National Infrastructure:
A planning system fit for the 21st century

Infrastructure Planning Commission end of period report

October 2009 - March 2010

The Infrastructure Planning Commission (IPC)

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Chair's Foreword

This report covers the six month period from the creation of the Infrastructure Planning Commission (the Commission) on 1 October 2009, until 31 March 2010. It has been a period of intensive activity during which the Commission has built up its numbers, business systems, and expertise. By March 2010 the new organisation was ready for business.

Our overriding aim is to make the right recommendations and decisions in relation to national infrastructure, acting in the public interest and in accordance with government policy. A 21st century organisation has been established; modern, flexible, commercially aware and strongly focused on the outside world. Commissioners, staff and a strong Board of Directors have been appointed, and the systems needed to handle vast amounts of data are in place.

The new regime requires intensive community involvement and is very different to the systems it replaced. The Commission has been fully engaged in outreach work; issuing environmental scoping opinions and advising applicants, local authorities, consultees and objectors about the process and how to engage effectively. The feedback from organisations involved in the new planning process has been almost entirely positive. They welcome the introduction of a properly managed system, the single consent regime, the crisper and faster timetable, our policy of complete openness and the way in which the Commission has been going about its business.

We have learned a great deal over the last six months and there is an opportunity to improve further the organisational, policy and legislative frameworks within which the IPC operates, including:

- The importance of introducing clear and agreed national policy frameworks covering each of the sectors such as energy, transport and waste
- Reviewing the criteria which define when a proposal is of national, rather than local, significance
- Simplifying procedures and giving greater freedom for the IPC to vary the

size of its workforce in rapid response to changes in workload
- Improving the quality and value for money of shared back office services provided by central government and its contractors

Looking forward, further change is on the way. The new government confirmed on 29 June in a statement to Parliament that it will 'reintroduce democratic accountability' to the planning process for nationally significant infrastructure. This includes Parliament ratifying National Policy Statements and the Secretary of State making the final decision on each project. The IPC will be abolished and a Major Infrastructure Planning Unit will be established as part of the Planning Inspectorate, an existing CLG agency, retaining the strengths of the streamlined processes.

There is a range of possible business models and governance arrangements for the new combined organisation and a radical approach may well offer the best overall solution. Care will certainly be needed to avoid disruption to ongoing development consent applications.

The Commission and its Board of Directors stand ready to adapt and change accordingly. We regard these developments as a great opportunity to reduce costs and to improve effectiveness across the planning system as a whole.

Sir Michael Pitt
Chair
20 July 2010

1.0 Introduction and Summary

The Infrastructure Planning Commission (IPC) is the independent public body set up under the Planning Act 2008, to make decisions on proposals for nationally significant infrastructure projects in England and Wales and for cross-border pipelines only in Scotland. The establishment of the IPC was led by the Department for Communities and Local Government as one element of the reform of the planning process for infrastructure of national significance. Reform aims to encourage investment and the development of better projects to deliver the key infrastructure needed for sustainable economic growth in a transparent, accountable and efficient manner[1].

The IPC came in to legal existence on 1 October 2009 from when it was able to give advice to potential applicants, local authorities, statutory consultees and other interested parties. Extensive briefing work was undertaken with industry and professional bodies, non-governmental organisations, local authorities and members of parliament. During our start-up and pre-application phase, our advice and guidance notes were issued to hundreds of interested parties, 270 specific requests for advice were received and full details were published on our website. Three scoping opinions were issued to developers and published. A total of 28 major infrastructure projects were active on our systems at 31 March 2010.

From 1 March 2010, the IPC was able to receive formally applications as well as continue to give advice and guidance. We undertook local outreach events with communities where potential schemes may be located to raise awareness, explain the examination process and responded to developers consultation processes to offer advice on improving early engagement. A national launch event was held in Cardiff on 9 March 2010 and our Welsh language scheme was adopted on 17 March 2010 to assist in responding to the specific requirements of working in Wales.

Our five commitments: openness, engagement, sustainability, independence and consensus, were established to underpin our operation as an independent, impartial and inclusive organisation. Our information systems have been established to allow efficient handling of potentially very large quantities of data for major projects whilst permitting extensive online information to be easily accessible to the public.

By the 31 March 2010 the IPC consisted of 26 Commissioners and 40 staff on a variety of part-time, full-time and call-off contracts. A board had been established including two non-executive directors with govenance oversight of the organisation in accordance with best practice[2].

The IPC received £3.7 million grant-in-aid in 2009/10 and utilises shared service with

1 IPC Implementation Programme, Benefits Realisation Plan, CLG

2 Corporate governance in central government departments: Code of good practice

Communities and Local Government for information and support services. It has a contract for internal audit with Moore Stephens and is externally audited by the National Audit Office. It is required to report annually to the Select Committee for Communities and Local Government and has also appeared before the Select Committees for Energy and Climate Change and for Transport as part of the National Policy Statements consultation process.

2.0 Delivering the benefits of planning reform

Prior to the Planning Act 2008, developers of major infrastructure had to apply for consents typically directed from the relevant Government Department under as many as eight separate yet overlapping regimes for a single project. Consideration of individual applications could take many months or years including lengthy debate about the national need for infrastructure. Many individuals, communities and other stakeholders found it difficult and costly to make their voices heard during long and complex public inquiries. Local Authorities previously had little formal assessment role in the process.

The Planning Act 2008 created a more efficient, transparent and accessible system for handling nationally significant infrastructure projects including:

- National Policy Statements (NPSs) – which set out Government policy for specific infrastructure and provide clarity on the need for such schemes
- A single consenting regime - allowing developers to submit a single application to a new body, the Infrastructure Planning Commission (IPC), instead of several different applications to a number of consenting bodies
- A new duty – placing the onus upon developers to achieve stronger community engagement ahead of submitting an application
- The IPC to make decisions (or recommendations to the Secretary of State if the relevant NPS has not been adopted) on nationally significant infrastructure proposals in a time-limited, inquisitorial process.

The reformed process is intended to deliver a range of benefits, including:

- A stronger duty upon developers to ensure early and meaningful community engagement before an application is made
- A fairer system, with improved opportunities for people to be involved
- A more streamlined process – reducing the time taken to make a decision to under a year on average
- An estimated £300 million[3] in savings to the UK economy each year
- Greater certainty for investors and communities through the framework of National Policy Statements
- Examination led by Commissioners through written submissions and at oral hearings, rather than the costly and adversarial public inquiries of the past.

The new process will achieve faster and fairer decisions. This is vital to our economic, environmental and social well-being, including meeting the challenge of climate change, strengthening the voice of communities and creating the conditions for competitiveness and future economic success.

3 Planning Act 2008 Regulatory Impact Assessment

Implementation of planning reform is already building the confidence of business to invest in major infrastructure in the UK. A Deloitte survey of utility companies recently showed that the proportion of companies who viewed planning as being a barrier to developing new generation capacity and infrastructure had dropped to just 3 percent,and 58 percent[4] of delegates believed that the IPC would deliver the streamlined planning environment necessary for major projects.

However, this faster system is not being implemented at the expense of fairness.

The IPC is already delivering improved opportunities for local communities and councils to be involved in shaping proposals from the outset. Moving away from the divisive approaches of the past, we are bringing parties together to identify and discuss the issues, and to build consensus, wherever possible, at the pre- application stage.

The Government announced in June 2010 that it intends to make further changes to the system through primary legislation during this session of Parliament. These changes will retain the main aspects of the single consent process whilst making the Secretary of State the final decision maker. All NPSs will be subject to a full vote in both Houses of Parliament. The IPC will be abolished and a Major Infrastructure Planning Unit will be established as part of a restructured Planning Inspectorate. In the interim the IPC will continue to handle all applications and make recommendations or decisions under the Planning Act 2008.

2.1 The pivotal role of local authorities

Prior to the Planning Act 2008 all significant major infrastructure projects were called in by the Secretary of State for determination or dealt with through a range of project specific legal routes (such as transmission lines, ports etc). Local Authorities did not make these major decisions and their representation role was limited.

Under the Planning Act 2008 local authorities play a pivotal role as community leaders and place shapers with formal rights of representation:

- Developers must consult local authorities, as well as other bodies and the local community, before they submit an application to the IPC.
- Developers must consult the local authority on their proposals for engaging the local community.
- Commissioners must take account of the views of the local authority and others on the adequacy of the developer's publicity and consultation in deciding whether an application can be accepted for examination.
- The local authority may submit a Local Impact Report (LIR) to the IPC, describing the likely effects of the proposed development on the local authority's area.
- Commissioners must have regard to the LIR in deciding an application, and may reject the application, even if it is in accordance with a relevant National Policy Statement, if the adverse impacts outweigh the benefits.

4 Deloitte: 'Tackling the Trilemma: balancing cost, climate change and dependable supplies'

2.2 Greater Public Engagement

Under the Planning Act 2008 developers must carry out extensive public consultation before they make an application to the IPC. The new process is designed to ensure that applications are prepared to a high standard – developers must demonstrate not only that they have consulted, but that they have listened and responded to what has been said. The IPC will not accept an application if it considers that the developer's consultation has been inadequate.

If an application is accepted for examination by the IPC, the applicant must publicise this, and the public will have a further opportunity to express their views by making written representations to the IPC.

The IPC publishes all representations and allows interested parties the opportunity to comment on them during the assessment stage. All evidence will be examined by the appointed Commissioner(s) using an inquisitorial approach and they will decide which issues need to be examined through oral hearing and whether to allow cross-examination. This process will provide all parties with a fair chance to make their views known and having thoroughly assessed all the evidence the Commissioners will issue a written report on their decision or recommendation.

2.3 Doing business in Wales

There are significant differences in the operation of the Planning Act 2008 in Wales as a reflection of the devolved settlement. In Wales, the IPC will examine applications only for energy and harbour development subject to detailed provisions in the Act; whilst other matters are for Welsh Ministers. The IPC has no powers to consent associated development in Wales and certain consents cannot be included in the Development Consent Order without the agreement of the relevant Welsh authority.

To recognise the different legal powers, the separate decision making process of particular aspects and Welsh language requirements we have been working closely with the Welsh Assembly Government, applicants, local authorities and public bodies across Wales. We published our Welsh Language Scheme for consultation early in 2010, and adopted the scheme on 17 March 2010. We also recruited Welsh-speaking Commissioners and case officers to help us to meet our commitments to the Welsh speaking public under our scheme.

Our national launch event in Wales was held in Cardiff on 9 March 2010.

Following this, we have continued our work with the Assembly Government to develop a Memorandum of Understanding (MoU), laying out the way in which we will work together to implement the new planning process. The MoU will be finalised later in 2010.

John Saunders, OBE, Chief Executive.

3.0 Management Commentary

3.1 What we do

The Infrastructure Planning Commission (IPC) was established on 1 October 2009 from when we were able to give advice to potential applicants, stakeholders and other interested parties. From 1 March 2010, we were able to begin receiving infrastructure applications from the energy and transport sectors.

Part 3 of the Planning Act 2008 sets out projects which the IPC will consider. In England, we consider major energy, transport, hazardous waste, water supply and waste water projects of national significance, and in Wales, major energy and harbour developments. In Scotland we only consider cross-border pipelines which cross from Scotland into England. We are accountable to Parliament and to the courts and our decisions are subject to judicial review. Our work will have a huge impact on the quality of life of people and the economic and environmental future of the UK.

The IPC's performance is monitored by our sponsor department, Communities and Local Government (CLG). We are funded partly through CLG grant-in-aid, and partly through income generated from fees payable by applicants. Full details of the applicable fees are available to view at: **www.independent.gov.uk/infrastructure**

3.2 How we are governed

The IPC comprises two functions: the Commission, which makes the decisions, and the Secretariat, which provides professional and administrative support. The organisation is governed by the Chair and the IPC Board.

3.2.1 The Commission

Sir Michael Pitt is Chair of the Commission and is supported by two Deputy Chairs, Dr Pauleen Lane and Robert Upton. Other Commissioners are appointed by the Secretary of State, on a full-time, part-time or call-off contract basis. Commissioners are appointed for their professional judgement and their expertise in a range of areas. Their role is to conduct examinations and determine applications for development consent for nationally significant infrastructure proposals.

By 31 March 2010, 26 Commissioners had been appointed to the IPC on a variety of part-time, full-time and call-off contracts and additional appointments were being progressed by the Department for Communities and Local Government.

The responsibility of Commissioners is to make recommendations to the Secretary of State unless the relevant National Policy Statement has been formally designated, in which case the Commissioners make the final decision on the application. No National Policy Statements have yet been designated.

3.2.2 The Secretariat

Professional, management and administrative support for Commissioners is provided by Secretariat staff, led by a Chief Executive and Accounting Officer. From 1 October 2009, the Chief Executive was Kevin Williamson (on secondment from Communities and Local Government). From 1 January 2010, the Chief Executive was John Saunders. He is supported by Executive Directors, who are responsible for operations, corporate and legal services. The IPC is developing an expert, professional and flexible workforce that is able to respond to a variable caseload.

3.2.3 The Board

The IPC Board was formed to provide oversight and challenge to the organisation in accordance with good governance practice of non-departmental public bodies. During the period of this report it comprised:

- Sir Michael Pitt, Chair (since 1 October 2009)
- Robert Upton CBE, Deputy Chair (since 9 October 2009)
- Dr. Pauleen Lane CBE, Deputy Chair (since 9 October 2009)
- John Saunders OBE, Chief Executive (since 1 January 2010)*
- Ian Gambles, Director of Operations (since 15 March 2010, and previously Director of Strategy since 1 October 2009)**
- Anne Moore, Director of Finance and Corporate Services (since 1 October 2009)
- Douglas Evans, Director of Legal Services (since 1 October 2009)
- Sheila Drew Smith OBE, Non Executive Director (since 1 March 2010)
- David Clements, Non Executive Director (since 1 March 2010).

Other Board Members during the accounting period were:

- * Kevin Williamson, who was Interim Chief Executive from 1 October 2009 until 31 December 2009. He was replaced by John Saunders who took up the permanent role of Chief Executive in January 2010.

- **Jonathan Bore, who was Director of Case Management from 1 October 2009 until 18 March 2010. Following his departure, the role of Director of Casework was merged with that of Director of Strategy, to become Director of Operations, and the new role was taken up by Ian Gambles.
- Commissioners Jan Bessell, Paul Hudson and Glyn Roberts served as Board Members from 1 October 2009 to 28 February 2010 when the Non-Executive Directors were appointed.

The biographies and a register of the interests of all current Board Members, together with all IPC Commissioners, can be viewed at our website:
www.independent.gov.uk/infrastructure

3.3 How we work

The IPC aspires to be independent, impartial and inclusive. We have also made five public commitments.

1 Openness

We do not hold confidential conversations. All our communications with others are summarised and published on our website. We are open and transparent at every stage of the process.

2 Engagement

Effective, early and ongoing public engagement is one of the key benefits of the Planning Act 2008. Local authorities and local communities play a pivotal role in the new process, and the Commission will reject an application if the consultation undertaken by the applicant has been inadequate.

3 Sustainability

Climate change, carbon emissions, and environmental impacts are fundamental considerations for Commissioners in every case.

4 Independent decisions

The IPC is not a rubber stamp. Commissioners must make their decisions within the framework of National Policy Statements and they will reject an application if they decide that adverse impacts outweigh the national benefit.

5 Consensus

The IPC is moving away from the confrontational win-lose approach of the past. We are encouraging all parties to build consensus on proposals for nationally significant infrastructure through early and meaningful engagement.

3.4 What we delivered

Six Critical Success Factors were agreed between the IPC and its Communities and Local Government departmental sponsor in 2009. These are:

1. Compliance with legal duties
2. Timely decision making
3. Quality
4. Legitimacy
5. Fitness for purpose
6. Value for money.

Critical Success Factor 1: Compliance with Legal Duties

The IPC will comply with all its statutory duties including those set out in the Planning Act 2008.

We are on track to realise the benefits of planning reform ascribed to us under the Benefits Realisation Programme.

The IPC's legal duties are prescribed in the Planning Act 2008 and other regulations which apply to its work. We opened for business, on time and within budget, on 1 October 2009, in advice-giving mode. In our first six months of operations, we responded to 270 individual enquiries from a wide range of sectors. Each week, we published a public record of the advice provided in accordance with Section 51 of the Planning Act, at our website: www.independent.gov.uk/infrastructure

We produced scoping opinions for three project proposals in 2009 as follows: a waste combustion plant at Rookery South, Bedfordshire (in November 2009); a nuclear power station at Wylfa in Wales (December 2009); and a nuclear power station at Oldbury in Gloucestershire (December 2009).

Early in 2010, after consultation with CLG we decided to widen the pool of consultees and subsequently published enhanced opinions in March, April and May 2010 respectively.

In 2009, we published on our website, and have continued to update technical guidance papers on the pre application stages of the new process and the preparation of application documents. The advice and guidance section of our website also features our suite of advice notes, providing clarity on the process, and signposting to CLG guidance.

We have established an electronic case management system and have been developing our website through the Planning Portal to support efficient handling of data and facilitate public access.

The new legislation is now being tested in practice as we implement the process for the first time. In several areas, this has thrown up challenges which the IPC has highlighted to government, together with suggestions for addressing the issues.

Critical Success Factor 2: Timely decision making

The IPC will make timely recommendations and decisions, as specified in legislation. Where it is not possible to arrive at a recommendation or decision within the *statutory timetable, the IPC will inform the Secretary of State well in advance.*

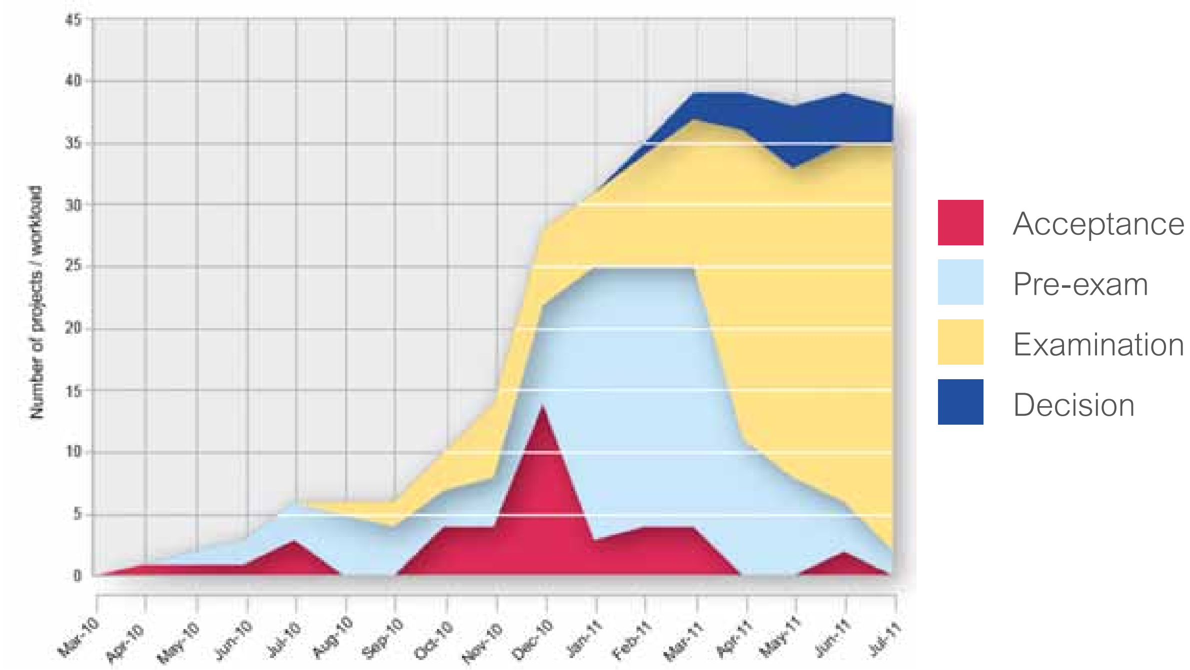
The IPC will process all applications in as expeditious manner as possible, so that smaller or less contentious cases are not subject to any unnecessary delay.

The IPC has been preparing to start receiving applications, ensuring that our own processes are robust. We encouraged public participation in the Energy and Ports National Policy Statement (NPS) consultations, commented on the fitness-for-purpose of the NPSs, and gave oral evidence to the Energy and Climate Change and the Transport Select Committees early in 2010.

With support from a range of organisations, we mapped our case management process to a fine level of detail, developed our case management system and conducted end-to-end testing of the new process. We received the formal approval to start receiving applications on 1 March 2010, following an Office of Government Commerce Gateway Review, a process of extensive peer review, which confirmed our readiness for business.

By the end of the reporting period, the IPC's rapidly expanding work programme included 28 proposals which were expected to come through as applications in the coming months. These included eight proposals for Wales, two offshore proposals and eighteen proposals for England. (*See map 1. IPC Programme of Projects as of 31 March 2010*). Based on our experience to date our systems have been designed to accommodate consideration of around 40 applications at any one time, with as many or more in the pre application stage.

The IPC introduced an online Programme of Projects so that the public are aware of new proposals for their area, as soon as we are, also creating a snapshot nationally, of the infrastructure development planned in England and Wales. This enables both local and national stakeholders to plan their engagement. The Programme of Projects has also served us well as a dynamic, real-time forward-planning tool, being



continuously updated it as developers have informed us of changes to their plans.

Our Programme is also providing us with an early indication that the new process is delivering on stronger community engagement. We have consistently stated that applications will not be accepted for examination if we consider that the quality of consultation has been inadequate at pre-application stage. Over the past few months, developers have been building their own understanding of the stronger duty placed upon them. In some cases, this has contributed to the developer deciding to set back their submission date to consult further and consider responses to the consultation in the detail of their application.

Critical Success Factor 3: Quality

The IPC will secure a significant improvement in consultation with interested parties and the quality of applications for development consent. The advice which the IPC gives to developers, local authorities and other interested parties will be prompt, accurate and helpful, and its decisions will be robust, clearly reasoned and presented.

The IPC is determined to ensure that stronger community engagement is achieved so that the views of those affected are used to shape and enhance project proposals.

We have developed our website significantly since 1 October 2009, to create a comprehensive projects area. Our online Programme of Projects gives key details about each proposal we have been notified about, so that all parties can obtain further information from the developer and details of the consultations they are planning.

Through a range of interactive sessions we have provided training on IPC processes and procedures to many of the organisations we work with and hosted a range of seminars at our headquarters. These have provided valuable insights into a range of perspectives on sustainability and environmental issues and created valuable opportunities to share best practice.

We have developed accessible and easy to use application forms to assist applicants, with the help of many organisations with whom we work. We have advised applicants about the level of information they need to submit in order to ensure it is provided in a consistent format. The forms also link to relevant guidance, providing developers with certainty about how to structure and present their application data.

We have produced 5 advice and 2 guidance notes, which are also available on the website, and leaflets for distribution in areas potentially affected by projects to inform people of their rights to be consulted and how to engage in the process. We have worked with the Local Government Association and individual local authorities to ensure that they are aware of the new process and can effectively contribute to it in response to consultation proposals and in readiness for Local Impact Reports.

All our advice responses are made available on our website under our policy on openness so that all parties can see what we have said on all projects. We have also begun to develop a number of Memoranda of Understanding with bodies such as the Marine Management Organisation with whom we interface closely to make efficient use of public resources and to ensure that developers and other interested parties are treated consistently.

The advice notes published to date include:

- Advice Note 1: Local impact reports (published March 2010)
- Advice Note 2: Working together on nationally significant infrastructure projects (published April 2010)
- Advice Note 3: Scoping Opinion Consultation (published April 2010)
- Advice Note 4: Section 52 – Obtaining information about interests in land (Planning Act 2008) – (published May 2010)
- Advice Note 5: Section 53 - Rights of entry (Planning Act 2008) – (published May 2010).

Critical Success Factor 4: Legitimacy

The IPC will earn and sustain the respect of its stakeholders and the wider public for the independence and quality of its examination of, and decision making on, applications for development consent. It will be known for its transparency and fairness.

The IPC's creation was marked by a national launch event in London on 22 October, attracting over 100 stakeholders to detailed discussion about the operation of the Act and the best ways of working.

Between October 2009 and March 2010, we spoke to over 50 applicants, held over 200 meetings with organisations and made presentations at over 40 large events to explain the new processes.

On 1 October 2009, we launched our website, **www.independent.gov.uk/infrastructure** Since then, we have continued to develop the site to become a leading resource for all involved in the new nationally significant infrastructure consenting process. The number of visitors has grown from 6,352 in October 2009, to 42,165 by March 2010 of which 25,413 are unique visitors.

On 1 March 2010 we launched a new stakeholder e-newsletter which encourages interested parties to visit our website. The first issue was sent to a subscriber base of 885. By the time of publication of the second issue on 31 March 2010, the number of subscribers had increased to 1,225, the start of an upward trend which has continued.

In February 2010, we launched the IPC outreach programme to ensure that all parties affected by a proposal - including local interest and residents' groups, the local authority, statutory consultees and the applicant - meet with the IPC and one another at an early stage, to discuss the new process and begin a dialogue over the proposal.

Our programme includes an 'inception meeting', which is held as soon as possible after a project is notified to the IPC between the applicant and local authorities, and wider 'stakeholder meetings', which involve all the key interested parties in a project. These meetings are followed up, once an application is later submitted to the IPC, by a local public information campaign to ensure that the public know how to have their say on the proposal.

More than 30 organisations participated in our outreach programme during the reporting period. Planning Aid attended our first full stakeholder outreach meeting in March 2010 and provided us with invaluable feedback on this approach. We recognise the tremendous wealth of experience that Planning Aid opens up to the IPC, in particular their expertise in engaging with harder to reach communities.

We are implementing our outreach programme flexibly, responding to the different circumstances of each particular case, and will continue to refine and improve this element of our service over time.

Stakeholder comments

"Although it is still early days and we have yet to see a planning application pass through the new system, our initial impression is that the IPC is taking the new emphasis on pre-application consultation seriously. This is welcome. We do not want to see unnecessary delays to applications, but we are pleased that the IPC is requiring applicants to consult rigorously with local communities in developing their proposals. The live list of projects and the advice register available on the website are also important in building confidence in the IPC's deliberations."

Shaun Spiers, CPRE

"The most competitive nations of the world have recognised that investment in infrastructure is of critical importance to competitiveness and economic prosperity. In the current environment of economic uncertainty and public spending constraints, the UK's energy, digital, and transport networks must be up to the job, if business is to deliver growth and create employment."

David Frost, British Chambers of Commerce

"Environmental professionals have long recognised that the best way to generate an efficient and robust Environmental Statement is to take effective action, during the early stages of an EIA, to properly scope the assessment. This view is backed by the Government's own research and it is greatly encouraging to see that the IPC has quickly recognised the value and efficiency that can be added to the application and examination process from the production of high quality Scoping Opinions. We hope that such attention to quality standards, especially those that act to further reduce delays, will be retained whatever the future holds for the IPC."

Martin Baxter, Executive Director of Policy, IEMA

"Planning Aid England strongly believes in the value of good pre-application consultation. The major infrastructure sector has this year been asked to show a commitment to engaging communities in their plans and we thank the IPC for playing its part in raising awareness of the importance of early consultation."

Ben Lee, Planning Aid England

"The IPC has got down to business swiftly and has given investors confidence that a more streamlined, coherent approach to major infrastructure planning is now in place."

Matthew Farrow, Confederation of British Industry

"The Infrastructure Planning Commission can be proud of the success it has had in educating stakeholders in prospective projects and the wider public about its role and how the new regime works for authorising nationally significant infrastructure projects."

Angus Walker, Bircham Dyson Bell

Critical Success Factor 5: Fitness for Purpose

From its first day of operation, the IPC will be an effective organisation, able to meet all operational demands.

We have adopted best practice in relation to our governance with a Board including two Non-executive Directors, an Audit and Risk Committee and a Remuneration Committee. We have established an appropriate range of policies on working arrangement including a formal scheme of delegation. There is regular reporting to the Board on operations, finance and governance matters. Full details of Board meetings are available on our website.

We also published and updated our conflict of interests and codes of conduct policies to ensure transparency around the interests of Commissioners and our senior management team - these are available at our website. Our publication scheme and Freedom of Information policy were also added to our website detailing the information we routinely publish and how we will respond to requests for additional information.

We have created a modern, forward thinking organisation with a workforce which aims to operate flexibly and efficiently. Our workforce is professionally skilled, willing and able to respond to peaks in caseload demand. We have developed a robust performance management framework; designing and delivering a comprehensive induction programme, and putting in place the full range of HR policies, to provide for flexible working and competency-based recruitment and selection, and to safeguard health and safety. We have a specialist team of Environmental Advisors and environmental, social and economic considerations are incorporated in both our day to day operations and our decision making

We provide our services to some of the most technologically sophisticated and highly resourced global companies. Equally, we serve a wide range of communities and other interested parties, who will often have far more limited resources. We are also empathetic to the needs of our diverse stakeholders and we tailor our working methods to ensure that all interested parties are effectively served. Much of the vital grass roots level work with communities is being delivered by organisations like Planning Aid. However, a challenge remains for us to provide an excellent service to everyone who needs it, in a way that meets their specific needs.

Twenty six Commissioners, including our Chair, were recruited by the end of the reporting period, including sixteen Commissioners who will work on call up contracts, as they are required. To support their induction to our organisation, a bespoke programme of technical and legal training was designed and delivered. We will undertake a formal appraisal process of Commissioners and appoint Commissioners to applications as appropriate based on a review of their skills and Register of Interests.

Critical Success Factor 6: Value for money

The IPC will operate to the highest standards of economy, efficiency and effectiveness. It will account appropriately for its expenditure to Ministers and to Parliament, and give good value for money both to the taxpayer and to those who pay a fee for its services.

When set up the IPC was a key part of the major reforms to the planning system for nationally significant infrastructure introduced by the Planning Act 2008. Those reforms are set to deliver a range of benefits, including an estimated £300m in savings to the UK economy each year.

The IPC is strongly committed to delivering value for money and achieving economies of scale. We use the government's existing procurement frameworks wherever they exist, ensuring that the services we purchase are from suppliers who have already undergone rigorous value for money and quality testing. We utilise shared support services with Communities and Local Government and have contracted out our Internal Audit function using the Office of Government Commerce contract process.

Throughout the reporting period, we have continued to develop our workload intelligence with developers, to forecast the potential workload and match our resource levels to this accordingly. To ensure efficiency and value for money, we have recruited at a slower rate than envisaged in the original plans, to take account of the fact that developers are taking time to meet their new and more extensive pre-application obligations before submitting their applications to the IPC.

A Quality Assurance Manager was appointed and after exploring several approaches to quality assurance, we decided to adopt a continuous improvement approach. Internally this will focus upon our processes and culture. However, we will also be looking to learn a great deal from other similar organisations, and use their experiences to inform our quality management approach.

Some of these shared service arrangements themselves, notably in ICT provision, did not deliver satisfactory value for money during the reporting period, and we are working with CLG and reviewing all our options in order to achieve better results in 2010-11 and beyond.

3.5 Key Performance Indicators

Our key performance indicators, as highlighted in our Interim Corporate Plan: October 2009 to March 2011, are as follows:

1. All applications validated within 28 days.
2. All valid applications examined within six months from the date of procedural decision.
3. Following completion of the examination phase, all decisions - or recommendations where no NPS is in place - made within three months.
4. All Environmental Impact Assessment (EIA) screening decisions made within 21 days of a valid request.
5. All EIA Scoping Opinions made within 42 days of a valid request.

As the IPC had not received its first application by 31 March 2010, indicators 1-3 are not relevant to this reporting period. But at 31 March a total of 28 projects were live on our system for pre-application advice.

Indicator 4 relates to screening decisions. One screening request was received by the IPC on 19 March 2010 from Western Power Distribution in respect of a proposal for a 132 KV overhead power line at Banwen in Neath, in Wales, to connect a wind farm, Maesgwyn, with the national grid.

Following a request by the IPC for further information, this screening opinion was published within the statutory timeframe of 21 days for issuing a screening opinion, in April 2010.

Indicator 5 relates to scoping opinions. We produced scoping opinions for three project proposals:

- The waste combustion plant at Rookery South, Bedfordshire (November 2009)
- A nuclear power station at Wylfa in Wales (December 2009)
- A nuclear power station at Oldbury in Gloucestershire (December 2009).

The initial scoping opinions were produced within the 42 day statutory timeframe.

Early in 2010, we revisited the methodology we had used to compile our lists of statutory consultees in each of these cases. Subsequently, in March, April and May 2010 respectively, new scoping opinions were published for these proposals.

Programme of Projects as of 31 March 2010

Key to Map

1	**Offshore wind farm** Irish Sea – 20 km off Isle of Man, 15 km off Anglesey, 40 km off Cumbria
2	**Nuclear power station** Wylfa, Anglesey
3	**Wind farm** Clocaenog, Denbighshire
4	**Wind farm** Dyfnant Forest, Powys
5	**Wind farm** Nant y Moch, Ceredigion
6	**Wind farm** Mynydd y Gwynt, Y Foel nr Llangurig, Powys
7	**Wind farm** Llanllwni, Carmarthenshire
8	**Wind farm** Brechfa, Carmarthenshire
9	**Atlantic Array Wind farm** Bristol Channel - 14 km off Devon and 18 km off South Wales coasts.
10	**Waste Combustion plant** Brig y Cwm, Methyr Tydfil
11	**Nuclear Power Station** Hinkley Point C, Somerset
12	**60 km overhead electric line** Hinkley Point Connector, Bridgwater to Seabank
13	**Nuclear power station** Oldbury, Gloucestershire
14	**Offshore wind farm** Southwest of the Isle of Wight
15	**Gas pipeline** Willington C Power Station, Derbyshire
16	**DIRFT 3 rail freight interchange** Daventry International Rail Freight Terminal
17	**Waste combustion plant** Rookery South, Bedfordshire
18	**Waste water facility** Thames Tideway Tunnel, several London boroughs
19	**Road improvement** A21, Kippings Cross to Lamberhurst, Kent
20	**Gas-fired power station** Tilbury, Essex
21	**26 km overhead electric line** Sizewell C Connector, Bramwell to Twinstead, Suffolk and Essex
22	**Nuclear power station** Sizewell C, Suffolk
23	**National Grid Connection** Kings Lynn
24	**Road improvement** Managed motorway scheme between junctions 28 and 31 of the M1.
25	**Offshore wind farm** Triton Knoll, 33 km off the Lincolnshire coast
26	**Waterloo offshore wind farm** Dudgeon area of the Greater Wash
27	**Biomass power plant** Blyth, Northumberland
28	**Road improvement** A556 Knutsford to Bowdon.

4.0 Future Developments, Performance and Position

In June 2010 the Government announced that they intend to abolish the IPC as an independent non-departmental body and move its functions into a Major Infrastructure Planning Unit within Communities and Local Government. It will sit alongside a restructured Planning Inspectorate in a new planning unit. This will require primary legislation and in the interim all processes continue and the IPC will make recommendations to Secretary of State or decisions if the relevant National Policy Statement has been designated.

They also intend to continue the scrutiny process for existing draft National Policy Statements and to bring forward new NPSs which will finally be subject to a vote in both Houses. Once all these changes are complete the Secretary of State will be the final decision maker on all applications.

5.0 Financial Summary

The accounts for the period 1 October 2009 to 31 March 2010 have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. Net expenditure for the period was £3,815k.

In this set up period, the IPC was wholly funded by the Department for Communities and Local Government.

5.1 Payment Performance

In line with the target introduced across Whitehall departments in December 2008, IPC's policy is to pay all undisputed invoices within 10 days of receipt, or within the agreed contractual terms if less.

The average prompt payment performance for 2009-10 was 97% of invoices paid on time.

Creditor days at the year end were 18. This is the aggregate amount owed to trade creditors at 31 March compared with the aggregate amount invoiced by suppliers, expressed as a number of days in the same proportion to the total number of days in the reporting period.

5.2 Pension Liabilities

For the purposes of IAS 19, pension scheme liabilities of £61k have been recognised in the Statement of Financial Position.

5.3 Auditors

The Accounts of the IPC are audited by the Comptroller and Auditor General under Schedule 1, Section 20 (4) of the Planning Act 2008. His certificate and report appear on pages 32-34.

The auditors received no fees for non-audit services.

The Accounting Officer confirms:

- there is no relevant audit information of which the auditors are unaware; and
- he has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that the IPC's auditors are aware of that information.

John Saunders OBE
Chief Executive and Accounting Officer
20 July 2010

5.4 Remuneration Report

(Unaudited Information)

There has been no performance related pay for any staff or Commissioners and no changes to remuneration policy were made during the period to 31 March 2010.

Future changes to the remuneration of the Chairman, Chief Executive and Commissioners will be determined by CLG. A Remuneration Committee has been established to review the pay remit for all other staff in 2010. The committee is chaired by a Non-Executive Director and met for the first time in May 2010.

Commissioners

The remuneration and allowances of the Chair, deputies and other Commissioners are determined by the Secretary of State. All appointments are for a fixed period which must not be less than 5 years or more than 8 years. These posts are not pensionable.

Executive Management Team

The salary of the Chief Executive is determined by the Secretary of State. The IPC's sponsor department (CLG) recruited and set remuneration levels for Executive Directors during the organisation's set up phase. All executive appointments are on a permanent contract basis.

Non-Executive Directors

The remuneration and allowances of Non-Executive Directors are determined by the Secretary of State. One appointment is for 3 years, the other 4 years. These posts are not pensionable.

All senior appointments have a 3 month notice period apart from the Chief Executive's which is 6 months.

(Audited Information)

Remuneration for IPC Board Members in the period to 31 March 2010 was as follows:

	Remuneration (£5k bands)	Full year equivalent (£5k bands)	Benefits in kind (relocation expenses) £k
Sir Mike Pitt (Chair)	95-100	180-185	0
Dr Pauleen Lane (Deputy Chair)	35-40	75-80	0
Robert Upton (Deputy Chair) Revised hours from 1st March	45-50	75-80 125-130	0
John Saunders (Chief Executive)	35-40	160-165	3
Jan Bessell (Commissioner) (Board Member to Jan 10)	40-45	80-85	0
Glyn Roberts (Commissioner) (Board Member to Jan 10)	40-45	80-85	0
Paul Hudson (Commissioner) (Board Member to Jan 10)	30-35	60-65	0
Jonathan Bore (Director of Casework to Mar 10)	40-45	90-95	3
Douglas Evans (Director of Legal Services)	50-55	100-105	0
Ian Gambles (Director of Strategy to Mar 10) (Director of Operations from Mar 10)	40-45	85-90	4
Anne Moore (Director of Corporate Services)	45-50	90-95	0
Sheila Drew-Smith (non-executive director)	0-5	10-15	0
David Clements (non-executive director)	0-5	10-15	0

The Chief Executive and Executive Directors are employed full time. Other Board members have varying contractual arrangements.

Pension values for the Chief Executive and Executive Directors are as follows:

£	Real increase in pension	Real increase in lump sum	Pension at 31 March 2010	2009 Cash equivalent transfer value (CETV)	2010 CETV	Real increase in CETV
John Saunders	994	1068	994	-	16,832	13,961
Anne Moore	775	-	775	-	7,951	4,463
Jonathan Bore	765	-	765	-	12,046	8,818
Douglas Evans	869	-	869	-	13,694	9,782
Ian Gambles	742	-	742	-	8,591	5,254

Other senior posts are not pensionable.

5.5 Statement of Accounting Officer's Responsibilities

Under the Planning Act 2008, the Secretary of State has directed the Infrastructure Planning Commission 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 to be prepared on an accruals basis and must give a true and fair view of the state of affairs of the Infrastructure Planning Commisionn and of its net expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by Communities and Local Government, 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 accounts on a going concern basis.

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

The Accounting Officer must take all reasonable steps to ensure that the IPC's auditors are aware of any relevant audit information.

5.6 Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the IPC's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money, the Government's Financial Reporting Manual and the draft Framework Document which is being agreed with the sponsor department.

This statement covers the six month period from 1 October 2009 to 31 March 2010.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level in order to minimise risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the IPC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The IPC system of internal control has been in development since the IPC began operating on 1 October 2009 – basic controls were in place by the year end on 31 March 2010 and work continues to enhance and develop these. The system of internal control has been underpinned by CLG's wider control environment during the period ended 31 March 2010. The IPC has contracted arrangements with CLG for the provision of shared services in the areas of Finance, HR, Procurement and IT services. Consequently there is a reliance upon CLG controls in these specific areas.

Capacity to handle risk

During the period 1 October 2009 to 31 March 2010 the IPC was in set up phase and the focus was on designing its processes and on putting in place the enabling Information Technology, Human Resources, Communications and Financial Strategies. Until the IPC has a fully developed risk strategy in place, a regular review of key risks is undertaken by the Senior Management Team.

The strategic risk register is reviewed on a regular basis at Board Meetings and at each Audit and Risk Committee. Additionally, project risk registers exist across IPC implementation projects and are regularly reviewed. An IPC risk management policy and guidance are in draft form and due to be implemented during 2010. The IPC arrangements will ensure that risk management is understood across the organisation and that management processes are woven into IPC functions. Risks will be appropriately assessed at strategic and operational levels and will influence the development of policy and strategy.

Security consultants have been engaged to review all of the IPC's security risks, specifically including risks to information. Their report was received early in the new financial year, and there are plans to appoint a Security and Information Manager.

The risk and control framework

During this formative period for the IPC much focus has been given to converting the 2008 Planning Act into operational arrangements. The risk of challenge is considerable and incorrect and inappropriate actions by the IPC could jeopardise the new Planning Regime and impact upon investors and communities. The IPC has therefore taken a very cautious approach in such matters. During 2010, as part of the Risk Management Policy, the IPC will determine its wider risk appetite.

The primary challenge for the IPC in this formative period was to build organisational capacity and capability to deliver its services. The priorities being the recruitment and development of commissioners and staff and the design and development of a case management system. These two priorities feature highly in the IPC Strategic Risk Register. The IPC recruitment programme has been severely impacted by the proposals to abolish the IPC and the wider recruitment freeze.

Contingency arrangements are being implemented but capacity and capability risks are increased. In the area of case management systems the IPC has a dependency on CLG and by extension its Shared Services arrangement delivered by Steria. Such arrangements have not proved effective for the IPC and a consequent significant delivery risk exists. CLG policy currently prohibits the IPC from seeking alternative arrangements. In the first half of 2010/11 the IPC will examine and compare alternative arrangements in order that the future business requirements of the IPC can be fully met.

There was no internal audit function in place during the period; internal auditors were appointed in April 2010.

During the period October to March, the following control systems were introduced:

- Board review of financial management accounts and strategic risk register;
- Codes of conduct; and
- Policies on conflicts of interest, whistle blowing, gifts and hospitality, travel and subsistence, procurement.

An Audit and Risk Committee, initially chaired at its first meeting by a Deputy Commissioner, thereafter chaired by a non-executive director, was established and met for the first time in February.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the senior managers within the IPC who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. In future I will be informed by the work of the internal auditors appointed in April 2010 and will be advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit and Risk Committee.

The IPC, because of its recent formation, did not have a fully established system of internal control in place for 2009/10. There were no significant internal control failings in 2009/10 and indeed there was effective management of the strategic risks.

During 2010/11 the IPC will enhance and formalise its system of internal control, including its risk management arrangements to ensure continuous improvements, to respond to evolving best practice and to respond to changes in its business environment. This will be achieved through the establishment of a formal programme of internal audits and a formal risk management process which will be embedded across the organisation.

John Saunders
Accounting Officer
20 July 2010

6.0 Audit Opinion

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND INFRASTRUCTURE PLANNING COMMISSION

I certify that I have audited the financial statements of the Infrastructure Planning Commission for the period ended 31 March 2010 under the Planning Act 2008. These comprise the Net Expenditure Account, 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 Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the 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 the financial statements in accordance with applicable law and 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 Infrastructure Planning Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Infrastructure Planning Commission; and the overall presentation of the financial statements.

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

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions 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 Infrastructure Planning Commission's affairs as at 31 March 2010 and of its net expenditure, changes in taxpayers' equity and cash flows for the period then ended; and
- the financial statements have been properly prepared in accordance with the Planning Act 2008 and Secretary of State directions issued thereunder.

Emphasis of Matter – Going Concern

In forming my opinion which is not qualified, I have considered the adequacy of the disclosures made in Notes 1.3.1 and 14 of the financial statements concerning the application of the going concern principle. The organisation is affected by the Government's announcement that the Infrastructure Planning Commission will be abolished, which is subject to the enactment of legislation. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Infrastructure Planning Commission to continue as a going concern. The financial statements do not include the adjustments that would result if the Infrastructure Planning Commission was unable to continue as a going concern.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Planning Act 2008; and
- the information given in the Management Commentary for the financial period 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 are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control 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
22 July 2010

7.0 Accounts 2009/2010

Net Expenditure Account

for the period ended 31 March 2010

	Note	2009-10 £000
Expenditure		
Staff costs	3	1,834
Other expenditure	4	1,979
Total expenditure		**3,813**
Interest payable	4	2
Total expenditure after interest		**3,815**
Income		-
Net expenditure after interest		**3,815**

Statement of Financial Position

as at 31 March 2010

	Note	2009-10 £000
Current assets:		
Trade and other receivables	5	1
Cash and cash equivalents	6	1,664
Total current assets		**1,665**
Current liabilities		
Trade and other payables	7	26
Other liabilities	7	1,647
Total current liabilities		**1,673**
Net current liabilities		**(8)**
Non-current liabilities	8	**118**
Total non-current liabilities		118
Assets less liabilities		**(126)**
Reserves		
General reserve		(126)
Total		**(126)**

The financial statements on pages 35 to 37 were approved by the Board on 24 June 2010 and were signed on its behalf by;

(Signed) (Chairman) 20 July 2010

(Signed) (Chief Executive) 20 July 2010

Statement of Cash Flows

for the period ended 31 March 2010

	Note	2009-10 £000
Cash flows from operating activities		
Net deficit		(3,815)
Increase in trade and other receivables		(1)
Increase in payables		1,780
Net cash outflow from operating activities		**(2,036)**
Cash flows from financing activities		
Grants in aid from sponsor	9	3,700
Net financing		**3,700**
Net increase in cash and cash equivalents in the period		**1,664**
Cash and cash equivalents at the beginning of the period		**-**
Cash and cash equivalents at the end of the period		**1,664**

Statement of Changes in Taxpayers Equity

for the period ended 31 March 2010

	Note	General Reserve £000	Total Reserves £000
Balance at 1 October 2009		-	-
Changes in taxpayers' equity for 2009-10			
Retained deficit		(3,815)	(3,815)
Total recognised expense for 2009-10		**(3,815)**	**(3,815)**
Grant in aid from sponsor department	9	3,700	3,700
Actuarial loss from pension scheme	3	(11)	(11)
Balance at 31 March 2010		**(126)**	**(126)**

Notes to the IPC's Accounts

1 Statement of Accounting Policies

1.1 These financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the IPC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the IPC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Accounting Convention

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

1.3 Going Concern

1.3.1 In the Coalition Agreement *Our Programme for Government*, the Government announced its intention to bring forward legislation to replace the Infrastructure Planning Commission (IPC) with an efficient and democratically accountable system that provides a fast-track process for major infrastructure projects.

1.3.2 Ministers have confirmed that their intention to establish a Major Infrastructure Planning Unit in the Planning Inspectorate to continue fast-tracking major infrastructure projects, with Ministers taking decisions on applications. The Department has also confirmed it intends to make provision for new legislation to enact the proposal for the abolition of the IPC, and that it will introduce this later in 2010. Until the legislation is enacted, the IPC will continue to consider and determine applications where the National Policy Statements have been designated to ensure there is no delay in handling applications. Where the relevant National Policy Statement has not been designated, the Commission will make a recommendation to the Secretary of State, who will take the decision. In light of this, management has reviewed the appropriateness of the preparation of the financial statements on a 'going concern' basis.

1.3.3 The IPC notes that Parliament will need to enact the legislation necessary to abolish it, and that the timing and eventual decision of Parliament on this matter is currently uncertain. Management have therefore concluded that due to the uncertainty surrounding the timing and eventual decision of Parliament on this matter, there exists a material uncertainty that casts doubt upon the IPC's ability to continue as a going concern.

1.3.4 Nevertheless, after making enquiries and discussing the situation with the sponsor Department, management have a reasonable expectation that they will have adequate resources for the foreseeable future and will be able to meet their obligations as they fall due. Ministers have confirmed both their intention for the majority of the IPC's existing functions to continue, albeit through an alternative organisational structure, and that there will be an orderly transition to any new arrangements. For these reasons, management continue to adopt the going concern basis in preparing the annual report and financial statements.

1.4 Inventories

1.4.1 The IPC has no significant inventories and all non-capital purchases are expensed.

1.5 Operating Income

1.5.1 Income is recorded on an accruals basis at the transacted amounts, or the amounts at which developers are committed to pay.

1.5.2 Operating income is income which relates directly to the operating activities of the IPC. It principally comprises fees and charges for services provided to external customers (developers).

1.5.3 No operating income was received in the period ended 31 March 2010; fees are expected to be received from May 2010.

1.6 Value Added Tax

1.6.1 The activities of the IPC are outside the scope of VAT and, in general, output tax does not apply. Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to fixed assets.

1.7 Pensions

1.7.1 IPC staff who are on permanent contracts are entitled to join the Local Government Pension Scheme (LGPS) which is administered by the London Pension Fund Authority (LPFA). This is a defined benefit occupational pension scheme set up under the Superannuation Act 1972. Benefits are based on the length of membership and final salary. Actuarial gains and losses are recognised in the statement of changes in reserves in the period in which they occur.

1.8 **Provisions**

1.8.1 The IPC 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 in settling the obligation. At the statement of financial position date the IPC had no provisions other than the pension liability shown in note 3.

1.9 **Leases**

1.9.1 The terms of all IPC leases are reviewed and, where the rewards and risks of ownership rest with the IPC, leases are treated as finance leases. There were no finance leases in the period ended 31 March 2010.

1.9.2 Leases other than finance leases are classified as operating leases. Operating leases are charged to the expenditure account on a straight-line basis over the term of the lease, taking account of any lease incentives in accordance with the terms of IAS 17.

1.9.3 The IPC also reviews all service contracts (eg contracts for the supply of IT services) to determine whether the contracts include an embedded finance lease under the terms of IAS 17 as interpreted by IFRIC 4. Although there are no embedded finance leases, the IPC is provided accommodation and ICT through shared service arrangements that are in effect operating leases.

1.10 **Contingent Liabilities**

1.10.1 The IPC had no contingent liabilities at the statement date.

1.11 **Third Party Assets**

1.11.1 The IPC does not hold any assets owned by third parties.

2 Segmental Reporting

The IPC has adopted IFRS 8 Operating Segments for the period ended 31 March 2010. IFRS 8 requires operating segments to be identified on the basis of internal reports about components that are regularly reviewed by the chief decision-makers. The management accounts, which are used to manage the operations of the IPC, are in the same format as these accounts and are not segmented at this time. Therefore, no further segmentation of operations has been included here. As operations develop, the IPC will reconsider this standard for financial reporting.

3 Staff Numbers and Related Costs

Staff Numbers	Directly employed	Secondment or loan	Agency or temp	Total
Commissioners	5	-	-	5
Secretariat	34	5	1	40
Total	**39**	**5**	**1**	**45**

Figures are average full-time equivalents between October 2009 and March 2010.

3.1 There were no loans to employees other than season ticket advances; these were to 5 staff and totalled £10k.

Commissioner Costs £k	Directly employed	Secondment or loan	Agency or temp	Total
Wages & Salaries	344	-	-	344
Social Security	35	-	-	35
Total	**379**	**-**	**-**	**379**

Secretariat Costs £k	Directly employed	Secondment or loan	Agency or temp	Total
Non-Executive Directors' Remuneration	2	-	-	2
Wages & Salaries	808	420	21	1,249
Social Security	68	-	-	68
Contributions to Pension Schemes	88	-	-	88
Other Pension Costs	48	-	-	48
Total	**1,014**	**420**	**21**	**1,455**
Overall Total	**1,393**	**420**	**21**	**1,834**

3.2 The pension fund disclosures required under IAS 19 are as follows:

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Period to 31 March 2010 £000's
Opening defined benefit obligation	0
Service cost	138
Interest cost	2
Actuarial loss (gain)	17
Contributions by Scheme participants	49
Closing defined benefit obligation	206

Reconciliation of opening & closing balances of the fair value of Scheme assets	Period to 31 March 2010 £000's
Opening fair value of Scheme assets	0
Expected return on Scheme assets	2
Actuarial gain (loss)	6
Contributions by employer including unfunded benefits	88
Contributions by Scheme participants	49
Fair value of Scheme assets at end of period	145

Net pension asset as at	31 March 2010 £000's
Present value of funded obligation	(206)
Fair value of Scheme assets (bid value)	145
Net Liability	(61)

The amounts recognised in the net expenditure account are:	Period to 31 March 2010 £000's
Current service cost	138
Interest on obligation	2
Expected return on Scheme assets	(2)
Total	**138**
Actual return on Scheme assets	8

Actuarial Gain (Loss) Recognised in Statement of Changes in Taxpayers' Equity	Period to 31 March 2010 £000's
Actual return less expected return on pension scheme assets	6
Experience gain (loss)	4
Changes in assumptions underlying the present value of the scheme liabilities	(21)
Actuarial gain (loss) in pension scheme	(11)
Increase (decrease) in irrecoverable surplus	-
Actuarial gain (loss) recognised in Statement of Changes in Reserves	(11)

Employer Asset Share		31 March 2010
	£000's	%
Equities	102	70%
Target Return Portfolio	15	10%
Alternative Assets	20	14%
Cash	7	5%
Corporate Bonds	1	1%
Total	**145**	**100%**

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 2 October 2009 for the year to 31 March 2010). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The Scheme has adopted the following expected returns:

Asset Class		Expected Return at
	1 April 2010	October 2009
	% p.a.	% p.a
Equities	7.5%	7.0%
Target Return Portfolio	4.5%	4.5%
Alternative Assets	6.5%	6.0%
Cash	3.0%	3.0%
Corporate Bonds	5.5%	5.4%
Expected Return on Assets	6.8%	6.2%

Assets

The return on the Fund (on a bid value to bid value basis) for the 6 months period to 31 March 2010 is estimated to be 14%. This is based on the estimated Fund value used at the previous accounting date and the estimated Fund value used at this accounting date. The actual return on Fund assets over the year may be different.

Financial Assumptions

The financial assumptions used for the purposes of the IAS19 calculations are as follows.

Assumptions as at		31 March 2010		1 October 2009
	% p.a.	Real	% p.a.	Real
Price increases	3.9%	-	3.4%	-
Salary increases	5.4%	1.5%	4.9%	1.5%
Pension increases	3.9%	-	3.4%	-
Discount rate	5.5%	1.5%	5.4%	1.9%

These assumptions are set with reference to market conditions at 31 March 2010. The discount rate is the yield on the iBoxx AA rated over 15 year corporate bond index as at this date which has been chosen to meet the requirements of IAS19. The price increases and pension increases assumptions are based on the unadjusted difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England. Salary increases are then assumed to be 1.5% above price increases.

Sensitivity Analysis	£000's	£000's	£000's
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of defined benefit obligation	200	206	211
Projected service cost	304	315	326
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of defined benefit obligation	198	206	214
Projected service cost	299	315	331

Amounts for the current and previous periods	Period to 31 March 10 £000's	As at 31 October 09 £000's
Defined benefit obligation	(206)	0
Scheme assets	145	0
Surplus (deficit)	(61)	0
Experience adjustments on Scheme liabilities	4	-
Percentage of liabilities	1.9%	-
Experience adjustments on Scheme assets	6	-
Percentage of assets	4.1%	-
Cumulative actuarial gain (loss)	(11)	-

Projections for Year to 31 March 2011	Period to 31 March 2011 £000's
Service cost	315
Interest cost	26
Return on assets	(19)
Total	**322**
Employer contributions	194

4 Other Expenditure

	2009-10 £000
HR costs*	155
Accommodation	233
Shared services**	467
Legal & professional	36
Marketing & communications	64
ICT***	888
Casework costs	9
Audit	25
Other administration	102
Other expenditure sub total	**1,979**
Interest Cost	2
Total expenditure	**1,981**

*these include recruitment and training costs
**these include transition team costs from 1st October 2009 and shared services for IT, finance, procurement, payroll and HR
***these include development costs of our case management and website systems

5 Trade Receivables and Other Current Assets

	2009-10 £000
Amounts falling due within one year:	
Trade receivables	1
Total	**1**

6 Cash and Cash Equivalents

	2009-10 £000
Balance at 1 October 2009	-
Net change in cash and cash equivalent balances	1,664
Balance at 31 March 2010	**1,664**

The following balances at 31 March were held:	
Office of HM Paymaster General	1,664
Balance at 31 March 2010	**1,664**

7 Trade Payables and Other Current Liabilities

	2009-10 £000
Amounts falling due within one year:	
Trade payables	26
Accruals and deferred income	1,647
Total	**1,673**

8 Non Current Liabilities

Amounts falling due after more than one year:	2009-10 £000
Accruals and deferred income	57
Pension liability	61
Total	**118**

9 Grant-in-Aid

	2009-10 £000
Grant from sponsor department	3,700
Total	**3,700**

Grant-in-aid was received from Communities and Local Government (CLG) to fund all expenditure.

No other grants were received from other government departments or from EC funds.

The IPC utilised the Grant-in-aid received during this period wholly for administrative expenditure.

10 Property, Plant and Equipment

The IPC's capitalisation threshold is £5,000, including VAT. No property, plant or equipment is owned by the IPC. Accommodation and ICT equipment is provided through the sponsor department's shared services.

11 Financial Instruments

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

12 Commitments Under Leases

The total future minimum lease payments under operating leases are given in the table below for each of the following periods.

Accommodation shared service (ends March 2021)	2009-10 £000
Not later than one year	518
Later than one year and not later than five years	2,592
Later than five years	2,592
Total	**5,702**

There is no minimum commitment for ICT services as the amount payable varies with the total number of users of the service and with the number of IPC users. The current shared service contract is due to be re-tendered by February 2011.

13 Related Party Transactions

The IPC's sponsor department is Communities and Local Government (CLG). CLG is also the parent department of the Planning Inspectorate (PINS), which provides IPC accommodation.

The IPC has had various material transactions with CLG and PINS during the period ended 31 March 2010.

Jonathan Green is a Registered Commissioner appointed in March 2010, although he did not undertake any casework in the period ending 31 March. He is also employed by Europe Economics. In March 2010 this company completed two projects for CLG related to changes in Building Regulations. He was paid by Europe Economics for the time he had spent on those projects. Those payments largely covered work completed before he was appointed to the IPC.

Other than that listed above, no board members, key managers or other related parties have undertaken material transactions (over £5k) with the IPC or its related parties during the period ended 31 March 2010.

A register of interests is available on the IPC's website.

14 Events after the reporting period

In the Coalition Agreement *Our Programme for Government*, the Government announced its intention to bring forward legislation to abolish the Infrastructure Planning Commission and to introduce an efficient and democratically accountable system that provides a fast-track process for major infrastructure projects. The Department for Communities and Local Government has confirmed that it will create a Major Infrastructure Unit as part of a revised planning structure, with recommendations on nationally signficant infrastructure projects being made to the relevant Secretary of State for final decisions. The Department has also confirmed that it intends to make provision for new legislation to enact the proposals in the Coalition Agreement, and that it will introduce this towards the end of 2010. The Going Concern disclosure in Note 1 of the financial statements has been updated to reflect this information.

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension schemes that IPC provides to employees.

The Accounts were prepared as at 31 March 2010 in accordance with the Accounts Direction provided by the Secretary of State. A copy of the Accounts Direction is provided on pages 49 to 52.

The date on which the accounts were authorised for issue is 22 July 2010.

8.0 Accounts Direction

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE IN ACCORDANCE WITH PARAGRAPH 20 OF SCHEDULE 1 TO THE PLANNING ACT 2008

1. The annual financial statements of the Infrastructure Planning Commission (hereafter in this accounts direction referred to as “the Commission”) shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the financial statements for 2009/10 and for subsequent years shall be prepared in accordance with:-

    (a) the accounting and disclosure requirements given in Managing Public Money and in the Government Financial Reporting Manual issued by the Treasury (“the FReM”), as amended or augmented from time to time;

    (b) any other relevant guidance that the Treasury may issue from time to time;

    (c) any other specific disclosure requirements of the Secretary of State;

insofar as these requirements are appropriate to the Commission and are in force for the year for which the financial statements are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the notes to the financial statements.

2. Schedule 1 to this direction gives additional disclosure requirements of the Secretary of State.

3. This direction shall be reproduced as an appendix to the financial statements.

Signed by authority of the Secretary of State for Communities and Local Government

Patrick Erwin

An officer in the Department for Communities and Local Government
Date 31 March 2010

Schedule 1: additional disclosure requirements

The following information shall be disclosed in the financial statements, as a minimum, and in addition to the information required to be disclosed by paragraph 1 of this direction.

- (a) an analysis of grants from:
  - (i) government departments
  - (ii) European Community funds
  - (iii) other sources identified as to each source;
- (b) an analysis of the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;
- (c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;
- (d) details of employees, other than board members, showing:-
  - (i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the Agency, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)
  - (ii) the total amount of loans to employees
  - (iii) employee costs during the year, showing separately:-
    - (1) wages and salaries
    - (2) early retirement costs
    - (3) social security costs
    - (4) contributions to pension schemes
    - (5) payments for unfunded pensions
    - (6) other pension costs
    - (7) amounts recoverable for employees on secondment or loan to other organisations

  (The above analysis shall be given separately for the following categories:

    - I employed directly by the Agency
    - II on secondment or loan to the Agency
    - III agency or temporary staff
    - IV employee costs that have been capitalised);

(e) in the note on receivables, prepayments and payments on account shall each be identified separately;

(f) a statement of debts written off and movements in provisions for bad and doubtful debts;

(g) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of the Agency's operations.

*(h) particulars of material transactions during the year and outstanding balances at the year end (other than those arising from a contract of service or of employment with the Agency), between the Agency and a party that, at any time during the year, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:

  (i) transactions and balances of £5,000 and below are not material

  (ii) parties related to board members and key managers are as notified to the Agency by each individual board member or key manager

  (iii) the following are related parties:

    (1) subsidiary and associate companies of the Agency

    (2) pensions funds for the benefit of employees of the Agency or any subsidiary companies (although there is no requirement to disclose details of contributions to such funds)

    (3) board members and key managers of the Agency

    (4) members of the close family of board members and key managers

    (5) companies in which a board member or a key manager is a director

    (6) partnerships and joint ventures in which a board member or a key manager is a partner or venturer

    (7) trusts, friendly societies and industrial and provident societies in which a board member or a key manager is a trustee or committee member

    (8) companies, and subsidiaries of companies, in which a board member or a key manager has a controlling interest

    (9) settlements in which a board member or a key manager is a settlor or beneficiary

(10) companies, and subsidiaries of companies, in which a member of the close family of a board member or of a key manager has a controlling interest

(11) partnerships and joint ventures in which a member of the close family of a board member or of a key manager is a partner or venturer

(12) settlements in which a member of the close family of a board member or of a key manager is a settlor or beneficiary

(13) the Department for Communities and Local Government, as the sponsor department for the Agency.

For the purposes of this sub-paragraph:

(i) A key manager means a member of the Agency's management board.

(ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, "spouse" includes personal partners, and "relatives" means brothers, sisters, ancestors, lineal descendants and adopted children.

(iii) A controlling shareholder of a company is an individual (or an individual acting jointly with other persons by agreement) who is entitled to exercise (or control the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at board meetings of the company.

* Note to paragraph (h) of Schedule 1: under the Data Protection Act 1998 individuals need to give their consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, this should be stated next to the name of the individual.

The Infrastructure Planning Commission (IPC) is the independent public body set up under the Planning Act 2008, to make decisions on proposals for nationally significant infrastructure projects in England and Wales.

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