Infrastructure Planning Commission

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Annual Report and Accounts 2010 / 2011

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Chair’s Foreword

This Report covers the year 1 April 2010 to 31 March 2011.

The two key tasks that the Infrastructure Planning Commission has faced during this period have been the need to continue to implement the system introduced by the Planning Act 2008 while responding to the changes planned by the Government and set out in the draft Localism Bill.

During this time two projects were accepted for examination, and one was rejected and subsequently withdrawn. We now have a further 49 projects at various stages of the pre-application process. The theoretical value of these projects has been estimated at £150 billion, of which nearly 80% would be funded through inward investment to the UK. Three-quarters of the projects are energy proposals, representing a theoretical potential addition or replacement of 52 giga-watts in generating capacity. This portfolio of projects thus represents the prospect of major investment in the United Kingdom, coupled with a big shift towards a low-carbon economy and energy security.

The organisation is very aware of its responsibility to ensure that the operation of the Planning Act 2008 is efficient, cost effective and fair. We have continued our policy of openness, which we believe is equally in the interests of applicants, local authorities and community groups. Openness is the groundwork of trust in the process.

We have continued to produce guidance and advice to assist all parties involved in the system. We now have a suite of 14 advice notes and two guidance notes, and we intend to develop more as the need arises. Beyond this we have continued to arrange outreach and inception meetings to help communities and participants understand the process which we administer.

We are aware that for many people the operation of the Planning Act 2008 system is still novel – particularly its emphasis on public engagement before the application is made, its strict timescales once the examination has started, its emphasis on written evidence, its various types of hearing and the innovation of an inquisitorial approach led by the examining authority.

Our website is an important source of information for all parties. On it the public can track the progress of all our cases, and see all the documents which form part of the examination, as well as access all our advice and guidance. We encourage those who wish to register as ‘interested parties’ in specific cases to do so on-line.

The Localism Bill when enacted is expected to abolish the IPC but continue and improve the operation of the system in respect of major projects brought in by the Planning Act 2008. The major difference will be that after the Bill becomes law all relevant decisions will be taken by the appropriate Secretary of State.

We have made good progress on the process of integrating the IPC with the Planning Inspectorate. The two bodies are now working together under me to design the new organisation. We are already benefiting from close co-operation, sharing resources and learning from each other. We face the future with confidence, knowing that we have a very talented and dedicated team committed to making this part of the planning system work for the benefit of the nation as a whole and the local communities directly affected.

Sir Michael Pitt
Chair

20 June 2011

1.0 Introduction and Summary

The IPC was established on 1 October 2009, under the Planning Act 2008, to examine applications for development consent for nationally significant infrastructure projects in England and Wales and for cross border pipelines only in Scotland.

We came into legal existence on 1 October 2009 and we were switched on to start receiving applications from the energy and transport sectors from 1 March 2010.

During the year we have delivered a range of activities to enable us to meet our statutory duty of providing advice on the major infrastructure planning process. This has included detailed work with developers, statutory consultees as defined by the Act, local authorities and communities, to foster greater understanding of the requirements and to enable meaningful participation.

In particular we have worked in detail with developers to ensure that they understand the very high standards they need to demonstrate from the outset of the development of a proposal at pre application stage, and with the public to ensure that they have confidence to participate and influence a proposal.

During the reporting period, we began to process our first applications. We produced new advice notes to dovetail our progression through each of the key stages and created an online presence able to support the effective handling of applications. In the background, intensive work has also continued to further develop the complex back end systems necessary to support that process.

We have worked with an extensive range of organisations, benefiting from a wealth of experience and expertise and agreeing ways of working which will support an efficient process.

For the IPC, the way in which we have carried out our core business has been as fundamental to our performance as the outcomes we have delivered. We have continued to reflect our strong commitment to openness by ensuring transparency in all we do. Publication of our online Record of Advice and notes of meetings ensures that the same information is available to all parties as is available to us. The continued expansion of our online Programme of Projects means that developers' plans are captured, regularly updated and visible to all.

As a new and growing organisation we have continued to invest in staff and Commissioner resources to ensure that we are able to respond to existing and future workload. We have harnessed the enthusiasm and adaptability of our dynamic workforce to approach the numerous challenges of implementing complex legislation for the first time. We have provided feedback to Government on areas of the existing legislation which we feel could be improved in future.

The IPC has also continued its work with its sponsoring department, DCLG and the Planning Inspectorate to prepare for future changes which will see a single organisation delivering major infrastructure and planning appeals work in future.

2.0 Management Commentary

2.1 What we do

The IPC is the non departmental body established through the Planning Act 2008 to examine nationally significant infrastructure proposals.

2.2 How we are governed

The IPC comprises two functions: the Commission, which examines proposals and makes decisions or recommendations to the relevant Secretary of State, and the Secretariat, which provides professional and administrative support. The organisation is governed by the IPC Board and the Chair.

2.3 The Commission

Sir Michael Pitt is the 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.

At the end of the reporting period, there were 36 appointed Commissioners in post.

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 Commissioners make the final decision on the application. No Policy Statements have yet been designated.

2.4 The Secretariat

Professional, management and administrative support is provided by Secretariat staff, led by Chief Executive and Accounting Officer, John Saunders.

He is supported by three Executive Directors, who are responsible for operations, corporate and legal services.

The IPC has continued to recruit a flexible workforce including permanent, fixed term and seconded employees, in order ensure the ability to respond to a variable caseload.

2.5 The Board

The IPC Board provides oversight and challenge to the organisation in accordance with good governance practice of non-departmental public bodies. During the reporting period it comprised:

- Sir Michael Pitt, Chair
- Robert Upton CBE, Deputy Chair
- Dr Pauleen Lane CBE, Deputy Chair
- Sheila Drew Smith OBE, Non Executive Director
- David Clements, Non Executive Director
- John Saunders OBE, Chief Executive
- Ian Gambles, Director of Operations
- Anne Moore, Director of Finance and Corporate Services
- Douglas Evans, Director of Legal Services (to 29 June 2010)
- Helen Adlard, Director of Legal Services (from 12 May 2010)

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

2.6 How we work

The IPC is independent, impartial and inclusive. We have made five public commitments which are reflected in all areas of our organisational policy and practice.

1. Openness

We do not hold confidential conversations about projects. All our communications with others are summarised and published at 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 benefits.

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.

3.0 What we delivered

3.1 Compliance with Legal Duties

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

The IPC's legal duties are prescribed in the Planning Act 2008 and other regulations which apply to our work. During the reporting period, the IPC provided almost 500 instances of Section 51 advice to a wide range of stakeholders and published this weekly in our Record of Advice at our website, www.independent.gov.uk/infrastructure. We continued to expand our suite of advice notes, which focus on specific aspects of the streamlined process, providing clarity on a wide range of issues.

We produced 25 comprehensive Environmental Impact Assessment (EIA) scoping opinions within the 42 day time limit set in regulations. We received three applications and issued decisions on whether or not to accept them for examination within the 28 day statutory time limit, and we managed the registration and representation process in accordance with our duties.

We have also issued decisions on all requests under the Freedom of Information Act and Environmental Information Regulations within the 20 day statutory time limit.

Case Study: From application to examination – our first application

The IPC accepted its first application to proceed to examination on 26 August 2010. The application, from Covanta Rookery South, for an energy from waste generating station proposed at Rookery South in Bedfordshire was submitted to us on 5 August. The timeline below shows a brief history.

8 October 2010	The applicant publicises and provides notification of the accepted application and sets a deadline of 19 November for the public and organisations to register as interested parties and submit relevant representations. The IPC makes provision for on and off line registration.
22 October and 9 November	IPC outreach events, in liaison with Planning Aid, are held at 5 venues in the locality of the application to explain the process and answer questions from the general public.
By 19 November	Over a thousand members of the public and organisations register as interested parties and make relevant representations on the application.
26 November	All relevant representations are published on the IPC website.
29 November	A panel of three Commissioners is appointed to examine the application.
16 December	The Rule 6 letter issued setting out the draft timetable for examination, the Examining Authority's initial assessment of principal issues and giving notice of the Preliminary Meeting.
17 January 2011	Over 100 people attend the Preliminary Meeting held in Bedford.
18 January	The IPC examination of the application commences.
21 January	The procedural decision (known as the Rule 8 letter) stating the timetable for the examination is issued. It also set out the Examining Authority's first round of questions.
4 February	An accompanied site visit is undertaken by the Examining Authority.
28 February	Deadline for the receipt of written representations, Local Impact Reports, Statements of Common Ground and responses to questions from Interested Parties. Approximately 100 responses are received.
28 March	Deadline for the receipt of comments from Interested Parties on the above responses. 9 responses received.

Several further rounds of written representations, hearings on specific issues, open floor hearing sessions and a final accompanied site visit are scheduled to take place before the deadline for the close of the examination on 15 July. Thereafter the Examining Authority will have 3 months in which to reach its conclusion, either a final decision or a recommendation to the Secretary of State depending on whether the relevant National Policy Statement has been designated.

3.2 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 more straightforward or less contentious cases are not subject to any unnecessary delay.

In Spring and Summer 2010, we continued to make meticulous preparations for handling of applications, vigorously testing our case management system and its interactions with our public web interface. We also automated many areas of our processes in order to achieve optimum efficiency.

The IPC received its first three applications during the reporting period. We issued acceptance decisions on all three applications within the statutory 28 day timeframe. Indeed, for the Rookery South application, our decision was issued a week early.

Over a thousand representations on the Rookery South proposal were published just a few working days after registration closed. The IPC examination of this proposal is currently progressing in line with the timetable adopted following the Preliminary Meeting, which will see completion within the statutory timeframe.

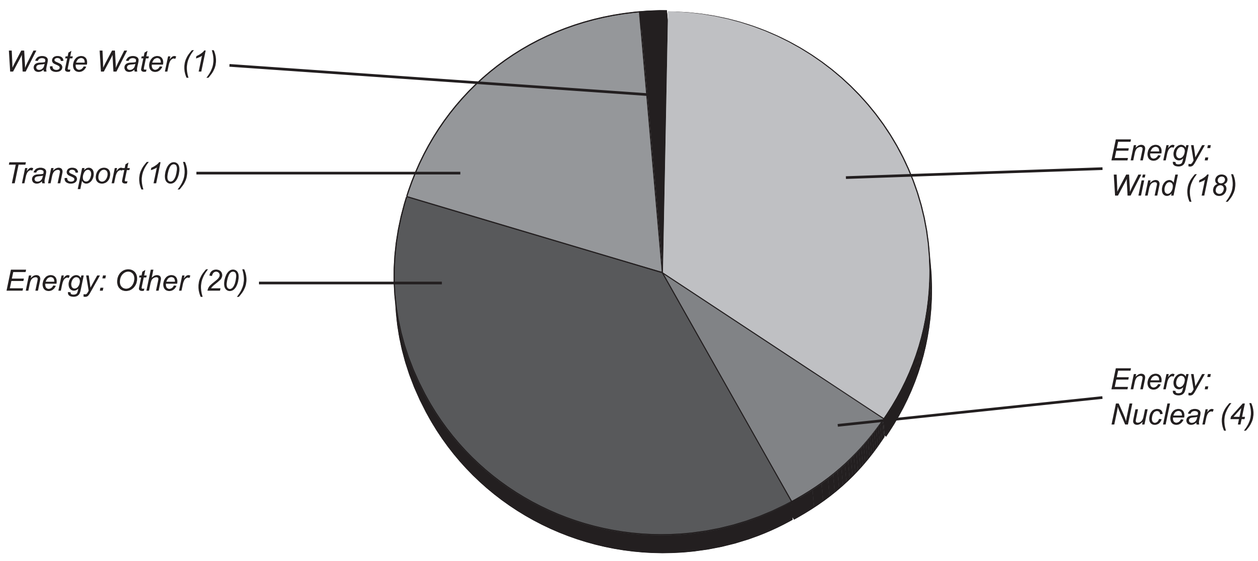
Our online Programme of Projects almost doubled in size during the reporting period. The Programme provides a snapshot for the public of all live applications, as well as proposals which the IPC expects to receive as applications in future. It is a key indicator of our future workload and the anticipated timetable for submission of applications.

The number of proposals in the programme rose from 28 on 1 April 2010, to a peak of 54 projects and then settled at 53 projects by 31 March 2011, representing a potential investment of £150 billion in major infrastructure overall.

The total number of projects on our programme continued to fluctuate throughout the year. Some projects were added but later withdrawn from the programme because the developer's plans had changed. A common reason for withdrawal of a project was the developer deciding not to proceed with a proposal for commercial reasons.

The anticipated application submission dates for projects which remained on the programme also continued to change for a number of projects, typically moving back, as developers got to grips with the extensive requirements of the front loaded process, and in many cases extended their consultations.

Breakdown of projects by type of scheme (correct at 31 March 2011)



3.3 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 has developed all areas of its service provision to stakeholders significantly over the past year to achieve high quality applications based upon full participation in a fair and transparent process. We have carried out a significant amount of work with developers, in particular to enable them to meet the high standards required for applications and their specific duty to consult. The focus of our extensive outreach activity has been upon fostering early and meaningful engagement in applications from pre application stage.

We provided high quality, accurate advice via our helpline to almost 400 developers, statutory consultees, local authorities and other interested parties including the public. All the Section 51 advice we provided was recorded in our online Record of Advice.

We held over 15 outreach events at pre application stage with the full range of stakeholders and a further 10 events for projects where an application had been submitted to us to explain the process of registration to the public.

We developed our website significantly, to enable online public participation in the streamlined process, from registration to submitting and viewing representations. A range of new content was added to the site, including 'a step-by-step walk-through' of the process, dedicated project pages and 'what happens next' project-specific updates. The number of visitors to our website increased in the reporting period to 121,157, an increase from 42,165 from the start of the reporting period. Of these, 52,603 were unique visitors, up from 25,413 previously.

The IPC e-newsletter, launched in March 2010, increased its subscriber base from 1,225 in April 2010, to 1,865 by the end of the reporting period.

We published 13 new advice notes during the reporting period to guide stakeholders in more detail on the requirements for specific aspects of the streamlined process. See the Guidance and Advice section on the IPC website.

We attended the further public consultation events on the energy NPSs organised by Government and were on hand to explain the major infrastructure planning process to delegates. We also manned a number of public exhibitions throughout the year and spoke at over 37 events to continue to explain the existing and future plans for major infrastructure consenting to our full range of audiences.

3.4 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 has continued to demonstrate its commitment to transparency and fairness in all areas of its operation. In the report period, we published three decisions on application acceptance, including the checklist we applied to those applications on receipt and the letters giving detailed reasons for our decisions.

We held our first Preliminary Meeting in January 2011 for the Rookery South proposal. The meeting was held in public and we also made video and audio recordings of the proceedings (as this was the first of such meetings to be held) which were published at our website, together with the procedural decision issued following the meeting.

As an organisation, it is our presumption that we will publish all the information we are at liberty to publish, and this has meant that the number of Freedom of Information Act and Environmental Information Regulations requests we receive has remained low. We received 15 requests during the reporting period and all of these were responded to within the statutory timeframe of 20 days.

The IPC signed an Memorandum of Understanding on Friday 1 October 2010 with the Welsh Assembly Government, setting out the roles of the organisations for major infrastructure planning, their working relationship and how the process applies in Wales. Dr Pauleen Lane, our Deputy Chair, also gave evidence to the Welsh Sustainability Committee.

3.5 Fitness for purpose

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

We have continued to demonstrate best practice governance through a Board model which includes two Non Executive Directors, an Audit and Risk Committee and a Remuneration Committee. The Board has met monthly throughout the reporting period.

Our staff team grew from 42 to 69 (67 full time equivalents) during the reporting period. All employees benefited from a detailed induction programme and our robust performance management framework.

During 2010, the IPC undertook a Staff Engagement Survey. We achieved a Staff Engagement Index of 72%, which is higher than the index for top scoring Civil Service departments. In 2010, we established a Staff Forum to provide staff with a new channel to discuss issues and ideas with senior management.

By the end of the reporting period, there were 37 IPC Commissioners. Throughout the year, Commissioners had the opportunity to participate in a bespoke development programme. Prior to being considered to examine any application, Commissioners were required to undergo a detailed appraisal process, including a review of their skills and their Register of Interests.

3.6 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.

The IPC generated £188k from application fees paid by developers during the reporting period. This amount was lower than originally forecast due to the anticipated submission dates for a number of developers' applications being set back. We were also faced with a budget reduction in our Grant-in-Aid funding of 10.5% early in the financial year (from £7m to £6.265m), resulting in a total revised budget of £6.439m.

The organisation has responded to this challenge by rationalising significantly all variable expenditure. In particular we revised our staff and Commissioner recruitment programme and filled essential roles through flexible resourcing options, which continues to allow us to respond to caseload demand whilst keeping our costs to a minimum.

We ensured spending restraint across all areas of operations. For example, we observed the Government sector-wide spending controls on consultancy, marketing and IT development and began to publish quarterly spend data on our website.

We scaled back on our development plans for our website, prioritising the public project information area of the site, and brought as much of the work in-house as possible.

Across the business, we engaged staff in considering more cost effective ways of delivering the service and utilised the Government's procurement frameworks and accessed shared services arrangements, wherever possible.

As a result of these measures, our out-turn for the year was £6.2m.

3.7 How we performed against our key performance indicators

1. Compliance with legal duties

- *All applications accepted for examination within 28 days*

Achieved: Three applications were received during the reporting period and, for each, acceptance decisions were issued within the statutory timeframe of 28 days.

- *All accepted applications examined within six months of the date of the procedural decision.*

The IPC cannot report against this indicator because no examination of an application was completed during the reporting period.

- *Following completion of the examination phase, all decisions - or recommendations if the NPS(s) has not been designated - to be made within three months.*

The IPC cannot report against this indicator because no application reached recommendation or decision stage during the reporting period.

- *All Environmental Impact Assessments (EIA) screening decisions to be made within 21 days of a valid request.*

One screening request was received on which we have had to stop the clock to seek further information which is awaited.

- *All EIA Scoping Opinions to be made within 42 days of a valid request.*

Achieved: Twenty five comprehensive scoping opinions were received by the IPC in the period. All of these were delivered within the 42 day statutory timeframe.

A further two requests have been received in the accounting period but await determination and remain within the 42 day deadline.

2. Timely decision making

- *Average time from receipt of application to decision 12 months.*

The IPC cannot report against this indicator because no application reached recommendation or decision stage during the reporting period.

3. Quality

- *No more than 1 in 20 determined cases to attract a justified complaint*

The IPC cannot report against this indicator because no application reached recommendation or decision stage during the reporting period.

4. Legitimacy

- *Baseline survey of IPC stakeholders to measure awareness and perception completed by 31 March 2011.*

Not achieved: Given requirements for significant budget reductions and tight spending controls around communications, work on a stakeholder survey has been deferred.

- *Growth in website usage*

Achieved: The number of visitors to our website increased in the reporting period to 121,157, an increase from 42,165 from the start of the reporting period. Of these, 52,603 were unique visitors, up from 25,413 previously.

- *Baseline survey of interested parties' satisfaction with the conduct of the examination completed by 31 March 2011.*

The IPC cannot report against this indicator because no examination of an application was completed during the reporting period.

5. Fitness for purpose

- *Achieve a positive post implementation review rating.*

Achieved: We received an amber/green Gateway 4 assessment of the readiness of the IPC to accept and process applications.

- *Baseline survey of IPC staff engagement completed by 31 March 2011.*

Achieved: We received an engagement index of 72% in our staff survey carried out in September 2010.

6. Value for money

- *Establish efficiency benchmark of IPC corporate services by 31 March 2011.*

IPC receives its finance, procurement, ICT, HR and estates services from DCLG and therefore has little control over costs and value for money. In view of the proposed integration of the IPC's functions into the Planning Inspectorate, we are using CIPFA public sector benchmarks as a comparison for the planned joint corporate service functions. Emerging proposals are in line with these benchmarks.

4.0 Future Developments, Performance and Position

The Government is bringing forward new legislation that will change the decision-making process for major infrastructure in future.

The IPC is expected to be abolished and replaced by a Major Infrastructure Planning Unit (MIPU). It is anticipated that this change will take effect early in April 2012. The legislation needed to make this change, the Localism Bill, is currently before Parliament.

For the major infrastructure planning process the key changes it lays out are:

- the abolition of the IPC;
- the creation of MIPU within a restructured Planning Inspectorate;
- the transfer of IPC functions and the streamlined process to MIPU;
- the transfer of all IPC staff to MIPU via TUPE arrangements; and
- major infrastructure decisions to be made by the Secretary of State in all cases.

Government Ministers have stated that the switchover to any new arrangements will be seamless and any application already undergoing the IPC process at the point that the change is implemented will not have to start the process again.

5.0 Annual Accounts

5.1 Financial Summary

The IPC's initial expenditure budget for the year ended 31 March 2011 was £8.1m (£4.9m in 2009/10). This was to be funded by £1.1m fee income from developers and £7.0m grant-in-aid from the Department for Communities and Local Government.

The grant funding was subsequently cut by 10½% to £6.265m and fee income projections reduced to £0.2m, resulting in a revised funding envelope of £6.5m.

The out-turn figure was £6.2m (£3.8m in 2009/10). This is £1.9m (23%) less than the initial budget and £300k (5%) less than the revised budget.

Future allocations have been agreed through the HM Treasury Spending Review. DCLG has approved grant funding for 2011/12 for the IPC, in line with expected liabilities and cash requirements.

The Government has stated its intention to abolish the IPC and replace it with a Major Infrastructure Unit within the Planning Inspectorate. Note 1.3 on page 28 sets out more detail on this and explains our adoption of the going concern basis.

Annual Accounts

The accounts for the year to 31 March 2011 have been prepared in accordance with the 2010-11 Government Financial Reporting Manual (FReM) issued by HM Treasury and the accounts direction on pages 37 - 40.

Payment Performance

IPC policy is to pay all undisputed invoices within 5 days of receipt, or within the agreed contractual terms if less.

The average prompt payment performance for the year ending 31 March 2011 was 96% of invoices paid within 5 days.

Pension Liabilities

For the purposes of IAS 19, pension scheme assets of £154k have been recognised in the Statement of Financial Position.

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 22 - 23.

The auditor received no fees for non-audit services.

As Accounting Officer I confirm:

- there is no relevant audit information of which the auditor is unaware; and
- I have taken all the steps I ought to have taken to make myself aware of any relevant audit information and to establish that the IPC's auditor is aware of that information.

John Saunders OBE
Chief Executive and Accounting Officer

20 June 2011

5.2 Remuneration Report

(Unaudited Information)

Remuneration of the Chairman, Chief Executive and Commissioners is set by DCLG. A Remuneration Committee, chaired by a Non-Executive Director with another NED and a Commissioner as members, reviews the pay remit for all other staff. In line with the Government's two year pay freeze, IPC pay ranges were not increased during the year.

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 (DCLG) recruited and set remuneration levels for Executive Directors during the organisation's set up phase. All executive appointments are on a permanent contract basis, apart from the acting legal services director who is on temporary promotion.

Non-Executive Directors

The remuneration and allowances of Non-Executive Directors are determined by the Secretary of State. Sheila Drew Smith's appointment is for 4 years, David Clements' for 3 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 year to 31 March 2011 was as follows (1 October 2009 to 31 March 2010 figures in brackets):

	Remuneration (£5k bands)	**Performance related payments** (£5k bands)	**Benefits in kind** (relocation expenses £)	**Total**
Sir Mike Pitt (Chair)	180-185 (95-100)			180-185 (95-100)
Dr Pauleen Lane (Deputy Chair)	70-75 (35-40)			70-75 (35-40)
Robert Upton (Deputy Chair)	120-125 (45-50)			120-125 (45-50)
John Saunders (Chief Executive)	155-160 (35-40)	10-15 (-)	5,000 (3,000)	175-180 (40-45)
Douglas Evans (Director of Legal Services to 29 June 2010)	30-35 (50-55)			30-35 (50-55)
Helen Adlard (Acting Director of Legal Services from 12 May 2010)	75-80 (-)			75-80 (-)
Ian Gambles (Director of Operations)	95-100 (40-45)	0-5 (-)	4,000 (4,000)	105-110 (45-50)
Anne Moore (Director of Corporate Services)	90-95 (45-50)	0-5 (-)		95-100 (45-50)
Sheila Drew Smith (non-executive director)	10-15 (0-5)			10-15 (0-5)
David Clements (non-executive director)	10-15 (0-5)			10-15 (0-5)

The acting Legal Services Director received a performance related payment in this period, however this related to their previous role prior to joining the IPC Board, therefore this payment is not disclosed here.

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 2011**	**2010 Cash equivalent transfer value (CETV)**	**2011 CETV**	**Real increase in CETV**
John Saunders	3,698	3,843	14,203	166,323	230,353	(139, 838)
Douglas Evans	1,602		2,498	12,849	12,354	(915)
Helen Adlard	1,651		2,123	4,908	22,735	11,511
Ian Gambles	1,681		2,445	7,562	24,930	9,761
Anne Moore	1,524		2,323	6,816	20,428	6,426

Other senior posts are not pensionable.

5.3 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 Commission 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.

5.4 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 Framework Document agreed with the sponsor Department.

I am accountable to the Department for Communities and Local Government Permanent Secretary for the performance of the IPC; the draft Framework Agreement sets out in detail our joint and shared responsibilities, including access to Ministers.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 system of internal control has been in place in the IPC for the year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to handle risk

The IPC's risk management policy and procedures were approved by the Audit and Risk Committee in August 2010 and the IPC Board recognised and supported the implementation of these as a priority. Between October and December 2010 all staff completed on-line training on risk management (through National School of Government) and attended a combined training session on IPC procedures and workshop to capture current risks.

The policy, guidance, risk templates and FAQ's are available on the intranet and staff have a one page handout with key information relating to management of risks to keep on their desks.

Leadership is given to the risk management process through senior management team endorsement of the IPC's risk policy and procedures and through the organisational methods used to manage risk. IPC Directors ensure risks are managed effectively in their business areas and projects.

Administrative responsibility for risk management lies with the Head of Project and Performance Management. Meetings are held with directors and heads of service each month to review and update their risk registers. The Strategic Risk Register is updated each month by SMT and reviewed by the IPC Board, which met 9 times in the year. The Audit and Risk Committee also reviewed the register at each of its 4 full meetings.

The Risk and Control Framework

The IPC's risk management procedures provide for risks to be identified and managed at all levels and areas of the business. Risk registers are maintained for directorates and projects.

Major projects maintain their own individual risk registers and review and report on risks to successful completion through project or programme boards. Any strategic risks are escalated through SMT.

Project and directorate risk registers are reviewed monthly by the business areas. The strategic risk register is reviewed by the senior management team each month and by the Audit and Risk Committee on a quarterly basis, who then refer it to the IPC Board with assurance comments for review.

All strategic risks are owned at Director level, and they are responsible for identifying and managing mitigations.

Where appropriate, IPC Board papers include an assessment of risks and mitigating actions.

Risk appetite is determined through discussion at Board level of the developing risk registers.

An audit of risk management was carried out by the internal auditors in February 2011, and their report supported our approach and included some minor recommendations to further enhance the framework.

Information

Risks to information are managed in line with the IPC's Records Management Policy and Clear Desk Policy which stipulates how information is marked, controlled, shared, stored and disposed of. Adherence to the policy is audited at least annually and reported to the Information Asset Owner (Head of IT) and copied to the Senior Management Team. There were no instances of information security incidents reported in the year to 31 March 2011.

Other Controls

We have enhanced our controls around payroll during the year, to minimise the risk of errors and unauthorised payments. This includes introducing a log of all payroll amendment requests as the number of staff on our payroll has increased. We have additionally requested a monthly summary of the bank account reconciliations carried out on behalf of the IPC by the finance shared service team for 2011/12.

We have also implemented the Government's spending controls and transparency reporting requirements. All expenses payments to senior staff and all payments to suppliers over £500 are published regularly on the IPC web-site.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and 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. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the IPC Board and the Audit and Risk Committee.

The IPC has an internal audit function, provided by Moore Stephens LLP which provides assurance to the Accounting Officer on the systems of internal control, risk and governance of the IPC. Internal Audit examined the following areas: governance, ICT, finance and budgetary control, integration transition arrangements and risk management. The Head of Internal Audit also provides me with advice on internal control, risk and governance matters arising. On the basis of the results of the reviews undertaken during the year, Internal Audit has provided me with reasonable assurance on the effectiveness of the internal controls in the IPC. 23 recommendations were made, all of which are being addressed.

No assurance was offered over the ability of the current ICT shared service arrangement to deliver robust functionality. In their opinion, the risks considered by Internal Audit could not be considered to be adequately managed under the arrangement which existed between the IPC, CLG and the shared service provider.

Following receipt of this audit report, I concluded that while the service had been poor and the contractual issues serious, the forthcoming integration of the IPC into the Planning Inspectorate meant that it would not be appropriate to look for another provider. Moreover, the service had improved, so there was less urgency to seek alternative arrangements. Nonetheless, the IPC wrote to DCLG expressing the concerns raised in the audit report. DCLG responded acknowledging that the performance issues had improved and that there were understandable concerns about the contractual arrangements.

No fraud issues were reported during the year.

The effectiveness of our control systems has been demonstrated by the IPC delivering business objectives within a significantly reduced funding envelope, whilst fully complying with the Government's new spending controls.

The IPC Board, supported by the Audit and Risk Committee, ensures that controls are effective through reviews of business plans, audit plans, management accounts, risk management, audit reports and improvement plans.

In response to the Government's new spending controls I have reviewed the reports on senior staff expenses and supplier payments over £500 prior to publication and am satisfied that all payments were in line with my delegated authority.

John Saunders OBE
Accounting Officer

20 June 2011

5.5 Audit Opinion

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Infrastructure Planning Commission for the year ended 31 March 2011 under the Planning Act 2008. These comprise the Statement of Comprehensive 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, certify and report on the financial statements in accordance with the Planning Act 2008. 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 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 read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by 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 2011 and of its net expenditure for the year 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 Uncertainty

In forming my opinion, which is not qualified, I draw attention to the disclosures made in note 1.3 to the financial statements concerning the application of the going concern principle in light of the announcement to abolish the Infrastructure Planning Commission, which is subject to legislation and therefore uncertain.

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 sections of the Annual Report entitled, “Management Commentary,” “What we Delivered,” and “Financial Summary” for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or 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

24 June 2011

5.6 Statement of Comprehensive Net Expenditure

For the year ended 31 March 2011

	Note	2010-11 £000	2009-10 £000
Expenditure			
Staff costs	4	4,708	1,834
Other expenditure	5	1,662	1,979
Total expenditure		**6,370**	**3,813**
Income			
Fees	6	188	-
Total income		**188**	**-**
Net expenditure		**6,182**	**3,813**
Interest Payable	5	41	2
Net expenditure after interest		**6,223**	**3,815**

5.7 Statement of Financial Position

As at 31 March 2011

	Note	2011 £000	2010 £000
Current assets			
Trade and other receivables	9	2	1
Cash and cash equivalents	10	758	1,664
Total current assets		**760**	**1,665**
Current liabilities			
Trade and other payables	11	460	26
Other liabilities	11	431	1,647
Total current liabilities		**891**	**1,673**
Net current liabilities		(131)	(8)
Non-current liabilities	12	29	118
Total non-current liabilities		**29**	**118**
Assets less liabilities		**(160)**	**(126)**
Taxpayers' equity			
General reserve		(160)	(126)
Total		**(160)**	**(126)**

The financial statements on this page were approved by the Board on 20 June 2011 and were signed on its behalf by;

(Signed) (Chairman) 20 June 2011

(Signed) (Chief Executive) 20 June 2011

5.8 Statement of Cash Flows

For the year ended 31 March 2011

	Note	2010 - 11 £000	2009 - 10 £000
Cash flows from operating activities			
Net deficit after interest		(6,223)	(3,815)
Increase in trade and other receivables		(1)	(1)
Increase in trade and other payables		434	26
(Decrease) / increase in other liabilities		(1,216)	1,647
Increase in non-current liabilities		126	57
Use of pension provision		(215)	61
Actuarial gain / (loss)		379	(11)
Net cash outflow from operating activities		**(6,716)**	**(2,036)**
Cash flows from financing activities			
Grants from parent department		5,810	3,700
Net financing		**5,810**	**3,700**
Net (decrease) / increase in cash and cash equivalents in the period		**(906)**	**1,664**
Cash and cash equivalents at the beginning of the period		**1,664**	**-**
Cash and cash equivalents at the end of the period		**758**	**1,664**

5.9 Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2011

	Note	General Reserve £000	Total Reserves £000
Balance at 1 October 2009		**-**	**-**
Changes in taxpayers' equity for 2009-10			
Grant from parent		3,700	3,700
Comprehensive expenditure for the year		(3,815)	(3,815)
Actuarial loss from pension scheme		(11)	(11)
Balance at 1 April 2010		**(126)**	**(126)**
Changes in taxpayers' equity for 2010-11			
Grant from parent		5,810	5,810
Comprehensive expenditure for the year		(6,223)	(6,233)
Actuarial gain from pension scheme		379	379
Balance at 31 March 2011		**(160)**	**(160)**

5.10 Notes to the IPC's Accounts

1. Statement of Accounting Policies

1.1 These Financial Statements have been prepared in accordance with the 2010-11 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 is 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 in the Localism Bill to enact the proposal for the abolition of the IPC. 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. However, Section 2.2.15 of the 2010-11 FReM states that if services will continue to be provided using the same assets by another public sector entity, it remains appropriate to prepare the financial statements on a going concern basis. Ministers have confirmed both their intention for 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. After making enquiries and holdings discussions 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. For these reasons, management continue to adopt the going concern basis in preparing the annual report and financial statements, which do not include the adjustments that would result if the IPC was unable to continue as a going concern.

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).

1.6 Grant in Aid

1.6.1 The IPC's activities are funded by a combination of operating income and grants provided by the Department for Communities and Local Government to cover expenditure incurred in meeting the IPC's objectives. Grant in Aid received and used to finance activities and expenditure which support the statutory and other objectives of the IPC is treated as financing and is credited to the General Reserve, because this is regarded as contributions from a controlling party.

1.7 Value Added Tax

1.7.1 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.

1.8 Pensions

1.8.1 IPC staff 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 Taxpayers' Equity in the period in which they occur.

1.9 Provisions

1.9.1 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 accommodation and pension assets and liabilities shown in note 12.

1.10 Leases

1.10.1 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 year ended 31 March 2011.

1.10.2 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.

1.10.3 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 with accommodation and ICT through shared service arrangements that are, in effect, operating leases.

1.11 Contingent Liabilities

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

1.12 Third Party Assets

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

2. Segmental Reporting

The IPC has adopted IFRS 8 Operating Segments for the year ended 31 March 2011. 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.

3. Adoption of New and Revised Standards

At the date of authorisation of these Financial Statements, there exist certain Standards and Interpretations which were in issue but not yet effective (and in some cases had not yet been adopted by the EU) and so have not been applied. It is not expected that these standards will have a material impact on the Financial Statements when applied in future periods.

4. Staff Numbers and Related Costs

Figures for 1 October 2009 to 31 March 2010 are shown in brackets.

Staff Numbers	Directly employed	Secondment or loan	Agency or temp	Total
Commissioners	8 (5)	- (-)	- (-)	8 (5)
Secretariat	40 (34)	10 (5)	6 (1)	56 (40)
Total	**48 (39)**	**10 (5)**	**6 (1)**	**64 (45)**

Figures are average full-time equivalents for the year ended 31 March 2011.

The Commissioners figure is the average full-time equivalent of 10 core Commissioners. There are an additional 28 Commissioners available on a call-off basis.

Commissioner Costs	Directly employed £000	Secondment or loan £000	Agency or temp £000	Total £000
Wages & salaries	999 (344)	- (-)	- (-)	999 (344)
Social security	119 (35)	- (-)	- (-)	119 (35)
Total	**1,118** **(379)**	**-** **(-)**	**-** **(-)**	**1,118** **(379)**

Secretariat Costs	Directly employed £000	Secondment or loan £000	Agency or temp £000	Total £000
Wages & salaries	1,733 (810)	1,002 (420)	393 (21)	3,128 (1,251)
Social security	158 (68)	- (-)	- (-)	158 (68)
Contributions to pension schemes	181 (88)	- (-)	- (-)	181 (88)
Other pension costs	123 (48)	- (-)	- (-)	123 (48)
Total	**2,195** **(1,014)**	**1,002** **(420)**	**393** **(21)**	**3,590** **(1,455)**

Overall Total	**3,313** **(1,393)**	**1,002** **(420)**	**393** **(21)**	**4,708** **(1,834)**

Secretariat costs include two Non-Executive Directors.

There were no loans to employees other than season ticket advances; these were to 3 staff and totalled £6k (5 staff and £10k between 1 October 2009 and 31 March 2010).

There were no exit schemes or compensation packages.

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	2010-11 £000	2009-10 £000
Opening Defined Benefit Obligation	206	-
Service cost	442	138
Interest cost	41	2
Actuarial (gains) / losses	(325)	17
Estimated benefits paid in (net of transfers in)	563	-
Past service cost	(98)	-
Contributions by Scheme participants	116	49
Closing Defined Benefit Obligation	**945**	**206**

Reconciliation of opening & closing balances of the fair value of Scheme assets	2010-11 £000	2009-10 £000
Opening fair value of Scheme assets	145	-
Expected return on Scheme assets	42	2
Actuarial gains / (losses)	54	6
Contributions by employer (including unfunded)	179	88
Contributions by Scheme participants	116	49
Estimated benefits paid (net of transfers in and including unfunded)	563	-
Fair value of Scheme assets at end of period	**1,099**	**145**

The amounts recognised in the Statement of Financial Position as at:	31 March 2011 £000	31 March 2010 £000
Present value of funded obligation	945	206
Fair value of Scheme assets (bid value)	1,099	145
Net (Asset) / Liability	**(154)**	**61**

The amounts recognised in the Statement of Comprehensive Net Expenditure are:	2010-11 £000	2009-10 £000
Service cost	442	138
Interest cost	41	2
Expected return on Scheme assets	(42)	(2)
Past service cost	(98)	-
Total	**343**	**138**

Actual return on Scheme assets	**44**	**8**

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This has been recognised as a past service gain and recognised in the Statement of Comprehensive Net Expenditure as the change is considered to be a change in benefit entitlement.

Actuarial gain (loss) recognised in the Statement of Changes in Taxpayers' Equity	2010-11 £000	2009-10 £000
Actual return less expected return on pension scheme assets	1	6
Experience gains and losses	67	4
Changes in assumptions underlying the present value of the scheme liabilities	311	(21)
Actuarial gains (losses) recognised	**379**	**(11)**

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2011 is estimated to be 7.1%. 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.

Employer asset share	31 March 2011		31 March 2010	
	£000	%	£000	%
Equities	758	69%	102	70%
Target return portfolio	132	12%	15	10%
Alternative assets	154	14%	20	14%
Cash	33	3%	7	5%
Other bonds	22	2%	1	1%
Total	**1,099**	**100%**	**145**	**100%**

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 1 April 2010 for the year to 31 March 2011). The returns 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 returns on equities and property are then assumed to be a margin above gilt yields.

The scheme has adopted the following expected returns:

Asset class	Expected return at		
	1 April 2011 % pa	1 April 2010 % pa	2 October 2009 % pa
Equities	7.4%	7.5%	7.0%
Target return portfolio	4.5%	4.5%	4.5%
Alternative assets	6.4%	6.5%	6.0%
Cash	3.0%	3.0%	3.0%
Other bonds	5.5%	5.5%	5.4%
Total	**6.7%**	**6.8%**	**6.2%**

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

Assumptions as at	31 March 2011		31 March 2010		1 October 2009	
	% pa	Real	% pa	Real	% pa	Real
RPI increases	3.5%	-	3.9%	-	3.4%	-
CPI increases	2.7%	-0.8%	n/a		n/a	
Salary increases	4.5%	1.0%	5.4%	1.5%	4.9%	1.5%
Pension increases	2.7%	-0.8%	3.9%	-	3.4%	-
Discount rate	5.5%	1.9%	5.5%	1.5%	5.4%	1.9%

These assumptions are set with reference to market conditions at 31 March 2011. 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 RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England. This measure has historically overestimated future increases in the RPI and so we have made a deduction of 0.25% to get the RPI assumption of 3.5%. As future pension increases are expected to be based on CPI rather than RPI, we have made a further assumption about CPI which is that it will be 0.8% below RPI i.e. 2.7%.

Salary increases are then assumed to be 1.0% above RPI in addition to a promotional scale but we have also assumed that there is a pay freeze for all members earning over £21,000 per annum until 31 March 2012.

Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	912	945	980
Projected service cost	273	287	302

Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	915	945	975
Projected service cost	274	287	300

Amounts for the current and previous periods	Year to 31 March 2011 £000	Period to 31 March 2010 £000	As at 1 October 2009 £000
Defined benefit obligation	(945)	(206)	-
Scheme assets	1,099	145	-
Surplus / (Deficit)	154	(61)	-
Experience adjustments on Scheme liabilities	14	4	-
Percentage of liabilities	1.5%	1.9%	-
Experience adjustments on Scheme assets	54	6	-
Percentage of assets	4.9%	4.1%	-
Cumulative actuarial gains / (losses)	368	(11)	-

Projections for the year to 31 March 2012	Year to 31 March 2012 £000
Service cost	287
Interest cost	78
Return on assets	(103)
Total	**262**
Employer contributions	213

5. Other Expenditure

Expenditure Group	2010-11 £000	2009-10 £000
Accommodation	456	233
Travel & subsistence	240	85
Geographic Information Systems	246	-
IT development (casework & web)	195	838
Shared services	202	467
ICT – non shared service	53	35
Marketing & communications	51	76
Legal	27	6
External Audit	28	25
Internal Audit	24	-
HR - non shared service	15	132
Other admin	127	83
Other Expenditure	**1,662**	**1,979**
Interest cost	41	2
Total Expenditure	**1,703**	**1,981**

6. Income

Income	2010-11 £000	2009-10 £000
Fees from Developers	188	-
Total	**188**	**-**

7. 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

8. Financial Instruments

As the cash requirements of the IPC are met through Grant-in-Aid provided by DCLG and fee income from developers, 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.

9. Trade Receivables and Other Current Assets

Amounts falling due within one year:	2010-11 £000	2009-10 £000
Trade receivables other	2	1
Total	**2**	**1**

10. Cash and Cash Equivalents

	2010-11 £000
Balance at 1 April 2010	1,664
Net change in cash equivalent balances	(906)
Balance at 31 March 2011	**758**

The following balances at 31 March were held:	
Cash at bank	758
Balance at 31 March 2011	**758**

11. Trade Payables and Other Current Liabilities

Amounts falling due within one year:	2010-11 £000	2009-10 £000
Trade payables Central Government	450	25
Trade payables other	10	1
Accruals and deferred income Central Government	59	1,210
Accruals and deferred income other	372	437
Total	**891**	**1,673**

12. Non-Current liabilities

Amounts falling due after more than one year:	2010-11 £000	2009-10 £000
Accruals and deferred income Central Government	183	57
Pension (asset) / liability	(154)	61
Total	**29**	**118**

13. 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)	2010-11 £000	2009-10 £000
Not later than one year	472	518
Later than one year and not later than five years	1,890	2,592
Later than five years	2,362	2,592
Total	**4,724**	**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 2013.

14. Related Party Transactions

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

The IPC has had various material transactions with DCLG and PINS during the year ended 31 March 2011.

No Board Members, key managers or other related parties have undertaken material transactions (over £5k) with the IPC or its related parties during the year ended 31 March 2011.

15. Events after the reporting period

In the UK Budget Statement of 22 June 2010, the Chancellor of the Exchequer announced that, with effect from 1 April 2011, the Government would use the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) for the price indexation of benefits and tax credits; and that this would also apply to public service pensions through the statutory link to the indexation of the Second State Pension.

The change from RPI to CPI for the purposes of uprating index-linked features of post employment benefits has been recognised as a negative past service cost in accordance with IAS 19. This accounting treatment has been adopted by all central Government reporting entities where RPI has been used for inflation indexing for many years.

The question of whether, as regards the main public service pensions schemes, there is a legitimate expectation that RPI will be used for inflation indexing is currently before the courts in judicial review proceedings. The Government case is that no legitimate expectation exists and that, in any event, even if there was a legitimate expectation this was overridden by the clear public interest in making very substantial savings at a time when the Government had adjudged that deficit reduction was a fundamental objective for the country. If the Government's case is proven, there would be no change to the accounting treatment adopted in these accounts.

5.11 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 examine proposals for nationally significant infrastructure projects in England and Wales.

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