Infrastructure Planning Commission

Annual Report and Accounts 2011/12

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Contents

Chair's Foreword 4

1.0 Chief Executive's Introduction 5

2.0 Management Commentary 7

2.1 Overview 7
2.2 How we worked 7

3.0 What we delivered 9

3.1 Compliance with Legal Duties 9
3.2 Timely decision making 10
3.3 Quality 11
3.4 Legitimacy 11
3.5 Fitness for purpose 12
3.6 Value for money 12

4.0 Annual Accounts 14

4.1 Financial Summary 14
4.2 Remuneration Report 15
4.3 Statement of Accounting Officer's Responsibilities 17
4.4 Governance Statement 17
4.5 The Governance Framework 18
4.6 The Governance Structure 18
4.7 Extraordinary Events 19
4.8 Board Sub-Committees 19
4.9 Compliance with the Corporate Governance Code 21
4.10 Risk Management 21
4.11 Performance 22
4.12 Conclusion 22
4.13 Audit Opinion 23
4.14 Statement of Comprehensive Net Expenditure 25
4.15 Statement of Financial Position 25
4.16 Statement of Cash Flows 26
4.17 Statement of Changes in Taxpayer's Equity 26
4.18 Notes to the IPC's Accounts 27
4.19 Accounts Direction 35

Chair’s Foreword

This report looks back on the final year of the Infrastructure Planning Commission (IPC) and highlights our many significant achievements during our short existence.

I would like to pay tribute to the former staff, Commissioners and Board members, who, since the decision to abolish the IPC was made in May 2010, continued to work with professionalism, energy and commitment to provide a superb legacy for National Infrastructure planning, which transferred to the Planning Inspectorate on 1 April 2012.

During the year to 31 March, the first decision to grant development consent was made, for an energy-from-waste facility in Bedfordshire; a further 9 projects were accepted for examination, including a proposed new nuclear power station in Somerset, and by the end of the period, around 70 projects worth an estimated £150 billion were at various stages of the process.

Of enormous importance was the confidence of applicants, stakeholders and infrastructure investors. There was very real concern that the abolition of the IPC would disrupt the process, but the organisation refused to be distracted and worked tirelessly to avoid any difficulties. Stakeholders have acknowledged this achievement and have stressed the importance of such ‘organisational characteristics’ being carried across to the Planning Inspectorate.

We played a key role in preparing for the transfer to the Planning Inspectorate (PINS), agreeing a Strategic Plan that will deliver significant savings and improvements over the next 3 years and driving forward its implementation. We are already seeing very substantial benefits.

Although the IPC is no more, its legacy leaves the National Infrastructure planning regime ready to meet the challenges ahead and contribute to economic recovery. The quality of the transferring IPC team speaks for itself and their skills and experience are vital assets in the new Planning Inspectorate.

Sir Michael Pitt

Chair of the IPC to 31 March 2012
Chief Executive of the Planning Inspectorate since 1 April 2011
IPC Accounting Officer from 1 April 2012

13 June 2012

1.0 Chief Executive's Introduction

From its inception in 2009 through to 31 March 2012 the IPC built organisational capacity and capability. This included the formal establishment of the organisation and governance arrangements, the recruitment of staff and Commissioners with the necessary skills and experience, the design, development and implementation of business processes and systems, and the necessary corporate service functions. The organisation grasped the 'greenfield' opportunity to design and build a modern, fit-for-purpose public sector body.

In May 2010, the new Government announced its intention to abolish the IPC and to transfer decision making to the appropriate Secretary of State. The Government also announced that the work of the IPC would transfer to the Planning Inspectorate, effectively integrating the two organisations. We took this opportunity to take a fresh look at how the work previously undertaken in both the IPC and PINS could be modernised and performance improvements achieved.

On 15 November 2011 the Localism Act, which implemented a range of changes to UK planning, both at a national and a local level, changed the law so that all decisions on development consent for national infrastructure are now taken by the relevant Secretary of State. The Act confirmed the abolition of the IPC and as a result its work transferred to the Planning Inspectorate from 1 April 2012.

Government also set out its ambitions for infrastructure investment with the publication of the National Infrastructure Plan Part II on 29 November 2011 and stressed its determination to correct the decades' long degradation of national infrastructure.

Such changes were to be progressed against a background of Government's intentions to achieve "a smaller more enabled state" and "a fundamental shift of power and funding to individuals, communities, neighbourhoods and local councils". Furthermore Government demanded Public Sector financial cost reductions in the order of 30%.

It is difficult to overstate the critical role of the 2008 Planning Regime and its contribution to the Government's Growth, Environmental and Localism priorities. Maintaining confidence and delivering to exacting standards has been a key challenge during the year; achievements and stakeholder feedback evidenced considerable success.

Other significant changes in the planning policy landscape included preparing for the National Planning Policy Framework; this enshrined a presumption in favour of sustainable development, whilst retaining protection for our natural and built heritage.

These various factors created a range of serious, concurrent strategic challenges for the IPC (in conjunction with PINS):

- Continue to build National Infrastructure organisational capacity and capability in order to manage the growing caseload
- Ensure no disruption to services
- Sustain stakeholder confidence in the planning regime so that vital international and domestic investment in infrastructure was not disrupted
- Retain essential staff, experience and skills in turbulent times
- Design and implement a programme of integration between the IPC and PINS which, again, ensured no service disruption and delivers joint, substantial savings and efficiencies.

In keeping with the direction set the IPC's priority during the year was to achieve a seamless transfer to the new arrangements and ensure there was no disruption to national infrastructure projects.

A comprehensive Strategic Plan for the integrated organisation was developed in early 2011 and endorsed by DCLG in July 2011. This set out the blue print for the integrated Planning Inspectorate, the strategic priorities and a demanding timetable for implementation.

The Strategic Plan implementation programme was selected for inclusion in the Government's Major Projects Portfolio and consequently was monitored by the Cabinet Office's Major Projects Authority. This planning process also demanded and enabled appropriate integrated governance, leadership and management whilst respecting the legal and statutory obligations of the, still separate, organisations.

The year ended 31 March 2012 was a remarkable success story for the IPC.

In terms of delivery:

- 100% of all statutory deadlines were met
- Business processes and new I.T. systems functioned effectively to 99.8% standard
- Productivity gains and resource usage enabled a 29% saving on budgeted costs
- Key staff retained and a successful recruitment strategy enabled capacity and capability to be built and learning and experience to be captured
- Information, guidance and advice to applicants ensured high quality applications and strong, positive feedback
- No disruption to the major infrastructure planning regime, including service delivery and standards. Applicant and wider stakeholder confidence achieved.

In terms of change:

- Successful PINS-2012 integration, aligned to DCLG’s Change Plan and the Arms Length Bodies reform programme, with all milestones achieved on schedule. A Cabinet Office Gateway review gave a “green” delivery confidence rating, stating that the programme “benefits from strong leadership and management” and that “the likelihood of success is very high”.
- Integration successes included:
    - Comprehensive programme of staff engagement
    - All staff and operations transferred
    - Ring-fencing of the National Infrastructure process
    - Integrated management
    - Streamlined governance arrangements
    - Combined back office functions, in many cases in advance of integration
    - Combined front line functions where appropriate, including legal and environmental services
    - Integrated business processes and systems
    - Harmonised terms and conditions and policies, including new contractual arrangements for former Commissioners
    - Some PINS Inspectors trained to work on National Infrastructure cases

The demands of this period took their toll on the IPC’s leadership, management and staff, but, despite the considerable difficulties and uncertainties, the IPC staff survey engagement index remained high at 68%. This was a remarkable 6% above the Government’s high performing bodies’ index. The commitment, performance and resilience of the IPC team justify both recognition and sincere appreciation.

The IPC ceased to exist on 31 March 2012 but its operations transferred to the restructured Planning Inspectorate. The organisation inherited a valuable and healthy body and the Strategic Plan provided a very strong foundation for delivering a healthy and high performing public sector organisation.

John Saunders

IPC Chief Executive and Accounting Officer to 31 March 2012

13 June 2012

2.0 Management Commentary

2.1 Overview

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. The regime was switched on to start receiving applications from the Energy and Transport sectors from 1 March 2010.

Governance arrangements are explained in detail in the Governance Statement on pages 17 to 22 of this report.

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

At the end of the reporting period, there were 35 appointed Commissioners.

The responsibility of Commissioners was to make recommendations to the Secretary of State unless the relevant National Policy Statement had been formally designated, in which case Commissioners would make the final decision on the application.

From 1 April 2012, under the Localism Act, this changed and the relevant Secretary of State is now the decision maker on major infrastructure applications in all cases.

Professional, management and administrative support was led by Chief Executive and Accounting Officer, John Saunders.

At the start of the reporting period, he was supported by three Executive Directors, who were responsible for operations, corporate and legal services. On 31 July 2011, the Executive Director responsible for corporate services left the IPC and the responsibilities of the vacant post were subsequently covered by other members of staff.

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

The biographies and a register of the interests of all Board Members, together with all IPC Commissioners on 31 March 2012, can be viewed at the archived version of the IPC's website at National Archives:

http://webarchive.nationalarchives.gov.uk/20120321140700/http:/infrastructure.independent.gov.uk/

2.2 How we worked

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

1. Openness

We did not hold confidential conversations about projects. All our communications with others were summarised and published at our website. We were open and transparent at every stage of the process.

2. Engagement

Effective, early and ongoing public engagement was one of the key benefits of the Planning Act 2008. Local authorities and local communities played a pivotal role in the process, and the Commission would reject an application if the consultation undertaken by the applicant was inadequate.

3. Sustainability

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

4. Independent Decisions

The IPC was not a rubber stamp. Commissioners made their decisions within the framework of National Policy Statements and would reject an application if they decided that adverse impacts outweighed the benefits.

5. Consensus

The IPC moved away from the confrontational win-lose approach of the past. We encouraged 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 aimed to comply with all its statutory duties including those set out in the Planning Act 2008.

The IPC's legal duties were prescribed in the Planning Act 2008 and other regulations which applied to our work. During the reporting period, the IPC provided over 600 instances of Section 51 advice to a wide range of stakeholders and published this weekly on our website. We continued to expand our suite of advice notes, which focussed on specific aspects of the streamlined process, providing clarity on a wide range of issues.

We produced 15 comprehensive Environmental Impact Assessment (EIA) scoping opinions within the 42 day time limit set in regulations.

We received 12 applications and issued decisions on whether or not to accept them for examination within the 28 day statutory time limit[1], and we managed the registration and representation process in accordance with our duties.

We also issued decisions on 14 requests under the Freedom of Information Act and Environmental Information Regulations, all within the 20 day statutory time limit.

Case Study: From application to decision

The IPC issued its first decision on a development consent order on 13 October 2011. The application, from Covanta Rookery South, was for an energy from waste generating station proposed at Rookery South in Bedfordshire. 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.
11 April	Examining Authority's second round of questions issued
9 May	Deadline for responses to the Examining Authority's second round of questions

1 Two of these applications were received within 28 days of 31 March 2012, so acceptance decisions were made by the Secretary of State after 1 April 2012.

13 May	Issue Specific Hearing into drafting of the Development Consent Order, held at Park Inn Hotel, Bedford and announcement of further Issue Specific Hearings. (41 attendees)
26 May	Examining Authority issued more guidance on the further Issue Specific Hearings, including notification that cross-examination would be allowed at the hearing on the 22 June as the evidence submitted by English Heritage drew different conclusions to both the applicants and the Councils' conclusions and the Examining Authority considered that this difference would best be explored by cross-examination.
13 June	Further Issue Specific Hearing into drafting of the Development Consent Order, held at the Park Inn Hotel, Bedford (24 attendees)
17 June (morning)	Issue Specific Hearing into the effect of the proposed development on the waste hierarchy. (39 attendees)
17 June (afternoon)	Issue Specific Hearing into the noise impact of early morning operation on the living conditions of residents (including campers at Stewartby Water Sports Club) living near to the access routes proposed for HGVs between the A421 and the site.
21 June	Issue Specific Hearing into Landscape, visual impact and design matters, including specifically whether the viewpoints considered in the Environmental Statement are representative and the identification of any additional viewpoints that interested parties want the Examining Authority to include in their site visit. (39 attendees)
22 June	Issue Specific Hearing into the impact of the development on the setting of heritage assets. (32 attendees)
27 June - 1 July	Compulsory Acquisition Hearing, held at the Forest Centre, Marston Moretaine (27 June - 27 attendees, 28 June - 20 attendees, 29 June - 10 attendees, 1st July - 12 attendees)
6 June	Comments on responses to the Examining Authority's second round of questions, deadline for notifying ExA of wish to be heard at an Open Floor Hearing (Interested Parties) or for Compulsory Acquisition Hearing for affected persons. Deadline for final comments on the drafting of the DCO and completed section 106 undertakings.
5 July	Open floor hearings held between 10.00 and 16.00 and between 19.00 and 22.00 at the Forest Centre, Marston Moretaine. (22 attendees in morning, 9 in afternoon)
6 July	Open Floor Hearings held between 14.00 and 16.30 at the Forest Centre (9 attendees) and between 19.00 and 22.00 at the Village Hall in Stewartby (over 100 attendees and 26 speakers)
12 July	Accompanied visit to the site and surrounding area.
15 July	Close of examination letter issued.
13 October	Examining Authorities Statement of Reasons and decision issued.
Position at 31 March 2012	In this case the development consent order was made in the form of a statutory instrument, and it needed to go through Parliamentary processes before the Order came into effect. This is because the Order contained a certain type of legislative provision; it applied statutory powers to compulsorily acquire special category land. This process was ongoing at 31 March.

3.2 Timely decision making

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

The IPC processed all applications in as expeditious manner as possible, so that more straightforward or less contentious cases were not subject to any unnecessary delay.

As reported in the section on compliance with legal duties, all statutory deadlines were met, including issuing acceptance decisions for all 12 applications for Development Consent Orders within the statutory 28 day timeframe. On average acceptance decisions were issued within 25 days.

Section 98 of the Planning Act 2008 provided that the Chair of the Commission could extend the timescale for examining and reporting on an application; this discretion was exercised on one occasion, for an application that was later withdrawn.

3.3 Quality

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

The IPC developed all areas of its service provision to stakeholders significantly over the year to achieve high quality applications based upon full participation in a fair and transparent process. We 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 was upon fostering early and meaningful engagement in applications from pre-application stage.

We provided high quality, accurate advice in response to more than 600 requests from developers, statutory consultees, local authorities and other interested parties, including the public. All the section 51 advice we provided was recorded on our website.

We held over 30 outreach events, including inception meetings at pre application stage, with statutory consultees and local authorities, and public drop in sessions and stakeholder meetings to explain the process of registration to communities affected by an application.

We issued clearly reasoned and error free decisions on applications submitted to us. Our scoping opinions attracted independent praise for their quality and depth, including a welcome from the Institute of Environmental Management and Assessment for our approach to cumulative impact assessment.

Our target was for no more than 1 in 20 determined cases to attract a justified complaint

One Development Consent Order application (relating to the Covanta Rookery South Waste to Energy plant in Bedfordshire) was determined. Despite the controversial nature of this application the process did not generate any formal complaints to the IPC regarding the service received or the procedural handling of the case.

3.4 Legitimacy

The IPC aimed to 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 was known for its transparency and fairness.

We spoke at over 31 corporate events and over 30 outreach events to continue to explain the existing and future plans for major infrastructure consenting to our full range of audiences.

Together with the Planning Inspectorate, we established a new Planning Reference Group of over 140 stakeholder organisations, who met for the first time on 6 February 2012 to agree how they will engage with us to provide feedback on our performance and advice on customer needs. The Planning Reference Group will undertake a diverse programme of virtual activities with the Planning Inspectorate and can be tracked at: www.planningreferencegroup.org

The IPC continued to demonstrate its commitment to transparency and fairness in all areas of its operation. In the reporting period, we published 10 decisions on application acceptance including the detailed checklist we utilised to assess those applications.

We held 6 Preliminary Meetings and 10 hearings in public and made audio recordings of the proceedings which were published at our website, together with the procedural decision issued following the meeting.

As an organisation, we demonstrated a strong commitment to transparency through our openness policy, and this meant that the number of Freedom of Information Act and Environmental Information Regulations requests we received remained low. We received 14 requests during the reporting period and all of these were responded to within the statutory timeframe of 20 days.

The IPC signed a Memorandum of Understanding with the Welsh Government on 1 October setting out the roles of the organisations for major infrastructure planning, their working relationship and how the process applied in Wales. We also published annexes to Advice Note 11: Working with public bodies in the infrastructure planning process, on the roles of Countryside Council for Wales and the Marine Management Organisation in the 2008 process.

On 13 October 2011, the IPC attended the National Assembly for Wales' Environment and Sustainability Committee to give oral evidence as part of the inquiry into Energy Policy and Planning in Wales.

Our target was to ensure growth in website usage

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 154,865 an increase from 121,157 at the start of the reporting period. Of these, 63,063 were unique visitors, up from 48,525 previously.

The IPC website was taken down on 1 April 2012 and all the project specific content was transferred to a Planning Inspectorate national infrastructure planning portal at:
www.planningportal.gsi.gov.uk/infrastructure

The IPC e-newsletter, launched in March 2010, increased its subscriber base from 1,865 in April 2011, to 2,221 by the end of the reporting period. The last issue of the e-newsletter was published in March 2012. During Spring 2012, IPC subscribers were given the option to subscribe to the Planning Inspectorate's e-newsletter in future in order to continue receiving national infrastructure news.

We published 10 updated and 6 new advice notes during the reporting period to guide stakeholders in more detail on the requirements for specific aspects of the streamlined process. National infrastructure advice notes transferred to the Planning Inspectorate on 1 April and were republished at the Planning Inspectorate's national infrastructure planning portal at the above web address.

3.5 Fitness for purpose

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

We delivered best practice governance through a Board model which included two Non Executive Directors, an Audit and Risk Committee and a Remuneration Committee. The Board met bi-monthly throughout the reporting period.

We worked with developers to improve their understanding of the application process and the pre-application requirements, which in turn helped our ability to forecast caseload and resource needs. This meant we could effectively manage our staff and variable costs in line with caseload and income.

All employees benefited from a detailed induction programme and our robust performance management framework, as well as support for their professional development.

During 2011 the IPC undertook a Staff Engagement Survey. We achieved a Staff Engagement Index of 68%, which is higher than the index for top scoring Civil Service departments. We continued to provide a Staff Forum to enable staff to discuss issues and ideas with senior management.

By the end of the reporting period, there were 35 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.

We also continued to develop and improve our case management system, linked to our website. This included managing effective participation in the process, by issuing thousands of letters to interested parties and publishing thousands of representations online. We also used technology effectively to identify and build accurate lists of consultees.

3.6 Value for money

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

The IPC generated £971k 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 faced with a budget reduction in our Grant-in-Aid funding of 14% early in the financial year (from £6.6m to £5.7m), resulting in a total revised budget of £6.7m.

The organisation responded to this challenge by rigorously prioritising all variable expenditure. In particular, we revised our staff recruitment programme and filled essential roles through flexible resourcing options, which allowed us to continue 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 continued to publish quarterly spend data on our website.

We progressed design work on our advice notes and other public facing information in-house to ensure delivery at nil marginal cost and strongly encouraged online representations and electronic only publishing wherever possible.

Across the business, we engaged staff in considering more cost effective ways of delivering the service, 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 £6.4m.

4.0 Annual Accounts

4.1 Financial Summary

The IPC's initial expenditure budget for the year ended 31 March 2012 was £8.5m (£8.1m in 2010/11). This was to be funded by £1.9m fee income from developers and £6.6m grant-in-aid from the Department for Communities and Local Government.

The grant funding was subsequently cut by 13.6% to £5.7m and fee income projections reduced to £1.1m, resulting in a revised funding envelope of £6.7m.

The out-turn figure was £6.4m (£6.2m in 2010/11). This is £2.1m (24.7%) less than the initial budget and £0.3m (4.8%) less than the revised budget.

The IPC was abolished and a National Infrastructure Directorate set up within the Planning Inspectorate on 1 April 2012. Note 1.3 on page 27 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 2012 have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by HM Treasury and the accounts direction on page 35.

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 2012 was 98% of invoices paid within 5 days.

Pension Liabilities

For the purposes of IAS 19, pension scheme assets of £255k 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 23-24.

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.

Sir Michael Pitt

Chair of the IPC to 31 March 2012
Chief Executive of the Planning Inspectorate since 1 April 2011
IPC Accounting Officer from 1 April 2012

13 June 2012

4.2 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 Non-Executive Director 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.

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

With effect from 1 April 2012 all IPC Directors became Directors of the Planning Inspectorate upon the integration of the two organisations.

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. The appointments were terminated on 31 March 2012 with the abolition of the IPC.

(Audited Information)

Remuneration for IPC Board Members in the year to 31 March 2012 was as follows (1 April 2010 to 31 March 2011 figures in brackets):

	Remuneration (£5k bands)	**Performance related payments** (£5k bands)	**Benefits in kind** (relocation expenses £)	**Total**
Sir Mike Pitt (Chair)	90-95 (180-185)			90-95 (180-185)
Dr Pauleen Lane (Deputy Chair)	95-100 (70-75)			95-100 (70-75)
Robert Upton (Deputy Chair)	120-125 (120-125)			120-125 (120-125)
John Saunders (Chief Executive)	155-160 (155-160)	15-20 (10-15)	(5,000)	175-180 (175-180)
Douglas Evans (Director of Legal Services to 29 June 2010)	(30-35)			(30-35)
Helen Adlard (Acting Director of Legal Services from 12 May 2010)	85-90 (75-80)	5-10		95-100 (75-80)
Ian Gambles (Director of Operations)	95-100 (95-100)	5-10 (0-5)	(4,000)	105-110 (105-110)
Anne Moore (Director of **Corporate Services** to 31 July 2011)	30-35 (90-95)	(0-5)		30-35 (95-100)
Sheila Drew Smith (non-executive director)	10-15 (10-15)			10-15 (10-15)
David Clements (non-executive director)	10-15 (10-15)			10-15 (10-15)
Band of Highest Paid Director's Total Remuneration (£000)				175-180 (180-185)
Median Total				37,818 (40,538)
Remuneration Ratio				4.67 (4.54)

Performance related payments are awaiting authorisation.

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

The banded remuneration of the highest paid director in the IPC in the financial year 2011-12 was £175k-180k (2010-11, £180k - £185k). This was 4.67 times (2010-11, 4.54) the median remuneration of the workforce, which was £37,818(2010-11, £40,538).

In 2011-12, no employees received remuneration in excess of the highest paid director. Remuneration ranged from £15k to £125k (2010-11, £15k - £175k) excluding the highest paid director.

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

On 1 April 2011 Sir Michael Pitt was appointed Chief Executive of the Planning Inspectorate. His salary was apportioned equally between the IPC and the Inspectorate. His salary reported in the IPC accounts relates to the cost to the IPC for 2011-12.

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	3,421	3,491	18,340	230,761	278,434	23,674
Helen Adlard	1,310		3,544	25,986	43,050	9,338
Ian Gambles	1,509		4,081	27,997	47,742	10,947
Anne Moore (left 31 July 2011)	397		2,841	23,963	31,170	3,636

Other senior posts are not pensionable.

4.3 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 DCLG designated John Saunders, the Chief Executive, as Accounting Officer of the IPC to 31 March 2012. With the abolition of the IPC on 1 April 2012 Sir Michael Pitt has been appointed Accounting Officer for the IPC until the Annual Report and Accounts are laid before Parliament and published. 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.

4.4 Governance Statement

This statement explains how the IPC was governed and its resources managed in the year ended 31 March 2012. The Accounting Officer (John Saunders until 31 March 2012 and thereafter Sir Michael Pitt until the Annual Report and Accounts are laid before Parliament) was responsible for ensuring that the IPC's system of governance supported the achievement of the organisation's policies, aims and objectives, whilst safeguarding public funds and assets, in accordance with "Managing Public Money" and the Framework Document, which set out the working relationship between the IPC and its sponsorship department, the Department for Communities and Local Government (DCLG).

The statement is based on a handover report from John Saunders, covering assurance up to 31 March 2012, as well as my own experiences as Chair of the IPC in that period and my role as Accounting Officer of the IPC since 1 April.

4.5 The Governance Framework

The Governance Framework comprised the systems, processes, culture and values, for the direction and control of the IPC and its activities. It provided the framework within which achievement of strategic outcomes and objectives were assessed, and consideration given to whether these objectives had been supported through the delivery of appropriate, cost effective services.

The system of internal control was an integral part of that framework and was designed to manage risk to a level considered acceptable, but not to provide an absolute assurance. The system was based on an ongoing process designed to identify, assess, prioritise and mitigate risk to an appropriate degree. It utilised regular management information, financial regulation and administrative procedures including segregation of duties, management supervision and a system of delegation and accountability.

The framework included:

- The Governance structure headed by the Accounting Officer and the Board;
- Internal and external audit;
- Risk management including formal project management;
- Business planning and regular performance reporting;
- Financial management including procurement control and a fraud prevention and 'whistle blowing' policy.

4.6 The Governance Structure

The Board

The Accounting Officer was advised by the IPC Board. There were 8 members of the Board: Sir Michael Pitt (Chair), John Saunders (Chief Executive and Accounting Officer), Pauleen Lane (Deputy Chair), Robert Upton (Deputy Chair), Ian Gambles (Director of Operations), Helen Adlard (Director of Legal Services), Sheila Drew Smith (Non-Executive Director) and David Clements (Non-Executive Director). The IPC's Director of Finance and Corporate Services, Anne Moore, was also a member of the Board, but she departed the organisation in July 2011 to take up a new post elsewhere. Due to the IPC's impending abolition at the time, Anne was not replaced but her responsibilities were assigned to IPC Managers who reported directly to John Saunders.

During 2011/12, 6 meetings of the Board took place (bi-monthly) and attendance was as follows:

May 2011	apologies from one member - Anne Moore
July 2011	full attendance
September 2011	apologies from one member - Sheila Drew-Smith
November 2011	apologies from one member - Helen Adlard
January 2012	full attendance
March 2012	full attendance

The Board's original terms of reference were revised in July 2011 and defined the Board's role as providing collective leadership to the IPC by ensuring delivery of its strategic objectives, effectively allocating and managing resources, monitoring performance and accountability, setting the IPC's values and purpose, assessing and managing risk and protecting and enhancing the IPC's reputation for professionalism, effectiveness, integrity and efficiency.

Under the terms of the IPC's Framework Document, the Board was specifically responsible for establishing and taking forward the strategic aims and objectives of the IPC, ensuring the Secretary of State was kept informed of any changes which were likely to impact on its strategic direction or the attainability of its targets, ensuring that any statutory or administrative requirements for the use of public funds were complied with and that, in reaching financial and management decisions, it took into account guidance issued by DCLG. The Board was also responsible for ensuring that it received and reviewed regular financial information concerning the management of the IPC and that it was informed in a timely manner about any concerns about the activities of the IPC, providing positive assurance to DCLG that appropriate action was taken on such occasions and demonstrating high standards of corporate governance at all times, including the use of an independent audit committee to help the Board address key financial and other risks.

In May 2011, the Board carried out a review of its effectiveness. This was the Board's first evaluation, being only 18 months in operation at the time and with less than 12 months activity remaining before the IPC's abolition in April 2012. Although it is common practice for reviews to be conducted by independent facilitators and for confidential interviews to be held with Board members to discuss and provide more detailed commentary, it was felt that a desktop evaluation via the NAO Board Evaluation Questionnaire was more suitable, given the IPC's planned abolition and the strict spending controls in place at the time. The questionnaire was completed by 7 Board members.

The results of the review suggested that the Board felt it was performing well, scoring 3.3 out of a maximum of 4. The areas showing highest scores were risk management and relationships with stakeholders. Lower scoring areas included Board objectives, and Board strategy and remit. As the IPC Board had less than 12 months of operation remaining at the time of review, it was recommended that no action was required to improve the Board's performance.

The IPC Board and John Saunders' role as Accounting Officer both ceased on 31 March 2012. From 1 April governance responsibilities passed to the Planning Inspectorate. In addition to my role as PINS CEO and my former role as Chair of the IPC, I was appointed as Accounting Officer for the IPC from 1 April with responsibility for the final IPC Annual Report and Accounts. I was supported by the PINS Board, comprising the executive and non-executive directors and by the PINS Audit and Risk Committee. The Committee's terms of reference and appointment letters were revised to cover responsibility for IPC issues from 1 April, and David Clements, a former IPC Non-Executive Director, was appointed to the PINS Board and as Chair of the PINS Audit and Risk Committee.

John Saunders, Helen Adlard and Ian Gambles also became PINS Board members through new appointments as Senior Director, Director of Law and Quality and Director of National Infrastructure respectively.

4.7 Extraordinary Events

2011/12 was an extraordinary year for the IPC. The abolition of the organisation had been announced during 2010/11 together with the intention to transfer the IPC functions into a re-organised Planning Inspectorate. Planning for such changes commenced in mid 2010 and involved a joint programme of work between the IPC and the Planning Inspectorate. In July 2011 a Strategic Plan (2012 – 2015) for the integrated organisation was approved by DCLG and implementation set underway. The Implementation Programme involved 9 separate projects with the Programme's first critical milestone being the formal integration of the IPC and PINS in April 2012. Consequently 2011/12 placed 2 key demands on the IPC:

a) the continued building of organisational capacity and capability in order to respond effectively to the growing national infrastructure caseload and ensuring that delivery standards were adhered to;
b) the concurrent planning of the integration and change agenda as set out in the Strategic Plan.

The risks associated with managing these 2 challenges were considerable and involved establishing a disciplined Programme and Project framework (as mentioned above) which ensured the engagement of both the separate organisations' Boards. The resources of the IPC were severely stretched during the financial year but the Implementation Programme was delivered to a high standard and on schedule and delivery met all quality and statutory standards.

Considerable time and effort was involved and this was closely monitored by the Board and senior managers

4.8 Board Sub-Committees

The Board had 2 sub-committees, the Remuneration Committee and the Audit and Risk Committee:

a) Remuneration Committee

The purpose of the Committee was set out in its terms of reference as follows:

- The Remuneration Committee's primary objective is to develop the business case for the annual pay award for IPC staff, in line with HMT guidance, to ensure that they are provided with appropriate incentives to encourage enhanced performance and, in a fair and responsible manner, rewarded for their individual contributions to the success of the IPC.

- Remuneration for the Chief Executive, Commissioners and Non-Executive Directors is determined by the Secretary of State and is therefore outside the remit of the Committee. However, the Committee may be called upon to comment/make recommendations on remuneration levels for these groups as appropriate.

The Committee members, including its Chair, were appointed by the IPC Board and consisted of 2 Non-Executive Board members, David Clements (Chair) and Sheila Drew Smith, and an IPC Commissioner, Gideon Amos.

The Remuneration Committee met once this financial year in June 2011 with full attendance of its members. The Committee recommended a proposal to the Board covering milestone and low earner increases and performance related pay. The Board accepted this recommendation; subsequently however DCLG effectively imposed restrictions on low earner pay increases and performance related pay.

Due to the pay freeze in place and the DCLG restrictions on performance related pay the Committee played a limited role in the year to 31 March; a review of effectiveness was therefore not carried out.

b) Audit and Risk Committee

Purpose of the Committee

- The Audit and Risk Committee was established to support the Board in its responsibility for issues of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

The committee members, including its Chair, were appointed by the IPC Board and consisted of 2 Non-Executive Board members, Sheila Drew Smith (Chair) and David Clements, and 2 IPC Commissioners, Paul Hudson and Glyn Roberts.

During 2011/2012, 5 meetings of the Committee took place, and attendance was as follows:

June 2011	apologies received from one member - Glyn Roberts
September 2011	full attendance
December 2011	full attendance
14 March 2012	full attendance
29 March 2012	full attendance

The Committee oversaw a programme of internal audits delivered by Moore Stephens. These covered payroll, shared services, risk management and a range of closedown and transfer issues. The majority of reports were positive, with a small number of minor recommendations for improvement that were all implemented or transferred to PINS.

The shared services report highlighted significant risks attached to the future strategy for IT services. The Accounting Officer and the IPC Board lobbied for recognition and appropriate action at DCLG, which resulted in close involvement with the specification for the group shared service provision and representation on the project board. Although this remains a potential risk for the National Infrastructure function that transferred to the Planning Inspectorate, the Committee was satisfied that suitable arrangements for managing this were covered in the transfer.

The Committee confirmed that the internal auditors gave assurance that effective control and risk management processes were in place. The auditors were particularly impressed with the way the closedown of the IPC and the transfer of its functions to the Planning Inspectorate was managed, stating that the level of joint working between the two organisations was better than they had seen elsewhere in similar circumstances. This was further supported by a Cabinet Office Gateway Review "green" rating (February 2012) for integration planning and implementation.

The Moore Stephens annual report confirms that, overall, Internal Audit consider that the internal controls for the publicly-funded IPC operated satisfactorily in most areas. However, there are some areas where important improvements had been recommended, particularly with regard to key financial controls for payments, purchase orders and the use of government procurement cards.

On the basis of the work completed, Moore Stephens provided the Accounting Officer and the Audit and Risk Committee with reasonable assurance on the effectiveness of the Infrastructure Planning Commission's risk management, control and governance processes reviewed as part of the 2011/12 Internal Audit plan, the scope and results of which had been agreed with management.

In February 2012 the Committee carried out a review of its own effectiveness using the NAO self-assessment questionnaires. Members were satisfied with the effectiveness of the Committee; although no specific suggestions for improvement were made details of questions answered negatively were passed to the PINS Committee for consideration.

As a result of the integration of the IPC with PINS from 1 April 2012, transitional arrangements were put in place to ensure that the IPC's Annual Report and Accounts were properly scrutinized before being laid before Parliament. This included my formal designation as Accounting Officer for the IPC from 1 April until publication of the final accounts, and an enhanced role for the PINS Audit and Risk Committee in relation to the IPC Annual Report and Accounts.

The PINS Committee was guided by the following:

- A report from IPC Audit and Risk Committee to PINS Audit and Risk Committee on the IPC ARC activity in 2011/12
- An assurance letter in respect of the 2011/12 year from the former Accounting Officer of IPC to the Accounting Officer of PINS, who assumed the role of Accounting Officer for the 2011/12 Annual Report and Accounts for IPC from 1st April 2012.
- Internal Audit reports and findings for 2011/12 from Moore Stephens
- Handover of IPC risk registers
- Assurances through the IPC Governance Statement
- Shared knowledge of IPC and PINS through David Clements as Chair of PINS Audit and Risk Committee and Non-executive Director and member of IPC Audit and Risk Committee

In addition to the governance provided by the Board and Committees, the Chair and Chief Executive met regularly with the Non-Executive Directors.

4.9 Compliance with the Corporate Governance Code

The detailed provisions of the Corporate Governance Code published by HM Treasury and the Cabinet Office relate to ministerial departments. The IPC assessed and confirmed its compliance with the principles of the Code.

This report demonstrates compliance, for example in terms of governance structure and risk management, and the relationship with DCLG, which was set out in the IPC's Framework Document.

The IPC's Chair and Chief Executive met regularly with Ministers and government officials to discuss priorities and progress, and regular contact was also maintained with the IPC's sponsors in DCLG.

4.10 Risk Management

The IPC recognised the necessity for effective risk management as an integral part of its corporate governance and business planning and was committed to ensuring that key risks were identified and steps were taken to mitigate or eliminate them. Risk was considered at all levels, with a clear flow both up and down the management chain; senior managers applied and maintained a close involvement with risk management, with regular reviews of both operational and strategic risks.

Risks were managed through a framework that identified any factors that could impact on performance or reputation. These were assessed against an impact and likelihood matrix, owners were assigned at director or team leader level and controls and mitigations were established. Risks were monitored and reported on at project, programme, directorate and strategic level.

Internal Audit reviewed the risk framework during 2011/12 and provided an amber/green rating with recommendations aimed at further strengthening the framework to account for risk appetite, contingency planning, and the visibility of risks within business units. Our guidance was subsequently updated to reflect these.

Strategic risks were reviewed by the Senior Management Team, the Audit and Risk Committee and the Board. Very strategic risks identified during 2011/12 included:

- Volatile forecasting of application volumes and the impact this had on resource and funding requirements. This was managed through regular liaison with developers, scenario planning, phased recruitment and training and rigorous control of variable costs.

- Lack of consistency in the way the first few cases were handled and the impact this could have had on support resources, legal challenges and reputation. This was managed through continuous development of guidance and sharing of good practice.
- Various IT risks, including poor service standards from the shared service supplier, the integration with PINS on a different IT platform and the longer term group IT strategy failing to take account of National Infrastructure needs and the impact these could have had on managing cases. These were managed through strong contract management, through DCLG, with the existing supplier, the development of a "bridge" between the PINS and IPC systems as short to medium term solution and input to the specification for the future shared service provision, including membership of the DCLG project board.
- Various risks relating to the closure of IPC, including capacity to manage ongoing work in addition to integration and the risk of key staff leaving due to uncertainty over their futures. These were managed through early agreement of the future governance and leadership arrangements and provisional appointments to senior roles; strong but proportional project disciplines and clear and regular communications to staff.

Although the risks to IPC generally reduced as we got closer to integration, the IPC risk registers were formally transferred to PINS as part of an Accounting Officer handover pack.

4.11 Performance

Further assurance was obtained through the operation of the control systems and those involved in the delegation chain.

Performance against key indicators was reviewed regularly throughout the year. This included quarterly dashboard reports and management accounts reviewed by the Board; operational and legal performance reports reviewed at every Board meeting; monthly management accounts and case and resource forecasts reviewed by the senior management team, and director scrutiny of all financial transactions through automated monthly reports received directly from the accounting system.

One financial control issue did arise during the year where a member of the finance team reported that a colleague had shared their password for the finance system to allow some data entry to be undertaken on their behalf. In view of the potential for over-riding separation of duty controls, the Accounting Officer immediately asked Internal Audit to carry out an investigation. This investigation included a review of all payments for the year, including detailed sample testing, and found no indications that abuse had occurred. The relatively small size of the organisation and the low volumes involved meant that at least one other person reviewed all transactions either before or after payment. Other checks and controls were also in place, such as shared service managed BACS and banking processes, management accounts and budget holder reviews.

Forecasting of applications was volatile, with developers generally over optimistic about when applications would be submitted. The impact on resource requirements and funding was carefully managed through rigorous prioritisation, phased recruitment and tight control of variable costs. Our outturn was a £2.1m underspend against initial budgets.

4.12 Conclusion

Based on the report provided by John Saunders to 31 March 2012 and my role as Accounting Officer from 1 April 2012, I am content with the assurances provided through the IPC Board, its sub-committees and auditors in relation to the governance and control arrangements in the IPC in the year ended 31 March 2012. There were no significant control failures, apart from the password issue mentioned above, or data security lapses to report.

Sir Michael Pitt

Chair of the IPC to 31 March 2012
Chief Executive of the Planning Inspectorate since 1 April 2011
IPC Accounting Officer from 1 April 2012

13 June 2012

4.13 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 2012 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 and report.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Infrastructure Planning Commission's affairs as at 31 March 2012 and of the 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.

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 and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

Without qualifying my opinion, I draw attention to Note 1.3 and Note 16 of the financial statements. On 1 April 2012, the Infrastructure Planning Commission was abolished under Section 128 of the Localism Act 2011. As the functions previously provided by the Infrastructure Planning Commission will continue to be provided by another public sector entity, it remains appropriate for the financial statements for the Infrastructure Planning Commission in respect of the year to 31 March 2012 to be prepared on a going concern basis in accordance with the Government Financial Reporting Manual issued by HM Treasury.

Amyas C E Morse

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

15 June 2012

4.14 Statement of Comprehensive Net Expenditure

for the year ended 31 March 2012

	Note	2011-12 £000	2010-11 £000
Expenditure			
Staff costs	4	4,419	4,708
Other expenditure	5	1,524	1,662
Staff costs - Restructure	4	8	-
Other expenditure - Restructure	5	1,156	-
		7,107	**6,370**
Income			
Fees	6	971	188
		971	**188**
Net expenditure		**6,136**	**6,182**
Interest Payable	5	63	41
Net expenditure after interest		**6,199**	**6,223**

The notes on pages 27 to 35 form part of these accounts

4.15 Statement of Financial Position

as at 31 March 2012

	Note	2012 £000	2011 £000
Current assets			
Trade and other receivables	9	251	2
Cash and cash equivalents	10	614	758
Total current assets		**865**	**760**
Current liabilities			
Trade and other payables	11	209	460
Other liabilities	11	708	431
Total current liabilities		**917**	**891**
Net current liabilities		(52)	(131)
Provision	12	1,100	-
Non-current liabilities	12	255	29
Total non-current liabilities		**1,355**	**29**
Assets less liabilities		**(1,407)**	**(160)**
Taxpayers' equity			
General reserve		(1,407)	(160)
Total		**(1,407)**	**(160)**

The financial statements on pages 25 to 26 were approved on 13 June 2012 and were signed on its behalf by;

Sir Michael Pitt

Chair of the IPC to 31 March 2012
Chief Executive of the Planning Inspectorate since 1 April 2011
IPC Accounting Officer from 1 April 2012

13 June 2012

4.16 Statement of Cash Flows

for the year ended 31 March 2012

	Note	2011-12 £000	2010-11 £000
Cash flows from operating activities			
Net deficit after interest		(6,199)	(6,223)
Increase in trade and other receivables		(249)	(1)
(Decrease)/Increase in trade and other payables		(251)	434
Increase/(Decrease) in other liabilities		277	(1,216)
Adjustments for non-cash transactions		918	126
Use of pension provision		409	(215)
Actuarial (loss)/gain		(361)	379
Net cash outflow from operating activities		**(5,456)**	**(6,716)**
Cash flows from financing activities			
Grants from parent department		5,312	5,810
Net financing		**5,312**	**5,810**
Net (decrease) / increase in cash and cash equivalents in the period		**(144)**	**(906)**
Cash and cash equivalents at the beginning of the period	10	**758**	**1,664**
Cash and cash equivalents at the end of the period	10	**614**	**758**

4.17 Statement of Changes in Taxpayer's Equity

for the year ended 31 March 2012

	Note	General Reserve £000	Total Reserves £000
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)	(6,223)
Actuarial gain from pension scheme		379	379
Balance at 1 April 2011		**(160)**	**(160)**
Changes in Taxpayers' Equity for 2011-12			
Grant from parent		5,312	5,312
Comprehensive expenditure for the year		(6,199)	(6,199)
Actuarial loss from pension scheme		(361)	(361)
Balance at 31 March 2012		**(1,407)**	**(1,407)**

4.18 Notes to the IPC's Accounts

1. Statement of Accounting Policies

1.1 These Financial Statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply 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 The Infrastructure Planning Commission, a Non-Departmental Public Body of the Department for Communities and Local Government, was set up by the Planning Act 2008. 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 On 1 April 2012, the Infrastructure Planning Commission was abolished under Section 128 of the Localism Act 2011, through the subsequent approval of Section 7(a) of Statutory Instrument 628/2012. At this date, the functions, property, rights and liabilities of the Infrastructure Planning Commission were transferred in full to the Secretary of State for the Department for Communities and Local Government and from that date are the responsibility of the Department's Executive Agency, the Planning Inspectorate.

1.3.3 As the functions previously provided by the Infrastructure Planning Commission will continue to be provided using the same assets by another public sector entity, it remains appropriate for the final financial statements for the Infrastructure Planning Commission in respect of the year to 31 March 2012 to be prepared on a going concern basis in accordance with the Government Financial Reporting Manual issued by HM Treasury.

1.3.4 The Planning Inspectorate will take on the assets and liabilities of the IPC through Machinery of Government changes.

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 To 31 March 2012 IPC staff were 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.

1.8.2 IPC staff transferring to the Planning Inspectorate will have the option to transfer their pension from LGPS to the Principal Civil Service Pension Scheme (PCSPS) from 1 April 2012. As this is due to happen after the year end, the final transfer terms are not agreed and the list of the transferring members is not yet known. The pension obligations have been included in the accounts on a going concern basis and a provision has been created to account for the cost of the transfer.

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 a provision for the transfer of pension from LGPS to PCSPS.

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 2012.

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 Third Party Assets

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

1.12 Restructuring

1.12.1 The Integration Project has managed the integration of the IPC and the Planning Inspectorate. Funding for integration has been through separate restructuring budgets for IPC and PINS and expenditure has been monitored to ensure that only spend related to integration and appropriately accountable to the IPC has been recorded against the IPC restructuring budget.

2. Segmental Reporting

The IPC has adopted IFRS 8 Operating Segments for the year ended 31 March 2012. 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.

4. Staff Numbers and Related Costs

Figures for 1 April 2010 to 31 March 2011 are shown in brackets.

Staff Numbers	Directly employed	Secondment or loan	Agency or temp	Total
Commissioners	8 (8)	- (-)	- (-)	8 (8)
Secretariat	44 (40)	24 (10)	2 (6)	70 (56)
Total	**52 (48)**	**24 (10)**	**2 (6)**	**78 (64)**

Figures are average full-time equivalents for the year ended 31 March 2012.

The Commissioners figure is the average full-time equivalent of 9 core Commissioners. There are an additional 26 Commissioners available on a call-off basis.

Commissioner Costs	Directly employed £000	Secondment or loan £000	Agency or temp £000	Total £000
Wages & salaries	1,043 (999)	- (-)	- (-)	1,043 (999)
Social security	132 (119)	- (-)	- (-)	132 (119)
Total	**1,175 (1,118)**	**- (-)**	**- (-)**	**1,175 (1,118)**

Secretariat Costs	Directly employed	Secondment or loan	Agency or temp	Total
Wages & salaries	1,880 (1,733)	947 (1,002)	54 (393)	2,881 (3,128)
Social security	177 (158)	- (-)	- (-)	177 (158)
Contributions to pension schemes	201 (181)	- (-)	- (-)	201 (181)
Other pension costs	(15) (123)	- (-)	- (-)	(15) (123)
Total	**2,243 (2,195)**	**947 (1,002)**	**54 (393)**	**3,244 (3,590)**
Overall Total	**3,418 (3,313)**	**947 (1,002)**	**54 (393)**	**4,419 (4,708)**

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 £8k (3 staff and £6k between 1 April 2010 and 31 March 2011).

Compensation Scheme

Reporting of Civil Service and other compensation schemes – exit packages

	2011/12	2011/12 £000	2010/11	2010/11 £000
Exit package cost bands	Number of other departures agreed	Cost of other departures agreed	Number of other departures agreed	Cost of other departures agreed
< £10,000	1	8	-	-

There have been no compulsory redundancy departures from the IPC.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full where staff are contractually committed to leaving the Planning Inspectorate in 2012.

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	**2011-12 £000**	**2010-11 £000**
Opening Defined Benefit Obligation	945	206
Service cost	271	442
Interest cost	63	41
Actuarial (gains) / losses	289	(325)
Estimated benefits paid in (net of transfers in)	7	563
Past service cost	-	(98)
Contributions by Scheme participants	133	116
Closing Defined Benefit Obligation	**1,708**	**945**

Reconciliation of opening & closing balances of the fair value of Scheme assets	**2011-12 £000**	**2010-11 £000**
Opening fair value of Scheme assets	1,099	145
Expected return on Scheme assets	85	42
Actuarial gains / (losses)	(72)	54
Contributions by employer (including unfunded)	201	179
Contributions by Scheme participants	133	116
Estimated benefits paid (net of transfers in and including unfunded)	7	563
Fair value of Scheme assets at end of period	**1,453**	**1,099**

The amounts recognised in the Statement of Financial Position as at:	**31 March 2012 £000**	**31 March 2011 £000**
Present value of funded obligation	1,708	945
Fair value of Scheme assets (bid value)	1,453	1,099
Net (Asset) / Liability	**255**	**(154)**

The amounts recognised in the Statement of Comprehensive Net Expenditure are	**2011-12 £000**	**2010-11 £000**
Service cost	271	442
Interest cost	63	41
Expected return on Scheme assets	(85)	(42)
Past service cost	-	(98)
Total	**249**	**343**
Actual return on Scheme assets	**13**	**44**

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	2011-12 £000	2010-11 £000
Actual return less expected return on pension scheme assets	(72)	1
Experience gains and losses	32	67
Changes in assumptions underlying the present value of the scheme liabilities	(321)	311
Actuarial gains (losses) recognised	**(361)**	**379**

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2012 is estimated to be 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 2012		31 March 2011	
	£000	%	£000	%
Equities	1,061	73%	758	69%
Target return portfolio	174	12%	132	12%
Alternative assets	203	14%	154	14%
Cash	15	1%	33	3%
Other bonds	0	0%	22	2%
Total	**1,453**	**100%**	**1,099**	**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 2011 for the year to 31 March 2012). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield 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 2012	1 April 2011	2 October 2009
	% pa	% pa	% pa
Equities	6.3%	7.4%	7.0%
Target return portfolio	4.5%	4.5%	4.5%
Alternative assets	5.3%	6.4%	6.0%
Cash	3.0%	3.0%	3.0%
Other bonds	n/a	5.5%	5.4%
Total	**5.9%**	**6.7%**	**6.2%**

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

Assumptions as at	31 March 2012		31 March 2011		1 October 2009	
	%pa	Real	%pa	Real	%pa	Real
RPI increases	3.3%	-	3.5%	-	3.4%	-
CPI increases	2.5%	-0.8%	2.7%	-0.8%	n/a	
Salary increases	4.2%	0.9%	4.5%	1.0%	4.9%	1.5%
Pension increases	2.5%	-0.8%	2.7%	-0.8%	3.4%	-
Discount rate	4.6%	1.3%	5.5%	1.9%	5.4%	1.9%

These assumptions are set with reference to market conditions at 31 March 2012. 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 3.3%. 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. 2.5%.

Salary increases are then assumed to be 0.9% above RPI in addition to a promotional scale. This is a slightly lower long-term assumption than last year to reflect the continuing climate of low salary increases.

Sensitivity Analysis	**£000**	**£000**	**£000**
Adjustment to discount rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	1,650	1,708	1,769
Projected service cost	341	357	374

Adjustment to mortality age rating assumption	**+1 year**	**None**	**-1 year**
Present value of total obligation	1,655	1,708	1,567
Projected service cost	342	357	318

Amounts for the current and previous periods	**Year to 31 March 2012 £000**	**Period to 31 March 2011 £000**	**As at 1 October 2009 £000**
Defined benefit obligation	(1,708)	(945)	-
Scheme assets	1,453	1,099	-
Surplus / (Deficit)	(255)	154	-
Experience adjustments on Scheme liabilities	32	14	-
Percentage of liabilities	1.9%	1.5%	-
Experience adjustments on Scheme assets	(72)	54	-
Percentage of assets	(5.0%)	4.9%	-
Cumulative actuarial gains / (losses)	7	368	-

5. Other Expenditure

Expenditure Group	**2011-12 £000**	**2010-11 £000**
Restructure:		
Pension related costs	1,150	-
IT costs	6	-
Shared services	406	202
Accommodation	393	456
Travel & subsistence	149	240
IT development (casework & web)	139	195
ICT – non shared service	138	53
Legal	137	27
External Audit	59	28
HR - non shared service	55	15
Geographic Information Systems	40	246
Marketing & communications	28	51
Internal Audit	25	24
Other admin	157	127
Write back of accommodation discount	(202)	-
Other Expenditure	**2,680**	**1,662**
Interest cost	63	41
Total Expenditure	**2,743**	**1,703**

6. Income

Income	2011-12 £000	2010-11 £000
Fees from Developers	971	188
Total	**971**	**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:	2011-12 £000	2010-11 £000
Trade receivables other	251	2
Total	**251**	**2**

10. Cash and Cash Equivalents

	2011-12 £000
Balance at 1 April 2011	758
Net change in cash equivalent balances	(144)
Balance at 31 March 2012	**614**

The following balances at 31 March were held:	
Cash at bank	614
Balance at 31 March 2012	**614**

11. Trade Payables and Other Current Liabilities

Amounts falling due within one year:	2011-12 £000	2010-11 £000
Trade payables Central Government	77	450
Trade payables other	4	10
Other payables	128	-
Accruals and deferred income Central Government	369	59
Accruals and deferred income other	339	372
Total	**917**	**891**

12. Non-Current liabilities

Provisions for liabilities and charges

Pension

	Pension costs £000	Total £000
Balance at 1 April 2011	-	-
Provided in the year	1,100	1,100
Provisions utilised in the year	-	-
Provisions not required written back/unwind discount	-	-
Balance as at 31 March 2012	**1,100**	**1,100**

Analysis of expected timing of discounted flows

	Pension costs £000	Total £000
Not later than one year	1,100	1,100
Later than one year and not later than five years	-	-
Balance as at 31 March 2012	**1,100**	**1,100**

IPC staff transferring to the Planning Inspectorate will have the option to transfer their pension from LGPS to the Principal Civil Service Pension Scheme (PCSPS) from 1 April 2012. As this is due to happen after the year end, the final transfer terms are not agreed and the list of the transferring members is not yet known. Actuarial calculations for the transfer are awaited and staff will have up to three months to make a decision. The provision is based on the best estimate calculated on information known at this time.

Non-Current liabilities

Amounts falling due after more than one year:	2011-12 £000	2010-11 £000
Accruals and deferred income Central Government	-	183
Pension (asset) / liability	255	(154)
Total	**255**	**29**

Accruals and deferred income relate to the discount for the accommodation charge. With the abolition of the IPC the lease will expire. Consequently the liability has been written back to the Statement of Comprehensive Net Expenditure.

13. Commitments under Leases

Accommodation shared service	2011-12 £000	2010-11 £000
Not later than one year	-	472
Later than one year and not later than five years	-	1,890
Later than five years	-	2,362
Total	**-**	**4,724**

With the abolition of the IPC there are no future minimum lease payments under operating leases for accommodation or ICT services.

14. Contingent Liabilities

Expenses reclaimed by the IPC Non-Executive Directors have not been taxed at source and concern has been expressed regarding the compliance with HMRC rules on office holders. If it is found that this treatment is incorrect a liability for unpaid tax will exist. Until the review has been concluded the cost of the liability is unknown and cannot therefore be accounted for. Any liability will transfer to the Planning Inspectorate.

15. 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 2012.

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 2012.

16. Events after the Reporting Period

As a consequence of the Localism Act 2011, the IPC was abolished on 1 April 2012. At this date, the functions, property, rights and liabilities of the IPC were transferred in full to the Secretary of State for the Department for Communities and Local Government and from that date are the responsibility of the Department's Executive Agency, the Planning Inspectorate.

4.19 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 organisation, 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 organisation

      II on secondment or loan to the organisation

      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 organisation'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 organisation), between the organisation 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 organisation by each individual board member or key manager

(iii) the following are related parties:

(1) subsidiary and associate companies of the organisation

(2) pensions funds for the benefit of employees of the organisation 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 organisation

(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 organisation.

For the purposes of this sub-paragraph:

(i) A key manager means a member of the organisation'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.

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