

# THE PLANNING SERVICE

## ANNUAL REPORT & ACCOUNTS 2004/05

*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*

*14 July 2005*

*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*

*14 July 2005*

*Ordered by The House of Commons to be printed*

*14 July 2005*

# THE PLANNING SERVICE ANNUAL REPORT & ACCOUNTS

For the year ended 31 March 2005

*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*

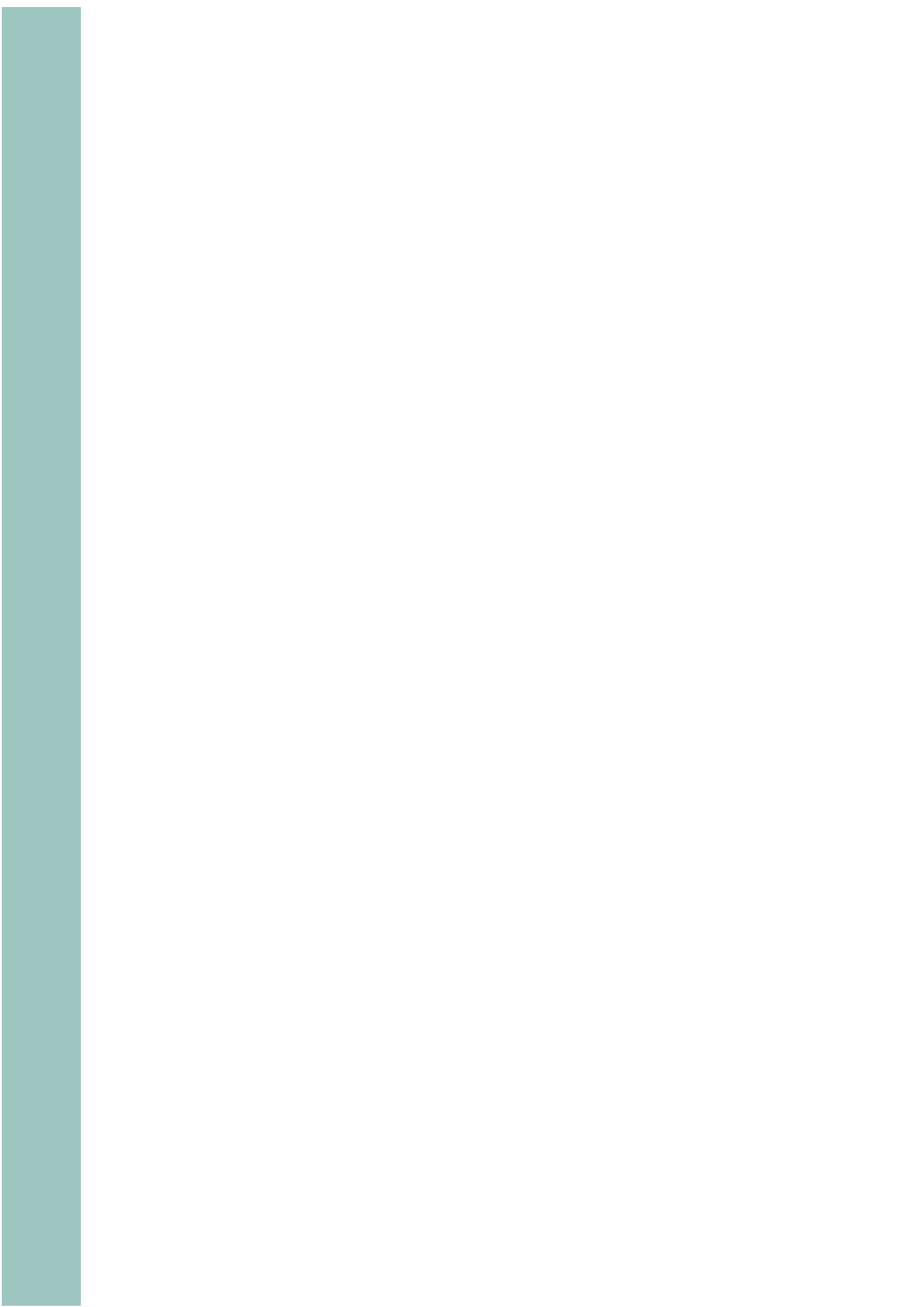
*14 July 2005*

*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*

*14 July 2005*

*Ordered by The House of Commons to be printed*

*14 July 2005*



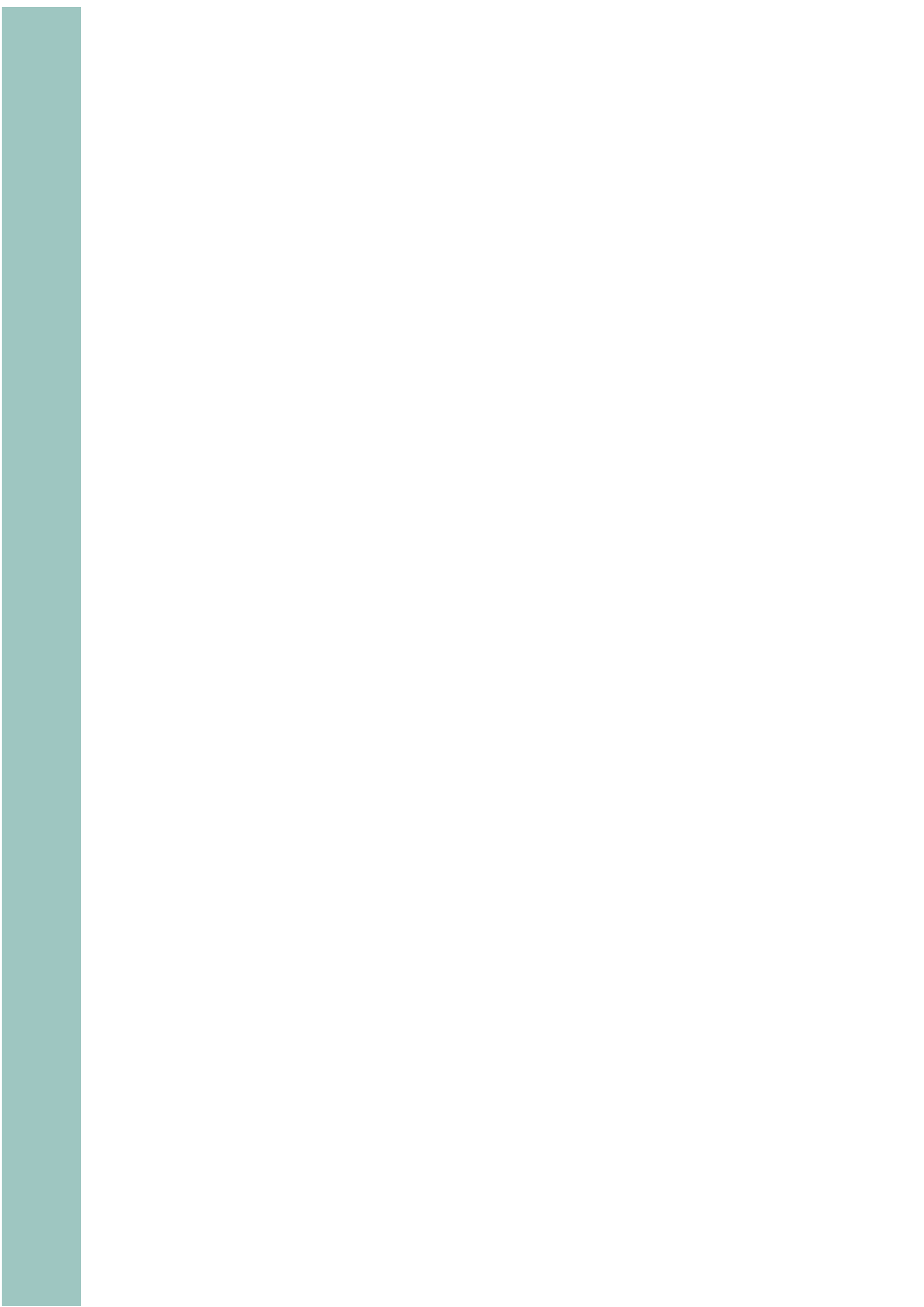
# CONTENTS

## Annual Report 2004/05

	<b>Page</b>
Foreword	5
1. About the Planning Service	6
2. The Agency's Business	6
3. Aim and Strategic Objectives	6
4. Organisation	6
5. Performance Against Targets	7
• Public Service Agreement	
• Department of the Environment Corporate & Business Plan 2004/05	
• Planning Service Corporate & Business Plan 2004/05	
6. Other Commitments	12
• Modernising Planning Processes	
• Legislative Framework	
• Conservation	
• Freedom of Information	
• Ombudsman Cases	

## Annual Accounts 2004/05

Foreword to the Accounts	16
Statement of Agency's and Chief Executive's Responsibilities	20
Statement on Internal Control	21
Certificate and Report of the Comptroller and Auditor General	24
Operating Cost Statement	26
Statement of Recognised Gains & Losses	26
Balance Sheet	27
Cash Flow Statement	28
Notes to the Accounts	29



## FOREWORD

I am pleased to present the Planning Service's Annual Report and Financial Statements for 2004/05.

The last year has been another challenging and demanding time for the Agency, from the difficult months of industrial action to the huge growth in planning applications. There has also been a significant increase in the number of responses to our draft Area Plans and we have seen an increased level of public interest in our work arising from the new Freedom of Information requirements.

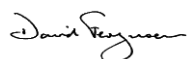
The rise in planning applications has led to greater demands on the Agency's resources. There were some 35,000 valid planning applications submitted during the year which represented an 8.7% increase over the previous 12 months. Processing times have inevitably suffered as workloads have risen well in excess of original forecasts and the workload pressures on staff have outweighed our capacity to provide a timely service. With the Minister's agreement it was decided to concentrate resources for a period of time on the operational side of the business to deal with the problem and I am pleased to say that this was successful.

Despite the pressures our commitment to key elements of the Area Plan programme – the draft Ards/Down, Magherafelt and Belfast Metropolitan Area Plans and publication of the adopted Dungannon and South Tyrone Area Plan - was protected. Work also continued on the Craigavon Town Centre boundary and work on the Northern Area Plan was brought to a very advanced stage, ready for publication.

Progress on the remainder of our Area Plan programme covering 8 District Councils was inevitably slower than we had intended, and some less pressing projects in our reform and modernisation programme were also re-scheduled for a time. However, a further move in our commitment to speed up the planning process was introduced in March with the start of a pilot scheme to return all invalid planning applications. In advance of the pilot, planning application forms were re-designed to make them more user friendly and the "Guidance Notes for Applicants" were revised to better inform everyone making an application of the information required. A checklist for applicants was also introduced last year to further assist in completing the application process. Work on the e-PIC project still remains a priority for the Agency and contracts were exchanged with the supplier during the Autumn.

For our staff, we received confirmation that we continue to meet the Investors in People standard and we retained our IIP status. This was a significant achievement, particularly during such a difficult year, and it recognises the importance we continue to attach to meeting their development needs, whatever the pressures.

I believe that the changes we are making to the planning process, along with our commitment to reduce workload pressures and our continuing engagement with everyone else involved – applicants, agents, consultees, District Councils, and so on – about their involvement in it and the contribution they can make to its operation, will make a difference. I am very grateful to everyone in the Planning Service for all their hard work and commitment to that end over the year.



DAVID FERGUSON  
Chief Executive

# 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 2004/05 business year the Minister with responsibility for the Planning Service was Angela Smith MP.

# 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. AIM AND STRATEGIC OBJECTIVES

3.1 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.

3.2 The Agency's strategic objectives are:

<b>PEOPLE</b> To ensure that Planning Service has well-motivated people with the right skills in the right place at the right time.	<b>CUSTOMER</b> To improve the level of customer satisfaction, particularly with the timeliness of all planning decisions.
<b>RESULTS</b> To make speedier planning decisions.	<b>PROCESSES</b> To streamline and improve the planning decision-making process.

# 4. THE ORGANISATION

4.1 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 and the Director of Corporate Services.

- 4.2 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.
- 4.3 At 31 March 2005 the staff complement was 768.

## 5. PERFORMANCE AGAINST TARGETS

- 5.1 In recent years, the Planning Service has been facing increasing and unprecedented workload pressures particularly on the development control side. The total number of applications received in 2003/04 reflected a 20% increase on the year before. By July 2004, there were over 20,000 planning applications in the system, some 53% more than the equivalent period the previous year. While the overall increase in valid applications for 2004/05 steadied to 8.7% by the end of the business year, the record workloads over the last 12-18 months, combined with a shortage of experienced staff, has had a significant impact on the achievement of extremely challenging targets set by government for the processing system.
- 5.2 On top of these pressures on the operational side, the most recent draft area plans, Ards and Down, Magherafelt and Belfast Metropolitan Area Plans – the first three to be released since the publication of the Regional Development Strategy 4 years ago - generated some 2,300, 5,300 and 3,700 representations respectively, well in excess of the Agency's previous experience.
- 5.3 With workload outpacing the Agency's capacity to process it within published timescales, remedial action was taken in-year to divert resources to the operational, demand-led side of the business on a temporary basis in order to bring some stability. This was successful, but considerable pressures remain. Performance against targets during 2004/05 should therefore be viewed in this context.



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

The Planning Service performance in relation to the targets set out in the Department's Public Service Agreement for 2004/05 – 2006/07 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 2006-07.	Not likely to be achieved by target date.
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 2006/07.	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 2006/07.	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 2006/07.	Not likely to be achieved by target date. While the various critical issues feeding into all of the PSA targets are on track for achievement, the surging application numbers, combined with factors such as the impact of industrial action in the early part of 2004/05, mean it is unlikely that they will be achieved by the target date of 2006/07.

#### Department of the Environment's Corporate and Business Plan 2004/05

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

Objective	Target	Outturn
Implement the programme of reforms set out in the Modernising Planning Processes Implementation Plan.	Implement new arrangements for dealing with invalid applications by May 2004.	Substantially achieved. Invalid applications pilot commenced March 2005 in Belfast Divisional Planning Office. Full roll-out planned for summer 2005.
	Implement streamlined consultation arrangements with local Councils by March 2005.	Likely to be achieved but with some delay. Joint Working Group with NILGA established. Work brought forward for completion in year 3.

Objective	Target	Outturn
	Drive forward the Electronic Planning Information for the Citizen project, procuring the system supplier by August 2004.	Achieved. Funding secured for new e-PIC system and contract awarded in October 2004.
Implement the Area Plan and Planning Policy Statement programmes.	Adopt 3 Area Plans by December 2004, and publish 4 draft Area Plans, including the Belfast Metropolitan Area Plan, by March 2005, and publish 4 final Planning Policy Statements by March 2005.	Substantially achieved. 3 Area Plans were adopted by March 2005 (Cookstown Area Plan, Craigavon Area Plan & Dungannon & South Tyrone Area Plan). 2 draft Area Plans published by November 04 (Magherafelt Area Plan and Belfast Metropolitan Area Plan) and Craigavon Town Centre Boundaries & Retail Designations Plan – Issues Paper published in March 2005.  PPS 3 – Access Movement & Parking (Revised) was published in February 2005. While Draft PPS 6 (Policy Addendum) ATC's and Draft PPS 15 – Planning & Flood Risk were published by December 2004.
Ensure that the Planning Service has well-motivated people with the right skills in the right place at the right time.	Implement a new human resources strategy for the Planning Service, including recruitment and training of 125 additional staff.	Substantially achieved. HR strategy developed and being implemented. The 2004/05 recruitment drive is substantively completed and only 12 officers at P&T level are yet to arrive.

## 5.5 Planning Service Corporate and Business Plan 2004/05

The Agency's performance against the targets, as set out in the Corporate and Business Plan for 2004/05, is reflected below under the relevant strategic objectives.

### Strategic Objective 1:

To ensure that Planning Service has well-motivated people with the right skills in the right place at the right time.

Target	Outturn
Develop and implement a Human Resources Strategy by March 2005.	Partially achieved. Significant progress made, including achieving Investors in People re-accreditation; recruitment drive substantially completed; progress made in managing sick absence; and a substantial training programme was delivered.
Develop and implement an Accommodation Plan by March 2005.	Partially achieved. HQ staff from all city centre locations amalgamated into Millennium House. Work also progressed in relation to accommodation in Ballymena and Craigavon.
Develop and implement a Communications Strategy by March 2005.	Partially achieved. Progress was made in relation to a range of actions associated with participation in key events and proactively informing the public of key issues.

### Strategic Objective 2:

To improve the level of customer satisfaction, particularly with the timeliness of all planning decisions.

Target	Outturn
Increase current customer satisfaction levels by 10% by March 2005.	Not achieved. Customer Satisfaction Survey to be carried out in 2005/06.

### Strategic Objective 3:

To make speedier planning decisions.

Target	Outturn
Process 70% of all planning applications to decision (or withdrawal) within 17 weeks.	Not achieved. As advised at 5.4 above, the various critical issues feeding into the PSA targets are on track for achievement, but the surging application numbers, combined with factors such as the industrial action, mean that the targets have not been achieved to date. 45% of all applications were processed within 17 weeks, while it took 29 weeks to process 70% of all applications. However, we can report that the number of decisions issued during 2004/05 was 10.7% greater than in 2003/04.
Process 70% of all residential planning applications to decision (or withdrawal) within 16 weeks.	Not achieved (see above). 42.4% of residential applications were processed in 16 weeks and it took 29.2 weeks to process 70%.
Process 70% of all commercial planning applications to decision (or withdrawal) within 19 weeks.	Not achieved (see above). 50.4% of commercial applications were processed in 19 weeks and it took 29.6 weeks to process 70%.
Process 70% of all industrial planning applications to decision (or withdrawal) within 18 weeks.	Not achieved (see above). 52.3% of industrial applications were processed in 18 weeks and it took 26.2 weeks to process 70%.
Adopt 3 Area Plans by December 2004	Achieved with some delay (see 5.5 above).
Publish 4 draft Area Plans by March 2005	Partially achieved (see 5.5 above).
Publish 4 Planning Policy Statements by March 2005	Partially achieved (see 5.5 above).

### Strategic Objective 4:

To streamline and improve the planning decision-making process.

Target	Outturn
Implement year 2 of the <i>Modernising Planning Processes</i> Implementation Plan by March 2005.	Partially achieved (see 6.1 below).

## 6. OTHER COMMITMENTS

### 6.1 Modernising Planning Processes

In the second year of this reform and modernisation programme work has continued on the implementation of the Modernising Planning Processes. Key projects dealing with publishing planning applications were completed and included issuing a consultation paper on site notices and retaining but re-examining the neighbour notification arrangements. In terms of improving the management of the process a review of the outline planning application process was completed. In March a pilot study commenced on new procedures for dealing with invalid applications as a means of dealing with delaying factors in the processing of applications. Criteria and guidance were published on how to identify and handle Article 31 cases.

In the context of formulating planning policy an information leaflet on the hierarchy of documents in the planning process was published. In the preparation of development plans much was achieved by accelerating the plan programme, enhanced community involvement including the use of issues papers, promoting a joined-up approach and streamlining the process from draft plan to final adoption.

There has been significant progress in the delivery of the ePlanning programme to ensure that the Agency makes best use of ICT to complement the MPP projects to improve overall service delivery and facilitate internal efficient and effective work processes. Of particular importance has been the progress made on the ePlanning Information for Citizens (e-PIC) project. At the end of October 2004, Planning Service signed contracts with Hewlett Packard to provide a new, holistic ICT solution for the Agency and all stakeholders in the planning process.

During the year the Planning Service Internet web site has been enhanced substantially to now include each month the publication of all Council schedules, deferrals and advertisements as well as providing all application forms for download and comprehensive general advice and guidance to the public on planning matters. In addition the publication of Area Plans on the site, including BMAP, has seen extremely high levels of public access, on average around 50,000 hits per month with a peak of almost 120,000 hits over the Christmas period following the publication of BMAP.

### 6.2 Legislative Framework

During the year a number of new legislative provisions were brought into operation. The Environmental Assessment of Plans and Programmes Regulations (NI) 2004 came into operation on 22 July and implemented in Northern Ireland Directive 2001/42/EC of the European Parliament and Council on the assessment of the

effects of certain plans and programmes on the environment (“the SEA” or “Strategic Environmental Assessment Directive”).

The review of the Use Classes Order was brought to a conclusion in the new Planning (Use Classes) Order (NI) 2004 which came into operation on 29 November. The changes in the new Order included tighter planning controls over houses in multiple occupancy and paved the way for consideration of relevant policies in development plans. Some changes to development plan procedures were made by the Planning (Development Plans) (Amendment) Regulations (NI) 2004 which came into operation on 17 November 2004. These regulations extended the period for objections to a development plan from 6 to 8 weeks and made provision for consideration of representations about those objections.

Lastly, the Planning (Amendment) (2003 Order) (Commencement No. 3) Order (NI) 2004 brought into operation Article 18 of the Planning (Amendment) (NI) Order 2003. An effect of Article 18 is to bring ‘demolition’ within the meaning of ‘development’ in the Planning (NI) Order 1991 and an associated direction was made under Article 11 of the 1991 Order to control demolition of buildings in Areas of Townscape and Village Character.

In addition, further legislative proposals to tackle delays and strengthen the planning system were launched. The consultation paper entitled “Reforming Planning: Proposals to Amend Primary Planning Legislation in Northern Ireland”, was published in August and is another step in the Agency’s Planning to Deliver programme to modernise and reform the planning system. A further consultation on the draft legislation will take place later this year.

### **6.3 Conservation**

Article 50 of the Planning (NI) Order 1991 provides the Department with the power to designate an area of special architectural or historic interest as a conservation area. Since 1975 the Department has designated 59 conservation areas in Northern Ireland. They range in scale from city and town centres to villages and relatively small residential parks and streets.

In May 2004, part of Holywood was designated as a conservation area, while in June 2004, the centre of Lurgan was also designated as a conservation area. Both areas are considered to be areas of special architectural and historic interest, the character of which it is desirable to preserve or enhance.

In June 2004, the Department also published an Issues Paper as part of the review of the Historic City and Clarendon Street Conservation Areas in Londonderry. In October 2004, the Department issued a detailed character appraisal in relation to Malone Conservation Area, which was designated in August 2000. The appraisal recognises that there are a number of

distinctive areas within Malone which display their own unique characteristics and it seeks the public's views on these issues.

In November 2004, the Department through an amendment to the 1991 Planning Order introduced planning control over the demolition of buildings in areas of townscape character. To accompany this legislative change an addendum to Planning Policy Statement 6 'Areas of Townscape Character' was published for public consultation. It aims to ensure that development proposals respect the appearance and qualities of each townscape area and maintain or enhance their distinct character.

#### **6.4 Freedom of Information**

The Freedom of Information Act 2000 (FOI) and the Environmental Information Regulations 2004 (EIRs) came into effect on 1 January 2005. These Access to Information regimes, which are totally 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. By 31 March 2005, the Planning Service had received 138 requests for information. This represented approximately 63% of all requests received by DOE at that date.

#### **6.5 Ombudsman Cases**

During 2004/05, 18 complaints of alleged maladministration by the Planning Service were investigated by the Northern Ireland Ombudsman's office. By 31 March 2005, the Ombudsman had concluded and reported on his investigations in relation to 10 of these cases.

The Ombudsman did not find any evidence of maladministration in 8 out of 10 of the cases. In the remaining 2 cases, the Ombudsman partly 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.

## **Annual Accounts 2004/05**



## FOREWORD TO THE ACCOUNTS

### Introduction

The Planning Service presents its accounts for the year ended 31 March 2005. 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.

The three key business areas are:

- the development control process (the system for dealing with individual planning applications), including enforcement;
- formulation of planning policy for Northern Ireland;
- preparation of development plans.

### 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.

### Results for the Year

The net cost of operations for the year as shown on page 26 was £20,134K. This included an amount of £9,462K for services provided free of charge by other agencies and departments (note 5).

### Business Review

A full review of the Agency's business activities during the year is provided in pages 5 to 14 of the Annual Report.

### Important Events Occurring after Year End

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

## Future Developments

Details of future developments are contained in the Agency's Corporate Plan 2005/06 – 2007/08. The ministerial target for the Agency, as set out in the Public Service Agreement, is:

- To reduce the target time taken to process planning applications to decision (or withdrawal) from 70 per cent within 17 weeks, to 70 per cent within 15 weeks by 2007/08.

The Agency's strategic objectives are:

- To have well-motivated people with the right skills in the right place at the right time.
- To promote a mutual understanding of expectations and the capacity to meet them between the Planning Service and its clients/stakeholders.
- To review, streamline, improve and monitor the Planning Service's key systems and processes.
- 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.

## 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 2005.

## Management Board

The Agency's Management Board during the year ended 31 March 2005 comprised:

Chief Executive	–	Mr D G Ferguson
Director of Corporate Services (from 6 September 2004)	–	Mrs M Fleming
Director of Corporate Services (to 27 August 2004)	–	Mr I T Maye
Director of Operations	–	Mr P McBride
Director of Area Plans and Policy	–	Mr P J Quinn
Acting Director of Area Plans and Policy (from 6 September 2004)	–	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 note 3 to the accounts.

### **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.

### **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 2004 to 31 March 2005 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
7,842	94.8	7,436	65	0.8

### **Charitable Donations**

During 2004/05 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 professional, administrative and support staff are essential to the conduct of its business. Every effort is made to inform staff of their

progress with key performance targets and about topical issues through team briefing and the periodic issue of "The Bulletin" and "Communiqué" (in-house publications) to each member of staff. 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.

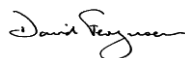
### **Health and Safety**

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.

### **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/Parliament.

The audit of the financial statements for 2004/05 resulted in an audit fee of £9,459.



DAVID FERGUSON  
Chief Executive  
7 July 2005

## 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 a statement of accounts for each financial year 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 Agency is required 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 have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer of the Department of the Environment has designated the Chief Executive of the Planning Service as the Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officers' Memorandum, published in "Government Accounting in 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 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 a continuous process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives; and to evaluate the likelihood of those risks being realised and their impact if they were to 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 2005 and up to the date of approval of the annual report and accounts, and it accords with DFP guidance.

### Capacity to handle risk

We have developed appropriate procedures to ensure that we have identified the Agency's objectives and risks and determined a control strategy for each of the significant risks. The procedures include the allocation of responsibilities to the appropriate staff. In addition, the Agency continues to further develop risk management throughout the organisation by the completion of full risk assessments through each of the Agency's three Directorates. A policy on risk management has also been developed and endorsed by the Management Board.

### The risk and control framework

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

- 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 review and revision of the Corporate Risk Register by the Management Board at the mid-year point in 2004/05 and at the year-end;

- the inclusion of risk management as a standing agenda item at the Agency's Audit Committee; and
- ensuring that key risk priorities relate to obtaining timely and accurate information from other parties and also to human resources issues.

### **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the 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 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 2004/05, 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.

Whilst the work of Internal Audit has confirmed that adequate control frameworks have been established in many parts of the Agency, it has also identified areas where potential improvements to internal controls could be made. These include, in the area of Corporate Control, issues relating to the Agency's Risk Management Policy Statement and its

implementation at operational levels throughout the Agency, and Development Control issues relating to receipt, custody and lodgement of monies, enforcement teams and the security of development control case files and stamps. Management is considering these draft recommendations and, if accepted, action will be taken in the near future to address these issues. A final Financial Management audit report identified issues relating to purchasing systems, management of assets and payment of grants. Substantial progress has been made towards addressing the audit concerns raised in this report.



DAVID FERGUSON  
Chief Executive  
7 July 2005



## 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 on pages 26 to 44 under the Government Resources and Accounts Act (Northern Ireland) 2001. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 29 to 30.

#### **Respective Responsibilities of the Agency, the Chief Executive and Auditor**

As described on page 20 the Agency and Chief Executive are responsible for the preparation of 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. The Agency and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions made thereunder, and 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 if, in my opinion, the Foreword is not consistent with the financial statements, if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 21 to 23 reflects the Agency's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Department of Finance and Personnel, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls.

I am also not required to form an opinion on the effectiveness of the

Agency's corporate governance procedures or its risk and control procedures.

### **Basis of Audit Opinion**

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are 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 are free from material misstatement, whether caused by error, or by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Planning Service at 31 March 2005 and of the net cost of operations, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel; 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.



J M Dowdall C B  
Comptroller and Auditor General  
8 July 2005

Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU

## OPERATING COST STATEMENT

For the Year Ended 31 March 2005

	Notes	2005 £'000	2004 £'000
Income	2	15,762	12,774
<b>Expenditure</b>			
Staff Costs	3	18,526	16,019
Depreciation and Amortisation	8 and 9	562	453
Other Operating Costs	4	16,951	17,088
<b>Total Expenditure</b>		<u>36,039</u>	<u>33,560</u>
<b>Net Cost of Operations before Cost of Capital Credit</b>			
		(20,277)	(20,786)
Capital Credit	6	143	132
<b>Net Cost of Operations</b>		<u>(20,134)</u>	<u>(20,654)</u>

The net cost of operations arises wholly from continuing operations.

### STATEMENT OF RECOGNISED GAINS AND LOSSES

For the Year Ended 31 March 2005

		2005 £'000	2004 £'000
Net gain on revaluation of Fixed Assets	13	2	3
		<u>2</u>	<u>3</u>

The notes on pages 29 to 44 form part of these accounts

## BALANCE SHEET

As at 31 March 2005

	Notes	2005 £'000	2004 £'000
<b>Fixed Assets</b>			
Tangible Assets	8	2,309	689
Intangible Assets	9	177	60
		<u>2,486</u>	<u>749</u>
<b>Current Assets</b>			
Debtors	10	302	437
Creditors (amounts falling due within one year)	11	(6,185)	(4,812)
		<u>(5,883)</u>	<u>(4,375)</u>
<b>Net Current Liabilities</b>			
		(5,883)	(4,375)
<b>Total Assets less Current Liabilities</b>			
Provisions for Liabilities and Charges	12	(434)	(717)
		<u>(3,397)</u>	<u>(3,626)</u>
		<u>(3,831)</u>	<u>(4,343)</u>
<b>Financed by:</b>			
<b>Capital and Reserves</b>			
General Fund	13	(3,835)	(4,346)
Revaluation Reserve	13	4	3
		<u>(3,831)</u>	<u>(4,343)</u>
		<u>(3,831)</u>	<u>(4,343)</u>



DAVID FERGUSON  
Chief Executive  
7 July 2005

The notes on pages 29 to 44 form part of these accounts

## CASH FLOW STATEMENT

For the Year Ended 31 March 2005

	Notes	2005 £'000	2004 £'000
Net Cash Outflow from Continuing Operating Activities	14	(9,190)	(9,116)
Capital Expenditure	14	(2,135)	(525)
		<u>          </u>	<u>          </u>
Net Cash Outflow before Financing		(11,325)	(9,641)
		<u>          </u>	<u>          </u>
Cash Inflow from Financing	14	11,325	9,641
		<u>          </u>	<u>          </u>

The notes on pages 29 to 44 form part of these accounts

# NOTES TO THE ACCOUNTS

For the Year Ended 31 March 2005

## 1. Accounting Policies

The financial statements have been prepared in accordance with the Northern Ireland Resource Accounting Manual (NIRAM) and with an accounts direction issued by the Department of Finance and Personnel. The accounting policies contained in the NIRAM 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 NIRAM 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 NIRAM. 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

	2005 £'000	2004 £'000
Planning Fees	14,477	11,546
Property Certificate Fees	1,249	1,185
Recovery of Planning Compensation	33	43
CFER Income	3	–
	15,762	12,774
	15,762	12,774

## 3. Staff Numbers and Costs

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

	2005 Number		2004 Number	
	Total	Permanently employed staff	Others	
Senior Management	56	56	0	48
Professional and Technical	404	378	26	349
Executive, Administrative and Ancillary	248	238	10	237
Temporary Staff employed through Recruitment Agencies	31	0	31	23
	739	672	67	657
	739	672	67	657

3.2 The costs incurred in respect of these employees were:

	2005 £'000		2004 £'000	
	Total	Permanently employed staff	Others	
Salaries and Wages	15,252	14,746	506	13,153
Social Security Costs (ERNI)	1,138	1,096	42	993
Pension Costs (Superannuation)	1,837	1,837	–	1,591
Cost of Temporary Staff Employed through Recruitment Agencies	299	–	299	282
	18,526	17,679	847	16,019
	18,526	17,679	847	16,019

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 2004/05, employers' contributions of £1,837,034.94 were payable to the PCSPS(NI) (2003/04 £1,591,276.42) at one of four rates in the range 12 to 18 per cent of pensionable pay, based on salary bands. From 1 April 2005 these rates have increased as a result of the latest actuarial valuation to between 16.5 and 23.5 per cent. 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 £1,088.79 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 £111.39, 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.

### 3.3 The salary and pension entitlements of the Agency's Chief Executive and most senior managers (disclosed in bands) were as follows:

	Salary, including performance pay	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31/3/05 and related lump sum	CETV at 31/3/04	CETV at 31/3/05	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Current Board Members</b>						
Mr D G 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 (from 6 September 2004)</i>	30-35 (50-55 full year equivalent)	0-2.5 plus 0-2.5 lump sum	20-25 plus 60-65 lump sum	302	316	1
Mr P J Quinn <i>Director of Area Plans &amp; Policy</i>	55 - 60	0-2.5 plus 0-2.5 lump sum	15-20 plus 50-55 lump sum	222	247	12
Mr T Clarke <i>Acting Director of Area Plans &amp; Policy (from 6 September 2004)</i>						Consent to disclosure withheld
<b>Previous Board Members</b>						
Mr I T Maye <i>Director of Corporate Services (to 27 August 2004)</i>	25 - 30 (60-65 full year equivalent)	0-2.5 plus 0-2.5 lump sum	10-15 plus 35-40 lump sum	167	150	0

## Salary

Salary includes gross salary; performance pay or bonuses; 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.

## Pension

Pension benefits are provided through the Civil Service Pension (CSP) 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 per cent of pensionable earnings for classic and 3.5 per cent 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 as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 and 12.5 per cent (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 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Columns 4 & 5 of the above table show the member's Cash Equivalent Transfer Value (CETV) accrued at the beginning and the end of the reporting period. Column 6 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.

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 and for which the CS Vote has received a transfer payment commensurate to 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.

**Benefits in kind**

None of the Agency's Management Board received any benefits in kind during the financial year. Benefits in kind are defined as any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

#### 4. Other Operating Costs

	2005	2004
	£'000	£'000
General Administration Expenses	1,390	1,330
Consultants Fees	873	1,032
Development Control Computer System (PFI)	736	1,017
Property Certificate Computer System	315	361
Travel and Subsistence	461	513
Planning Compensation	–	34
Administration Provisions Provided in Year	33	33
Net Programme Provisions (Released) / Charged in Year	(64)	270
Advertising of Planning Applications	992	802
Grants Payable	803	499
Construction Service	474	325
Capital Equipment	207	198
Preparation of Development Plans	575	83
Staff Training	295	242
Geographical Information	239	230
Research, Bursaries and Awards	65	43
Land Registry Charges	61	38
Hospitality	32	3
Loss on Disposal of Fixed Assets	2	–
Notional Costs (see note 5)	9,462	10,035
	<hr/>	<hr/>
	16,951	17,088
	<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.

	2005 £'000	2004 £'000
<b>Services Provided by Parent Department</b>		
Corporate Services including Finance	449	361
Consultations with Environment & Heritage Service	260	185
	<hr/>	<hr/>
	709	546
<b>Other Notional Costs</b>		
Consultations with Roads Service	3,887	4,904
Accommodation	2,304	1,891
Consultations with Water Service	580	508
IT Support and Services	391	535
Personnel Management and Recruitment	535	489
Planning Inquiries and Area Plans	48	135
Finance	169	246
Training and Development	225	111
Consultations with DARD	82	107
Central Policy and Management	16	13
Telecommunications	80	91
Legal Services	146	118
Land Valuations	41	66
Audit	9	10
Miscellaneous	240	265
	<hr/>	<hr/>
	8,753	9,489
	<hr/>	<hr/>
	9,462	10,035
	<hr/> <hr/>	<hr/> <hr/>

## 6. Capital Charges

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

## 7. Administration and Programme Analysis

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

	Administration Costs £'000	Programme Costs £'000	Total £'000
<b>Income</b>	(15,726)	(36)	(15,762)
Staff Costs	18,526	–	18,526
Depreciation and Amortisation	562	–	562
Other Operating Costs	11,914	5,037	16,951
Capital Credit	(120)	(23)	(143)
<b>Net Cost of Operations</b>	<b>15,156</b>	<b>4,978</b>	<b>20,134</b>

## 8. Tangible Fixed Assets

	CIP Asset £'000	Information Technology £'000	Plant & Machinery £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 April 2004	–	1,969	92	2,061
Additions	1,605	373	167	2,145
Transfers	–	(26)	4	(22)
Disposals	–	(379)	(39)	(418)
Revaluation	–	–	1	1
<b>At 31 March 2005</b>	<b>1,605</b>	<b>1,937</b>	<b>225</b>	<b>3,767</b>
<b>Depreciation</b>				
At 1 April 2004	–	1,311	61	1,372
Charged in year	–	498	10	508
Disposals	–	(377)	(39)	(416)
Transfers	–	(7)	1	(6)
Revaluations	–	–	–	–
<b>At 31 March 2005</b>	<b>–</b>	<b>1,425</b>	<b>33</b>	<b>1,458</b>
<b>Net Book Value</b>				
At 1 April 2004	–	658	31	689
<b>At 31 March 2005</b>	<b>1,605</b>	<b>512</b>	<b>192</b>	<b>2,309</b>

## 9. Intangible Fixed Assets

	<b>Software Licences £'000</b>
<b>Cost or Valuation</b>	
At 1 April 2004	78
Additions	152
Transfers	23
Revaluation	3
	<hr/>
At 31 March 2005	256
	<hr/> <hr/>
<b>Amortisation</b>	
At 1 April 2004	18
Charged in year	54
Transfers	6
Revaluation	1
	<hr/>
At 31 March 2005	79
	<hr/> <hr/>
<b>Net Book Value</b>	
At 1 April 2004	60
	<hr/>
At 31 March 2005	177
	<hr/> <hr/>

## 10. Debtors

	<b>2005 £'000</b>	<b>2004 £'000</b>
Other Debtors	201	418
Prepayments	101	19
	<hr/>	<hr/>
	302	437
	<hr/> <hr/>	<hr/> <hr/>

## 11. Creditors (amounts falling due within one year)

	2005	2004
	£'000	£'000
Trade Creditors	912	582
Deferred Income	4,605	3,397
CFER Creditor	3	–
Other Creditors and Accruals	665	833
	<u>6,185</u>	<u>4,812</u>

## 12. Provisions for Liabilities and Charges

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

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

	Planning Compensation	Legal Costs	Early Departure Costs	Total
	£'000	£'000	£'000	£'000
At 1 April 2004	499	192	26	717
Amounts incurred and charged against this provision during the year	(155)	(56)	(41)	(252)
Unused amounts reversed during the year	(95)	(116)	–	(211)
Increases to existing provisions and additional provisions required	–	147	33	180
At 31 March 2005	<u>249</u>	<u>167</u>	<u>18</u>	<u>434</u>



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

	General Fund £'000	Revaluation Reserve £'000	2005 Total £'000	2004 Total £'000
At 1 April	(4,346)	3	(4,343)	(3,236)
Transfer of Assets	3	-	3	-
Transfer from Reval Reserve to GF	1	(1)	-	-
Net Vote Funding in Year	11,325	-	11,325	9,641
Net Cost of Operations	(20,134)	-	(20,134)	(20,654)
Notional Costs	9,462	-	9,462	10,035
Capital Credit	(143)	-	(143)	(132)
CFER Creditor	(3)	-	(3)	-
Arising on Revaluation during the year (net)	-	2	2	3
At 31 March 2005	(3,835)	4	(3,831)	(4,343)

## 14. Notes to Cash Flow Statement

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

	2005 £'000	2004 £'000
Net Cost of Operations before Capital Credit	(20,277)	(20,786)
<b><i>Adjustments for Non-Cash Transactions</i></b>		
Notional Costs	9,462	10,035
Movement in Provisions	(283)	88
Depreciation and Amortisation Charge	562	453
Loss on Disposal of Fixed Assets	2	–
	<u>9,743</u>	<u>10,576</u>
<b><i>Adjustments for Movements in Working Capital</i></b>		
Decrease in Debtors	135	(308)
Increase in Creditors	1,209	1,402
	<u>1,344</u>	<u>1,094</u>
Net Cash Outflow from Operating Activities	<u>(9,190)</u>	<u>(9,116)</u>

### 14.2 Capital Expenditure

	2005 £'000	2004 £'000
Payments for Tangible Fixed Assets	(1,983)	(525)
Payments for Intangible Fixed Assets	(152)	–
	<u>(2,135)</u>	<u>(525)</u>

### 14.3 Financing

	2005 £'000	2004 £'000
Drawdown from Department	29,370	24,164
Accruing Receipts	(18,045)	(14,523)
	<u>11,325</u>	<u>9,641</u>

## 15. Capital Commitments

	2005	2004
	£'000	£'000
Contracted capital commitments at 31 March 2005 for which no provision has been made	2,525	–
	<u>2,525</u>	<u>–</u>

## 16. Commitments under Operating Leases

Commitments under operating leases to pay rentals during 2005/06 are given in the table below, analysed according to the period in which the lease expires.

Obligations under operating leases comprise:

	2005
	£'000
Land and Buildings:	
Expiry within one year	–
Expiry after one year but not more than five years	–
Expiry thereafter	20
	<u>20</u>
	<u>20</u>
Other:	
Expiry within one year	–
Expiry after one year but not more than five years	16
Expiry thereafter	–
	<u>16</u>
	<u>16</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 is 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. In September 2004 the contract was extended and will end on 13 April 2006.

Annual commitments under PFI contracts expiring:

	<b>2005</b>
	<b>£'000</b>
Within one year	–
Within two to five years	675
Thereafter	–
	<hr/>
	675
	<hr/> <hr/>

## 18. Contingent Liabilities

A possible obligation of £125,000 exists at the balance sheet date in respect of legal costs which may arise out of on going judicial reviews. In addition, obligation exists at the balance sheet date in respect of planning compensation payable under the Planning (Tree Preservation Order) Regulations (NI) 1973. These claims have not yet been proven before the Lands Tribunal and are by no means certain. Our best estimate of the possible liability at the balance sheet date is £22,000. A further possible obligation of £306,000 exists in respect of other unsettled claims for compensation under employment legislation.

## 19. Key Corporate Financial Targets

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

	Income	Expenditure	(Deficit)/ Surplus	Recovery
2005	£'000	£'000	£'000	%
Planning Applications	14,477	15,360	(883)	94.3%
Property Certificates	1,249	904	345	138.2%
	<hr/>	<hr/>	<hr/>	
	15,726	16,264	(538)	
	<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. Intra-Government Balances

	2005 £'000	2004 £'000
<b>Debtors: Amounts falling due within one year</b>		
Balances with other central government bodies	202	303
Balances with local authorities	5	–
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds	3	–
Balances with bodies external to government	92	134
	<u>302</u>	<u>437</u>
	<u><u>302</u></u>	<u><u>437</u></u>
<b>Creditors: Amounts falling due within one year</b>		
Balances with other central government bodies	153	130
Balances with local authorities	4	–
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds	–	–
Balances with bodies external to government	6,028	4,682
	<u>6,185</u>	<u>4,812</u>
	<u><u>6,185</u></u>	<u><u>4,812</u></u>

Published by **TSO Ireland** and available from:

**The Stationery Office**

(mail, telephone and fax orders only)

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 6005522

Fax orders: 0870 6005533

You can now order books online at [www.tso.co.uk](http://www.tso.co.uk)

**The Stationery Office Bookshops**

123 Kingsway, London, WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

The Stationery Office Oriel Bookshop

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 6065588

The Stationery Office's Accredited Agents

(see Yellow Pages)

*and through good booksellers*

Printed in Northern Ireland by The Stationery Office Limited

ISBN 0-10-293911-X



9 780102 939118