution to the development, maintenance and management of our roads infrastructure.
- An organisation with appropriate arrangements with service providers that demonstrate efficiency and value for money in service delivery.
- A flexible organisation working effectively in an environment with changing market and budgetary constraints.

The project has already overseen more than a dozen individual projects with a number of these listed below:

- The merger of eight section offices:
  - Banbridge and Craigavon;
  - Magherafelt and Cookstown;
  - Coleraine and Limavady; and
  - Lisburn and Castlereagh.
- The closure of RSD depots at Carrickfergus, Cookstown and Ballycastle.
- A review of the services to be delivered by RSD.
- A review of how the minor road improvements and road maintenance programmes are delivered by the Agency.
- A review of the role and organisational structure of TEPU.


Culmore Road L'Derry


Corn Market

Our People

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 2011, there were 2,085 people in Roads Service, comprising 1,068 Professional and Technical, 564 Industrial, 421 Administrative and 32 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 Project.

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 of our staff. During 2010-11, we were able to provide 5,346 of the industrial and non-industrial training needs identified by staff. This included assisting more than 35 staff to undertake recognised qualifications. This enabled a number of staff to apply for posts in the Professional and Technical fields. 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

Roads Service set a target to improve Health and Safety performance over a three year period ending 31 March 2011. This target was to achieve a 20% reduction in Lost Time Accidents (LTA) annually from 26 incurred during 2007/08 down to 21 for the year ending 31 March 2011.

During year one of the three year programme the annual target for LTAs was 24, however the actual number incurred was 27. Roads Service developed and implemented an intervention plan in 2009 to correct this trend which resulted in Roads Service meeting the indicative target in year two by recording 22 LTAs during 2009/10. During year three of the three year plan, 23 LTAs have been reported.

There has been a significant overall reduction in LTAs over the final two years of the three year plan in comparison to the 2007/08 performance level however the three year reduction target of 20% has not been achieved.

A new one year target has been set for 2011/12 at 21 LTAs.

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 2010-11 financial year was £674m. Of this, £180m represents depreciation and movements on accounting provisions, while the remaining £494m is the Agency's operating budget.

Financial Performance

The main features arising from the Agency's financial performance in the year (pages 63-110) are as follows:

- Net resource outturn is 100% of the total budget of £176m.
- Structural maintenance expenditure of £88m was achieved despite the extreme winter weather which focused resources on winter service and delayed the start of work on the ground.
- Gross capital expenditure of some £327m is an over spend of some £9m. This was due to the settlement of a contractors claim post year-end.
- Depreciation and movement on provisions was less than anticipated (£73m) mainly due to less than forecast condition reduction on the non-trunk roads.

	2010-11 Actual £m	2010-11 Budget £m	Variance £m
Net Resource Expenditure (excluding capital charges and depreciation)	176	176	nil
Gross Capital Expenditure	327	318	(9)
Total Expenditure	503	494	(9)
Depreciation & Provisions	107	180	73
Total	610	674	64

- Opening of the A1 Beechill to Cloghogue and A4 Dualling marks the successful completion of the Roads Service second Design Build Finance and Operate (DBFO II) private public partnership contract, total value some £350m.

Fixed Assets

Details of the movements in fixed assets are set out in notes 6 and 7 to the Accounts.

The net book value of fixed assets has decreased by £0.6 billion during the year. The majority of this decrease is due to the revaluation of infrastructure assets, which includes a decrease of £1.6 billion in infrastructure land values.

Roads Service is responsible for managing property with a value of £320m 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 19.2 of the Annual Account, there is a remote contingent liability of £4,500,000 in relation to the possibility of an award of legal costs against Roads Service. This is not required to be disclosed under IAS 37 but should be disclosed for Assembly reporting and accounting purposes.

Important Events Occurring After the Year End

Roads Service created a provision in the previous financial year in relation to a contractor dispute. This dispute was settled in July 2011 for an amount of £17,220,000 (excluding VAT).

Future Strategy

Building a Better Future - Programme for Government 2011-2015

A Programme for Government for 2011-15 is due to be published in 2011-12. This will outline the Executive's priorities and, in turn, inform our strategic direction and priorities.

Regional Transportation Strategy

The Regional Transportation Strategy (RTS) 2002-2012 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. 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 transport plans cover the period up to 2015 and effectively extend the RTS to that date.

The Regional Transportation Strategy is now being revised. The Revised Regional Transportation Strategy 2011 will set the highl level aims and strategic objectives for transportation in Northern Ireland and proposes a mechanism for their implementation. In the interim the existing three transport plans will continue until their completion.

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. Whereas this figure is likely to be revised downwards in a new investment strategy, following the Budget 2010 settlement, the allocation for strategic road improvements over the next four years has increased in comparison to the previous budget period. Expenditure is anticipated to rise from an average of £174m per annum over 2008 - 2011 to £227m per annum over 2011 – 2015.

Included within the envisaged investment 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). 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. Draft Statutory Orders were published in November 2010 for the A5 and in January 2011 for the A8. Objections have been received and it is planned to commence a public inquiry for the A5 in May 2011 and for the A8 in June 2011. Subject to satisfactory progression through the statutory procedures and the availability of finance, construction could start in 2012.

We will continue development work on the A6 Londonderry to Dungiven dual carriageway and anticipate that the draft Orders for this scheme will be published in 2011. It is also planned to carry out improvements to the A32 at Cherrymount Link and Shannaragh to improve access to the new acute hospital at Enniskillen.

Savings Delivery Plans

Budget 2008-11 incorporated efficiencies of £19.8m to be delivered by Roads Service by the end of the budget period. The 2010/11 financial year marks the end of the three year efficiency delivery period. Roads Service has successfully delivered the £19.8m target in this period.

In the next Budget period, Roads Service will deliver £78m of savings by 2015 as part of DRD's Budget 2011-15 Savings Delivery Plans. Roads Service will take forward a range of measures including:

- Increased parking charges;
- Reductions in expenditure on technical advisors and depreciation;
- Savings in the procurement of energy and parking services; and
- Reductions on maintenance activities.

Savings Delivery Plans have been directed at increasing income and reducing back office costs and this will support and safeguard essential front-line services.

RS 2012

The objective for the RS 2012 Project is to oversee and co-ordinate individual projects which, when combined, will ensure the Agency is more able to respond to the changing financial environment. This financial environment will be very difficult with the Agency facing significant reductions in its capital and resource budgets over the next four years, 2011/12 to 2014/15.

However, the Agency's experience of successfully managing the financial pressures in recent years, through the RS 2012 Project, will assist us in managing these financial challenges in the coming years.

G W Allister
Chief Executive
9 September 2011

Remuneration Report

Remuneration Policy

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a freeze on senior pay in respect of 2010/11 and 2011/12 pay awards, in line with the Executive's decision in Budget 2011-15 to mirror the UK Coalition Government's commitment to impose pay restraint.

The Northern Ireland Permanent Secretary Remuneration Committee helps determine pay on entry and the annual review of NICS Permanent Secretaries pay in line with the annual pay strategy as approved by the Minister of Finance and Personnel. The freeze on pay in 2010/11 and 2011/12 also applies to Permanent Secretaries.

The pay system in place for senior civil servants in the Northern Ireland Civil Service is currently under review.

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.

Remuneration (Audited Information)

	2010-11			2009-10		
	Salary £'000	Bonus £'000	Benefits in kind (to nearest £100)	Salary £'000	Bonus £'000	Bonus/Benefits in kind (to nearest £100)
Mr G Allister Chief Executive	85-90	-	-	85-90	-	-
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 (65-70 full year equivalent)	-	-
Mrs M Glass Director of Corporate Services	45-50	-	-	30-35 (45-50 full year equivalent)	-	-
Mr B Cairns Director of Engineering	60-65	-	-	60-65	-	-
Mr J White Director of Strategic Programmes	65-70	-	-	65-70	-	-
Mr J McNeill Director of Finance	65-70	-	-	65-70	-	-
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. (Resigned with effect from 1/8/2011)	15-20	-	-	10/15	-	-

Salary

Salary includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

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.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses paid to the listed officials overleaf in 2010-11.

Pension of Senior Management
(Audited Information)

Board Members	Accrued pension at age 60 as at 31/3/11 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/03/11 £'000	CETV at 31/3/10 *** £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (to nearest £100)
Mr G Allister Chief Executive	35-40 plus 115-120 lump sum	(0-2.5) plus (0-2.5) lump sum	862	803	(3)	-
A Murray (Dr) Director of Network Services	25-30 plus 50-55 lump sum	(0-2.5) plus (0- 2.5) lump sum	465	430	(0)	-
Mr B Cairns Director of Engineering	25-30 plus 80-85 lump sum	(0-2.5) plus (0-2.5) lump sum	648	619	(3)	-
Mr B Jordan Acting Director of Corporate Services from 01/04/09 to 31/05/09	-	-	-	369	-	-
Mrs M Glass Director of Corporate Services	10-15 plus 35-40 lump sum	(0-2.5) plus (2.5-5) lump sum	152	126	(15)	-
Mr J White Director of Strategic Programmes	30-35 plus 95-100 lump sum	(0-2.5) plus (0-2.5) lump sum	740	709	(4)	-
Mr J McNeill Director of Finance	15-20 plus 25-30 lump sum	(0-2.5) plus (0-2.5) lump sum	260	234	(5)	-
Mr T Deehan Acting Director of Finance 19/08/2009 to 30/11/2009.	-	-	-	88	-	-

*** The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

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. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). 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 CPI. For 2011, public service pensions will be increased by 3.1% with effect from 11 April.

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.

The actuarial factors that are used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. This means that the CETV in this year's report for 31/03/10 will not be the same as the corresponding figure shown in last year's report.

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

No compensation payments were made or are due to any of the senior management of Roads Service Agency under the Civil Service Compensation Scheme (Northern Ireland) in the year ending 31 March 2011.

G W Allister

Chief Executive

9 September 2011


Hanlon

Appendices

Our Structure

Published Performance Targets

Completed Major Work Schemes

Our Structure

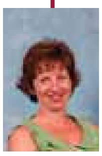
Appendix 1

As at 31 March 2011

Roads Service Chief Executive
Geoff Allister

Director of Network Services
Andrew Murray

Director of Engineering
Bob Cairns



Director of Corporate Services
Michaela Glass

Director of Finance
John McNeill

Director of Strategic Programmes
John White

Independent Board Member
John Keanie

Divisional Manager Northern
Deidre Mackle

Divisional Manager Southern
Kevin Monaghan

Divisional Manager Western
Pat Doherty

Divisional Manager Eastern
Ken Hutton
(Acting)

Deputy Divisional Manager Eastern
Bertie Ellison

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

Head of Roads Services Direct
Damien McQuillan
(Acting)

Head of Roads Services Consultancy
John Irvine

Headquarters
Clarence Court
10-18 Adelaide Street
Belfast BT2 8GB
Phone: (028) 9054 0540
Text phone: (028) 9054 0022
Fax: (028) 9054 0024
Email: roads@drdni.gov.uk
Website: www.drdni.gov.uk/roads

Northern Division
County Hall
Castlerock Road
Coleraine BT51 3HS
Phone: (028) 7034 1300
Fax: (028) 7034 1430
Email: roads.northern@drdni.gov.uk

Divisional Roads Manager
Deidre Mackle

5 local offices at:
Antrim, Ballymena, Ballymoney, Coleraine and Londonderry

Eastern Division
Hydebank
4 Hospital Road
Belfast BT8 8JL
Phone: (028) 9025 3000
Fax: (028) 9025 3220
Email: roads.eastern@drdni.gov.uk

Divisional Roads Manager
Ken Hutton (Acting)
Deputy Divisional Manager
Bertie Ellison

4 local offices at: Corporation Street and Airport Road (Belfast), Bangor and Lisburn

Southern Division
Marlborough House
Central Way
Craigavon BT64 1AD
Phone: (028) 3834 1144
Fax: (028) 3834 1867
Email: roads.southern@drdni.gov.uk

Divisional Roads Manager
Kevin Monaghan

5 local offices at:
Armagh, Carn, Newry, Newtownards and Seaforde

Western Division
County Hall
Drumragh Avenue
Omagh BT79 7AF
Phone: (028) 8225 4111
Fax: (028) 8225 4010
Email: roads.western@drdni.gov.uk

Divisional Roads Manager
Pat Doherty

5 local offices at:
Cookstown, Dungannon, Enniskillen, Omagh and Strabane

Roads Service Direct
County Hall
182 Galgorm Road
Ballymena BT42 1QG
Phone: (028) 2565 3333
Fax: (028) 2566 2510
Email: roads.direct@drdni.gov.uk

Head of Roads Service Direct
Damien McQuillan (Acting)

Belcoo

Roads Service Consultancy
Rathkeltair House
Market Street
Downpatrick BT30 6AJ
Phone: (028) 4461 2211
Fax: (028) 4461 8188
Email: roads.consultancy@drdni.gov.uk

Head of Consultancy
John Irvine

Transportation and
Engineering Policy Unit
Clarence Court
10-18 Adelaide Street
Belfast BT2 8GB
Phone: (028) 9054 0540
Fax: (028) 9054 0111
Email: roads.transportation@drdni.gov.uk

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

Published 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** 70.9%
Other roads[1] in the network to receive re-surfacing treatment of 21% of that recommended in Best Practice Guidelines.+	**Achieved** 49%
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** 95%
Key Objective: Improve the road network	
Improve the strategic road network by achieving 85% of our major works milestones which include the completion of the following schemes: • A1 Beech Hill to Cloghogue Newry; • A4 Dungannon to Ballygawley; • Cairnshill Park and Ride; • A29 Carland Bridge improvement; • A26/M2 Ballee Road East; and • A2 Broadbridge dualling.	**Achieved** 100% of milestones

Reduce by 50% the total number of target collisions[2] occurring at treated sites over the 3 years following completion of the collision remedial works (schemes completed in 2006-07).+	**Achieved** 68%
Key Objective: Manage the road network to promote its safety and efficient operation	
By the end of March 2011 to have implemented 40 Local Transport and Safety Projects.	**Achieved** 86
Complete sample inspections of road openings by all utilities, covering at least 30% of the number of inspections units as set out in the NIRAUC Code of Practice for Inspection.	**Achieved** 31%
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** **Not Validated** 94%
By March 2011 to have worked with the Department to implement its Information Security Strategic Action Plan.	**Achieved**
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** 99%
Key Objective: Operate to resource limits and deliver value for money	
Maintain expenditure within resource limits and to approved budgets	**Achieved**

Key Objective: Support and motivate all our people to achieve the Agency's objectives	
By 30 September 2010 to have developed a plan to address issues identified in the NICS staff attitude survey.	**Achieved but with some delay.** Plan developed October 2010.
By March 2011 to reduce the average annual level of absenteeism due to sickness to not more than: • 5.95% (13.3 days per person) for industrial staff; and • 3.9% (8.5 days per person) for non-industrial staff.	**Achieved** 5.7% **Achieved** 3.0% Performance is based on information from HR Connect and cannot be validated at this time.
Key Objective: Take forward the implementation for the roads aspects of the Executive's decision on the RPA local government review.	
By July 2010 to have developed new organisational structures for Roads Service. By March 2011 complete the transfer of powers to the local councils in support of the Review of Public Administration.	**Achieved** **Withdrawn**

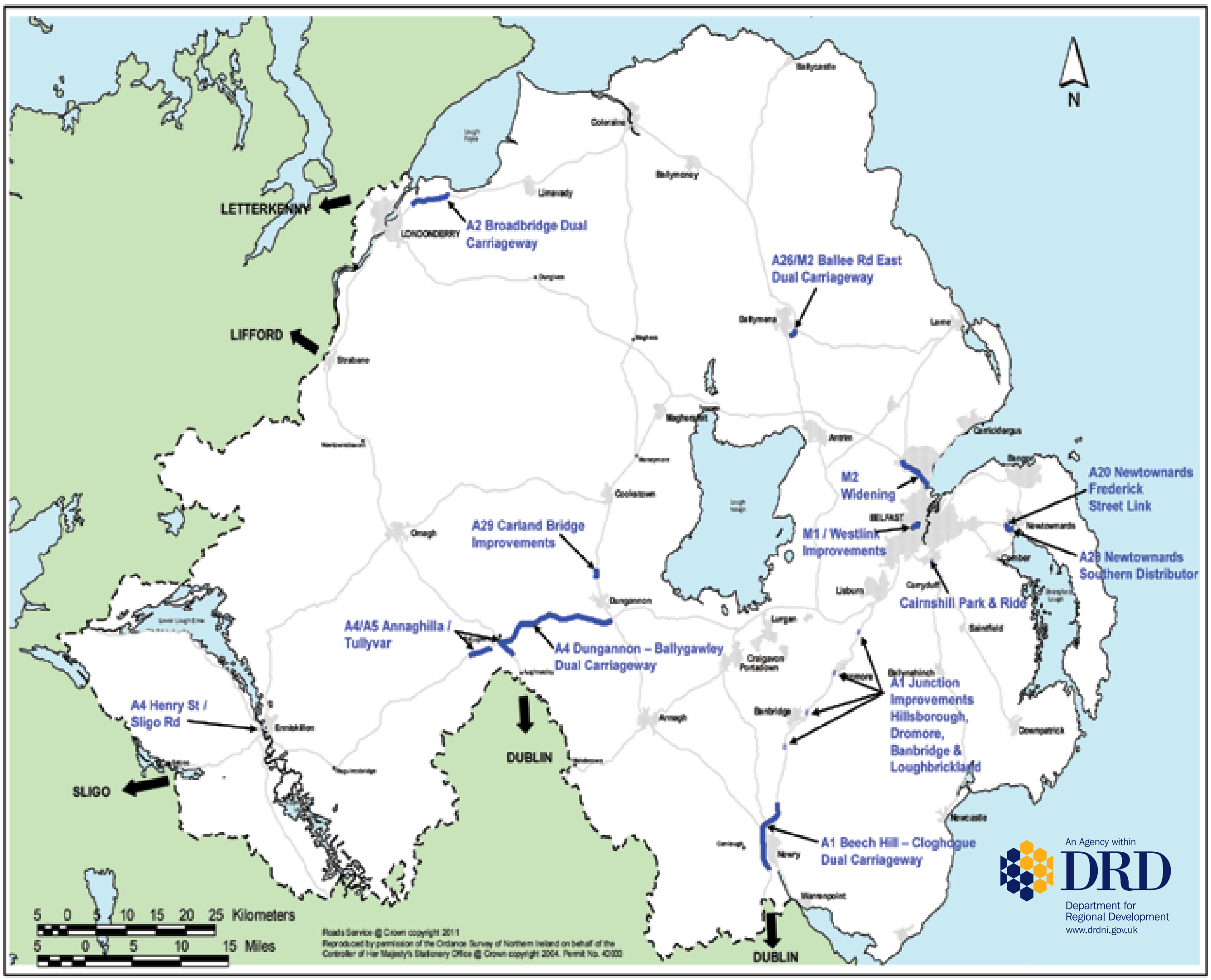
Targets marked + are Public Service Agreement targets

[1] Other than motorways and trunk roads

[2] A collision, the type of which is to be addressed by the remedial works

Completed Major Work Schemes

Appendix 3



Accounts Contents

Statement of Agency's and Chief Executive 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 changes 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. I am the Chief Executive of the Agency and the Chair of the Roads Service Board.

The Agency's Corporate and Business Plans are approved by the Department and the Minister. The Department regularly reviews the Agency's performance towards the achievement of its business plan 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 2011 and up to the date of approval of the Annual Report and Accounts and accords with DFP guidance.

3. Capacity to handle risk

The Roads Service Board provides leadership on the management of risk and has ensured that appropriate risk management policies and procedures are in place for the effective management of risk at all levels of the Agency.

Each Directorate and business unit has a nominated risk co-ordinator. These risk co-ordinators have attended risk management workshops to provide them with the knowledge and skills required to lead the risk management process in their business area. A clear statement of the importance the Agency attributes to risk management, with regard to the Agency's objectives, has been conveyed to relevant staff.

4. The risk and control framework

Risk management is an integral part of the Agency's corporate planning, decision making and performance reporting processes.

The Board has established the Agency's risk appetite as part of its risk management policy. Risks are identified, evaluated and managed at various levels throughout the Agency. The risks are recorded in the appropriate risk register and reported upon as part of the regular business management process, and the Board receives a monthly report regarding risk management and ensures that appropriate action is taken to manage these risks.

Furthermore, the Chief Executive is a member of the Department's Senior Information Risk Council, which oversees the management of information risk within the Department including Roads Service. There are also 33 Information Asset Owners across the Agency to ensure that confidential, important or sensitive information is managed appropriately.

The Agency has an Audit Committee to review the comprehensiveness, reliability and integrity of the assurances supplied to the Board and the Accounting Officer.

Details of the Agency's system of internal control are documented in the Roads Service Corporate Governance Framework.

5. 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 throughout the network;
- The Structural Maintenance Funding Plan, developed by Professor Snaith, shows that the overall Structural Maintenance budget should be increased to around £116 million per annum at today's prices, giving an equivalent expenditure of around £4,500 per carriageway-km. This is considerably lower than equivalent actual expenditure in England and Wales;
- Some 31% of the motorway and trunk road network maintained by Roads Service is 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. This means that significant lengths of the non trunk road network will be of irregular profile and/or below the desirable skid resistance level.

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.

The Agency has an established system of internal control which is documented in the Roads Service Corporate Governance Framework. The framework details the organisational structures, procedures, roles and responsibilities for the Agency's corporate governance arrangements. The framework is a living document and is revised to reflect changes to the internal control and risk management environment.

The Agency's Executive Directors provide me with quarterly Assurance Statements commenting on the adequacy and effectiveness of the internal control arrangements within their directorates.

The Agency Audit Committee, which meets regularly, was chaired by the Non-Executive Member of the Roads Service Board during 2010/11 and until July 2011 when he resigned from his post. The Audit Committee includes a representative of the Road Service Board and an independent Member who will be the interim Chair from August 2011. I attend this Committee along with the Director of Finance and representatives of Internal Audit and the Northern Ireland Audit Office. The Committee:

- Endorses the internal audit plans for the coming period;
- Reviews and monitors audit action plans;
- Reviews the Agency risk register; and
- Provides support and guidance on corporate governance issues.

The Audit Committee in its 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.

Internal Audit provides me with quarterly reports on internal audit activity. I also receive an Annual Assurance Report on the adequacy and effectiveness of the risk management, control and governance processes. As part of this report, the Agency also receives an inter-Departmental Assurance Statement from the Department of Finance and Personnel (DFP) covering all Enterprise Shared Services provided by DFP to other Departments. This covers shared services such as HR Connect, IT Assist, the Centre for Applied Learning and Account NI.

7. Significant internal control problems

The Internal Audit reports have provided an overall satisfactory assurance regarding the adequacy and effectiveness of the risk management, control and governance processes for the Agency. However, the reports did identify the following areas where significant internal control problems arose:

- Roads Service Training Centre where issues were identified in relation to financial monitoring and procurement. Sixteen recommendations have been made and accepted by management,13 of which have been implemented with the remainder on target for completion;
- Roads Service Business Continuity Planning. A draft report has identified potential issues surrounding the development and testing of business continuity plans for business critical IT systems. The report will be finalised in 2011/12 and any recommendations will be implemented within an agreed timeframe;
- Tendering and Letting of Term Contracts within Roads Service. A draft report has identified potential issues surrounding the procurement in a timely manner of Term Contracts. The report will be finalised in 2011/12 and any recommendations will be implemented within an agreed timeframe; and
- Development Control and Private Streets. A draft report has identified potential issues surrounding planning enquiries, consultations with Planning Service, property certificate enquiries and the management of a database. The report will be finalised in 2011/12 and any recommendations will be implemented within an agreed timeframe.

The Agency's Executive Directors have provided me with quarterly Assurance Statements confirming that the appropriate management controls are in place. These assurance statements have identified the following issues that may impact on the delivery of the Agency's objectives:

- Land sales made in error in previous periods, have given rise to compensation and other legal claims in the current year. One sale involved the double conveyance of unregistered land.This land was sold in 1981 but a copy of the conveyance was not retained on file and due to this lack of control the land was sold again in 2003.The second erroneous sale involved a mapping error arising from the age and very poor quality of the title maps. As a result a compensation payment of £170k has been made to Belfast City Council. Controls have now improved with the record keeping in both Roads Service and the Departmental Solicitors Office. In addition where clear title is not available, application for " first registration " in Land Registers is made;

- As a result of whistle blowing allegations Internal Audit has identified serious short-comings in the procurement of a maintenance contract. Following completion of the investigation work disciplinary action was taken against the officer involved;
- Following whistle blowing allegations regarding impropriety by Roads Service Officials an investigation was conducted. The investigation found no evidence of impropriety or wrongdoing by officials. However, issues relating to processes and administration were identified and an action plan to address these is being progressed; and
- Not all staff who are directly involved in letting, managing or influencing Departmental contracts or transactions have completed a formal declaration of interest. However revisions have been made to Related Party Transactions declarations to cover those involved in award of contracts and employees of related parties.

Internal Control Issues from previous Statement on Internal Control

In 2009/10 I highlighted internal control issues in two areas. These areas are outlined below including an update on their status.

- **Small Assets / Equipment.** Internal Audit identified internal control problems in a Departmental review of Small Assets/Equipment in relation to the management of Roads Service Assets. A follow up audit was completed in March 2011 which raised the assurance rating of this audit from limited to satisfactory.
- **Inter-Departmental Assurance. Report from DFP Internal Audit covering all services provided by DFP to other Departments.** In 2009/10 DFP Internal Audit had provided a limited assurance rating in relation to HR Connect. This was due to the circumstances where they had been unable to carry out sufficient assurance reviews. The DFP Head of Internal Audit has provided the Annual Inter-departmental Assurances Report for 2010/11 for the Enterprise Shared Services (ESS) provided by DFP. These primarily relate to Account NI, HR Connect, Centre for Applied Learning (CAL), IT Assist, Central Procurement Directorate (CPD), Central Services Group (CSG) and Departmental Solicitors Office (DSO). DFP Internal Audit provided an overall satisfactory level of assurance on ESS.

G W Allister

Chief Executive

9 September 2011

Roads Service Agency

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

I certify that I have audited the financial statements of Roads Service Agency for the year ended 31 March 2011 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Comprehensive Net Expenditure, 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 the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with 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 read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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 2011, 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.

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 and the part of the Remuneration Report to be audited 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.

Report

In the Accounting Officer's Statement on Internal Control on page 55 of these financial statements, one of the significant internal control issues noted was that there were two separate land sales made in previous years by the Agency which gave rise to a compensation payment of £170,000 during the year in one case due to a mapping error, and a significant legal claim received in the other case on lands sold that had already been disposed of. I will be monitoring the outcome of this significant legal claim and any potential further loss of public funds. I may report on this matter at a later date.

Kieran J Donnelly

KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office, 106 University Street, Belfast, BT7 1EU
21 September 2011

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2011

	Note	Staff costs	Other costs	2010-11 £000 Income	Restated 2009-10 £000 Total
Administration Costs:					
Staff costs	2	56,388	-	-	59,549
Other administration costs	3	-	20,396	-	20,667 *
Operating Income	5	-	-	-	-
Programme Costs:					
Staff costs	2	-	-	-	-
Other programme costs	4	-	233,276	-	263,724*
Operating Income	5	-	-	(26,580)	(27,328)
		56,388	253,672	(26,580)	316,612
Net Operating Cost				**283,480**	**316,612**

* Restated. See note 27.

Other Comprehensive Expenditure

	Note	2010-11 £000	2009-10 £000
Net gain/(loss) on revaluation of Property, Plant and Equipment	6	(851,802)	(2,488,049)
Net gain/(loss) on revaluation of intangibles	7	10	8
Net gain/(loss) on revaluation of available for sales financial assets	-	-	-
Developer Contributions	-	44,468	105,365
Adjustment to fixed asset balances	6,7	1,198	4,020
Total Comprehensive Expenditure for the year ended 31 March 2011		**(522,646)**	**(2,062,044)**

The notes on pages 63 to 88 form part of these accounts.

Statement of Financial Position

For the year ended 31 March 2011

	Note	31 March 2011 £000	Restated 31 March 2010 £000
Non-current assets:			
Property, plant and equipment	6	29,971,784	30,555,810
Intangible assets	7	296	198
Total non-current assets		**29,972,080**	**30,556,008**
Current assets:			
Assets classified as held for sale	10	931	508
Inventories	11	2,068	1,348
Trade and other receivables	12	20,688	32,948
Other current assets		-	-
Cash and cash equivalents	13	8	14
Total current assets		**23,695**	**34,818**
Total assets		29,995,775	30,590,826
Current Liabilities:			
Trade and other payables	14	(113,225)	(100,490)
Other liabilities		-	-
Total current liabilities		**(113,225)**	**(100,490)**
Non-current assets less net current liabilities		**29,882,550**	**30,490,336**
Non-current liabilities			
Provisions	15	(37,152)	(51,151)
Other payables	14	(345,854)	(163,738)
Total non-current liabilities		**(383,006)**	**(214,889)**
Assets less liabilities		**29,499,544**	**30,275,447**
Taxpayers' equity:			
General fund		13,210,712	13,084,629
Revaluation Reserve		16,186,924	17,086,467
Grant Reserve		101,908	104,351
Total taxpayers' equity		**29,499,544**	**30,275,447**

G W Allister

Chief Executive

9 September 2011

The notes on pages 63 to 88 form part of these accounts.

Statement of Cash Flows

For year ended 31 March 2011

	2010-11 £000	Restated 2009-10 £000
Cash flows from operating activities		
Net operating cost	(283,480)	(316,612)
Adjustments for non-cash transactions	116,415	166,517
(Increase)/Decrease in trade and other receivables	12,260	(5,016)
less movements in receivables relating to items not passing through SCNE	(4,338)	645
(Increase)/Decrease in inventories	(720)	11
Increase/(Decrease) in trade payables	200,727	88,427
less movements in payables relating to items not passing through the SCNE	26,037	(15,162)
Use of provisions	(10,839)	(4,562)
Use of bad debt provisions	(3,282)	(1,832)
Net cash outflow from operating activities	**52,780**	**(87,584)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(359,233)	(249,548)
Purchase of intangible assets	(212)	(121)
Proceeds of disposal of property, plant and equipment	1,041	792
Proceeds of disposal of intangibles	-	-
Loans to other bodies	-	-
(Repayments) from other bodies	-	-
Net cash outflow from investing activities	**(358,404)**	**(248,877)**
Cash flows from financing activities		
From the Consolidated Fund (Supply) - current year	308,164	331,957
From the Consolidated Fund (Supply) - prior year	-	-
From the Consolidated Fund (non-Supply) - prior year	-	-
From the EU/TENS (non-Supply)- Capital grants	2,497	323
From TENS (non-supply)- capital grants	2,860	-
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	-	-
Developer contributions	1,276	6,199
Net Financing	**314,797**	**338,479**
Net increase/(decrease) in cash and cash equivalents in the year before adjustments for receipts and payments to the Consolidated Fund	9,173	2,018
Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities	-	-
Payments of amounts due to the Consolidated Fund	(3,303)	(8,334)
Net increase/(decrease) in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund	5,870	(6,316)
Cash and cash equivalents at the beginning of the year	(11,027)	(4,711)
Cash and cash equivalents at the end of the year	(5,157)	(11,027)

The notes on pages 63 to 88 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2011

	Note	General Fund £000	Revaluation Reserve £000	Government Grant Reserve £000	Total Reserves £000
Balance at 31 March 2009		12,880,784	19,663,430	101,291	32,645,505
Changes in accounting policy	27	-			-
Restated balance at 1 April 2009		12,880,784	19,663,430	101,291	32,645,505
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 statement of comprehensive net expenditure		-	-	(5,245)	(5,245)
Grants claimed		-	-	485	485
Contributions to capital assets		105,365	-	-	105,365
Non-cash charges - notional charges		11,203	-	-	11,203
Non-cash charges - auditors' remuneration		77	-	-	77
Transfers between reserves		72,485	(80,305)	7,820	-
Net Operating cost for the year		(316,612)	-	-	(316,612)
Total recognised income and expense for 2009-10		12,753,609	17,086,467	104,351	29,944,427
Funding from Parent		331,957	-	-	331,957
National Insurance Fund		-	-	-	-
CFERs payable to the Consolidated Fund:		-			-
Non EU Operating Income		(723)	-	-	(723)
EU Operating Income		-	-	-	-
Non EU Capital non-operating Income		(485)	-	-	(485)
EU Capital non-operating Income		-	-	-	-
			-	-	-
CFER related exchange difference:					
Non EU Revenue Exchange Rate Gains / Losses		-	-	-	-
EU Revenue Exchange Rate Gains / Losses		-	-	-	-
Non EU Capital Exchange Rate Gains / Losses		271	-	-	271
EU Capital Exchange Rate Gains / Losses		-	-	-	-
Balance at 31 March 2010		13,084,629	17,086,467	104,351	30,275,447

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 2010-11					
Opening adjustment		-	1,199	-	1,199
Net gain/(loss) on revaluation of property, plant and equipment		-	(851,802)	-	(851,802)
Net gain/(loss) on revaluation of intangible assets		-	10	-	10
Net gain/(loss) on revaluation of investments		-	-	-	-
Receipt of donated assets		-	-	-	-
Release of reserves to the statement of comprehensive net expenditure		-	-	(5,688)	(5,688)
Grants claimed - Cfer		-	-	855	855
Grant claimed - Accruing Resource		-	-	164	164
Contributions to capital assets - Cash		1,274	-	-	1,274
Contributions to capital assets - non-Cash		43,194	-	-	43,194
Non-cash charges - notional charges		11,079	-	-	11,079
Non-cash charges - cost of capital		-	-	-	-
Non-cash charges - auditors' remuneration		59	-	-	59
Transfers between reserves		46,724	(48,950)	2,226	-
Net Operating cost for the year		(283,480)			(283,480)
Total Recognised income and expense for 2010-11		12,903,479	16,186,924	101,908	29,192,311
Funding from Parent		308,164	-	-	308,164
National Insurance Fund		-	-	-	-
CFERs payable to the Consolidated Fund					
Non EU Operating Income		(364)	-	-	(364)
EU Operating Income		-	-	-	-
Non EU Capital non-operating Income		(5)	-	-	(5)
EU Capital non-operating Income		(851)	-	-	(851)
CFER related exchange difference:					
Non EU Revenue Exchange Rate Gains / Losses		-	-	-	-
EU Revenue Exchange Rate Gains / Losses		-	-		-
Non EU Capital Exchange Rate Gains / Losses		101			
EU Capital Exchange Rate Gains / Losses		188	-	-	
Balance at 31 March 2011		13,210,712	16,186,924	101,908	29,499,544

The notes on pages 63 to 88 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 2010-11 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel (DFP), Northern Ireland. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Road Service for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Road Service are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

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 Property, plant and equipment

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

1.2.1 Recognition and Initial Measurement

Networked assets

The road surface is recognised as a single asset and is held at depreciated replacement cost (DRC) based on service potential. The structures and communications are also held at DRC.

Non-networked 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 necessary to bring them into working condition for their intended use.

1.2.2 Measurement Subsequent to Initial Measurement

Networked assets

Subsequent maintenance expenditure on the road surface is capitalised where it enhances or replaces the service potential. This includes reconstruction and resurfacing costs, together with any other spend directly leading to the enhancement of the service potential of the road surface. Staff costs directly attributable to the maintenance activities are also capitalised. The networked assets are subject to annual valuations as measured by the Baxter Index for construction in England, Wales and Northern Ireland. The valuation has been prepared by in-house professionally qualified engineers, supported by external valuers.

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.

1. Statement of Accounting Policies (continued)

Land and buildings (Non-networked)

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

Other Non-networked assets

In the 10-11 Accounts the indices as at December 2010 were used, instead of those at February 2011 in order to facilitate an efficient year end process. The indices used in the 09-10 accounts were those at February 2009. The effect of using December 2010 indices instead of February 2011 indices is that indexation in the fixed asset note is understated by £3,017. This is not considered material and therefore no adjustment was made in the 2010-11 accounts.

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 statement of comprehensive net expenditure. All losses that are a result of a loss of economic value or service potential are taken to the statement of comprehensive net expenditure.

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
Networked Assets Land	N/A	N/A	Indicative Land Indices (LPS)
Land for schemes	Land & Property Services (LPS)	31-Mar-11	Indicative Land Indices (LPS)
Car Parks	Land & Property Services (LPS)	31-Mar-08	Indicative Land Indices (LPS)
Buildings	Land & Property Services (LPS)	31-Mar-08	BCIS Index (LPS)
Networked Assets	EC Harris (Professional surveyors) and Professor MS Snaith FREng	31-Mar-10	Baxter Index (Provisional)
Plant & Machinery-Ferry	Blyth Bridges (Marine Consultants)	31-Mar-10	Index provided by Marine Consultants
Plant & Machinery - Vehicles	N/A	N/A	Adjusted National Statistics SIC 2007
Plant & Machinery - General	N/A	N/A	Adjusted National Statistics SIC 2007
IT and Office Equipment	N/A	N/A	RPI

1.2.3 Depreciation

Networked 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 networked assets' 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-networked assets

Tangible assets are depreciated at rates calculated to write them down to estimated residual value over their estimated useful lives. 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, Plant & Machinery and IT & 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
  - Plant and Machinery 3-50 years
  - IT & Office Equipment 3-10 years
- Assets in the course of construction are not depreciated until they have been brought into use.

1.3 Intangible assets

1.3.1 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 Statement of Comprehensive Net Expenditure 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.

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

1.3.2 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.

1.4 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 FReM 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.

1.5 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.

1.6 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. They are not depreciated.

1.7 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 networked 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 Statement of Comprehensive Net Expenditure, 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. However, any impairment losses resulting from the consumption of economic benefit will be charged to the Statement of Comprehensive Net Expenditure and a corresponding amount charged to the General Fund from 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 had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Net Expenditure, 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.

1.8 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.

1.9 Grant funding

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

1.10 Operating income

Operating income is revenue which relates directly to the ordinary 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 Statement of Comprehensive Net Expenditure 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 Statement of Comprehensive Net Expenditure:

- Administration Income; and
- Programme Income.

1.11 EU income

All income from the EU is separately identified and is released to the Statement of Comprehensive Net Expenditure in the period in which the underlying activity takes place.

1.12 Funding from Parliamentary/Assembly Supply

Supply funding is not treated as income on the face of the Statement of Comprehensive Net Expenditure, but is credited to the General Fund.

1.13 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure 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.

1.14 Notional costs

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

1.15 Staff costs

Under IAS 19 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 2011. It is not anticipated that the level of untaken leave will vary significantly from year to year.

1.16 Capital charge

In line with Department of Finance and Personnel advice, costs of capital charges have been removed from accounts. The figures in the accounts have been re-stated as a result of this change in accounting policy by prior period adjustment.

1.17 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 Statement of Comprehensive Net Expenditure in the period in which they arise.

1.18 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).

1.19 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. 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. 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.

1.20 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.

1.21 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.

1.22 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.

1.23 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.

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.

1.24 Contingent liabilities

In accordance with IAS 37 the Agency discloses as contingent liabilities possible 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 IAS 39 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 IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.25 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 Statement of Comprehensive Net Expenditure is stated net of VAT. Both trade receivables and trade payables are stated gross of VAT and the VAT account balance is adjusted accordingly.

1.26 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:

1.26.1 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.

1.26.2 Cash and cash equivalents

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

1.26.3 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 Statement of Comprehensive Net Expenditure 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 Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised.

1.27 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.

1.28 Operating Segments

Information is not presented by operating segment for decision-making purposes segmental reporting, therefore, IFRS 8 is not deemed applicable to the annual accounts.

1.29 Impending Application of Newly Issued Accounting Standards Not Yet Effective.

The Agency provides disclosure of an impending change in accounting policy where it has yet to implement a new IFRS that has been issued but not yet come into effect. In addition, it discloses reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the entity’s financial statements in the period of initial application.

2. Staff numbers and related costs

2.1 Staff costs consist of:

	Permanently Employed Staff £000	Others £000	2010-11 £000 Total	2009-10 £000 Total
Wages and salaries	51,443	-	51,443	54,542
Social Security Costs	3,588	-	3,588	3,743
Pension Costs	8,977	-	8,977	8,269
Recruitment Agency staff	-	216	216	1,193
	64,008	216	64,224	67,747
Less Industrial Wages Capitalised			-	-
Less Salaries Capitalised			(7,836)	(8,198)
Less recoveries in respect of outward secondments			-	-
Total Net Costs			56,388	59,549

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 2010-11, normal employer's contributions of £8,976,611 were payable to the PCSPS (NI) (2009-10 £8,268,636) at one of four rates in the range 18% to 25% of pensionable pay, (2009-10 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 2011-12, the rates will be in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership account, a stakeholder pension with an employer contribution. Employer's contributions of £27,625 (2009-10 £31,602) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3% to 12.5% (2009-10 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% (2009-10 3%) of pensionable pay. In addition employer contributions of £626.51 (2009-10 £1,469.40) 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 £2,157.78 (2009-10 £nil). Contributions prepaid at that date were £nil (2009-10 nil).

16 people (2009-10 7 people) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £12,702.96 (2009-10 £6,860.28).

2.2 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	2010-11 Number Total	2009-10 Number Total
Board and Senior Management	6	-	6	9
Administration and Support	429	7	436	498
Professional and Technical	801	5	806	811
Industrial	545	-	545	587
Staff engaged in Capital Projects	240	-	240	256
Total	2,021	12	2,033	2,161

2.3 Reporting of Civil Service and other compensation schemes - exit packages

	2010-11			2009-10		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	-	2	2
£25,000 - £50,000	-	4	4	-	3	3
£50,000 - £100,000	-	-	-	-	1	1
£100,000 - £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
Total number of exit packages		4	4	-	6	6
Total resource cost/£		132,480	132,480		210,394	210,394

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

3 Other Administrative Costs

	2010-11 £000	Restated 2009-10 £000
Rentals under operating leases	122	174
PFI service charges	-	-
Interest Charges	-	-
Other Administrative Costs		
Contracted Out Services	1,244	1,678
Exchange Loss	-	-
Other Administrative Expenditure	8,108	7,762
Less Other Administration operating costs capitalised	(1,883)	(1,970)
Non-Cash Items		
Notional Charges	11,079	11,203
Depreciation	894	1,089
Revaluation Charged to SCNE	46	27
Loss on disposal of fixed assets	-	-
Auditors' remuneration and expenses	59	77
Provisions provided for in year	727	627
Unwinding of discount on provisions	-	-
Total	**20,396**	**20,667**

4 Programme Costs

	2010-11 £000	Restated 2009-10 £000
Rentals under operating leases	230	209
PFI service charges	4,295	3,610
Interest Charges	17,119	6,736
Other Programme Expenditure		
Contracted out Services	49,571	43,305
Road Drainage Costs	19,869	19,670
Exchange Loss	923	405
Other Programme Expenditure	36,528	32,400
Less Other Programme Expenditure Capitalised	-	-
Non-cash items:		
Notional Charges	-	-
Depreciation	88,596	141,175
Revaluation Charged to SCNE	12,466	6,096
Loss on disposal of fixed assets	-	12
Auditors' remuneration and expenses	-	-
Provisions provided for in year	3,679	10,106
Unwinding of discount on provisions	-	-
Total	**233,276**	**263,724**

5 Income

	2010-11 £000	2009-10 £000
Programme income		
Car Park Receipts	10,676	10,941
PCN Income	4,491	4,818
Recoverable Work	3,145	3,076
Sale of Land	-	-
Strangford Ferry Receipts	825	876
Other	1,755	2,372
Release from Government Grant Reserve	5,688	5,245
Total	**26,580**	**27,328**

6 Property, Plant and Equipment

	Land & Property £000	Network Assets £000	Plant & Machinery £000	IT & Office Equipment £000	Total £000
Cost or valuation					
At 1 April 2010	377,209	32,927,300	54,563	6,010	33,365,082
Opening revaluations adjustment	-	1,048	-	-	1,048
Additions	7,167	319,153	946	35	327,301
Donations	-	-	-	-	-
Developers' contributions	-	42,619	-	-	42,619
Disposals	-	-	(6)	-	(6)
Impairments	-	-	-	-	-
Reclassifications	(1,465)	-	-	1	(1,464)
Revaluations	(60,150)	(733,428)	1,449	9	(792,120)
As at 31 March 2011	**322,761**	**32,556,692**	**56,952**	**6,055**	**32,942,460**
Accumulated Depreciation As at 1 April 2010	1,920	2,764,435	38,063	4,854	2,809,272
Opening revaluations adjustments	-	(151)	-	-	(151)
Charged in year	1,215	85,206	2,822	122	89,365
Disposals	-	-	(6)	-	(6)
Impairments	-	-	-	-	-
Reclassification	-	-	-	-	-
Revaluations	37	71,622	532	5	72,196
At 31 March 2011	**3,172**	**2,921,112**	**41,411**	**4,981**	**2,970,676**
Net book value as at 31 March 2011	**319,589**	**29,635,580**	**15,541**	**1,074**	**29,971,784**
Net book value as at 31 March 2010	375,289	30,162,865	16,500	1,156	30,555,810
Asset Financing:					
Owned	319,589	29,293,239	15,541	1,074	29,629,443
On-balance Sheet PPP contracts		342,341			342,341
Net book value as at 31 March 2011	**319,589**	**29,635,580**	**15,541**	**1,074**	**29,971,784**

6 Property, Plant and Equipment (continued)

	Land & Property £000	Network Assets £000	Plant & Machinery £000	IT & Office Equipment £000	Total £000
Cost or valuation					
At 1 April 2009	412,168	35,215,163	51,028	4,973	35,683,332
Opening revaluations adjustment	12,334	(9,332)	-	-	3,002
Additions	5,653	247,240	2,332	989	256,214
Donations	-	-	-	-	-
Developers' contributions	-	99,166	-	-	99,166
Disposals	(301)	-	(978)	-	(1,279)
Impairments	-	-	-	-	-
Reclassifications	(982)	-	-	(1)	(983)
Revaluations	(51,663)	(2,624,937)	2,181	49	(2,674,370)
As at 31 March 2010	**377,209**	**32,927,300**	**54,563**	**6,010**	**33,365,082**
Restated Accumulated Depreciation As at 1 April 2009	818	2,809,657	34,261	4,563	2,849,299
Opening revaluations adjustments	-	(1,018)	-	-	(1,018)
Charged in year	1,326	137,019	3,537	259	142,141
Disposals	-	-	(950)	-	(950)
Impairments	-	-	-	-	-
Impairment Losses Depreciation					-
Reclassifications	-	-	-	-	-
Transfers Depreciation					-
Revaluations	(224)	(181,223)	1,215	32	(180,200)
Indexation Depreciation					-
Revaluation Depreciation Charge to SCNE					-
Accrued Current Depreciation	-	-	-	-	-
As at March 2010	1,920	2,764,435	38,063	4,854	2,809,272
Restated Net book value as at 31 March 2010	**375,289**	**30,162,865**	**16,500**	**1,156**	**30,555,810**
Net book value as at 31 March 2009	411,350	32,405,506	16,767	410	32,834,033
Asset Financing:					
Owned	375,289	30,005,146	16,500	1,156	30,398,091
On-balance Sheet PPP contracts	-	157,719	-	-	157,719
Net book value as at 31 March 2010	**375,289**	**30,162,865**	**16,500**	**1,156**	**30,555,810**

* This was disclosed separately as Transportation Equipment and Plant & Machinery in the 2009/10 Statutory Accounts.

6.1 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
Networked Assets Land	N/A	N/A	Indicative Land Indices (LPS)
Land for schemes	Land & Property Services (LPS)	31-Mar-11	Indicative Land Indices (LPS)
Car Parks	Land & Property Services (LPS)	31-Mar-08	Indicative Land Indices (LPS)
Buildings	Land & Property Services (LPS)	31-Mar-08	BCIS Index (LPS)
Networked Assets	EC Harris (Professional surveyors) and Professor MS Snaith FREng	31-Mar-10	Baxter Index (Provisional)
Plant & Machinery-Ferry	Blyth Bridges (Marine Consultants)	31-Mar-10	Index provided by Marine Consultants
Plant & Machinery - Vehicles	N/A	N/A	Adjusted National Statistics SIC 2007
Plant & Machinery - General	N/A	N/A	Adjusted National Statistics SIC 2007
IT and Office Equipment	N/A	N/A	RPI

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 on 31 March 2011, utilising the ‘Baxter Index’ for construction in England, Wales and Northern Ireland. For 2010-11 a provisional index to 31 December 2010 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 revalued to 31 March 2011 by Land and Property Services. The valuation of car parks, buildings, plant & machinery and IT & Office Equipment has been indexed to 31 December 2010 using the appropriate indices as outlined in the above table. The previous indexation for these classes of assets was as at 28 February 2010. The application of these indices at different dates has resulted in an decrease in value of the associated assets of £3,017 that would otherwise not have happened. However, this change in accounting estimate has not resulted in a material change to the value of the assets concerned.

6.2 Condition Surveys for the Road Network

Depreciated replacement cost accounting as outlined in the Statement of Accounting Policies requires that an annual condition survey be 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.

7 Intangible Assets

Intangible assets comprise of software licenses and website development costs

	Total £000
Cost or valuation	
As at 1 April 2010	398
Additions	212
Donations	-
Disposals	-
Impairments	-
Revaluations	22
Reclassifications	-
As at March 2011	**632**
Accumulated Amortisation	
At 1 April 2010	200
Charged in year	124

	Total £000
Disposals	-
Impairments	-
Revaluations	12
Reclassifications	-
As at 31 March 2011	**336**
Net book value as at 31 March 2011	**296**

	Total £000
Cost or valuation	
As at 1 April 2009	263
Opening Adjustment	-
Additions	121
Donations	-
Disposals	-
Impairments	-
Revaluations	14
Reclassifications	-
As at March 2010	**398**
Accumulated Amortisation	
As at 1 April 2009	72
Opening Adjustment	-
Charged in year	122
Disposals	-
Impairments	-
Revaluations	-
Reclassifications	6
As at 31 March 2010	**200**
Net book value As at 31 March 2010	**198**

8 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 foward 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 12) and cash and cash equivalents (note 13). The Agency's financial liabilities comprise payables excluding tax assets, accruals and deferred income less than 1 year (note 14). 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 statement of financial position.

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.

9 Impairments

No impairment expenses have been accounted for through the Statement of Comprehensive Net Expenditure. The implementation of the FReM adaptation to IAS 36, Impairment of Assets, applicable from 2010-11 has had no impact on expenditure.

10 Assets held for resale

	2010-11 £000	**2009-10 £000**
As at 1 April 2010	508	12,334
Opening Adjustment	-	-
Transfers In	1,477	983
Transfers Out	(13)	(12,334)
Disposals	(1,041)	(475)
Net Book Value as at 31 March 2011	**931**	**508**

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 2011.

11 Inventories

	2010-11 £000	**2009-10 £000**
Material and Fuel	473	464
Yard and Salt Stock	1,595	884
	2,068	**1,348**

12 Trade receivables and other current assets

Amounts falling due within one year:

	2010-11 £000	2009-10 £000
Trade receivables	2,497	3,754
Other receivables *	6,688	11,909
Prepayments and accrued Income	3,594	3,028
VAT	6,902	9,506
EU Grants Receivable - capital*	1,007	4,751
	20,688	**32,948**

* EU Grants receivable of £843,000 (2009-10 £1,612,000) and other receivables of £4,659,000 (2009-10 £6,188,000) are to be surrendered to the Consolidated Fund when received.

Intra-Government Balances

	2010-11 £000	2009-10 £000
Balances with other central government bodies	14,227	17,309
Balances with local authorities	311	1,326
Balances with NHS Trusts	37	15
Balances with Public Corporations	1,434	1,644
Total intra-government balances	16,009	20,294
Balances with bodies external to government	4,679	12,654
Total Receivables at 31 March	**20,688**	**32,948**

13 Cash and cash equivalents

	Cash and bank balances £000	Bank Overdraft £000	2010-11 £000 Net
Balance at 1 April	14	(11,041)	(11,027)
Net change in cash balances	(6)	5,876	5,870
Balance at 31 March	**8**	**(5,165)**	**(5,157)**

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

Roads Service are signatories on the following bank accounts:

- DRD Insurance A/C - Amey Lagan Roads LTD/DRD
- Highway Mgmt (City) Ltd & Department for Regional Development

Roads Service funds do not go through these accounts and so have not been included in the Agency Accounts.

14 Trade payables and other current liabilities

Amounts falling due within one year:

	2010-11 £000	Restated 2009-10 £000
Trade payables	2,199	1,466
Other payables	6,700	1,918
Accruals and deferred Income	93,513	78,043
Amounts payable to the Consolidated Fund *	5,648	8,022
Bank overdraft	5,165	11,041
	113,225	**100,490**

* EU grants of £843,000 (2009-10 £1,621,000) are included within amounts payable to the Consolidated Fund.

Amounts falling due after more than one year:

	2010-11 £000	2009-10 £000
Other payables, accruals and deferred income	5,529	7,836
Imputed loan on PPP contracts	340,325	155,902
	345,854	**163,738**

Intra Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2010-11 £000	2009-10 £000	2010-11 £000	2009-10 £000
Balances with other central government bodies	13,187	13,212	1	-
Balances with local authorities	640	554	5	-
Balances with NHS Trusts	1	-	-	-
Balances with Public Corporations	210	500	-	-
Total intra-government balances	14,038	14,266	6	-
Balances with bodies external to government	99,187	86,224	345,848	163,738
Total Payables at 31 March	**113,225**	**100,490**	**345,854**	**163,738**

15 Provisions for Liabilities and Charges

	£000 Land Provision	£000 Equal Pay Settlement	£000 Contractors Claims	£000 Other Claims	2010-11 £000 Total
Opening balance at 1 April 2010	33,047	4,852	8,650	4,602	51,151
Provided in the year	13,993	(396)	40	5,660	19,297
Provisions not required written back	(6,993)	-	-	(898)	(7,891)
Provisions utilised in the year	(7,241)	(4,456)	(8,690)	(5,018)	(25,405)
Balance at 31 March 2011	**32,806**	**-**	**-**	**4,346**	**37,152**

	£000 Land Provision	£000 Equal Pay Settlement	£000 Contractors Claims	£000 Other Claims	2009-10 £000 Total
Opening 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 not required written back	-	-	-	-	-
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**

In addition to the above provisions there was £1,275,000 of bad debt provisions utilised.

Land Provision

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

Contractors Claims

The contractors claims provision relates to all known legal claims made against the Agency by contractors in 2010-11. One of the provisions utilised relates to a contractor dispute which was settled in July 2011 for £17,220,000 (excluding VAT).

Other claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in Note 19.

Other Claims

The other claims provision includes unsettled public/employer (£3,712,000), early departure (£66,000), unfair dismissal liability (£68,000) and other legal claims (£500,000) 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.

16 Capital Commitments

Contracted capital commitments at 31 March 2011 not otherwise included in these accounts:

	2010-11 £000	2009-10 £000
Contracted	39,820	49,912
	39,820	**49,912**

17 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:

	2010-11 £000	2009-10 £000
Obligations under operating leases for the following periods comprise:		
Land		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	-
Buildings		
Not later than one year	12	11
Later than one year and not later than five years	-	61
Later than five years	-	-
	12	72
Other		
Not later than one year	200	103
Later than one year and not later than five years	493	83
Later than five years	227	66
	920	252
Total	**932**	**324**

18 Commitments Under PPP Contracts

18.1 Off-balance sheet (SoFP)

The Agency has no off balance sheet (SoFP) PPP contracts.

18.2 On-balance sheet (SoFP)

Roads Service has entered into the following on-balance sheet (SoFP) 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 28 November 2009. The capital value of this PPP Package 1 is £118,219,000.

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 was due to be completed on 5 May 2011. The estimated capital value of PPP Package 2 is £224,123,000.

The Agency has entered into two on balance sheet (SoFP) PPP Contracts in relation to PPP Package 1 and Package 2. Under IFRIC12, these assets are treated as assets of the Department. 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.

The total obligations under on balance sheet (SoFP) PPP contracts for the following periods comprise:

	2010-11 £000	2009-10 £000
Not later than one year	28,562	10,965
Later than one year and not more than five years	114,249	116,114
Later than five years	590,731	629,553
	733,542	756,632
Less: Interest Element	(393,216)	(404,265)
Present Value of Obligations	**340,326**	**352,367**

18.3 Charge on the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of off balance sheet (SOFP) PPP transactions and the service element of on balance sheet (SoFP) PPP transactions was £3,294,958 (2009-10: £3,610,216) and the payments to which the Agency is committed, analysed by the period during which commitment expires is as follows:

	2010-11 £000	2009-10 £000
Not later than one year	14,660	4,496
Later than one year and not more than five years	66,069	61,884
Later than five years	740,633	765,464
	821,362	**831,844**

19 Contingent Liabilities Disclosed Under IAS 37

19.1 Contingent Liabilities Disclosed Under IAS 37

At 31 March 2011 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 liability at £6,901,299.

There is also a possible liability of £384,000 in relation to solicitors fees which the Agency are disputing liability but could lead to a loss.

19.2 Contingent Liabilities not required to be disclosed under IAS 37 but included for Parliamentary Reporting and Accountability Purposes

Such contingent liabilities, whether quantifiable or unquantifiable, arise through specific guarantees, indemnities or by the giving of letters of comfort. None of these are contingent liabilities within the meaning of IAS 37 since the likelihood of transfer of economic benefits in settlement is too remote.

There is a remote contingent liability of £4,500,000 in relation to the possibility of an award of legal costs against Roads Service.

20 Related Party Transactions

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

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

21 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.

22 Business Activities Attracting Fees and Charges

The following information is for fees and charges purposes, not for IFR8 Purposes.

Roads Service has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

The financial target for car parking services in 2010-11 is 70% (2009-10: 70%) recovery of the full cost of providing, updating and maintaining the services. The actual percentage recovery achieved was 70% (2009-10: 62%).

The financial target for the ferry service in 2010-11 is 40% (2009-10: 50%) recovery of the full cost of providing and maintaining the service. The actual percentage recovery achieved was 40% (2009-10: 45%).

During 2010-11 at the discretion of the Minster the cost recovery target for the Strangford Ferry was reduced from 50% to 40%. The reduced cost recovery target was required as a result of declining Ferry users (including commerials users) and increasing costs.

Car Parks/ Related Enforcement

	2010-11 £000	2009-10 £000
Operating Costs	13,919	14,243
Notional Costs	7,696	11,052
Income	(15,168)	(15,760)
Deficit/ (Surplus)	**6,447**	**9,535**

Strangford Ferry

	2010-11 £000	2009-10 £000
Operating Costs	1,790	1,667
Notional Costs	386	348
Income	(864)	(915)
Deficit	**1,312**	**1,100**

23 RPA Reform

During 2009/10 the Executive agreed a refined suite of local road functions that would transfer to the 11 new councils to be created in 2011. The revised functions that were to transfer include:

- Pedestrian permits;
- Alley-gating;
- Permitting local events on roads;
- Off street parking; and
- On street parking enforcement.

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.

However, on 14 June 2010 the Executive agreed that it was no longer possible to achieve the reform of local government by May 2011 and noted that the Minister of the Environment would bring fresh proposals back to the Executive on reframing the delivery timetable for the Local Government Reform Programme by the end of Summer 2010.

Roads Service is continuing to work the Department of the Environment to clarify the future direction of RPA and its implications for the Agency.

24 Losses and Special Payments

				Restated
		2010-11 £000		2009-10 £000
	Number of Cases	£000	Number of Cases	£000
Stores and Plant Losses	17	7	12	45
Abandoned Claims	46	1,283	4	1,831
Fruitless Payments and Constructive Losses	-	-	-	-
Foreign Exchange Losses	1	923	1	405
Other Cash Losses	22	1	6	2
Special Payments	3	794	-	-
	89	**3,008**	**23**	**2,283**

The Agency incurred losses relating to Penalty Charge Notice (PCN) debt of £1,139,084 (2009-10 £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).

Foreign Exchange Loss of £922,539 (2009-10 £405,494) was incurred in relation to loss on receipts received in year on TENS, BSP and Interreg debtor balances. In 2009-10 DFP approval was not sought for foreign exchange losses and the figure was omitted from this note in 2009-10.

A Special Payment of £614,000 was made in relation to compensation for a Road Traffic Accident.

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

There are no significant impacts to disclose in relation to standards issued but not yet adopted.

26 Post Balance Sheet Events

Roads Service created a provision of £8,600,000 in the previous financial year in relation to a contractor dispute. This dispute was settled in July 2011 for an amount of £17,220,000 (excluding VAT).

27 Prior Period Adjustment

27.1 Cost of Capital

The removal of the cost of capital charge has had the following effect on the Agency's 09-10 accounts.

	(restated) 09-10 **£000**	**09-10** **£000**
Opening Balance - General Fund	12,880,784	12,880,784
Removal of Cost of Capital Charge from SCNE	-	1,241,662
Removal of Cost of Capital Charge from General Fund	-	-1,241,662
Restated Opening Balance - General Fund	12,880,784	12,880,784
Programme Costs adjusted for Removal of Cost of Capital Charge Only	263,724	1,406,650
Administration Costs adjusted for Removal of Cost of Capital Charge Only	**20,667**	**23,089**

The Accounts for the year ended 31 March 2011 were authorised to be issued on 9th September 2011 by the Accounting Officer.

Further copies of this document can be obtained from:

Roads Service
Strategic Planning Branch
Clarence Court, 10-18 Adelaide Street
Belfast BT2 8GB

Tel: (028) 9054 0503
Fax: (028) 9054 0024
Textphone: (028) 905400022

E-mail: roads.strategicplanning@drdni.gov.uk
Website: www.drdni.gov.uk

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