The Planning Service Annual Report and Accounts

2010/11

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

on

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CHIEF EXECUTIVE'S FOREWARD

I am pleased to present the Planning Service's Annual Report and Accounts for 2010/11.

I took up post as Chief Executive of the Planning Service in October 2010, at a time of significant change for the organisation. In November 2010, the Environment Minister made a Statement to the Assembly announcing the reinvigoration of the planning and local government reform programmes. The Planning Bill which was subsequently taken through the Assembly provided for the transfer of development plan and development management powers from the Department of the Environment to local councils, within a timeframe to be agreed by The Executive.

In anticipation of the new arrangements, the Planning Service ceased to be an agency from 1 April 2011. Its functions have now been absorbed by the core of the Department, with a local planning division taking responsibility for the development plan and development management functions which will transfer in due course to councils; and a strategic planning division which will take forward the responsibilities which will remain in the Department following local government reform.

The past year has been extremely challenging for the Agency, as it continued to face significant financial pressures arising from the sharp fall-off in planning receipts. Following a review of operating costs initiated during 2009/10 it was concluded that the funding gap could be addressed only through a significant reduction in staffing costs. As a consequence almost 200 staff left the Agency during 2010/11, either permanently or on a temporary basis. Some of them were transferred from the Planning Service to posts in other parts of the Department or in the wider NICS. Other mechanisms such as loan and secondment opportunities, and targeted early retirements have also been maximised in an effort to reduce costs. Work will continue during 2011/12 and beyond to further reduce costs prior to the transfer of functions to local government.

Numbers of planning applications continued to decline, with an overall drop of some 14% by comparison with 2009/10. The Agency continued to process more applications to decision or withdrawal than it received, but staff redeployment and the roll-out of a new IT system had an impact on application processing targets.

The Agency's development plan programme continued to be affected by ongoing litigation. In spite of this, progress was made during the year with the draft Northern Area Plan, which is now scheduled to go to Independent Examination in the autumn, and the draft Magherafelt Area Plan, which was progressed towards adoption.

Throughout the year work continued to progress and build on a range of customer-focused and process improvement initiatives. The streamlined council consultation scheme was extended, resulting in over 50% of applications now being processed through the streamlined arrangements, with approval decisions issued within an average of approximately 60 working days. Significant inroads were made to the application backlog following the agreement of new efficiency measures with the Minister. The ePIC (Electronic Planning Information for the Citizen) IT system was implemented, enabling members of the public to access information about planning applications via the website. These measures appear to be bearing fruit as a Planning Service customer satisfaction survey conducted between July and October 2010 revealed that customer satisfaction with overall service had risen to 63%, the highest it has been since 2000.

The period ahead will continue to be very challenging for both Planning Divisions as we move forward with restructuring of the organisation and reform of the planning system. However, in signing off this final Planning Service Annual Report and Accounts, I have no doubt that the professionalism and commitment of our staff will enable us to meet those challenges, while continuing to deliver a good quality service to the public.

IAN MAYE
Chief Executive

CHIEF EXECUTIVE'S REPORT

Introduction

The Planning Service presents its accounts for the year ended 31 March 2011 at pages 30 to 70. These accounts have been prepared under a direction issued by the Department of Finance and Personnel in accordance with section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

Status

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

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

Principal Activities

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

Business Review

A full review of the Agency's business activities during the year is provided in pages 10 to 24 of the Annual Report.

Future Developments

With effect from 1 April 2011 the Planning Service ceased to be an Agency and its functions were absorbed into two Divisions within the core of the Department – Local Planning Division and Strategic Planning Division. Further detail is included in Notes 22 and 23 to the Agency Accounts.

Future business objectives for both Divisions are set out in the Department of the Environment's Business Plan 2011/12.

Management Board

The Agency's Management Board during the year ended 31 March 2011 comprised:

Chief Executive and Chairman (from 1 April 2010 to 08 October 2010)	-	Mrs C D Smith
Chief Executive and Chairman (from 11 October 2010 to present)	-	Mr I Maye

Director of Corporate Services (from 1 April 2010 to 14 October 2010)	-	Mrs M Fleming
Director of Operations	-	Ms A Garvey
Director of Strategic Planning	-	Mr T Clarke
Independent Board Member	-	Mr N Mack

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

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

Further details of Directors' remuneration are included in the Agency Remuneration Report at page 25.

Company Directorships

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

Charitable Donations

During 2009/10 and 2010/11 the Agency made no charitable donations.

Disabled Persons

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

Equal Opportunities

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

Employee Involvement

The Agency's planning, administrative and support staff are essential to the conduct of its business. Every effort is made to inform staff of their progress with key performance targets and about topical issues through team briefing, publication of information on the intranet and the periodic issue of notes to each member of staff. There is active and regular consultation between the Agency's management and staff representatives through local and Planning Service Level

Whitley (management and employee) Committees and at special meetings to discuss specific issues.

Health and Safety

The Agency is committed to adhering to all existing legislation on health and safety at work to ensure that staff and customers enjoy the benefits of a safe environment.

IAN MAYE
Chief Executive
24 June 2011

MANAGEMENT COMMENTARY

1. ABOUT THE PLANNING SERVICE

1.1 Throughout 2010/11 the Planning Service was an Executive Agency within the Department of the Environment. The planning system exists to regulate development and land use in the public interest. The Agency's planning functions are set out in the Planning (Northern Ireland) Order 1991. The Minister of the Environment with responsibility for the Planning Service over the course of the year was Edwin Poots MLA.

2. THE AGENCY'S BUSINESS

2.1 The Agency's key business areas are:

- the development management process (the system for dealing with individual planning applications), including enforcement; and
- the preparation of development plans.

3. FINANCIAL REVIEW

3.1 Funding and Financial Position

The Planning Service is funded jointly by income from fees and monies voted by the Northern Ireland Assembly. Income from fees relates to charges for planning applications and property certificates. The Agency continues to be significantly impacted by the effects on income of the economic downturn. The rate of decline in application volumes increased during 2010/11 as compared to 2009/10, with preliminary statistics indicating a reduction of 14% in the number of applications submitted in 2010/11 as compared to the previous year. Despite an inflationary planning fee increase of 2.9% introduced from October 2010, the Agency's budgetary pressures remained considerable with fee income down £3.3m compared to 2009/10. These pressures were addressed in 2010/11 by a combination of measures, including the redeployment of Planning Service staff to achieve a significant reduction in staffing costs, generation of cost savings within the Agency, additional funding provided from budget reductions across the wider Department and additional funding from the Executive. However, the Agency did not recover in full the costs of determining planning applications and responding to property enquiries during 2010/11.

3.2 Results for the Year

The net operating cost for the year as shown on page 40 was £26.952m (2009/10 - £30.73m). This included an amount of £11.068m (2009/10 - £11.414m) for services provided free of charge by other Agencies and Departments (note 3a).

3.3 Important Events Occurring after the Reporting Date

As noted in the Chief Executive's report, the Planning Service has ceased being an executive agency from 1 April 2011, as part of the preparations for planning and local government reform. The functions and resources of the agency have been absorbed into the Department from April 2011 with the re-organisation of the 6 Planning Divisions into 5 Planning Areas. This is part of an ongoing process to transfer planning powers to councils at a time and in a manner to be agreed by the Executive. The Planning Bill, which provides the framework for the transfer of planning functions to local government was approved by the Assembly in March 2011. Further detail is supplied in Notes 22 and 23 to the Agency Accounts.

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

3.4 Non-Current Assets

Details of the movements in non-current assets are set out in notes 6 and 7 to the accounts. The Agency does not believe that there is any material difference between the market and book values of its assets at 31 March 2011.

3.5 Financial Assistance and Grants to Other Bodies

During the year Planning Service provided funding to "Disability Action" to raise awareness of disability access issues and to "Community Places" to enable disadvantaged community groups and individuals to participate in the planning system. Townscape Heritage Initiative grants were also paid to groups for expenditure in connection with the promotion, preservation or enhancement of the character and appearance of Conservation Areas.

3.6 Pension Liabilities

The Department is covered by the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation Liability Charge (ASLC). The scheme is essentially non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS(NI). The Agency meets the cost of pension cover provided for staff by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS(NI) as a whole.

3.7 Sickness Absence

The sickness absence target for the 2010/11 year was 9.5 days. At the date of signing the accounts, sickness absence figures for this financial year were not validated by NISRA, however it is likely that the Department will outturn an average of 7.3 days (2009/10 - 9 days) sickness absence per whole-time equivalent member of staff.

3.8 Payments to Suppliers

The Agency is committed to the prompt payment of bills for goods and services received, in accordance with the Late Payment of Commercial Debts (Interest) Act 1998, Late Payment of Commercial Debts Regulations 2002 and British Standard 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 on presentation of a valid invoice or similar demand, whichever is the later. In November 2008, the Executive sought payments to be made within 10 days to help local businesses in the current economic climate.

In 20010/11, 92% of invoices for goods or services were paid within 30 days or contract terms (87% - 2009/10) and 80% were paid within 10 days (66% - 2009/10).

3.9 Auditor

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

The Agency confirms that:

(a) so far as its Accounting Officer (AO) is aware, there is no relevant audit information of which the entity's auditors are unaware, and

(b) the AO has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The audit of the financial statements for 2010/11 resulted in an audit fee of £20,000 (2009/10 - £17,375).

4. AIM AND STRATEGIC OBJECTIVES

4.1 The Agency's aim for 2010/11 was:

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

4.2 The Agency's Strategic Objectives for the period to 31 March 2011 were as follows:

RESULTS To make good, timely planning decisions within a fit for purpose area plans, policy and legislative framework which supports the key priorities in the Executive's Programme for Government. To support the Agency's change programme by taking forward the measures necessary to progress Planning Reform and the transfer of the majority of planning functions to local government in accordance with the agreed timetable.	**PROCESSES** To review, streamline, improve and monitor the Planning Service's key systems and processes.
FINANCE/RESOURCES To manage the Agency's financial, human and other resources to deliver as far as possible the Agency's aim and objectives.	**CUSTOMERS/STAKEHOLDERS** Enable effective engagement of customers and stakeholders with the planning process in order to deliver a good quality service.

5. THE ORGANISATION

5.1 The Chief Executive of the Planning Service is directly responsible to the Minister for the Agency's performance and operations. Between April and October 2010 the Planning Service Management Board comprised the Chief Executive, three Directors - the Director of Operations, the Director of Strategic Planning and the Director of Corporate Services – and one Independent Board Member. Following the outcomes of the Department's

Corporate Services Review, the post of Corporate Services Director was suppressed in October 2010.

5.2 Planning Service Headquarters is in Millennium House, 17-25 Great Victoria Street, Belfast, BT2 7BN. During 2010/11 there were six Divisional Planning Offices and two Sub-Divisional Planning Offices located across Northern Ireland.

6. PERFORMANCE AGAINST TARGETS

6.1 Approximately 16,800 valid planning applications were received during 2010/11, representing a decrease of around 14% on the previous year. The number of applications progressed to decision or withdrawal exceeded the number received by about 4%, but there was some slippage with the Agency's processing targets which was possibly reflective in part of the impact of staff redeployment and the temporary impact on the business created by the transition to the new ePIC system. While the Agency met its Programme for Government target in relation to the processing of intermediate applications, the targets for major and minor applications were missed by a narrow margin. In relation to major (Article 31) applications, 26 were processed to a decision or recommendation to the Minister during the year.

6.2 As in recent years delivery of the Planning Service's overall development plan programme has continued to be significantly affected by a number of complex legal challenges, in particular, the ongoing litigation related to the Strategic Environmental Assessment process associated with the draft Northern Area Plan, which is the subject of a reference by the Northern Ireland Court of Appeal to the European Court of Justice.

Despite this challenge, the Agency was able to recommence work on the Draft Northern Area Plan during the year and it is now scheduled to go to Independent Examination before the Planning Appeals Commission (PAC) in September 2011. The draft Magherafelt Area Plan has also been progressed towards adoption following receipt of the PAC Report in January, while the PAC Report into the draft Belfast Metropolitan Area Plan was partially received at the end of March.

In addition, during 2010, local Planning Offices were engaged in preparatory forward planning work with Council Transition and Management Committees. Despite the delay in implementation of the Review of Public Administration, this pilot work is a foundation which the Department will be keen to build upon as the Executive moves forward with the transfer of the bulk of planning powers in the next few years.

6.3 Department of the Environment's Public Service Agreement

The Planning Service's performance in relation to the targets set out in the Department of the Environment's Public Service Agreement for 2008/09 – 2010/11 is as follows:

Target	**Position at 31 March 2011**
Ensure a fit for purpose suite of draft or adopted development plans is in place by March 2011.	Not achieved. Ongoing legal proceedings in relation to the Strategic Environmental Assessment process which accompanied the draft Northern and the draft Magherafelt Area Plans has had an impact on the development plan programme.
A fit for purpose legislative framework to be in place by March 2011.	Achieved. Responsibility for this target was transferred to the Core Department in September 2010.
By March 2011: - 60% of major applications processed in 23 weeks. - 70% of intermediate applications processed in 31 weeks. - 80% of minor applications processed in 18 weeks.	Partially achieved. Subject to final validation of our statistics the element of the target in respect of intermediate applications was achieved in full. The other two elements of the target were not achieved by a narrow margin.

Planning Service is also committed through the Programme for Government to determining all large scale investment planning proposals within 6 months provided there has been pre-application consultation.

Target	Position at 31 March 2011
Year on year from 2008-11 decide all large scale investment planning proposals within 6 months, provided there has been pre-application consultation.	Achieved.

6.4 Planning Service Business Plan 2010/11

The Agency's performance against the Ministerial targets in the Business Plan for 2010/11 is reflected below under the relevant strategic objectives.

Strategic Objective:

To make good, timely planning decisions within a fit for purpose Area Plans, policy and legislative framework which supports the key priorities in the Executive's Programme for Government.

To support the Agency's change programme by taking forward the measures necessary to progress Planning Reform and the transfer of the majority of planning functions to local government in accordance with the agreed timetable.

Target	Outturn
1. Introduce Planning Reform Bill to the Assembly.	Achieved.
2. To seek Management Board agreement to a timeline in respect of the draft Belfast Metropolitan Area Plan (BMAP) and the draft Magherafelt Area Plan.	Partially achieved. The element of the target relating to the draft BMAP was not achieved because the Planning Appeals Commission's report in respect of the public inquiry into the draft Plan was not received within the timeframe that had been anticipated.
3. To progress the draft BMAP and the draft Magherafelt Area Plan towards adoption.	Partially achieved. The element of the target relating to the draft BMAP was not achieved for

	the reason set out above.
4. To progress the draft Northern Area Plan towards independent examination.	Achieved.
5. To process to decision or withdrawal: - 60% of major applications within 23 weeks; - 70% of intermediate applications within 31 weeks; and - 80% of minor applications within 18 weeks.[1]	Partially achieved. Subject to final validation of our statistics the element of the target in respect of intermediate applications was achieved in full. The other two elements of the target were not achieved by a narrow margin.
6. Decide all large scale investment planning proposals within 6 months, provided there has been pre-application consultation.	Achieved.

Strategic Objective:

Enable effective engagement of customers and stakeholders with the planning process in order to deliver a good quality service.

Target	Outturn
7. To conduct the 2010 Customer Survey by 30 September 2010 and to analyse findings and report results by 31 December 2010.	Partially achieved. The first element of the target was not achieved within the specified timescale as there was a delay in issuing the survey to a number of agents.

[1] Target excludes applications deferred as a consequence of draft Planning Policy Statement 14/21.

Strategic Objective:

To review, streamline, improve and monitor the Planning Service's key systems and processes.

Target	Outturn
8. Complete implementation of the ePIC system.	Achieved.
9. To prepare the ePIC system for transfer to councils by undertaking the actions detailed in the 2010/11 Planning Reform/ RPA implementation plan.	Partially achieved. While work was undertaken to test the functionality of the ePIC system in a number of council areas, specific actions against which to measure completion of the target were not detailed in an implementation plan.

Strategic Objective:

To manage the Agency's financial, human and other resources to deliver as far as possible the Agency's aim and objectives.

Target	Outturn
10. To ensure that provisional outturn for resource and capital comes within the final plan position approved by DFP after the outcome of February monitoring.	Achieved.
11. To contribute to the reviews of Corporate Services and Planning Service by implementing all actions agreed for Planning Service in 2010/11 to indentify savings that are sufficient to cover the shortfall in planning application income and other internal pressures.	Achieved.

12. To complete a review of Planning Fees and Charges in preparation for consultation and subsequent fees regulations.	Achieved.

Overall, 7 of the Agency's 12 targets were fully achieved during the year and the remaining 5 were partially achieved. Of the 5 which were partially achieved, 2 were due to circumstances beyond the Agency's control in that the Planning Appeals Commission did not submit its report in respect of the draft Belfast Metropolitan Area Plan Public Inquiry to the Agency within the timeframe that had been anticipated.

7 OTHER COMMITMENTS

7.1 Financial Position

Throughout the year the Planning Service continued to be significantly impacted by the effects of the economic downturn. The decline in numbers of incoming planning applications resulted in a drop in planning application income for the year of some £3.3m compared to 2009/10. This was despite a 2.9% inflationary increase applied from October 2010. The Agency addressed the resultant budgetary pressure by a combination of measures, including the redeployment of Planning Service staff to achieve a significant reduction in staffing costs, generation of cost savings within the Planning Service, additional funding provided from budget reductions across the wider Department and additional funding from the Executive.

7.2 Review of Operating Costs/Corporate Services Review

A review of the Planning Service's operating costs initiated during 2009/10 concluded that the gap in funding requirements was £8.27million and could only be bridged by the Agency moving rapidly to achieve a significant reduction in its staffing costs and by the redeployment of staff. The review team recommended that Planning Service should reduce its staff numbers by 271 across a number of grades and across both professional planning and administrative staff. A subsequent review of senior management structures has enabled this to be reduced to 246 posts.

Substantial work has been undertaken to find posts for surplus staff. All available options have been utilised, including permanent transfers to other Departments, temporary posts on loan or secondment and lateral transfer. The Department has also approved a small number of targeted early retirements.

Over the course of the year 111 Administrative staff (105 whole-time equivalent) have been redeployed from Planning Service and 84 Professional and Technical staff (83.25 whole-time equivalent) have either been transferred on loan to other NICS Departments or seconded to outside the NICS. The redeployment of staff continues to be a significant issue and every effort is being made to identify posts by engaging with other Departments and other organisations to secure suitable vacancies.

Following a review of Corporate Services carried out by the Department during 2009/10, the functions of the Agency's Corporate Services Directorate were largely centralised into the core of the Department during the first part of the business year. The Corporate Services Directorate ceased to exist within the Agency with effect from October 2010.

7.3 Short Term Measures

The year has seen further progress with the programme of process improvement measures aimed at making the handling of planning applications and appeals more efficient and effective. A new information leaflet 'Planning Permission and Farm Diversification' was launched in January 2011 in collaboration with the Department of Agriculture and Rural Development (DARD). It is aimed at helping farmers who are planning to diversify their farm business under DARD's Rural Development Programme by explaining both the process of applying for a farm diversification grant and the planning process. The guide has been welcomed as a positive initiative to help the farming community and the Northern Ireland economy.

Work continues on embedding the Good Practice Guide which was launched by the then Minister in June 2009 in partnership with the building industry. Our focus continues on active caseload management through a project management approach which is critical in preparing for the overall reform of the planning system to help make the development management process responsive in a way which is proportionate to different types of development proposal.

2010/11 has seen a further extension of the scheme for streamlined council consultation, which was originally piloted with Derry City Council and is now operating in all 26 councils in Northern Ireland. The scheme enables the speedy determination of non-contentious planning applications. The aim is to further extend the scheme with agreement from all councils to ensure that the maximum number of planning applications are streamlined. At 31 December 2010 about 57% of applications were streamlined and planning approvals were being issued on average within some 60 working days.

As part of this overall short term initiative, good progress has also been made in reducing the backlog of major applications. Following the Minister's agreement to revised procedures aimed at improved efficiencies and effectiveness in dealing with these applications, there has been a reduction of about 50% in the backlog, including a 25% reduction in major applications backlogged in the system more than 12 months.

The evidence suggests that all of these measures are having a positive impact, as the Agency's 2010 customer service survey revealed that the level of customer satisfaction had almost doubled to 63% from a low of 32% in a similar survey carried out in 2008.

7.4 Strategic Projects

The Strategic Projects Division at Planning Service Headquarters is committed to supporting the future economic development needs of Northern Ireland by making timely decisions to ensure that the benefits of economic investment and job creation are realised.

Two Strategic Projects teams within the Division process planning applications from across the province for large scale investment proposals, including all Article 31 applications. They also process other economically significant applications which, while not qualifying for Article 31, are nevertheless viewed as important to the NI economy. In addition, the Division handles specialised planning proposals such as renewable energy, waste and minerals applications.

During this financial year the teams have processed 26 Article 31 applications including a comprehensive mixed use development in Omagh representing a £350m investment and 2,000 construction and post development jobs, a £20m extension to Glenarm Quarry and an ambitious £400m development project in Ballyclare creating around 350 construction jobs annually through the project over the next 10-15 years. 20 other economically significant applications have also been processed including a new engineering centre for Queen's University and a number of approvals including mixed use development, hotels and conference facilities, business, education, and a financial services campus within the Titanic Quarter, Belfast.

During 2010/11 the Planning Service processed two large-scale planning proposals within the Programme for Government target of 6 months, maintaining a 100% success rate since the introduction of the pre-application discussions process.

7.5 Legislative Framework/Planning Reform

In September 2010 the Planning Service Policy and Legislation Unit was transferred from the Planning Service to Planning Policy Division within the core of the Department. Details of all planning-related legislation taken forward during 2010/11, including developments with regard to planning reform, can be found in the Department of the Environment's Annual Report and Accounts.

7.6 Electronic Planning Information for the Citizen (ePIC)

The year saw the successful implementation of the new ePIC system which supports the full planning application process. The public now has access to comprehensive planning application information via the Planning website and a full online application service will be introduced early in 2011. The contract for Planner 20/20 was terminated at the end of December 2010.

7.7 Freedom of Information

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

Although the Planning Service has operated an open file system since November 2001, the FOI and EIR provisions are designed to enable individuals to access more information. Between 1 April 2010 and 31 March 2011 the Planning Service received 238 (2009/10 – 361) requests for information. This represents 49% (2009/10 – 60%) of all requests received by the Department of the Environment during this period.

7.8 Ombudsman Cases

During 2010/11, 22 (2009/10 – 22) complaints of alleged maladministration by the Planning Service were investigated by the Northern Ireland Ombudsman's office. By 31 March 2011, the Ombudsman had concluded and reported on his investigations in relation to 14 of these.

The Ombudsman did not find any evidence of maladministration in 3 of the cases. Maladministration was found in 9 cases and some failing was identified in 2 cases. The Ombudsman criticised the Planning Service for failings primarily in the areas of communications and record-keeping.

7.9 Risks and Uncertainties

Risk management has been incorporated into the corporate planning and decision-making processes of the Agency. The Agency has a Policy and Framework for Risk Management, which defines the framework and describes the process for identifying and managing risks. Further details on the Agency's capacity to handle risk, the risk and control framework within which the Agency operates, and a review of effectiveness of the Agency's system of internal control are provided in the Statement on Internal Control.

8 CORPORATE GOVERNANCE

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

The Planning Service Management Board supports the Chief Executive by contributing to the corporate management of the Agency within the strategic policy and resources framework set by Ministers. The Management Board formally considers its remit, constitution and operating procedures at least once every 2 years. Terms of Reference have been developed for the Management Board setting out its purpose, key roles, responsibilities and procedures. The Terms of Reference were reviewed and updated in November 2010 to reflect changes flowing from the suppression of the Corporate Services Director post.

An Independent Board Member has been in post throughout the business year.

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

The Planning Service Audit Committee (PSAC) met quarterly in 2010/11. Its role is to advise the Chief Executive on Audit and Governance matters in relation to his responsibilities as Accounting Officer. It is an advisory body and has no executive powers.

In line with the guidelines set out in HM Treasury's Audit Committee Handbook the PSAC is chaired by an Independent Board Member. Membership comprises 2 further members, one of whom is an independent Committee member from the Senior Civil Service. The tenure of Independent Board Members is two years. Members of the Agency Audit Committee are appointed by the Management Board.

The Committee reviews and monitors updates to audit action plans, updates to the corporate risk register and provides support and guidance on corporate governance issues. The Audit Committee, in its work for the 2010/11 year, has concluded that adequate assurances have been provided to meet the needs of the Agency Accounting Officer. Overall, the Committee considered that the assurance available is sufficient to provide sound support to the Chief Executive in his decision-taking and accountability obligations and it raised no implications on the overall management of risk.

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

9 PUBLIC SECTOR INFORMATION HOLDERS

The Agency has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance and therefore adheres to the guidelines on fees and charges in the HM Treasury manual Managing Public Money Northern Ireland.

AGENCY 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 for 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' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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

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

Salary and pension entitlements

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

Remuneration (Audited)

	2010-11			2009-10		
Officials	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)
Mrs C Smith *Chief Executive (until 08 October 2010)*	45-50 (90-95 full year equivalent)	-	-	90-95	-	-
Mr I Maye *Chief Executive (from 11 October 2010)*	35-40 (80-85 full year equivalent)	-	-	-	-	-
Mrs M Fleming *Director of Corporate Services (until 14 October 2010)*	30-35 (60-65 full year equivalent)	-	-	60-65	-	-
Ms A Garvey *Director of Operations*	60-65	-	-	60-65	-	-
Mr T Clarke *Director of Strategic Planning*	65-70	-	-	65-70	-	-
Mr N Mack *Independent Board Member*	10-15	-	-	0-5 (10-15 full year equivalent)	-	-

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 HM Revenue and Customs 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 in respect of the 2009/10 and 2010/11 financial years.

Pension Entitlements (Audited)

Officials	Accrued pension at age 60 as at 31/3/11 and related lump sum **£'000**	Real increase / decrease in pension and related lump sum at age 60 **£'000**	CETV at 31/3/11 **£'000**	CETV at 31/3/10 *** **£'000**	Real increase in CETV **£'000**	Employer contribution to partnership pension account **Nearest £100**
Mrs C Smith *Chief Executive (until 08 October 2010)*	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 0-2.5	585	562	2	-
Mr I Maye *Chief Executive (from 11 October 2010)*	25-30 plus lump sum of 75-80	0-2.5 plus lump sum of 0-2.5	397	393	1	-
Mrs M Fleming *Director of Corporate Services (until 14 October 2010)*	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 0-2.5	586	550	(10)	-
Ms A Garvey *Director of Operations*	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 0-2.5	605	563	(2)	-
Mr T Clarke *Director of Strategic Planning*	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 0-2.5	709	677	(3)	-

**** The acturial 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, 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 as per 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 immediately on 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 CSP arrangements can be found at the website www.civilservice-pensions.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 arrangements. 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.

IAN MAYE
Chief Executive
24 June 2011

Annual Accounts 2010/11

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

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel have directed the Planning Service to prepare a statement of accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency at the year-end and of its income and expenditure, 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 the Department of Finance and Personnel, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;

- prepare the financial statements on the going concern basis.

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

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

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

The Planning Service is an Executive Agency within the Department of the Environment and operates within the context of the Department's overall vision and strategic objectives. As Chief Executive of the Agency I am a member of the Departmental Board and attend the Departmental weekly Business Review meetings which direct the work of the Department. These are chaired by the Permanent Secretary of the Department. I also attend the Departmental Audit Committee.

The purpose of the system of internal control

The system of internal control is designed to mitigate risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Planning Service for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and it accords with DFP guidance.

Capacity to handle risk

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

The risk and control framework

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

- periodic review of the Agency's Risk Management Policy Statement;

- the preparation and maintenance of Corporate, Directorate and business unit risk registers;

- the holding of risk management workshops for the preparation of risk registers and to ensure an appropriate link between objectives and risks;

- formal quarterly review and revision of the Corporate risk register by the Management Board, the Directorate risk registers by the relevant Director and regular reviews of business unit risk registers by the head of branch;

- the inclusion of risk management as a standing agenda item at the Agency's Audit Committee;

- ensuring that key risk priorities relate to obtaining timely and accurate information from other parties and also to human resource issues; and

- keeping staff informed on generic risk management issues by means of information posted on the Agency's intranet site and reminders to heads of business units.

The level of risk that the Agency considers acceptable to bear is set on a risk by risk basis taking account of the potential impact of the risk on the Agency.

All staff are advised to be alert to potential risks and to report relevant risks to their line manager. Significant risks are evaluated in accordance with the Agency's Risk Management Policy Statement and are considered in terms of likelihood and potential impact. The format of the risk register was changed during 2010/11, to reflect a revised Departmental format for reporting.

Information risk is proactively managed across the Agency and the following key measures have been put in place:

- Agency policy statement setting out Planning Service's commitment to manage information in compliance with the Data Protection Act;

- The specific identification of information risks in the Corporate risk register; and

- Provision of awareness training and a programme of reviews of key business areas across the Agency with the aim of putting in place best practice on data/information processing, retention and security.

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 (DRD Internal Audit and Planning Service audit team) and the senior managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system will be taken forward as part of the work of the Departmental Audit Committee during 2011/12.

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

- The Agency audit team is responsible for reviewing the systems of internal control and makes appropriate recommendations for improvement.

- Regular reports are prepared to Government Internal Audit Standards by the Department for Regional Development's Internal Audit Unit. The Head of Internal Audit (HIA) provides me with interim reports on internal audit activity within the Agency and an Annual Assurance Report at year-end which includes the HIA's independent opinion on the adequacy and effectiveness of the Agency's risk management, control and governance processes;

- The work of the internal audit unit is informed by an analysis of the risk to which the Agency is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the senior managers within the Agency and approved by me;

- In respect of 2010/11, Internal Audit has indicated that risk management, control and governance processes within the Agency are generally satisfactory, however there remains some risk that objectives may not be fully achieved and improvements are required to enhance the adequacy and/or effectiveness of risk management, control and governance. The Agency received a limited assurance rating on Pre-Application Discussions (PADs). Senior management will ensure recommendations continue to be appropriately monitored and implemented; and

- The Agency Audit Committee, which meets regularly, has an independent chairman, an independent Senior Civil Service member and a representative of the Planning Service Management Board. I attend this Committee together with other members of the Agency Management Board, representatives of DRD Internal Audit, the Planning Service Audit Team, Northern Ireland Audit Office and other Agency representatives. The Committee reviews and monitors updates to audit action plans, updates to the Agency risk register and provides support and guidance on corporate governance issues. The Audit Committee, in its Annual Report for 2010/11 has concluded that the assurance available was sufficient to support me in my accountability obligations and has raised no implications on the overall management of risk.

- Planning Service reported 6 allegations of fraud to the Comptroller and Auditor General in 2010/11. All allegations of fraud are investigated in line with the Planning Service Anti Fraud Policy and Fraud Response Plan.

To help support me in considering the accounts and this Statement on Internal Control members of the Audit Committee held a final meeting in June 2011. Thereafter, matters in respect of risk, control and governance will be taken forward under the remit of the Departmental Audit Committee.

Significant Internal Control Issues

Minerals undercharging

A Planning Service fees audit review in 2009/10 identified an incorrect application of fee regulations in relation to mineral applications with a consequential undercharge of £230k in respect of live mineral applications at June 2010. A further detailed review has been undertaken by the minerals unit to review all mineral related applications from 2004, across all fee categories to identify the full extent of possible undercharging for live and historic applications. This has been a protracted review in light of the period covered and has necessitated seeking legal advice, assessment of impact of changes to fees regulations and additional independent validation work. The team continues to progress the exercise and is nearing completion. Completion of this work is also informed by findings from the 2010/11 planning audit fee review which identified a number of control weaknesses and the related recommendations are now being actioned by management to strengthen the control environment. I have requested a follow up audit review to ensure the recommendations have been fully implemented. Furthermore I have agreed that all future fees audits will incorporate a particular focus on planning applications within Strategic Planning Operations Division and that new minerals planning applications submitted as a consequence of cases being returned as invalid, will be monitored by Planning Audit Team.

Security of information

In 2010/11 Internal Audit undertook a departmental wide review on security of information and in April 2011, a draft report concluded with a limited assurance rating. Although the draft report is under consideration by management, action has already been taken with the development of a Strategic Information assurance Framework and an Information Assurance Action Plan, to address the recommendations.

Ian Maye
Chief Executive
24 June 2011

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

I certify that I have audited the financial statements of The Planning Service for the year ended 31st 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 31st 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 Chief Executive's foreword, the Chief Executive's Report and the 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
I have no observations to make on these financial statements.

Kieran J Donnelly

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

24th June 2011

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2011

	Notes	Staff Costs	Other Costs	Income	2010-11 £'000 Total	Restated 2009-10 £'000 Total
Administration Costs:						
Staff costs	2	21,449			21,449	24,854
Other administrative costs	3		13,384		13,384	13,812
Operating income	5			(10,384)	(10,384)	(11,378)
Programme Costs:						
Staff costs	2	-			-	-
Programme costs	4		4,588		4,588	7,863
Income	5			(2,085)	(2,085)	(4,421)
Totals		21,449	17,972	(12,469)	26,952	30,730
Net Operating Cost					26,952	30,730

Other Comprehensive Expenditure

	Notes	2010-11 £'000	Restated 2009-10 £'000
Net (gain) on revaluation of Property, Plant and Equipment	6	(45)	(4)
Net (gain) on revaluation of Intangibles	7	(505)	(7)
Total Other Comprehensive Expenditure for the year		(550)	(11)
Total Comprehensive Expenditure for the year ended 31 March 2011		26,402	30,719

The notes on pages 43 to 70 form part of these accounts

Statement of Financial Position

as at 31 March 2011

	Notes	31 March 2011 £'000	31 March 2010 £'000
Non-current assets:			
Property, plant and equipment	6	764	744
Intangible assets	7	12,597	10,615
Total non-current assets		13,361	11,359
Current assets:			
Trade and other receivables	9	887	734
Cash and cash equivalents	10	1	-
Total current assets		888	734
Total assets		14,249	12,093
Current liabilities			
Trade and other payables	12	(7,296)	(8,497)
Provisions	13	(1,270)	(4,304)
Total current liabilities		(8,566)	(12,801)
Non-current assets less net current liabilities		5,683	(708)
Assets less liabilities		5,683	(708)
Taxpayers' equity:			
General fund		5,125	(719)
Revaluation reserve		558	11
Total taxpayers' equity		5,683	(708)

The notes on pages 43 to 70 form part of these accounts

IAN MAYE

Chief Executive

24 June 2011

Statement of Cash Flows

for the year ended 31 March 2011

	Notes	2010-11 £'000	Restated 2009-10 £'000
Cash flows from operating activities			
Net operating cost		(26,952)	(30,730)
Adjustments for non-cash transactions	3,4	12,583	15,304
(Increase)/Decrease in trade and other receivables	9	(153)	(497)
Increase/(Decrease) in trade payables	12	(1,201)	(386)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		1,036	(882)
Use of provisions	13	(4,232)	(744)
Net cash outflow from operating activities		(18,919)	(17,935)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(70)	(16)
Purchase of intangible assets	7	(2,731)	(1,551)
Net cash outflow from investing activities		(2,801)	(1,567)
Cash flows from financing activities			
Funding from Parent Department DOE		21,725	19,502
Payments to the Consolidated Fund		(4)	-
Net financing		21,721	19,502
Net increase in cash and cash equivalents in the year		1	-
Cash and cash equivalents at the beginning of the year	10	-	-
Cash and cash equivalents at the end of the year	10	1	-

The notes on pages 43 to 70 form part of these accounts

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2011

	Notes	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2009		(899)	(5)	(904)
Change in accounting policy		-	-	-
Restated balance at 1 April 2010		(899)	(5)	(904)
Funding from Parent		19,502	-	19,502
CFERs - other		(1)	-	(1)
Non-cash charges – notional costs	3a	11,397	-	11,397
Non-cash charges – auditor's remuneration	3a	17	-	17
Comprehensive Expenditure for the Year (restated)		(30,730)	-	(30,730)
Recognised in Statement of Comprehensive Expenditure		-	11	11
Transfers between reserves		(5)	5	-
Balance at 31 March 2010		**(719)**	**11**	**(708)**
Funding from Parent		21,725	-	21,725
Non-cash charges – notional costs	3a	11,048	-	11,048
Non-cash charges – auditor's remuneration	3a	20	-	20
Comprehensive Expenditure for the Year		(26,952)	-	(26,952)
Recognised in Statement of Comprehensive Expenditure		-	550	550
Transfers between reserves		3	(3)	-
Balance at 31 March 2011		**5,125**	**558**	**5,683**

The General Fund serves as the main operating fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

The Revaluation Reserve records the unrealised gain or loss on the revaluation of assets.

The notes on pages 43 to 70 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). 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 Planning Service for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Planning Service are described below. They have been applied consistently in dealing with items that are considered material in relation to the accounts.

The financial statements have been presented in Sterling, rounded to the nearest thousand.

1.1 Accounting Standards Issued but not yet Effective

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of initial application.

1.2 Prior Period Adjustments

Cost of Capital

In accordance with the 2010-11 *FReM* it is no longer a requirement to calculate a cost of capital charge for the year. The 2009/10 year has been adjusted to reflect this change in accounting policy with comparatives in the Statement of Comprehensive Net Expenditure, Statement of Cash Flows and the Statement of Change in Taxpayers' Equity being restated. Under IAS 8, a change in accounting policy would also require the restatement of the opening balances for the earliest period presented in the Statement of Financial Position. However, in this instance the removal of the cost of capital has no impact on the Statement of Financial Position, and as such the opening figures at 1 April 2009 are not presented.

The effect on Net Operating Cost in the prior period is as follows:

	£'000
Net Operating Cost recognised in prior year	30,714
Adjustments for changes in accounting policy – Cost of Capital	16
Restated Net Operating Cost post adjustment	30,730

Administration and Programme Income

The classification of income between Administration and Programme has been aligned in 2010/11 to better reflect underlying budget classifications as required by the Department of Finance and Personnel. Prior period comparatives in Note 5 have been restated to reflect this change with income amounting to £4,410k previously recognised as administration income now recognised as programme income.

No balances were required to be restated in the Statement of Financial Position, Statement of Cash Flows and the Statement of Changes in Taxpayers' Equity in the prior period. There was no effect on the Net Operating Cost in the prior period as a result of reclassifying income.

1.3 Going Concern

The accounts have been prepared on the assumption that, under the conventions of Machinery of Government changes, as disclosed in Note 22 the Agency's functions will continue in operational existence for the foreseeable future albeit through the Department. The Department's estimates and forward plans include provision for the continuation of the Agency's activities within the Department. Therefore, these accounts have been prepared on a going concern basis.

1.4 Accounting Convention

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

1.5 Property, Plant and Equipment

Expenditure on property, plant and equipment of over £1,000 is capitalised, with the exception of Computer Hardware, which is capitalised if expenditure is over £500. On initial recognition property, plant and equipment and intangible assets are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition.

All property, plant and equipment and intangible assets, with the exception of assets under construction, are carried at fair value. Fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS). Upward revaluations of property, plant and equipment are credited to the revaluation reserve unless they reverse previously recognised downward revaluations in which case they are credited to the Statement of Comprehensive Net Expenditure to the extent that the downward revaluation has been recognised, with the remainder credited to the revaluation reserve. Downward revaluations of property, plant and equipment are debited to the revaluation reserve to the extent that they are previously recognised as upward revaluations with any remaining downward revaluation recognised in the Statement of Comprehensive Net Expenditure.

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is regonised in other administrative costs.

1.6 Intangible Assets

Expenditure on computer software over £500 is capitalised. On initial recognition intangible assets are measured at cost including any expenditure such as installation, directly attributable to bringing them to working condition.

Computer software licences are treated as intangible assets except where they have been developed internally (bespoke software). Software licences are amortised over the period of the licence. Upward revaluations of intangible assets are credited to the revaluation reserve unless they reverse previously recognised downward revaluations in which case they are credited to the Statement of Comprehensive Net Expenditure to the extent that the downward revaluation has been recognised, with the remainder credited to the revaluation reserve. Downward revaluations of intangible assets are debited to the revaluation reserve to the extent that they are previously recognised as upward revaluations with any remaining downward revaluation recognised in the Statement of Comprehensive Net Expenditure.

The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is regonised in other administrative costs.

1.7 Depreciation

Property, plant and equipment and intangible assets are depreciated at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives. Depreciation is charged in the month of acquisition.

Items under construction are not depreciated until they are commissioned.

The depreciation periods for the principle categories of assets are:

ePIC Asset (Tangible and Intangible)	15 years
Information Technology	3 – 5 years
Computer Software Licences (Intangible)	period of the licence
Plant and Machinery (Office Equipment)	5 years

Asset lives are reviewed regularly and where necessary, revised. The estimated useful life of each asset of significant individual value is separately assessed and, if appropriate, revised.

1.8 Operating Income

Operating income is income which relates directly to the operating activities of the Agency. It principally comprises fees and charges for determining planning applications and responding to property enquiries. It includes both income classified as Accruing Resources and income due to the Consolidated Fund, which in accordance with the *FReM*, is treated as operating income.

Operating income is stated net of VAT and is split under the following headings in the Statement of Comprehensive Net Expenditure:

- Administration Income
- Programme Income

The income as stated in the Agency accounts is the amount earned by the processing of planning applications throughout the year, not the amount of fees received during this period, and is earned as the work is carried out. Income is recognised as the application passes through crucial stages of the planning application process.

1.9 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 by HM Treasury. Administration costs reflect the costs of running the Agency. These include both administrative costs and associated operating income. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Agency.

1.10 Employee Benefits including Pensions

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using average staff numbers and costs applied to the average untaken leave balance 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.

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS(NI)) which are described in Note 2. The defined benefit scheme 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). In respect of the defined contribution scheme, the Agency recognises the contributions payable for the year.

The Agency is required to meet the additional cost of benefits beyond the normal PCSPS(NI) benefits in respect of employees who retire early. The Agency provides in full for this cost when the early retirement programme has been announced and this is binding on the Agency.

The staff of the Agency are Civil Servants and the pension benefits accrue under the Principal Civil Service Pension Scheme. Contributions were paid to the Paymaster General at rates determined from time to time by the Government Actuary and advised by the Treasury. For this financial year the rates were between 16 % and 24% for both industrial and non-industrial staff.

1.11 Grants Payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Grants related to activity occurring over a specific time period, usually a financial year, are recorded as expenditure for that period.

1.12 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. VAT is recoverable on a Departmental basis.

1.13 Contingencies

In addition to contingent assets and liabilities disclosed in accordance with IAS 37, the Agency discloses for Assembly 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 the requirements of *Managing Public Money Northern Ireland*.

These comprise:

a. items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to the Assembly by departmental Minute prior to the Department entering into the arrangement; and

b. all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the *FReM* to be noted in the resource accounts.

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.

1.14 Leases

Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.15 Private Finance Initiative (PFI) Transactions

PFI transactions have been accounted for in accordance with IFRIC 12, Service Concession Arrangements as required by the *iFReM*. Where the balance of risks and rewards of ownership of the PFI project are borne by the operator, the PFI payments are recorded as an operating cost.

Where substantially all the risks and rewards of ownership of a leased asset are borne by the Agency, the asset is recorded as a fixed asset and a debt is recorded to the lessor, of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

Lease costs within this PFI contract are separately disclosed in accordance with IAS 17.

1.16 Critical Accounting Estimates and Key Judgements

As a result of the uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with *FReM*, management have used judgements based on the latest available, reliable information. Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience.

1.17 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 form of trade receivables and payables and cash and cash equivalents.

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement* trade receivables, cash and other receivables are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

The Agency assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. Based on historic experience receivables that are past due beyond 361 days are generally not recoverable.

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.

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

1.18 Provisions

The Agency provides for legal or constructive obligations, which are of uncertain timing or amount at 31 March 2011 on the best estimate of the expenditure required to settle the obligation where this can be determined. This relates to providing for early retirement costs, equal pay claims, planning compensation, potential legal actions and provision for future liabilities in respect of ongoing judicial reviews and unsettled employer liability cases. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the net present value of those cash flows.

1.19 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 elements of expenditure. These costs have been included on the basis of the estimated costs incurred by the providing department.

1.20 Net Vote Funding

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

2. Staff Numbers and Related Costs

Staff costs comprise:

			2010-11	2009-10
			£'000	£'000
	Permanently employed staff	**Others**	**Total**	**Total**
Wages and salaries	16,962	-	16,962	20,331
Social security costs	1,219	-	1,219	1,440
Other pension costs	3,291	-	3,291	3,481
Recoveries in respect of outward secondments	(23)	-	(23)	-
Capitalised Staff Costs	-	-	-	(398)
	21,449	-	21,449	24,854

The Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) is an unfunded multi-employer defined benefit scheme but the Planning Service is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2007 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2010/11, employers' contributions of £3,283,173.61 were payable to the PCSPS(NI) (2009/10 £3,481,268.67) at one of four rates in the range 18% to 25% (2009/10 16.5% to 23.5%) of pensionable pay, 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 pension account, a stakeholder pension with an employer contribution. Employer's contributions of £3,768.66 (2009/10 £nil) were paid to 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% of pensionable pay. In addition, employer contributions of £251.89 (2009/10 £nil), 0.8% (2009/10 0.8%) 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 reporting date were £nil (2009/10 £nil). Contributions prepaid at that date were £nil (2009/10 £nil).

1 person (2009/10: 2 people) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £1,571.53 (2009/10: £2,593.93).

Average Number of Persons Employed

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

			2010-11 Number	2009-10 Number
	Total	Permanent staff	Others	Total
Directly Employed	649	649	-	824
	649	649	-	824

2.1 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	Total number of exit packages by cost band
<£10,000	-	-	-	1
£10,000 - £25,000	-	5	5	1
£25,000 - £50,000	-	6	6	-
Total number of exit packages	-	11	11	2
Total resource cost £'000	-	254	254	15

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 Agency has agreed early retirements, the additional costs are met by the Agency 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

	Notes	2010-11 £'000	Restated 2009-10 £'000
Non-cash items			
Notional Costs	3a	11,068	11,414
Provision provided for in year	13	267	25
Depreciation	6	37	58
Increase in Bad Debt Provision	9a	1	-
Unwinding of Discount of Provisions	13	(4)	-
Other Expenditure			
General Administration Expenses		1,214	1,339
Geographical Information		376	376
Travel and Subsistence		353	469
Staff Training		7	95
Hospitality		6	14
Rentals under operating leases		59	22
		13,384	13,812

In accordance with the 2010/11 *FReM* it is no longer a requirement to calculate a cost of capital charge for the year. The 2009/10 year has been adjusted to reflect the change in accounting policy with a credit of £23k removed from prior year costs.

3a. Notional Costs

These costs relate to services received for which no actual payment was made. They are included in the accounts so as to reflect the full economic cost of provision.

Services Provided by Parent Department

	2010-11 £'000	2009-10 £'000
Corporate Services including Finance	1,462	1,048
Consultations with Northern Ireland Environment Agency	603	516
	2,065	1,564

Other Notional Costs

	2010-11 £'000	2009-10 £'000
Consultations with Roads Service	3,808	3,991
Accommodation	2,711	3,291
IT Support and Services	1,074	977
Planning Inquiries and Area Plans	406	389
Finance	-	40
Consultations with DARD	35	155
Central Policy and Management	18	21
Telecommunications	74	117
Legal Services	139	165
Land Valuations	5	21
Audit	20	17
Account NI	617	482
Miscellaneous	96	184
	9,003	9,850
	11,068	11,414

Auditors' remuneration contains no element relating to non-audit work.

4. Programme Costs

	Notes	2010-11 £'000	Restated 2009-10 £'000
Current grants		222	444
PFI service charges		417	517
Non-cash items			
Amortisation		279	42
Provision provided for in year	13	935	3,515
Impairment of fixed assets		-	250
Other Expenditure			
Consultants Fees and Contracted Out Costs		296	589
Development Control Computer System		1,128	802
Property Certificate Computer System		148	151
Planning Compensation		11	3
Advertising of Planning Applications		992	1,151
Construction Service		95	127
IT and Office Equipment		7	27
Planning Reform		1	105
Preparation of Development Plans		10	20
Research Bursaries and Awards		12	61
Land Registry Charges		35	59
		4,588	7,863

In accordance with the 2010/11 *FReM* it is no longer a requirement to calculate a cost of capital charge for the year. The 2009/10 year has been adjusted to reflect the change in accounting policy with £7k removed from prior year costs.

5. Income

	2010-11 £'000	Restated 2009-10 £'000
Administration Income		
Planning Fees	10,384	11,378
	10,384	**11,378**
Programme Income		
Planning Fees	1,541	3,883
Property Certificate Fees	540	527
Recovery of Planning Compensation	4	10
CFER Income	-	1
	2,085	**4,421**

6(i) Property, Plant and Equipment

	Payments on Account & Assets under Construction	Information Technology	Plant & Machinery	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2010	640	360	220	1,220
Additions	-	-	11	11
Disposals	-	(5)	(8)	(13)
Revaluations	-	51	-	51
Reclassifications	(640)	640	-	-
At 31 March 2011	-	1,046	223	1,269
Depreciation				
At 1 April 2010	-	261	215	476
Charged in year	-	29	2	31
Disposals	-	-	(8)	(8)
Revaluations	-	6	-	6
At 31 March 2011	**-**	296	209	505
Net book value at 31 March 2011	-	750	14	764
Net book value at 31 March 2010	640	99	5	744
Asset Financing:				
Owned 2011:	-	750	14	764

6(ii) Property, Plant and Equipment

	Payments on Account & Assets under Construction £'000	Information Technology £'000	Plant & Machinery £'000	Total £'000
Cost or valuation				
At 1 April 2009	639	436	221	1,296
Additions	1	75	-	76
Disposals	-	(24)	(6)	(30)
Revaluations	-	14	-	14
Reclassifications	-	(141)	5	(136)
At 31 March 2010	640	360	220	1,220
Depreciation				
At 1 April 2009	-	402	186	588
Charged in year	-	13	35	48
Disposals	-	(24)	(6)	(30)
Revaluations	-	10	-	10
Reclassifications	-	(140)	-	(140)
At 31 March 2010	**-**	261	215	476
Net book value at 31 March 2010	640	99	5	744
Net book value at 31 March 2009	639	34	35	708
Asset Financing:				
Owned 2010	640	99	5	744

7(i) Intangible Assets

	Payments on Account & Assets under Construction £'000	Software Licences £'000	Internally Generated Software £'000	Total £'000
Cost or valuation				
At 1 April 2010	10,411	501	246	11,158
Additions	155	3	1,604	1,762
Revaluations	-	2	518	520
Reclassifications	(10,566)	-	10,566	-
At 31 March 2011	-	506	12,934	13,440
Amortisation				
At 1 April 2010	-	469	74	543
Charged in year	-	13	272	285
Revaluations	-	1	14	15
At 31 March 2011	-	483	360	843
Net Book Value at 31 March 2011	-	23	12,574	12,597
Net Book Value at 31 March 2010	10,411	32	172	10,615
Asset Financing:				
Owned 2011	-	23	12,574	12,597

7(ii) Intangible Assets

	Payments on Account & Assets under Construction	Software Licences	Internally Generated Software	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2009	8,384	346	158	8,888
Additions	2,356	17	-	2,373
Impairments	(250)	-	-	(250)
Revaluations	-	2	9	11
Reclassifications	(79)	136	79	136
At 31 March 2010	10,411	501	246	11,158
Amortisation				
At 1 April 2009	-	318	29	347
Charged in year	-	10	42	52
Revaluations	-	1	3	4
Reclassifications	-	140	-	140
At 31 March 2010	-	469	74	543
Net Book Value at 31 March 2010	10,411	32	172	10,615
Net Book Value at 31 March 2009	8,384	28	129	8,541
Asset Financing:				
Owned 2010	10,411	32	172	10,615

An impairment review was carried out in the year to 31 March 2010. The findings from the review resulted in impairment of £250k being recognised on the ePIC asset.

8. Analysis of Net Expenditure by Segment

IFRS 8 Operating Segments requires an entity to report financial and descriptive information about its reporting segments, which are operating segments or accumulations of operating segments. These are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in addressing performance. Due to the size and nature of the Agency, it is managed as a single segment, with all staff contributing to the organisation's overall performance. As such, performance is not disaggregated for evaluation by the chief operating decision maker and so performance has not been disaggregated by operating segment in these financial statements.

9. Trade Receivables and Other Current Assets

9a. Analysis by type

	2010-11 £'000	2009-10 £'000
Amounts falling due within one year:		
Trade receivables	58	77
Other receivables	208	251
Prepayments and accrued income	259	245
VAT debtor	362	161
	887	734

The following table shows the impairment of trade receivables at the reporting date:

	2010-11 £'000	2009-10 £'000
Balance at 1 April	-	-
Impairment losses recognised on receivables	(1)	-
Balance at 31 March	(1)	-

In determining the recoverability of a trade receivable, the Agency considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

No interest is charged on trade receivables. The Agency has provided fully for all receivables over 361 days, because historical experience is such that receivables that are past due beyond 361 days are generally not recoverable, unless there is evidence to suggest the debt is still recoverable.

The following table shows the aging of debts past due but not impaired; no provision has been made where there has not been a significant change in credit quality and the Agency believes that the amounts are still fully recoverable.

	2010-11 £'000	2009-10 £'000
Neither past due nor impaired trade receivables	50	-
1 – 30 days	-	46
31 – 60 days	2	31
61 – 90 days	1	-
91 – 180 days	-	-
181 – 361 days	5	-
361 days plus	1	-
Gross carrying amount	59	77
Less: Impairment	(1)	-
Net carrying value	58	77

9b. Intra-Government Balances

	2010-11 £'000	2009-10 £'000
Receivables: Amounts falling due within one year		
Balances with other central government bodies	489	233
Balances with public corporations and trading funds	14	-
Balances with bodies external to government	384	501
	887	734

10. Cash and cash equivalents

	2010-11 £'000	2009-10 £'000
Balance at 1 April	-	-
Net change in cash and cash equivalent balances	1	-
Balance at 31 March	1	-
The following balances at 31 March were held at:		
Commercial banks and cash in hand	1	-
Balance at 31 March	1	-

11. Financial Instruments

As the cash requirements of the Agency are met by the Department, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk.

12. Trade Payables and Other Current Liabilities

12a. Analysis by type

	2010-11 £'000	2009-10 £'000
Amounts falling due within one year		
Trade payables	157	1,008
Amounts due to the NI Consolidated Fund for CFER Income	-	4
Accruals and deferred income	7,139	7,485
	7,296	8,497

12b. Intra-Government Balances

	2010-11 £'000	2009-10 £'000
Trade payables: Amounts falling due within one year		
Balances with other central government bodies	458	318
Balances with NHS Trusts	15	-
Balances with bodies external to government	6,823	8,179
	7,296	8,497

13. Provisions for Liabilities and Charges

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

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

	Planning Compensation £'000	Equal Pay Claim £'000	Legal Costs £'000	Early Departure Costs £'000	Total £'000
Balance at 1 April 2010	107	3,098	1,086	13	4,304
Provided in the year	40	-	1,581	295	1,916
Provisions not required written back	-	(300)	(386)	(28)	(714)
Provisions utilised in the year	(106)	(2,712)	(1,297)	(117)	(4,232)
Unwinding of discount	-	-	-	(4)	(4)
Balance at 31 March 2011	41	86	984	159	1,270
Current	41	86	984	159	1,270
Non-current	-	-	-	-	-

	Planning Compensation £'000	Equal Pay Claim £'000	Legal Costs £'000	Early Departure Costs £'000	Total £'000
Balance at 1 April 2009	256	-	1,230	22	1,508
Provided in the year	137	3,098	432	26	3,693
Provisions not required written back	-	-	(152)	(1)	(153)
Provisions utilised in the year	(286)	-	(424)	(34)	(744)
Balance at 31 March 2010	107	3,098	1,086	13	4,304
Current	107	3,098	1,086	13	4,304
Non-current	-	-	-	-	-

Analysis of expected timing of discounted flows:

	Planning Compensation £'000	Equal Pay Claim £'000	Legal Costs £'000	Early Departure Costs £'000	Total £'000
Not later than one year	41	86	984	159	1,270
Later than one year and not later than five years	-	-	-	-	-
Later than five years	-	-	-	-	-
Balance at 31 March 2011	41	86	984	159	1,270

13.1 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 for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2% in real terms.

13.2 Planning Compensation

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

13.3 Legal Costs

Provision for legal costs is in respect of on-going judicial reviews and unsettled employer liability cases which may become payable.

13.4 Equal Pay

The Equal Pay Settlement relates to obligations on the part of the Agency to comply with equal pay legislation and the requirement to address anomalies which may have existed.

14. Capital Commitments

	2010-11 £'000	2009-10 £'000
Contracted capital commitments at 31 March 2011 for which no provision has been made		
Intangible assets	-	1,045
	-	1,045

15. Commitments under Leases

15.1 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:		
Information Technology:		
Not later than one year	-	257
Later than one year and not more than five years	-	-
Later than five years	-	-
	-	257
Other:		
Not later than one year	14	18
Later than one year and not more than five years	25	38
Later than five years	-	-
	39	56

Information Technology includes the operating lease element of the computerised Development Control Computer System and Property Certificate System. This cost is included as part of the PFI cost disclosed in Note 4. The lease expired on 31 December 2010.

15.2 Finance Leases

The Agency has no obligation under finance leases.

16. Commitments under PFI Contracts

16.1 Off-Balance Sheet

In December 1997, a PFI contract was signed for the provision of a computerised development control system. The contract ceased on 31 December 2010.

16.2 Charge to the Statement of Comprehensive Net Expenditure and Future Commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of off-balance sheet (SoFP) PFI transactions was £417,600 (2009/10: £517,164); and the payments to which the Agency is committed is as follows.

	2010-11 £'000	2009-10 £'000
Not later than one year	-	418
Later than one year not later than five years	-	-
Later than five years	-	-
	-	418

17. Key Corporate Financial Targets

The Agency is required to recover in full the costs of determining planning applications and responding to property enquiries (both cash and non-cash costs on an accruals basis). Performance for the year is shown below.

2010/11	Income £'000	Expenditure £'000	(Deficit)/Surplus £'000	Recovery %
Planning Applications	11,925	22,832	(10,907)	52.2
Property Certificates	540	639	(99)	84.5
	12,465	23,471	(11,006)	

18. Contingent Liabilities disclosed under IAS 37

In 2009/10 the Agency and the Department established a Planning Service Operating Cost Review team to develop and implement proposals for managing the Agency's operating costs in that and subsequent years. In light of the significant pressure on the Agency's budgets, a Review of Planning Service's Operating Costs was carried out in April 2010, the review concluded that this funding gap could only be bridged by the redeployment of approximately 271 staff from the Agency, of which 160 were specialist planners.

At March 2011, approximately 190 planning staff have been either permanently re-deployed or seconded to other departments. However, in relation to specialist planners, if the full range of pre-redundancy measures and re-grading are unsuccessful, it may be necessary to bring forward an appropriate redundancy scheme for planners. At this stage it is not possible to quantify either the timing or the potential financial impact of such a scheme, should it become necessary.

The Agency has no other contingent liabilities as at the reporting date.

19. Contingent Assets disclosed under IAS 37

A fees review in 2009/10, carried out by the Planning Service audit team, had identified the incorrect application of fee regulations in respect of mineral extraction applications. As a consequence of this review, a detailed exercise has been ongoing to identify all potential undercharges in respect of mineral related applications for live and historic cases. Identified undercharges in respect of live applications are being pursued in line with Planning Service Interim Fee Recovery Policy.

At this stage, it is not possible to quantify the timing or potential impact of recovery of historic applications undercharges due to completion of review and validation checks and legal considerations.

20. Losses and special payments

20(i) Losses Statement

				Restated
		2010-11		2009-10
	Number of cases	£'000	Number of cases	£'000
Store losses and write offs	4	1	30	23
Fruitless Payments	-	-	1	250
	4	1	31	273

The cases include store losses, write offs, abandoned claims, payments to compensation schemes and other losses.

An impairment review carried out in the year to the 31 March 2010 resulted in nugatory expenditure of £250k being recognised on the ePIC asset and this has been classified as a fruitless payment.

20(ii) Special Payments

		2010-11		2009-10
	Number of cases	£'000	Number of cases	£'000
Compensation schemes	7	6	-	-
Ex gratia pay	-	-	2	3
	7	6	2	3

21. Related Party Transactions

The Planning Service is an executive agency of the Department of the Environment.

The Department of the Environment is regarded as a related party. During the year, the Agency has had material transactions with the Department, and with other entities for which the Department is regarded as the parent department, primarily Northern Ireland Environment Agency.

In addition, the Planning Service has had material transactions with other government departments and other central government bodies. Most of these transactions have been with the Department for Regional Development and the Department of Finance and Personnel.

During the year, none of the Management Board members, members of the key management staff or other related parties has undertaken any material transactions with the Agency.

22. Review of Public Administration and Planning Reform

The Planning Bill was passed by the Assembly on 23 March 2011 and is expected to receive Royal Assent in the early summer. This hugely advances implementation of the planning reform agenda. The Bill provides for the transfer of the majority of planning powers from DOE to councils. When this legislation comes into effect, councils will be responsible for creating their own development plans and for determining the majority of planning applications within their respective areas. The Department will continue to publish planning policy as agreed by the Executive, and it will be responsible for planning applications for developments which are significance across Northern Ireland; it will have guidance and oversight roles in relation to the councils and powers of intervention.

Planning powers will transfer to councils in circumstances and a timescale to be agreed by the Executive Committee. New governance arrangements for councils and an ethical standards regime for councillors will be in place. Proposals for these have already been consulted upon, and legislation is expected early in the current Assembly term.

In November 2010, the Minister highlighted the very important practical steps the Department is taking to prepare for the transfer of planning and other functions to councils. All Local Government and Planning functions have been united to form the G3-led Planning and Local Government Group which means there is one team at the helm. The Planning Service, as an agency, ceased to exist from 1 April 2011 and its planning functions and staff were fully integrated within the wider Group. To anticipate as closely as possible the arrangements which will be required at transfer, the majority of business areas which will transfer to councils were brigaded together to form Local Planning Division while Strategic Projects Division is responsible for operational functions which will remain in the Department and for special projects. Plans have been drawn up for pilot projects through which the Department will work with councils and other partners to ensure smooth transfer to councils.

To address resourcing issues, the Department completed the first stage of its funding review, with new fees regulations coming into force in April 2011. The new fee regime addresses more realistically the cost of processing applications for dwellings, industrial, commercial and plant and machinery development by relating the fee more realistically to the scale and complexity of the development - up to a maximum of £250k. Assuming the current pattern of applications continues, this restructured regime would raise an additional £2m in fee income in one year.

With regard to the assets/liabilities of the agency, these have been subsumed into the Department from April 2011, and for the foreseeable future, will continue to be used in operational delivery within the overall Department. As a consequence, the accounts have been prepared on a going concern basis.

23. Events Occurring after the Reporting Period

As noted in the Chief Executive's report, the Planning Service has ceased being an executive agency from 1 April 2011, as part of the preparations for planning and local government reform. The functions and resources of the agency have been absorbed into the Department from April 2011 with the re-organisation of the 6 Planning Divisions into 5 Planning Areas. This is part of an ongoing process to transfer planning powers to councils at a time and in a manner to be agreed by the Executive. The Planning Bill, which provides the framework for the transfer of planning functions to local government, was approved by the Assembly in March 2011. Further detail is supplied in Note 22 to the Agency Accounts.

There were no other events after the reporting period that required disclosure.

24. Date Authorised For Issue

The Accounting Officer authorised these financial statements for issue on 24 June 2011.

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