



The Planning Inspectorate  
Yr Arolygiaeth Gynllunio

# Annual Report and Accounts 2011/12



# The Planning Inspectorate Annual Report and Accounts 2011/12

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The Planning Inspectorate  
Temple Quay House  
2 The Square  
Temple Quay  
Bristol  
BS1 6PN

The Planning Inspectorate  
Cathays Park  
Cardiff  
CF10 3NQ

Tel: 0303 444 5000

Tel: 029 2082 3866

E-mail: [enquiries@planning-inspectorate.gsi.gov.uk](mailto:enquiries@planning-inspectorate.gsi.gov.uk)

E-mail: [wales@planning-inspectorate.gsi.gov.uk](mailto:wales@planning-inspectorate.gsi.gov.uk)

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# Foreword by Ministers

## England | Bob Neill

*“Good planning helps build places that people are proud to call home, protects natural beauty and gives communities a voice. England needs a system that is fair, transparent and timely.”*

The Rt Hon Eric Pickles MP,  
The Guardian, 14 Sep 2011

The Government is keen to ensure that all involved in the planning system, including the Planning Inspectorate, contribute in a way that is open, consistent, transparent and accountable both nationally and locally. Localism in planning ensures that the need for growth and the views of people affected by potential development are taken into account in decision making. We have put just such a system in place. The National Planning Policy Framework enshrines a presumption in favour of sustainable development, whilst retaining protection for our natural and built heritage. It places emphasis on a plan-led approach. The reformed planning system incorporates an insistence on improved design standards and reduced environmental impact. We are introducing neighbourhood planning to give local people a greater say in shaping their environment, to make places where people want to live and work.

Local councils have a critical role helping people in their area to contribute to truly local planning. The Planning Inspectorate has a crucial role in ensuring that sound local plans are rapidly in place across the country. And in any system there will be disputes and we believe that it is right and proper to have an appeals process to balance local decisions with national planning policy priorities and other relevant planning issues. The Planning Inspectorate as an organisation provides a necessary and well regarded service in this respect.

Integration of the Infrastructure Planning Commission into the Inspectorate has created a body that is building on the best of both organisations, and is staffed by those dedicated to doing the right thing - demonstrating flexibility, seeking innovative and cost effective ways to provide an even better national infrastructure and appeals service, whilst maintaining high standards, and so helping the Government deliver sustainable development for the public.



**Bob Neill**  
Parliamentary Under Secretary of State  
Department for Communities and Local Government  
June 2012

# Wales | John Griffiths

The Government in Wales recognises the need to develop a planning system that addresses the challenges we face as a society, ranging from climate change to financial uncertainties, and the critical importance of securing economic recovery. Planning is a key delivery tool for our policies to support the economy and we must ensure that we further improve efficiency, effectiveness and inspire public trust as well as create the conditions for, and deliver, sustainable development for all of our communities, including the business community. My aim is to build a planning system that will secure quality developments in the right place and in a way that inspires public and user confidence. The Planning Inspectorate plays a vital role in achieving that aim; the expertise and quality service which it provides has been demonstrated through its work on development plans and on planning appeals and other casework.

Local development plans are an important tool, facilitating timely and consistent decision making on applications. I am pleased that five plans have been adopted, with another four at the examination stage, and more in the pipeline. The work of the Inspectorate on the plan making process has been invaluable. Adopted plans should benefit applicants, local planning authorities and other decision makers, including inspectors, and I am keen to see more adopted in the coming year.

Since the referendum 'yes' vote last year for primary powers for the National Assembly for Wales, work is underway to drive forward the planning reform agenda. This includes commissioning expert advice on the future delivery structure needed for planning services in Wales, from an Independent Advisory Group, chaired by the former Inspectorate Director for Wales, John Davies, MBE. The Group's report will inform a Planning White Paper in 2013 and a subsequent Planning Bill.

The Inspectorate has proven it is adaptable and responsive to change; I expect it to deliver the Welsh Government's planning reform agenda whilst exercising the high standards we have come to expect from it in terms of impartiality, transparency and efficiency.



**John Griffiths**  
Minister for Environment and Sustainable Development  
Welsh Government  
June 2012

# Management Commentary

## 1. Chief Executive's Introduction

As Chief Executive and Accounting Officer I am proud to present the Planning Inspectorate's Annual Report and Accounts for 2011/12.

### Rising to the challenge

The Planning Inspectorate once again rose to the challenges presented in the past year. Not just maintaining but improving on our casework performance whilst preparing for integration of the functions of the Infrastructure Planning Commission, responding positively to the spending review, and supporting ongoing planning reform, tested us but we were not found wanting. This report shows how the hard work paid off.

### Performance

Our performance continued to improve and we met or exceeded all of our key performance measures in England. These confirm that we completed casework on time, delivered bespoke casework in accordance with timetables, and did so to a high standard.

### Integration

In addition to maintaining and improving performance in our core activity areas, much of our energy was devoted to ensuring that the Planning Inspectorate was ready for business in April following integration. We merged a number of functions and adopted new approaches to help us deliver the Government's reform agenda. This was but the start of a process that will see us evolve further into a leaner, more responsive organisation that supports our new vision of delivering "an outstanding national planning and appeals service which enjoys the confidence and respect of Ministers, the public and all stakeholders".

### The Spending Review

We are in a good position to meet the required 35% savings in our administration costs by 2014/15, having already achieved more than 25% totalling in excess of £10m. A significant proportion of these savings came about from lower staffing levels for the integrated Planning Inspectorate, and reducing office space.

### Comments on 2011/12 in last year's report

Our Annual Report for 2010/11 identified a number of items to be progressed during 2011/12. These are covered under the relevant heading in this report.

### Events after the Reporting Period

The Terms of Reference for the Planning Inspectorate Board, the Audit and Risk Committee, the Remuneration Committee and the new Quality and Professional Standards Committee were approved by the Board in April 2012.

Responsibility for considering requests for part time working; change of hours; retirement and Inspector progression and promotion, transferred to an Employment Panel chaired by the Chief Planning Inspector in April 2012. The Remuneration Committee continues, with revised terms of reference, to consider proposals for the Annual Pay Remit submission to Department for Communities and Local Government (DCLG) and policies relating to pay and reward.

Individuals and organisations in receipt of the Infrastructure Planning Commission's eNewsletter were invited to sign up to receive the re-launched Planning Inspectorate online newsletter. As a result, subscriptions rose to 1,314 (as at the end of April 2012).

### Looking to the Future

2012/13 promises to be another stretching year. The introduction of the National Planning Policy Framework (NPPF) represents the most significant change to planning in this country for many years, and we are ready for the challenges that this will bring. In addition to this, the National Infrastructure regime continues to grow, with an increasing number of projects expected to reach application stage during the course of the year. Both of these will generate significant interest given their high profile nature, and maintaining our high quality of service will be paramount to retaining faith in the system. The availability of suitably trained resource for infrastructure and local plan casework will be crucial to our success in 2012/13, as will the impact on other casework following changes to the legislative and policy framework within which we operate.

Key to meeting these not insignificant challenges will be the people who work for the organisation. We are fortunate to have a wide range of ably qualified individuals working in all areas and every one of those skills will be necessary for us to succeed as an organisation delivering a respected, high quality, value for money service. We are committed to meeting the challenges presented by ongoing planning reform, striving to drive up performance through further efficiencies, and by so doing ensure that the communities we serve, and the UK as a whole, benefits from the service we provide.



**Sir Michael Pitt**  
Chief Executive  
13 June 2012

## 2. Who we are and what we do

The Planning Inspectorate is a joint Executive Agency of the Department for Communities and Local Government (DCLG) and the Welsh Government. We have been an Executive Agency since 1992. We report to the Secretary of State for Communities and Local Government and to the Welsh Government under the terms of an Agency Framework Document. We serve DCLG and the Welsh Government by dealing with Local Plans in England and Local Development Plans (LDPs) in Wales and other casework under planning, housing, environment and allied legislation. We carry out similar work for other Government Departments, particularly the Department for Environment, Food and Rural Affairs (Defra) on access, rights of way and environmental appeals and the Department for Transport (DfT) on highway orders and other related work.

### The Planning Inspectorate's mission, values and objectives

*Our corporate objectives are set within an overarching framework of:-*

- the objectives of our parent Departments (DCLG and the Welsh Government); and
- our own mission and values.

*Our mission is:-*

- to help shape well-planned environments and deliver sustainable development.

*Our values are:-*

- Fairness;
- Openness;
- Impartiality.

*We strive to achieve our mission by ensuring that in dealing with planning and other casework we follow these values and that our decisions and reports take account of:*

- published national and local policies;
- relevant planning issues and material considerations; and
- the views of all the parties.

*Our corporate objectives for 2011/12 were:-*

- to maintain and enhance the reputation of the Inspectorate and achieve the highest quality standards in all our work;
- to make the most productive use of all our resources to deliver efficient and effective customer service on all our casework;
- to work with our sponsors, customers and stakeholders to deliver the Local Plan process;
- to prioritise integration of the Infrastructure Planning Commission;
- to maintain and develop a well-trained, skilled, diverse, involved and motivated workforce responsive to changing business needs; and
- to align business and financial planning to meet our objectives and provide a value for money, quality service with minimum environmental impact.

The following sections of this report cover our activities and achievements in 2011/12.

## **Social and community issues**

Our Inspectors take decisions every day that affect communities and in making such decisions, they ensure that they uphold our longstanding values of fairness, openness and impartiality. They undertake hearings, inquiries and examinations in the affected locality and undertake site visits on the majority of appeals to assess the potential impact of the proposed development on the community and the locality.

We have a policy of encouraging voluntary activity within local communities. During 2011/12 such activity included membership of the Board of Trustees of local charities; working at schools as role models for 10 and 11 year olds, giving them a flavour of the world of work; helping to build a wildlife garden for a primary school; and helping with decorating at a community project. We also provided support for staff engaged in magisterial duties, and local government work such as membership of a police authority or statutory tribunal.

## **Environment issues**

Our Inspectors are home based which reduced the requirement for space at our offices in Bristol and Cardiff. It also reduced the total cost of travel required to service our casework, and the resulting impact on the local environment.

There were a number of measures in place to support the green agenda. These included:

- encouraging staff to use public transport
- providing recycling facilities in our offices - for plastic, aluminium cans, glass, paper and waste food.

## **Sustainability**

Cross government targets have been set for sustainability and the Planning Inspectorate, as an Agency of DCLG, contribute to those targets. The figures in the following Tables relate to Temple Quay House as a whole, with the exception of travel related emissions which relate solely to the Inspectorate. The cost to separate other categories between the occupiers of the building would be excessive.

Table 1

<b>GREENHOUSE GAS EMISSIONS</b>		<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Non-Financial Indicators (tCO <sub>2</sub> e)	Total Gross Emissions for Scopes 1 & 2	1,615.29	1,580.10	1,474.99
	Total Net Emissions for Scopes 1 & 2	1,615.29	1,580.10	1,474.99
	Gross emissions attributable to Scope 3 official business travel	614.16	517.29	429.27
	Other Scope 3 emissions measured	0	0	0
Related Energy Consumption (KWh)	Electricity: Non-Renewable	2,605,380	2,539,821	2,477,168
	Electricity: Renewable	0	0	0
	Gas	1,104,755	1,106,487	721,405
	LPG	0	0	0
	Other	0	0	0
Financial Indicators (£k)	Expenditure on Energy	330	254.3	286.9
	CRC License Expenditure (2010 onwards)	0	0	2.2
	CRC Income from Recycling Payments	0	0	0
	Expenditure on accredited offsets (e.g. GCOF)	0	0	0
	Expenditure on official business travel	1,052,107	806,545	764,487

**PERFORMANCE COMMENTARY (INCL TARGETS)**

In line with other Government Departments, DCLG has a target to reduce greenhouse gas emissions from a baseline year of 2009/10 from the estate and business related transport by 25% in 2015. The Planning Inspectorate, as an Executive Agency of DCLG, must contribute to that target. To date our carbon emissions have seen a reduction of over 14%.

**CONTROLLABLE IMPACTS COMMENTARY**

The main direct impacts for the Planning Inspectorate come from our office based energy consumption and travel by our home based Inspector workforce. Strategies have been prepared to reduce these direct impacts through efficiency programmes; on the building side, we have concentrated to date on no/low cost measures eg optimising our building management system controls, proactively monitoring our heating set points and ensuring that office based equipment, when not in use, is switched off. Looking ahead we are examining the feasibility of installing voltage optimisation technology which should reduce our office based carbon emissions further. On travel we encourage the use of public transport. Where this is impractical, Inspector site visits and inquiries are programmed as efficiently as possible.

**OVERVIEW OF INFLUENCED IMPACTS**

In 2012/13 the Planning Inspectorate will be registering with the CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment) aimed at improving energy efficiency and cutting emissions in large public and private sector organisations.

Table 2

WASTE		2009/10	2010/11	2011/12	
Non-Financial Indicators (t)	Total waste [Minimum Requirement]	187.4	219	203	
	Hazardous waste* Non hazardous waste* * Report if possible	Total	1.6	3.6	0
		Landfill	34.1	32.8	21.2
		Reused/Recycled	173.3	183	181.8
	Incinerated/energy from waste	0	0	0	
Financial Indicators (£k)	Total disposal cost [Minimum Requirement]	24.6	24.3	21.2	
	Hazardous waste - Total disposal cost* Non hazardous waste - Total disposal cost* * Report if possible	Landfill	0.4	0.4	0
		Reused/Recycled	4.1	3.8	7.3
		Incinerated/energy from waste	20.1	20.1	13.9
		0	0	0	

#### PERFORMANCE COMMENTARY (INCL TARGETS)

The current target is to reduce the amount of waste that we generate by 25% from a 2009/10 baseline, by 2015. Overall waste arisings for the building reduced from 2010/11 levels, but are higher than our baseline. Our contribution to the target will depend on reducing the amount of paper waste we generate (see Controllable Impacts Commentary). It should be noted that the figures for 2011/12 include the impact of the restack of space within Temple Quay House (a one-off). We maintain a high recycling rate (almost 90%) and have reduced the amount sent to landfill by over 35%.

#### CONTROLLABLE IMPACTS COMMENTARY

The main direct impact of waste for the Planning Inspectorate is office based waste, predominantly paper. This is expected to decrease over time with the take up of electronic working.

#### OVERVIEW OF INFLUENCED IMPACTS

We are able to influence our recycling rate by working closely with our Facilities Management team to provide and publicise extensive recycling facilities.

Table 3

FINITE RESOURCE CONSUMPTION - WATER			2009/10	2010/11	2011/12
Non-Financial Indicators (M <sup>3</sup> )	Water Consumption	Supplied	1,164	1,059	1,940
		Abstracted	0	0	0
Financial Indicators (£k)	Water Supply Costs		3.4	3.3	3.7

#### PERFORMANCE COMMENTARY (INCL TARGETS)

Despite an increase in water consumption we are on track to meet the good practice water consumption target of between 4m<sup>3</sup>-6m<sup>3</sup> per FTE per annum.

#### CONTROLLABLE IMPACTS COMMENTARY

Although we have no significant impacts in terms of water consumption, Temple Quay House is a typical office environment, nevertheless the impact of our water consumption is mitigated by our rainwater collection facility, low flush toilets and waterless urinals.

#### OVERVIEW OF INFLUENCED IMPACTS

None

## 3. Achieving the highest quality standards

Achieving the highest quality standards in all our work is essential if our work is to maintain ministerial and public confidence.

### Policy changes

We continued to provide advice to Inspectors on policy changes, and instigated monitoring to identify those who might be affected by such changes in individual cases. The monitoring ensured that anyone who may have been affected by amendments to policy, was given the opportunity to comment, and that those comments were then taken into account in arriving at a decision. This mitigated against the risk of judicial reviews of affected decisions.

### Measuring quality and customer satisfaction

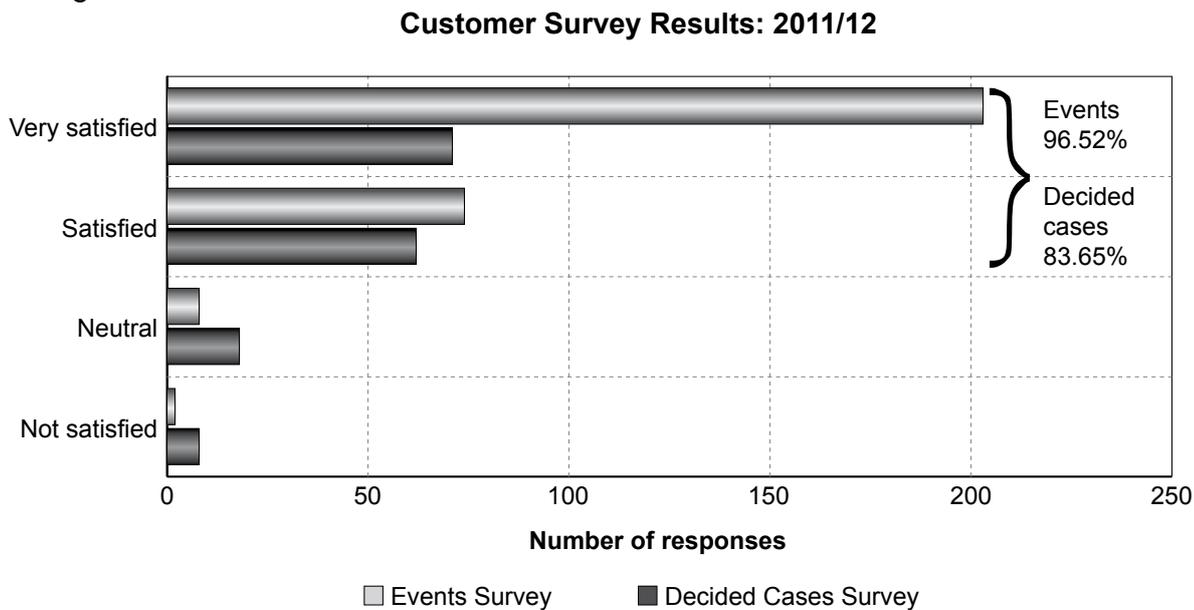
Our quality objective for the reporting period was for at least 99% of the decisions we made to be free from justified complaint/successful challenge. We exceeded this for the second year running, with only 0.4% of our decisions being subject to complaint where we were found to be at fault, or successful challenge in the Courts. By the end of 2011/12 our quality performance had reached its highest point for over a decade.

Historically we measured customer satisfaction through an externally administered annual customer survey. During 2011/12 we introduced two different quarterly surveys to provide a more detailed overview of trends in the quality of our service, and we intend to introduce a third survey in 2012/13. These surveys provided more immediate feedback than the annual survey they replaced. The use of an online survey tool enabled us to save in the region of £90,000.

The surveys introduced this year related to a random sample of (a) Events, and (b) Decided cases. The third survey will relate to Written Representation cases. Event surveys were directed at all participants at the majority of hearings and inquiries that took place in a particular period. Around 35 events were surveyed each time. Participants were asked a series of questions about topics including the management of the event, administration of the appeal, and the helpfulness of staff. Each survey was open for a limited time so that only responses unaffected by the decision itself were accepted. We surveyed local planning authorities on a random sample of decided cases where the decision was issued in a particular period. The LPAs were asked a series of questions about various aspects of the process, including the administration of the appeal, the handling of the process and the Inspector's performance in coming to a decision. Written Representation case surveys will be directed at parties interested in a case (excluding the appellant and local planning authority). Participants in all the surveys carried out were able to add comments to expand on their feedback, and all were asked to provide an overall satisfaction rating.

The results of each survey were collated and passed to line managers as feedback on the performance of their Inspectors and staff, and to address any identified deficiencies. The feedback provided through each survey has been consistently positive, with overall satisfaction at very high levels (see Figure 1).

Figure 1



## Key relationships

### *Ministers and our sponsors*

Our Chief Executive met regularly with Ministers and kept our sponsor team in DCLG updated on our performance, and matters affecting our work, including the implementation of policy and legislative change.

### *Staff Engagement*

Our staff again took part in the Civil Service wide staff engagement survey, with a response rate of 88%. Against the challenging backdrop of the spending review and the significant change programme in preparation for integration, the overall engagement score was 57% - 4% down on the previous survey, though in a number of areas the responses indicated an improvement on the earlier survey as well as a positive response rate exceeding that of Civil Service high performers. A large proportion of responses were neutral, which provides us with an opportunity to identify the reasons behind this and make changes to create a greater sense of inspiration, inclusion and motivation.

### *Stakeholders*

The Chief Executive and Directors delivered presentations on our work at a number of external conferences. Our quarterly online newsletter was distributed to over 700 of our partners and customers. During the year we set up a new Planning Reference Group, and invited around 140 organisations to participate. The Group met for the first time in February 2012 and agreed how they will provide us with opinions and advice on market and customer needs relating to policy implementation, delivery arrangements and service standards. Stakeholders welcomed creation of the Group.

Our online appeals service and all our customer guidance continue to be available online through the Planning Portal. The content was regularly reviewed to ensure that it was up to date, accessible and easily understood. 15,250 appeals were submitted electronically through our facilities on the Planning Portal - an electronic handling rate of 71%. This represents a further increase on previous years, and is the highest rate achieved since the introduction of the online service in late 2005. The majority of LPAs have now agreed to work electronically on appeals wherever possible.

In line with the Government's web rationalisation programme, our website closed on 5 October 2011. Our corporate information moved to a specific area of the DCLG website. Looking to the future, we are a member of the DCLG Digital Advisory Group who are working with colleagues in the Government Digital Service to further streamline the online offering across Government.

### ***The Parliamentary and Health Service Ombudsman***

During the course of the year, we received a total of twenty five enquiries from the offices of the Parliamentary and Health Service Ombudsman. Many of these originated from customers who made complaints about the quality of our work to the Quality Assurance Unit (QAU) and have, following a thorough investigation, received one or more full replies, but remain dissatisfied. In such instances, the Ombudsman must satisfy herself that our approach to the investigation of the complaint was fair and impartial and, where errors or oversights in our work have been acknowledged, that we have responded sympathetically and with the appropriate apologies. The Ombudsman declined to investigate cases where the complaint to us had yet to be closed. In other cases, the Ombudsman chose to independently investigate those complaints that are subject to ongoing dispute.

A significant and recurring theme in 2011/12 was the issue of ex gratia payments to customers who incurred wasted expense as a direct result of an acknowledged error by us. As a response to the financial constraints imposed by the Government's public sector spending review in 2010, we reviewed and closed our former ex gratia policy at the end of March 2011. From that date, our advice to customers was that we would only consider such claims in circumstances where the Ombudsman had recommended that we do so. Our revised policy was challenged and we have acted on the issues raised in the Ombudsman's recommendations by reviewing our approach to making ex gratia payments to parties affected by casework errors. Where reliable estimates of the costs could be made these have been provided for in the accounts (see Note 15).

### **Impartiality: Register of Interests**

We have an existing policy that prevents our Inspectors working on cases where they could be seen to have a personal interest. This has ensured over a number of years that they do not make decisions affecting the area in which they live and neither do they handle casework in areas where they have been previously employed in a related field – for example Inspectors who formerly worked for a specific council. During 2011/12, we worked on extending and further formalising this existing practice, and taking account of the policy of the Infrastructure Planning Commission. We consulted with affected staff and trade unions, piloted and reshaped our proposals, and intend to implement the revised policy in 2012/13.

### **Casework transparency and reporting**

We continued to publish information on individual cases through our online appeals service, with decisions on the majority of householder, planning, enforcement and advertisement appeals decided since 2005 accessible through our online search facility.

Our published quarterly and annual Statistical Reports were extended to include a wider range of information on the casework we handle, including Freedom of Information requests. Our annual statistical reports, covering 2003/04 to 2011/12, and quarterly reports covering the last two years can be found at [www.planningportal.gov.uk/planning/planninginspectorate/statistics](http://www.planningportal.gov.uk/planning/planninginspectorate/statistics).

We continued to ask appellants to provide us with diversity information on an entirely voluntary basis. The survey was designed to help us identify and investigate any potential issues and take remedial action if necessary. Results of the monitoring were published in our annual Statistical Report. To date no remedial action has been required.

## 4. Delivering casework in England

We handled a wide range of casework under planning, housing, environmental and allied legislation. The majority of appeals were decided by Inspectors, with reports going to the relevant Secretary of State for decision in the remainder.

Our performance was reviewed on a regular basis throughout the year by means of monthly assessment of performance against agreed performance measures. A strategic view was taken by the Board, with tactical casework operational decisions taken by our Performance and Resources group.

We met or exceeded all of our key planning and enforcement performance measures (see Annex A). These confirm that casework was completed on time, bespoke casework was delivered in accordance with individually agreed timetables, and the quality of our work remained high (see Section 3).

### Planning, Householder and Advertisement appeals

Intake was lower in 2011/12 than in the previous year, reflecting not only the lower number of applications received by local planning authorities and the uncertain economic situation but also a greater propensity for local planning authorities to allow the applications they did receive.

The 2008 Planning Act introduced a number of changes that are now embedded in the way we work. The Householder Appeals Service (HAS) was introduced in 2009 and has proved very popular with appellants and local authorities alike, with the vast majority of these appeals decided within 8 weeks. Since October 2011 the service has become more electronic with all the evidence on HAS appeals made publicly available on the Planning Portal and the cases handled electronically by Inspectors. We completed a pilot to assess the scope to extend the associated Access Required Site Visit, that do not require party attendance, to other casework. Feedback on issues and the impact on customer service was obtained from all affected parties and is being reviewed. Our power to determine the appeal procedure method continued to ensure that the most effective process was used based on assessment of the submitted appeal. Our determinations were successfully challenged in just under 5% of the cases where we exercised the power.

In the 2011 Budget, the Chancellor announced a 12 month guarantee for the processing of all planning applications, including any going to appeal, to provide greater certainty for applicants for planning permission. We worked with colleagues in DCLG to ensure that we play our part in ensuring that applications that go to appeal spend no longer than 12 months with the determining bodies.

The Autumn Statement 2011 announced a review of planning appeal procedures with the objective of making the appeal process fairer, providing greater transparency, improving consistency and increasing certainty on the timing of decisions. We continue to work with colleagues in DCLG to develop proposals that will be included in a consultation paper later in 2012.

### Bespoke programmes

We met the timetables agreed for all casework with a bespoke timetable in 2011/12. From April 2011, the bespoke arrangements applied to inquiries with 6 or more sitting days, compared to the previous threshold of 8 or more sitting days. Just under 90 cases had such individual programmes, a significant increase from the 45 handled in 2010/11.

## **Called In Planning applications and Recovered appeals**

Under the Town and Country Planning Act 1990, the Secretary of State may 'call in' a planning application, or may recover an appeal, for his own determination. The number of cases called in fell by more than half, whilst the number of appeals recovered rose only slightly in 2011/12, showing the continued impact of the Secretary of State's policy to intervene only where cases raised issues of more than local importance.

## **Enforcement appeals**

Appeals against Enforcement Notices issued by local planning authorities fell in 2011/12 by around 13% compared to 2010/11. However, we decided around 12% more appeals than in the same period last year, and our timeliness performance improved for all three procedures by which such appeals can be determined – written representations, hearings and inquiries.

## **Costs decisions**

Inspectors determined roughly the same number of applications for an award of Costs in 2011/12 as in 2010/11 (around 1,600), whilst the number decided by officers in the Costs Decisions Team fell slightly.

## **Work for Government Departments**

Following publication of the Penfold Review of non-planning consents in July 2010, we published our internal performance measures for non-planning consents and appeals relating to Rights of Way, Environmental and Commons casework. These can be found at [www.planningportal.gov.uk/planning/countryside/targetsnonplanning](http://www.planningportal.gov.uk/planning/countryside/targetsnonplanning). We included our performance against these aims in our annual Statistical Report.

As indicated in the Governance statement later in this report, we acted to address Audit opinions on risk and control associated with our work for other Departments, and we now have procedures in place that forecast, monitor and review the work covered by our Service Level Agreements with them.

Our greatest volume of this type of work related to Tree Preservation Orders, Rights of Way cases and High Hedge appeals. 2011/12 saw increases in work in some of these areas – with decisions on Rights of Way cases up over 20% and High Hedge appeals up by 15%. We have transferred some Inspector resource to Rights of Way work to ensure improved performance in 2012/13, as we did not meet our performance measures for this specialist casework in 2011/12.

During the year we completed preparations for receipt of casework under the Marine and Coastal Access Act 2009, and handled our first case – relating to the right of coastal access on the stretch of coast between Portland and Lulworth, Weymouth Bay, Dorset, and reported to the Secretary of State for the Environment, Food and Rural Affairs. The route will be open in time for the London 2012 Olympic and Paralympic Sailing events.

## 5. Delivering development plans

The publication of the National Planning Policy Framework on 27 March 2012 revoked previous guidance on the development plans system - Planning Policy Statement 12. The Framework now gives guidance to local councils drawing up local plans and making decisions on planning applications. It places a strong emphasis on the need for councils to have an up-to-date local plan. Transitional arrangements encourage councils to have a plan in place that is consistent with the Framework within 12 months of publication. These arrangements are likely to result in additional work for us in 2012/13.

### Deliver decisions with priority for core strategies

During the year 82 development plan documents were submitted for examination. 78 final reports were sent to local planning authorities (LPAs) and 63 examinations remain in progress. One plan was found unsound and 5 were withdrawn.

The main focus of submissions in 2011/12 was on the most important strategic planning document, the core strategy (see Table 4). We were encouraged that as at the end of the year, 66 LPAs had published their plans, in advance of submission for examination, which was a healthy indicator of considerable effort put into plan preparation at a local level. 39% of LPAs had an adopted core strategy in place and, overall, over half of all LPAs had reached at least the publication stage or beyond.

Table 4

### Summary of the Development Plan Document programme since 2004

	Published DPDs not yet submitted	Sound reports issued	Unsound reports issued	Withdrawn /being withdrawn	Submitted / in progress /pending	Total
Core strategy (CS)	24	140	9	24	28	201
Site specific policies / allocations	9	31	1	1	6	39
Area Action Plan	15	64	1	8	12	85
Development control policies	9	18	1	0	1	20
Minerals/Waste in CS	5	37	0	15	16	68
Other	4	11	1	2	0	14
<b>Total</b>	<b>66</b>	<b>301</b>	<b>13</b>	<b>50</b>	<b>63</b>	<b>427</b>

## **Develop working practices & implement examination changes**

Key procedural changes were made to the examination process in the Localism Act 2011, which necessitated revisions to our approach to examination and reporting. The Act also imposed an additional requirement for the Inspector to assess whether the local authority has complied with the new duty to co-operate in the preparation of their plan. On 15 January 2012 Inspectors moved to a process where they should recommend necessary changes to plans only where specifically requested to do so by the Council. The Act also makes clear that the focus of these requested Inspector changes are strictly confined to legal compliance and soundness issues - other minor changes are now solely a matter for the LPA.

The new procedures were implemented without disruption to examinations in progress, to a large extent due to the flexibility and pragmatism demonstrated by those LPAs that had plans submitted. Alongside these statutory procedural changes, we have continued to focus our efforts on minimising the length and cost of examinations, notably only holding pre hearing meetings where there is a clear local benefit in doing so and ensuring reports are focused, concise and proportionate to the key issues examined, ensuring the significant time and cost savings achieved in 2010/11 were sustained.

## **Deliver data**

Information about all the plans submitted to us for examination, including the outcome of that examination once known, is published on the Planning Portal (see [www.planningportal.gov.uk/planning/planningsystem/localplans](http://www.planningportal.gov.uk/planning/planningsystem/localplans)).

## **Deliver Community Infrastructure Levy (CIL) examination and enforcement**

### *CIL examinations*

Given CIL Charging Schedule examinations were open to market competition; we welcomed the opportunity to examine the first schedules that were produced under the newly implemented system. We completed 5 examinations of charging schedules in 2011/12 submitted by The Mayor of London; Newark and Sherwood; Shropshire; Redbridge and Portsmouth. The Portsmouth and Redbridge schedules were examined using the written representations process, which enabled us to deliver particular efficiencies in terms of timescale and cost to the charging authorities.

Newark and Sherwood were the first charging authority to bring their schedule into effect on 1 December 2011. Redbridge and Shropshire followed on 1 January 2012. The Mayor of London and Portsmouth brought their schedules into effect on 1 April 2012.

At the end of 2011/12, a further 3 examinations were in progress dealing with schedules submitted by Huntingdonshire; Wandsworth and Poole.

### *CIL enforcement*

We did not receive any appeals under these provisions in 2011/12, but our processes are in place to handle the first cases now expected in 2012/13.

## 6. Integration of the Infrastructure Planning Commission

The Localism Act 2011 made provision for the abolition of the Infrastructure Planning Commission and the creation, within the Planning Inspectorate, of a Major Infrastructure Unit.

The integration of the two organisations, which was aligned to DCLG's Change Plan and the Arms Length Bodies reform programme, provided an opportunity to review all our activities, to create a new vision for the future and to identify the most cost effective way to operate as one combined body. Managers and staff at all levels from both organisations were involved in the programme of change required to turn the vision into reality.

The structure of the merged organisation was defined and the appointment of directors designate and heads of service designate completed well ahead of vesting day to ensure appropriate levels of direction and involvement in developing the detailed plans required to ensure a smooth transition. During the preparations, both organisations were careful to maintain continuity of high class service for their customers. In parallel, a set of nine inter-related projects functioned to plan and oversee implementation of all aspects of the Strategic Plan approved by the DCLG Integration Programme Board in July 2011. Some of the combined back office functions were put in place in advance of the April change and helped to ensure the smooth transition. Close monitoring ensured standards of quality, timeliness and financial control were maintained.

The Strategic Plan, and the more detailed Implementation Plan, both sought to take full advantage of the opportunities offered by this process. We critically examined all aspects of both organisations, and developed a structure that provided maximum flexibility and reduced support functions to the minimum necessary. We ran a further voluntary exit scheme towards the end of the year that will, in 2012/13, reduce our overall full time equivalent by just over 14 in line with our Spending Review commitments. The Strategic Plan implementation programme was selected for inclusion in the Government's Major Projects Portfolio and consequently was monitored by the Cabinet Office's Major Projects Authority. This planning process also demanded and enabled appropriate integrated governance, leadership and management whilst respecting the legal and statutory obligations of the, still separate, organisations.

Our plans were subject to an independent Gateway Review that gave us a green light in relation to our preparedness for integration which, thanks to the hard work of the staff in both organisations, was successfully achieved as planned on 1 April 2012.

Key successes included:

- Staff secondments from the Planning Inspectorate to the Infrastructure Planning Commission;
- Comprehensive staff engagement;
- Integrated management with streamlined governance arrangements;
- Combined back office functions (some in advance of April 2012), integrated processes and systems;
- Combined front line functions including environmental services and legal; and
- Harmonised terms and conditions, and policies.

Integration was but the first stage of the implementation of the Strategic Plan (covering the period to the end of 2014/15). The coming years will provide us with time to build on the success of this element of the vision, and achieve our goal of becoming an exemplar public sector organisation.

## 7. Maintaining a skilled and responsive workforce

Key to the success of any organisation are the people without whom it would be unable to function. Our commitment to provide our people with the skills and tools they need to do their job professionally, whether they are administrative staff, planning professionals or managers, has been as important this year as any other.

### Civil Service Human Resources

The Civil Service wide Next Generation Human Resources project designed to transform the delivery of HR services was incorporated into a new programme called Civil Service Human Resources. Aligned to the aim to improve HR service efficiency, our complement was reduced by 4 full time equivalent (FTE) posts in the year. Further HR resource level reductions are set to take place over the period until 2014, and learning and development, employee sourcing and employment policy development, will increasingly be delivered by centralised teams under a host department, for DCLG and other employing bodies.

### HR Shared Services

A project to examine the scope to transfer responsibility for the delivery of HR transactional services to the DCLG service centre in Liverpool took place. We worked closely with the DCLG project team and set out our service requirements costing and the development of the business case. The transfer that was due to take place on 1 April 2012, did not proceed as the DCLG Efficiency and Shared Services Board decided that the business case was not made in terms of benefits outweighing costs. We will work with DCLG on other options for HR shared services as required, during 2012/13.

### Workforce Planning

Workforce planning efforts were tied up with the re-evaluation of the organisations functions in the build up to integration of the Infrastructure Planning Commission's functions. The decisions of the Remuneration Committee were aligned with the forecast requirement for the resource required to process casework. A voluntary exit scheme run at the end of 2011/12 will result in a reduction of our full time equivalents by just over 14, in three stages, by September 2012.

### Attendance management

We continued to monitor sickness absence closely with return to work interviews completed for each such absence, in line with best practice. The average working days lost through sickness across the Inspectorate was 6.77, a reduction of 0.9 days compared to 2010/11.

### Equality and Diversity

We continued to work with DCLG to meet the requirements of the Public Equality Duties under the Equality Act 2010. We undertook Equality Impact Assessments where required to provide assurance that policies, procedures and practice do not adversely impact upon groups protected by the law, in terms of our employment and service delivery matters. In 2012/13 we will work with the DCLG Equalities Advisory Board to ensure that equality and diversity is embedded into our objectives and business plans.

## **Health, Safety and Wellbeing**

We operated our Health and Safety Management System to a standard commensurate with the Occupational Health and Safety (OHSAS) 18001 Standard requirements. We introduced a number of enhancements to our procedures relating to personal protection of staff and Inspectors. Web based Health and Safety training was made available to staff covering a variety of issues affecting them.

## **Learning and Development**

We supported a number of our people through qualifications in Town and Country Planning, Finance, Procurement, Project Management and various IT related certificates. 13 people undertook NVQs in Customer Support and Business Administration. We ensured that people received appropriate technical updates throughout the year and our Inspectors came together at a training event in Bristol at the end of March.

## 8. Aligning business and financial planning

One of our main challenges in 2011/12 was to maintain our service levels whilst identifying savings in response to the Government Spending Review.

### Implement spending review plans

The Spending Review sought savings from us in the region of 35% by the end of the spending review period (2011/12 to 2014/15), on a baseline of the allocation for 2010/11. The baseline used was £47,251k, and the target to be achieved by the end of the period is £31,551k - the indicative resource DEL for the Planning Inspectorate (excluding the Infrastructure Planning Commission) – a reduction of 33.2%.

The main savings were made in the following areas:

- Staff reductions through voluntary exit and retirement
- Reducing our accommodation requirement
- Maximising the flexibility of our Inspector resource
- Downward pressure on non staff costs

Our outturn for 2011/12 was £33,167k which equates to a saving of 29.8%. We enter 2012/13 on track to meet the 2014/15 target, although realising the remaining savings will be increasingly difficult to achieve.

### Business and financial planning, reporting and forecasting

Our annual business planning round set organisational aims and objectives within the financial envelope set out in the Spending Review 2010. Our process of financial management reviews, which require individual Directors to advise on any variances to approved allocations, and the reasons for those variances, revisited the planned outputs and reassessed the corresponding necessary financial allocations. Our monthly Management Report and Accounts contained information on up to date financial forecasts for the year and kept the Board fully informed.

### Finance Shared Services

During 2011/12 we worked with colleagues in DCLG to prepare for the implementation of shared services for accounting records, invoice payments, self service travel and subsistence claims, and electronic requisitioning. Associated changes to our processes were introduced from April 2012.

### Income

Income was generated from work we undertake for Other Government Departments and Local Authorities. This work was recharged through legislation and Service Level Agreements to achieve full recovery of the associated costs under HM Treasury guidelines. We utilise appropriate techniques to forecast the amount we are likely to receive as part of our business planning process. Our request for funding, agreed through Spending Review 2010, was net of this amount. We reviewed our planned net funding requirement on a quarterly basis and revised it on the basis of actual and latest forecast income and expenditure.

## Procurement

We have professional procurement staff, and fully documented and managed procurement policies, in line with Office of Government Commerce guidelines. We continued with our commitment to delivering value for money and continuous improvement through procurement. Our procurement strategy continued to align with DCLG and we made extensive use of Government Procurement Service (GPS) contracts. The procurement function engaged proactively with business planning and forecasting and added commercial value at an early stage on key projects.

Key achievements in 2011/12 included collaborative procurements undertaken with DCLG and the Department for Education, renegotiation of our Facilities Management contract, and increased involvement in procurement for the Infrastructure Planning Commission. The work undertaken by the Procurement Unit contributed savings in the order of £447,000.

## Spending controls

We continued to exercise strong management of the Spending Controls introduced by the Government in 2010. The Procurement Unit maintained strict control over the purchase of all goods and services, ensuring that the spending controls were applied in line with Government policy. Where we needed to spend in restricted categories, the appropriate exemptions were sought and obtained.

## Procurement Transparency

In 2010, the Government made the Transparency Agenda a clear priority, setting out the need for greater transparency across its operations to enable the public to hold public bodies and Ministers to account. This included commitments relating to public expenditure, intended to help achieve better value for money.

We published the following information in accordance with Cabinet Office's guidance:

- Monthly spend data on goods and services of £500 or more on DCLG's website and [www.data.gov.uk](http://www.data.gov.uk). From February 2012, this included spend on Government Procurement Cards;
- New tender opportunities with a whole life contract value of £10,000 or more on [www.contractsfinder.businesslink.gov.uk](http://www.contractsfinder.businesslink.gov.uk); and
- Contracts awarded with a whole life contract value of £10,000 or more on [www.contractsfinder.businesslink.gov.uk](http://www.contractsfinder.businesslink.gov.uk).

## 9. Our work in Wales

Although we are a single Agency covering England and Wales with a common vision, values and corporate objectives, our operations in Wales are run by a separate division under the control of the Director for Wales, administered from Cathays Park in Cardiff. We also have a dedicated team of Inspectors working full-time in Wales. The Director for Wales ensures we work within the framework established by the Welsh Government to deliver its strategic objectives and policy priorities.

We have continued to take advantage of the benefits of being a single Agency by sharing resources. Five Inspectors from the England cadre have been allocated to Welsh LDP examinations. The increasing differences in legislation and appeal procedures between England and Wales make it more important than ever that we provide Inspectors with up to date information on the differences between the legislation and planning policies applying in England and Wales.

We have continued to take advantage of the economies of shared services by relying on our Bristol headquarters for finance, personnel and IT services.

In this section, we describe how we have contributed to achieving our objectives in the past year.

**“To maintain the reputation of the Inspectorate and achieve the highest quality standards in our work.”**

Our administrative work in 2011/12 has been to a similar high standard as last year with 99% of casework being processed without error against the target of 90%. For Inspectors’ decisions, our performance against our aim for 99% of decisions issued to be free from error, was 99.2% free of anything other than minor errors.

In 2011/12 we put in place new arrangements to evaluate our performance by proactively surveying our customers on a regular basis rather than carrying out a retrospective annual survey. The new process will be fully implemented in 2012/13.

**“To make the most productive use of all our resources to deliver efficient and effective customer service on all our casework.”**

Following on from our successful launch of the Householder Appeals Service pilot in 2010/11 all 25 Welsh local planning authorities have now agreed to take part in the pilot; 122 cases were decided in the year and feedback from all those involved was entirely positive. It was particularly pleasing that we have continued to produce decisions on all the cases in 8 weeks or less, even though we set a target of 12 weeks.

We met or exceeded the majority of our timeliness targets this year (see Table 5 and Annex A), the only one we missed was the target for delivery of reports to Welsh Ministers.

Planning appeals decreased by some 8.8% again this year whilst enforcement appeals decreased by over 19%. Total appeal intake declined by some 10.7%. Consequently the number of decisions issued decreased by 13.7%. The reduction in appeal work allowed Inspectors to be used on LDP examinations, to undertake appeal work in England, and to assist the Welsh Government on specific projects where the experience and knowledge of Inspectors could add value. For the first time this year our Inspectors assisted Welsh Government in introducing a new approach to ensuring that each local authority demonstrates that it has a five year supply of land for housing. Working arrangements have been put in place and the required reports delivered.

Table 5

Appeal Type	Aim	Performance	Average Time (weeks)
<b>Planning Appeals</b>			
- Written	16 weeks	98%	14.10
- Hearings	22 weeks	93%	19.75
- Inquiries	30 weeks	88%	26.80
<b>Enforcement Appeals</b>			
- Written	30 weeks	100%	19.84
- Hearings & Inquiries	41 weeks	94%	28.87
<b>Development Plans</b>			
- To deliver Inspectors' reports according to agreed SLA	90%	100%	N/A
<b>Reports to Welsh Ministers</b>			
- To meet the timetable set by the Welsh Government	Up to 8 inquiry days – 7 weeks; +8 days - bespoke	75%	10

The proportion of hearings decreased from 21% to some 16.4% in the year, due to our continued application of an informal procedure to encourage a switch from hearings to the written procedure. In 2011/12 we identified 30 hearing cases that were suitable for the written procedure; of these 18 were changed with the agreement of all concerned. If all had changed the proportion of hearings would have reduced to 11.6%.

Although the Penfold Review of non-planning consents (referred to in Chapter 4) did not apply to casework in Wales, with the agreement of the Welsh Government, we are applying targets to non-planning consent cases.

**“To work with our sponsors, customers and stakeholders to deliver the development plan process.”**

Local Development Plan (LDP) examinations were a significant and important part of our work in 2011/12. The Inspector's reports on the Snowdonia and Merthyr Tydfil LDP examinations were submitted to the authorities within the target agreed in the Service Level Agreements. 5 LDPs were adopted. A further 6 were submitted for examination in the latter half of the period. We expect the first Community Infrastructure Levy (CIL) charging schedule for examination in 2012/13.

Our Inspectors worked closely with the Welsh Government and local authorities and undertook 7 advisory visits in the year. We organised workshops for the private sector and statutory undertakers.

**“To prioritise integration of the Infrastructure Planning Commission and support on-going planning reform.”**

Several members of the admin team received training in order for them to answer frontline queries about major infrastructure cases.

**“To maintain and develop a well-trained, skilled, diverse, involved and motivated workforce responsive to changing business needs.”**

We remain committed to providing an effective, quality service in both Welsh and English. A revised Welsh Language Scheme to reflect the new integrated organisation was put before the Welsh Language Board for approval.

We remain committed to dealing in Welsh with everyone who chooses. We retained the 5 Inspectors fluent in Welsh who can hold inquiries and hearings in Welsh and 5 Welsh speaking administrative staff.

We used every opportunity to contribute to professional events and training for other organisations in Wales. Our Director spoke at the RTPI Cymru Wales Planning Conference and took part in a workshop organised by the Minister to look at ways of legislating for a Sustainable Wales. The Director and individual Inspectors contributed to events dealing with current planning issues in Wales.

We invested in training to develop our workforce to enable them to take on new or expanded roles. Staff attended various courses to develop their skills across the board, including management.

Individual Inspectors attended training courses and seminars on environmental and sustainability issues; transport; protecting historic buildings; affordable housing; and planning law. Feedback by the individuals who attended ensured that all our Inspectors were aware of the latest developments in planning law and policy.

**“To align business and financial planning to meet our objectives and provide a value for money, quality service with minimum environmental impact.”**

Our work in Wales was directly funded by the Welsh Government. Against the agreed budget for 2011/12 of £2,395k our outturn for the financial year was £2,337k, an under spend of almost £58k. Much of this was due to income from rechargeable work, mostly for LDP examinations (around £251.6k).

One Inspector left the Wales group in the year as a result of resignation. The significant reduction in our casework load, increase in LDP work and the flexible use of Inspector resource from England enables us to move forward confidently. We will continue to aim for maximum efficiency and economy to ensure we give value for money and deliver within the reduced budget provided by the Welsh Government.

# 10. Financial report and information

## Financial Performance against Budgets

The Inspectorate is funded through the Department for Communities and Local Government (DCLG). Initial indicative four-year allocations are agreed as part of HM Treasury Spending Review (SR) exercises and are then refined on an annual basis as necessary through the DCLG business planning round. The move to three-year deals, introduced following the Comprehensive Spending Review of 1998, is designed to permit greater certainty for organisations in the planning of expenditure programmes. Since 1 April 2011, the Inspectorate is funded from DCLG's administrative budget.

The detailed accounts for the 2011/12 Financial Year are included in the second part of this publication. A brief summary of the Inspectorate's performance against budget is provided below:

*Table 6*

	Budget - £k	Outturn - £k
Staff & related costs	29,159	28,148
Non pay running costs	13,785	13,590
Non cash costs	210	184
<b>Total running costs</b>	<b>43,154</b>	<b>41,922</b>
Capital expenditure	250	46
Receipts	9,050	9,521
Restructuring	1,450	450

## Creditor payments

The Government announced in November 2008 that all government organisations should aim to pay invoices, particularly from small and medium sized enterprises (SMEs), within 10 days. The Budget 2010 announcement revised this target to payment of 80% of all undisputed invoices within 5 days for all central government departments. With effect from 1 July 2010 it is the Inspectorate's policy to pay all bills not in dispute within 5 days of receipt of a valid invoice or within the agreed contractual terms if otherwise specified.

In 2011/12 the Inspectorate paid 97.56% of 2,832 invoices received within 5 days. This compares with the previous year's performance of 90.29% of 2,266 invoices received within 5 days between January and March.

In November 1998, the Late Payment of Commercial Debts (Interest) Act came into force, providing small businesses with a statutory right to claim interest from large businesses (and all public sector bodies) on payments that are more than 30 days overdue. Amended legislation (the Late Payment of Commercial Debts Regulations 2002) came into force on 7 August 2002 providing all businesses, irrespective of size, with the right to claim statutory interest for the late payment of commercial debts. No such claims were received during the year.

### **Treasury Direction**

These accounts have been prepared in accordance with an accounts direction given on 20 December 2011 by the Treasury in pursuance of Section 7(2) of the Government Resources and Accounts Act 2000.

### **Audit Information**

The Chief Executive, as Accounting Officer, confirms that there is no relevant information of which the auditors are unaware and that he has taken all necessary steps to ensure they have been made aware of all relevant audit information throughout the business.

# 11. Remuneration report for year ended 31 March 2012

The Remuneration Report summarises the Inspectorate's remuneration policy and disclosures on directors' remuneration as required by section 421 of the Companies Act 2006.

## The Remuneration Committee

The Remuneration Committee was established as a Standing Committee of the Strategic Management Board and is accountable to it. Non-Executive Directors and the Executive Directors comprise the Committee with one Non-Executive Director appointed as chair by the Board. The Director of Development Plans, Policy & Quality informs the Committee in his/her role as the Head of Profession. Inspector Assistant Directors attend the Committee as required. The Assistant Director Human Resources acts as Secretary to the Committee. The Committee's responsibilities are to consider all policies and requests for action related to pay and reward, promotion, progression, retirement and part-time working.

## Directors' Remuneration Policy

The remuneration arrangements and performance appraisal that apply at Director level and above in the Inspectorate are those which apply to the Senior Civil Service (SCS) generally. The main features of these arrangements are specified centrally by the Cabinet Office. Annual salary is determined on an individual basis by the Senior Salaries Review Board.

Special arrangements, specified by the Department for Communities and Local Government, apply to fixed term appointees with contracts with bonus arrangements. These staff had their pay increased in line with the revision to the pay band minima and maxima. Their bonuses are considered separately from the SCS pay arrangements.

## Actual Remuneration of Directors

The following sections of this Report have been subject to audit.

The remuneration of the members of Board of Management of the Inspectorate was as follows (comparative figures for 2010/11 are shown in brackets):

*Table 7*

	Salary and fees paid (as defined below) (£k in bands of £5k)	Bonuses Paid (£k in bands of £5k)	Total for 2011/12 (£k in bands of £5k)
Sir Michael Pitt * Chief Executive (joined 1/4/2011)	80-85 (180-185 full time equivalent) (-)	0  (-)	80-85 (180-185 full time equivalent) (-)
Ms Katrine Sporle MSc * ± Chief Executive (left 31/3/2011)	- (120-125)	10-15 (10-15)	10-15 (135-140)
Mr Rynd Smith LLB MA MRTPI FRSA Director of Development Plans, Policy & Quality (left 31/3/2012)	95-100 (105-110)	- (0-5)	95-100 (110-115)
Dr Kevin Woodrow PhD ACA BA Director of Finance, Resource and Business Planning	75-80 (75-80)	5-10 (0-5)	85-90 (75-85)
Mr Mark Southgate BA (Hons) BTP MRTPI Director of Casework	80-85 (80-85)	- (0-5)	80-85 (80-90)
Mr Peter Burley MA BPhil DipTP MLI MRTPI Director for Wales (joined 1/4/2011)	105-110 (-)	0-5 (-)	105-110 (-)
Mr John Davies BSc MRPTI ** Director for Wales (left 31/3/2011)	0-5 (45-50)	- (0-5)	0-5 (45-50)
Mr Deep Sagar Director, Non-Executive (left 31/8/2011)	0-5 (10-15)	- (-)	0-5 (10-15)
Ms Jane Earl Director, Non-Executive (left 31/8/2011)	0-5 (10-15)	- (-)	0-5 (10-15)
Professor Colin L. Jones OBE FRSA Director, Non-Executive (left 17/8/2011)	5-10 (20-25)	- (-)	5-10 (20-25)
Mr David Clements Director, Non-Executive (joined 1/12/2011)	0-5 (-)	- (-)	0-5 (-)
Ms Valerie Owen Director, Non-Executive (joined 1/1/2012)	0-5 (-)	- (-)	0-5 (-)
Ms Janet Goodland Director, Non-Executive (joined 1/1/2012)	0-5 (-)	- (-)	0-5 (-)
		<b>2011/12</b>	<b>2010/11</b>
Band of Highest Paid Director's Total Remuneration (£'000)		180-185*	135-140*
Median Total - Inspector		55,848	59,119
Remuneration Ratio - Inspector		3.31	2.30
Median Total - Administrative		25,095	25,435
Remuneration Ratio - Administrative		7.37	5.35

'Salary' includes: gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. No bonuses were paid during the year.

None of the above received or paid taxable expense allowances, compensation for loss of office or benefits in kind.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Inspectorate in the financial year 2011/12 was £180k-185k full time equivalent\* (2010/11, £135k - £140k). This was 7.37 times (administrative); 3.31 times (inspectors) (2010/11 5.35 (administrative); 2.3 (inspectors)) the median remuneration of the workforce, which was £25,095 (administrative); £55,848 (inspector) (2010/11, £25,435 (administrative); £59,119 (inspector)).

In 2011/12, no employees received remuneration in excess of the highest paid director (2010/11, 3). Remuneration ranged from £88,947 to £10,320 (2010/11, £160,578 - £10,320) excluding the highest paid director.

Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

\*On 1 April 2011 Sir Michael Pitt was appointed Chief Executive of the Planning Inspectorate. His salary was apportioned equally between the IPC and the Inspectorate. His salary reported in the IPC accounts relates to the cost to the IPC for 2011/12. On 31 March 2011 Katrine Sporle left the Inspectorate.

± Relates to a performance related payment approved as part of the Senior Civil Service remit. It relates to performance in the year to 31 March 2011, paid after the year end.

\*\* Relates to money owed at 31 March for untaken leave.

## Directors' pension disclosure

Table 8

	Real increase in pension & related lump sum at age 60 (£k)	Total accrued pension at age 60 at 31/3/12 & related lump sum (£k)	CETV at 31/3/12 (nearest £k)	Real increase in CETV after adjustment for inflation & changes in market investment factors (nearest £k)
Mr Rynd Smith LLB MA MRTPI FRSA Director of Development Plans, Policy & Quality	0-2.5	2.5-5	34	11
Dr Kevin Woodrow PhD ACA BA Director of Finance, Resource and Business Planning	0-2.5	17.5-20 plus 57.5-60 lump sum	342	-1
Mr Mark Southgate BA (Hons) BTP MRTPI Director of Casework	0-2.5	5-7.5	54	13
Mr Peter Burley MA BPhil DipTP MLI MRTPI Director for Wales	0-2.5	47.5-50	913	-22

Other senior posts are not pensionable.

### The Cash Equivalent Transfer Value (CETV)

A 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. It 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 CSPS arrangements and for which the Civil Superannuation 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 and do not take account of actual or potential reductions to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.



**Sir Michael Pitt**  
Chief Executive  
13 June 2012

# Statement of the Planning Inspectorate's and Chief Executive's Responsibilities

Under Section 7 of the Government Resources and Accounts Act 2000 the Treasury has directed the Planning Inspectorate to prepare for each financial year a statement of accounts in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Planning Inspectorate and of its income and expenditure 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 Treasury, 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; and
- prepare the financial statements on a going concern basis.

The Departmental Accounting Officer has appointed the Chief Executive as the Accounting Officer of the Planning Inspectorate. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Inspectorate's assets, are set out in the Accounting Officers' Memorandum, issued and published in 'Managing Public Money' by HM Treasury.



**Sir Michael Pitt**  
Chief Executive  
13 June 2012

# Governance statement for year ended 31 March 2012

## Scope of Responsibility

I am the Planning Inspectorate's Chief Executive and Accounting Officer for the period of this report. In accordance with my responsibilities set out in 'Managing Public Money', I am responsible for ensuring that our system of governance supports achievement of the Planning Inspectorate's policies, aims and objectives, whilst safeguarding public funds and assets.

I was designated as Accounting Officer by the Permanent Secretary and Accounting Officer for DCLG. A detailed breakdown of our joint and shared responsibilities was contained in my letter of designation dated 30 March 2011.

I am personally responsible for the effective management of the Planning Inspectorate in accordance with the Framework Document (which describes our relationship with DCLG, and the Welsh Government) and, in accordance with the normal civil service rules, on propriety and securing value for money. This Governance statement covers the period from 1 April 2011 to 31 March 2012, and includes a look forward at changes in 2012/13.

## The Governance Framework

The Governance Framework comprises the systems, processes, culture and values, for the direction and control of the Planning Inspectorate and its activities. It provides the framework within which the achievement of our strategic outcomes and objectives can be assessed, and consideration given to whether these objectives have been supported through the delivery of appropriate, cost effective services.

The system of internal control is an integral part of that framework and is designed to manage risk to a level we considered acceptable. The system is based on an ongoing process designed to identify, assess, prioritise and mitigate risk to an appropriate degree. It utilises regular management information to support decision making, financial regulation and administrative procedures including segregation of duties, management supervision and a system of formally recorded delegation and accountability.

The framework includes:

- The Governance structure headed by the Accounting Officer and the Board (see Figure 2);
- Internal and external audit;
- Risk management including formal project management;
- Business planning and regular performance reporting;
- Financial management including procurement controls, fixed asset controls and a fraud prevention and 'whistle blowing' policy.

## The Governance Structure

### *The Board*

I am supported by a Board appointed to direct our work within the parameters laid down in the Framework Document. The Board comprises all our Directors plus three Non-Executive Directors (NEDs). The Board met on a monthly basis (except in May, July and October 2011). Director and NED membership over the course of the year, and a record of attendance, is shown in Table 10.

The Non-Executive Directors were appointed by Ministers following open competition and in accordance with the principles laid down in the code of practice for Ministerial Appointment to Public Bodies issued by the Cabinet Office and the Commissioner for Public Appointments. The role of the NEDs was to contribute to collective Board decisions on matters such as business planning, policy, strategy, performance, resources and Governance. They were appointed to provide an external perspective, to challenge and scrutinise and to provide knowledge and independent advice according to their individual areas of expertise based on their wide experience in other organisations.

The Board and supporting Committees (see below) ensured that the organisation was directed and controlled in accordance with Treasury guidelines on corporate governance. The Board provided direction by:

- defining the strategic direction of the organisation;
- defining the distribution of rights and responsibilities among the different stakeholders and participants within the organisation;
- determining the rules and procedures for making decisions on corporate affairs including the process through which our objectives are set; and
- providing the means of attaining those objectives by monitoring performance and resources.

The Board was responsible for securing continuous improvement in the way in which it exercised its own functions, as well as those of the organisation as a whole, having regard to a combination of economy, efficiency and effectiveness.

During the course of 2011/12, the Board was supported by two standing sub-committees, plus working groups responsible for taking forward two main strategic themes – Communications & Engagement and Workforce Planning. There were a number of executive level fora designed to manage the organisation at a tactical level – see Figure 2.

Within the framework of the strategic direction set out by the Board, Directors met on a regular basis to make decisions. In preparation for integration and to ensure consistency between the Planning Inspectorate and the Infrastructure Planning Commission, Directors meetings were attended by Directors of both organisations; Directors of the Infrastructure Planning Commission attended in an advisory capacity.

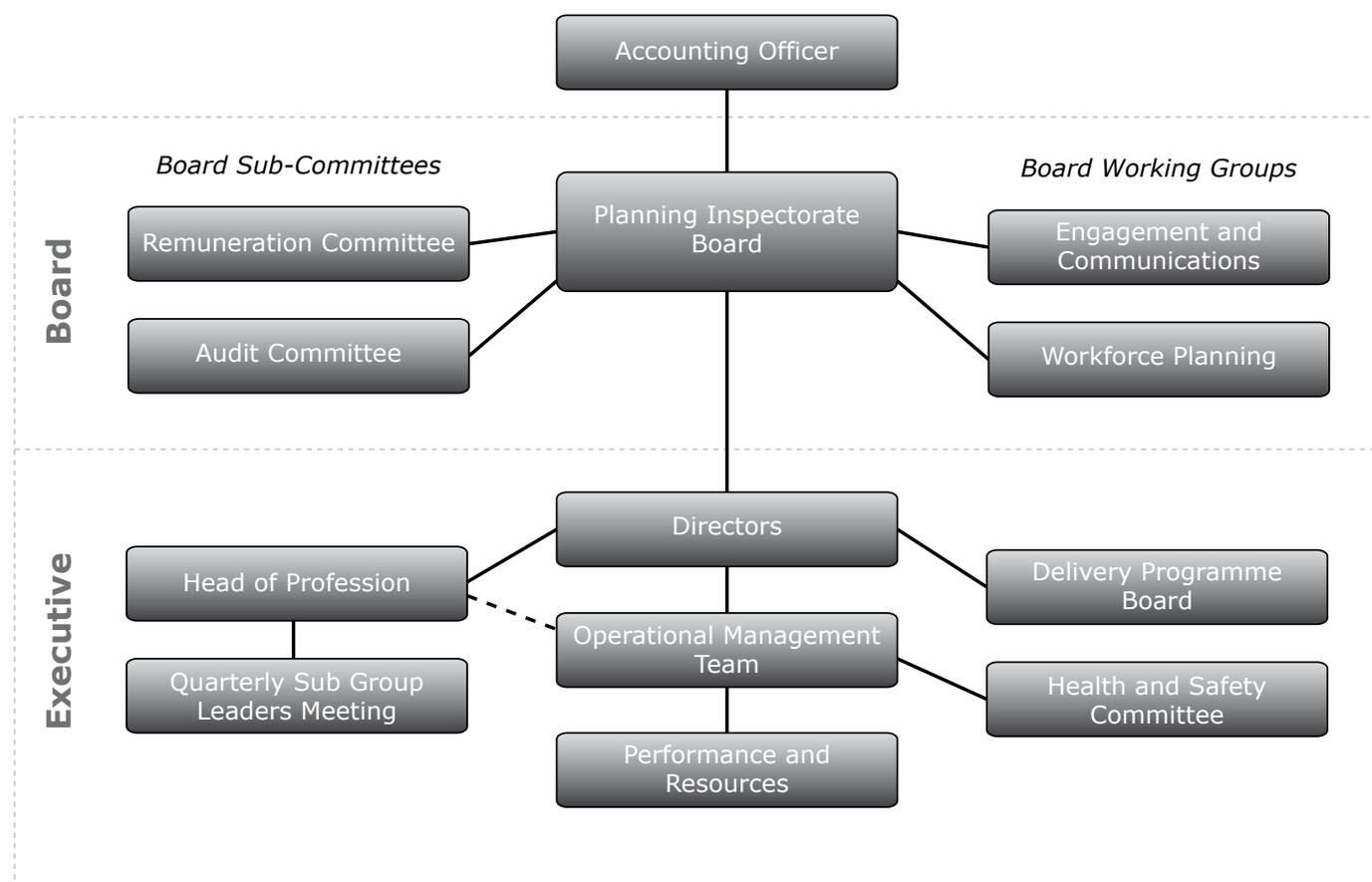
## Declaration of Interests

To protect our reputation for impartiality, and in the interests of transparency, Directors and Non-Executive Directors declared any business or other interests or any personal connections which could be misconstrued or cause embarrassment to the organisation, DCLG or the Welsh Government.

- All Directors, and Non-Executive Directors, were required to complete a declaration as part of the Annual Accounts process.
- The forms completed by applicants for Non-Executive Director posts included a declaration of any interests that could impact on their role if successful.
- A standing agenda item for Board meetings made provision for attendees to declare any such interests.

Figure 2

## Planning Inspectorate Governance



## Remuneration Committee

The Board was supported by a Remuneration Committee who met every two months and whose responsibilities included consideration of:

- proposals for the Annual Pay Award remit submission to DCLG;
- requests for part time working, change of hours, retirement and extension of service;
- Inspector progression and promotion;
- policies relating to pay and reward, promotion, progression, retirement and part time working.

The Committee provided advice to the working group on Workforce Planning, and provided a forum for challenge by Non-Executive Directors. The Committee was chaired by a Non-Executive Director, and the Assistant Director of Human Resources acted as Secretary. Director and NED membership, and a record of attendance, is shown in Table 11.

Our Inspector workforce is made up of a mixture of salaried inspectors who work either full or part time, and a cadre of non-salaried inspectors (NSIs), who act as a flexible resource allowing us to manage the peaks and troughs of our work. A significant proportion of each of these groups has reached, or is approaching, an age when they might want to retire. Our succession planning indicated a need for recruitment of replacements. Our business case to obtain more NSIs was approved in December 2010, allowing us to procure 19 during 2011/12, who have been registered as suitable to conduct case by case contracts as and when there is a business need. In addition, separate cases were put to DCLG during the year to recruit up to 20 salaried inspectors, and procure up to a further 20 NSIs. These cases were approved and will be taken forward in 2012/13.

The Permanent Secretary in DCLG has delegated authority to us to renew the fixed-term contracts of inspectors, and to convert those reaching 4 years continuous service to permanent status, where there is a business need to do so. We renewed the fixed-term contracts of 6 inspectors, and converted the fixed term contracts of 4 inspectors to permanent under the delegation this year.

## **Audit Committee**

The Board was further supported by the Audit Committee, who met three times and provided oversight and advice on the Board's responsibilities for risk management, compliance and corporate governance. The Committee was chaired by a Non Executive Director. Both internal and external audit attended meetings. The Committee reviewed the comprehensiveness, reliability and integrity of assurances in meeting the Board and Accounting Officer's responsibilities. The Head of Finance acted as Secretary to the Committee. Table 12 shows Director and NED membership and a record of attendance during 2011/12.

A review of the way we account for income from costs awarded through the High Court highlighted that income had been accounted for on a cash rather than accruals basis. The National Audit Office was advised of this issue and work has been undertaken internally to quantify it. For 2011/12 this income has been accounted for as accrued and the Statement of Financial Position in this report reflects sums owing to us for costs awaiting payment.

As a result of the integration of the Infrastructure Planning Commission's functions into the Inspectorate from 1 April 2012, we put transitional arrangements in place to ensure that their Annual Report and Accounts were properly scrutinized before being laid before Parliament. This included my formal designation as Accounting Officer for the Infrastructure Planning Commission from 1 April until publication of their final accounts, and an Annex to the Terms of Reference for the Inspectorate's Audit Committee. The Infrastructure Planning Commission's draft Accounts and Governance statement were reviewed by the final meeting of their Audit and Risk Committee at the end of March. That Committee was then able to provide advice to the Planning Inspectorate's Audit Committee to consider, so they could subsequently provide assurance to me as the Infrastructure Planning Commission Accounting Officer.

## Audit

The DCLG Internal Audit Service (IAS) were responsible for carrying out audits throughout the Planning Inspectorate, including a review of this Governance statement, in order to provide an independent opinion to me as Accounting Officer, on the adequacy and effectiveness of the arrangements for risk management, control and governance. IAS provided the Audit Committee with their annual report and opinion on the effectiveness of our risk management, control and governance. The report covering 2011/12 stated:

“I am able to give a substantial (amber/green) assurance to the Agency Accounting Officer as to the overall adequacy and effectiveness of the Inspectorate’s systems of risk management, control and governance. This conclusion is derived from findings and conclusions from the programme of IAS audits. These findings reflect the Inspectorate’s generally sound governance and control environment. Where there have been amber/green opinions, these indicate areas of further development rather than concern.”

The following Audits were completed during the year:

*Table 9*

Subject	Final Report	Assurance outcome	
Statement of Internal Control (2010/11) and Risk Management	July 2011	Risk mgt & Control Governance	Green Amber/Green
Key performance indicator validation	August 2011	Risk mgt & Control Governance	Green Amber/Green
Workforce Planning & Forecasting (Fieldwork March 2011)	January 2012	Risk mgt & Control Governance	Amber/Green Green
Information Security Documentation (ISO 27001 Standard Controls)	April 2012	Risk mgt & Control Governance	Amber/Green Green
Finance key controls	April 2012	Control	Amber/Green

## Risk Management

We remain committed to ensuring that key risks are identified and steps are taken to minimise or eliminate them or, in the event of their occurring, to mitigate their effect as far as is reasonable. Administration of our approved Risk Management Policy has been the responsibility of the Chief Executive’s Support Unit but overall responsibility lies with the Board, and through them, with executive managers across the organisation.

Assessment and management of risk was recorded through a series of inter-related formal Risk Registers – at Strategic, Business Area and project levels. Each Strategic risk was owned by a designated Director and the Strategic Risk Register was regularly reviewed by the Audit Committee. Business Area Risk Registers are owned by the relevant Director and were also regularly reviewed. We followed formal Project Management disciplines including the approval of projects by a Delivery Programme Board. Projects involving the management of change have separate risk registers. The Delivery Programme Board oversees the portfolio of such projects and initiatives, and reviews project risks regularly. In the run up to the integration of the functions of the Infrastructure Planning Commission, the Implementation Programme Board created an Integration Programme Risk Register, which was reviewed at each meeting.

An Office of Government Commerce Gateway Review 0 on the Inspectorate’s preparedness for the integration of the IPC was completed in February 2012, and resulted in a Green assessment relating to Delivery Confidence.

## Risk summary

A key element of the way we worked during 2011/12 was to incorporate risk mitigation as a part of 'business as usual'. This included close liaison with policy and sponsorship team colleagues in DCLG, clear communication with staff and stakeholders, and proactive in-house forecasting of future demand. As a result, I am confident that the key strategic risks faced by the organisation during 2011/12, and summarised briefly below, were appropriately managed and their impact minimised.

We maintained close liaison with colleagues in our sponsor Department, and carried out financial modelling at sufficient depth to clearly set out the income and resource expectations of various scenarios. This mitigates the resource risk associated with any request for the Inspectorate to meet demands for further savings and provides a level of assurance that we will be able to continue to meet our service levels, including the examination of infrastructure applications.

We developed employment options in agreement with HMRC and DCLG, used staff engagement activities and all-staff meetings, equalised terms and conditions as part of integration and carried out a survey of inspectors' intended retirement plans. We also developed a clear contractual relationship with commissioners, improved the visibility of the top management team, and ensured consistent delivery of regular team meetings across the organisation. These actions mitigated against the risk of staff leaving the organisation, including those required for infrastructure work; maintained operational delivery, supported plans for shared services and other important activities required to deliver business plans.

We used forecasting tools developed and refined in house and incorporating both historical and forward modelling of demand to identify a range of workload scenarios. Our succession plans and our training strategy were informed by our workforce planning. Progress was monitored at monthly performance and resource meetings, and at quarterly reviews. These actions mitigated against the risk of not having sufficient trained resources in the short term to meet service standards if changes to the economy, or the policy landscape (such as the introduction of the National Planning Policy Framework) resulted in a rapid increase in the demand for our services.

In April 2012 we took a fresh look at all the risks that could impact on the integrated Planning Inspectorate. A new Strategic Risk register was created and reviewed by the April 2012 Board meeting. The risks covered ranged from changes in the demand for our services to formal challenges in the High Court.

## Information and IT Security

We attained information security certification to ISO 27001 standard in 2007 and internal audit's review of the standard controls documentation resulted in appropriate assurance in April 2012. This ensured that the Information Services team followed international standards for information security best practice. Our Information Security Management Forum met quarterly and their role was to monitor the performance of our Information Security Management System and ensure continual development and improvement. There were no serious security breaches reported.

## Compliance with the Corporate Governance Code (the Code)

The detailed provisions of the Corporate Governance Code published by HM Treasury and the Cabinet Office relate to ministerial departments. This report demonstrates our compliance with the principles set out in the Code, and highlights exceptions.

The relationship with DCLG, and the Welsh Government, are set out in our Agency Framework document. I met with Ministers on a regular basis to discuss progress and priorities, and we maintained regular contact with our sponsor team in DCLG. Similarly, our Director for Wales met Welsh Government officials on a quarterly basis, and with the Minister as required.

The appointment of the Planning Inspectorate's Non-Executive Directors (NEDs) came to an end during 2011 – one on 17 August, and two on 31 August. New NEDs were appointed, one from 12 December 2011 with the remaining two from 1 January 2012. This resulted in a period where our Board operated without NED involvement, and effectively created a new Board. During the period August 2011 to December 2011 governance was undertaken by the executive Directors. This provided continuous direction and control with the Board remaining effective during this time. It also meant that any formal review of effectiveness by the incoming NEDs would have been premature. The outgoing NEDs were asked for their views and these were that during their time on it, the Board was effective or very effective. The main focus for NEDs was oversight of integration and resource planning which had improved significantly. The outgoing NEDs had identified the risk of delay to the appointment of replacement NEDs, though recognising that making the right appointments was more important than speed. Other comments on further improvements in effectiveness will be fed into discussions by the new Planning Inspectorate Board.

As a result of her experience, and the need for independent input to the October Remuneration Committee meeting, Jane Earl was engaged to Chair for that meeting alone.

The Audit Committee was also unable to meet during the period between NEDs. The impact was that one meeting had to be cancelled and another postponed. No critical Audit Committee activity was affected.

With the exception of the Non Executive Director appointments outlined above, to the extent that it is deemed relevant and practical, the Inspectorate has followed the Code requirements.

### **Acting on governance issues**

The year brought a challenge to our revised ex-gratia payment policy in the form of a number of cases before the Ombudsman (see Section 3 of this Report). The ombudsman has found that the operation of our procedures was inconsistent with our policy. As a result we were exposed to some financial risk. When this is taken into account, we achieved a total of £4.5m savings on the SR10 Administration Budget allocation for 2011/12.

Towards the end of 2010/11, the Planning Inspectorate's Advisory Panel on Standards (APOS) was formally disbanded by the Planning Minister Bob Neill MP as part of the Government's spending review and review of Arms Length Bodies. The Minister recognised that APOS' efforts helped to ensure that we could be justifiably proud of the quality of our work. During 2011/12, we implemented the customer survey process covered in Section 3 of this Report, to offer a credible and rigorous review of our work.

A planned recruitment/procurement of additional inspector resources in 2012/13 will provide additional resource in due course. However, training/briefing them will utilise existing inspector resource and this will have an adverse impact in the short term on the resources available to handle casework.

The IAS audit in 2010/11 of the Inspectorate's contractual obligations to Other Government Departments resulted in amber/red opinions on risk and control. We acted quickly to implement the recommendations arising and limit any exposure to financial risk. All Service Level Agreements are now reviewed annually and, where required, renegotiated and renewed.

In February 2012 two payable orders to Capita Resourcing were misappropriated. The payee details were changed and they were then presented for payment. Internal controls in DCLG's Financial Shared Services Division ensured that these payments were intercepted before payment, and the attempted fraud was prevented.

## Continuous improvement

Since the end of 2011/12 we have made some changes to strengthen our governance arrangements. We have:

- renamed the Audit Committee to the Audit and Risk Committee, to reflect the role it already fulfils;
- created a new Board committee responsible for Quality and Professional Standards, to build on work already undertaken; and
- revised the Terms of Reference for the Board and supporting committees.

Our ongoing plans for the remainder of the coming year include:

- agreeing with DCLG and the Welsh Government, and then publishing, a new Executive Agency Framework Document covering the integrated organisation;
- reviewing all policies, including those for Information Security;
- reviewing the Risk Management process, training for all managers on risk in the operation of the revised framework, and training for all staff on the risk process and their role in identifying and mitigating risk;
- reviewing the system of internal Information Asset Owners following integration to ensure that appropriate information security processes are in place;
- creating a formal Register of Interests for our decision makers, and those making recommendations to the Secretary of State, to align with our core value of impartiality; and
- including Business Plan monitoring information in our monthly management information.

## Conclusion

Based on this report, the advice of the Planning Inspectorate Board and our Auditors, and in my role as Accounting Officer, I am satisfied that appropriate governance arrangements were in place for 2011/12. Furthermore, I conclude that the Planning Inspectorate is in very good shape to move forward, is staffed by people who are dedicated to ensuring that it maintains its position as a leading player in the world of planning, that we will continue to provide an excellent service to all our stakeholders whilst upholding our guiding principles of fairness, openness and impartiality.



**Sir Michael Pitt**  
Chief Executive  
13 June 2012

# Directors & Non-Executive Directors (NEDs)

## Board/Committee Membership & Attendance

Table 10

The Board	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Sir Michael Pitt Chief Executive (Chair)	✓		✓		✓	✓		✓	✓	✓	✓	✓
Rynd Smith, Director	✓		✓		A	✓	Cancelled (see note)	✓	✓	✓	✓	A
Mark Southgate, Director	A		✓		✓	✓	Cancelled (see note)	✓	✓	✓	✓	✓
Kevin Woodrow, Director	✓	Cancelled (see note)	✓	Cancelled (see note)	✓	✓		✓	✓	✓	✓	✓
Peter Burley, Director	✓	Cancelled (see note)	✓	Cancelled (see note)	✓	A		✓	✓	✓	✓	✓
Richard Poppleton (Mar 12 on)		Cancelled (see note)		Cancelled (see note)								✓
Colin Jones, NED (To Aug 11)	✓		✓		✓							
Jane Earl, NED (To Aug 11)	✓		✓		✓							
Deep Sagar, NED (To Aug 11)	A		✓		A							
David Clements, NED (Dec 11 on)									✓	✓	✓	✓
Valerie Owen, NED (Jan 12 on)										✓	✓	✓
Janet Goodland, NED (Jan 12 on)										✓	✓	✓

Table 11

Remuneration Committee	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Jane Earl, NED (Chair)	✓		✓		✓		✓					
Colin Jones, NED	✓		✓		✓							
David Clements, NED (Chair)									✓		✓	
Valerie Owen, NED											✓	
Janet Goodland, NED											✓	
Rynd Smith, Director	✓		✓		A		✓		✓		✓	
Mark Southgate, Director	A		✓		✓		✓		A		✓	
Kevin Woodrow, Director	✓		✓		A		✓		✓		✓	
Peter Burley, Director	✓		✓		✓		✓		✓		✓	

Table 12

Audit Committee	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Deep Sagar, NED (Chair)			✓									
Jane Earl, NED			✓									
Colin Jones, NED			✓			Cancelled						
David Clements, NED (Chair)										✓		✓
Valerie Owen, NED										✓		✓
Janet Goodland, NED										✓		✓

**Key:** ✓ = Attended    A = Apologies

**Note:** Where possible, cancelled meetings were replaced by circulation of papers 'for information' or 'for approval by correspondence'.

# The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Planning Inspectorate for the year ended 31 March 2012 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of The Inspectorate's and Chief Executive's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Planning Inspectorate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Planning Inspectorate; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

## Opinion on regularity

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

## Opinion on financial statements

### In my opinion:

- the financial statements give a true and fair view of the state of the Planning Inspectorate's affairs as at 31 March 2012 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

### **Amyas C E Morse**

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

15 June 2012

# Financial Statements

For the year ended 31 March 2012

# Statement of Comprehensive Net Expenditure

For the year ended 31 March 2012

		2011/12	2010/11 (restated)
		£'000	£'000
	<b>Note</b>		
<b>Administration Costs</b>			
Staff costs	4	<b>28,148</b>	33,182
Other administrative costs	5	<b>13,468</b>	13,190
Operating income	7	<b>(8,521)</b>	(9,691)
<b>Total Administration costs</b>		<b>33,095</b>	36,681
<b>Programme costs</b>			
Staff costs	4	<b>6</b>	-
Other programme costs	6	<b>846</b>	3,343
<b>Total Programme costs</b>		<b>852</b>	3,343
<b>Net Operating costs</b>		<b>33,947</b>	40,024

All income and expenditure is derived from continuing operations.

There are no recognised gains or losses other than the net operating cost for the financial year.

The Notes on pages 48 to 67 form part of these accounts.

# Statement of Financial Position

As at 31 March 2012

		31 March 2012	31 March 2011 (restated)	1 April 2010 (restated)
		£'000	£'000	£'000
	<b>Note</b>			
<b>Non-current assets:</b>				
Property, plant & equipment	10	137	204	359
Intangible assets	11	109	180	532
<b>Total non-current assets</b>		<b>246</b>	<b>384</b>	<b>891</b>
<b>Current assets:</b>				
Trade and other receivables	13	5,413	6,177	6,661
<b>Total current assets</b>		<b>5,413</b>	<b>6,177</b>	<b>6,661</b>
<b>Total assets</b>		<b>5,659</b>	<b>6,561</b>	<b>7,552</b>
<b>Current liabilities</b>				
Trade and other payables	14	(3,619)	(5,940)	(4,730)
Provisions	15	(313)	(345)	(641)
<b>Total current liabilities</b>		<b>(3,932)</b>	<b>(6,285)</b>	<b>(5,371)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>1,727</b>	<b>276</b>	<b>2,181</b>
<b>Non-current liabilities</b>				
Provisions	15	(90)	(177)	(238)
<b>Total non-current liabilities</b>		<b>(90)</b>	<b>(177)</b>	<b>(238)</b>
<b>Assets less liabilities</b>		<b>1,637</b>	<b>99</b>	<b>1,943</b>
<b>Taxpayers' Equity:</b>				
General fund		1,625	86	1,875
Revaluation reserve	16	12	13	68
<b>Total Taxpayers' Equity</b>		<b>1,637</b>	<b>99</b>	<b>1,943</b>



**Sir Michael Pitt**  
Chief Executive  
13 June 2012

# Statement of Cash Flows

For the year ended 31 March 2012

		2011/12	2010/11 (restated)
		£'000	£'000
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Net operating cost		(33,947)	(40,024)
Adjustments for non-cash transactions	5, 6	682	1,074
(Increase)/Decrease in trade and other receivables		764	484
(Increase)/Decrease in bad debt provision		(49)	(109)
Increase/(Decrease) in trade payables		(2,321)	1,210
Less movements in payables relating to items not passing through the SCNE		26	120
Use of provisions		(473)	(604)
<b>Net cash outflow from operating activities</b>		<b>(35,318)</b>	<b>(37,849)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(11)	(218)
Purchase of intangible assets		(61)	(69)
<b>Net cash outflow from investing activities</b>		<b>(72)</b>	<b>(287)</b>
<b>Net financing</b>		<b>35,390</b>	<b>38,136</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>-</b>	<b>-</b>

# Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2012

	General fund restated	Revaluation reserve	Total reserves restated
	£'000	£'000	£'000
<b>Balance at 31 March 2010</b>	1,547	68	1,615
Prior year restatement	328	-	328
<b>Restated Balance at 1 April 2010</b>	1,875	68	1,943
<b>Changes in Taxpayers' Equity for 2010/11</b>			
Net gain on revaluation of Property, Plant and Equipment	-	(55)	(55)
Non-cash charges – auditor's remuneration	41	-	41
Notional charges	58	-	58
Net operating cost for the year	(40,024)	-	(40,024)
<b>Total recognised Income and Expenditure for 2010/11</b>	(39,925)	(55)	(39,980)
Funding from DCLG	38,136	-	38,136
<b>Balance at 31 March 2011</b>	86	13	99
<b>Changes in Taxpayers' Equity for 2011/12</b>			
Net gain on revaluation of Property, Plant and Equipment	-	(1)	(1)
Non-cash charges – auditor's remuneration	43	-	43
Notional charges	53	-	53
Net operating cost for the year	(33,947)	-	(33,947)
<b>Total recognised Income and Expenditure for 2011/12</b>	(33,851)	(1)	(33,852)
Funding from DCLG	35,390	-	35,390
<b>Balance at 31 March 2012</b>	1,625	12	1,637

# Notes to the Accounts

## 1. Statement of accounting policies and estimates

### *1.1 Accounting policies*

The financial statements have been prepared in accordance with the 2011/12 Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Inspectorate for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Inspectorate are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### *1.1a Accounting convention*

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

#### *1.1b Property, plant and equipment*

Property, plant and equipment are stated at fair value using depreciated replacement cost. On initial recognition they are measured at cost including any costs, such as installation, directly attributable to bringing them into working condition. All property, plant and equipment are restated at fair value each year, using indices published by the Office for National Statistics (ONS) appropriate to the category of asset. The minimum level for capitalisation of property, plant and equipment is £5,000. Items falling below this value are charged as an expense and shown in the Statement of Comprehensive Net Expenditure.

Expenditure on furniture, fixtures and fittings is charged as an expense shown in the Statement of Comprehensive Net Expenditure.

#### *1.1c Depreciation*

Property, plant and equipment are depreciated at rates calculated to write off the assets over their estimated useful lives of four years on a straight-line basis.

#### *1.1d Intangible assets*

Intangible assets are stated at amortised historic cost as they are not subject to revaluation, this is the best estimate of fair value, as it is difficult to obtain a representative second hand cost of the assets to calculate fair value. They are measured at cost on recognition including any costs such as installation directly attributable to bringing them into working condition.

The minimum level for capitalisation of an intangible asset is £5,000. Items falling below this value are charged as an expense and shown in the Statement of Comprehensive Net Expenditure.

### **1.1e Amortisation**

Intangible assets are amortised at rates calculated to write off the assets over their estimated useful lives on a straight-line basis, as follows:

Software licences	3 years
Internally generated software	5 years

Assets in the course of construction are amortised from the point at which the asset is brought into use.

Amortisation is charged as an expense shown in the Statement of Comprehensive Net Expenditure.

### **1.1f Operating income**

Income is calculated as the value of services provided from the ordinary activities of the Inspectorate completed during a financial year. For casework such as Development Plan inquiries, which can span financial years, income is calculated on the work completed to the end of the financial year and accrued. The analysis of the services for which a fee is charged, Notes 7 and 9 to the accounts, is provided for fees and charges purposes only.

### **1.1g Operating leases**

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

### **1.1h Provisions**

The Inspectorate provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation.

### **1.1i Value Added Tax**

Most of the activities of the Inspectorate are outside the scope of VAT and in general output tax does not apply and input tax on purchases is not recoverable, other than under the terms of the Treasury Direction under section 41(3) Value Added Tax Act (VATA) 1994. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable the amounts are stated net of VAT.

The Inspectorate is not separately registered for VAT but operates under the Department for Communities and Local Government (DCLG) VAT registration.

### **1.1j Notional costs**

In accordance with Managing Public Money, notional costs at the appropriate rate are included for audit fees and for services provided by DCLG.

### **1.1k Early departure costs**

The Civil Service Compensation Scheme sets the level of compensation that Departments can pay staff if they leave under the voluntary or compulsory redundancy scheme. The full cost is paid and charged to the Statement of Comprehensive Net Expenditure either when staff leave the Inspectorate or where a binding commitment is made to leave in the subsequent year. No further payments are due and therefore no provision is created. For more details please refer to Note 4.1.

Prior to the new scheme it was normal accounting practice to provide for the full cost of early departure of employees in the year in which the early departure decision is made. For staff leaving under the previous Civil Service Compensation Scheme the provision will remain in place and be released until they reach normal pension age. For more details please refer to Note 15.

### *1.11 Deemed Planning Applications*

The fees paid by appellants for consideration of a Deemed Planning Application are disclosed in the Statement of Financial Position as a receivable and payable until the appeal is determined, when the fee is either returned to the appellant or paid over as a Consolidated Fund Extra Receipt (CFER) (see Note 8).

### *1.1m Segmental reporting*

The Inspectorate, as an Executive Agency of DCLG, reports under only one operating segment: Localism. It is therefore felt more appropriate to base the segmental analysis on major areas of casework, based on the internal reporting structure. The assets and liabilities have not been included in the segmental analysis as these are not apportioned but used across the organisation (see Note 9).

### *1.1o Pensions*

Past and present employees are covered by the provisions of the Civil Service Pension Scheme (CSPS) the details of which are outlined in Note 4. The Inspectorate 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 CSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the CSPS. In respect of the defined contribution schemes, the Inspectorate recognises the contributions payable for the year.

### *1.1p Accounting estimates and judgements*

The preparation of financial information in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Inspectorate's accounting policies. The key accounting estimates and judgements are accruals, provisions and contingent liabilities. Estimates are based on known information within the business and past trends.

### *1.1q Going concern*

Following the decision to abolish the Infrastructure Planning Commission (IPC), the Localism Act 2011 containing the legislation required for the abolition received royal assent on 15 November 2011. With effect from 1 April 2012 the IPC's functions transferred to the Secretary of State for DCLG and will continue through the new National Infrastructure Directorate within the Planning Inspectorate. Other than the transfer of a new, additional function, the Government has not announced any intention to make changes to the existing functions of the Inspectorate. Management have assessed that there is no uncertainty regarding the going concern of the Inspectorate and continue to adopt the going concern basis in preparing the Financial Statements.

## 2. Prior Year restatement

In 2011/12 an issue was highlighted questioning the way the Inspectorate accounted for costs awarded by the High Court, namely that the Inspectorate has always accounted for this income on a cash basis, with no recognition of the amount owing at any point or the amount that is due but is written off due to non-receipt. To correct this situation a full review of costs awarded and income received was undertaken. The outcome of the review has resulted in the accounts being restated as follows.

	<b>General Fund (restated)</b>	<b>Revaluation reserve</b>	<b>Total reserves (restated)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31 March 2010</b>	<b>1,547</b>	68	1,615
Prior year restatement	<b>328</b>	-	328
<b>Restated Balance at 1 April 2010</b>	<b>1,875</b>	68	1,943

	<b>Net Operating Cost</b>
	<b>£'000</b>
<b>Net Operating Cost for 2010/11 as previously stated</b>	<b>39,943</b>
Prior year restatement	<b>81</b>
<b>Restated Net Operating Cost for 2010/11</b>	<b>40,024</b>

The restatement has increased Net Operating Cost within the Statement of Comprehensive Net Expenditure by £81,000. The restated debtor has been included within Other in Note 13.

## 3. Accounting standards and interpretations not yet adopted

The following standards and interpretations have been issued but not required to be followed until 2012/13. None of them are expected to impact upon the Inspectorate's financial statements.

- IAS 1 Presentation of financial statements (Other Comprehensive Income)
- IAS 12 Income Taxes (Amendment)
- IAS19 Post employment benefits (pensions)
- IFRS 7 Financial Instruments: Disclosures (annual improvements)
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- IFRS 13 Fair Value Measurement
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- IPSAS 32 – Service Concession Arrangement

#### 4. Staff numbers and related costs

##### A. Staff costs comprise:

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>21,880</b>	25,851
Social security costs	<b>1,864</b>	2,137
Other pension costs	<b>4,378</b>	5,184
<b>Sub Total</b>	<b>28,122</b>	33,172
Agency staff	<b>32</b>	10
<b>Total net costs</b>	<b>28,154</b>	33,182

##### *Pension*

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); or a 'whole career' scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an 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, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial 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. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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 panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

#### 4. Staff numbers and related costs (continued)

B. The average number of whole-time equivalent persons permanently employed by the Inspectorate (including Senior Management) during the year was as follows:

	2011/12	2010/11
Grade 3-7 (Directors & Senior staff)	15	16
Salaried Inspector	205	239
Administrative	114	140
Caseworkers	280	297
Less Secondments	(21)	(6)
<b>Total Employed</b>	<b>593</b>	<b>686</b>

#### 4.1 Reporting of Civil Service and other compensation schemes – exit packages

	2011/12	2011/12	2010/11	2010/11
	Number of other departures agreed	Cost of other departures agreed £'000	Number of other departures agreed	Cost of other departures agreed £'000
<b>Exit package cost bands</b>				
< £10,000	1	10	4	33
£10,000 - £25,000	9	127	30	437
£25,000 - £50,000	4	130	30	1,126
£50,000 - £100,000	3	155	10	652
£100,000 - £150,000	-	-	6	739
<b>Totals</b>	<b>17</b>	<b>422</b>	<b>80</b>	<b>2,987</b>

There have been no compulsory redundancy departures from the Planning Inspectorate.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme. Exit costs are accounted for in full either in the year of departure or, where a binding commitment is made to leave in the subsequent year, costs are accrued. Where the Inspectorate has agreed early retirements, the additional costs are met by DCLG and not by the Civil Service pensions scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## 5. Other administrative costs

	2011/12	2010/11
	£'000	£'000
Rentals under operating leases:		
Hire of plant and machinery	102	174
Other operating leases	1,861	1,925
	1,963	2,099
Non cash items:		
Depreciation	79	210
Amortisation	106	423
(Increase)/decrease on revaluation	(1)	(15)
Auditor's remuneration *	43	41
DCLG recharges †	53	58
	280	717
Other expenditure:		
Fees to Non-Salaried Inspectors	2,481	1,983
Travel, subsistence & hospitality	1,402	1,703
Accommodation costs	1,779	1,869
Other administration costs	1,185	925
Information technology	2,530	2,116
Payments to other government departments	1,524	1,421
Personnel management	156	169
Stationery	111	123
Payroll services	57	65
	11,225	10,374
<b>Total</b>	<b>13,468</b>	<b>13,190</b>

\* The Auditor's remuneration includes the notional audit fee in respect of the Comptroller and Auditor General's annual certification of the Inspectorate's financial statements. There was no remuneration due for non-audit work.

† DCLG charges include accounting services and internal audit services.

## 6. Programme costs

	2011/12	2010/11
	£'000	£'000
Non cash items:		
In year increase in provision	469	390
Write back of provisions	(67)	(34)
	402	356
Other expenditure		
Accommodation costs	128	-
Other administration costs	5	-
Information technology	38	-
Voluntary Early Release scheme	273	2,987
	444	2,987
<b>Total</b>	<b>846</b>	<b>3,343</b>

## 7. Operating income (see also Note 1.1f)

	2011/12	2010/11 (restated)
	£'000	£'000
<b>Operating income analysed by classification and activity</b>		
Other – fees and charges to External customers		
Development Plans	4,102	4,748
Compulsory Purchase	260	253
Transport Work for LPAs	121	34
Transport & Works Inquiries	38	96
Communities Infrastructure Levy	131	-
Greater London Authority	-	300
Other	57	121
<b>Total external customers</b>	4,709	5,552
Other government departments		
Welsh Government	2,244	2,525
DEFRA	1,050	948
HM Treasury Solicitors	212	428
DCLG	-	128
Highways Agency	60	62
DfT	96	11
Environment Agency	-	20
DECC	149	17
Olympic Delivery Authority	1	-
<b>Total other government departments</b>	3,812	4,139
<b>Total Operating Income</b>	<b>8,521</b>	<b>9,691</b>

## 8. Consolidated Fund Income

Income shown in Note 7 above does not include any amounts collected by the Inspectorate where it was acting as agent for the Consolidated Fund. The amounts collected as agent for the Consolidated Fund were

	2011/12 £'000	2010/11 £'000
Deemed Planning Application Fees amounts payable to the Consolidated Fund	388	375
Balance held at the start of the year	53	131
Payments into the Consolidated Fund	(362)	(453)
Balance held on trust at the end of the year	79	53

The vast majority of appeals against an enforcement notice include a Deemed Planning Application fee where planning permission is to be considered. The balance held on trust at the end of the year is held for the final quarter to be transferred to the Consolidated Fund.

## 9. Segmental analysis

	2011/12			2010/11 (restated)		
	Cost	Income	Net	Cost restated	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
S78 Planning Appeals	24,334	-	24,334	27,891	-	27,891
S20 Listed Building Planning Appeals	1,122	-	1,122	1,104	-	1,104
S174 Enforcement Appeals	4,990	-	4,990	6,516	-	6,516
Local Development Frameworks	3,947	4,102	(155)	4,170	4,748	(578)
Compulsory Purchase Orders	313	260	53	321	253	68
Regional Spatial Strategies †	-	-	-	46	-	46
Rights of Way	2,278	-	2,278	2,430	-	2,430
Other Major Specialist Casework §	4,131	1,531	2,600	3,068	1,684	1,384
Other Casework **	1,080	384	696	1,211	481	730
Income from Welsh Government ††	-	2,244	(2,244)	-	2,525	(2,525)
Early Release scheme (one off payment)	273	-	273	2,958	-	2,958
<b>Totals</b>	<b>42,468</b>	<b>8,521</b>	<b>33,947</b>	<b>49,715</b>	<b>9,691</b>	<b>40,024</b>

† Following the General Election the Coalition Government revoked Regional Strategies.

§ The costs of Other Major Specialist Casework are only partially recovered from the work the Inspectorate undertakes on behalf of other government departments.

\*\* The costs associated with this income are included in all casework types.

†† The costs associated with this income are included in all casework types.

## 10. Property, plant and equipment

	<b>Information Technology</b>
	<b>£'000</b>
<b>Cost or valuation</b>	
At 1 April 2010	2,160
Additions	95
Disposal	(790)
Revaluation	15
<b>At 31 March 2011</b>	<b>1,480</b>
<b>Depreciation</b>	
At 1 April 2010	1,801
Charged in year	210
Disposal	(790)
Revaluation	55
<b>At 31 March 2011</b>	<b>1,276</b>
<b>Net book value at 31 March 2011</b>	<b>204</b>
At 31 March 2010	359

	<b>Information Technology</b>
	<b>£'000</b>
<b>Cost or valuation</b>	
At 1 April 2011	1,480
Additions	11
Disposal	(6)
Revaluation	-
<b>At 31 March 2012</b>	<b>1,485</b>
<b>Depreciation</b>	
At 1 April 2011	1,276
Charged in year	79
Disposal	(6)
Revaluation	(1)
<b>At 31 March 2012</b>	<b>1,348</b>
<b>Net book value at 31 March 2012</b>	<b>137</b>
At 31 March 2011	204

A decrease in revaluation of £1,000 on property, plant and equipment was determined during 2011/12 using appropriate indexation (see Note 1.1b). A Revaluation reserve exists (see Note 16) for the increase in value, unless it represented the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case the value to restore it to historical cost was credited to the Statement of Comprehensive Net Expenditure in accordance with IAS 16.39.

## 11. Intangible assets

	<b>Information Technology</b>	<b>Software licences</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>			
At 1 April 2010	10,850	160	11,010
Additions	71	-	71
<b>At 31 March 2011</b>	<b>10,921</b>	<b>160</b>	<b>11,081</b>
<b>Amortisation</b>			
At 1 April 2010	10,343	135	10,478
Charged in year	407	16	423
<b>At 31 March 2011</b>	<b>10,750</b>	<b>151</b>	<b>10,901</b>
<b>Net book value at 31 March 2011</b>	<b>171</b>	<b>9</b>	<b>180</b>
At 31 March 2010	507	25	532

	<b>Information Technology</b>	<b>Software licences</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>			
At 1 April 2011	10,921	160	11,081
Additions	<b>35</b>	-	<b>35</b>
<b>At 31 March 2012</b>	<b>10,956</b>	<b>160</b>	<b>11,116</b>
<b>Amortisation</b>			
At 1 April 2011	10,750	151	10,901
Charged in year	<b>97</b>	<b>9</b>	<b>106</b>
<b>At 31 March 2012</b>	<b>10,847</b>	<b>160</b>	<b>11,007</b>
<b>Net book value at 31 March 2012</b>	<b>109</b>	<b>-</b>	<b>109</b>
At 31 March 2011	171	9	180

## 12. Financial Instruments

IFRS 7, *Financial Instruments - Disclosure*, requires disclosure of the role financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the wholly non-trading nature of its activities and the way in which executive agencies are financed, the Inspectorate is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. The Inspectorate has no powers to borrow or invest surplus funds.

### *Liquidity risk*

The Inspectorate is financed by resources voted annually by Parliament, funded through the resource account of DCLG. The Inspectorate is not therefore exposed to any liquidity risks.

### *Interest rate risk*

The Inspectorate is not exposed to any interest rate risk as it holds no cash balances.

### *Foreign currency risk*

The Inspectorate is not exposed to any significant foreign currency risk.

### *Fair values*

There is no difference between the book value and fair value of any of the Inspectorate's financial assets and liabilities as at 31 March 2012.

## 13. Trade receivables and other current assets

	2011/12	2010/11 (restated)	2009/10 (restated)
	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>			
Trade receivables	370	450	522
Other receivables:			
VAT	130	59	114
Third party	383	447	503
Accommodation occupiers	675	596	617
Other	609	1,248	1,544
Prepayments and accrued income	3,229	3,349	3,324
	<b>5,396</b>	6,149	6,624
<b>Amounts falling due after more than one year:</b>			
Prepayments and accrued income	17	28	37
	<b>17</b>	28	37
	<b>5,413</b>	6,177	6,661

The third party's receivable of **£383,000** (£447,000 in 2010/11) is held in respect of Deemed Planning Applications (see also Notes 1.11 and 8).

*Intra-government Balances*

	2011/12		2010/11 (restated)		2009/10 (restated)	
	Amts falling due within one year £'000	Amts falling due after more than one year £'000	Amts falling due within one year £'000	Amts falling due after more than one year £'000	Amts falling due within one year £'000	Amts falling due after more than one year £'000
Balances with other central government bodies	1,549	-	1,932	-	1,784	-
Balances with local authorities	2,021	-	2,059	-	2,121	-
Balances with public corporations and trading funds	1	-	-	-	-	-
<b>Intra-government balances</b>	<b>3,571</b>	-	3,991	-	3,905	-
Balances with bodies external to government	1,825	17	2,158	28	2,719	37
<b>Total receivables at 31 March</b>	<b>5,396</b>	<b>17</b>	6,149	28	6,624	37

*Bad Debt provision (see also Note 2)*

In 2011/12 an issue was highlighted questioning the way the Inspectorate accounted for costs awarded by the High Court, namely that the Inspectorate has always accounted for this income on a cash basis, with no recognition of the amount owing at any point or the amount that is due but written off due to non-receipt. A provision for bad debt has been created to account for money owed that is deemed to be irrecoverable.

## 14. Trade payables and other current liabilities

	2011/12	2010/11	2009/10
	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>			
Trade payables	484	238	482
Other payables:			
Third party	383	447	503
Other	293	1,534	1,728
Accruals and deferred income	2,459	3,721	2,017
<b>Total payables at 31 March</b>	<b>3,619</b>	<b>5,940</b>	<b>4,730</b>

The third party's payables of **£383,000** (£447,000 in 2010/11) is held in respect of Deemed Planning Applications (see also Notes 1.11 and 8).

*Intra-government Balances*

	2011/12	2010/11	2009/10
	Amts falling due within one year £'000	Amts falling due within one year £'000	Amts falling due within one year £'000
Balances with other central government bodies	481	220	333
Balances with local authorities	5	-	-
Balances with public corporations and trading funds	3	9	-
<b>Intra-government balances</b>	<b>489</b>	<b>229</b>	<b>333</b>
Balances with bodies external to government	3,130	5,711	4,397
<b>Total payables at 31 March</b>	<b>3,619</b>	<b>5,940</b>	<b>4,730</b>

## 15. Provisions for liabilities and charges (see also Note 1.1h)

	<b>Early departures</b>	<b>Adverse Costs</b>	<b>Ex-Gratia</b>	<b>HMRC Tax</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2010	418	223	238	-	879
Provided in the year	14	163	66	38	281
Provisions utilised in the year	(199)	(245)	(160)	-	(604)
Provisions not required written back/unwind discount	51	(29)	(56)	-	(34)
<b>Balance at 31 March 2011</b>	<b>284</b>	<b>112</b>	<b>88</b>	<b>38</b>	<b>522</b>
Balance at 1 April 2011	284	112	88	38	522
Provided in the year	-	<b>367</b>	<b>54</b>	-	<b>421</b>
Provisions utilised in the year	<b>(120)</b>	<b>(255)</b>	<b>(60)</b>	<b>(38)</b>	<b>(473)</b>
Provisions not required written back/unwind discount	17	<b>(56)</b>	<b>(28)</b>	-	<b>(67)</b>
<b>Balance at 31 March 2012</b>	<b>181</b>	<b>168</b>	<b>54</b>	<b>-</b>	<b>403</b>

*Analysis of expected timing of discounted flows*

	<b>Early departures</b>	<b>Adverse Costs</b>	<b>Ex-Gratia</b>	<b>HMRC Tax</b>	<b>Total 2011/12</b>	<b>Total 2010/11</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not later than one year	<b>91</b>	<b>168</b>	<b>54</b>	-	<b>313</b>	345
Later than one year and not later than five years	<b>90</b>	-	-	-	<b>90</b>	177
<b>Balance at 31 March 2012</b>	<b>181</b>	<b>168</b>	<b>54</b>	<b>-</b>	<b>403</b>	522

*Early departure costs (see also Note 1.1k)*

Prior to the introduction of the new Civil Service Compensation Scheme the Inspectorate met the additional costs of benefits beyond the normal CSPS benefits in respect of employees who retired early, by paying the required amounts annually to the CSPS over the period between early departure and normal retirement date. The Inspectorate provided for this in full when the early retirement programme became binding on the Inspectorate, by establishing a provision for the estimated payments, discounted by the Treasury discount rate of 2.8% in real terms. Under the new Civil Service Compensation Scheme compensation is paid and charged to the Statement of Comprehensive Net Expenditure either when staff leave the Inspectorate or where a binding commitment is made to leave in the subsequent year. No further payments are due and therefore no provision is created. For more details please refer to Note 4.1.

*Adverse costs*

During the year there have been a number of challenges in which the Inspectorate has either agreed to submit to judgement or has lost the cases in Court but has yet to be formally notified of the costs.

## 15. Provisions for liabilities and charges (continued)

### *Ex-gratia*

Ex-gratia payments are non-statutory payments, generally made as a result of an error made by the Inspectorate, including cases that follow from investigations by the Parliamentary Ombudsman into complaints about maladministration. In 2011/12 the Inspectorate decided to decline claims for ex gratia payments and refer claimants to the Parliamentary Ombudsman. A review by the Ombudsman has challenged this decision and instructed the Inspectorate to review cases turned away. As a result a number of payments have been made (see also Section 3, page 12).

### *HMRC tax liability*

In 2010/11 a review of subsidised nursery provision raised concerns regarding the compliance with HMRC rules on workplace nurseries. HMRC have confirmed that the Inspectorate's provision does not meet their criteria and a tax liability of £38k was settled in 2011/12.

### *Bad Debt (see also Note 2)*

In 2011/12 an issue was highlighted questioning the way PINS accounted for costs awarded by the High Court, namely that PINS has always accounted for this income on a cash basis, with no recognition of the amount owing at any point or the amount that is due but is written off due to non-receipt. A provision for bad debt has been created to account for money owed that is deemed to be irrecoverable.

## 16. Reserves

### *Revaluation reserve*

	2011/12	2010/11
	£'000	£'000
At 1 April	13	68
Revaluation of fixed assets during the year	(1)	(55)
<b>At 31 March</b>	<b>12</b>	<b>13</b>

## 17. Capital commitments

There were no capital commitments at year end in 2011/12 or 2010/11.

## 18. Commitments under leases

### *Operating leases*

Total future minimum lease payments under operating leases are disclosed in the table below based on the periods they fall due.

	2011/12	2010/11
	£'000	£'000
<b>Obligations under operating leases comprise:</b>		
<b>Buildings</b>		
Not later than 1 year	1,975	1,938
Later than 1 year but not later than 5 years	7,900	7,751
Later than 5 years	7,900	9,689
<b>Total buildings</b>	<b>17,775</b>	<b>19,378</b>
<b>Other</b>		
Not later than 1 year	27	61
Later than 1 year but not later than 5 years	-	29
<b>Total other</b>	<b>27</b>	<b>90</b>
<b>Total obligations under operating leases</b>	<b>17,802</b>	<b>19,468</b>

## 19. Other financial commitments

The Inspectorate has entered into non-cancellable maintenance contracts (which are not operating leases or PFI contracts) for building maintenance. The payments to which the Inspectorate is committed during 2011/12, analysed by the period during which the commitment expires, are as follows:

	2011/12	2010/11
	£'000	£'000
Later than 1 year and not later than 5 years	362	640

## 20. Contingent liabilities disclosed under IAS 37

Four types of contingent liabilities existed at 31 March 2012, which have not been provided for in the accounts. These were:

- (a) Ex-gratia payments which may possibly be made to appellants or other appeal parties who have incurred abortive appeal costs following an error made by the Inspectorate's members of staff. The timing and value of these payments are very difficult to predict but a best estimate of the contingent liability is £124,000 (£115,000 in 2010/11).
- (b) Litigation costs which may possibly be incurred following unsuccessful attempts to resist a High Court challenge to an Inspector's decision. The timing and value of such awards are difficult to predict. We have reviewed evidence from previous years on the number of cases which resulted in payment and applying this trend to the cases in the current year, estimated a contingent liability of £730,320 (£334,762 in 2010/11).
- (c) Expenses reclaimed by Non-Executive Directors have not been taxed at source and concern has been expressed regarding the compliance with HMRC rules on office holders. If it is found that this treatment is incorrect a liability for unpaid tax will exist. Until the review has been concluded the cost of the liability is unknown and cannot therefore be accounted for.
- (d) Potential liability for repayment of previously reclaimed VAT in respect of maintenance charges for leased buildings. Previous advice had indicated that VAT was reclaimable against leased buildings and recovered accordingly. However, HMRC have recently indicated that this may not be the case and are to confirm the position plus the amount and timing of any liability due.

## 21. Losses and special payments

Expenditure on Losses and Special Payments, as defined in Chapter 4 and Annexes 4.10 to 4.13 of Managing Public Money, is reported to HM Treasury through the parent Department. The number and value of cases in each category were as follows:

	2011/12		2010/11	
	Number of cases	£'000	Number of cases	£'000
<b>Losses Statement</b>	19	1	50	5
<b>Special Payments</b>	50	177	30	219

Losses include hotel cancellation charges.

Special payments include: ex-gratia payments, of which we have paid 6 cases in excess of £10,000 the largest being for £54,294. Damage to hire cars: of 14 cases, all were under £1,000, the largest being £478.

## 22. Related-party transactions

The DCLG is the controlling related party and the ultimate controlling party.

The Welsh Government is regarded as a related party, with whom the Inspectorate has had a significant number of material transactions during the year.

In addition, the Inspectorate has had a significant number of material transactions with other Government bodies.

	2011/12		2010/11 (restated)	
	Sales £'000	Receivables £'000	Sales £'000	Receivables £'000
DCLG	-	63	128	53
Welsh Government	2,244	136	2,525	602
IPC	-	154	-	87
DEFRA	1,050	429	948	478
DfT	96	16	11	124
HM Treasury Solicitor	212	124	428	247
Highways Agency	60	353	62	260
DECC	149	143	17	12
HM Treasury	-	130	-	58
Other	1	1	20	11
<b>Total</b>	<b>3,812</b>	<b>1,549</b>	<b>4,139</b>	<b>1,932</b>

Prior year restated to include Accrued Income with receivables as this provides more relevant information.

	2011/12		2010/11	
	Purchases £'000	Payables £'000	Purchases £'000	Payables £'000
Welsh Government	-	196	-	60
HM Treasury Solicitor	1,080	166	1,154	130
Other	110	119	38	30
<b>Total</b>	<b>1,190</b>	<b>481</b>	<b>1,192</b>	<b>220</b>

None of the Board Members, key managerial staff or other related parties has undertaken any material transactions with the Inspectorate during the year.

None of the Board Members has material interests in any company with which the Inspectorate has transacted during the year.

During the year Sir Michael Pitt was Chairman of the Infrastructure Planning Commission, as well as Chief Executive of the Inspectorate. The Inspectorate undertook a number of transactions with the IPC.

## 23. Deemed Planning Applications

The vast majority of appeals against an enforcement notice include a Deemed Planning Application fee where planning permission is to be considered. The appellant is required to pay a fee for consideration of this application which is double the normal planning application fee. If the appeal succeeds on legal grounds, or in certain other circumstances, the fee is refunded. Receipts and refunds relating to Deemed Planning Applications are posted to a suspense account, the balance of which at year end represents cases which have not been determined. Since 1 April 2002 the balance held has been introduced into the Statement of Financial Position of the Inspectorate as both a receivable and a payable (see Notes 13 and 14).

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Opening balance as at 1 April	447	503
Receipts	426	479
Refunds	(102)	(160)
Surrendered to the Consolidated Fund as extra receipts	(388)	(375)
<b>Closing balance as at 31 March</b>	<b>383</b>	<b>447</b>

## 24. Events after the Reporting Period

As a consequence of the Localism Act 2011, the IPC was abolished on 1 April 2012. At this date, the functions, property, rights and liabilities of the IPC were transferred in full to the Secretary of State for DCLG and from that date are the responsibility of the Department's Executive Agency, the Planning Inspectorate. The functions previously provided by the IPC will continue to be provided, with the assets and liabilities of the IPC transferring to the Inspectorate in line with Machinery of Government procedures.

The Inspectorate's financial statements are laid before the Houses of Parliament by the Secretary of State of DCLG. IAS 10 requires the Inspectorate to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by the Inspectorate's management to the Secretary of State of DCLG.

The authorisation date for issue is 15 June 2012.

# Annex A

## Performance against key indicators 2011/12

### England

<b>Timeliness</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
To determine 80% of householder appeals within 8 weeks of the Start date	95%	93%	91%
To issue the decision/report on planning casework with a bespoke timetable, in accordance with that timetable in all cases (100%)	100%	100%	100%
To issue the decision/report on 80% of remaining planning appeals within 26 weeks of the Start date	89%	80%	94%
<b>Development plans</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
To issue Inspector's reports (for fact check) on examinations into development plan documents in accordance with the timescales set out in the detailed Service Level Agreements (100%)	100%	100%	100%
<b>Customer satisfaction</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
To ensure that 80% of LPAs surveyed are satisfied or very satisfied with the appeal process			83.7%
To ensure that 80% of all parties are satisfied or very satisfied with the management of hearings and inquiries			96.5%

### Wales

<b>Timeliness</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
To determine 80% of all planning appeals decided by written representations in 16 weeks	97%	96%	98%
To determine 80% of all planning appeals decided by hearings in 22 weeks	95%	96%	93%
To determine 80% of all planning appeals decided by inquiries in 30 weeks	89%	95%	88%
To determine 80% of all enforcement appeals decided by written representations in 32 weeks	100%		
To determine 80% of all enforcement appeals decided by written representations in 30 weeks		100%	100%
To determine 80% of all enforcement appeals decided by hearings and inquiries in 43 weeks	97%		
To determine 80% of all enforcement appeals decided by hearings and inquiries in 41 weeks		88%	94%
To meet the individual timetable set for called in applications and recovered appeals for delivery of the report to the Welsh Government (100% - in 7 weeks for up to 8 inquiry sitting days; agreed timetable for larger cases)	100%	100%	75%
<b>Development plans</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
To issue 90% of Inspectors' reports (for fact check) on examinations into development plan documents in accordance with the 12 month timescale set out in the Service Level Agreements	100%	100%	100%

### England jointly with Wales

<b>Quality</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
To ensure that the quality of Inspectors' work is being maintained at a high standard, with 99% of Inspectors' decisions free from justified complaint	98.7%	99.2%	99.6%
To ensure that the quality of the Planning Inspectorate's administrative procedures is being maintained at a high standard with 90% of casework free from justified complaint	99.7%	99.7%	99.7%

# Annex B

## Customer services and contact points

### **The Planning Inspectorate Customer Services (England)**

The Planning Inspectorate  
Customer Services  
Room 3/13a Kite Wing, Temple Quay House  
2 The Square  
Temple Quay  
Bristol BS1 6PN

Tel: 0303 444 5000  
Email: [enquiries@pins.gsi.gov.uk](mailto:enquiries@pins.gsi.gov.uk)

### **The Planning Inspectorate General Inquiries (Wales)**

The Planning Inspectorate  
Crown Buildings  
Cathays Park  
Cardiff  
CF10 3NQ

Tel: 029 2082 3866  
Email: [wales@pins.gsi.gov.uk](mailto:wales@pins.gsi.gov.uk)

### **The Planning Inspectorate Press Enquiries**

The Planning Inspectorate  
Press Office  
Room 4/10 Eagle Wing, Temple Quay House  
2 The Square  
Temple Quay  
Bristol BS1 6PN

Tel: 0303 444 5004 / 0303 444 5005  
Email: [pressoffice@pins.gsi.gov.uk](mailto:pressoffice@pins.gsi.gov.uk)

Corporate site: [www.communities.gov.uk/planninginspectorate](http://www.communities.gov.uk/planninginspectorate)

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Department for Communities & Local Government	<a href="http://www.communities.gov.uk">www.communities.gov.uk</a>
Welsh Government	<a href="http://www.wales.gov.uk">www.wales.gov.uk</a>
Parliamentary Ombudsman	<a href="http://www.ombudsman.org.uk">www.ombudsman.org.uk</a>
Local Government Ombudsman	<a href="http://www.lgo.org.uk">www.lgo.org.uk</a>
Local Government Ombudsman (Wales)	<a href="http://www.ombudsman-wales.org.uk">www.ombudsman-wales.org.uk</a>
The Stationery Office	<a href="http://www.tso.co.uk">www.tso.co.uk</a>
The Standards Board for England	<a href="http://www.standardsboard.gov.uk">www.standardsboard.gov.uk</a>







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