

Annual Report and  
Accounts 2014-15



# The Planning Inspectorate Annual Report and Accounts 2014-15

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# Foreword by Ministers

## England | Brandon Lewis

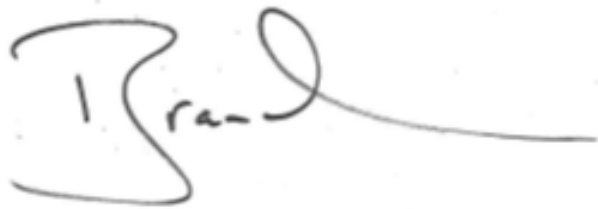
The Planning Inspectorate plays a key role in helping to deliver sustainable economic growth. The Government is committed to creating the conditions to support investment in jobs and in new homes while also protecting our environment for current and future generations. The Planning Inspectorate's role is critical in balancing the needs of the country with those of local communities in a pragmatic way, helping to ensure that the planning system as a whole provides certain and fair decisions.

Over the last year, the Planning Inspectorate has played an important part in implementing planning reforms, and has continued to deliver a fair planning appeals system. As planning authority for national significant infrastructure projects, the Planning Inspectorate has continued to balance the need for infrastructure development with the wider society, local citizens and other parties in recommending which projects should be built.

There is further work to do to ensure that more homes are being built in the right places across the country. The National Planning Policy Framework sets out that Local Plans should be positively prepared, justified, effective, consistent with national policy, and based on proportionate evidence. The approach taken at examination is key to this being achieved so Inspectors must ensure they take a proportionate and balanced approach. The publication of consolidated and simplified planning guidance has provided encouragement for councils to progress their Local Plans, and the past year has seen a significant increase in plan coverage. The Planning Inspectorate has played a key part in helping communities shape where they live and prepare for the future by ensuring Local Plans are sound and robust. Alongside this, neighbourhood planning gathers pace; 1,500 communities have now begun preparing a neighbourhood plan, covering well over six million citizens right across our country.

Further improvements to the planning system to increase the number of homes being built to high design standards will remain at the heart of our long term economic plan. We will continue to listen to the views of local people while also protecting our environment, as this is vital in achieving sustainable development.

Last year saw the arrival of Simon Ridley as Chief Executive and Sara Weller as independent chair of the Planning Inspectorate's Board. Simon and Sara have brought a wealth of knowledge and experience and I look forward to working with them over the coming year.



**Brandon Lewis**  
Parliamentary Under Secretary of State  
Department for Communities and Local Government  
June 2015

## Wales | Carl Sargeant

During 2014 the Welsh Government introduced a landmark planning bill which will put people at the heart of how we plan for the future. The Planning (Wales) Bill supports the delivery of homes, jobs and infrastructure Wales requires to enable development while supporting the achievement of national, local and community objectives. Planning holds a vital role in the economy and Wales has to have a planning system that provides clarity and is fit for purpose. I see the Inspectorate as one of the key agencies to achieve successful implementation of these reforms.

The Welsh Government is clear that all local authorities need to have a Local Development Plan (LDP) in place as soon as possible, any delays are unacceptable. In the last year the Inspectorate has continued to support the LDP process. They have met the targets set for them by Welsh Ministers in sometimes challenging circumstances while continuing to maintain a high level of customer service. I am committed to the Planning Inspectorate in Wales and remain confident that the Inspectorate will support our planning reforms, leading to the delivery of an efficient and equitable planning system that enables development to meet the needs of the people of Wales.



**Carl Sargeant**  
Minister for Natural Resources  
June 2015

# Management Commentary: Strategic Report

## 1. Chief Executive's Introduction

As both Chief Executive and Accounting Officer I am pleased to present the Planning Inspectorate's Annual Report and Accounts for 2014-15.

The Planning Inspectorate plays a vital role in delivering positive planning for England and Wales. Our purpose in this is clear: to deliver impartial decisions, recommendations and advice to customers in a fair, open and timely way.

I joined the Planning Inspectorate as Chief Executive in July 2014. Since then I have met with partners across various sectors and from different parts of both England and Wales to seek feedback on how well we are performing. From this, I know our reputation is strong, which I am committed to maintain and build upon.

As a first step, we completed a significant piece of work over the last year to determine how we can improve as an organization. This was necessary to ensure we continue to hold the confidence of Ministers and meet the expectations of a wide range of customers and stakeholders, while ensuring we can meet the policy, operational and financial challenges which lie ahead.

In March 2015, I issued a three year strategy for the Planning Inspectorate. This sets out my vision for the organization and how we will address the challenges we face. The Strategic Plan sets out our aspiration to improve, so that we:

- always deliver excellent customer service;
- operate a sustainable budget;
- establish a flexible and agile workforce; and
- embed a positive culture of working together.

The supporting business plan for 2015-16 sets out specific commitments for the coming year, which meet two over-riding priorities to continuously improve productivity and provide excellent customer service. The business plan provides the first step towards the achieving our overall vision. These commitments are detailed later in this document.

The changing profile of the work of the Planning Inspectorate means we are providing more services to a broader range of customers than ever before, including individuals, businesses, government departments and agencies, local authorities and investors.

New work such as national infrastructure casework and determining planning applications in designated authorities sits equally alongside local plan examinations and our more traditional appeals work across a wide range of procedures. The National Planning Policy Framework has brought new policy and considerable new case law. We are also managing changes to the nature of our work, as the volume of evidence being submitted in support of appeals, casework and plan examinations is growing. Furthermore, we are witnessing an ever increasing trend in the public's participation in planning issues affecting them, very often through greater access to technology.



Over the last 12 months, the Planning Inspectorate has kept pace with these changes and has maintained the confidence of government and partners. We continue to liaise closely with the Department for Communities and Local Government (DCLG) as we start to work with the newly elected Government and the Welsh Government supporting them to implement new policy changes. There are, nevertheless, areas where we can, and must, improve to provide the service we aspire to.

We have reduced the average time taken to decide many appeals. However, allocation strategies left many customers waiting far too long for their case to be started, decided or issued. Earlier this year, the Planning Inspectorate's Board agreed with the decision taken by the Executive that we needed to take a consistent approach to all casework types. As a result, although average times did reduce, we did not meet our published performance targets for the year. The Board and the Executive have taken time to understand the reasons for this, which are explained later in this report. The knowledge gained was used in developing the three year strategic plan and developing approaches to ensure we can improve performance in the coming months and years for all customers.

In addition, following concerns raised by Non-Executive Directors in relation to performance reporting, I commissioned internal audit to look at how and when information relevant to casework performance issues was reported to the Board during the first half of the year.

A draft internal audit report has now been received which concludes there is evidence of a governance failure. This is reported in the Governance Statement alongside detail of changes we have made and to which I am committed to implementing to provide assurance that such problems do not recur.

In the eleven months since my appointment I have been hugely impressed by the dedication and professionalism of colleagues from all parts of the Planning Inspectorate. The strong position the organization holds today has not come about by chance. It is our duty to ensure we maintain and build on that. By focusing on providing excellent customer service and continuously improving our productivity, we will start to make the changes necessary to ensure we remain successful in the future.



Simon Ridley  
Chief Executive  
18 June 2015

## 2. Role and context

The Planning Inspectorate is responsible for delivering impartial land-based planning decisions, recommendations and advice to customers in a fair, open and timely way.

With a long and proud history that can be traced back to the early twentieth century, the Planning Inspectorate is a joint executive agency of DCLG and the Welsh Government. The organization is led by a Chief Executive and has approximately 260 inspectors who are supported by around 500 staff based in Bristol and Cardiff, providing professional and corporate support.

### Operating framework

The Town and Country Planning Act 1990 provides primary legislation for the appeals system as it is currently operated.

The single consenting regime for national infrastructure projects was established by the Planning Act 2008. This was originally administered by the Infrastructure Planning Commission (IPC), which was abolished by the Localism Act 2011. The IPC's functions transferred into the Planning Inspectorate in 2012. Since then, the Planning Inspectorate has continued to evolve and grow, for example assuming new powers as a result of the Growth and Infrastructure Act 2013.

### Role and contribution

The Planning Inspectorate plays a key role in helping deliver sustainable development and is critical to the delivery of the two Governments' social, economic and environmental agendas. Each year, the work of the Planning Inspectorate directly affects the lives of many people through the decisions and recommendations its inspectors make. This is broadly in three areas:

#### *A fair planning system*

The right to appeal a planning decision made by a local authority is a key feature of the planning system, as is appealing when an authority is taking too long. While there will always be those who agree with planning inspectors' decisions and those who do not, the Planning Inspectorate always operates fairly. The Planning Inspectorate:

- Handles appeals as quickly as possible, giving all involved, including local communities, certainty one way or the other.
- Delivers high quality decisions across a range of casework, from large housing developments to individual footpaths and village greens.
- Provides citizens with an efficient service for appeals about their own homes.
- Gives all of those with an interest in a case a chance to be involved.
- Publishes all relevant information online, so it is fully accessible.

#### *Helping meet future infrastructure needs*

Further economic growth will be underpinned by sustainable development across a number of sectors, particularly energy and transport. The Planning Inspectorate carefully considers government policy and the interests of developers, local citizens and other interested parties in recommending which projects should be built. The Planning Inspectorate:

- Provides a streamlined service to developers, which assesses the merits of proposed large scale projects, such as new power plants or major roads.
- Balances the country's needs and developers' plans with the likely impacts on localities, listening carefully to the views of communities, specialist groups and others' interests.
- Delivers a predictable and efficient process, providing certainty for all involved, including Ministers who make the final decision on whether a project is approved.

### *Helping communities shape where they live*

The Planning Inspectorate supports the Government's policy aims of delivering more housing and for effective local planning through our role in the local plan process. Local plans set out the future vision for a local area, identifying what development will go where and when. The Planning Inspectorate:

- Supports local authorities to develop plans that fully meet local needs.
- Shares planning knowledge and expertise to help ensure the right development happens in the right place at the right time.
- Helps protect communities from unsuitable and unsustainable development.

The Planning Inspectorate handles exceptionally high volumes of appeal decisions, making decisions in the public interest and to strict timescales, always acting in accordance with the law and defined standards of performance. The role of inspectors is that of an impartial tribunal or decision maker. They exercise inquisitorial skills and judgment, weighing up evidence and acting in a quasi-judicial capacity on appeals or as an impartial contributor to decision-making on applications. Inspectors make recommendations to ministers, or take decisions on their behalf, on planning and environmental matters, which impact directly on quality of life and the economy both locally and nationally.

Development of policy is a matter for DCLG and Welsh Government ministers. The Planning Inspectorate does, however, have a role in advising on the effects of policy and its impact on the performance of the planning regime. Beyond that, the Planning Inspectorate offers advice on nationally significant infrastructure projects (NSIPs) under the infrastructure planning regime and development plans, and shares learning and good practice.

By the very nature of its activities, the Planning Inspectorate is one of the UK's foremost bodies engaged in dealing with statutory land use planning matters. It is a centre of expertise and excellence, informed by its casework, its people, its place in the public sector and from its contact with a wide range of stakeholders.

In fulfilling its duties, the Planning Inspectorate upholds the following values:

- **Impartiality:** showing no favour to any person or organization.
- **Fairness:** acting to ensure fair treatment to customers, staff and everyone the Planning Inspectorate works with.
- **Openness:** transparent working, publishing key information and listening to all points of view.

### **Strategic Objectives and Priorities (2014-15)**

The Planning Inspectorate's overarching strategy (published in July 2012) remained relevant for the year 2014-15.

The Strategic Plan 2012 included five strategic objectives:

- respond effectively to government policy and market demand;
- become the foremost national body on planning knowledge and expertise;
- become an employer of choice with motivated and skilled staff;
- strengthen effective relationships with stakeholders and customers; and
- transform delivery to make the best use of public funds.

## **Strategic Influences and drivers for change (2014-15)**

The Business Plan 2014-15, which was issued in March 2014 and consistent with the organization's strategy, set out the key strategic influences and drivers, which influenced the priorities for 2014-15.

The organization recognized the need for public bodies to operate more effectively with greater efficiency and productivity, under greater scrutiny and challenge. To achieve this, a commitment was made to embed systems-thinking approaches to business improvement; this focuses on removing waste and freeing-up resource to deliver a better service to customers and at lower cost.

Planning reforms continued to drive forward improvements to the planning systems in England and Wales. The Planning Inspectorate committed to provide resources to determine appeals in line with the new regime for timeliness.

Development plans remained a key priority of the UK government, providing the vision and certainty for the development of places over a 15 year period and setting a clear framework for determining planning applications. The Planning Inspectorate continued to prioritize development plan examinations in this period.

The Planning Inspectorate refined and improved the national infrastructure service and worked with DCLG and other government departments and stakeholders to improve the regime in practice, including implementing the findings of the National Infrastructure Review 2014 to ensure the timely delivery of such projects.

Proposals to modernize the planning system in Wales were set out by the Welsh Government. The Planning (Wales) Bill and 'Positive Planning' set out a series of measures based around four themes: culture change; active stewardship; collaboration; and local delivery. The Planning Inspectorate (Wales) is committed to work alongside the Welsh Government in relation to aspects of the Bill, including proposed measures that would enhance the range of development plans throughout the country.

The Planning Inspectorate carries out an annual staff survey and uses the results to inform new ways of working. The 2013 survey recorded improved results in many areas, and highlighted the need to continue to focus on creating a truly integrated workforce in 2014-15. This is reported in more detail in section 5.

The Planning Inspectorate carried out a self-assessment in respect of the Civil Service Capability Plan and identified areas for development; a key area being leadership and management development.

## **Accounts**

The Direction relating to the preparation of the Accounts which form part of this document is referred to in Section 4 of this report.

### 3. Sustainability Report

On 1 January 2014, leaseholder responsibility for the office in Bristol transferred from the Planning Inspectorate (as majority occupier) to the DCLG Property Management Unit.

The Planning Inspectorate, as an Agency of DCLG, contributes to the cross government targets set for sustainability. The figures in the following tables for 2012-13 relate to Temple Quay House (TQH - the Bristol headquarters) as a whole, with the exception of travel related emissions which relate solely to the Planning Inspectorate. Figures for 2013-14 onwards, excluding travel related emissions, relate to the proportion of Temple Quay House that was occupied by the Planning Inspectorate – in 2014-15 this was 49.13%. Travel emissions and costs remain those of the Planning Inspectorate.

Table 1

Greenhouse Gas Emissions		2012-13 TQH Total	2013-14 TQH Total	2014-15 TQH*
Non-Financial Indicators (tCO <sub>2</sub> e)	Gross Emissions for Scopes 1 & 2	1,430.73	741.30	739.78
	Total Net Emissions for Scopes 1 & 2	0	0	0
	Gross emissions for Scope 3 Official business travel	505.63	533.19	556
	Other Scope 3 emissions	0	0	0
Related Energy Consumption (KWh)	Electricity: Green tariff	2,295,778	1,241,915	1,223,804
	Gas	1,274,621	513,169.23	555,859
	LPG	0	0	0
	Other	0	0	0
Financial Indicators (£k)	Expenditure on Energy	279.8	160.8	155.8
	Carbon Reduction Commitment Licence Expenditure	1.3	0.61	0
	Carbon Reduction Commitment Income from Recycling Payments	0	0	0
	Expenditure on official business travel	599.41	770.3	784.4
<b>Performance Commentary</b>				
Overall carbon emissions have reduced when compared to the previous year with electricity consumption, the largest CO <sub>2</sub> producer, down by some 1.5%. Gas consumption however increased by just over 8.3% when compared with 2013-14.				
<b>Controllable Impacts Commentary</b>				
A review of the building management system was completed at the start of the financial year of both the heating and cooling periods to ensure that settings were optimised.				
<b>Overview of Influenced Impacts</b>				
None.				

Note 1: The Planning Inspectorate's responsibility for administering the Carbon Reduction Commitment for Temple Quay House ceased on 1 January 2014 with the transfer of the lease to DCLG.

Table 2

Waste		2012-13 TQH Total	2013-14 TQH Total	2014-15 TQH*	
Non-Financial Indicators (t)	Total waste	161.2	82	84.5	
	Hazardous waste	0	0	0	
	Non hazardous waste	Landfill	17.9	29	31
		Reused/Recycled	143.3	53	53.5
	Incinerated/energy from waste	0	0	0	
Financial Indicators (£k)	Total disposal cost	10	7	7.3	
	Hazardous waste disposal cost	0	0	0	
	Non hazardous waste	Landfill	1.8	2.5	2.7
		Reused/Recycled	8.2	4.5	4.6
	Incinerated/energy from waste	0	0	0	
<b>Performance Commentary</b>					
Total waste produced has increased slightly from the previous year. However, a healthy recycling total of over 63% of all the waste produced was maintained. The paper and confidential waste recycling streams have accounted for a considerable proportion of this figure, averaging out at 2.8 tonnes per month.					
<b>Controllable Impacts Commentary</b>					
None.					
<b>Overview of Influenced Impacts</b>					
None.					

Table 3

Finite Resource Consumption - Water			2012-13 TQH Total	2013-14 TQH Total	2014-15 TQH*
Non-Financial Indicators (M <sup>3</sup> )	Water Consumption	Supplied	5419	3595	3559
		Abstracted	0	0	0
Financial Indicators (£k)	Water Supply Costs		16.5	11.6	11.8
<b>Performance Commentary</b>					
Water consumption when compared to 2013-14 has remained relatively stable with a minor reduction of a little over 1%. This would also reflect a stable population within TQH over the last two years.					
<b>Controllable Impacts Commentary</b>					
Consumption continues to be mitigated through the use of rainwater harvesting, low flush cisterns and waterless urinals.					
<b>Overview of Influenced Impacts</b>					
None.					

\* It is not possible to provide information for 2013-14 on the same basis as prior years (see introductory paragraphs for this Section).

## 4. Financial Report and information

### Financial performance against budgets

The Planning Inspectorate is funded through DCLG and the Welsh Government. Initial indicative four-year allocations are agreed as part of HM Treasury Spending Review (SR) exercises and are then refined on an annual basis as necessary through the DCLG business planning round. Since 1 April 2011, the Planning Inspectorate is funded from DCLG and the Welsh Government administrative budgets (with the exception of some non-cash costs which are programme funded).

The detailed accounts for the 2014-15 Financial Year are included in the second part of this publication. A brief summary of the Planning Inspectorate's performance against budget is provided in table 4.

Table 4

2014-15	Original budget - £k	Revised budget - £k	Outturn - £k
Staff & related costs	*38,933	35,500	35,335
Non pay running costs	15,407	19,199	16,443
Receipts	(13,641)	(14,000)	(14,420)
<b>Net operating costs</b>	<b>40,699</b>	<b>40,699</b>	<b>37,358</b>
Non cash costs	2,216	4,055	953
Capital expenditure	500	900	768

\* Includes additional funding for planning reform work.

The Planning Inspectorate's agreed budget for 2015-16 is detailed in table 5.

Table 5

	2015-16 -£k
Staff & related costs	36,706
Non pay running costs	16,036
Receipts	(13,464)
<b>Net operating costs</b>	<b>39,278</b>
Non cash costs	2,216
Capital expenditure	700

## **Creditor payments**

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

In 2014-15 the Planning Inspectorate paid 86.7% of 3,053 invoices received within five days. This compares with the previous year's performance of 86.4% of 3,282 invoices.

In November 1998, the Late Payment of Commercial Debts (Interest) Act came into force, providing small businesses with a statutory right to claim interest from large businesses (and all public sector bodies) on payments that are more than 30 days overdue. Amended legislation (the Late Payment of Commercial Debts Regulations 2002) came into force on 7 August 2002 providing all businesses, irrespective of size, with the right to claim statutory interest for the late payment of commercial debts. One claim was received during the year (there were no claims in 2013-14).

## **Remuneration report**

The remuneration report summarizes the Planning Inspectorate's remuneration policy and disclosures on directors' remuneration as required by section 421 of the Companies Act 2006 and can be found in Section 11.

## **Treasury direction**

These accounts have been prepared in accordance with an accounts direction given on 18 December 2014 by the Treasury in pursuance of Section 7(2) of the Government Resources and Accounts Act 2000.

## **Audit information**

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



# Management Commentary: Director's Report

*This section relates solely to our work in England. The work of the Planning Inspectorate (Wales) is covered in section 7.*

## 5. Meeting business objectives 2014-15

The Strategic Plan 2012 included five strategic objectives. This section sets out the activity the Planning Inspectorate undertook in 2014-15 in supporting those objectives.

### Respond effectively to government policy and market demand

Priorities:

- Develop a flexible organization through implementing the workforce strategy.
- Operate effective horizon scanning function to anticipate and plan for changes in demand.

The Planning Inspectorate's ambition is to develop a highly effective, skilled and integrated workforce. Given the organization is demand-led and must deliver against local and national policies, there will always be a level of uncertainty about its future workload. There is a clear need, therefore, for the organization to anticipate changes in policy and processes and have the ability to rapidly adapt. This means greater flexibility needs to be built into the workforce.

Assessing casework priorities and the allocation of inspector resource has continued to be managed through the work of the executive Policy and Resources Group. This was effective over the year for managing short term resourcing issues. Although most inspectors can work on a variety of casework, it became apparent during the year that matching resource to priorities determined by targets, whilst prioritizing national infrastructure and local plan work, was having an adverse impact on other types of casework. The approach to resource allocation was revised mid-year to address challenges of some cases that had been waiting too long to be decided. The Strategic Plan 2015-18 commits to developing a revised workforce strategy to fully meet all the needs of the business.

The Planning Inspectorate continued to monitor changing levels of market demand and horizon scan for potential changes that will influence casework demand in the future.

### Become the foremost national body on planning knowledge and expertise

Priorities:

- Report on the Householder Appeals Service/Commercial Appeals Service alternative delivery model and implement recommendations based on findings.
- Implement an approach to growing our own inspectors and planning professionals within the Planning Inspectorate Academy for planning professionals.
- In agreement with DCLG and Welsh Government, rationalize and develop internal best practice advice for inspectors as part of the Inspectorate's knowledge and information strategy.

The Planning Inspectorate's objective was to continue to maximize opportunities to ensure it remains recognized as a national body of planning expertise. This includes ensuring staff are fully trained across their respective professions, and are supported by systems which capture and share knowledge. It is very important that all staff are enabled to be as effective as possible through effective training and development and, where appropriate, active career management. Maintaining that recognition also includes the need for the Planning Inspectorate to advise on good practice through its regular dialogue with stakeholders.

During 2014-15, the Planning Inspectorate continued to provide high quality training and development for inspectors. The annual training event was very well received as were the topic based updates, which were introduced to disseminate knowledge on particular specialist areas of casework.

In 2013, the Planning Inspectorate decided to trial the use of non-inspector planners on casework across the organization. An approach using a small number of planners to work alongside an inspector on more routine householder appeals continued in 2014-15. Following the trial, an alternative model was proposed and is planned to commence in June 2015 to help provide additional resource to deal more quickly with older appeal cases. Reviews will be carried out to assess the effectiveness and efficiency of this model before further action is taken.

The Planning Inspectorate continued to support the planning profession by working with stakeholders, including organizations such as the Royal Town Planning Institute (RTPI), other professional institutions, and universities, to promote the professions engaged in planning and development. The proposed Planning Inspectorate Academy was not implemented, as evidence demonstrated that a different approach to developing planners in the organization was appropriate.

Good progress has been made throughout the year on developing the knowledge and information function. Internal best practice advice has been published or is in the process of being published. It has been agreed that all the new internal advice will be brought together with other sources of inspector advice into one new Training Manual.

### **Become an employer of choice with skilled and motivated staff**

Priorities:

- Implement new arrangements following the Inspector Competency Review.
- Implement the leadership and management development programme.

During 2013, working arrangements for inspectors were reviewed through the Inspector Competency Review. Its aim was to remove certain legacy contractual rights to pay and progression in line with civil service reform. A further aspect was to improve career management for inspectors, which will enable them to take on a greater variety of work and, as such, make better use of their expertise and skills. This work was completed during 2014-15, with the new Terms and Conditions taking effect from 1 January 2015.

The Planning Inspectorate recognizes management as a profession in its own right, so continued its management and development programme. Phase 1 of the programme for Management Board and Senior Management Team was delivered in 2014-15. The diagnostic outputs of phase 1 are being reviewed and a business case setting out options for the continuation of the programme in 2015-16 has been completed.

The staff survey (October 2013) showed a clear need for improved engagement with all staff, but especially with inspectors who are predominantly home workers and, therefore, may have different communication and other needs than office-based staff. A stronger approach to internal engagement through a revised engagement strategy was implemented during 2013, and this approach continued to evolve throughout 2014-15. This ensured the organization engaged with staff at the right time to enable them to have their say in key decisions and initiatives, such as the work to determine the strategic direction for 2015-18.

### **Strengthen effective relationships with stakeholders and customers**

Priorities:

- Implement the stakeholder engagement strategy.
- Implement plans for digital engagement with stakeholders and customers.
- Implement findings of the National Infrastructure Review,

The revised external stakeholder engagement strategy was approved by the Board in February 2015. The Planning Inspectorate has a wide range of customers: from applicants and appellants, to the general public, other interested parties, government ministers and other politicians. During 2014-15, staff continued to engage with identified stakeholders, listened to what they were saying, and used this feedback to improve business processes and customer service and to inform decision making.

Regular meetings were held with Chairs and Chief Executives of significant stakeholder bodies. The aim of engagement activity throughout the year focused on:

- listening to feedback and ensuring all stakeholders have a clear understanding of the organization's remit and role within the planning system;
- an awareness of how to work effectively with the Planning Inspectorate;
- confidence in professionalism and expertise; and
- the quality of decision making.

Stakeholder feedback to date provides evidence that the Planning Inspectorate maintains its high reputation, and this must be built on moving forward.

Increasingly, the Planning Inspectorate is using digital technologies in its delivery of communications with stakeholders. The independent Planning Portal website hosts the organization's operational web content, where appellants, developers, local planning authorities and others can view important case information and submit appeals online. The website also houses all published application documents for national infrastructure, setting out how stakeholders can get involved with various projects. In response to DCLG's decision to commercialize the Planning Portal, the Planning Inspectorate is taking steps to relocate its web content to alternative platforms while enhancing customer experience. The Planning Inspectorate increased its use of social media in 2014-15, launching a new digital engagement strategy which focused on using Twitter and LinkedIn to engage more creatively with customers and external stakeholders. In line with various government initiatives, the organization's IT system was opened up during the year so that staff could access certain social media sites, allowing them to engage directly with customers where appropriate.

The Planning Inspectorate hosts an annual conference each Spring at which key individuals and organizations with an interest in its work gather to hear about and debate topical issues. The Planning Minister, Brandon Lewis MP, provided a recorded speech for the 2015 conference, and delegates debated the implications of the planning reforms, the role of planning in facilitating economic growth and how the Planning Inspectorate is delivering for its customers.

In addition, directors and other staff actively participate in conferences, events and high level meetings throughout the year. These opportunities are used to communicate with and hear from a variety of audiences. For many national infrastructure applications, the Planning Inspectorate conducts outreach events at which interested parties, including members of the public, can engage directly with its staff to ask questions about the process. Staff also engaged in pre-application discussions with prospective national infrastructure developers as part of the regime.

Alongside this, the Planning Inspectorate committed fully to the UK Government's Review of the Nationally Significant Infrastructure Regime, which aimed to deliver even more effective decision making on those nationally significant projects that can play a major part in stimulating growth and deliver other benefits to the UK economy.

The Infrastructure Act 2015 included three measures referred to in the Government's response to the review consultation. These are:

- inspectors can now be appointed once an application has been accepted rather than waiting until the end of the representation period;
- a panel of two inspectors can now be appointed; and
- a simplified post-consent change procedure will be introduced, whilst significant changes will be the subject of a new application.

In response to a further recommendation resulting from the review of national infrastructure, the Planning Inspectorate published its pre-application prospectus in May 2014 outlining the services offered to promoters.

### **Transform delivery to make the best use of public funds**

Priorities:

- Use systems-thinking to streamline processes and implement better ways of working, especially in the appeals area.
- Develop and implement the knowledge and information management strategy.
- Complete the delivery of plans to transform and modernize IT across the organization.
- Achieve further efficiencies through sharing services of HR, payroll, finance and procurement.

The Planning Inspectorate strives to achieve the highest possible standards of quality, timeliness and value for money in the course of its work. This is necessary to maintain public and Ministerial confidence in the appeals, applications and development plans system, and the National Infrastructure regime. The Planning Inspectorate chose to use systems-thinking to improve its business processes. A dedicated support team was established, and, following initial application to the national infrastructure regime in 2013-14, the team worked closely with colleagues in the business on the appeal process.

The work being conducted demonstrated a number of opportunities to improve services through working differently. There is clearly a desire for case officers and home based inspectors to work more closely together; the findings demonstrated how this team effort resulted in improved file quality and efficiency with fewer administrative errors. The new casework handling system, Horizon, provided opportunities for smarter electronic working, making processing far more efficient and customer focused.

The Planning Inspectorate aims to ensure that all staff have the right tools to do the job to the very best of their ability and with maximum efficiency. This is the crux of the knowledge and information strategy and means:

- having access to the right information when it is needed;
- being supported by effective technology;
- maximizing opportunities by working digitally; and
- making sure that all support services provide value for money and excellent customer service.

This is critical, as a significant number of staff work remotely; inspectors need access to information easily, wherever they are working, whilst being properly supported by modern effective technology.

A number of developments in 2014-15 will enable this transformation to take place. The shared service with Fujitsu has provided modernized IT across the organization. The roll out of the Horizon casework system is a step towards consolidating all casework systems onto a single platform and facilitating improved casework handling. In future years this will deliver the technical ability to enable information to be created, delivered, stored, audited and archived in line with best practice principles: stored once, but used many times. Introducing such changes to systems will have business impacts and despite careful planning and testing, there have been some implementation issues. These will be reviewed and lessons learnt for subsequent service changes. The organization has started trials of new and innovative ways of delivering information to users on demand through smartphones, tablets, 'bring your own device' and other technologies.

There is a drive for all public sector bodies to share services and generate savings. The Planning Inspectorate is supporting the shared services approach and will seek to deliver benefits offered by sharing elements of finance and HR functions. Migration of these functions has been postponed to April 2016 at the earliest due to the delayed roll out to other government departments. Plans are in place to make more efficient use of existing office floor space, thereby reducing costs and releasing offices in Temple Quay House for another tenant.

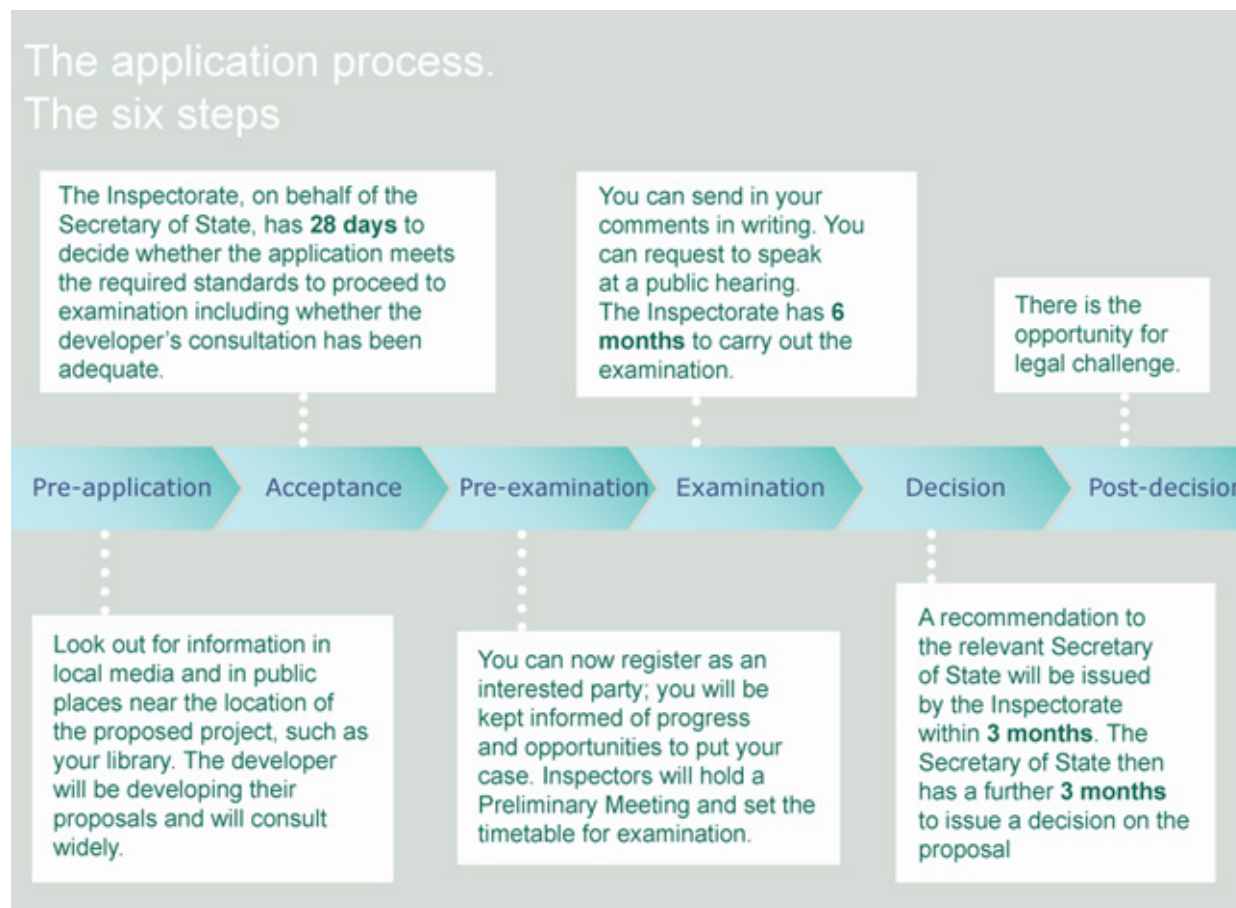
## 6. Performance against Ministerial and corporate targets

The Planning Inspectorate has an established suite of performance measures, which are used to help monitor and improve standards. These were published in the Business Plan 2014-15. This includes measures of quality and timeliness as well as customers' perception of services.

### National Infrastructure (including projects in Wales)

The Planning Act 2008 set out the framework for the Planning Inspectorate's role in determining Nationally Significant Infrastructure Projects (NSIPs). The regime includes specific stages and statutory timescales for delivery.

Figure 1: Nationally Significant Infrastructure Projects – the application process



In 2014-15 formal applications were submitted on 17 projects. A total of 14 new pre-application projects were added to the list on the website. In total, decisions were made on 19 applications, shown in Table 6.



At year end there were 47 cases at pre-application stage and the Planning Inspectorate was processing 22 submitted applications (anywhere between acceptance and recommendation). One application was with the Secretary of State awaiting a decision.

*Table 6*

Project	Decision
North London Electricity Line Reinforcement Project	Apr 2014
East Anglia ONE Offshore Windfarm	Jun 2014
Daventry International Rail Freight Terminal	Jul 2014
Rampion Offshore Wind Farm	Jul 2014
A556 Knutsford to Bowden	Aug 2014
North Killingholme Power Plant	Sep 2014
Clocaenog Forest Wind farm	Sep 2014
Thames Tideway Tunnel	Sep 2014
Burbo Bank Extension Offshore Windfarm	Sep 2014
Woodside Link Houghton Regis Bedfordshire road project	Sep 2014
South Hook Combined Heat & Power Station	Oct 2014
Walney Extension Windfarm	Nov 2014
Hornsea Offshore Windfarm (Zone 4) – Project One	Dec 2014
Willington C Gas Pipeline	Dec 2014
Morpeth Northern road Bypass	Jan 2015
A160 – A180 Port of Immingham road improvements	Feb 2015
A30 Temple to Higher Carblake road improvement	Feb 2015
Dogger Bank Creyke Beck Offshore Windfarm	Feb 2015
Knottingley Power Plant	Mar 2015

Delivering a high level of performance at the various stages of the NSIP process continued to be important during the year. Table 7 sets this out against targets.

*Table 7*

Our Targets	%	Total
To Issue 100% of Scoping Opinions within 42 Days	100	25
To Issue 100% of Screening Opinions within 42 Days	100	1
To Decide on Acceptance of 100% of Applications within 28 Days	100	16
To Complete Examination on 100% of Applications within 6 months of Examination	100	17
To Submit 100% of Recommendation to Secretary of State (SoS) within 3 months of end of Examination	100	20

Out of the 36 NSIP decisions made since the regime has been in operation, seven projects in total have been subject to judicial reviews. Judicial reviews against the decisions on Rookery South Energy from Waste Generating Station, Hinkley Point C New Nuclear Power Station and Able Marine Energy Park were all decided in this period, with the Secretary of State's decisions being upheld on all three projects. In respect of the Hinkley Point C New Nuclear Power Station, UN Espoo and UN Aarhus Convention actions are on-going. The challenge against the Thames Tideway Tunnel decision was initially refused and is being appealed. A judicial review against the Clocaenog Onshore Wind Farm was still awaiting judgement at the end of the financial year.

The Secretary of State's refusal of the Preesall Underground Gas Storage application in April 2013 was challenged by the applicant and quashed by the court in January 2014. It is being re-determined by the Secretary of State for Energy and Climate Change.

### Local Plans

Since the National Planning Policy Framework was published, the Planning Inspectorate has used a team of experienced inspectors to carry out 157 visits to local planning authorities to discuss work on their emerging Local Plans. The initiative sought to promote confidence and progress in submitting plans for examination, reflecting the emphasis on the need for local planning authorities to have up to date Local Plans in line with the National Planning Policy Framework.

A total of 78 plans were submitted for examination in 2014-15. Eighty per cent of local planning authorities now have published plans, while 62% of have adopted plans, which is a rise of 8% since the end of 2013-14. At year end, 82 Local Plan examinations remained in progress.

In 2014-15, the Planning Inspectorate issued 81 final reports to local planning authorities, 80 of which found the plans to be sound. Twelve plans were withdrawn in this period.

Local Plan submission trends continued to show peaks and troughs, which placed some pressure on managing the overall resource required to deal with this work. Nonetheless, every Local Plan submitted to the Planning Inspectorate was resourced with an inspector in 2014-15.

Information about all the Local Plans submitted for examination, including the outcome of the examination once known, was published on the Planning Portal ([www.planningportal.gov.uk/planning/planningsystem/localplans](http://www.planningportal.gov.uk/planning/planningsystem/localplans)). The information published online showed data for each local planning authority.

*Table 8*

Our Targets	%	Total
To Complete 100% of Development Plans within the agreed timetable	100	81
To Complete 100% of Community Infrastructure Levy: Examinations within the agreed timetable	100	37

## Planning

In October 2013 new targets were introduced, which represented a significant shift in processing times for planning appeals. The original target for determining appeals within 26 weeks was reduced to 14 weeks for written representations and hearings, and 22 weeks for inquiries.

Although the average time taken to determine section 78 written representations appeals and hearings has improved from 2013-14, the planning casework targets have not been achieved for 2014-15.

In 2014-15 there was a 7% increase in planning appeals concentrated in the second half of the year. This, together with an increase in National Infrastructure applications and Local Plan examinations, placed an unprecedented demand on our inspectors and casework teams.

By the middle of the year, striving to meet the 80% targets meant a backlog of cases was building up that were taking far too long to decide. This was in part due to insufficient inspector numbers.

The Executive decided, with agreement of the Board, a clear approach to focus on deciding the oldest cases and to have an even handed approach to casework. This also led to work in the second half of the year to learn lessons from 2014-15 and to develop and publish a Strategic Plan, which sets out how the Planning Inspectorate will be more flexible, more resilient and better able to forecast peaks in workloads.

The failure to meet targets is covered in more detail under the Board section of the Governance Statement.

*Table 9*

Our Targets	%	Total 14-15	Average 13-14	Times 14-15
To Determine 80% of S78 Written Reps (WR) Appeals in 14 Weeks	70.5	6907	23	19
To Determine 80% of S78 Hearings Appeals in 14 Weeks	54.2	500	22	21
To Determine 80% of S78 Inquiry Appeals in 22 Weeks	41.4	29	28	34
To Issue 100% of Decision and reports for Bespoke Casework within the Service Level Agreement (SLA)	100	238	28	32
To Determine 80% of Householder Appeals (HAS) within 8 weeks	73.7	4051	7	10
To Determine 80% of Commercial Appeals (CAS) within 8 weeks	49.1	383	7	12
Planning Guarantee - to Determine 100% of (qualifying) appeals within 26 Weeks	84.9	13846	17	17
To determine 80% of S106BC WR appeals within 6 weeks	-	0	-	-
To issue 80% of S106BC Hearings & Inquiries appeal decisions 28 days after receipt of last evidence	100	19	9	12



## Major Applications

During 2014-15, the Planning Inspectorate determined one application under section 62a of the Town and Country Planning Act 1990 (as amended by the Growth and Infrastructure Act 2013).

*Table 10*

Our Targets	%	Total
To Determine 80% of Applications with no Environmental Impact Assessment (EIA) within 13 weeks	100	1
To Determine 80% of Applications within 16 weeks	n/a no EIA applications received	0
To Determine 100% of Applications with a Performance Plan Agreement (PPA) within the PPA	n/a no PPA applications received	0

## 7. Our work in Wales

### Performance against Ministerial and corporate targets

The Planning Inspectorate (Wales) continued to draw on the professional expertise and utilize additional inspector resource from the Bristol headquarters. This is cost effective and ensures quality and consistency in the services provided. Other benefits include access to the services of teams in the Bristol headquarters for finance, HR and IT.

The Planning Inspectorate (Wales) continued to meet the tighter written representations decision target of 85% for both planning and enforcement appeals.

The overall workload in 2014-15 was less than in 2013-14, with a total appeals intake of around 1,040 compared to just over 1,100 in the previous year.

Two local development plans were adopted in 2014-15 (Carmarthenshire and Newport). Two examinations, Cardiff and Neath Port Talbot, were on-going at the year end.

In terms of quality, 99.5% of inspectors' decisions have been issued free from justified complaint or legal challenge during the year, against a target of 99%. For administration 99.3% of work was free from such errors.

The Director for Wales met and presented to planning committee members from all local planning authorities, offering them an opportunity to learn more about the aims of planning. The Director has used the visits as an opportunity to encourage authorities to work collaboratively and share best practice.

Regular meetings were held with our sponsor division in Welsh Government. The Planning Inspectorate (Wales) continued to support the Government's objectives, working closely with officials to help deliver their planning reform agenda.

### Staff

To ensure that customer expectations are met, inspectors and office based staff continue to work flexibly. Experience and skills learned are frequently employed elsewhere in the business. Specific specialist training is provided to inspectors and office based staff as required. Inspectors are supported and mentored by existing senior inspectors to further their level of experience.

The professional development of planning officers is supported and opportunities to further their professional careers are provided. Their role in Local Development Plan work is increasing and they have recently taken on new work from Welsh Government.

Welsh speaking members of staff have attended site visits to support inspectors where appellants were Welsh speakers and it was not possible to allocate a Welsh speaking inspector.

### Continuous improvement

Welsh Government legislation was brought into force in the year that formalized the Householder Appeal Service and Commercial Appeal Service pilots. The power for the Planning Inspectorate to determine the procedure was also introduced, which has led to time and financial benefits.

The Planning Inspectorate (Wales) has undertaken rechargeable work in the year for various policy divisions of Welsh Government and provided inspectors to deal with local government compulsory purchase order inquiries.

A new casework management system has been rolled out and all appeal documentation is published on the Appeals Casework Portal thereby making it accessible for all. Full use is made of other technology allowing for flexible working solutions.

In recognition and anticipation of work emerging from planning reform, it is envisaged that further inspector recruitment is expected in autumn 2015. The office based team has been re-organized to reflect the impact of the reforms in the short term, although additional resource may be necessary.

A handwritten signature in black ink, appearing to read 'SARL', followed by a long horizontal line that ends in a short vertical stroke.

Simon Ridley  
Chief Executive  
18 June 2015

## 8. Strategic Plan 2015–18

The Strategic Plan 2015-18 is focused on achieving two overriding goals:

- providing excellent customer service; and
- continuously improving productivity.

### Priorities for 2015-16

The Business Plan sets out what we will achieve in 2015-16; as follows:

- We will eradicate the backlog of old and unstarted cases to improve our service for all customers.
- We will recruit significant numbers of new inspectors.
- Performance and improvement data will be published openly and we will conduct surveys across our range of customers and stakeholders to measure and build our reputation, and better understand how we are doing.
- We will make management expectations clear, everyone in the organization will have regular management discussions and we will implement a consistent approach to mid-year and end-year reviews.
- Senior managers will be more visible through improved internal communications and cascading corporate information and decisions.
- We will agree new performance measures with Government that support a balanced approach to all casework.
- All casework will be on Horizon to provide a common system and inspectors will increasingly be using the same system.
- We will have updated the content and system that supports Decision Report Document System (DRDS).
- We will have introduced a more flexible and quicker process for handling appeals casework and will be using it for live cases.
- We will introduce a new budget and business planning round as an integrated part of how we manage our work and spending, and continuously improve and reduce our operating costs.

### Monitoring

The Planning Inspectorate moved to portfolio management during 2014-15. This enables monitoring of business plan activities, project milestones, strategic risks and business as usual to ensure all activity is coordinated and resource is prioritized according to business need. Risk management is integral to the portfolio approach. Risk registers are updated to reflect the outcomes of analysis of management information obtained from monitoring activities.

## 9. Quality and transparency

### Building in quality

Achieving the highest possible standards and embedding quality into its work remained a priority across the Planning Inspectorate during the year. This was delivered in various ways, including the production of guidance, consulting on policy changes, ensuring staff were provided with appropriate information and through quality assurance. Customer feedback was regularly reviewed to learn lessons and make service improvements. Investigations were conducted into complaints and legal challenges.

### Complaints

The Planning Inspectorate has embedded the Ombudsman's Principles of Good Complaint Handling into consideration of complaints, and adopted the Cross Government Complaints Forum's Complaints Resolution Framework.

In 2014-15, 2,016 complaints against an inspector were made, an increase of 153 from 2013-14. Of these, 63 (3%) were upheld (compared with 74 or 4% in 2013-14).

In 2014-15, 270 administrative complaints were received, an increase of 14 from 2013-14. Of these, 51 (19%) were upheld (compared with 64 or 25% in 2013-14).

### Ex gratia payments

A total of 38 claims for an ex gratia payment were received during the year, and six were carried forward from 2013-14. Out of the 38 in total, 31 claims were rejected as falling outside the scope of the published policy, and full or partial payments were made in seven cases where an error was made by the Planning Inspectorate.

### The Parliamentary and Health Service Ombudsman

The role of the Ombudsman is to investigate complaints where individuals have been treated unfairly or received poor service. If, after the complaints process is exhausted, a customer remained dissatisfied, they were able to refer the matter to the Ombudsman through a Member of Parliament.

The number of such cases this year was 11, representing 0.06% of the decisions issued. The Ombudsman did not find against the Planning Inspectorate in any of the cases submitted (compared with two in 2013-14).

### Challenges in the High Court

Over the course of the year, 172 decisions were challenged in the High Court. Of those cases that proceeded to a Court hearing, 51 decisions were either quashed by the Courts or the Planning Inspectorate opted to submit to the Court's judgement, resulting in them being resubmitted for redetermination. Ninety potential challenges were refused permission to proceed, and three more were struck out, either for technical reasons or for being out of time.

During 2014-15, more than £670,000 was recovered from claimants following successful costs claims to the High Court on behalf of the Planning Inspectorate. This represents an increase of 34.3% over the sum recovered during 2013-14. The actual number of cases involving recovered costs fell from 224 during 2013-14 to 197 cases during 2014-15. The change in the scale of the amount of public funds recovered was due to a more robust and consistent approach.

### Judicial Reviews

All Judicial Reviews of National Infrastructure decisions to date have been handled by the teams reporting to the decision-making Secretary of State.

### Freedom of Information Act 2000 & Environmental Information Regulations 2004

The Planning Inspectorate registered 160 requests made under the Freedom of Information Act or Environmental Information Regulations, answering 89% of requests within the statutory deadline and providing the requested information in the majority of cases. The Information Commissioner’s Office also determined three complaints about requests made to the Planning Inspectorate, upholding the Planning Inspectorate’s decision in each case.

### Data Protection Act 1998

A series of measures are in place to protect any personal information provided to the Planning Inspectorate. During the year, the Planning Inspectorate notified the Information Commissioner’s Office of a breach of the Data Protection Act when documents provided by a developer that contained contact details and signatures of individuals who responded to a pre-application consultation were published.

The Planning Inspectorate is undertaking a review as a consequence of this breach of the Data Protection Act.

### Quality targets

The published targets are to have less than 1% of decisions, and administration, subject to justified complaint or successful legal challenge. Both measures were achieved again this year, which is consistent with results in recent years, as shown in Table 11.

Table 11

	Decision	Administration
2014-15	0.6%	0.3%
2013-14	0.6%	0.3%
2012-13	0.5%	0.3%
2011-12	0.4%	0.3%
2010-11	0.8%	0.3%
2009-10	1.3%	0.3%
2008-09	1.1%	0.2%

### Customer surveys

Customer surveys remained an important way to gauge satisfaction with services. The Planning Inspectorate randomly selects appeal cases and requests feedback from those involved in the process. The aim is to achieve satisfaction levels in excess of 80% (very satisfied or satisfied). These targets were achieved for both hearings/inquiries and the overall process. The target for written representations was not achieved for a variety of reasons, timeliness of the decision being the most predominant issue raised.

Table 12

Appeals	2014-15
Written Reps	56%
Hearings/Inquiries	93%
Overall process	86%

The Customer Survey for national infrastructure cases did not achieve high enough response rates to draw conclusions. The overall response rate to surveys throughout the year was on average 10%. The comments and suggestions for improvements continue to be of good quality.

# 10. People

## Staff numbers

At as the end of March 2015, the Planning Inspectorate employed 767 staff (421 men and 346 women). This total is made up of a mixture of full and part-time employees, home-based salaried inspectors and office-based staff in the Cardiff and Bristol offices. The Planning Inspectorate also uses the services of 78 non-salaried inspectors on a fee-paid contractual basis.

## Recruitment and retention

All recruitment is carried out on the basis of fair and open competition, and selection is made on merit. Recruitment processes are fair and are regularly reviewed to take account of any changes to employment legislation.

## Equality

As part of the commitment to fairness and promoting equality, the Planning Inspectorate has embedded diversity into its business functions and service delivery. This includes close working with DCLG colleagues with the aim of ensuring compliance under the various strands of equality legislation and promoting best practice in an environment of openness, fairness, and equality of opportunity.

A small proportion (4.9%) of staff consider themselves to have a disability. When recruiting staff, the Planning Inspectorate will guarantee an interview to disabled candidates who meet the core requirements of the job description and person specification. The Planning Inspectorate supports the career development of all staff, including those with disabilities.

## Trade unions and staff engagement

The Planning Inspectorate recognizes two unions: Public and Commercial Services (PCS), representing office based staff, and Prospect, representing inspectors. Formal consultation with the unions takes place largely through quarterly meetings. The Planning Inspectorate works with the unions and employees, both formally and informally, on management proposals that have a direct bearing on how staff work, ensuring that there is a common understanding of the impact on individuals. Information on relevant employment policies and changes remained available to all staff through the intranet.

## Attendance management

The Planning Inspectorate continues to monitor attendance figures and, where necessary, staff are supported in phased returns to work. The average working days lost through sickness absence in 2014-15 was 6.8 days, slightly down on the 7.1 days reported 2013-14, but within the public sector target of 7.5 days.

## Exceptional Achievement Scheme

The Planning Inspectorate introduced an Exceptional Achievement Scheme on 1 April 2013 to recognize and reward exceptional achievements of individuals or teams. The scheme was open to all employees below the Senior Civil Service, and enabled any member of staff to put forward a nomination for an award. Award nominations were considered by a Committee, which met three times in the period. The Committee was made up of a mix of staff from across the organization, with membership reviewed annually.

# Remuneration report

## 11. Remuneration report for the year ended 31 March 2015

The remuneration report summarizes the Planning Inspectorate's remuneration policy and disclosures on directors' remuneration as required by section 421 of the Companies Act 2006.

### Remuneration Committee/People Committee

The Remuneration Committee which dealt with pay and reward matters, operated as a Sub-Committee of the Board until December 2014, when it was superseded by a People Committee. The last meeting of the Remuneration Committee was 12 May 2014. The People Committee, which is also a Sub-Committee of the Board, is chaired by a Non-Executive Director and has terms of reference that can encompass all aspects of the people function including pay and reward.

### Directors' Remuneration Policy

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

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

### Actual Remuneration of Directors

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

The remuneration of the members of Management Board of the Planning Inspectorate was as follows (comparative figures for 2013-14 are shown in brackets):



	Salary and fees paid (£k in bands of £5k)	Bonus (£k in bands of £5k)	Taxable benefits (to the nearest £100)	Pension related benefits <sup>2</sup> (£k in bands of £5k)	Total for 2014-15 (2013-14) (£k in bands of £5k)
Sir Michael Pitt Chief Executive (to July 2014)	50-55 180-185 full time equivalent (180-185)	- - (5-10)	- - (4,000)	- - (-)	50-55 180-185 full time equivalent (195-200)
Simon Ridley Chief Executive (from July 2014)	85-90 110-115 full time equivalent  (-)	- - (-)	- - (-)	105-110 140-145 full time equivalent (-)	190-195 255-260 full time equivalent (-)
John Saunders <sup>1</sup> Senior Director (to October 2014)	115-120 160-165 full time equivalent (160-165)	- - (5-10)	- - (-)	50-55 85-90 full time equivalent (40-45)	165-170 255-260 full time equivalent (210-215)
Mark Southgate Director of Major Casework and Plans	80-85 (80-85)	- (-)	- (-)	30-35 (30-35)	115-120 (110-115)
Richard Poppleton Director for Wales (to September 2014)	50-55 100-105 full time equivalent (100-105)	- - (0-5)	- - (-)	0-5 5-10 full time equivalent (-)	55-60 105-110 full time equivalent (100-105)
Tony Thickett Director for Wales (from November 2014)	30-35 75-80 full time equivalent  (-)	- - (-)	6,900 16,560 full time equivalent (-)	35-40 90-95 full time equivalent (-)	75-80 180-185 full time equivalent (-)
Phil Hammond Director of Casework	70-75 (70-75)	- (0-5)	- (-)	10-15 (50-55)	85-90 (125-130)
Helen Adlard Director of Strategic Change	90-95 (75-80) (90-95 full time equivalent)	- (-) (-)	- (-) (-)	20-25 (5-10) (10-15 full time equivalent)	110-115 (80-85) (100-105 full time equivalent)
Peter Burley Chief Planning Inspector (to September 2013)	- (40-45) (80-85 full time equivalent)	- (-) (-)	- (-) (-)	- (-) (-)	- (40-45) (80-85 full time equivalent)
Ben Linscott Chief Planning Inspector	85-90 (-)	0-5 (-)	35,400 (-)	80-85 (-)	200-205 (-)
Kevin Woodrow Director of Corporate Services (to February 2014)	- (70-75) (80-85 full time equivalent)	- (-) (-)	- (-) (-)	- (-) (-)	- (70-75) (80-85 full time equivalent)
Jon Banks Director of Corporate Services	70-75 (60-65)	- (0-5)	- (-)	25-30 (-)	95-100 (60-65)

Sara Weller Director, Non-Executive (from August 2014)	10-15 15-20 full time equivalent (-)	- - (-)	- - (-)	- - (-)	10-15 15-20 full time equivalent (-)
David Clements Director, Non-Executive	5-10 (5-10)	- (-)	- (-)	- (-)	5-10 (5-10)
Janet Goodland Director, Non-Executive	5-10 (10-15)	- (-)	- (-)	- (-)	5-10 (10-15)
Valerie Owen Director, Non-Executive (to December 2014)	0-5 5-10 full time equivalent (10-15)	- - (-)	- - (-)	- - (-)	0-5 5-10 full time equivalent (10-15)
Jayne Erskine Director, Non-Executive (from January 2015)	0-5 10-15 full time equivalent (-)	- - (-)	- - (-)	- - (-)	0-5 10-15 full time equivalent (-)

1 John Saunders left under Voluntary Redundancy terms on 31 October 2014. Voluntary redundancy costs of £123,268 are excluded from the table above and have been paid in accordance with the former Infrastructure Planning Commission terms in accordance with rights under TUPE. The cost comprises of: £58,428 to buyout the actuarial pension reduction; and a compensation payment of £64,840, calculated on total qualifying service.

2 Pension related benefits are assumed, for full time equivalent purposes, to be calculated on a linear basis.

	2014-15	2013-14
Band of Highest Paid Director's Total Remuneration (£'000)	120-125	195-200
Median Total - Inspector	60,670	57,517
Remuneration Ratio - Inspector	2.01	3.45
Median Total - Administrative	25,648	25,261
Remuneration Ratio - Administrative	4.75	7.85

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organization and the median remuneration of the organization's workforce. The calculation is based on the full-time equivalent staff at the reporting period end date on an annualised basis.

The banded remuneration of the highest paid director in the financial year 2014-15 was £120k - £125k (2013-14, £195k - £200k). This was 4.75 times (administrative); 2.01 times (inspectors) (2013-14 7.85 (administrative); 3.45 (inspectors)) the median remuneration of the workforce, which was £25,648 (administrative); £60,670 (inspector) (2013-14, £25,261 (administrative); £57,517 (inspector)).

In 2014-15, no employees received remuneration in excess of the highest paid director (2013-14, nil). Remuneration ranged from £115,000 to £10,500 (2013-14, £170,500 to £10,320) excluding the highest paid director.

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

## Directors' pension disclosure

	Real increase in pension & related lump sum at age 60 (£k)	Total accrued pension at age 60 at 31/3/15 & related lump sum (£k)	CETV at 1/4/14 (nearest £k)	CETV at 31/3/15 (nearest £k)	Real increase in CETV (nearest £k)
Simon Ridley Chief Executive (from July 2014)	2.5-5 plus 12.5-15 lump sum	20-25 plus 70-75 lump sum	238	302	56
John Saunders Senior Director (to October 2014)	2.5-5	5-10	104	161	48
Mark Southgate Director of Major Casework and Plans	0-2.5	10-15	127	157	16
Richard Poppleton Director for Wales (to September 2014)	0-2.5 plus 0-2.5 lump sum	35-40 plus 115-120 lump sum	877	873	3
Tony Thickett Director for Wales (from November 2014)	0-2.5	30-35	493	528	30
Phil Hammond Director of Casework	0-2.5 plus 0-2.5 lump sum	25-30 plus 80-85 lump sum	427	458	8
Helen Adlard Director of Strategic Change	0-2.5	5-10	86	114	16
Ben Linscott Chief Planning Inspector	2.5-5 plus 10-12.5 lump sum	30-35 plus 100-105 lump sum	620	730	77
Jon Banks Director of Corporate Services	0-2.5	5-10	47	63	7

Other senior posts are not pensionable.

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalized value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which, the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A handwritten signature in black ink, appearing to read 'SARL', with a long horizontal line extending to the right and a short vertical line at the end.

Simon Ridley  
Chief Executive  
18 June 2015

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

Under Section 7 (2) of the Government Resources and Accounts Act 2000, the Treasury has directed the Planning Inspectorate to prepare for each financial year a statement of accounts in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Planning Inspectorate and of its income and expenditure and cash flows for the financial year.

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

- observe the accounts direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

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



Simon Ridley  
Chief Executive  
18 June 2015

# Governance Statement for year ended 31 March 2015

## Scope of Responsibility

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

I was designated as Accounting Officer by the Permanent Secretary and Accounting Officer for DCLG. A detailed breakdown of our joint and shared responsibilities was contained in my letter of designation dated 30 June 2014. That letter also set out my responsibility to the Minister for the Agency's use of resources to carry out its functions, and my liability to be summoned to appear before the Public Accounts Committee to give evidence on my handling of my Accounting Officer responsibilities.

Under the terms of my accountability, should I ever be directed by a Minister to take responsibility for an aim, priority or action that I believe is contrary to the principles of Managing Public Money, I may seek a written direction to continue. No written directions were sought in 2014-15.

My predecessor, Sir Michael Pitt, was Accounting Officer up until my designation. In the period between the start of 2014-15 and my appointment, I attended PINS Board and Committee meetings as Chief Executive Designate (as an Observer). In parallel with the assurances of the executive directors, and the non-executive Chairs of the Board Sub-Committees, particularly the Audit and Risk Assurance Committee, I am satisfied that I have the necessary level of assurance from senior colleagues for the period from 1 April to 30 June 2014.

I am personally responsible for the effective management of the Planning Inspectorate in accordance with the Agency's Framework Document (which describes our relationship with DCLG, and The Welsh Government) and, in accordance with the normal civil service rules, on propriety and securing value for money. The Welsh Government has responsibility for headcount and budget controls in Wales.

This Governance Statement covers the period from 1 April 2014 to 31 March 2015, and includes a look forward at changes anticipated in 2015-16. DCLG publishes a similar statement which covers their arm's length bodies such as the Planning Inspectorate, but it is at a higher level and does not look to duplicate information contained in this statement.

## The Governance Framework

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

The system of internal control is an integral part of that framework and is designed to manage risk to a level we consider acceptable. The system is based on an on-going process designed to plan for and manage risk to an appropriate degree. It utilizes regular management information to support decision making, financial regulation and administrative procedures including segregation of duties, management supervision and a system of formally recorded delegation and accountability. This Statement has drawn upon a wide range of internal and external assurance activity.

The framework includes:

- the Governance structure (see below and Figure 2);
- internal and external audit;
- risk management including formal project management;
- business planning and regular performance reporting;
- legal controls including delegations from decision making Departments on National Infrastructure casework to ensure we operate within the scope provided by legislation; and
- financial management including delegations, procurement controls, fixed asset controls, and controls relating to contracts for services.

## The Governance Structure

### The Board

I am supported by a Board appointed to direct our work within the parameters laid down in the Framework Document. Following the Review of Board Effectiveness carried out last year by Sir Robert Napier, and with the agreement of the Secretary of State for Communities and Local Government (in England) and the Minister for Housing and Regeneration (in Wales), the composition of the Board changed during the year, with the appointment of Sara Weller as the Planning Inspectorate's first Non-Executive Board Chair. Sara remained the Lead Non-Executive Director (NED) at DCLG. The Board now comprises the Board Chair and three other NEDs, plus myself as the Chief Executive, the Director of Knowledge and Professional Standards, the Director for Wales and the Director of Corporate Services. Other Executive Directors attend as required. The Board met on a monthly basis except in May (there were two meetings in June instead), August and September 2014. Director and NED membership over the course of the year, and a record of their attendance, is shown in Table 14.

Relationships with DCLG, and with the Welsh Government, were set out in the Framework Document. The document was amended in July 2014 to reflect the new arrangement for the Chairman of the Board.

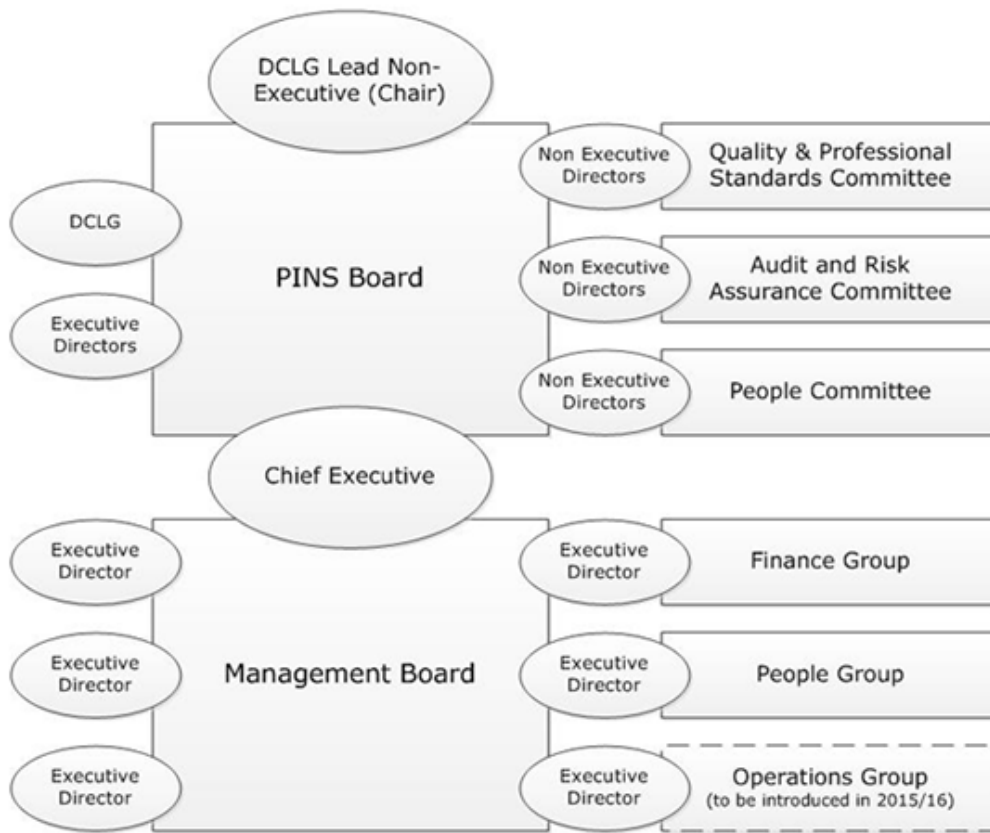
In accordance with her contract, Valerie Owen (one of our NEDs) left at the end of December 2014. Jayne Erskine was appointed by Ministers following open competition and in accordance with the principles laid down in the code of practice for Ministerial Appointment to Public Bodies issued by the Cabinet Office and the Commissioner for Public Appointments. She took up her role from January 2015 and her contract runs to the end of December 2018. David Clements' contract was extended to the end of June 2015, whilst Janet Goodland's was extended to the end of December 2015.

The continuing role of the NEDs was to use their knowledge and background in matters such as business planning, policy, strategy, performance, resources and governance, to contribute to collective Board decisions by providing an alternative viewpoint, challenge, scrutiny and independent advice to the Board and to me as Accounting Officer.

The organization was directed and controlled in accordance with Treasury guidelines on corporate governance by the Board, with support from three Sub-Committees (see Figure 2 and details in the following paragraphs).



Figure 2: The Planning Inspectorate’s governance structure



The structure of the Board meetings has changed with the introduction of a formal report from the Chief Executive, and the introduction of a new KPI scorecard. The second part of the new format meetings was allocated to strategic issues.

The major issues covered during the year were the development of the three year Strategic Plan 2015-18 and the associated Business Plan for 2015-16, and performance against casework targets.

During 2014, work commenced to gather evidence to inform the Strategic Plan. Advisory groups consisting of staff from across the Planning Inspectorate made significant contributions to the strategic direction especially in testing emerging strategic proposals. The resulting Strategic Plan (adopted March 2015) is focused on achieving two overriding goals: providing excellent customer service and continuously improving productivity.

Mid 2014-15, it became clear that the new casework targets resulting from Planning Reform were unlikely to be achieved. When the targets were originally agreed the focus was on the speed of decision making with priority placed on the smaller and less complex types of casework, such as householder appeals. However, in recent years the policy context has changed to put increasing importance on Local Plan work, Nationally Significant Infrastructure Projects and major development appeals. The Planning Inspectorate has continued to try to meet the demand in all these priority areas of casework with the result that backlogs of certain types of casework have developed, for example, enforcement appeals. This has been compounded by a shortage of suitably skilled inspectors because the timescale to recruit and train inspectors to the necessary standard was underestimated.



The Board was made aware of the risks to meeting targets and agreed with the executive's decision to continue to prioritize Local Plan and NSIP work and to take a customer orientated approach to the backlog by prioritizing older cases. This decision was taken in the knowledge that casework targets would not be achieved across all areas. The Board were satisfied that this was the right course of action, provided plans were in place to tackle backlogs and improve productivity so that future targets could be achieved. In parallel, the executive had begun a large scale recruitment exercise (completed April 2015) ) and we have appointed 55 external applicants and made 24 offers of promotion to internal applicants.

### **Remuneration Committee/People Committee**

The Remuneration Committee, which dealt with pay and reward matters, operated as a Sub-Committee of the Board until December 2014, when it was superseded by a People Committee. The last meeting of the Remuneration Committee was 12 May 2014. The People Committee, which is also a Sub-Committee of the Board, has terms of reference that can encompass all aspects of the people function including pay and reward. This change reflects the importance of a people strategy to the success of the Strategic Plan over the next three years.

The Committee met twice and was chaired by a Non-Executive Director. Table 15 shows NED membership and a record of attendance at these meetings.

### **Quality and Professional Standards Committee (QPSC)**

The Committee met four times during the year. The Committee was established to support the Board in matters relating to quality and maintaining professional standards. The Committee was chaired by a Non-Executive Director. Membership, and a record of member attendance, is shown Table 16.

Matters covered by the Committee during the year included reviews and discussions of quarterly reports on quality performance, how professional standards are maintained, and the results of customer surveys and the lessons to be learnt from them.

Following the November 2014 meeting, Committee members identified a need to review their remit and have been in discussion with the executive over the details.

### **Audit and Risk Assurance Committee (ARAC)**

The Audit and Risk Assurance Committee met four times. It provided oversight and advice on the Board's responsibilities for risk management, compliance and corporate governance. The Committee was chaired by a Non-Executive Director. Both internal and external audit continued to attend meetings. The Committee reviewed the comprehensiveness, reliability and integrity of assurances in meeting the Board and Accounting Officer's responsibilities. Table 17 shows NED membership of the Committee, and a record of attendance during the year.

Matters covered by the Committee during the course of the year included:

- reviewing and recommending sign off to the Accounting Officer of the 2013-14 Annual Report and Accounts, including the Governance Statement;
- reviewing the Internal Audit programme together with resulting reports and action plans;
- challenging risk management processes including the consistency across risk registers; and
- maintaining an overview of items such as fraud, ex gratia payments, abandoned claims and write-offs.

## **Sponsorship arrangements**

From October 2014, the DCLG sponsorship arrangements for the Planning Inspectorate changed. The new centralized sponsorship team based in DCLG Finance is now the first point of contact for issues relating to finance, human resources, and governance. The team also manages the process for the regular Accounting Officer meetings between myself and the Department. The objective of these meetings is to enable DCLG to challenge the Planning Inspectorate on its performance and compliance with the Framework Document, and to provide an opportunity to raise risks and issues with DCLG. Given the breadth of our activity, on-going contact between us and policy officials is also a necessity. We share the view that the new arrangements are now bedded in, and that they are working well. The new arrangements will be subject to on-going review.

## **Review of Board Effectiveness**

Following the external review carried out last year, we took a simpler approach in 2015 using interviews conducted during March and April, with the resulting report being discussed by the Board in May 2015.

The key finding of the review is that the Board is effective and is fulfilling its key role in supporting, advising and challenging the running of the Planning Inspectorate. The sub-committees are in various stages of transition due to a number of changes, all of which are designed to strengthen the way the committees operate. The findings also reported that changes in senior management have played a key part in creating a more open, engaging and constructive forum for exchanges between the Non-Executive Directors and the Executive Team.

## **Audit**

The Government Internal Audit Agency (GIAA) carried out audits of a number of specific aspects of controls and processes across the Planning Inspectorate (see details in Table 13).

Each audit resulted in an agreed Action Plan designed to increase the level of assurance. Significant progress was made on the plans, which were reviewed regularly by the Audit and Risk Assurance Committee.

Table 13

Audit Subject	Final Report	Assurance outcome
2013-14 Governance Statement	May 2014	Management Letter confirming Substantial assurance – 1 Action (medium)
Ex Gratia Follow Up	May 2014	Management Letter confirming actions satisfactorily completed.
2013-14 Performance Validation	June 2014	Moderate – 8 actions (3 high, 3 medium, 2 low)
T&S Claimant	June 2014	Substantial – 1 Action (low)
Additional Line Management Checks (Travel & Subsistence(T&S)): Compliance Check	July 2014	Substantial – 2 actions (both medium)
ISO27001 Security Controls	August 2014	Reasonable – 8 actions (2 high, 6 medium)
Contract Management	October 2014	Moderate – 8 actions (7 high, 1 low)
Inspector Terms and Conditions	December 2014	Substantial – no actions
PINS Improvement process	January 2015	Moderate - 3 actions (all medium)
Significant Actions Follow Up	February 2015	Management Letter confirming Moderate assurance
Finance Key Controls	February 2015	Substantial – 1 action (medium)
Casework Performance Measures	April 2015	Limited – 7 actions (5 high, 2 medium)
HR Key Controls Testing	May 2015	Moderate – 2 actions (medium)
ISO 27001 Controls Review	May 2015	Moderate – 8 actions (medium)
Finance Data Mining	Expected June 2015	Awaited
Horizon Stage 1	Expected June 2015	Awaited
Review of casework information provided to Board	Expected June 2015	Awaited
2014-15 Governance Statement	Expected June 2015	Awaited
2014-15 Performance Validation	Expected June 2015	Awaited

The outcomes of the individual audits, and the work undertaken on the associated action plans, contributed to GIAA's consideration of the overall adequacy and effectiveness of the arrangements for risk management, control and governance, enabling them to provide an independent opinion to me as Accounting Officer.

GIAA provided their annual report and opinion to the Audit and Risk Assurance Committee. It provided their opinion on the effectiveness of our risk management, control and governance. The report covering 2014-15 was submitted in May to support the finalization of this Report, and gave an overall opinion of moderate; stating:

*"Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control."*

A number of actions have been agreed to address these issues. In addition, further internal audit programme time has been allocated to further review in this area in 2015-16.

## Management Board

The Planning Inspectorate's Directors met as a Management Board on a regular basis to oversee the day to day operational management of the organization and make associated decisions. They were supported by the groups shown in Figure 2.

## Risk management

Our risk management policy and process and associated responsibilities did not change this year. Administration of our risk management policy remained the responsibility of the Corporate Services Director and overall responsibility lay with the Chief Executive and the Board, and through them, with managers across the organization. The Policy was available to all staff through our intranet to ensure a consistent and integrated approach.

We remain committed to ensuring that risk management plays a key role in the way we work, so that key risks are identified and steps are taken to minimize or eliminate them. In the event that any occur, our processes sought to mitigate their effect as far as practicable and proportionate. The process must not stifle new ideas and innovation – no business can be entirely risk free.

We had a series of inter-related risk management plans at various levels:

- Each strategic risk was owned by a designated Director and the Strategic Risk Register was regularly reviewed by the Board, and the Audit and Risk Assurance Committee.
- Directorate Risk Management Plans were owned by the relevant Director with their Heads of Service, as the people with the best local knowledge and experience, taking day to day responsibility for action. These Plans were reviewed on rotation by the Audit and Risk Assurance Committee.
- Information Security Risk Assessments were recorded and reported to the Information Security Management Forum (see 'Information and IT Security' below).
- Formal Project Management disciplines were followed, including the approval of projects by an Improvement Programme Board. Projects had separate risk management plans, with the project's Senior Responsible Owner accountable for management and escalation of risks. The Improvement Programme Board oversaw the portfolio of such projects and initiatives, and reviewed project risks regularly.

As a result, I am confident that the key risks faced by the organization during the year, and summarized below, were managed appropriately and their impact minimized.

## Summary of key risks

**Workforce Planning (SRR 1a)** A lack of effective workforce planning leads to insufficient resources (both inspectors and support staff) available to meet demand for all types of casework leading to reputational damage, failure to meet targets and increased levels of stress amongst staff.

**Political focus (SRR 3a)** Increased political focus on England planning casework decisions results in increased criticism of inspectors decisions and adversely impacts on reputation with Ministers, politicians, communities and developers.

**Finance (SRR 8a)** Failure to manage within reduced budgets due to incorrect income forecasts and/or inability to make required savings.

**IT (SRR 4a)** Technical, service management or access issues lead to a loss of effective IT service for multiple members of staff resulting in loss of productivity.

**Shared Service (SRR 6a)** Uncertainty over the providers' ability to deliver migration to the new shared service for Finance, Procurement, HR and Payroll by April 2016 will result in the continued use of aging systems and ultimate failure of systems (HRI and flexi).

## Information and IT security

The Information Services team follow the international standards for information security best practice ISO 27001. Our Information Security Management Forum met bi-yearly to ensure the Information Security Management System was monitored, developed and improved. Serious incidents (such as the loss of large amounts of data or personal information, or a serious infection of malware) would have been reported to the Board, though there were no such breaches in 2014-15. There were 35 low severity incidents in 2014-15 such as a lost USB key or internal breach of password security. These were either accepted by the relevant Information Asset Owner or mitigated. All the incidents were analysed and no patterns were identified. Incidents were reviewed and advice issued where necessary.

The Cabinet Office required all staff to complete annual training on information handling by year end, reflecting how seriously this matter is taken across the civil service. Correct handling of data, whether personal data or otherwise, is essential for maintaining the Planning Inspectorate's reputation, ensuring trust and making sure that our statutory obligations are met. Online courses were provided through Civil Service Learning at different levels, tailored for particular groups of staff:

- general user;
- Information Asset Owner; and
- Senior Information Risk Owner.

## Information Commissioner

The Information Commissioner's Office is the independent body set up to uphold information rights, including investigating complaints against an organization's compliance with the Freedom of Information Act, Environmental Information Regulations and the Data Protection Act.

During the course of the year, three complaints were made to the Commissioner regarding our responses to requests for information under the Freedom of Information Act/Environmental Information Regulations. The Commissioner upheld our responses in all three cases with no further actions required.

We acknowledged to the Commissioner that we breached the Data Protection Act with regard to the information we published on the internet in respect of a specific Welsh Government planning appeal, and also notified the Commissioner of a breach in respect of a S62A planning application in England (where we published a document that was supplied to us by the applicant in redacted form, but where it subsequently came to light that the redactions could be undone). Corrective actions have been undertaken in respect of each of these breaches to the satisfaction of the Commissioner. The Management Board approved a project, currently underway, to review the information we publish on the internet and the redaction process to ensure consistency. We also acknowledged a further breach of the Data Protection Act when we sent personal information to a wrong former employee. As a result, our HR team has reviewed its processes, and the Commissioner was satisfied that no further action was needed. A complaint made regarding our Exceptional Achievement Scheme was not upheld.

## Analytical modelling

Our use of analytical models was limited to those that helped us to forecast demand for our services, associated resourcing needs and related impact on performance. The Director for Corporate Services was the Senior Responsible Owner for our models. They were regularly reviewed, refined and updated. The Planning Inspectorate is unlikely to develop models that directly inform government policy. If this becomes the case, we will ensure that they are subject to robust internal and external quality assurance.

## Recruitment controls

Recruitment controls were in place throughout the year to help to ensure affordability and take account of planned workforce changes. The strengthened approach to workforce planning will enable any potential issues arising from recruitment controls to be identified at an early stage.

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

The detailed provisions of the Corporate Governance Code published by HM Treasury and the Cabinet Office relate to ministerial departments. The key provisions, therefore, do not apply to the Planning Inspectorate as an Executive Agency. This report demonstrates our compliance with the principles set out in the Code, and highlights exceptions.

In accordance with the principles set out in the Code, to protect our reputation for impartiality, and in the interests of transparency, Directors and Non-Executive Directors were obliged to declare any business or other interests or any personal connections which could be misconstrued or cause embarrassment to the Planning Inspectorate or our parent organizations (DCLG or the Welsh Government).

- All Directors, and Non-Executive Directors, were required to complete a declaration as part of the Annual Accounts process.
- The forms completed by applicants for the Non-Executive Director post included a declaration of any interests that could impact on their role if successful.
- A standing agenda item for Board and Committee meetings made provision for attendees to declare any such interests. There were no such declarations. Had there been, the member would have been responsible for withdrawing from any discussion where such a conflict could have influenced their judgement.
- A Register of Board Member Interests is published online ([www.gov.uk/government/publications/register-of-planning-inspectorate-board-member-interests-april-2014](http://www.gov.uk/government/publications/register-of-planning-inspectorate-board-member-interests-april-2014)) and was updated in-year to reflect changed Board membership.
- Our Inspectors are precluded from taking casework in local planning authority areas where they have recent/ongoing connections – for example, where they live. These links are declared when they join the Planning Inspectorate.
- We have a standing policy relating to the involvement, in a private capacity, of any Inspector or member of staff in casework. Where potential conflicts were reported, we implemented our agreed mitigations to ensure they were appropriately treated.

I met with Ministers regularly to discuss progress and priorities, and we maintained contact with our sponsor team in DCLG. Similarly, our Director for Wales met Welsh Government officials on a quarterly basis, and with the Minister as required. A Board meeting was also held in Cardiff.

The Committees that support the Board, in particular the Quality and Professional Standards Committee, help to ensure that to the extent that it is deemed relevant and practical, the Planning Inspectorate followed the Code requirements.

## Value for Money

As Accounting Officer, I was responsible for ensuring that the Planning Inspectorate's activities were regularly assessed to provide confidence about their suitability, effectiveness, prudence, quality, good value and avoidance of error and other waste.

I was supported by Directors who provided me with assurances that their business areas achieved the optimum mix of quality and effectiveness for the least outlay. Value for Money considerations in relation to shared services were not formally reviewed by the Planning Inspectorate.

## Acting on governance issues

In response to concerns raised by Non-Executive Directors in relation to performance reporting, I commissioned internal audit to look at how and when information relevant to casework performance issues was reported to the Board.



A draft internal audit management letter following a review of the information held by the Planning Inspectorate on appeals casework concluded there had been a governance failure. This was due to the fact that the way casework performance information was reported to the Board masked the risk of poor performance in certain areas and the increasing backlog volume. In addition, the draft management letter states that there was insufficient information for non-executives to provide independent scrutiny and challenge. This audit concluded in May 2015 and covered the period from December 2013 to September 2014. The Planning Inspectorate has already taken a number of actions to address issues that have been identified through this audit. In particular:

- the Board has been reconstituted and a new independent chair now leads the Board;
- the management information available to the Board has been improved through the introduction of a new scorecard that includes detailed operational information on casework volumes and decision times;
- fifty five new inspectors have been recruited and start in the organization between June and October 2015 to increase capacity to decide casework;
- clear executive governance has been introduced to support the executive Management Board, including a new operations group; and
- the organization's whistle blowing policy is being reviewed and highlighted as part of encouraging everyone in the Planning Inspectorate to raise problems so they can be properly addressed.

Further action will, however, be necessary to provide greater assurance that the problems that have been exposed by this audit do not recur. This includes action to:

- continuously improve workforce planning and resource needs to ensure the Planning Inspectorate has the capacity necessary to do its work;
- improve management information and particularly forward looking forecasting following a recent review of all our management information systems; and
- clear action by the Chief Executive to communicate expectations and accountability on all staff to raise and address problems that occur.

There were no other major governance issues identified during 2014-15. The Planning Inspectorate took additional action during the year to place the organization in a better position for the future. This included actions arising from internal Audit Reports. Specifically:

- a) Courier service: City Link, who were used to deliver case files to our home based inspectors, and who were therefore central to the delivery of our service, went into administration over the Christmas period. The impact on our customers and staff was minimized as a result of the swift action taken by our procurement team, who put alternative arrangements in place.
- b) Business Continuity Planning: All business area continuity plans were reviewed following the move to the Connect shared service and lessons learnt from an exercise in May 2014. Further testing has been broken down into discrete stages with each plan being tested to ensure it is practical. Assurance on the Connect Service failover procedures is still needed to ensure continued operations.
- c) Actions arising from Internal Audit Reports: Audit found good governance (through ARAC), but suggested that as meetings were quarterly, the risk of slippage could be reduced by more regular formal progress reviews. ARAC agreed that, in future, Audit would follow up every significant action when it reached the target date.

## Continuous improvement

In addition to the changes outlined in previous paragraphs, we have:

- implemented the IT shared service, which has enabled significant improvements in disaster recovery capability;
- strengthened the way strategic risks are identified and managed across the whole organization through simplifying the process and introducing 'deep dives' into specific areas, such as financial risk;
- reviewed our approach to whistleblowing to ensure that all staff are aware of procedures and feel able to use them;
- introduced performance reporting to the Board using a scorecard to improve openness, transparency and accountability;
- improved reporting of adverse costs and ex gratia payments to the Audit and Risk Assurance Committee; and
- revised our social media policy and issued staff guidance to improve digital engagement with stakeholders.

**Plans for the coming period follow the strategic and business plans and include:**

- continuing to ensure rigorous benefits management and resource management through the newly introduced portfolio management approach;
- implementing the agreed actions arising from the Review of Board Effectiveness;
- implementing plans to collect real time customer feedback to deliver service improvements;
- implementing plans to understand where planning decisions and reports go right, and wrong, learn lessons and disseminate that learning;
- carry out a review to establish whether the Conflicts of Interest Policy is working effectively;
- update the Framework Document; and
- integrate IT risks with wider business risk process to improve coordinated risk management.



# Director & Non-Executive Directors (NEDs)

Table 14 Board/Board Committee Membership and Meeting Attendance

Planning Inspectorate Board	Apr	May*	Jun*	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Sir Michael Pitt Chief Executive (Chair) (to Jul 2014)	✓	✓	✓									
Simon Ridley Chief Executive (Jul 2014 on)	(✓)	(✓)	(✓)	✓			✓	✓	✓	✓	✓	✓
John Saunders ** Senior Director (to Jun 2014)	✓	✓	✓									
Ben Linscott Acting Director: Chief Planning Inspector	✓	✓	✓	✓			✓	✓	X	✓	✓	✓
Mark Southgate Director: Major Applications & Plans	✓	✓	✓	X			✓					
Phil Hammond Director: Casework	✓	✓	X	✓			✓					
Helen Adlard Acting Director: People, Strategy & Change	X	X	X	X			✓					
Richard Poppleton Director: Wales (to Sep 2014)	✓	✓	✓	✓								
Tony Thickett Director: Wales (Nov 2014 on)							✓	✓	✓	✓	✓	✓
Jon Banks Acting Director: Corporate Services	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓
Sara Weller Non-Executive Board Chair							✓	✓	✓	✓	✓	✓
David Clements Non-Executive Director	✓	✓	X	X			✓	✓	✓	✓	✓	✓
Janet Goodland Non-Executive Director	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓
Valerie Owen Non-Executive Director (to Dec 2014)	✓	✓	✓	✓			✓	✓	✓			
Jayne Erskine Non-Executive Director (Jan 2015 on)										✓	✓	✓

\* 'May' 2014 meeting held on 3 June and 'June' meeting on 24 June.

\*\* See also Note 1 to the Remuneration Report.

## Key

Attended ✓ Apologies X Attended as Chief Executive Designate (observer) (✓)

Table 15

Remuneration/People Committee	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Valerie Owen, NED (Chair) (to December 2014)		✓							✓			
Jayne Erskine, NED (Chair) (from January 2015)												✓
Janet Goodland, NED		✓							✓			✓
David Clements, NED		✓							✓			✓

Table 16

Quality and Professional Standards Committee	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Janet Goodland, NED (Chair)	✓			✓				✓			✓	
David Clements, NED	✓			X				✓			✓	
Valerie Owen, NED (to December 2014)	✓			✓				✓				
Jayne Erskine, NED (from January 2015)											✓	

Table 17

Audit and Risk Assurance Committee	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
David Clements, NED (Chair)			✓					✓		✓		✓
Valerie Owen, NED (to December 2014)			✓					✓				
Janet Goodland, NED			✓					✓		✓		✓
Jayne Erskine, NED (from January 2015)										✓		✓

**Key**

Attended ✓ Apologies X

**Conclusion**

In my role as Accounting Officer, I am satisfied that appropriate governance arrangements were in place for 2014-15.



Simon Ridley  
 Chief Executive  
 18 June 2015

# 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 Planning Inspectorate for the year ended 31 March 2015 under the Government Resources and Accounts Act 2000. The financial statements comprise: Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, 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 the Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Government Resources and Accounts Act 2000. We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require us and our staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

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

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

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Planning Inspectorate's affairs as at 31 March 2015 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Strategic Report and Directors' Report 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General

22 June 2015



# Financial Statements for year ended 31 March 2015

# Statement of Comprehensive Net Expenditure

For the year ended 31 March 2015

		<b>2014-15</b>	<b>2013-14</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Note</b>		
<b>Operating income</b>	7	<b>(14,420)</b>	(13,425)
<b>Administration costs</b>			
Staff costs	4	<b>35,335</b>	34,665
Other administrative costs	5	<b>17,041</b>	15,921
<b>Programme costs</b>			
Other programme costs	6	<b>355</b>	55
<b>Total Operating Costs</b>		<b>38,311</b>	37,216
<b>Other Comprehensive Expenditure</b>			
<b>Items that will not be reclassified to net operating costs:</b>			
Net loss/(gain) on revaluation of Property, Plant and Equipment		<b>1</b>	16
Net (gain)/loss on pension		-	(128)
<b>Total Comprehensive Expenditure for the year ended 31 March</b>		<b>38,312</b>	37,104

All income and expenditure is derived from continuing operations.

The Notes on pages 55 to 77 form part of these accounts.

# Statement of Financial Position

As at 31 March 2015

		31 March 2015	31 March 2014
		£'000	£'000
	<b>Note</b>		
<b>Non-current assets</b>			
Property, plant and equipment	10	326	185
Intangible assets	11	1,521	1,231
<b>Total non-current assets</b>		<b>1,847</b>	<b>1,416</b>
<b>Current assets</b>			
Trade and other receivables	13	5,383	5,788
Cash and cash equivalents	14	2,398	544
<b>Total current assets</b>		<b>7,781</b>	<b>6,332</b>
<b>Total assets</b>		<b>9,628</b>	<b>7,748</b>
<b>Current liabilities</b>			
Trade and other payables	15	(5,214)	(4,598)
Provisions	16	(422)	(67)
<b>Total current liabilities</b>		<b>(5,636)</b>	<b>(4,665)</b>
<b>Non-current assets plus/less net current assets/ liabilities</b>		<b>3,992</b>	<b>3,083</b>
<b>Non-current liabilities</b>			
Provisions	16	-	(109)
<b>Other payables</b>	15	<b>(138)</b>	<b>(96)</b>
<b>Total non-current liabilities</b>		<b>(138)</b>	<b>(205)</b>
<b>Assets less liabilities</b>		<b>3,854</b>	<b>2,878</b>
<b>Taxpayers' equity</b>			
General fund		3,846	2,869
Revaluation reserve		8	9
<b>Total taxpayers' equity</b>		<b>3,854</b>	<b>2,878</b>

The accounts on pages 51 to 77 were approved by The Board on 3 June 2015 and signed on its behalf by:



Simon Ridley  
Chief Executive  
18 June 2015

The Notes on pages 55 to 77 form part of these accounts.



# Statement of Cash Flows

For the year ended 31 March 2015

		<b>2014-15</b>	<b>2013-14</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Net operating cost		<b>(38,311)</b>	(37,216)
Adjustments for non-cash transactions	5, 6	<b>953</b>	314
(Increase)/Decrease in trade and other receivables	13	<b>405</b>	40
Less movement in bad debt provision	5	<b>(23)</b>	89
Increase/(Decrease) in trade payables	15	<b>658</b>	58
Less movements in payables relating to items not passing through the SOCNE	15	<b>(78)</b>	(51)
Use of provisions	16	<b>(109)</b>	(1,315)
<b>Net cash outflow from operating activities</b>		<b>(36,505)</b>	(38,081)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	<b>(298)</b>	(34)
Purchase of intangible assets	11	<b>(393)</b>	(722)
<b>Net cash outflow from investing activities</b>		<b>(691)</b>	(756)
<b>Net financing</b>		<b>39,050</b>	36,200
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>	14	<b>1,854</b>	(2,637)
<b>Cash and cash equivalents at the beginning of the period</b>	14	<b>544</b>	3,181
<b>Cash and cash equivalents at the end of the period</b>	14	<b>2,398</b>	544

The Notes on pages 55 to 77 form part of these accounts.

# Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2015

	<b>General fund</b>	<b>Revaluation reserve</b>	<b>Pension reserve</b>	<b>Total reserves</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31 March 2013</b>	3,644	39	(128)	3,555
<b>Changes in Taxpayers' Equity for 2013-14</b>				
Total comprehensive expenditure	(37,216)	(16)	128	(37,104)
Non-cash charges – auditor's remuneration	58	-	-	58
Notional charges	169	-	-	169
Transfer between reserves	14	(14)	-	-
Funding from DCLG	36,200	-	-	36,200
<b>Balance at 31 March 2014</b>	<b>2,869</b>	<b>9</b>	<b>-</b>	<b>2,878</b>
<b>Changes in Taxpayers' Equity for 2014-15</b>				
Total comprehensive expenditure	(38,311)	(1)	-	(38,312)
Non-cash charges – auditor's remuneration	61	-	-	61
Notional charges	177	-	-	177
Funding from DCLG	<b>39,050</b>	<b>-</b>	<b>-</b>	<b>39,050</b>
<b>Balance at 31 March 2015</b>	<b>3,846</b>	<b>8</b>	<b>-</b>	<b>3,854</b>

The Notes on pages 55 to 77 form part of these accounts.

# Notes to the Accounts

## 1. Statement of accounting policies and estimates

### 1.1 *Accounting policies*

The financial statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by HM Treasury.

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

#### 1.1a *Accounting convention*

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

#### 1.1b *Accounting estimates and judgements*

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

#### 1.1c *Value Added Tax*

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

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

#### 1.1d *Programme costs*

In Spending Reviews, administration budgets are set for most central government departments (including their agencies and other Arms Length Bodies). Expenditure that does not fall within administration budgets is classified as programme expenditure. Expenditure classified as Annually Managed Expenditure (AME) for budgeting is assumed to be programme expenditure. The creation, movement and write-back of provisions are AME expenditure and therefore classified as programme costs (see **Note 6**).

#### 1.1e *Operating income*

Income is calculated as the value of services provided from the ordinary activities of the Planning Inspectorate completed during a financial year. For casework such as Local Plan inquiries, which can span financial years, income is calculated on the work completed to the end of the financial year and accrued. The analysis of the services for which a fee is charged, **Notes 3 and 7** to the accounts, is provided for fees and charges purposes only.

*1.1f Operating leases*

Leases other than finance leases are classified as operating leases. Operating leases are charged to the Statement of Comprehensive Net Expenditure 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.

*1.1g Notional costs*

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

*1.1h Early departure costs*

Prior to the introduction of the revised Civil Service Compensation Scheme, it was normal accounting practice to provide for the full cost of the early departure of employees in the year in which the early departure decision was made. For staff leaving under the previous Civil Service Compensation Scheme the provision will remain in place and be released until they reach normal pension age. For more details please refer to **Note 16**.

*1.1i Property, plant and equipment*

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

*1.1j Depreciation*

Property, plant and equipment, relating to IT assets only, are depreciated at rates calculated to write off the assets over their estimated useful lives on a straight-line basis, as follows:

Strategic IT	4 years
Desktop lease	3 years

*1.1k Intangible assets*

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

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

*1.1l Amortization*

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

Software licences	3 years
Internally generated software	5 years

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

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

### *1.1m Finance leases*

The terms of all the Planning Inspectorate leases are reviewed and, where the risks and rewards of ownership rest with the Planning Inspectorate, leases are treated as finance leases.

The Planning Inspectorate also reviews all service contracts (e.g. 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.

The capital values of finance leases, together with the current value of future capital repayments, are held as assets and liabilities in the Planning Inspectorate's Statement of Financial Position. The asset is valued, at inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments. Finance charges are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability and are charged directly to the Statement of Comprehensive Net Expenditure. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the Planning Inspectorate incremental borrowing rate is used.

Asset values are depreciated in accordance with the policy relating to the asset class to which they are classified. Where the Planning Inspectorate will not obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

A finance charge is allocated to the Statement of Comprehensive Net Expenditure by use of the implicit interest rate within the finance lease or, if not available, the Planning Inspectorate's incremental borrowing rate.

The finance lease has been recognized in respect of a contract for the provision of IT kit to all staff. As it takes a period of time to complete the roll-out of the IT kit the lease recognition start date was determined by reference to date milestones with the first milestone being 31 March 2014 and expected further milestones each quarter. However, following discussions with DCLG and External Audit, it was appropriate to recognize the full value by 30 April 2014.

### *1.1n Provisions*

The Planning Inspectorate provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation (see **Note 16**).

### *1.1o Segmental reporting*

The Planning Inspectorate, as an Executive Agency of DCLG, reports under only one operating segment: Localism. It is therefore felt more appropriate to base the segmental analysis on major areas of casework, based on the internal reporting structure. The assets and liabilities have not been included in the segmental analysis as these are not apportioned but used across the organization (see **Note 2 & 3**).

### *1.1p Deemed Planning Applications*

The fees paid by appellants for consideration of a Deemed Planning Application are disclosed in the Statement of Financial Position in cash and cash equivalents, and as a payable until the appeal is determined, when the fee is either returned to the appellant or paid over as a Consolidated Fund Extra Receipt (CFER) (see **Note 9**).

With effect from 22 November 2012 fees in respect of Deemed Planning Applications in England are paid in full to the local planning authority. From this date receipts will be from appellants where applications are already in progress or Deemed Planning Applications in Wales where the process has not changed but the Planning Inspectorate will continue to account for refunds and payments to the Consolidated Fund until all outstanding appeals have been decided (see **Note 8**).

### 1.1q Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) the details of which are outlined in **Note 4**. The Planning Inspectorate recognizes the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Planning Inspectorate recognizes the contributions payable for the year.

The pension fund disclosure at **Note 17** relates to previous employees of the Infrastructure Planning Commission who were members of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme regulations 2007/08, as amended. It is contracted out of the State Second Pension. Benefits are based on the length of membership and final salary. The active members transferred to the PCSPS with effect from April 2012 and no new benefits have been accrued.

Provision was made in the 2012-13 accounts and utilised in 2013-14 (see **Note 16**). The transfer took place in August 2013 and a final payment to settle the transfer was made which included settlement of the pension liability for the non-transferring members.

### 1.1r Accounting standards and interpretations not yet adopted

The Planning Inspectorate has assessed the following standards, amendments and interpretations that have been issued but are not yet effective and determined not to adopt them before the effective date when adoption would be required on the grounds that the changes would have no, or an immaterial, effect on these accounts and would not provide additional information that would aid the reader:

Change published	Published by IASB	Financial year for which the change first applies
IFRS 9 Financial Instruments	Oct-10	Uncertain. Not likely to be adopted by the EU until the IASB has finished the rest of its financial instruments project.
IFRS 13 Fair Value Measurement	May-11	Adoption delayed by HM Treasury. To be adopted from 2015-16.
IAS 36 (amendment) – recoverable amount disclosures	May-13	To be adopted from 2015-16 (aligned to IFRS 13 adoption)
Annual Improvements 2012	Dec-13	Effective from 2015-16 but not yet EU adopted
Annual Improvements 2013	Dec-13	Effective from 2015-16 but not yet EU adopted
IAS 19 (amendment) – employer contributions to defined benefit pension schemes	Nov-13	Effective from 2015-16 but not yet EU adopted
Amendments to IAS 1		Effective from 2015-16
Annual Improvements to IFRSs: 2012-2014 Cycle	Sep-14	Effective from 2015-16
IFRS 15		Effective from 2016-17
Amendments to IAS 16 and IAS 38	May-14	Effective from 2015-16

## 2. Statement of operating costs by segment

The Planning Inspectorate reports under one operating segment, namely, Localism. Therefore the Planning Inspectorate has based the segmental analysis on major areas of casework.

The assets and liabilities have not been included in the segmental analysis as they are used across the organization and are not apportioned or reported in this way to senior management.

The Planning Inspectorate receives most of its funding from DCLG but approximately 25% of its costs are recovered by charging a mixture of other central government departments, local government bodies or private individuals and businesses.

	2014-15			2013-14		
	Cost	Income	Net	Cost	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
S78 Planning Appeals	25,370	-	25,370	24,568	-	24,568
National Infrastructure	8,017	(4,597)	3,420	7,248	(4,396)	2,852
Local Plans	4,278	(4,587)	(309)	3,886	(4,206)	(320)
S174 Enforcement Appeals	4,941	-	4,941	5,133	-	5,133
Rights of Way	1,933	-	1,933	1,947	-	1,947
S20 Listed Building Planning Appeals	916	-	916	886	-	886
Compulsory Purchase Orders	402	(291)	111	377	(187)	190
Other Major Specialist Casework	5,881	(1,636)	4,245	5,490	(1,466)	4,024
Income from Welsh Government	-	(2,534)	(2,534)	-	(2,296)	(2,296)
Other	993	(775)	218	1,106	(874)	232
<b>Totals</b>	<b>52,731</b>	<b>(14,420)</b>	<b>38,311</b>	<b>50,641</b>	<b>(13,425)</b>	<b>37,216</b>

### Description of segments

#### 1. S78 Planning Appeals

This covers the usual planning appeals affecting householders, advertisement and minor commercial appeals.

#### 2. National Infrastructure

This relates to work undertaken on large-scale proposals that support the economy and vital public services, including railways, energy generation stations, harbours and airports.

#### 3. Local Plans

This covers work undertaken in relation to examination of local planning authority local plans.

#### 4. S174 Enforcement Appeals

This is where an appeal is made against enforcement notices when a development is carried out without planning permission or not in accordance with an approved planning application.

#### 5. Rights of Way

This is work undertaken in reviewing appeals regarding rights of way.

#### 6. S20 Listed Building Planning Appeals

This covers appeals in relation to work being undertaken with respect to listed buildings.

### 7. Compulsory Purchase Orders

This is work undertaken in respect of objections received in relation to a Compulsory Purchase order.

### 8. Other Major Specialist Casework

This covers work undertaken on behalf of other government departments.

### 9. Other Casework

This covers all other work not listed above and includes making cost decisions arising mainly from withdrawn appeals/enforcement notices and making decisions on Purchase Notice appeals. Such work can include subjects such as tree preservation orders and transport.

## 3. Analysis of services for which a fee is charged

Services for which total fees exceed £1m are analysed below.

	2014-15			2013-14		
	Cost	Income	Net	Cost	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
National Infrastructure <sup>1</sup>	8,017	(4,597)	3,420	7,248	(4,396)	2,852
Local Plans	4,278	(4,587)	(309)	3,886	(4,206)	(320)
Other Major Specialist Casework <sup>2</sup>	5,881	(1,636)	4,245	5,490	(1,466)	4,024
<b>Totals</b>	<b>18,176</b>	<b>(10,820)</b>	<b>7,356</b>	<b>16,624</b>	<b>(10,068)</b>	<b>6,556</b>

1 Costs include an element of pre-application work for which no fee is payable.

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

## 4. Staff numbers and related costs

A. Staff costs comprise:

	2014-15	2013-14
	£'000	£'000
Wages and salaries	27,274	26,833
Social security costs	2,364	2,319
Other pension costs	5,324	5,101
<b>Sub-Total</b>	<b>34,962</b>	<b>34,253</b>
Agency staff	373	412
<b>Total net costs</b>	<b>35,335</b>	<b>34,665</b>

1 2013-14 costs have been reclassified in line with DCLG classifications, to include £27,000 for detached duty costs, previously included under administrative costs.



Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of five defined benefit schemes; either a 'final salary' scheme (classic, premium or classic plus); a 'whole career' scheme (nuvos); or from 1 April 2015 alpha scheme (see below). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Planning Inspectorate is unable to identify its share of the underlying assets and liabilities. The last full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservicepensionscheme.org.uk/>).

For 2014-15, employers' contributions of £5,334,769, were payable to the PCSPS (2013-14: £5,092,612) as one of four rates in the range 16.7% to 24.3% (2013-14: 16.7% to 24.3%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2014-15 and will be revised in 2015-16. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Following Lord Hutton's independent review of public service pension schemes, increased contribution rates for members of the Principal Civil Service Pension Scheme were introduced from 1 April 2012. The following tables detail the employee contributions for classic, premium, classic plus and nuvos.

Members of the **classic** scheme pay contributions at these rates:

Annual pensionable earnings (full-time equivalent basis)	Pre 1 April 2012 classic contribution rate*	2012-13 contribution rate*	2013-14 contribution rate*	2014-15 contribution rate*
Up to £15,000pa	1.50%	1.50%	1.50%	1.50%
£15,001 - £21,000	1.50%	2.10%	2.70%	3.00%
£21,001 - £30,000	1.50%	2.70%	3.88%	4.48%
£30,001 - £50,000	1.50%	3.10%	4.67%	5.27%
£50,001 - £60,000	1.50%	3.50%	5.46%	6.06%
Over £60,000	1.50%	3.90%	6.25%	6.85%

\* Calculated as a percentage of pensionable earnings.

Members of premium, classic plus and nuvos will pay contributions at these rates:

Annual pensionable earnings (full-time equivalent basis)	Pre 1 April 2012 premium, classic plus and nuvos contribution rate*	2012-13 contribution rate*	2013-14 contribution rate*	New 2014-15 contribution rate*
Up to £15,000pa	3.50%	3.50%	3.50%	3.50%
£15,001 - £21,000	3.50%	4.10%	4.70%	5.00%
£21,001 - £30,000	3.50%	4.70%	5.88%	6.48%
£30,001 - £50,000	3.50%	5.10%	6.67%	7.27%
£50,001 - £60,000	3.50%	5.50%	7.46%	8.06%
Over £60,000	3.50%	5.90%	8.25%	8.85%

\* Calculated as a percentage of pensionable earnings.

Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £59,346 (2013-14: £38,568) were paid to two providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Contributions due to the partnership pension providers at 31 March 2015 were £3,553 (2013-14: £4,202). Contributions prepaid at that date were £Nil (2013-14: £Nil).

Nil persons (2013-14: Nil persons) retired early on ill- health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2013-14: £Nil).

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

The pension fund disclosure at **Note 17** relates to previous employees of the Infrastructure Planning Commission who were members of the London Pensions Fund Authority Pension Fund. The active members transferred to the PCSPS from April 2012 and no new benefits have been accrued over the year. On transfer a final payment to settle was required to ensure the accrued benefits were fully funded and this was charged to the Statement of Comprehensive Net Expenditure in 2013-14.

### *Alpha scheme*

From 1 April 2015, a new pension scheme, alpha, will be introduced and the majority of PCSPS members will be moved to this new scheme. If members are up to 13.5 years away from their 'Normal Pension Age', they may have the option to remain in their current PCSPS scheme.

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

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

	2014-15	2013-14
Grade 3-7 (Directors & Senior staff)	38	37
Salaried Inspector	234	227
Administrative	118	120
Caseworkers	297	300
<b>Total</b>	<b>687</b>	<b>684</b>
Less Secondments	(2)	(3)
Add Agency	9	7
<b>Total Employed</b>	<b>694</b>	<b>688</b>

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

Exit package cost bands	2014-15	2014-15	2013-14	2013-14
	Number of other departures agreed	Cost of other departures agreed £'000	Number of other departures agreed	Cost of other departures agreed £'000
< £10,000	-	-	-	-
£10,000 - £25,000	-	-	-	-
£25,001 - £50,000	-	-	-	-
£50,001 - £100,000	-	-	-	-
£100,001 - £150,000	1	123	-	-
<b>Totals</b>	<b>1</b>	<b>123</b>	-	-

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

For 2014-15, voluntary redundancy costs of £123,268 have been paid in accordance with the former Infrastructure Planning Commission terms in accordance with rights under TUPE. The cost comprises of: £58,428 to buyout the actuarial pension reduction; and a compensation payment of £64,840, calculated on total qualifying service.

Exit costs are accounted for in full either in the year of departure or, where a binding commitment is made to leave in the subsequent year, costs are accrued. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## 5. Other administrative costs

		2014-15	2013-14
		£'000	£'000
	<b>Note</b>		
Rentals under operating leases:			
Hire of plant and machinery		310	242
Other operating leases		1,861	1,893
		<b>2,171</b>	<b>2,135</b>
Finance lease interest charges		32	-
Non-cash items:			
Depreciation	10	157	58
Amortization	11	180	47
Loss on disposal of asset	11	-	16
Provision for doubtful debt		23	(89)
Auditor's remuneration <sup>1</sup>		61	58
DCLG recharges <sup>2</sup>		177	169
		<b>598</b>	<b>259</b>
Other expenditure:			
Fees to Non-Salaried Inspectors		2,375	2,713
Travel, subsistence & hospitality		1,700	1,751
Accommodation costs		1,535	1,352
Legal and professional services		1,905	2,480
Information Technology		3,019	2,112
Telecoms		379	408
Training and conferences		329	379
Postal services		375	543
Redundancy costs		123	1
Other administration costs <sup>3</sup>		2,500	1,788
		<b>14,240</b>	<b>13,527</b>
<b>Total</b>		<b>17,041</b>	<b><sup>4</sup>15,921</b>

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

2 DCLG charges include accounting services and internal audit services.

3 Other administration costs include advertising, professional fees, publications, support services, court costs and ex-gratia costs (including accruals for ex-gratia which are subject to HM Treasury approval).

4 2013-14 costs have been reclassified in line with DCLG classifications, including a £27,000 movement, between administrative costs and staff costs, for detached duty costs.

## 6. Programme costs

		<b>2014-15</b>	<b>2013-14</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Note</b>		
Non-cash items:			
In year increase in provision	16	421	108
Write back of provisions	16	(66)	(53)
<b>Total</b>		<b>355</b>	<b>55</b>

## 7. Operating income

	<b>2014-15</b>	<b>2013-14</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating income analysed by classification and activity</b>		
Other – fees and charges to external customers:		
Local Plans	4,587	4,206
National Infrastructure	4,597	4,396
Compulsory Purchase Orders	291	187
Transport Work for LPAs	75	90
Transport & Works Inquiries	237	72
Communities Infrastructure Levy	568	392
Other	93	116
<b>Total external customers</b>	<b>10,448</b>	<b>9,459</b>
Other government departments:		
Welsh Government	2,534	2,296
DEFRA	574	722
Government Legal Department	644	638
Highways Agency	3	81
DfT	86	86
DECC	131	143
<b>Total other government departments</b>	<b>3,972</b>	<b>3,966</b>
<b>Total Operating Income</b>	<b>14,420</b>	<b>13,425</b>

## 8. Deemed Planning Applications

The vast majority of appeals against an enforcement notice include a Deemed Planning Application where planning permission is to be considered. Up to 21 November 2012 the appellant was required to pay a fee for consideration of this application which is double the normal planning application fee, with the Planning Inspectorate receiving 50%, the other 50% being paid to the local planning authority. If the appeal succeeds on legal grounds, or in certain other circumstances, the fee is refunded. Where the appeal fails the fee is paid into the HM Treasury Consolidated Fund (see **Note 9**). Receipts and refunds relating to Deemed Planning Applications are posted to a suspense account, the balance of which at year end represents cases which have not been determined. Since 1 April 2002 the balance held has been included in the Statement of Financial Position of the Planning Inspectorate and is contained within the cash balance and as a payable (see **Notes 14 and 15**).

With effect from 22 November 2012 fees in respect of Deemed Planning Applications in England are paid in full to the local planning authority. From this date receipts will be from appellants where applications are already in progress or Deemed Planning Applications in Wales where the process has not changed but the Planning Inspectorate will continue to account for refunds and payments to the Consolidated Fund until all outstanding appeals have been decided.

	2014-15	2013-14
	£'000	£'000
Opening balance as at 1 April	88	279
Receipts	13	18
Refunds	(18)	(29)
Payment to the Consolidated Fund as extra receipts	(74)	(180)
<b>Closing balance as at 31 March</b>	<b>9</b>	<b>88</b>

## 9. Consolidated Fund Income

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

	2014-15	2013-14
	£'000	£'000
Balance held at the start of the year	27	148
Deemed Planning Application Fee amounts payable to the Consolidated Fund	74	180
Payments into the Consolidated Fund	(100)	(301)
<b>Balance held on trust at the end of the year and due to the Consolidated Fund</b>	<b>1</b>	<b>27</b>

## 10. Property, plant and equipment

	<b>Information Technology</b>
	<b>£'000</b>
<b>Cost or valuation</b>	
At 1 April 2013	1,471
Additions <sup>1</sup>	172
Disposal	(119)
Revaluation	(16)
At 31 March 2014	1,508
<b>Depreciation</b>	
At 1 April 2013	1,384
Charged in year	58
Disposal	(119)
Revaluation	-
At 31 March 2014	1,323
<b>Net book value at 31 March 2014</b>	<b>185</b>
At 31 March 2013	87
<b>Asset financing</b>	
Owned at 31 March 2014	47
Finance lease at 31 March 2014	138
	<b>Information Technology</b>
	<b>£'000</b>
<b>Cost or valuation</b>	
At 1 April 2014	1,508
Additions	298
Disposal	(18)
Revaluation	(1)
<b>At 31 March 2015</b>	<b>1,787</b>
<b>Depreciation</b>	
At 1 April 2014	1,323
Charged in year	157
Disposal	(18)
Revaluation	(1)
<b>At 31 March 2015</b>	<b>1,461</b>
<b>Net book value at 31 March 2015</b>	<b>326</b>
At 31 March 2014	185
<b>Asset financing</b>	
Owned at 31 March 2015	71
Finance lease at 31 March 2015	255

<sup>1</sup> In 2013-14, the additions recorded in the Statement of Cash Flows did not include the acquisition of finance leases which were recognized for the first time on 31 March 2014 for an amount of £138,000 and for which there had been no cash flow at that date.

## 11. Intangible assets

	Internally Generated Information Technology		Software Licences	Total
	In operation	Under construction		
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2013	9,817	543	68	10,428
Additions <sup>1</sup>	10	625	-	635
Disposals	(55)	-	(40)	(95)
<b>At 31 March 2014</b>	<b>9,772</b>	<b>1,168</b>	<b>28</b>	<b>10,968</b>
<b>Amortization</b>				
At 1 April 2013	9,701	-	68	9,769
Charged in year	47	-	-	47
Disposals	(39)	-	(40)	(79)
<b>At 31 March 2014</b>	<b>9,709</b>	<b>-</b>	<b>28</b>	<b>9,737</b>
<b>Net book value at 31 March 2014</b>	<b>63</b>	<b>1,168</b>	<b>-</b>	<b>1,231</b>
At 31 March 2013	116	543	-	659
<b>Asset Financing</b>				
Owned at 31 March 2014	63	1,168	-	1,231

	Internally Generated Information Technology		Software Licences	Total
	In operation	Under construction		
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 April 2014	9,772	1,168	28	10,968
Additions <sup>1</sup>	195	275	-	470
Reclassifications	1,316	(1,316)	-	-
<b>At 31 March 2015</b>	<b>11,283</b>	<b>127</b>	<b>28</b>	<b>11,438</b>
<b>Amortization</b>				
At 1 April 2014	9,709	-	28	9,737
Charged in year	180	-	-	180
<b>At 31 March 2015</b>	<b>9,889</b>	<b>-</b>	<b>28</b>	<b>9,917</b>
<b>Net book value at 31 March 2015</b>	<b>1,394</b>	<b>127</b>	<b>-</b>	<b>1,521</b>
At 31 March 2014	63	1,168	-	1,231
<b>Asset Financing</b>				
Owned at 31 March 2015	1,394	127	-	1,521

<sup>1</sup> The additions recorded in the Statement of Cash Flows do not include the movement in asset accruals for which there have been no cash flows.



## 12. Financial Instruments

As the cash requirements of the Planning Inspectorate are met through the Estimate process, 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 Planning Inspectorate's expected purchase and usage requirements and the Planning Inspectorate is, therefore, exposed to little credit, liquidity or market risk.

## 13. Trade receivables and other current assets

	2014-15	2013-14
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade receivables	822	704
Other receivables:		
VAT	-	65
Accommodation occupiers	-	-
Other <sup>1</sup>	467	1,286
Prepayments and accrued income	4,094	3,733
<b>Total</b>	<b>5,383</b>	<b>5,788</b>

<sup>1</sup> Other includes balances due from organizations and other government departments which are not in relation to regular fee-based work and various payroll advances and recoveries.

### *Intra-government Balances*

	2014-15		2013-14	
	Amounts falling due within one year £'000	Amounts falling due after more than one year £'000	Amounts falling due within one year £'000	Amounts falling due after more than one year £'000
Balances with other central government bodies	680	-	1,027	-
Balances with local authorities	3,901	-	3,191	-
<b>Intra-government balances</b>	<b>4,581</b>	<b>-</b>	<b>4,218</b>	<b>-</b>
Balances with bodies external to government	802	-	1,570	-
<b>Total receivables at 31 March</b>	<b>5,383</b>	<b>-</b>	<b>5,788</b>	<b>-</b>

## 14. Cash and cash equivalents

	2014-15 £'000	2013-14 £'000
Balance at 1 April	544	3,181
Net change in cash and cash equivalent balances	1,854	(2,637)
Balance at 31 March	2,398	544
The following balances at 31 March were held at:		
Government Banking Service	2,398	544

From 1 April 2012, the Planning Inspectorate transferred to bank accounts under the Government Banking Service in its own right, rather than under its parent Department DCLG.

The cash balance at 31 March 2015 includes £9,000 (2013-14: £88,000) held in respect of Deemed Planning Applications (see also **Notes 1.1p** and **8**).

## 15. Trade payables and other current liabilities

	2014-15 £'000	2013-14 £'000
<b>Amounts falling due within one year</b>		
Trade payables	34	58
Other payables:		
Third party	9	88
VAT, taxation and social security	744	777
Other <sup>1</sup>	738	639
Accruals and deferred income	3,562	2,994
Current part of finance lease	127	42
<b>Total payables at 31 March</b>	<b>5,214</b>	<b>4,598</b>
<b>Amounts falling due after more than one year</b>		
Finance leases	138	96
	<b>138</b>	<b>96</b>
<b>Total payables at 31 March</b>	<b>5,352</b>	<b>4,694</b>

<sup>1</sup> Other includes payroll deductions and amounts payable to consolidation fund of £1,000 (2013-14: £27,000).

The third party's payables of £9,000 (2013-14: £88,000) is held in respect of Deemed Planning Applications (see also **Notes 1.1p** and **8**).

*Intra-government Balances*

	2014-15		2013-14	
	Amounts falling due within one year £'000	Amounts falling due after more than one year £'000	Amounts falling due within one year £'000	Amounts falling due after more than one year £'000
Balances with other central government bodies	1,120	138	429	-
Balances with local authorities	-	-	58	-
Balances with public corporations and trading funds	-	-	31	-
<b>Intra-government balances</b>	<b>1,120</b>	<b>138</b>	<b>518</b>	<b>-</b>
Balances with bodies external to government	4,094	-	4,080	96
<b>Total payables at 31 March</b>	<b>5,214</b>	<b>138</b>	<b>4,598</b>	<b>96</b>

## 16. Provisions

	Early departures £'000	Adverse costs £'000	Ex-gratia £'000	IPC pension transfer £'000	Total £'000
Balance at 1 April 2013	108	26	202	1,100	1,436
Provided in the year	-	108	-	-	108
Provisions utilized in the year	(70)	-	(202)	(1,043)	(1,315)
Provisions not required written back/ unwind discount	4	-	-	(57)	(53)
<b>Balance at 31 March 2014</b>	<b>42</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>176</b>
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2014	42	134	-	-	176
Provided in the year	-	25	396	-	421
Provisions utilized in the year	(43)	(66)	-	-	(109)
Provisions not required written back/ unwind discount	2	(68)	-	-	(66)
<b>Balance at 31 March 2015</b>	<b>1</b>	<b>25</b>	<b>396</b>	<b>-</b>	<b>422</b>

*Analysis of expected timing of discounted flows*

	<b>Early departures</b>	<b>Adverse costs</b>	<b>Ex-gratia</b>	<b>IPC pension transfer</b>	<b>Total 2014-15</b>	<b>Total 2013-14</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not later than one year	1	25	396	-	422	67
Later than one year and not later than five years	-	-	-	-	-	109
<b>Balance at 31 March 2015</b>	<b>1</b>	<b>25</b>	<b>396</b>	<b>-</b>	<b>422</b>	<b>176</b>

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

Prior to the introduction of the new Civil Service Compensation Scheme the Planning Inspectorate met the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retired early, by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Planning Inspectorate provided for this in full when the early retirement programme became binding on the Planning Inspectorate, by establishing a provision for the estimated payments, discounted by the Treasury discount rate of 1.30% (2013-14: 1.80%) in real terms.

*Adverse costs*

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

*Ex-gratia*

Ex-gratia payments are non-statutory payments, generally made as a result of an error made by the Planning Inspectorate, including cases that follow from investigations by the Parliamentary Ombudsman into complaints about maladministration. The provision is the best estimate based on the available information.

*Pension transfer*

On 1 April 2012, Infrastructure Planning Commission was abolished and the functions, assets and liabilities were transferred into the Planning Inspectorate. There was an outstanding liability for existing staff regarding the funded pension. The transfer of accrued benefits was completed on 7 August 2013 and payment of £1,043,000 was made to effect the transfer, which included settlement of the pension liability for the non-transferring members.

**17. Pension**

The pension fund disclosure relates to former employees of the Infrastructure Planning Commission who were members of the London Pensions Fund Authority Pension Fund. On 1 April 2012 the IPC merged with the Planning Inspectorate and the active members transferred to the PCSPS on 1 April 2012 and no new benefits have been accrued. The transfer of accrued benefits was completed on 7 August 2013 and payment was made to effect the transfer, which included settlement of the pension liability for the non-transferring members.

All other staff are members of the PCSPS which is an unfunded multi-employer defined benefit scheme but the Planning Inspectorate is unable to identify its share of the underlying assets and liabilities.

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

*Reconciliation of opening and closing balances of the present value of the defined benefit obligation*

	2014-15	2013-14
	£'000	£'000
Opening Defined Benefit Obligation	-	1,772
Settlement of pension obligation	-	(1,772)
<b>Closing Defined Benefit Obligation</b>	<b>-</b>	<b>-</b>

*Reconciliation of opening and closing balances of the fair value of Scheme assets*

	2014-15	2013-14
	£'000	£'000
Opening fair value of Scheme assets	-	1,644
Settlement of Scheme assets	-	(1,644)
<b>Fair value of Scheme assets at end of period</b>	<b>-</b>	<b>-</b>

*The amounts recognized in the Statement of Financial Position as at:*

	31 March 2015	31 March 2014
	£'000	£'000
Present value of funded obligation	-	-
Fair value of Scheme assets (bid value)	-	-
<b>Net (Asset) / Liability</b>	<b>-</b>	<b>-</b>

*The amounts recognized in the Statement of Comprehensive Net Expenditure are:*

	2014-15	2013-14
	£'000	£'000
Interest cost	-	-
Expected return on Scheme assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Actual return on Scheme assets</b>	<b>-</b>	<b>-</b>

*Actuarial gain/ (loss) recognized in the Statement of Changes in Taxpayers' Equity:*

	2014-15	2013-14
	£'000	£'000
Actual return less expected return on pension scheme assets	-	-
Experience gains and losses	-	128
Changes in assumptions underlying the present value of the scheme liabilities	-	-
<b>Actuarial gains/(losses) recognized</b>	<b>-</b>	<b>128</b>

Actuarial assumptions for 2013-14 are as disclosed in the Planning Inspectorate Annual Report and Accounts 2013-14.

**18. Capital commitments**

	2014-15	2013-14
	£'000	£'000
Contracted capital commitments at 31 March not otherwise included in the accounts:		
Property, plant and equipment	-	-
Intangible assets	-	13

**19. Commitments under leases***Operating leases*

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

	2014-15	2013-14
	£'000	£'000
<b>Obligations under operating leases comprise</b>		
<b>Buildings</b>		
Not later than 1 year	-	1,861
Later than 1 year but not later than 5 years	-	7,445
Later than 5 years	-	3,722
<b>Total buildings</b>	<b>-</b>	<b>13,028</b>
<b>Other</b>		
Not later than 1 year	23	14
Later than 1 year but not later than 5 years	4	-
<b>Total other</b>	<b>27</b>	<b>14</b>
<b>Total obligations</b>	<b>27</b>	<b>13,042</b>

Buildings – in January 2014, the management of Temple Quay House was transferred to DCLG. From 2014-15, the obligation under building leases is removed from the Planning Inspectorate and included, in full, in the DCLG Annual Report and Accounts.

Other – the leases of Multi-Functional Devices (for printing and photocopying) expire in February 2016 and May 2017.

### Finance leases

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

	2014-15	2013-14
	£'000	£'000
<b>Obligations under finance leases comprise</b>		
<b>IT</b>		
Not later than 1 year	149	185
Later than 1 year but not later than 5 years	150	371
<b>Total IT</b>	<b>299</b>	<b>556</b>
Less interest element	(34)	(82)
<b>Present value of obligations</b>	<b>265</b>	<b>474</b>

### 20. Other financial commitments

The Planning Inspectorate has entered into contracts (which are not leases, PFI contracts or other service concession arrangements) for building maintenance and IT services. From 2014-15, these contracts are managed by DCLG and are reflected in full in DCLG's Annual Report and Accounts. The payments to which the Planning Inspectorate is committed are as follows:

	2014-15	2013-14
	£'000	£'000
Not later than 1 year	-	2,158
Later than 1 year but not later than 5 years	-	2,906

### 21. Contingent liabilities disclosed under IAS 37

Two types of contingent liabilities existed at 31 March 2015, which have not been provided for in the accounts. These were:

- (a) Ex-gratia payments which may possibly be made to appellants or other appeal parties who have incurred abortive appeal costs following an error made by the Planning Inspectorate's members of staff. The timing and value of these payments are very difficult to predict but a best estimate of the contingent liability is £1,044,000 (2013-14: £20,000).
- (b) Litigation costs which may possibly be incurred following unsuccessful attempts to resist a High Court challenge to an inspector's decision. The timing and value of such awards are difficult to predict. The Planning Inspectorate has reviewed evidence from previous years on the number of cases which resulted in payment and, applying this trend to the cases in the current year, estimated a contingent liability of £210,483 (2013-14: £417,000).

## 22. Losses and special payments

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

	2014-15		2013-14	
	Number of cases	£'000	Number of cases	£'000
Losses Statement	15	29	23	84
Special Payments	27	400	47	357

Losses include claims waived or abandoned and travel cancellation charges.

Special payments include:

- ex-gratia payments, of which the Planning Inspectorate has paid 5 cases (2013-14: 6 cases) of £10,000 or more the largest being for £159,102 (2013-14: £202,726); and
- damage to hire cars: of 14 cases, all apart from 2 under £1,500, the largest being £6,000 (2013-14: 20 cases, all apart from 1 under £1,500, the largest being £4,130).

## 23. Related-party transactions

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

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

In addition, the Planning Inspectorate has had a significant number of material transactions with other Government bodies, in relation to the usual course of business.

	2014-15		2013-14	
	Sales £'000	Receivables £'000	Sales £'000	Receivables £'000
DCLG	-	5	-	-
Welsh Government	2,534	125	2,296	187
DEFRA	574	128	722	25
DFT	86	263	86	101
Government Legal Department	644	156	638	241
Highways Agency	3	-	81	189
DECC	130	2	143	12
HM Revenue & Customs	-	-	-	65
Other	-	-	-	208
<b>Total</b>	<b>3,971</b>	<b>679</b>	<b>3,966</b>	<b>1,028</b>



	2014-15		2013-14	
	Purchases £'000	Payables £'000	Purchases £'000	Payables £'000
Welsh Government	31	108	29	87
Government Legal Department	2,730	276	3,091	302
DCLG	6,062	891	1,198	287
Cabinet Office	-	-	2,125	-
Other <sup>1</sup>	100	(17)	232	40
<b>Total</b>	<b>8,923</b>	<b>1,258</b>	<b>6,675</b>	<b>716</b>

1 Other consists of payments to the Consolidated Fund.

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

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

## 24. Events after the Reporting Period

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

The Accounting Officer authorized these financial statements for issue on 18 June 2015

# Annex A: Customer Services and contact points

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

The Planning Inspectorate  
Customer Services Team  
Room 3/13  
Temple Quay House  
2 The Square  
Temple Quay  
Bristol BS1 6PN

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

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

The Planning Inspectorate  
Crown Buildings  
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Cardiff  
CF10 3NQ

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

## **The Planning Inspectorate Press Office**

The Planning Inspectorate  
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Bristol BS1 6PN

Tel: 0303 444 5004 / 0303 444 5005  
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Twitter: @PINSgov

Corporate site: [www.gov.uk/government/organisations/planning-inspectorate](http://www.gov.uk/government/organisations/planning-inspectorate)

Planning Portal: [www.planningportal.gov.uk/planning/planninginspectorate](http://www.planningportal.gov.uk/planning/planninginspectorate)

Welsh Government: [www.wales.gov.uk](http://www.wales.gov.uk)

Parliamentary and Health Service Ombudsman: [www.ombudsman.org.uk](http://www.ombudsman.org.uk)

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