

# **THE PLANNING SERVICE ANNUAL REPORT & ACCOUNTS 2005/06**

*Laid before the Houses of Parliament by the Department of the Environment in accordance with paragraph 12(2) and (4) of the Schedule to the Northern Ireland Act 2000 and paragraph 36 of the Schedule to the Northern Ireland Act 2000 (Prescribed Documents)  
Order 2004*

*20 July 2006*

*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*

*20 July 2006*

*Ordered by The House of Commons to be printed*

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**THE PLANNING SERVICE  
ANNUAL REPORT & ACCOUNTS  
for the year ended 31 MARCH 2006**

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## Chief Executive's Foreword

I am pleased to present the Planning Service's Annual Report and Financial Statements for 2005/06.

This has been another challenging year for the Planning Service. The high volume of planning applications has been sustained, as has the increased level of interest in and responses to our draft Area Plans. We have also embarked on a considerable programme of work flowing from the Review of Public Administration.

The number of valid planning applications that we received is only marginally down on the previous year. This has resulted in a sustained demand on our resources and continuing stress on processing times. However, a number of new measures, including a procedure for the return of invalid applications and revised arrangements for consulting local Councils, have begun to have a positive impact which we hope to consolidate in the months ahead.

The year saw further progress with the Area Plan programme. The public inquiry into the draft Ards and Down Area Plan opened in May 2005 and initially considered non-housing issues pending correspondence with the PAC on housing figures. It is expected to re-open in mid 2006. The draft Belfast Metropolitan Area Plan is now ready to move forward to public inquiry stage and we have asked the Planning Appeals Commission to make the necessary arrangements. Both the Northern Area and Craigavon Town Centre Boundaries and Retail Designations Plans were published in draft, while the draft Banbridge, Newry and Mourne Plan was also brought to an advanced stage and is to be published in the near future.

We have continued to advance the key strands of our modernisation and reform programme. Although subject to some delay, the e-PIC project, which will put the Planning Service at the forefront of eGovernment in Northern Ireland, is now on target for implementation in April 2007. In addition, legislation has been brought forward to underpin the reform programme. The Planning Reform Order, which was laid before Parliament in March 2006 and is expected to receive Royal Assent in the early summer, will provide for an improved development control process, enhanced enforcement powers, more straightforward development plan procedures and greater community involvement.

While there is still some way to go, I believe that the work we have undertaken to enable us to deliver a more efficient, transparent and co-ordinated service is beginning to bear fruit. I am, as always, extremely grateful to all the staff of the Agency without whose continued motivation and commitment this would not have been possible.

In November 2005, the Secretary of State's announcement on the Review of Public Administration signalled the most fundamental change in the planning system and for the Planning Service in over 30 years. In the months following the announcement, we have assessed the raft of detailed work that will be needed both to facilitate a smooth transition to

the new planning structures in May 2009 and to address the many associated operational, staffing and financial issues. Driving forward this change, while maintaining the day-to-day business over the next year and beyond will now be our key priority.

A handwritten signature in black ink, reading "David Ferguson". The signature is written in a cursive style with a prominent loop at the end of the last name.

DAVID FERGUSON  
Chief Executive

# CHIEF EXECUTIVE'S REPORT

## Introduction

The Planning Service presents its accounts for the year ended 31 March 2006 at pages 25 to 47. 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.

The Chief Executive of the Agency is 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 20 of the Annual Report.

## Future Developments

Details of future developments are contained in the Agency's Corporate Plan 2006/07 – 2007/08. The Ministerial target for the Agency, as set out in the Public Service Agreement, is:

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

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



- 70% of Intermediate Applications processed in 31 weeks (33 weeks 2004/05) – a 6% improvement
- 80% of Minor Applications processed in 18 weeks (21 weeks 2004/05) – a 14% improvement.
- completing implementation of the Planning Service reform and modernisation programme, including the actions flowing from the Modernising Planning Processes Implementation Plan and delivery of ePIC, the Service's e-Planning system.

### **Management Board**

The Agency's Management Board during the year ended 31 March 2006 comprised:

Chief Executive	-	Mr D G Ferguson
Director of Corporate Services	-	Mrs M Fleming
Director of Operations	-	Mr P McBride
Director of Plans and Policy	-	Mr P J Quinn
Acting Director of Plans and Policy	-	Mr T Clarke

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 pages 21-24.

### **Charitable Donations**

During 2005/06 the Agency made no charitable donations.

### **Disabled Persons**

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

### **Equal Opportunities**

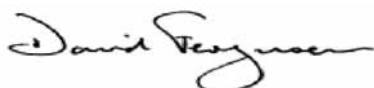
The Agency follows the Northern Ireland Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of ability, qualifications and aptitude for the work.

### **Employee Involvement**

The Agency's planning, administrative and support staff are essential to the conduct of its business. Every effort is made to inform staff of their progress with key performance targets and about topical issues through team briefing and the periodic issue of "the Planning Bulletin" and "Communiqué" (in-house publications) to each member of staff. Many staff also participate in discussion and working groups on specific topics. The Chief Executive regularly meets staff during visits to local offices. There is active and regular consultation between the Agency's management and staff representatives through local and Planning Service level Whitleys and at special meetings to discuss specific issues. The Agency has retained its accredited IIP status.

### **Health and Safety**

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

A handwritten signature in black ink, appearing to read "David Ferguson". The signature is fluid and cursive, with a large initial 'D' and 'F'.

DAVID FERGUSON  
Chief Executive  
15 June 2006

# MANAGEMENT COMMENTARY

## 1. ABOUT THE PLANNING SERVICE

- 1.1 Planning Service is an Executive Agency within the Department of the Environment. The planning system exists to regulate development and land use in the public interest. The Agency's planning functions are set out in the Planning (Northern Ireland) Order 1991. During the devolved administration, all planning decisions are taken under the authority of the Parliamentary Under-Secretary of State for the Environment in Northern Ireland. During the 2005/06 business year the Minister with responsibility for the Planning Service from May 2005 was Lord Rooker.

## 2. THE AGENCY'S BUSINESS

- 2.1 The Agency's key business areas are:
- the development control process (the system for dealing with individual planning applications), including enforcement;
  - the formulation of planning policy for Northern Ireland;
  - the preparation of development plans.

## 3. FINANCIAL REVIEW

### 3.1 Funding

The Planning Service is funded jointly by income from fees and monies voted by the Northern Ireland Assembly and Parliament. Income from fees relates to charges for planning applications and property certificates.

### 3.2 Results for the Year

The net cost of operations for the year as shown on page 33 was £21.387m. This included an amount of £10.270m for services provided free of charge by other Agencies and Departments (note 5).

### 3.3 Important Events Occurring after Year End

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

### 3.4 Fixed Assets

Details of the movement on fixed assets are set out in notes 8 and 9 to the accounts. The Agency does not believe that there is any material difference between the market and book values of its assets at 31 March 2006.

### 3.5 Pension Liabilities

The Department is covered by the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) and bears the cost of

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

### 3.6 Payments to Suppliers

The Agency is committed to the prompt payment of bills for goods and services received in accordance with the Late Payment of Commercial Debts (Interest) Act 1998 and British Standard BS 7890 – Achieving Good Payment Performance in Commercial Transactions. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods and services, or presentation of a valid invoice or similar demand, whichever is later.

Regular reviews conducted to measure how promptly the Agency paid its bills found that prompt payment performance for the period 1 April 2005 to 31 March 2006 was:

Total Number of invoices paid in the period	% paid within 30 days or Contract Payment Terms	Number paid within 30 days or Contract Payment Terms	Number of Invoices Disputed	% of Invoices Disputed
7,900	97.14	7,674	23	0.29

### 3.7 Auditor

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

The Agency confirms that:

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

The audit of the financial statements for 2005/06 resulted in an audit fee of £10,297.

## 4. AIM AND STRATEGIC OBJECTIVES

### 4.1 The Agency's aim is:

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

### 4.2 The Agency's Strategic Objectives for the period up to 31 March 2006 are as follows:

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

## 5. THE ORGANISATION

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

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

5.3 At 31 March 2006 the staff complement was 833.

## 6. PERFORMANCE AGAINST TARGETS

6.1 Over the past year, the Planning Service has continued to face very significant workload pressures, particularly on the operational side of the business. In total, 33,969 valid applications were received during 2005/06, representing a marginal decrease of 2.7% over the previous year. However, the period April to August saw an increase of 2.2% as compared with

the corresponding period the year before. While workload pressures have been sustained, the total number of applications progressed to decision stage has shown a substantial increase of 11.1% compared with the previous business year. In relation to the processing of major (Article 31) applications, we issued 19 notices of opinion and 19 decisions during the course of the year.

- 6.2 On top of these pressures, the most recent draft area plans - Northern, Craigavon Town Centre Boundaries and Retail Designations and Belfast Metropolitan Area - and a revision to the Magherafelt Area Plan generated between them almost 5,900 representations. This clearly illustrates a sustained high level of interest and engagement.
- 6.3 In October, in response to the workload pressures facing the Agency, revised arrangements were implemented relating to applications deferred by District Councils and applications referred by Councils to the Management Board. These reforms flowed from the Modernising Planning Processes Implementation Plan published in February 2003. The impact on the business from October 2005 to the year end was considerable, with an overall drop of 48% in the number of deferred cases and a reduction in the number of Management Board Referrals in the system from 259 to 18. This has released staff time to tackle the live caseload, which at the year end stood at 22,830 applications, showing a decrease of 2.7% since September. It has also enabled us to make inroads into longstanding cases in the system, with the number over 12 months old showing a reduction of almost 19% from September 2005 to March 2006.
- 6.4 The revised Council consultation arrangements formed part of a wider set of activity aimed at dealing with the unprecedented increase in applications and improving service delivery. We advanced an ambitious legislative programme, bringing about significant changes to planning procedures and processes, and progressed the design of a major new IT system which will transform the way the planning system operates. New arrangements were implemented to return invalid applications and improve monitoring of key consultees. Restructuring also took place at headquarters to provide a sharper focus on major applications; and we have reviewed our policies and systems to better manage contact with staff and to enhance the service to local representatives, agents, applicants and the public in general.

## 6.5 Department of the Environment's Public Service Agreement

The Planning Service's performance in relation to the target set out in the Department of the Environment's Public Service Agreement for 2005/06 – 2007/08 is as follows:

Target	Outturn
To reduce the target time taken to process planning applications to decision (or withdrawal) from 70% within 17 weeks, to 70% within 15 weeks by 2007/08.	Not likely to be achieved by target date.

The overall target is sub-divided by category as follows:

To reduce the target time taken to process residential applications to decision (or withdrawal) from 70% within 16 weeks to 70% within 14 weeks by 2007/08.	Not likely to be achieved by target date.
To reduce the target time taken to process commercial applications to decision (or withdrawal) from 70% within 19 weeks to 70% within 18 weeks by 2007/08.	Not likely to be achieved by target date.
To reduce the target time taken to process industrial applications to decision (or withdrawal) from 70% within 18 weeks to 70% within 17 weeks by 2007/08.	Not likely to be achieved by target date.

## 6.6 Department of the Environment's Corporate and Business Plan 2005/06

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

Objective	Target	Outturn
Support the Modernising Planning Processes Implementation Plan.	Bring forward legislation to reform key aspects of the planning process and support the Agency in planning and managing development in a sustainable way.	Achieved. Planning Reform Order laid in Parliament in March 2006. Expected to be made in early summer.
	By March 2006, implement year 3 of Modernising Planning Processes programme to support a simpler, speedier, more transparent and accessible planning system.	Substantially achieved. Arrangements for return of invalid applications initiated. New arrangements for consulting local Councils implemented in October 2005.

Objective	Target	Outturn
	Implement the Electronic Planning Information for the Citizen (ePIC) project by March 2006.	Not achieved. Progress towards implementation has continued. Full implementation on target for April 2007.
	Continue progress on the Area Plan and Planning Policy Statement programmes.	Partially achieved. Two Area Plans were published in draft form (Northern and Craigavon Town Centre Boundaries and Retail Designations); and one issues paper was published (West Tyrone).  PPS 6 Addendum (Areas of Townscape Character) and PPS 17 (Control of Outdoor Advertising) were published in final form.

#### 6.7 Planning Service Corporate and Business Plan 2005/06

The Agency's performance against the targets, as set out in the Corporate and Business Plan for 2005/06, is reflected below under the relevant strategic objectives.

##### Strategic Objective 1:

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

Target	Outturn
<p>To maintain recognised standards for people management and development.</p> <ul style="list-style-type: none"> <li>In particular, we will develop and begin implementation of a revised HR strategy to meet the new liP standard across the key areas of employee resourcing, employee development, employee reward and recognition, and employee relations.</li> </ul>	<p>Achieved. The Agency has developed and begun implementation of a revised HR Strategy to meet the new liP standard.</p>



### Strategic Objective 2:

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

Target	Outturn
<p>To have in place a structured programme of engagement with key client and stakeholder groups.</p> <ul style="list-style-type: none"><li>In particular we will revise our communication strategy and develop and implement an appropriate programme for engagement.</li></ul>	<p>Not achieved. An initial scoping exercise to identify current stakeholder engagement and to identify gaps between expectations of stakeholders and the capacity of the Planning Service to meet these expectations has been carried out. There was also engagement with a number of key stakeholders including CGF, CBI, NILGA and others.</p>
<p>To scope the implications for Planning Service of decisions resulting from the Review of Public Administration which affects clients and stakeholders, including staff.</p>	<p>Achieved. Scoping exercise completed and returns submitted to centre, including bid for resources for implementation.</p>

### Strategic Objective 3:

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

Target	Outturn
<p>To reduce time taken to process planning applications.</p> <ul style="list-style-type: none"><li>In addition to our PSA target, other targets include ensuring 70% of all applications are validated within 6 days and 95% validated within 10 days: 75% of decisions should issue within 4 weeks of last Council consultation and 95% within 6 weeks of last Council consultation.*</li></ul>	<p>Not achieved.</p>
<p>To improve coverage of up to date area plans and planning policy.</p> <ul style="list-style-type: none"><li>Our targets include publication of 3 PPSs in final form (PPS 6, 15 and 17); 2 area plans in draft form (Northern Area and Banbridge, Newry and Mourne); 1 Issues Paper (West Tyrone) and the draft Craigavon Town Centre Plan.</li></ul>	<p>Partially achieved (see 6.6 above)</p>

\* (Baseline at Dec 04 – 70% of all applications validated within 8 days and 75% of decisions issued within 8 weeks of last Council consultation).

#### Strategic Objective 4:

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

Target	Outturn
<p>To have in place more refined measures of operational and policy performance.</p> <ul style="list-style-type: none"><li>In particular, we will work with statisticians to produce more meaningful measures/targets to be included in the Department's new Public Service Agreement.</li></ul>	<p>Achieved. Measures/ targets have been included in the Department's new Public Service Agreement.</p>
<p>To have improved systems and processes in place.</p> <ul style="list-style-type: none"><li>In particular, we will continue to implement the Modernising Planning Processes programme, including the ePIC project and bringing forward legislation to reform key aspects of the planning process.</li></ul>	<p>Achieved. Progress towards implementation of e-PIC project continued. Planning Reform Order laid in Parliament March 2006.</p>

## 7. Other Commitments

### 7.1 Modernising Planning Processes (MPP)

Year three of the reform and modernisation programme saw continued progress on key projects. These included measures to improve how planning applications are handled, in particular a review of the performance measurement system and new performance targets for development control. A key project for the return of invalid applications was piloted to address delaying factors in the processing of applications and this will be finalised in the near future.

As outlined at 6.3 and 6.4 above, significant progress has been made to improve consultation with local Councils following a Ministerial decision on streamlining the arrangements during the year, and work has been continuing with NILGA to produce revised guidance. This is almost complete. The Planning Aid service has been reviewed and new arrangements are currently being put in place to ensure the service continues.

Further support has been given to the Quality Initiative by implementing recommendations for improvement and ensuring developers/agents are aware of the design-led approach to housing developments. A new design team has been set up at headquarters and contacts with relevant external bodies have been put in place. Guidance has been published on planning agreements and policy advice has been prepared for staff to assist in establishing planning requirements for major development sites in plans. In the area of enforcement, progress

was made on further improving the process with the publication of an information leaflet, 'A Guide to Enforcement in Northern Ireland.'

Substantial progress has also been made in the delivery of the ePlanning programme. This has included further detailed design work on the ePIC project and development of the Geographical Information System (GIS) and Management Information System (MIS), including the Caseload Management Information System (CMIS). The way in which the existing system operates has been improved and we have started the process of transferring historical information about applications on to the new system.

## **7.2 Review of Public Administration**

The outcome of the Review of Public Administration was announced by the Secretary of State in November 2005. The transfer of much of the planning function to new local authorities will mean not only the redistribution of functions but the creation of a new planning system for Northern Ireland, and it will involve new roles and responsibilities for all those involved in the planning process. A considerable amount of work has already taken place within the Agency to prepare for implementing the new planning regime.

## **7.3 Legislative Framework**

During the year a number of new legislative provisions were brought into operation:

- The Planning (Fees) Regulations (Northern Ireland) 2005 increased the fees payable to the Department in respect of applications made under the Planning (Northern Ireland) Order 1991, consolidating the existing fees regulations and providing for a simplified fees structure following the public consultation on the Review of Planning Fees in 2003. Minor discrepancies in these regulations were subsequently corrected by the Planning (Fees) (Amendment) Regulations (Northern Ireland) 2005.
- The Planning (Hazardous Substances) (Amendment) Regulations (Northern Ireland) 2005 amended Schedule 4 of the Planning (Hazardous Substances) Regulations (Northern Ireland) 1993 to reflect the modifications to the enforcement provisions of the Planning (Northern Ireland) Order 1991 made by the Planning (Amendment) (Northern Ireland) Order 2003.
- The Planning (Modification and Discharge of Planning Agreements) Regulations (Northern Ireland) 2005 made provision in relation to Article 40A of the Planning (Northern Ireland) Order 1991 for the form and content of applications for modification or discharge of a planning agreement and related matters.

- The Planning (General Development) (Amendment) Order (Northern Ireland) 2005 extended permitted development rights, increasing, prior to 1 January 2008, the maximum size of a building or excavation used or to be used for the storage of slurry or manure; or a building or structure used for both the accommodation of livestock and storage of slurry and manure, from 300 square metres to 600 square metres. After 31 December 2007 the maximum size permitted by the new Part 6 Class A is reduced from 600 square metres to 300 square metres.

We also consulted during the year on:

- the Draft Planning (Environmental Impact Assessment) (Amendment) Regulations (Northern Ireland) 2005 to implement Article 3 of European Directive 2003/35/EC (the 'Public Participation Directive'), which amends Council Directive 85/337/EEC (the Environmental Impact Assessment or 'EIA Directive');
- Planning Permitted Development Rights for Agricultural Buildings and Operations - a consultation paper to obtain views on a possible change to planning permitted development rights to facilitate compliance with the action programme for implementation of the Nitrates Directive;
- Nuisance High Hedges – a consultation paper and accompanying questionnaire to gather information about the scale and geographical spread of nuisance high hedges in Northern Ireland;
- the Draft Planning (Control Of Major- Accident Hazards) Regulations (Northern Ireland) 2006 to give effect in Northern Ireland to changes to the land-use planning requirements of Council Directive 96/82/EC on the control of major-accident hazards involving dangerous substances (the Seveso II Directive), as amended by Directive 2003/105/EC.

A consultation process also took place on the Draft Planning Reform (Northern Ireland) Order 2006. The draft Order contains wide-ranging planning changes to reform the development control and appeal processes, strengthen control in protecting and enhancing the built and natural environment, improve enforcement and assist the preparation of development plans. The legislative changes are part of the commitments made in the Modernising Planning Processes Implementation Plan launched in February 2003. Consultation on the detailed legislative provisions took place between October and December 2003. Following careful consideration of responses the draft Order was laid before Parliament on 8 March 2006. Debates took place at Westminster during April and May and the legislation is expected to be in place by early summer.

#### **7.4 Freedom of Information**

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

Although the Planning Service has operated an open file system since November 2001, the new FOI and EIR provisions are designed to enable individuals to access even more information than they could before. Between 1 April 2005 and 31 March 2006 the Planning Service received 646 requests for information. This represents 70% of all requests received by the Department of the Environment during this period.

#### **7.5 Ombudsman Cases**

During 2005/06, 25 complaints of alleged maladministration by the Planning Service were investigated by the Northern Ireland Ombudsman's office. By 31 March 2006, the Ombudsman had concluded and reported on his investigations in relation to 20 of these cases.

The Ombudsman did not find any evidence of maladministration in 11 out of 20 of the cases. In the remaining 9 cases, the Ombudsman upheld the complaints of maladministration on the basis of poor communication and inadequate record keeping. The Planning Service has taken on board the Ombudsman's recommendations in these cases and has put in place improved arrangements where possible.

#### **7.6 Planning Policy Statement (PPS) 14 – Sustainable Development in the Countryside**

PPS 14, which proposes stricter planning policies for rural areas, was issued in draft form in March 2006 and applies to all applications received after 16 March 2006. At this stage the resulting long term financial effect is uncertain, but will be kept under review.

## AGENCY REMUNERATION REPORT

### Remuneration Policy

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

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

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

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

The remuneration of all senior civil servants is entirely performance based. Permanent Secretaries pay awards are determined by the Northern Ireland Civil Service (NICS) Permanent Secretary Remuneration Committee.

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

### Service Contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Policy relating to notice periods and termination payments is contained in the Northern Ireland Civil Service (NICS) Staff Handbook.

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

## Salary and pension entitlements

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

### Senior Civil Servants

Officials	2005-06		2004-05	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Mr D Ferguson <i>Chief Executive</i>				Consent to disclosure withheld
Mr P McBride <i>Director of Operations</i>				Consent to disclosure withheld
Mrs M Fleming <i>Director of Corporate Services</i>	50-55	–	30-35 <i>(50-55 full year equivalent)</i>	–
Mr PJ Quinn <i>Director of Area Plans and Policy</i>				Consent to disclosure withheld
Mr T Clarke <i>Acting Director of Area Plans and Policy</i>				Consent to disclosure withheld

### Salary

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

### Benefits in kind

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

### Civil Service Pensions

Officials	Accrued pension at age 60 as at 31/3/06 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/3/06 £'000	CETV at 31/3/05 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Mr D Ferguson <i>Chief Executive</i>						Consent to disclosure withheld
Mr P McBride <i>Director of Operations</i>						Consent to disclosure withheld
Mrs M Fleming <i>Director of Corporate Services</i>	20-22.5 plus lump sum of 65-67.5	0-2.5 plus lump sum of 0-2.5	357	316	11	–
Mr PJ Quinn <i>Director of Area Plans and Policy</i>						Consent to disclosure withheld
Mr T Clarke <i>Acting Director of Area Plans and Policy</i>						Consent to disclosure withheld

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5%



(depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. 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).

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk) .

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### **Real increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



DAVID FERGUSON  
Chief Executive  
15 June 2006

## **Annual Accounts 2005/06**

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

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed the Planning Service to prepare for each financial year a statement of accounts in the form and on the basis set out in accounts direction DAO(DFP)13/03. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year-end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

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

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

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

## STATEMENT ON INTERNAL CONTROL

### Scope of responsibility

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

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realized, 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 2006 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 issue of a risk management leaflet and articles in the in-house publications. The Agency keeps abreast of developments in risk management through regular contact with relevant branches elsewhere in the Department.

### The risk and control framework

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

- annual review of the Agency's Risk Management Policy Statement;
- the preparation and maintenance of a Corporate Risk Register and three Directorate Risk Registers;

- the inclusion of risk as a key topic for discussion and consideration at all business planning workshops to ensure an appropriate link between objectives and risks;
- formal quarterly review and revision of the Corporate Risk Register by the Management Board and the Directorate Risk Registers by the relevant Director;
- the inclusion of risk management as a standing agenda item at the Agency's Audit Committee;
- ensuring that key risk priorities relate to obtaining timely and accurate information from other parties and also to human resource issues; and
- keeping staff informed on risk management issues by means of articles in the Agency's in-house magazines and the issue of a risk management leaflet.

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

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

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

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

- An Audit Team within the Agency has been established. It 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. These include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal

control.

- 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. The Head of Internal Audit (HIA) provides me with an interim report on internal audit activity within the Agency and an Annual Assurance Report at year-end which includes the HIA's independent opinion on the adequacy and effectiveness of the Agency's risk management, control and governance processes.
- In respect of 2005/06, Internal Audit has provided me with reasonable assurance regarding the adequacy and effectiveness of the risk management, control and governance processes within the Agency.
- Risk management and audit issues are regularly discussed at the Agency's Audit Committee and the Departmental Audit Committee.

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

Chief Executive  
15 June 2006

## THE PLANNING SERVICE

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

I certify that I have audited the financial statements of Planning Service Agency for the year ended 31st March 2006 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

#### **Respective responsibilities of the Agency, the Chief Executive and auditor**

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

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Finance and Personnel's directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 27 to 29 reflects the Agency's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chief Executive's Report, the Management Commentary and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Agency's affairs as at 31st March 2006 and of the deficit, total recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



I have no observations to make on these financial statements.

A handwritten signature in black ink, appearing to read 'JM Dowdall CB', written in a cursive style.

JM Dowdall CB  
Comptroller and Auditor General  
16 June 2006

Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU

## OPERATING COST STATEMENT

For the Year Ended 31 March 2006

	Notes	2006 £'000	2005 £'000
<b>Income</b>	2	19,986	15,762
<b>Expenditure</b>			
Staff Costs	3	21,654	18,526
Depreciation and Amortisation	8 and 9	532	562
Other Operating Costs	4	19,336	16,951
<b>Total Expenditure</b>		<u>41,522</u>	<u>36,039</u>
<b>Net Cost of Operations before Cost of Capital Credit</b>		(21,536)	(20,277)
Capital Credit	6	149	143
<b>Net Cost of Operations</b>		<u>(21,387)</u>	<u>(20,134)</u>

The net cost of operations arises wholly from continuing operations.

## STATEMENT OF RECOGNISED GAINS AND LOSSES

For the Year Ended 31 March 2006

		2006 £'000	2005 £'000
Net gain on revaluation of Fixed Assets	13	4	2

The notes on pages 36 to 47 form part of these accounts

## BALANCE SHEET

As at 31 March 2006

	Notes	2006 £'000	2005 £'000
<b>Fixed Assets</b>			
Tangible Assets	8	4,310	2,309
Intangible Assets	9	148	177
		<u>4,458</u>	<u>2,486</u>
<b>Current Assets</b>			
Debtors	10	172	302
<b>Current Liabilities</b>			
Creditors (amounts falling due within one year)	11	(8,477)	(6,185)
		<u>(8,305)</u>	<u>(5,883)</u>
<b>Net Current Liabilities</b>		(8,305)	(5,883)
<b>Total Assets less Current Liabilities</b>		(3,847)	(3,397)
<b>Provisions for Liabilities and Charges</b>	12	(858)	(434)
		<u>(4,705)</u>	<u>(3,831)</u>
		<u><u>(4,705)</u></u>	<u><u>(3,831)</u></u>
<b>Financed by:</b>			
<b>Capital and Reserves</b>			
General Fund	13	(4,712)	(3,835)
Revaluation Reserve	13	7	4
		<u>(4,705)</u>	<u>(3,831)</u>
		<u><u>(4,705)</u></u>	<u><u>(3,831)</u></u>



DAVID FERGUSON  
Chief Executive  
15 June 2006

The notes on pages 36 to 47 form part of these accounts

## CASH FLOW STATEMENT

For the Year Ended 31 March 2006

	Notes	2006 £'000	2005 £'000
Net Cash Outflow from Continuing Operating Activities	14	(7,757)	(9,190)
Capital Expenditure	14	(2,640)	(2,135)
		<u>          </u>	<u>          </u>
Net Cash Outflow before Financing		(10,397)	(11,325)
		<u>          </u>	<u>          </u>
Cash Inflow from Financing	14	(10,397)	(11,325)
		<u>          </u>	<u>          </u>

The notes on pages 36 to 47 form part of these accounts

# NOTES TO THE ACCOUNTS

For the Year Ended 31 March 2006

## 1. Accounting Policies

The financial statements have been prepared in accordance with the Financial Reporting Manual (FREM) and with an accounts direction issued by the Department of Finance and Personnel. The accounting policies contained in the FREM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FREM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Agency for the purposes of giving a true and fair view has been selected. The Agency's accounting policies have been applied consistently in dealing with items considered to be material in relation to these accounts.

### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, as modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

### 1.2 Fixed Assets

The minimum level for capitalisation of tangible fixed assets is £500 for IT equipment and £1,000 for all other assets. Computer software licences are treated as intangible assets except where they have been developed internally (bespoke software).

All tangible assets are valued at current replacement cost: IT assets by the application of an accelerated depreciation policy and other assets by using appropriate indices compiled by the Office for National Statistics.

Depreciation is provided at rates calculated to write off the valuation, less estimated residual value of each asset, over its expected useful life (IT assets – accelerated depreciation; all other assets – straight line depreciation). Assets in the course of construction are not depreciated until the asset is brought into use.

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

Information Technology	3 – 5 years
Computer Software Licences (Intangible)	3 years
Plant & Machinery (Office Equipment)	5 years

### 1.3 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (NI) (PCSPS (NI)) which is a defined benefit scheme and is unfunded and non-contributory. The Agency recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by

payment to the PCSPS(NI) of amounts calculated on an accruing basis. The liability for future benefits is a charge on the PCSPS(NI).

#### **1.4 Grants Payable**

Grants payable by the Agency, in accordance with its statutory powers and duties, are accounted for in the period in which it is known or estimated that the recipient has carried out the activity which creates the entitlement.

#### **1.5 Cost of Capital**

In accordance with DFP guidelines, notional interest is charged or credited on the basis of 3.5 per cent of the average cost of capital employed by the Agency. Capital employed is defined as total assets less liabilities with the exception of liabilities due to the Consolidated Fund.

#### **1.6 Value Added Tax**

Income and expenditure is shown net of Value Added Tax where it is recoverable.

#### **1.7 Private Finance Initiative (PFI) Transactions**

PFI transactions have been accounted for in accordance with Technical Note 1 (Revised) *How to Account for PFI Transactions* as required by the FREM. Where the balance of risks and rewards of ownership of the PFI project are borne by the operator, the PFI payments are recorded as an operating cost. Where the balance of risks and rewards of ownership are borne by the Agency, it is recognised as a fixed asset and the liability to pay for it is accounted for as a finance lease.

#### **1.8 Provisions**

The Agency provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk adjusted cashflows are discounted using the Treasury discount rate of 3.5 per cent in real terms.

#### **1.9 Notional Costs**

Some of the costs directly relating to the running of the Agency are borne by other departments and are outside the Agency's Vote. These costs have been included on the basis of the estimated costs incurred by the providing department.

## 2. Income

	2006 £'000	2005 £'000
Planning Fees	18,490	14,477
Property Certificate Fees	1,467	1,249
Recovery of Planning Compensation	22	33
CFER Income	7	3
	19,986	15,762
	19,986	15,762

## 3. Staff Numbers and Costs

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

	2006 Number		2005 Number	
	Total	Permanently employed staff	Others	
Senior Management	59	59	-	56
Professional and Technical	438	426	12	404
Executive, Administrative and Ancillary	290	271	19	248
Temporary Staff employed through Recruitment Agencies	29	-	29	31
	816	756	60	739
	816	756	60	739

3.2 The costs incurred in respect of these employees were:

	2006 £'000		2005 £'000	
	Total	Permanently employed staff	Others	
Salaries and Wages	17,291	16,813	478	15,252
Social Security Costs (ERNI)	1,258	1,221	37	1,138
Pension Costs (Superannuation)	2,850	2,850	-	1,837
Cost of Temporary Staff Employed through Recruitment Agencies	255	-	255	299
	21,654	20,884	770	18,526
	21,654	20,884	770	18,526

The PCSPS(NI) is an unfunded defined benefit scheme which produces its own resource accounts, but Planning Service is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2005/06, employers' contributions of £2,850,210.42 were payable to the PCSPS(NI) (2004/05 £1,837,034.94) at one of four rates in the range 16.5 to 23.5 per cent of pensionable pay, based on salary bands (the rates in 2004/05 were between 12% and 18%). These rates have increased from 1 April 2005 as a result of the latest actuarial valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £2,040.24 were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £211.45, 0.8 per cent of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil. Contributions prepaid at that date were £nil.

#### 4. Other Operating Costs

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
General Administration Expenses	1,791	1,390
Consultants Fees	896	873
Development Control Computer System	1,100	736
Property Certificate Computer System	197	315
Travel and Subsistence	555	461
Planning Compensation	21	-
Administration Provisions Provided in Year	(1)	33
Net Programme Provisions Charged in Year	532	(64)
Advertising of Planning Applications	1,135	992
Grants Payable	646	803
Construction Service	648	474
IT and Office Equipment	171	207
Data Scanning	168	-
Preparation of Development Plans	484	575
Staff Training	328	295
Geographical Information	229	239
Research, Bursaries and Awards	77	65
Land Registry Charges	63	61
Hospitality	26	32
Loss on Disposal of Fixed Assets	-	2
Notional Costs (see note 5)	10,270	9,462
	<hr/>	<hr/>
	<b>19,336</b>	<b>16,951</b>
	<hr/> <hr/>	<hr/> <hr/>



## 5. Notional Costs

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

	2006 £'000	2005 £'000
<b>Services Provided by Parent Department</b>		
Corporate Services including Finance	349	449
Consultations with Environment & Heritage Service	295	260
	<u>644</u>	<u>709</u>
 <b>Other Notional Costs</b>		
Consultations with Roads Service	4,622	3,887
Accommodation	2,583	2,304
Consultations with Water Service	544	580
IT Support and Services	301	391
Personnel Management and Recruitment	433	535
Planning Inquiries and Area Plans	65	48
Finance	155	169
Training and Development	288	225
Consultations with DARD	86	82
Central Policy and Management	19	16
Telecommunications	101	80
Legal Services	181	146
Land Valuations	23	41
Audit	10	9
Miscellaneous	215	240
	<u>9,626</u>	<u>8,753</u>
	<u>10,270</u>	<u>9,462</u>

## 6. Capital Charges

The Operating Cost Statement bears a non-cash credit for interest relating to the use of capital by the Agency. The basis of the credit is 3.5 per cent of the average capital employed, defined as total assets less liabilities except for liabilities due to the Consolidated Fund.

## 7. Administration and Programme Analysis

Administration costs reflect the net resources consumed directly by the Agency in providing government services. Programme costs refer to those elements of expenditure, net of income, that do not fall within administration costs.

	Administration Costs £'000	Programme Costs £'000	Total £'000
<b>Income</b>	(19,957)	(29)	(19,986)
Staff Costs	21,654	–	21,654
Depreciation and Amortisation	532	–	532
Other Operating Costs	13,366	5,970	19,336
Capital Credit	(68)	(81)	(149)
Net Cost of Operations	15,527	5,860	21,387

## 8. Tangible Fixed Assets

	CIP Asset £'000	Information Technology £'000	Plant & Machinery £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 April 2005	1,605	1,937	225	3,767
Additions	2,104	337	12	2,453
Transfers	-	-	-	-
Disposals	-	(258)	-	(258)
Revaluation	-	3	(1)	2
At 31 March 2006	3,709	2,019	236	5,964
<b>Depreciation</b>				
At 1 April 2005	-	1,425	33	1,458
Charged in year	-	410	44	454
Disposals	-	(258)	-	(258)
Transfers	-	-	-	-
Revaluations	-	1	(1)	-
At 31 March 2006	-	1,578	76	1,654
<b>Net Book Value</b>				
At 1 April 2005	1,605	512	192	2,309
At 31 March 2006	3,709	441	160	4,310

## 9. Intangible Fixed Assets

	<b>Software Licences £'000</b>
<b>Cost or Valuation</b>	
At 1 April 2005	256
Additions	47
Transfers In	-
Revaluation	4
	<hr/>
At 31 March 2006	307
	<hr/> <hr/>
<b>Amortisation</b>	
At 1 April 2005	79
Charged in year	78
Transfers In	-
Revaluation	2
	<hr/>
At 31 March 2005	159
	<hr/> <hr/>
<b>Net Book Value</b>	
At 1 April 2005	177
	<hr/> <hr/>
At 31 March 2006	148
	<hr/> <hr/>

## 10. Debtors

### 10(a). Analysis by type

	<b>2006 £'000</b>	<b>2005 £'000</b>
Other Debtors	121	201
Prepayments	51	101
	<hr/>	<hr/>
	172	302
	<hr/> <hr/>	<hr/> <hr/>

**10(b). Intra-Government Balances**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
<b>Debtors: Amounts falling due within one year</b>		
Balances with other government bodies	102	202
Balances with local authorities	-	5
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	4	3
Balances with bodies external to government	66	92
	<u>172</u>	<u>302</u>
	<u><u>172</u></u>	<u><u>302</u></u>

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

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Trade Creditors	1,020	912
Deferred Income	6,724	4,605
Amount due to the NI Consolidated Fund for CFER Income	10	3
Other Creditors and Accruals	723	665
	<u>8,477</u>	<u>6,185</u>
	<u><u>8,477</u></u>	<u><u>6,185</u></u>

**11(b). Intra-Government Balances**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
<b>Creditors: Amounts falling due within one year</b>		
Balances with other government bodies	153	153
Balances with local authorities	-	4
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	-	-
Balances with bodies external to government	8,324	6,028
	<u>8,477</u>	<u>6,185</u>
	<u><u>8,477</u></u>	<u><u>6,185</u></u>

## 12. Provisions for Liabilities and Charges

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

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

	<b>Planning Compensation</b>	<b>Legal Costs</b>	<b>Early Departure Costs</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2005	249	167	18	434
Amounts incurred and charged against this provision during the year	(33)	(57)	(17)	(107)
Unused amounts reversed during the year	-	(110)	(1)	(111)
Increases to existing provisions and additional provisions required	4	638	-	642
At 31 March 2006	<u>220</u>	<u>638</u>	<u>-</u>	<u>858</u>

## 13. Reconciliation of Movement in Reserves and Government Funds

	<b>General Fund</b>	<b>Revaluation Reserve</b>	<b>2006 Total</b>	<b>2005 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April	(3,835)	4	(3,831)	(4,343)
Transfer of Assets	-	-	-	3
Transfer from Reval Reserve to GF	1	(1)	-	-
Net Vote Funding in Year	10,396	-	10,396	11,325
Net Cost of Operations	(21,387)	-	(21,387)	(20,134)
Notional Costs	10,270	-	10,270	9,462
Capital Credit	(149)	-	(149)	(143)
CFER Creditor	(8)	-	(8)	(3)
Arising on Revaluation during the year (net)	-	4	4	2
At 31 March	<u>(4,712)</u>	<u>7</u>	<u>(4,705)</u>	<u>(3,831)</u>

## 14. Notes to Cash Flow Statement

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

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Net Cost of Operations before Capital Credit	(21,536)	(20,277)
<b><i>Adjustments for Non-Cash Transactions</i></b>		
Notional Costs	10,270	9,462
Movement in Provisions	424	(283)
Depreciation and Amortisation Charge	532	562
Loss on Disposal of Fixed Assets	-	2
	<hr/>	<hr/>
	11,226	9,743
<b>Adjustments for Movements in Working Capital</b>		
Decrease in Debtors	130	135
Increase in Creditors	2,423	1,209
	<hr/>	<hr/>
Net Cash Outflow from Operating Activities	(7,757)	(9,190)
	<hr/> <hr/>	<hr/> <hr/>

### 14.2 Capital Expenditure

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Payments for Tangible Fixed Assets	(2,633)	(1,983)
Payments for Intangible Fixed Assets	(7)	(152)
	<hr/>	<hr/>
Payments for Fixed Assets	(2,640)	(2,135)
	<hr/> <hr/>	<hr/> <hr/>

### 14.3 Financing

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Drawdown from Department	33,670	29,370
Accruing Receipts	(23,273)	(18,045)
	<hr/>	<hr/>
Net Funding	10,397	11,325
	<hr/> <hr/>	<hr/> <hr/>

## 15. Capital Commitments

	2006 £'000	2005 £'000
Contracted capital commitments at 31 March 2006 for which no provision has been made	2,905	2,525
	<u>          </u>	<u>          </u>

## 16. Commitments under Operating Leases

Commitments under operating leases to pay rentals during 2006/07 are given in the table below, analysed according to the period in which the lease expires.

Obligations under operating leases comprise:

	2006 £'000
Expiry within one year	4
Expiry after one year but not more than five years	15
Expiry thereafter	-
	<u>          </u>
	19
	<u>          </u>

## 17. Commitments under PFI Contracts

In December 1997, a PFI contract was signed for the provision of a computerised development control system. The contract was initially for a five year period (with the option of two one-year extensions) and commenced in October 1999 when the last planning office went live. The estimated capital value of the contract is £2.1m. The contract was extended in September 2004 and again in November 2005 and will end on 31 December 2006.

Annual commitments under PFI contracts expiring:

	2006 £'000
Within one year	359
Within two to five years	-
Thereafter	-
	<u>          </u>
	359
	<u>          </u>

## 18. Contingent Liabilities

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

## 19. Key Corporate Financial Targets

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

	Income £'000	Expenditure £'000	Surplus £'000	Recovery %
2006				
Planning Applications	18,512	18,121	391	102.2
Property Certificates	1,467	939	528	156.3
	<hr/>	<hr/>	<hr/>	
	19,979	19,060	919	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

## 20. Related Party Transactions

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

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

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

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

## 21. Review of Public Administration

The outcome of the Review of Public Administration was announced by the Secretary of State in November 2005. This will have a significant impact on the operations of the Agency, with many of the existing Agency Planning functions transferring to local government in 2009. At this stage, it is too early for an accurate assessment of the potential financial impact to be made.





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