

The Planning Inspectorate Annual Report and Accounts 2015/16



The Planning Inspectorate Annual Report and Accounts 2015/16

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Ministerial Foreword (England)

Brandon Lewis



The Planning Inspectorate acts as the guardian of the planning system, helping to deliver the Government's commitment to locally led planning by enabling developments that make an ongoing and sustainable difference to peoples' lives. The Inspectorate has a key role in enabling communities to build quality of outcome into the planning process.

I would like to thank all in the Inspectorate for its work, delivering for its customers whilst maintaining their impartiality and the respect of stakeholders in dealing with an increasing workload over the past year.

We have made clear our desire to get all strategic plans in place by early 2017. Firm progress has been made overall with 84% of Local Planning Authorities (LPAs) now having reached publication of a draft plan or beyond, and of those 70% have adopted their plans. However, I expect momentum to be maintained; where a plan has not been produced by early next year intervention will be an option.

In addition, the Inspectorate has visited over 160 planning authorities since the National Planning Policy Framework (NPPF) was published to provide advice and support on their emerging draft plans. The Inspectorate has trained a further 10 inspectors to undertake advisory visits to those LPAs that have not yet submitted their plans and this will continue to be a priority, to this end I welcome the recent recruitment of a number of new inspectors.

The Inspectorate is also represented on the group that oversees the governance of the Neighbourhood Plan Independent Examiner Referral Service and has worked with them to share best practice principles on plan reports.

Last year saw the arrival of Steve Quartermain as Acting Chief Executive on October 5; he continued the organisation's progress, handing over on March 14 to Sarah Richards as the Chief Executive and I thank him for his contribution. Sarah brings a wealth of knowledge and experience to her new role. I look forward to working with her and with Sara Weller, the independent Chair of the Board, over the coming year as they focus on taking the Planning Inspectorate forward to successfully support Government policy.

Brandon Lewis
June 2016

Ministerial Foreword (Wales)

Lesley Griffiths



Following the landmark Planning Act, the first for Wales, the Welsh Government has implemented a programme of improvements to deliver a positive, enabling and resilient planning system. The new legislative and policy framework provides clarity, simplifies the planning system and encourages greater collaboration in the delivery of planning services.

Underpinning these improvements is the ground breaking Well-being of Future Generations (Wales) Act, which provides a clear framework for all Welsh Government decision-making, including planning decisions. The Act identifies seven well-being goals and five ways of working, which are at the heart of all decisions taken by the Welsh Government and will help address the generational challenges of improving the economic, social, environmental and cultural well-being of Wales in a cohesive and integrated way.

The Planning Inspectorate has a key role in the delivery of the Planning and Well-being of Future Generations Acts, by producing timely, fair and consistent decisions which will enhance the built, natural and historic environment in Wales. This year will also see the Inspectorate handling the first Development of National Significance (DNS) applications. These are infrastructure projects which are of most significance to Wales and will be determined at the national level by the Welsh Ministers. The process will ensure timely decision-making, creating certainty for developers and communities and help to stimulate economic growth. I am grateful to the Inspectorate in Wales for its help and support in developing this new consenting process, I look forward to working with them.

Lesley Griffiths
June 2016

Performance Report

1.1 Overview

1.1a Chief Executive's Statement



I joined the Planning Inspectorate towards the end of the 2015/16 reporting year, but I was already well aware of the important role the organisation plays in the planning system. It is a respected institution and I am privileged to have been appointed as Chief Executive. I am looking forward to working with colleagues and our wide range of stakeholders to: continuously improve our productivity; provide excellent customer service; and build on our successes – thereby making the Inspectorate a better and stronger organisation than ever before.

During the year the Inspectorate achieved a great deal.

- We increased the proportion of appeals meeting the Planning Guarantee from almost 85% to over 93%.
- All our Nationally Significant Infrastructure Project (NSIP) casework met the statutory targets, including the 50th NSIP to be decided since the start of the Planning Act (2008) regime.
- In Wales we also exceeded tighter targets of 85% for both planning and enforcement appeals.

That said, in several areas of our planning appeals service, we fell well short of our targets, and in many cases, our customers experienced significant delays. We did the right thing by acknowledging these failings publicly and are well advanced with the actions needed to resolve the problems. We have made progress, but there is more to do. The Performance summary at Section 1.1d sets out in more detail what we have achieved, and what continues to be done to improve our performance during 2016/17.

Looking to the future

The planning landscape is set to continue evolving, in both England and Wales.

- In England, the UK Government has enacted the Housing and Planning Act 2016. This contains a set of improvements to enable more homes to be built that people can afford, including a national target for the proportion of starter homes included in developments. Of note, the Nationally Significant Infrastructure regime will include provision to allow housing related to infrastructure to be granted consent. Housing development will be encouraged on brown field sites through the creation of a register of such sites. The Inspectorate will support the implementation of this important legislation.

- The Housing and Planning Act 2016, together with recommendations from the Local Plans Expert Group Report, may have a major impact on the Local Plans regime and may demand extra input from us during 2016/17. The Local Plans process is also to be reformed and streamlined, and we will play a key role in ensuring local and national planning decisions reflect the views of local communities.
- In Wales, the Welsh Government has implemented a programme of improvements to support the planning system for Wales. It wants to set an appropriate legislative and policy framework which gives clarity to planning authorities, planning applicants and the general public. It also wants to see simplification of what is currently a highly complex system and greater collaboration in delivery of planning. The team in Wales will continue to have a key role in the delivery of its aims.
- Reforms aimed at speeding up and streamlining the planning system are likely to impact towards the end of 2016/17, and new legislation is likely to see increased numbers of environmental and other types of specialist casework next year. We will help communities play a full part in the new regime for DNS.

We will do all we can to support positive planning under the regimes on both sides of the border.

I am looking forward to the challenges that the coming year will bring, and continuing to learn about planning from another angle. I am keen to learn the lessons of the past year and will be taking a robust approach to managing performance-related risks, and I intend to make use of the valuable experience of the Non-Executive members of the the Planning Inspectorate Board (the Board) to support our continued improvement. This will help us ensure that the work begun in 2015/16 results in the elimination of our backlog in England by the end of 2016/17. Our Casework Transformation Project will enable us to provide the sort of service that our customers rightly expect.



Sarah Richards
Chief Executive
24 June 2016

1.1b Statement of purpose and activities

Our purpose is:

“To deliver impartial decisions, recommendations and advice to customers in a fair, open and timely manner.”

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 the Department of Communities and Local Government (DCLG) and the Welsh Government. The organisation is led by a Chief Executive and comprises approximately 300 salaried and contract inspectors and around 440 staff based in Bristol and Cardiff, providing professional, administrative and corporate support.

Mission

Our mission is to hold the confidence of Ministers and the public and to use our expertise and experience to play a key role in positive planning for England and Wales, fulfilling our purpose by focusing on customer service, our people and the prudent use of public money.

Vision

Our vision is that we will hold the absolute confidence of Ministers and our customers as a key organisation for land use planning. We will have a reputation for excellent customer service and provide timely and high quality impartial decisions in all our work. We will have a sustainable budget position with established sources of income and an embedded focus on continuous improvement and productivity. We will be a fully integrated organisation across all our casework, with common systems and effective leadership enabling more flexible working. We will make the most of our knowledge and experience on the ground, building the capability of our staff and informing policy.

Operating framework

The Town and Country Planning Act 1990 (TCPA 1990) provides primary legislation for the appeals system as it is currently operated. We also operate within the frameworks established by related legislation covering areas such as Local Plans and Rights of Way.

The single consenting regime for national infrastructure projects was established by the Planning Act 2008. Our remit has continued to evolve and grow, for example when we were given new responsibilities as a result of the

Role and contribution

Growth and Infrastructure Act 2013.

We play a key role in helping deliver sustainable development and we are critical to the delivery of the two Governments' social, economic and environmental agendas. Each year, our work directly affects the lives of many people through the decisions and recommendations our inspectors make.

Helping communities shape where they live

We have three main aims that are explained in the paragraphs below.

We support the Government's policy aims of delivering more housing and 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, why and when.

A fair planning system

We:

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

The right to appeal a planning decision made by an LPA 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, we always operate to the three principles of openness, fairness and impartiality.

We:

- Determine appeals to timeliness targets, giving all involved, including local communities, certainty one way or the other.
- Deliver high quality decisions across a range of casework, from large housing developments to individual footpaths and village greens.
- Provide citizens with an efficient service for appeals about their own homes.
- Give all of those with an interest in a case a chance to have their views considered.
- Publish relevant information online, making it 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. We carefully consider government policy and balance the interests of developers, local citizens and other interested parties in recommending which projects should be built.

We:

- Provide a streamlined service to developers, which assesses the merits of proposed large-scale projects, such as new power plants or major roads.
- Balance 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.
- Deliver a predictable and efficient process, providing certainty for all involved, including the relevant Minister who makes the final decision on whether each project is approved.

We handle appeal decisions, making decisions in the public interest, acting in accordance with the law and defined standards of performance. The role of our inspectors is that of an impartial tribunal or decision-maker. They exercise inquisitorial skills and judgement, 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. We do, however, have a role in advising on the effects of policy and its impact on the performance of the planning regime. Beyond that, we offer advice on NSIP under the infrastructure planning regime and development plans, and share learning and good practice.

By the very nature of our activities, we are one of the UK's foremost bodies engaged in dealing with statutory land use planning matters. We are a centre of expertise and excellence, informed by our casework, our people, our place in the public sector and our contacts with a wide range of stakeholders. In fulfilling our duties, we uphold the following values:

- Impartiality: showing no favour to any person or organisation;
- Fairness: acting to ensure fair treatment to customers, staff and everyone we work with; and
- Openness: transparent working, publishing key information and listening to all points of view.

1.1c Key issues and risks

The main issue in 2015/16 was casework performance, particularly given the increased focus on customer service and productivity. These twin priorities were reflected in our key strategic risks, summarised in Table 1 below and in the following paragraphs.

Risk	Residual risk score	
	Start of year	End of year
Casework Performance	Very High	Issue
Increased Political Focus	High (peaked at Very High)	Moderate
Workforce Planning	Very High	High
Casework Transformation Project	High	High

Table 1

Casework performance

This risk became an issue when it materialised early in the year. It was defined as “performance in handling casework not improving or deteriorating further, as a result of inaccurate resource planning, staff not having the correct skill sets to carry out the work, managers not motivating staff to achieve results and incorrect forecasting of expected workload. This may lead to failure to achieve published targets which will undermine customer satisfaction and our reputation, reduce ministerial confidence and impact on our financial sustainability”. Further details can be found in Section 1.1d Performance summary.

Increased political focus

This risk was defined as “delays in issuing decisions caused by increased political focus resulting from a change of political direction. The consequences of this include increased criticism of inspectors’ decisions, short lead times to implement process changes, delay in the issue of decisions; and damage to our reputation with communities, developers and Ministers. In addition, the May elections could delay decisions and the potential for a change in administration in Wales could cause policy uncertainty and a call for an independent Inspectorate for Wales.”

Workforce planning

This risk was defined as the Inspectorate “not having the correct level of appropriately skilled staff resource as a result of a combination of poor staff management and planning. This may lead to an inability to meet demand for all types of casework and failure to meet published targets, or alternatively, to a surplus of staff”.

Casework Transformation Project

The risk was defined as “not realising project benefits and outcomes due to poor project management and lack of business buy-in. This results in expected savings not being realised, poorly designed processes, staff with incorrect skill sets, poor performance, customer dissatisfaction and reputational damage with Ministers”.

Summary

Inherent risk was scored to reflect both likelihood and impact, with residual risk calculated on the basis of the strength of existing controls. Defined management actions were identified to improve and strengthen those controls, and as the actions progressed, scores were adjusted during the year as shown in Table 1 above.

Despite poor performance in relation to timeliness on appeals (see Section 1.1d), the risk process helped us identify what we needed to focus on to ensure appropriate and effective organisational performance monitoring. As a result, we improved the effectiveness of the risk controls and the residual risk reduced, as shown in Table 1.

1.1d Performance summary

Financial performance

Financial performance in 2015/16 was good as shown in the detailed Financial Statements. We continued to realise savings in line with our settlement for the Spending Review period. Further details can be found in the Accountability Report and Financial Statements.

Management have assessed that there is no uncertainty regarding the going concern of the Inspectorate and continue to adopt the going concern basis in preparing the Financial Statements.

Casework performance

The results for various aspects of our work are shown in the following tables within the Performance Analysis sections of this report.

- England: Local Plans and Community Infrastructure Levy (CIL) examinations – Table 2
- England: Nationally Significant Infrastructure Projects – Table 3
- England: Planning appeals – Table 6
- England: Enforcement and specialist casework – Table 7
- Wales – Table 8

The remainder of this summary concentrates on the area where our performance was poorest.

In 2014 the Board was advised of the risks to meeting targets and agreed with the Executive's decision to continue to prioritise Local Plan and NSIP work and to take a customer orientated approach by prioritising older appeal cases.

This decision was taken in the knowledge that it would mean that casework targets could not be achieved in all areas. The Board was satisfied that this was the right course of action, provided that plans were in place to: (a) tackle backlogs, and (b) improve productivity, so future targets could be achieved, in line with the goals set out in the Strategic Plan.

The plans to tackle the backlogs included putting a range of initiatives in place to make better use of technology and to streamline casework processing.

However, early in the year, the Non-Executive Directors raised concerns about performance reporting to the Board. As a result, the Accounting Officer at the time commissioned an internal audit review of how and when information relevant to casework performance issues was reported to the Board. The audit covered the period from December 2013 to September 2014. The review concluded in August 2015 that there had been a governance failure.

Government Internal Audit Agency (GIAA) identified 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, there was insufficient information for Non-Executives to provide independent scrutiny and challenge. The review also acknowledged that the Inspectorate had already taken a number of actions to address the issues identified.

In particular, we:

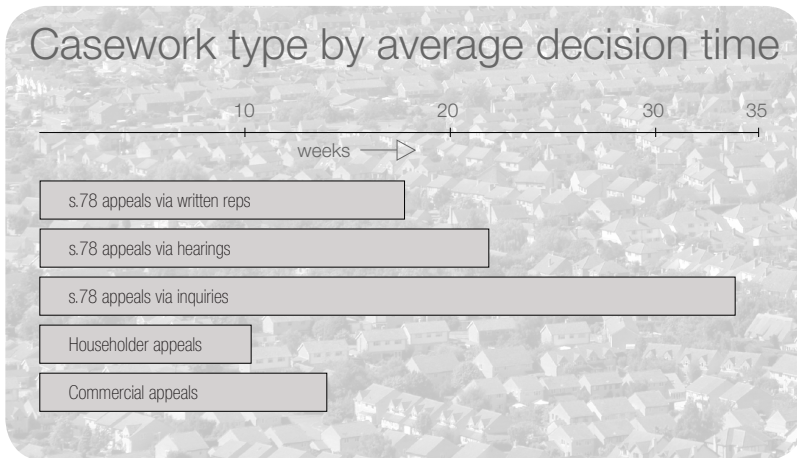
- improved the management information available to the Board through the introduction of a new scorecard and discussion of performance as a standing agenda item at Board meetings;
- recruited 56 new inspectors to increase capacity to decide casework;
- introduced clear executive governance to support the Board, including a new Operations Group; and
- reviewed, updated and publicised the organisation's whistle blowing policy. It was highlighted to staff as part of a move to encourage everyone in the organisation to raise problems so they can be properly addressed.

GIAA carried out a follow-up review in January 2016, which concluded in February that they were now able to provide the Accounting Officer with substantial assurance that the framework of governance, risk management and control was adequate and effective.

This took account of further improvements which had been introduced, including:

- setting very clear expectations that staff must report perceived problems;
- a greater level of scrutiny, challenge and accountability, including regular detailed review of the impact of actions on backlogs and customer service; and
- a greater level of openness, both internally and externally, about current performance and what is being done about it.

1.1e 2015/16 in pictures



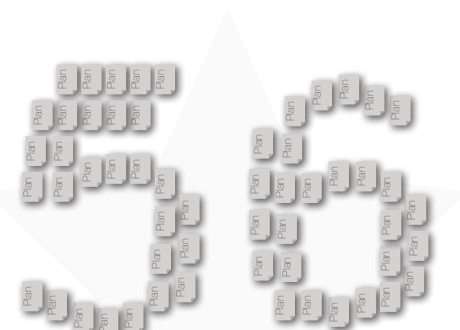
51 infrastructure projects decided by 31 March 2016

- Energy
- Transport
- Waste
- Waste Water



50th NSIP decided

Palm Paper 3 Power station
(decided on 11 February 2016)



final reports on sound **local development plans** sent to local authorities in reporting period



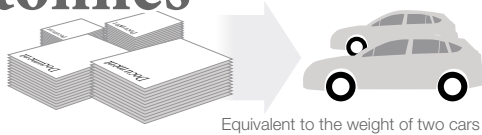
100%
of NSIPs examined within statutory deadlines



1,900ft²

Space saved from office refit
(equivalent to a large 4
bed family house)

We recycled
2.72 tonnes
of paper



£54m

Total spend during 2015/16



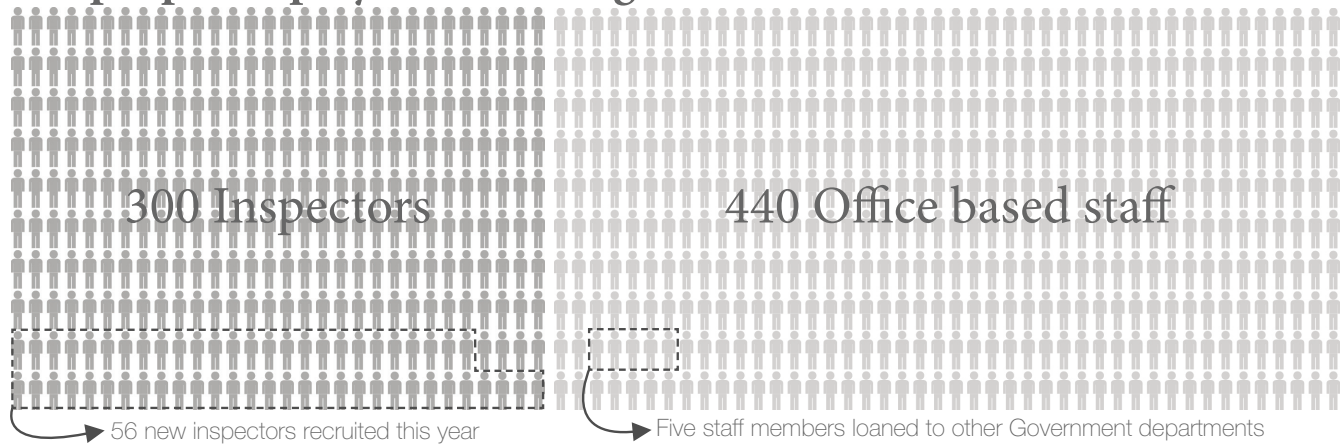
23p of every pound
spent is recovered
through income

Common Land:
'Objection' and 'No
Objection' casework
exceeded the 80% target



Rights of way:
Wildlife and countryside cases exceeded all targets

740 people employed across England and Wales



1.2 Performance analysis

1.2a Measures and checks against performance

We continued to use an established suite of measures to help monitor performance. These were modified during the year as a result of the findings of the audit mentioned above. The measures were aligned to our two overarching goals of providing excellent customer service and continuously improving our productivity. They included measures of quality and timeliness as well as the customers' perception of services.

To support management of performance against our targets (see reference to relevant tables under Casework Performance in Section 1.1d above), metrics were produced on a monthly basis, covering:

Providing excellent customer service

- Decisions free from justified complaint or successful legal challenge;
- Key customer satisfaction metrics;
- Ministerial and stakeholder confidence;
- Appeals casework timeliness;
- Average decision time;
- Infrastructure statutory deadlines; and
- Staff in post/headcount.

Continuously improving our productivity

- Spend vs forecast (revenue and capital);
- Planned savings;
- Proportion of costs recovered – NI decisions;
- Proportion of costs recovered – Local Plans;
- Future years' savings pipeline;
- Inspector time on plan examinations;
- Benefits delivered through major change projects;
- Case throughput month-on-month;
- Backlog levels; and
- Vacancy management.

Following the outcome of the 2014/15 Civil Service People Survey (CSPS), we also decided to measure staff engagement, focussing on five key themes:

- managing change;
- leader visibility;
- workload;
- confidence in management to take action; and
- performance management.

1.2b Performance overview

Skills development

Our senior managers took part in the initial stages of the Inspectorate's management development programme. All staff were encouraged to complete relevant Civil Service on-line courses. Staff worked across multiple teams sharing knowledge and skills, facilitated by utilising flexible working solutions such as Bring Your Own Device and Occasional Home Workers tokens.

Professional skills were maintained and enhanced through targeted learning. This supported the Continuous Professional Development needed to retain membership of relevant professional bodies such as the Royal Town Planning Institute.

Stakeholder events

Engaging with our stakeholders and key partners remained a priority. During the past twelve months we organised events in England and Wales and our senior leaders spoke at a number of high profile conferences to explain our processes.

We held Wales' first Stakeholder Event, which provided the opportunity for stakeholders to hear and discuss: what the implications of the Planning (Wales) Act means for all parties in the planning process; how the Planning Inspectorate Wales will be meeting its responsibilities; and what the future may hold for planning. The event was well attended and received. Delegates heard from the Minister for Natural Resources, Carl Sargeant, and representatives from industry and the community.

Our 5th Annual Stakeholder Conference in Bristol gave us the opportunity to explain how we are transforming the way we work to deliver a faster, improved appeals service. Delegates also heard how one local planning authority had introduced innovative ways to deal with planning, how the country's major infrastructure is being delivered and about the study undertaken by the Local Plan Expert Panel.

Electronic working

By publishing appeal documentation we continued to provide an open and transparent service for our customers, building on a decade of experience of working as electronically as possible. Trials were introduced in both England and Wales which extended electronic working to the way in which our inspectors worked. Inspectors utilised the electronic version of the appeal hosted on our online appeals casework management

Quality

system, so limited hard copies were required. The few exceptions were mainly for large plans. These were printed at the request of the Inspector, but only if absolutely necessary.

The aim of working in this way was to improve handling times and drive efficiencies in terms of reducing costs such as printing. Administrative staff and their inspector colleagues will continue to measure the anticipated improvements so lessons can be learnt.

We have consistently measured the quality of our outputs on the basis of three metrics:

- the proportion of decisions we issued that were free from upheld (previously referred to as 'justified') complaint or successful legal challenge;
- the proportion of cases where the administration was similarly free from complaint/challenge; and
- the proportion of customers who completed our customer survey and say they were satisfied or very satisfied with the overall service they received.

Our target for the first two measures was 99%. In 2015/16, our combined England and Wales performance exceeded our target. We achieved:

- 99.6% for inspector decisions (99.8% in Wales); and
- 99.3% for administration (99.4% in Wales).

Our target for customer satisfaction was 80% of customers responding that they were satisfied or very satisfied with the service they received. The number of people who completed our surveys fell dramatically. We failed to meet our target, achieving 72%.

In addition, we were subject to review of our complaints handling through referrals to the Parliamentary and Health Service Ombudsman (PHSO). The PHSO completed four such investigations in 2015/16 and partially upheld one.

The Inspectorate was included in the latest available statistics published by PHSO (for 2014/15). The report showed 49 enquiries, 19 complaint assessments, three investigations and one outcome – where the complaint was not upheld.

Financial performance

The 2015/16 budget process saw an initial budget allocation of £39.278m being approved. A balanced budget was achieved following the identification of a series of savings, totalling £1.833m. In addition to spending review saving requirements, the level of savings was partly necessitated as a result of the need for additional investment in inspector resource.

In addition to our 2015/16 base allocation, we received a further £1.203m to support 'invest to save' initiatives, and £1.48m to fund a Voluntary Exit Scheme and a number of high profile ex gratia claims. The revised and final allocation for 2015/16, as agreed through the supplementary estimates process, was set at £41.929m.

Looking forward, our financial plans for 2016/17 take account of an anticipated continuation of the requirement for additional inspector resource.

The 2016/17 budget presents a significant shift in resources towards inspector allocation, at a time when the overall budget has remained the same. This has partially been achieved by an acceleration of savings in administration costs, both pay and non-pay. The latter in particular relates to Estates and Information Communication Technology (ICT) spend.

The graph below at Figure 1 demonstrates that despite the reduction in income projections, the detailed work and subsequent savings achieved following robust scrutiny and challenge allowed investment in inspector resource to take place.

However, this is only the start of the Spending Review journey, and undoubtedly the next two years, and in particular 2017/18 will present a significant challenge. It will require a good deal of planning in order to achieve successful outcomes in financial and operational delivery terms.

We assume at this stage, that in 2017/18 inspector resource, in its broadest sense, can begin to reduce following:

- clearance of the backlog;
- introduction of full cost recovery on NI casework; and
- a return to more normal income levels as experienced in recent years.

If income does not recover as expected and the downturn continues, a further review of permanent structures is likely to be necessary, together with additional savings requirements from other areas of the business over and above current Spending Review period targets.

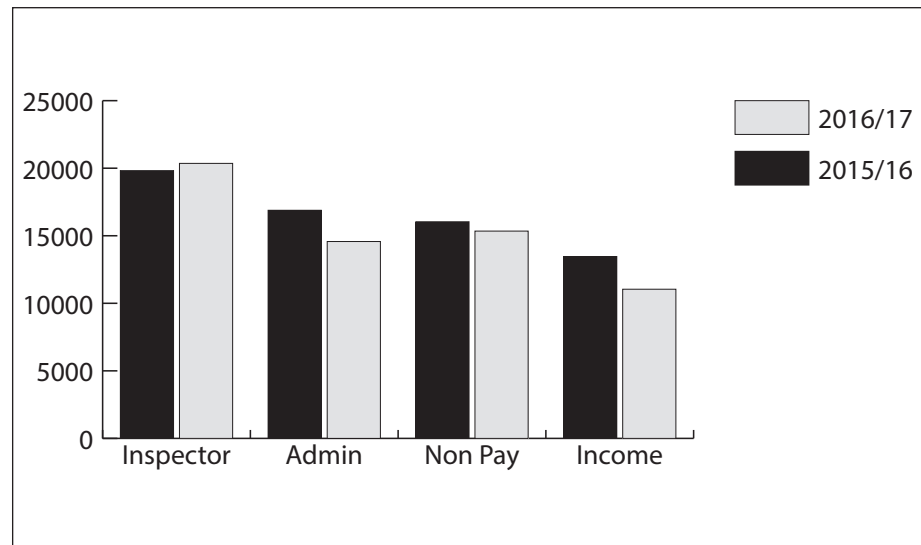


Figure 1

1.2c Performance analysis - England

Public Examination of Local Plans and Community Infrastructure Levy Schedules

We continued to provide experienced inspectors to carry out visits to Local Authorities to discuss work on their Local Plans. Sixteen such visits took place. The initiative continued to promote confidence and progress in submitting plans for examination, reflecting the emphasis on the need for LPAs to have up-to-date Local Plans in accordance with the NPPF.

A total of 38 Local Plans were submitted for examination. At year-end 62 Local Plan examinations remained in progress. 84% of Local Authorities now have published strategic plans. 70% have adopted plans, an increase of eight percentage points since the end of last year. We issued 56 final reports to LPAs, finding their plans to be 'sound'. Four plans were withdrawn in this period.

We also issued 34 final reports to Charging Authorities to approve their Community Infrastructure Levy Charging Schedules.

There was a drop in Local Plan submissions in 2015/16 compared to previous years, though our support work continued. As plan-making continues to be a Government priority, we anticipate an increased workload through 2016/17. Every Local Plan submitted to us was resourced with an inspector in 2015/16.

Our Targets	% Achieved	Total in Year
Complete examination of all submitted Development Plans (Local Plans) within the agreed timetable	100%	56
Complete Community Infrastructure Levy examinations within the agreed timetable	100%	34

Table 2

Nationally Significant Infrastructure Projects

In 2015/16 nine formal applications were submitted for proposed NSIPs. In addition, six new pre-application projects were added to the list on our website (<https://infrastructure.planninginspectorate.gov.uk>). In total, decisions were made by the relevant Secretary of State on 15 applications, as shown in Table 3 below.

Project	Decisions Issued
Whitemoss Landfill Western Extension	May 2015
Norwich Northern Distributor Road	Jun 2015
Tidal Lagoon Swansea Bay	Jun 2015
Progress Power Station	Jul 2015
Hirwaun Power Station	Jul 2015
Dogger Bank Teesside A&B	Aug 2015
Navitus Bay Wind Park	Sep 2015
Ferrybridge Multifuel 2 Power Station	Oct 2015
Mynydd y Gwynt Windfarm	Nov 2015
Internal Power Generation Enhancement for Port Talbot Steelworks	Dec 2015
East Midlands Rail Freight International	Jan 2016
Hinkley Point C Connection	Jan 2016
A19/A1058 Coast Road Junction Improvement	Jan 2016
Palm Paper 3 CCGT Power Station	Feb 2016
Thorpe Marsh Gas Pipeline	Mar 2016

Table 3

Palm Paper 3 was the 50th NSIP decision made under the Planning Act 2008. Table 4 provides a breakdown of the 51 decisions made to the end of 2015/16 across the sectors covered by the regime.

Sector	No. of Decisions
Energy	32
Transport	16
Waste	2
Water	1

Table 4

At year-end, there were 35 cases formally at the pre-application stage and 13 further submitted applications had reached a point anywhere between acceptance and recommendation. Four applications were with the relevant Secretary of State awaiting a decision.

Delivering against statutory timescales within the NSIP regime continued to be a key measure of success, and Table 5 sets out our performance in 2015/16.

Our Target	Total	Target	Achieved
Issue Scoping Opinions within 42 days	7	100%	100%
Issue Screening Opinions within 21 days	None requested	-	-
Decide on acceptance of applications within 28 days	12	100%	100%
Complete examinations within six months	18	100%	100%
Submit a recommendation to the Secretary of State within three months	16	100%	100%

Table 5

Appeals

Table 6 shows our performance against the targets set for us and the average number of weeks to determine appeals. In 2015/16 there was a 10% increase in our intake compared to 2014/15.

As indicated in the Performance Summary in Section 1.1d, we did not achieve our planning casework timeliness targets, but the proportion of appeals meeting the Planning Guarantee increased from 85% to 93%. This was a result of actively managing the oldest cases to ensure they were despatched within this target wherever possible.

For a significant part of the year, there were delays in validating new appeals and formally starting the appeal process, with appellants waiting considerably longer than the target of seven days. The final quarter of the year saw a month-on-month improvement for the majority of cases.

We continued to make considerable investment in our inspector resource, and the 23 Inspectors we recruited in the final quarter will bolster the resource available from the 56 new Inspectors recruited earlier in the year. This uplift was achieved within a context of reducing overall spending by putting more efficient administrative processing in place.

Our increase in inspector numbers together with flexible use of Non-Salaried Inspectors continued to see our overall volume of live appeals decrease month-on-month as we moved into the new financial year. Our expectation is that the latter half of 2016/17 will bring considerable improvement against performance targets and around 2,000 fewer live appeals in the system.

Our Targets	% in target	Number decided 2015/16 (2014/15)	Average weeks to decide 2015/16 (2014/15)
Determine 80% of Planning appeals (under s78 of the TCPA 1990) determined by the Written Reps method in 14 weeks	41.6% (70.5%)	9,718 (6,907)	17.8 (19)
Determine 80% of s78 Hearings in 14 weeks	24.4% (54.2%)	630 (500)	21.9 (21)
Determine 80% of s78 Inquiries in 22 weeks	21.2% (41.4%)	33 (29)	33.9 (34)
Issue 100% of Decisions and Reports for Bespoke Casework within the Service Level Agreement	99.3% (100%)	173 (238)	41.4 (32)
Determine 80% of Householder appeals in 8 weeks	46.9% (73.7%)	4,253 (4,051)	10.3 (10)
Determine 80% of Commercial appeals in 8 weeks	21.1% (49.1%)	412 (383)	13.9 (12)
Planning Guarantee – Determine 100% of (qualifying) appeals within 26 weeks	93.1% (84.9%)	14,420 (13,846)	15.8 (17)
Determine 80% of s106BC* Written Reps appeals in 6 weeks	100% (N/A)	2 (-)	5 (N/A)
Issue 80% of s106BC* Hearing & Inquiry decisions 28 days after receipt of last evidence	82.3% (100%)	17 (19)	16.9 (12)
*s106BC - Appeal against a s106 agreement (unilateral undertaking) where a LPA either does not agree with the developer's revised proposal for affordable housing or does not determine the application. Provision expired at the end of April 2016			

Table 6

Further information on the failure to meet our appeals timeliness targets can be found in Section 1.1d.

Major applications

Provision exists under Section 62A of the TCPA 1990 (as amended by the Growth and Infrastructure Act 2013) for applications for planning permission and reserved matters consent to be made directly to the Secretary of State where (a) they involve major development, and (b) the relevant LPA has been designated by the Secretary of State. We handle these applications on behalf of the Secretary of State. During 2015/16 only one LPA was subject to designation. This was Bromsgrove District Council, and we only received one s62A application.

Enforcement & Specialist
Casework and Costs

We neither validated, nor determined that application as the proposal was a retrospective application for a scheme which had already been refused at both application and appeal.

Our plans were to ensure we decided all accepted s62A cases within target, and if the Major applications workload was lower than expected, to reallocate staff to meet other demands. The team was therefore redeployed to work on enforcement casework for 75% of the year, helping to improve performance, and spent the remainder of the year supporting Development Plans Inspectors on Examinations.

We did not meet our targets in 2015/16 for processing Enforcement casework, primarily due to starting the year with a large backlog.

A recovery plan was implemented and additional inspector resource was secured to ensure that both current and older work was progressed. As a result, our backlogs were greatly reduced and decision times on written representations improved by the end of Quarter 3. This effort was reflected in the number of Enforcement decisions issued – up 55% on 2014/15. Performance on Enforcement written representations was 75% within target over the last 13 weeks of the year.

Performance on all areas of Rights of Way and Common Land had met or exceeded performance targets apart from Rights of Way Hearings, due to a number of connected historic cases being decided out of target. On such a low number of cases overall, this had a disproportionate effect on reported performance.

Other areas of Specialist Casework faced increasing challenges in securing inspector resource to deliver within target, noticeably Tree Preservation Orders.

Performance on in-house Cost Decisions has exceeded target for the last two years.

Table 7 shows performance for this group of casework.

Decisions made		Procedure	Measure	Performance	
2014/15	2015/16			2014/15	2015/16
Enforcement Appeals (s174, s39 & Lawful Development Certificates (LDCs))					
1,145*	2,331	Written Reps	80% in 32 weeks	49%	53%
187*	216	Hearing	80% in 33 weeks	81%	51%
137*	171	Inquiry	80% in 43 weeks	71%	55%
* represents s174 only – s39 (38) and LDC (249) not included and covers all procedures					
Rights of Way, Public Path Orders					
55	80	Written Reps	80% in 27 weeks	87%	96%
15	19	Hearing	80% in 29 weeks	100%	16%
15	5	Inquiry	80% in 35 weeks	53%	60%
Rights of Way, Wildlife & Countryside					
66	68	Written Reps	80% in 27 weeks	65%	88%
8	7	Hearing	80% in 29 weeks	63%	86%
52	52	Inquiry	80% in 35 weeks	83%	90%
Schedule 14 Directions					
12	8	-	80% in 17 weeks	83%	100%
Schedule 14 Appeals					
17	28	-	80% in 26 weeks	61%	82%
Common Land - No objections					
43	26	-	80% in 12 weeks	98%	85%
Common Land - Objections					
30	36	-	80% in 26 weeks	97%	97%
Common Land - Objections (Insp)					
28	35	-	80% in 52 weeks	89%	83%
Environmental Appeals					
48	32	-	80% in 28 weeks	8%	38%
Tree Preservation Orders					
435	467	Written Reps	80% in 14 weeks	14%	2%
46	54	Hearing/Inquiry	80% in 26 weeks	20%	4%
High Hedges					
77	78	Written Reps	80% in 24 weeks	9%	14%
Hedgerows					
6	13	-	80% in 28 weeks	50%	31%
Cost Decisions					
138	123	-	50% in 10 weeks	82%	82%

Table 7

Staff engagement

The annual Civil Service People Survey continued to be our engagement indicator. The latest survey was carried out in October 2015, and results showed a reduction of 4% in the overall engagement index to 56%, 2% below the results for the whole of the Civil Service.

The decrease in engagement was not entirely unexpected given the challenges that we faced in the year, and our unprecedented change agenda. The results highlighted the need to focus improvement activities, for both field and office-based staff, around key engagement drivers.

We implemented a robust approach to improving engagement in early 2016. All teams, including senior leaders, identified areas for improvement and developed plans to address them. The plans will be reviewed quarterly in 2016/17 by the Management Board.

1.2d Performance analysis - Wales

The Planning Inspectorate for Wales is based in Cardiff. As well as maintaining our high levels of service in appeals, Local Development Plan (LDP) examinations and other areas of environmental case work, we remained at the forefront of delivering and facilitating the Welsh Government's planning reforms.

We are funded by, but are independent from, the Welsh Government. Our decisions were informed by policies formulated and adopted in Wales including, LDPs, Planning Policy Wales, and Technical Advice Notes. We utilised around 17 Inspectors at any one time, most of whom lived in Wales and were largely drawn from Welsh LPAs. Four of our Inspectors are Welsh speakers, in any recruitment we actively look to improve on this. Given the small group, we occasionally used Inspectors from England when demand was heavy or particular expertise was required. We also gained other benefits from being part of a larger organisation. These included being able to draw on the experience and depth of knowledge of a large body of professionals in planning and other related fields, the training provided for all staff including Inspectors, and access to corporate services, such as shared IT platforms.

In addition to the Inspectorate's strategic goals, we continued to follow specific key business objectives tailored to the priorities of Welsh Government.

We were subject to performance targets set by the Welsh Ministers relating to our main areas of ‘planning’ casework but we also undertook a wide range of other work. This included:

- examining LDPs;
- overseeing housing land availability studies;
- listed building consents;
- rights of way;
- commons; and
- compulsory purchase orders.

We continued to meet tighter targets of 85% for both planning and enforcement appeals.

The overall workload in 2015/16 was slightly higher than in 2014/15, with a total appeals intake of 858 compared to 776 in the previous year.

Two local development plans were adopted in 2015/16 - Cardiff and Neath Port Talbot. Three examinations, Gwynedd and Anglesey joint plan, Vale of Glamorgan and Powys, were on going at the year-end.

Case Type	Target %	2015/16 85.00%
Planning Written Representations	85% in 16 weeks	94.5%
Planning Hearings	85% in 22 weeks	91.9%
Planning Inquiries	85% in 30 weeks	100%
Enforcement Written Representations	85% in 30 weeks	100%
Enforcement Hearings & Inquiries	85% in 41 weeks	88.9%

Table 8

Future workloads

In the coming year numbers of enforcement and planning appeals are unlikely to rise. Planning appeal reforms aimed at speeding up and streamlining the planning system are likely to impact towards the end of 2016/17. Environmental and other types of specialist casework are set to increase as new legislation is introduced by the Welsh Government. The Welsh Government has implemented a programme of improvements to support and deliver a positive, enabling and resilient planning system for Wales. It wants to set an appropriate legislative and policy framework which gives clarity to planning authorities, planning applicants and the general public. It also wants to see simplification of what is currently a highly complex system and greater collaboration in delivery of planning. Our team in Wales has a key role in the delivery of the Welsh Government’s aims.

Planning applications for DNS are made to the Welsh Ministers and we administer them. The Welsh Government set a statutory target of 36 weeks from the validation of a DNS application for a decision to be made. In order that potential applicants, LPAs, statutory undertakers and communities are prepared, we produced Guidance Notes and worked with Planning Aid Wales so communities feel able to play a full part and engage in the decision-making process.

Initial estimates for numbers of potential DNS applications indicated three to four cases a year submitted for examination. Given a change in the threshold of those types of development that fall under the definition of DNS, it is increasingly likely that this will be an under-estimate. We will limit the impact of the additional work by reviewing and adjusting current organisational structures.

Swansea's plan is likely to be submitted over the next year with two reviews of currently adopted plans (Caerphilly and Pembrokeshire Coast National Park) following over the next few years.

Staff engagement survey

The 2015 People Survey results showed, overall, a high level of engagement amongst the team in Wales. Whilst the positive attitude displayed by staff is to be welcomed, we continued to work with colleagues to improve performance to the benefit of the business. A survey specific to Wales is being developed.

1.2e Sustainable development

Responsibility for our office in Bristol (Temple Quay House – TQH) lies with DCLG Property Management Unit, and the Welsh Government is responsible for the office space occupied by the team in Cathays Park, Cardiff.

We contributed to the cross-government targets for sustainability. From 2014/15, the figures in the following tables, other than travel related emissions, relate to our proportion of TQH. Since 2014/15 this has been 49.13%. The travel emissions and costs below are solely ours. The proportion of the building we occupy will reduce in 2016/17 as the vacated space is occupied by new tenants. We expect the first tenants to move into the vacant space in July 2016 with others joining them in the autumn.

Greenhouse Gas Emissions

		2013/14 TQH (Total)	2014/15 (% occupancy)	2015/16 (% occupancy)
Non-Financial Indicators (tCO ₂ e)	Gross emissions for Scopes 1 & 2	741.30	739.78	805
	Total net emissions for Scopes 1 & 2	0	0	0
	Gross emissions for Scope 3 Official business travel	533.19	556	506
	Other Scope 3 emissions	0	0	0
Related Energy Consumption (KWh)	Electricity: Green tariff	1,241,915	1,223,804	1,155,463
	Gas	513,169.23	555,859	604,405
	LPG	0	0	0
	Other	0	0	0
Financial Indicators (£k)	Expenditure on Energy	160.8	155.8	162.4
	Carbon Reduction Commitment Licence Expenditure	0.61	0	0
	Carbon Reduction Commitment income from Recycling Payments	0	0	0
	Expenditure on official business travel	770.3	784.4	744.7
Note: 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 9

Performance Commentary

Overall carbon emissions increased when compared to 2014/15. This was largely due to increased gas consumption of 8%.

The Environment Agency fined us for a failure to report properly for the 2013/14 year. By this time, however, DCLG had taken on responsibility for our Bristol office, but had not transferred the account into its name. As a result, we were fined as the previous account holder. Once they were apprised of the situation, the Environment Agency confirmed (in November 2014) that no further action would be taken.

Controllable Impacts Commentary

The building management system has been upgraded with a full review of all controls to follow in 2016/17.

Overview of Influenced Impacts

None.

Waste

		2013/14 TQH (Total)	2014/15 (% occupancy)	2015/16 (% occupancy)	
Non-Financial Indicators (t)	Total waste	82	84.5	69.05	
	Hazardous waste	0	0	0	
	Non-hazardous waste	Landfill	29	31	22.8
		Reused/Recycled	53	53.5	46.2
		Incinerated/energy from waste	0	0	0
Financial Indicators (£k)	Total disposal cost	7	7.3	7.8	
	Hazardous waste disposal cost	0	0	0	
	Non-hazardous waste	Landfill	2.5	2.7	2.6
		Reused/Recycled	4.5	4.6	5.2
		Incinerated/energy from waste	0	0	0

Table 10

Performance Commentary

Total waste produced decreased by 18% in 2015/16. The proportion recycled (over two thirds - 67%) also increased by four percentage points. The paper and confidential waste recycling streams accounted for a considerable proportion of this figure averaging out at 2.72 tonnes per month.

Further details on recycling of electrical goods can be found in Section 1.1f Community and environmental impact.

Controllable Impacts Commentary

None.

Overview of Influenced Impacts

None.

Finite Resource Consumption – Water

		2013/14 TQH (Total)	2014/15 (% occupancy)	2015/16 (% occupancy)	
Non-Financial Indicators (M ³)	Water Consumption	Supplied	3,595	3,559	3318
		Abstracted	0	0	0
Financial Indicators (£k)	Water Supply Costs		11.6	11.8	10.7

Table 11

Performance Commentary

Water consumption reduced by 7% compared to 2014/15. This is a reflection of reduced population in the building and occupiers heeding requests to save water.

Controllable Impacts Commentary

Consumption was mitigated through the use of rainwater harvesting, low flush cisterns and waterless urinals.

Overview of Influenced Impacts

None.

1.2f Community and environmental impact

Our outputs

The decisions and recommendations made by planning inspectors affected both individuals and communities. The assessment of potential local impact and the representations of local people are material considerations in our decision making. To ensure our Inspectors are clear about environmental impact, they undertake examinations, inquiries and hearings in the affected locality, with site visits on the majority of appeals.

Our organisation

The extent of our impact on the environment is affected by the way we organised our work. Inspectors are home-based and we did not provide dedicated office space for them. When they came into the office, they took advantage of the hot desks in our flexible workspace. We continued to minimise the distance Inspectors travelled to conduct casework, and technology allowed us to provide office-based staff with occasional home-working capability, thereby reducing the impact on the environment as well as cost to the public purse. We supported the cycle to work scheme and provided shower facilities for those using this mode of transport.

The Accommodation Project was carried out towards the end of 2015/16. It aimed to:

- modernise our office space and provide a bright and vibrant working environment;
- enable smarter and flexible working;
- reduce the floorspace we occupy;
- release space for new occupiers; and
- realise medium and long term financial savings for both ourselves and those new occupiers.

We identified a number of office items that were no longer required. Rather than send them to landfill, they were recycled. Items ranging from office cabinets to surplus stationery, all with zero market value, were donated to local schools and charities.

We continued to provide recycling facilities in our offices – for plastic, aluminium cans, glass, cardboard, paper and waste food, and encouraged our staff to use public transport.

Through a contract let by DCLG, we safely disposed of unwanted IT equipment and electrical items. Disposal of data on computer disks was carried out in accordance with relevant regulations (Waste Electrical and Electronic Equipment – WEEE, and Communications Electronic Security Group – CESG).

All items were collected free of charge. A proportion of the profit made was returned to us, which amounted to over £15,000 in 2015/16.

Our staff

We encouraged voluntary activity within local communities, with staff volunteering with local charities. We also supported staff engaged in magisterial duties, and local government work such as membership of a police authority.

As part of the Temple Quay Campus, we were involved in events to support both local and national charities such as St Peter's Hospice and MacMillan. The campus raised a total of £4,700 in 2015/16.

1.3 Accounting Officer Declaration (Performance Report)

In my role as Accounting Officer, and on the basis of documentary evidence and assurances from the Inspectorate's Board and relevant reviews, I am satisfied that the Performance Report is a true reflection of 2015/16.



Sarah Richards
Chief Executive
24 June 2016

Accountability Report

2.1 Corporate Governance Report

2.1a The Director's Report

The following sections of this Report have been subject to formal audit:

- Single total figure of remuneration for Directors' – see Section 2.2a
- Cash Equivalent Transfer Values (CETV) disclosures for Directors – see Section 2.2a
- Payments for loss of office – see Section 2.2a
- Payments to past Directors – see Section 2.2a
- Fair pay disclosures – see Section 2.2a
- Analysis of staff costs – see Section 2.2b
- Exit packages – see Section 2.2b
- Fees and charges – see Section 2.3d

Details of the non-executive membership of our Board are given in Section 2.1c below.

Details of those who, at any time in the year, were Executive Directors of the organisation are given below, together with the relevant period.

Executive Director	From	To
Simon Ridley	(Existing)	Sep 2015
Steve Quartermain	Oct 2015	Mar 2016
Sarah Richards	Mar 2016	(Ongoing)
Helen Adlard	(Existing)	Nov 2015
Jon Banks	(Existing)	(Ongoing)
Phil Hammond	(Existing)	(Ongoing)
Tracy Hodgkiss*	Aug 2015	Feb 2016
Ben Linscott	(Existing)	May 2015
Mark Southgate	(Existing)	(Ongoing)
Tony Thickett	(Existing)	(Ongoing)
<p>* Further detail of this post is given in the Single total figure of remuneration for Directors' – see Section 2.2a. Note: Dates are not given where the person was in post prior to the start of the year or whose employment was ongoing at year end.</p>		

Table 12

Changes to the Non-Executive Directors are covered in Section 2.1c, the Governance Statement, which also covers declarations of interest and provides a link to the on-line register of Board Members' Interests.

2.1b The Statement of Accounting Officers' Responsibilities

Under Section 7(2) of the Government Resources and Accounts Act 2000, HM 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 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 HM 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;
- Prepare the financial statements on the going concern basis;
- Prepare the financial statements on the going concern basis;
- Confirm that as far as they were aware, there is no relevant audit information of which the entity's auditors are unaware;
- Confirm that the Accounting Officer has taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information;
- Confirm that the annual report and accounts as a whole is fair, balanced and understandable; and
- Confirm that they take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

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

2.1c The Governance Statement

Scope of responsibility

This Governance Statement drew on a wide range of internal and external assurance activity. It covers the period from 1 April 2015 to 31 March 2016, and relevant matters to the date it was signed by the Accounting Officer.

I am the Inspectorate's Chief Executive and Accounting Officer. My responsibilities are set out in 'Managing Public Money'. I must ensure that the system of governance supports the achievement of our 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 with effect from 14 March 2016. There were three other Accounting Officers during the year:

- Simon Ridley: 1 April – 18 September 2015 (designated 30 June 2014);
- Mark Southgate: 19 September – 4 October 2015 (designated 15 September 2015); and
- Steve Quartermain: 5 October 2015 – 13 March 2016 (designated 15 September 2015).

I am satisfied that there were appropriate handovers between successive Accounting Officers and, on the basis of evidence received from the Executive Directors, the Non-Executive Chair of the Board and the Non-Executive Director Chairs of the Committees, particularly the Audit and Risk Assurance Committee, that I have the necessary level of assurance for the whole period covered by this Governance Statement.

A detailed breakdown of responsibilities is contained in my letter of designation dated 10 March 2016. That letter also sets 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 the 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 the financial year.

I am personally responsible for the effective management of the Inspectorate in accordance with the Framework



Document (which describes the Inspectorate’s 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.

The Governance Framework

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

The system of internal control continued to be an integral part of that framework. It utilised 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.

It is also designed to manage risk to a level that is considered acceptable using a sound risk management framework.

The governance framework includes:

- the Board;
- 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

I am supported by a Board appointed to direct work within the parameters laid down in the Framework Document. Following the departure of Simon Ridley, Steve Quartermain was appointed interim Chief Executive with the support of Mark Southgate in the newly created temporary post of Chief Operating Officer. Sara Weller remained our Non-Executive Board Chair.

The Board comprises the Non-Executive Chair, four Non-Executive Directors (until the end of June 2016 when the handover between two of them ends), the Chief Executive, the Chief Operating Officer, the Director for Wales and



the Director of Finance. The Board is supported by three Committees, each chaired by a Non-Executive Director. The Board met on a monthly basis except in April when the meeting was conducted by correspondence. Board and Committee attendance by the Non-Executive Directors and the Executive over the course of the year is shown in Table 13.

Board and Committee Attendance	Planning Inspectorate Board	Audit & Risk Assurance Committee	People Committee	Customer, Quality and Professional Standards Committee
Non-Executive Chair				
Sara Weller	11 of 11	4 of 4	4 of 4	4 of 4
Non-Executive Directors				
David Clements	2 of 2	1 of 1	1 of 1	1 of 1
Janet Goodland	10 of 11	2 of 4	4 of 4	4 of 4
Jayne Erskine	10 of 11	4 of 4	4 of 4	3 of 4
David Holt	3 of 3	2 of 2	1 of 1	1 of 1
Susan Johnson	3 of 3	1 of 1	1 of 1	1 of 1
Chief Executive				
Simon Ridley	5 of 5			
Steve Quartermain	6 of 6			
Sarah Richards	0 of 0			
Executive Directors				
Helen Adlard	4 of 7			
Jon Banks	10 of 11			
Phil Hammond	0 of 1			
Tracy Hodgkiss	4 of 6			
Mark Southgate	6 of 6			
Tony Thickett	11 of 11			

Table 13

The Governance structure is shown in Figure 2 below.

Non-Executive changes during the year

David Clements, who was Chair of the Audit and Risk Assurance Committee, left at the end of June 2015 in accordance with his contract. The Audit and Risk Assurance Committee meeting in September was chaired by Sara Weller in the absence of a permanent committee Chair. David Holt, then a Non-Executive Director of Ebbsfleet Development Corporation, stepped in to chair the December 2015 meeting, and was subsequently appointed in January 2016 as the permanent replacement for David Clements.

Susan Johnson was appointed a Non-Executive Director in January 2016 and took over as Chair of the Customer, Quality and Professional Standards Committee. Janet Goodland's contract was extended to the end of June 2016 to provide continuity. The continuing role of the Non-Executive Directors is to use their knowledge and background in matters such as business planning, policy, strategy, performance, resources and governance, and to contribute to collective Board scrutiny by providing an alternative viewpoint and independent advice to me as Accounting Officer.

Non-Executive Induction

The induction training for Non-Executive Directors included meetings with the:

- Chair of the Board;
- Chief Executive;
- Directors;
- Committee Professional Leads; and
- Casework Transformation Project Leads.

Following on from these initial meetings, Non-Executives requested further meetings with individuals and teams across the organisation to further their understanding. They have also begun a programme to engage with staff, by holding staff roundtable sessions and publishing blogs.

Non-Executive Directors were also represented at the Annual Stakeholder events, inspector training sessions and attended events such as hearings or inquiries to extend their knowledge of our operations.

The Planning Inspectorate Board

The Board's Terms of Reference were updated to reflect changes to membership of the Board, in particular to the Non-Executives as outlined above.

The Strategic Plan (which was adopted in March 2015) focused on achieving two overriding goals: providing excellent customer service and continuously improving productivity. The Board, therefore, focused on scrutinising the executive's plans to tackle casework backlogs and to improve productivity – further detail can be found in Section 1.1d Performance summary.

Management Board

The Chief Executive and Executive Directors met on a weekly basis to oversee the day-to-day operational management of the organisation and make associated decisions. The Management Board is supported by three Executive Groups - Operations, Finance and People with membership drawn from the Senior Leadership Team (Directors and Heads of Service).

Planning Inspectorate Governance

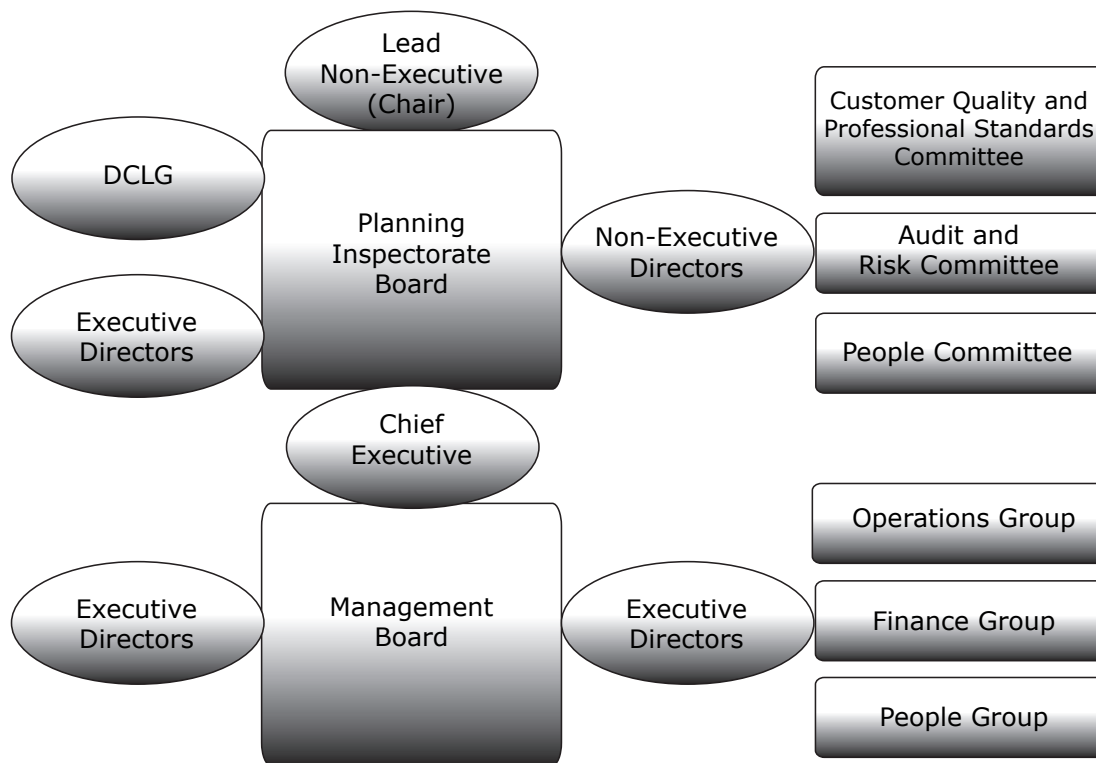


Figure 2

Executive Governance
Groups

The Groups' focus on operational matters such as workforce planning, HR policies and budget management.

People Committee

The People Committee operates as a Sub-Committee of the Board and has terms of reference that encompass all aspects of the people function including pay and reward. The main focus was the development of a people strategy to support the Strategic Plan over the next three years.

Customer, Quality and
Professional Standards
Committee (CQPSC)

The Committee was established to support the Board in matters relating to customer service, quality and maintaining professional standards.

Matters covered by the Committee during the year included:

- reviews and discussions of quarterly reports on quality performance;
- oversight of the customer quality project;
- how professional standards are maintained;
- the results of customer surveys; and
- formalising the 'virtuous circle' to ensure lessons are learnt.

The Committee members reviewed their remit and revised Terms of Reference are now in place.

Audit and Risk Assurance
Committee (ARAC)

The Audit and Risk Assurance Committee provided oversight and advice on the Board's responsibilities for risk management, compliance and corporate governance. Both internal and external audit representatives attended the meetings to support the Committee in reviewing the comprehensiveness, reliability and integrity of assurances in meeting the Board and Accounting Officer's responsibilities. The Committee's Terms of Reference have been updated to reflect changes in membership.

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

- reviewing and recommending sign-off to the Accounting Officer of the 2014/15 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.

	<p>In December 2015, we launched a new independent whistleblowing service, to help ensure that any employee who may have a serious concern about any aspect of our work feels confident to voice it. As part of our ongoing commitment to openness, probity and accountability, we have also updated our whistleblowing policy. There was one known instance of whistleblowing in 2015/16, which was resolved.</p>
<p>Review of Board and Committee Effectiveness</p>	<p>A Review of Effectiveness will be carried out by Internal Audit in Quarter 2 of 2016/17 covering the Inspectorate's Governance, including the Board and Committees. This will enable the organisation to obtain maximum value by allowing time for changes made in 2015/16 to be embedded.</p>
<p>Sponsorship arrangements</p>	<p>The centralised sponsorship team based in DCLG Finance is the first point of contact for issues relating to finance, staff resources, and governance.</p> <p>The team also manages the process for the regular Accounting Officer meetings between the Chief Executive and the Department. The objective of these meetings is to enable DCLG to challenge us on our performance and compliance with the Framework Document, and to provide an opportunity to raise risks and issues with DCLG. Given the breadth of activity, ongoing contact between the Inspectorate and policy officials is a necessity. Both DCLG and the Inspectorate believe that these arrangements have worked well, though they are subject to ongoing review.</p>
<p>External Audit</p>	<p>In Wales, the sponsorship team was kept informed through quarterly meetings with our Director for Wales.</p> <p>The Comptroller and Auditor General is the Inspectorate's external auditor. The Annual Report and Accounts have been audited in accordance with the scope set out in the Comptroller and Auditor General's audit certificate in Section 2.3g.</p>
<p>Government Internal Audit</p>	<p>The GIAA carried out audits of a number of specific aspects of controls and processes across our business. Details are given in Table 14.</p>

Audit Subject	Final Report	Assurance outcome
14-08: HR Key Control Testing	May 15	Moderate: 2 actions (med)
14-09: ISO 27001 Controls	May 15	Moderate: 8 actions (med)
14-10: Horizon Stage 1	May 15	Moderate: 5 actions (2 high, 3 med)
ML 15-01: Governance and Risk	Jun 15	Moderate: 1 action (med)
ML 15-02: Casework+	Jul 15	Advisory review
ML 14-03: Finance data mining	Aug 15	Moderate: 2 actions (low)
ML 15-03: Review of casework information	Aug 15	Advisory review
15-01: Key Performance Validation	Aug 15	Substantial: 1 action (low)
15-02: Financial Recharges	Sep 15	Moderate: 3 actions (2 med, 1 low)
15-03: ABC/Unit Costing & Time recording process	Oct 15	Substantial: 3 actions (low)
15-04: HR Key Controls	Nov 15	Moderate: 5 actions (3 med, 2 low)
15-06: Inspector Resourcing Process/ Strategy	Nov 15	Moderate: 4 actions (low)
15-05: ICT Strategy	Dec 15	Moderate: 5 actions (med)
15-07: Benefits Tracking	Dec 15	Moderate: 1 action (med)
15-08: Business Continuity Planning	Feb 16	Moderate: 4 actions (3 med, 1 low)
ML 15-04: Review of Casework Information - Follow-up	Feb 16	Substantial: 1 action (med)
15-09: Finance Key Controls	Feb 16	Substantial: 1 action (med)
15-10: Cabinet Office Spending Controls	Feb 16	Moderate: 2 actions (med)
15-11: Provision of Training for Planning Inspectors	Feb 16	Moderate: 5 actions (4 med, 1 low)
15-12: Horizon Stage 2 – Outcome & Lessons Learnt	Feb 16	Substantial: 1 action (low)
15-13: Complaints Handling	Mar 16	Moderate: 4 actions (3 med, 1 low)

Table 14



Each audit resulted in an agreed Action Plan designed to address identified weaknesses and increase the level of assurance.

Action plans were managed by the relevant Audit Sponsor and regularly reviewed by the Audit and Risk Assurance Committee. 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 it to provide an independent opinion.

In addition, KPMG on behalf of the Civil Service Commission (CSC), undertook a recruitment compliance and capability monitoring review. Their draft report, issued in April 2016, gave a red final risk rating and contained four recommendations (one flagged as high priority) to help us improve. Although the review took place in Quarter 4, the actions are already being pursued.

Risk management

In response to the 2014/15 Internal Audit annual opinion, the risk management framework and associated responsibilities were revised and strengthened to ensure a consistent and integrated approach.

The series of directorate risk management plans were replaced by one strategic level risk register which covers the whole organisation. Registers at a more detailed operational level are maintained for each of the Governance Groups.

A clear route for escalating risk, based on risk scores, was implemented.

Formal project management disciplines are followed and projects have separate risk management plans, with the project's Senior Responsible Owner accountable for the management and escalation of risks. The Management Board oversees the portfolio of such projects and initiatives, and reviews project risks regularly.

To support finalisation of this Statement, GIAA provided its annual report and opinion to the Audit and Risk Assurance Committee covering 2015/16 in June 2016. It gave an overall opinion of moderate, with the narrative: "All reviews have led us to being able to offer either substantial (5 reviews) or moderate (10 reviews) assurance in respect of our findings. Therefore based on our assurance work and taking into account the progress being made around



systems under development I am able to give a moderate opinion in respect of the risk management, governance and control framework as operated in the financial year 2015-16.”

As a result, I am confident that the key risks faced by the organisation during the year, and summarised in Section 1.1c Key issues and risks, were managed appropriately and their impact minimised.

Information and IT Security

The Inspectorate’s Information Services team followed the international standards for information security best practice ISO 27001. The Information Security Management Forum met twice 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 be reported to the Board, though there were no such breaches this year.

The Cabinet Office requires all staff to complete annual training on information handling, 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 statutory obligations are met. Online courses were provided through Civil Service Learning (CSL) at different levels, tailored for particular groups of staff: general user; Information Asset Owner; and Senior Information Risk Owner. CSL also provided online training for Non-Executive Directors.

Information Commissioner

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

During the year, we were notified of four complaints that were made to the Commissioner regarding our response to requests for information under the Freedom of Information Act/Environmental Information Regulations.

- The first related to a request for copies of legislation and the ICO agreed with our stance that the information was reasonably available.

- The second related to a request for a copy of a local plan report. On reviewing the complaint at commissioner stage, we re-established communications with the requester and identified that he required something different to the information we had previously supplied. As we provided a fresh response at this stage, the ICO found that we had missed the 20 working day response period. However no further action was required as we had provided the information.
- The third related to a request for appeal information, and the complaint was that we had not responded. We could find no record of having received the request and provided a response to the requester once we were aware of it. As the complainant provided no further information to substantiate that we had received the original request, the ICO closed the complaint without a formal decision.
- The fourth was a repeat of the second request and the ICO agreed that the information had been provided.

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 of Finance was the Senior Responsible Owner for our models. They were regularly reviewed, refined and updated, including a specific piece of work towards the end of the year, aimed at addressing historic data quality issues and processes, which over time, and following investment in other systems, led to the need for additional manual work on some of our core data outputs.

If we develop models that have the potential or possibility to directly inform government policy, 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)

We complied with the requirements of the Code in all material aspects, relevant to the size and complexity of the organisation.

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 have been misconstrued or caused embarrassment to the Inspectorate, 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 makes provision for attendees to declare any such interests. There were two such declarations in the period.

If an interest is declared, the member is responsible for withdrawing from any discussion where such a conflict could have influenced their judgement. The Register was updated in-year to reflect changed Board membership.

We publish our Register of Board Member Interests on the GOV.UK website (www.gov.uk/government/publications/register-of-planning-inspectorate-board-member-interests-april-2014)

Conflict of interests

Our Conflict of Interest policy requires staff to declare any interests as they arise. In addition, Inspectors are precluded from taking casework in Local Planning Authority areas where they have recent/ongoing connections. These are declared on appointment and updated as necessary.

The Committees that support the Board help to ensure that to the extent that it is deemed relevant and practical, we followed the Code requirements.

Value for money

As Accounting Officer, I was responsible for ensuring that our activities are 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. We did not formally review value for money considerations in relation to shared services.

Acting on governance issues

The main issue that was exposed in 2015/16 related to management of timeliness of determining appeal casework. This is covered in some detail in the Chief Executive's Statement in the Performance Report – see Section 1.1a.

Following concerns that information presented to the Board did not adequately reflect performance, we sought independent scrutiny from GIAA. Six months later it confirmed our belief that these matters had been addressed (see also Section 1.1d).

A review of the KPMG findings relating to our recruitment processes, and our own records, show poor record keeping rather than poor decision making. We accept that improvements to the way we document those decisions were needed, and they are being made. This, and actions on the other recommendations, will ensure that future recruitment complies with the CSC Recruitment Principles by being demonstrably fair, with selection based on merit.

There were no other major governance issues identified during the period.

Improving for the future

We took action during the year to place the organisation in a better position for the future, including matters raised by Ministers and covered by Internal Audit Report action plans. In addition, work to progress the following took place ready for the start of 2016/17:

- Rigorous benefits management and resource management for transformational projects through increased capacity for project management;
- Improvements to recruitment practice to clearly demonstrate fairness and consistency;
- Plans to collect real time customer feedback to deliver service improvements; and
- Plans to understand where planning decisions and reports go right, and wrong, learn lessons and disseminate that learning.



2.2 Remuneration and staff report

2.2a Remuneration report

Remuneration policy

The remuneration report summarises our remuneration policy and disclosures on Directors' remuneration as required by section 421 of the Companies Act 2006.

People Committee

The People Committee, which deals with pay and reward matters, operates as a Sub-Committee of the Board, is chaired by a Non-Executive Director and has terms of reference that 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 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 DCLG, 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.

Remuneration and pension entitlements (including CETV disclosures) for Directors and Board Members

The single total figure of remuneration for Directors' for the year ended 31 March 2016 were as follows (comparative figures for 2014/15 are shown in brackets):

	Salary and fees paid (£k in bands of £5k)	Bonus (£k in bands of £5k)	Taxable benefits¹ (to the nearest £100)	Pension related benefits¹ (£k in bands of £5k)	Total for 2015/16 (2014/15) (£k in bands of £5k)
Accounting Officers					
Sarah Richards Chief Executive (from March 2016)	5-10 135-140 full-time equivalent (-)	- -	- -	0-5 50-55 full-time equivalent (-)	5-10 190-200 full-time equivalent (-)
Steve Quartermain ² Chief Executive (October 2015 to March 2016)	40-45 110-115 full-time equivalent (-)	- -	- -	5-10 15-20 full-time equivalent (-)	50-55 130-135 full-time equivalent (-)
Simon Ridley Chief Executive (to September 2015)	55-60 115-120 full-time equivalent (85-90) (110-115 full-time equivalent)	10-15 10-15 full-time equivalent (-) (-)	- -	25-30 50-55 full-time equivalent (105-110) (140-145 full-time equivalent)	95-100 185-190 full-time equivalent (190-195) (255-260 full-time equivalent)
Sir Michael Pitt Chief Executive (to July 2014)	- (50-55) (180-185 full-time equivalent)	- (-) (-)	- (-) (-)	- (-) (-)	- (50-55) (180-185 full-time equivalent)
Executive Directors					
Mark Southgate Chief Operating Officer ²	85-90 (80-85)	- (-)	- (-)	30-35 (30-35)	120-125 (115-120)
John Saunders ³ Senior Director (to October 2014)	- (115-120) (160-165 full-time equivalent)	- (-) (-)	- (-) (-)	- (50-55) (85-90 full-time equivalent)	- (165-170) (255-260 full-time equivalent)

	Salary and fees paid (£k in bands of £5k)	Bonus (£k in bands of £5k)	Taxable benefits¹ (to the nearest £100)	Pension related benefits¹ (£k in bands of £5k)	Total for 2015/16 (2014/15) (£k in bands of £5k)
Helen Adlard Director of Strategic Change (to November 2015)	65-70 90-95 full-time equivalent (90-95)	- - (-)	- - (-)	15-20 25-30 full-time equivalent (20-25)	85-90 115-120 full-time equivalent (110-115)
Jon Banks Director of Finance	70-75 (70-75)	- (-)	- (-)	25-30 (25-30)	100-105 (95-100)
Phil Hammond Director of Casework	70-75 (70-75)	- (-)	- (-)	20-25 (10-15)	95-100 (85-90)
Tracy Hodgkiss ⁴ Director of People and Change (from August 2015 to February 2016)	80-85 130-135 full-time equivalent (-)	- - (-)	- - (-)	- - (-)	80-85 130-135 full-time equivalent (-)
Ben Linscott Chief Planning Inspector (to May 2015)	15-20 85-90 full-time equivalent (85-90)	- - (0-5)	6,100 29,800 full-time equivalent (35,400)	0-5 15-20 full-time equivalent (80-85)	20-25 125-130 full-time equivalent (200-205)
Tony Thickett Director for Wales	75-80 (30-35) (75-80 full-time equivalent)	- (-) (-)	18,800 (6,900) (16,600 full-time equivalent)	80-85 (35-40) (90-95 full-time equivalent)	180-185 (75-80) (180-185 full-time equivalent)
Richard Poppleton Director for Wales (to September 2014)	- (50-55) (100-105 full-time equivalent)	- (-) (-)	- (-) (-)	- (0-5) (5-10 full-time equivalent)	- (55-60) (105-110 full-time equivalent)
Non-Executive Directors					
Sara Weller Director, Non-Executive	15-20 (10-15) (15-20 full-time equivalent)	- (-) (-)	3,100 (500) (1,000 full-time equivalent)	- (-) (-)	20-25 (10-15) (20-25 full-time equivalent)
David Clements Director, Non-Executive (to June 2015)	0-5 10-15 full-time equivalent (5-10)	- - (-)	400 3,400 full-time equivalent (3,400)	- - (-)	0-5 10-15 full-time equivalent (10-15)

	Salary and fees paid (£k in bands of £5k)	Bonus (£k in bands of £5k)	Taxable benefits¹ (to the nearest £100)	Pension related benefits¹ (£k in bands of £5k)	Total for 2015/16 (2014/15) (£k in bands of £5k)
Jayne Erskine Director, Non-Executive	10-15 (0-5) (10-15 full-time equivalent)	- (-) (-)	900 (200) (700 full-time equivalent)	- (-) (-)	10-15 (0-5) (10-15 full-time equivalent)
Janet Goodland Director, Non-Executive	10-15 (5-10)	- (-)	5,600 (5,100)	- (-)	15-20 (10-15)
David Holt Director, Non-Executive (from January 2016)	0-5 10-15 full-time equivalent (-)	- - (-)	1,700 5,000 full-time equivalent (-)	- - (-)	0-5 15-20 full-time equivalent (-)
Susan Johnson Director, Non-Executive (from January 2016)	0-5 10-15 full-time equivalent (-)	- - (-)	1,300 5,300 full-time equivalent (-)	- - (-)	0-5 15-20 full-time equivalent (-)
Valerie Owen Director, Non-Executive (to December 2014)	- (0-5) (5-10 full-time equivalent)	- (-) (-)	- (2,200) (2,900 full-time equivalent)	- (-) (-)	- (5-10) (5-10 full-time equivalent)

Table 15

¹ Taxable and pension related benefits are assumed, for full-time equivalent purposes, to be calculated on a linear basis.

² Mark Southgate's directorship included Acting Chief Executive from 21/09/15 – 04/10/15. From this date, Steve Quartermain was seconded from DCLG for a fixed period, whilst the search for a new Chief Executive took place.

³ John Saunders left under Voluntary Redundancy terms on 31 October 2014. Voluntary redundancy costs of £123,268 are excluded from the table above and were paid in accordance with the former Infrastructure Planning Commission terms in accordance with rights under Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE).

⁴ Following recognition of significant change relating to a number of staffing issues, including a Voluntary Exit Scheme, we engaged with an off-payroll Director of People and Change during the year. This specific engagement, which was considered to require skills and experience that were not readily available within the organisation, lasted for less than six months before the Board determined that the requirement for such a position would be longer than anticipated, and realigned the engagement through the organisation's payroll.

Directors' pension disclosure

	Real increase in pension & related lump sum at pension age (£k)	Total accrued pension at age at 31/3/16 & related lump sum (£k)	CETV at 1/4/15 (to the nearest £k)	CETV at 31/3/16 (to the nearest £k)	Real increase in CETV (to the nearest £k)
Sarah Richards Chief Executive (from March 2016)	0-2.5	0-5	-	2	2
Steve Quartermain Chief Executive (October 2015 to March 2016)	0-2.5	15-20	275	300	13
Simon Ridley Chief Executive (to September 2015)	2.5-5 plus 2.5-5 lump sum	25-30 plus 75-80 lump sum	302	347	25
Mark Southgate Chief Operating Officer	0-2.5	15-20	157	195	14
Helen Adlard Director of Strategic Change (to November 2015)	0-2.5	5-10	116	142	13
Jon Banks Director of Finance	0-2.5	5-10	63	85	7
Phil Hammond Director of Casework	0-2.5 plus 0-2.5 lump sum	25-30 plus 80-85 lump sum	458	518	15
Ben Linscott Chief Planning Inspector (to May 2015)	0-2.5 plus 2.5-5 lump sum	30-35 plus 100-105 lump sum	730	799	19
Tony Thickett Director for Wales	2.5-5	35-40	528	646	71

Table 16 Other senior posts are not pensionable.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. 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 Exchequer. 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.

Compensation on early retirement or loss of office

We have not made any compensation payments to Directors on early retirement or loss of office.

Payments to past Directors

Directors do not have any entitlements to pay after their departure date.

Fair pay disclosure

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

	2015/16	2014/15
Band of Highest Paid Director's Total Remuneration (£'000)	135-140	120-125
Median Total - Inspector	54,372	60,670
Remuneration Ratio - Inspector	2.57	2.01
Median Total - Administrative	26,103	25,648
Remuneration Ratio - Administrative	5.36	4.75

Table 17

The banded remuneration of the highest paid director in the financial year 2015/16 was £135k - £140k (2014/15, £120k - £125k). This was 5.36 times (administrative); 2.57 times (inspectors) (2014/15, 4.75 (administrative); 2.01 (inspectors)) the median remuneration of the workforce, which was £26,103 (administrative); £54,372 (inspector) (2014/15, £25,648 (administrative); £60,670 (inspector)).

The 2015/16 ratio has increased in both administrative and inspector areas following the appointment of a new Chief Executive. However, these ratios remain materially lower than those reported when the organisation previously had a permanent Chief Executive. Furthermore, the decrease of the inspector median is reflective of a successful recruitment campaign at entry pay band level.

In 2015/16, nil employees received remuneration in excess of the highest paid director (2014/15, nil). Remuneration ranged from £109,075 to £11,816 (2014/15, £115,000 to £10,500) 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.

2.2b Staff report

Staff numbers

For the financial year 2015/16, we employed (average, whole-time equivalent) 668 staff (see Table 18). This total was made up of 384 men and 284 women (five men, one woman at Senior Civil Servants level), and a mixture of full and part-time employees, home-based salaried inspectors and office-based staff in the Cardiff and Bristol offices. We also used the services of 75 non-salaried inspectors on a fee-paid contractual basis to allow flexible resourcing and value for money.

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

	2015/16	2014/15
Senior Civil Service Pay Band 2	1	2
Senior Civil Service Pay Band 1	5	5
Grade 6-7 (Directors & Senior staff)	28	31
Salaried Inspector	248	234
Administrative	96	118
Caseworkers	290	297
Total	668	687
Less Secondments	-	(2)
Add Agency	11	9
Total Employed	679	694

Table 18

Staff policies

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, we have embedded diversity into our 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. In addition, as part of the staff development action plan, a series of mandatory learning courses, from Civil Service Learning has been required for all staff.

A small proportion (less than 9%) of staff consider themselves to have a disability. When recruiting staff, we guarantee an interview to disabled candidates who meet the core requirements of the job description and person specification. We support the career development of all staff, including those with disabilities.

Trade unions and staff engagement

The organisation formally recognises 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. We work 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 are available to all staff through the intranet.

Positive engagement with our workforce is very important to us. Following disappointing results from the most recent Civil Service People Survey, where our overall engagement score worsened by 4% to 56%, we have developed plans to help us improve.

Attendance management

We continued to monitor attendance figures. The average working days lost through sickness absence in 2015/16 was 8.2 days, which is an increase on the 6.8 days reported for 2014/15. This increase reflects a trend across the UK. The Chartered Institute of Personnel and Development reported an increase of 1.1 average working days lost (AWDL) from 2014 to 2015 with an average for the Public Sector of 9.3 AWDL. We monitored all active cases of long-term sickness and short-term persistent absence. Detailed action plans were required for these cases from all business areas to ensure appropriate management action was taken.

Staff costs

Total staff costs for the 2015/16 financial year are included in the Financial Statements section of this publication. A detailed analysis of staff costs is provided in Table 19.

	2015/16	2014/15
	£'000	£'000
Wages and salaries	26,734	27,274
Social security costs	2,298	2,364
Other pension costs	5,522	5,324
Sub-Total	34,554	34,962
Agency staff	639	373
Total net costs	35,193	35,335

Table 19

Pension benefits

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme (CSOPS) or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium**, or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

PCSPS and CSOPS – **alpha** are unfunded multi-employer defined benefit schemes in which we are unable to identify our 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/>).

Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension

age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** some time between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**.

For 2015/16, employers' contributions of £5,441,332 were payable to the PCSPS (2014/15: £5,334,769) as one of four rates in the range 20.0% to 24.5% (2014/15: 16.7% to 24.3%) of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2015/16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £38,344 (2014/15: £59,346) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earnings from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £2,281, 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill-health retirement of these employees.

Contributions due to the partnership pension providers at 31 March 2016 were £3,037 (2014/15: £3,553). Contributions prepaid at that date were £Nil (2014/15: £Nil).

Nil persons (2014/15: Nil persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2014/15: £Nil).

Expenditure on consultancy

We did not incur any expenditure on consultancy in the 2015/16 Financial Year (2014/15: £Nil).

Off-payroll engagements

We engaged in a number of off-payroll contracts (Table 20, 21 and 22). Over 90% of these engagements were for the services of non-salaried inspectors (on a fee-paid contractual basis), to provide necessary flexibility in the inspector workforce. The remainder of the off-payroll engagements were to support a specific need in the organisation.

	As at March 2016
No. of existing engagements	79
Of which...	
No. that have existed for less than one year at time of reporting	4
No. that have existed for between one and two years at time of reporting	1
No. that have existed for between two and three years at time of reporting	4
No. that have existed for between three and four years at time of reporting	10
No. that have existed for four or more years at time of reporting	60

Table 20: For all off-payroll engagements as of 31 March 2016, for more than £220 per day and that last for longer than six months

All existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

	As at March 2016
No. of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016	80
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	80
No. for whom assurance has been requested	80
Of which...	
No. for whom assurance has been received	80
No. for whom assurance has not been received (1)	0
No. that have been terminated as a result of assurance not being received.	0

Table 21: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months

Following recognition of significant change relating to a number of staffing issues, including a Voluntary Exit Scheme, we engaged with an off-payroll Director of People and Change during the year. This specific engagement, which was considered to require skills and experience that were not readily available within the organisation, lasted for less than six months before the Board determined that the requirement for such a position would be longer than anticipated and realigned the engagement through the organisation's payroll.

	As at March 2016
No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year.	1
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and /or senior officials with significant financial responsibility", during the financial year. This figure should include both on-payroll and off-payroll engagements.	16

Table 22: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2015 and 31 March 2016

Exit packages

In the 2015/16 Financial Year, in readiness for the impact of the Spending Review and the requirement to deliver savings over the next four-year period, we progressed a Voluntary Exit Scheme during the autumn period. The Scheme was approved by Cabinet Office on 29 September 2015 – ref VETSPINS1. Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme. Exit costs are accounted for in full either in the year of departure or, where a binding commitment is made to leave in the subsequent year, costs are accrued (Table 23). Ill-health retirement costs are met by the pension scheme and are not included in the table.

There were no compulsory redundancy departures in 2015/16.

Exit package cost bands	2015/16	2015/16	2014/15	2014/15
	Number of other departures agreed	Cost of other departures agreed £'000	Number of other departures agreed	Cost of other departures agreed* £'000
< £10,000	4	7	-	-
£10,000 - £25,000	11	189	-	-
£25,001 - £50,000	14	501	-	-
£50,001 - £100,000	5	391	-	-
£100,001 - £150,000	-	-	1	123
Totals	34	1,088	1	123

Table 23

*For 2014/15, voluntary redundancy costs of £123,268 were paid in accordance with the former Infrastructure Planning Commission terms in accordance with rights under TUPE.

2.3 Parliamentary Accountability and Audit Report

2.3a Financial performance: Budget Allocations and Outturn

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 exercises and are then refined on an annual basis as necessary through the DCLG business planning round. Since 1 April 2011, we have been 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 2015/16 Financial Year are included in the 'Financial Statements' part of this publication. A brief summary of our performance against budget is provided in Table 24.

2015/16	Original budget £'000	Revised budget £'000	Outturn £'000
Staff & related costs	36,706	34,778	35,193
Non pay running costs	16,036	20,155	18,808
Receipts	(13,464)	(13,004)	(12,686)
Net costs	39,278	41,929	41,315
Administration funded ring-fenced costs	2,055	755	399
Total administration costs	41,333	42,684	41,714
Programme funded non-cash costs	161	161	(340)
Total operating expenditure	41,494	42,845	41,374
Capital expenditure	700	750	552

Table 24

The table above shows that for Net costs actual spend is £614k below the revised budget allocation. In arriving at this position the organisation actively managed its budgets throughout the year including switching funding between each of the summary headings.

The Inspectorate's agreed budget for the Spending Period 2016/17 to 2019/20 is detailed in Table 25.

The table below shows the current provisional allocations and working assumptions for the budget over the Spending Review period.

	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Net costs	39,233	35,046	33,217	33,534
Administration funded ring-fenced costs	1,000	1,000	1,000	1,000
Total administration costs	40,233	36,046	34,217	34,534
Programme funded non-cash costs	161	161	161	161
Total operating expenditure	40,394	36,207	34,378	34,695
Capital expenditure	500	500	500	500

Table 25

2.3b Long-term expenditure trends

Table 25 demonstrates an expected pattern of significant savings being required on an annual basis in response to the Spending Review. This is likely to prove challenging and therefore, requires the organisation to consider how it carries out its functions and determine whether they can be transformed for the benefit of both the customer as well as the organisation.

2.3c Creditor payments

The Government announced in November 2008 that all government organisations should aim to pay invoices, particularly from small and medium sized enterprises (SMEs), within 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 our 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 2015/16, we paid 86.9% of 2,822 invoices received within five days. This compares with the previous year's performance of 86.7% of 3,053 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. No claims were received during 2015/16 (there was one claim in 2014/15).

2.3d Fees and charges

We have complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance for fees and charges. Casework for which total fees exceed £1m are analysed below.

	2015/16			2014/15		
	Cost	Income	Net	Cost	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
National Infrastructure ¹	6,859	(4,178)	2,681	8,017	(4,597)	3,420
Local Plans	4,307	(3,508)	799	4,278	(4,587)	(309)
Other Major Specialist Casework ²	4,863	(1,428)	3,435	5,881	(1,636)	4,245
Totals	16,029	(9,114)	6,915	18,176	(10,820)	7,356

Table 26

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 we undertake on behalf of other government departments.

2.3e Regularity of expenditure

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 are detailed in Table 27.

	2015/16		2014/15	
	Number of cases	£'000	Number of cases	£'000
Losses Statement	21	183	15	29
Special Payments	36	1,558	27	400

Table 27

Losses include:

- claims waived or abandoned; and
- travel cancellation charges

Special payments include:

- ex gratia payments, of which we paid seven cases (2014/15: five cases) of £10,000 or more; and
- damage to hire cars: 20 cases, all under £1,500, the largest being £1,110 (2014/15: 14 cases, all apart from two under £1,500, the largest being £6,000).

Details of cases over £300,000:

- Included in special payments are two reportable cases of £437,091 and £509,718, both of which relate to ex gratia payments. In accordance with Managing Public Money, HM Treasury approval was sought and received prior to offer and settlement.

2.3f Remote contingent liabilities

Included in our contingent liabilities are ex gratia costs (see Financial Statements – Note 12). These costs are non-statutory payments, generally made as a result of an acknowledged error causing unnecessary expenditure for the claimant. This can include cases where maladministration is found by the Parliamentary Ombudsman. We have already provided for £82,000 as a provision in our Accounts (see Financial Statements – Note 11). The contingent liability in 2015/16 is, therefore, for a minor value (£6,000) as these costs were the only cases known at the 2015/16 year end that are possibly going to be realised in 2016/17. Based on previous years, it is a remote possibility that we could have a significant cost claim received in 2016/17 which relates to work completed prior to 31 March 2016. Given the remote classification, it is not possible to estimate a value but, if required, we would seek additional funding from DCLG as part of our normal spending review submissions.

2.3g The Certificate and Report of the Comptroller and Auditor General of the House of Parliament

I certify that I have audited the financial statements of the Planning Inspectorate for the year ended 31 March 2016 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, 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 Accountability Report that is described in the report and disclosures 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. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Planning Inspectorate's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Planning Inspectorate; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements 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 2016 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 Accountability 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 Accountability 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 parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

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

6 July 2016

2.4 Accounting officer
Declaration (Accountability
Report)

In my role as Accounting Officer, and on the basis of documentary evidence and assurances from the Inspectorate's Board and relevant reviews, I am satisfied that the Accountability Report is a true reflection of 2015/16.



Sarah Richards
Chief Executive
24 June 2016

Financial Statements

3.1 Statement of comprehensive net expenditure (For the year ended 31 March 2016)

		2015/16	2014/15
		£'000	£'000
	Note		
Income from sale of goods and services		(2,432)	(2,534)
Other operating income		(10,254)	(11,886)
Operating income	4	(12,686)	(14,420)
Staff costs	3a	35,193	35,335
Other administrative costs	3b	18,845	17,364
Total Operating Expenditure		54,038	52,699
Net Operating Expenditure		41,352	38,279
Finance expense	3b	22	32
Net expenditure for the year		41,374	38,311
Other comprehensive expenditure			
Items that will not be reclassified to net operating costs:			
Net loss/(gain) on revaluation of property, plant and equipment		-	1
Total Comprehensive Expenditure for the year ended 31 March		41,374	38,312

All income and expenditure is derived from continuing operations.
The Notes on pages 77 to 97 form part of these accounts.

3.2 Statement of financial position (As at 31 March 2016)

		31 March 2016	31 March 2015
		£'000	£'000
	Note		
Non-current assets			
Property, plant and equipment	5	174	326
Intangible assets	6	1,826	1,521
Total non-current assets		2,000	1,847
Current assets			
Trade and other receivables	8	5,334	5,383
Cash and cash equivalents	9	351	2,398
Total current assets		5,685	7,781
Total assets		7,685	9,628
Current liabilities			
Trade and other payables	10	(7,131)	(5,214)
Provisions	11	(82)	(422)
Total current liabilities		(7,213)	(5,636)
Non-current assets plus/less net current assets/liabilities		472	3,992
Non-current liabilities			
Other payables	10	-	(138)
Total non-current liabilities		-	(138)
Assets less liabilities		472	3,854
Taxpayers' equity			
General fund		471	3,846
Revaluation reserve		1	8
Total taxpayers' equity		472	3,854

The accounts on pages 73 to 97 were approved by the Inspectorate's Board on 2 June 2016 and signed on its behalf by:

Sarah Richards

Sarah Richards
Chief Executive
24 June 2016

The Notes on pages 77 to 97 form part of these accounts.

3.3 Statement of cash flows

(For the year ended 31 March 2016)

		2015/16	2014/15
		£'000	£'000
	Note		
Cash flows from operating activities			
Net operating expenditure		(41,374)	(38,311)
Adjustments for non-cash transactions	3b	680	953
(Increase)/Decrease in trade and other receivables	8	49	405
Less movement in bad debt provision	3b	(32)	(23)
Increase/(Decrease) in trade payables	10	1,779	658
Less movements in payables relating to items not passing through the SOCNE	6	(57)	(78)
Use of provisions	11	(412)	(109)
Net cash outflow from operating activities		(39,367)	(36,505)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	-	(298)
Purchase of intangible assets	6	(495)	(393)
Net cash outflow from investing activities		(495)	(691)
Net financing		37,815	39,050
Net (decrease)/increase in cash and cash equivalents in the period	9	(2,047)	1,854
Cash and cash equivalents at the beginning of the period	9	2,398	544
Cash and cash equivalents at the end of the period	9	351	2,398

The Notes on pages 77 to 97 form part of these accounts.

3.4 Statement of changes in taxpayers' equity (For the year ended 31 March 2016)

	General fund	Revaluation reserve	Total reserves
	£'000	£'000	£'000
Balance at 31 March 2014	2,869	9	2,878
Changes in Taxpayers' Equity for 2014/15			
Total comprehensive expenditure	(38,311)	(1)	(38,312)
Non-cash charges – auditor's remuneration	61	-	61
Notional charges	177	-	177
Transfer between reserves	-	-	-
Funding from DCLG	39,050	-	39,050
Balance at 31 March 2015	3,846	8	3,854
Changes in Taxpayers' Equity for 2015/16			
Total comprehensive expenditure	(41,374)	-	(41,374)
Non-cash charges – auditor's remuneration	57	-	57
Notional charges	120	-	120
Transfer between reserves	7	(7)	-
Funding from DCLG	37,815	-	37,815
Balance at 31 March 2016	471	1	472

The Notes on pages 77 to 97 form part of these accounts.

3.5 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 2015/16 Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Inspectorate for the purpose of giving a true and fair view has been selected. The particular policies we adopted 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 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 Planning Inspectorate's activities were 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.

We are not separately registered for VAT but operate under the DCLG VAT registration.

1.1d 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, Note 4 to the Accounts, is provided for fees and charges purposes only.				
1.1e 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.				
1.1f 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.				
1.1g 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 remained in place and was released until they reached normal pension age. In 2015/16, the provision was fully released. For more details please refer to Note 11 .				
1.1h 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. In 2015/16, the restatement was not applied as the value was immaterial. 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.				
1.1i 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: <table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 20px;">Strategic IT</td> <td>4 years</td> </tr> <tr> <td>Desktop lease</td> <td>3 years</td> </tr> </table>	Strategic IT	4 years	Desktop lease	3 years
Strategic IT	4 years				
Desktop lease	3 years				

1.1j 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.

1.1k Amortisation

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

Software licences	3 years
Internally generated software	8 years

In 2015/16, we undertook a review of assets and determined that the estimated useful life of internally generated software should be increased from five to eight years.

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

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

1.1l 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 reviewed all service contracts (eg contracts for the supply of IT services) to determine whether the contracts include an embedded finance lease, under the terms of IAS 17 as interpreted by IFRIC 4.

The capital values of finance leases, together with the current value of future capital repayments, are held as assets and liabilities in our 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's 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 recognised in respect of a contract for the provision of IT kit to all staff.

1.1m 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 11**).

1.1n 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 organisation (see **Note 2**).

1.1o 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).

With effect from 22 November 2012 fees in respect of Deemed Planning Applications in England are paid in full to the LPA. In Wales, this change came into effect on 1 October 2015. From this date receipts will be from appellants where applications are already in progress but the Planning Inspectorate will continue to account for refunds and payments to the Consolidated Fund until all outstanding appeals have been decided.

1.1p Accounting standards and interpretations not yet adopted

We have 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 11 (amendment) – acquisition of an interest in a joint operation	May-14	Not yet EU adopted. Expected to be effective from 2016/17.
IAS 16 (amendment) and IAS 38 (amendment) – depreciation and amortisation	May-14	Not yet EU adopted. Expected to be effective from 2016/17.
IAS 16 (amendment) and IAS 41 (amendment) – bearer plants	Jun-14	Not yet EU adopted. Expected to be effective from 2016/17.
IAS 27 (amendment) – equity method in separate financial statements	Aug-14	Not yet EU adopted. Expected to be effective from 2016/17.
IFRS 10 (amendment) and IAS 28 (amendment) – sale or contribution of assets	Sep-14	Not yet EU adopted. Expected to be effective from 2016/17.
IFRS 10 (amendment) and IAS 28 (amendment) – investment entities applying the consolidation exception	Dec-14	Not yet EU adopted. Expected to be effective from 2016/17.
IAS 1 (amendment) – disclosure initiative	Dec-14	Not yet EU adopted. Expected to be effective from 2016/17.
IFRS 15 Revenue from contracts with customers	May-14	Not yet EU adopted. Expected to be effective from 2017/18.
Annual improvements to IFRS: 2012-15 cycle	Sep-14	Not yet EU adopted. Expected to be effective from 2017/18.
IFRS 9 Financial Instruments	Jul-14	Not yet EU adopted. Expected to be effective from 2018/19.

Table 28

1.1q Going concern

In common with other Government organisations, the future financing of our liabilities is to be met by resources approved annually by Parliament. Approval for amounts required for 2016/17 is due to be given before the Parliamentary Recess and there is no reason to believe that future approvals will not be made. It has accordingly been considered appropriate to adopt a going concern basis throughout this report and for the preparation of the 2015/16 Financial Statements.

2. Statement of operating costs by segment

We report under one operating segment, namely, Localism. Therefore we have 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 organisation 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.

	2015/16			2014/15		
	Cost	Income	Net	Cost	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
S78 Planning Appeals	27,515	-	27,515	25,370	-	25,370
National Infrastructure	6,859	(4,178)	2,681	8,017	(4,597)	3,420
Local Plans	4,307	(3,508)	799	4,278	(4,587)	(309)
S174 Enforcement Appeals	6,253	-	6,253	4,941	-	4,941
Rights of Way	1,697	-	1,697	1,933	-	1,933
S20 Listed Building Planning Appeals	855	-	855	916	-	916
Compulsory Purchase Orders	646	(306)	340	402	(291)	111
Other Major Specialist Casework	4,863	(1,428)	3,435	5,881	(1,636)	4,245
Income from Welsh Government	-	(2,432)	(2,432)	-	(2,534)	(2,534)
Other	1,065	(834)	231	993	(775)	218
Totals	54,060	(12,686)	41,374	52,731	(14,420)	38,311

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 LPA 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

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. Operating expenditure

3a. Staff costs

Remuneration for Directors

Remuneration for Directors can be found in Section 2.2a Accountability Report.

Staff costs

Staff costs comprise:

	2015/16	2014/15
	£'000	£'000
Wages and salaries	26,734	27,274
Social security costs	2,298	2,364
Other pension costs	5,522	5,324
Sub-Total	34,554	34,962
Agency staff	639	373
Total net costs	35,193	35,335

3b. Other administrative costs

		2015/16	2014/15
		£'000	£'000
	Note		
Rentals under operating leases:			
Hire of plant and machinery		311	310
Other operating leases		1,834	1,861
		2,145	2,171
Finance lease interest charges			
		22	32
Non-cash items:			
Depreciation	5	152	157
Amortisation	6	247	180
Provision for doubtful debt		32	23
Auditor's remuneration ¹		57	61
DCLG recharges ²		120	177
In-year increase in provision		82	421
Write-back of provisions		(10)	(66)
		680	953
Other expenditure:			
Fees to Non-Salaried Inspectors		1,985	2,375
Travel, subsistence and hospitality		1,729	1,700
Accommodation costs		2,596	1,535
Legal and professional services		2,306	1,905
Information Technology		2,543	3,019
Ex gratia costs		900	822
Adverse costs		708	773
Bad debts		301	32
Telecoms		216	379
Training and conferences		254	329
Postal services		303	375
Office supplies		206	146
Redundancy costs		1,088	123
Other administration costs ³		885	727
		16,020	14,240
Total		18,867	17,396

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 recharges are for the supply of accounting services. In 2015/16, internal audit services have been included in Other administration costs (previously included in DCLG recharges).
3. Other administration costs include advertising, professional fees, publications, and support services.

4. Operating income

	2015/16	2014/15
	£'000	£'000
Operating income analysed by classification and activity		
Fees and charges to external customers:		
Local Plans	3,508	4,587
National Infrastructure ¹	3,200	4,429
Compulsory Purchase Orders	306	291
Transport Work for LPAs	68	75
Transport and Works Inquiries	134	237
Communities Infrastructure Levy	464	568
Developments of National Significance	1	-
Other	65	93
Total external customers	7,746	10,280
Other Government Departments:		
Welsh Government	2,432	2,534
DEFRA	646	574
Government Legal Department	817	644
Highways England ¹	978	171
DfT	67	86
DECC	-	131
Total other Government Departments	4,940	4,140
Total Operating Income	12,686	14,420

1. Included in Highways England are fees for National Infrastructure work £978,000 (2014/15 - £168,000).

5. Property, plant and equipment

	Information Technology
	£'000
Cost or valuation	
At 1 April 2014	1,508
Additions	298
Disposals	(18)
Revaluation	(1)
At 31 March 2015	1,787
Depreciation	
At 1 April 2014	1,323
Charged in year	157
Disposals	(18)
Revaluation	(1)
At 31 March 2015	1,461
Net book value at 31 March 2015	326
At 31 March 2014	185
Asset financing	
Owned at 31 March 2015	71
Finance lease at 31 March 2015	255

	Information Technology
	£'000
Cost or valuation	
At 1 April 2015	1,787
Additions	-
Disposals	(1,305)
Revaluation	-
At 31 March 2016	482
Depreciation	
At 1 April 2015	1,461
Charged in year	152
Disposals	(1,305)
Revaluation	-
At 31 March 2016	308
Net book value at 31 March 2016	174
At 31 March 2015	326
Asset financing	
Owned at 31 March 2016	47
Finance lease at 31 March 2016	127

6. Intangible assets

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

	Internally Generated Information Technology		Software licences	Total
	In operation	Under construction		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2015	11,283	127	28	11,438
Additions ¹	24	528	-	552
Disposals	(7,870)	-	(28)	(7,898)
At 31 March 2016	3,437	655	-	4,092
Amortisation				
At 1 April 2015	9,889	-	28	9,917
Charged in year	247	-	-	247
Disposals	(7,870)	-	(28)	(7,898)
At 31 March 2016	2,266	-	-	2,266
Net book value at 31 March 2016	1,171	655	-	1,826
At 31 March 2015	1,394	127	-	1,521
Asset financing				
Owned at 31 March 2016	1,171	655	-	1,826

¹ 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.

7. Financial Instruments

As our cash requirements 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 our expected purchase and usage requirements and we are therefore exposed to little credit, liquidity or market risk.

8. Trade receivables and other current assets

	2015/16	2014/15
	£'000	£'000
Amounts falling due within one year		
Trade receivables	1,066	822
Other receivables:		
VAT	24	-
Other ¹	563	467
Prepayments and accrued income	3,681	4,094
Total	5,334	5,383

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

9. Cash and cash equivalents

	2015/16	2014/15
	£'000	£'000
Balance at 1 April	2,398	544
Net change in cash and cash equivalent balances	(2,047)	1,854
Balance at 31 March	351	2,398

The cash balance at 31 March 2016 includes £3,493 (2014/15: £9,148) held in respect of Deemed Planning Applications (see **Note 1.1o**).

10. Trade payables and other current liabilities

	2015/16	2014/15
	£'000	£'000
Amounts falling due within one year		
Trade payables	399	34
Other payables:		
Third party ¹	3	9
VAT, taxation and social security	787	744
Other ²	767	738
Accruals and deferred income	5,037	3,562
Current part of finance lease	138	127
Total payables at 31 March	7,131	5,214
Amounts falling due after more than one year		
Finance leases	-	138
	-	138
Total payables at 31 March	7,131	5,352

¹ The third party's payables of £3,493 (2014/15: £9,148) is held in respect of Deemed Planning Applications (see **Note 1.10**).

² Other includes payroll deductions and, amounts payable to consolidation fund of £1,324 (2014/15: £992).

11. Provisions

	Early departures	Adverse costs	Ex gratia	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2014	42	134	-	176
Provided in the year	-	25	396	421
Provisions utilised in the year	(43)	(66)	-	(109)
Provisions not required written back/ unwind discount	2	(68)	-	(66)
Balance at 31 March 2015	1	25	396	422
	£'000	£'000	£'000	£'000
Balance at 1 April 2015	1	25	396	422
Provided in the year	-	-	82	82
Provisions utilised in the year	(1)	(20)	(391)	(412)
Provisions not required written back/ unwind discount	-	(5)	(5)	(10)
Balance at 31 March 2016	-	-	82	82

Analysis of expected timing of discounted flows

	Early departures	Adverse costs	Ex gratia	Total 2015/16	Total 2014/15
	£'000	£'000	£'000	£'000	£'000
Not later than one year	-	-	82	82	422
Later than one year and not later than five years	-	-	-	-	-
Balance at 31 March 2016	-	-	82	82	422

Early departure costs
(see **Note 1.1g**)

Prior to the introduction of the new Civil Service Compensation Scheme we 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. We provided for this in full when the early retirement programme became binding on us, by establishing a provision for the estimated payments. The early departure provision has been fully utilised by June 2015.

Adverse costs

There have been a number of challenges in which we have either agreed to submit to judgement or where we lost the cases in Court but have not yet been formally notified of the costs. As at 31 March 2016, no provisions were recognised as the cases were either: included in the accounts as an accrued expense or, did not have sufficient certainty.

Ex gratia

Ex gratia payments are non-statutory payments, generally made as a result of an acknowledged error causing unnecessary expenditure for the claimant. This can include cases where maladministration is found by the Parliamentary Ombudsman. The provision is the best estimate based on the available information.

12. Contingent liabilities disclosed under IAS 37

There were two types of contingent liabilities which existed at 31 March 2016, and 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 as a result of an acknowledged error causing unnecessary expenditure for the claimant. The timing and value of these payments are very difficult to predict but a best estimate of the contingent liability is £6,000 (2014/15: £1,044,000).
- (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. We have reviewed evidence from previous years on the number of cases which resulted in payment and, applying this trend to the cases in the current year, estimated a contingent liability of £406,510 (2014/15: £210,483).

13. Commitments under finance leases

Finance leases

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

	2015/16	2014/15
	£'000	£'000
Obligations under finance leases		
Information Technology		
Not later than one year	149	149
Later than one year but not later than five years	-	150
Total Information Technology	149	299
Less interest element	(11)	(34)
Present value of obligations	138	265

14. 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.

	2015/16		2014/15	
	Sales £'000	Receivables £'000	Sales £'000	Receivables £'000
DCLG	-	-	-	5
Welsh Government	2,432	610	2,534	125
DEFRA	646	91	574	128
DfT	67	126	86	263
Government Legal Department	817	249	644	156
Highways England	978	208	171	-
DECC	-	-	130	2
Other	-	28	-	-
Total	4,940	1,312	4,139	679

	2015/16		2014/15	
	Purchases £'000	Payables £'000	Purchases £'000	Payables £'000
Welsh Government	30	69	31	108
Government Legal Department	3,191	433	2,730	276
DCLG	5,477	1,336	6,062	891
Other	239	67	100	(17)
Total	8,937	1,905	8,923	1,258

15. 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 us to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by the Planning Inspectorate's management to the Secretary of State of DCLG.

The Accounting Officer authorised these financial statements for issue on 15 June 2016.

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Welsh Government: www.wales.gov.uk

Parliamentary and Health Service Ombudsman: www.ombudsman.org.uk



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