

The Planning Inspectorate Annual Report and Accounts 2016/17



The Planning Inspectorate

Annual Report and Accounts 2016/17

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Contents

	Page
Performance Report	
1.1 Overview	
1.1a Chief Executive's Statement	3
1.1b Statement of purpose and activities	5
1.1c Key issues and risks	8
1.1d Performance summary	9
1.2 Performance analysis	
1.2a Leadership and performance improvement	10
1.2b Customer service and stakeholder confidence	11
1.2c Organisational change	12
1.2d A sustainable budget	13
1.2e Smarter working	14
1.2f Staff engagement	15
1.2g Measures and checks against performance - England	16
1.2h Measures and checks against performance - Wales	22
1.2i Sustainability report	24
1.2j Community and environmental impact	27
1.3 Accounting Officer Declaration: Performance Report	29
Accountability Report	
2.1 Corporate Governance Report	
2.1a The Directors' Report	30
2.1b Statement of The Accounting Officer's Responsibilities	30
2.1c The Governance Statement	32
2.2 Remuneration and staff report	
2.2a Remuneration Report	49
2.2b Staff Report	55
2.3 Parliamentary Accountability and Audit Report	
2.3a Financial performance - Budget Allocations and Outturn	61
2.3b Creditor payments	62
2.3c Fees and Charges	63

2.3d	Regularity of expenditure	63
2.3e	Remote contingent liabilities	64
2.4	Accounting Officer Declaration: Accountability Report	64
2.5	The Certificate and Report of the Comptroller and Auditor General to the House of Commons	65

Financial Statements for the year ended 31 March 2017

3.1	Statement of comprehensive net expenditure	68
3.2	Statement of financial position	69
3.3	Statement of cash flows	70
3.4	Statement of changes in taxpayers' equity	71
3.5	Notes to the Accounts	72

Annex

	Customer Services and Contact Points	90
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Performance Report

1.1 Overview

1.1a Chief Executive's Statement



I was always aware when being appointed as the Chief Executive for the Planning Inspectorate, that I would be joining a well-respected and important organisation in the planning system of England and Wales. In my first year I focused on a number of matters, including:

- Building a strong leadership team, recruiting three new Directors: Tim Guy as Director of Transformation, Navees Rahman as Director of Corporate Services and Ben Linscott as Director of Inspectors. The team will bring much needed stability at a senior level.
- Completing the transformation of the way in which we deal with volume casework. The project was fully implemented by late 2016 with all incoming cases being dealt with in the new way. It is testament to the dedication and hard work of all staff involved that we achieved challenging timescales and improved performance.
- Increasing the organisational focus on those who use our services, and starting to fulfil our ambition of putting customers at the heart of everything we do. We have made significant improvements in reducing the length of time our customers wait for a decision in both planning and enforcement written representations cases, and householder appeals. We also published our Customer Charter, which is a first step in recalibrating our relationship with those who use our service.
- Maintaining the quality of our output, which remains crucial both from a customer service perspective, and a professional one.

Acknowledging our achievements over the last year (see Table 2), I am ambitious for the organisation and recognise that we still have a lot to do to make us the truly exemplary organisation we strive to be. The world continues to move on: customer expectations of a good service change; employee expectations of a good employer change; technology is universal and expected; the public expect more from less; and approaches to being a good employer change. I recognise that we need to keep up on all these fronts and be sufficiently agile to respond positively and professionally to future change. Having recently secured support for our Transformation agenda from Department of Communities and Local Government (DCLG) we have

begun the process of transforming the service we provide, using our experience and knowledge, supplemented where necessary with input from experts, and funded by investment from DCLG. In doing so, we will focus on three key priorities:

- Providing excellent customer service, including tackling our timeliness in dealing with hearings and inquiries.
- Improving our efficiency and effectiveness, including adopting a more commercial approach.
- Increased staff engagement, including continuing to invest in our staff, providing them with the skills they will need in future.

The Performance Analysis in Section 1.2a sets out what we have achieved, and what we are continuing to do to improve the service our customers rightly expect.

In conclusion, 2017/18 will be a year of continuing development as we look to improve our service, while still delivering value for money.



Sarah Richards
Chief Executive
22 June 2017

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.

The Inspectorate's place in the planning arena can be traced back over 100 years. We are proud of that history and the role we continue to play, particularly in supporting economic growth.

The organisation is a joint executive agency of the DCLG and the Welsh Government. It is led by a Chief Executive and a team of Directors, and comprises both salaried and non-salaried inspectors, with professional support provided by teams based in Bristol and Cardiff.

Vision

Our vision is to:

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

Operating context

The Town and Country Planning Act (TCPA) 1990 (as amended) and the Planning Act 2008 (as amended) provide primary legislation for the appeals system and the consenting regime for National Infrastructure projects and Developments of National Significance in Wales (DNS). We also operate within the frameworks established by related legislation covering other areas such as environmental appeals and Rights of Way.

Our role and contribution

Through the decisions and recommendations we make, we affect people across England and Wales on a daily basis, whether at home, work or play. We help deliver sustainable development and the social, economic and environmental agendas of both jurisdictions. We act 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 use their skills, experience, knowledge and judgement to weigh up evidence and act in a quasi-judicial capacity on appeals or as an impartial contributor to decision-making on applications. They 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.

The 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 projects under the Nationally Significant Infrastructure Planning (NSIP) regimes in England and Wales, and on development plans, and share learning and good practice in England. In Wales we provide pre-application advice on applications for DNS and carry out advisory visits to Local Planning Authorities (LPAs) with regards to the preparation of local development plans. In 2016/17 the Director of Wales, accompanied by a colleague from Welsh Government, visited a number of LPAs in Wales to explain the DNS process and the role of LPAs.

By the very nature of our activities, 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.

The three main aspects of our role are described in the following paragraphs.

Each aspect is described in the following paragraphs.

Helping communities shape where they live

We support the Government's policy aims of delivering more housing and effective local planning through our role in the Local Plan process. Plans set out the future vision for a local area, identifying what development will go where, why and when.



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.

Operating a fair planning system

The right for an applicant to appeal a planning decision made by an LPA is a key feature of the planning system, as is making an appeal when they take more than the time allowed to make a decision. While there will always be those who agree with inspectors' decisions and those who do not, we always operate to the three principles of impartiality, fairness and openness.

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 make their views known and have them considered.
- Publish relevant information online, making it widely available.

Helping meet future infrastructure needs

Appropriate infrastructure must exist to support sustainable development across a number of sectors, and thereby promote economic growth. We take account of government policy and balance the interests of developers, local citizens and other interested parties when recommending which projects should be built.

We:

- Provide a streamlined service to developers, assessing 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



Secretary of State or Welsh Government Minister who makes the final decision on whether each project is approved.

1.1c Key issues and risks

A description of our risk management process can be found in Section 2.1c.

Table 1 lists the Strategic Risks classed as Red and Amber as at the end of March 2017. Actions to mitigate these risks are detailed in the Strategic Risk Register, with the most significant ones shown here.

Strategic Risks	
Risk description	Mitigations
Red	
Large-scale/controversial casework results in cyber attacks	<ul style="list-style-type: none"> - Assessing how robust our systems are to cyber threats, including penetration testing - Building on DCLG Cyber audit undertaken in 2016/17 by looking at organisation-specific issues in 2017/18
Insufficient funding to support delivery of the Strategic Plan and transformation agenda	<ul style="list-style-type: none"> - Developing a robust outline case for transformation programme - Obtaining approval from DCLG for the Strategic Outline Case (May 2017) - Developing a clear integrated and prioritised plan including required resources, and detailed business cases to obtain funding for each workstream
Amber	
Changing policy environment: Failure to recognise and/or respond effectively	<ul style="list-style-type: none"> - Maintaining an Emerging Policy Risk Register, regularly shared with policy colleagues in DCLG - Carrying out horizon scanning, including regular liaison with DCLG and colleagues in other Government Departments, and reviews of press announcements and activity
Loss of key IT systems	<ul style="list-style-type: none"> - Creating system-specific Business Continuity Plans (BCP) - Assessing the vulnerabilities of current systems - Developing more resilient replacement systems
Core business: The financial impact of external factors affects our ability to meet demand	<ul style="list-style-type: none"> - Maintaining regular contact with DCLG, Welsh Government and other Government Departments - Reviewing expected submission of local plans and National Infrastructure projects, re-forecasting income where necessary
Business continuity: Disruption to operations due to external (including environmental) factors	<ul style="list-style-type: none"> - Providing information on BCP - Ensuring business area BCPs are up-to-date and tested - Maintaining processes to handle the impact of severe weather/travel disruption on work programmes, supported by e-working

Risk description	Mitigations
Customer expectations: Failure to meet key point indicators/performance/service expectations leads to reputational damage	<ul style="list-style-type: none"> - Improving the quality/clarity of the data we use - Improving workforce planning to ensure we can meet demand - Viewing and reporting performance from a customer perspective - Improving performance on hearing and inquiry casework

Table 1

As progress is made with our transformation agenda, related risks will be identified and mitigated appropriately.

1.1d Performance summary

Financial performance

Our financial performance in 2016/17 is shown in the detailed Financial Statements. We operated within the budget that reflected our settlement for this part of the Spending Review period. Further details can be found in the Performance Analysis (Section 1.2d), the Accountability Report (Sections 2.2a and 2.2b) and the Financial Statements (Section 3.1 to 3.5).

There is no uncertainty regarding the going concern of the Inspectorate and we continued to adopt the going concern basis in preparing the Financial Statements.

Casework performance

Our overall performance was mixed in 2016/17, with some areas showing a marked improvement over the preceding year as a result of our actions, whilst we recognise that there is still some work to be done in others.

The results for various aspects of our work can be found in the following tables in the Performance Analysis section of this report.

Casework area		Table
England	Local Plans and Community Infrastructure Levy examinations	9
	Nationally Significant Infrastructure Projects	12
	Planning appeals	13
	Enforcement and specialist casework	15
Wales	All	16

Table 2

1.2 Performance analysis

1.2a Leadership and performance improvement

Business Plan Key Action	Progress
Build and implement leadership and management development programmes	Delivered
Review and implement revised pay and reward policy	Not Delivered
Review project governance arrangements and implement the recommendations of the review	Delivered
Review the collection and use management information across the organisation and implement recommendations of the review	Partially Delivered

Table 3

In 2016 we launched our management development programme. This included offering development and leadership interventions to our senior leadership team and line managers with three or more direct reports. We are now developing this further and will roll out to more managers across the organisation. This development is designed to help leaders and managers better understand their leadership styles and think about how to embed the Civil Service Leadership Statement in all that they do.

In addition our senior leaders have participated in learning sessions throughout the year on subjects such as authentic leadership, giving and receiving feedback and unconscious bias. A leadership programme designed to enhance individual and team performance commenced in December 2016. To date this has included an individual and team-based awareness workshop and an individual 360-degree feedback exercise. The latter was followed up with a workshop in May 2017 looking at team data and what this meant for the organisation.

The review into the pay and reward policy will be carried out in 2017/18 following the Equal Pay audit scheduled in Quarter 1.

1.2b Customer service and stakeholder confidence

Business Plan Key Action	Progress
Deal with the backlog of old cases	Partially Delivered
Reduce end-to-end times for determining Section 78 planning appeals	Delivered
Develop and publish a customer charter	Delivered
Develop effective centres of expertise across key policy and work areas and review their effectiveness	Delivered

Table 4

Customer service was a key area for us in 2016/17 forming the basis of everything we did and will continue to do.

We set up a working group with the specific aim of eliminating the backlog of ‘classic’ planning appeals casework in England. While successful in this specific area and in improving performance on the timeliness of volume planning appeals, we still have areas we need to improve on and will be driving this forward in 2017/18.

We strive to deliver a service that customers can trust and have confidence in. It is important that our customers know what to expect from us and that they can hold us to account. In April 2017 we published our first Customer Charter¹, a two-way agreement with customers outlining what they should expect from us and what in turn customers can do to assist in the smooth running of their dealings with us.

In February 2017 we held the first Customer Engagement meeting with planning agents in London. This meeting was held to obtain feedback on the customer vision, performance, and any general observations. A second meeting in May was held in Birmingham.

The Chief Executive and Directors were invited to attend a number of stakeholder events throughout the year. Our involvement at these events ranged from key note speaker, to round table discussions. It allowed us the opportunity to discuss what was happening in planning and the Inspectorate’s involvement.

1. <https://www.gov.uk/government/publications/planning-inspectorate-customer-charter>

In 2016/17 the Inspectorate attended amongst others the following stakeholder meetings:

- Royal Town Planning Institute (RTPI) Wales meeting;
- RTPI Planning Convention;
- National Infrastructure Planning Association Annual Conference;
- Home Builders Federation;
- Highways England;
- Environment Agency;
- Department for Business, Energy and Industrial Strategy;
- National Infrastructure Commission;
- National Trust;
- Infrastructure and Projects Authority.

1.2c Organisational change

Business Plan Key Action	Progress
Produce a workforce plan to establish demand and supply including a flexible resource model for casework and inspectors	Partially Delivered
Review of Organisation Structure, redesign management layers and spans of control	Delivered
Track new and emerging policy, and use this to inform future planning	Delivered

Table 5

The Inspectorate underwent a number of organisational changes in 2016/17 with new Directors and a restructured Senior Leadership Team.

There was also a reduction in the number of office-based staff following the implementation of the Casework Transformation project into business as usual. In total 68 applied for Voluntary Exit with 28 offers being accepted.

We increased our inspector numbers with a further recruitment of 21 new staff in 2016/17. The additional inspectors have allowed us to offer a quicker more effective service to our customers, reducing the time they have to wait for a decision.

1.2d A sustainable budget

Business Plan Key Action	Progress
Implement streamlined casework processes through Transformation Projects	Partially Delivered
Implement new NSIP fees and explore opportunities to maximise income and reduce expenditure	Partially Delivered
Implement plans to share elements of corporate services across DCLG/other arm's length bodies where appropriate to improve service and reduce costs	Behind Schedule

Table 6

In line with the expectations set out in the 2015 Spending Review settlement, the 2016/17 budget process saw an initial budget allocation of £39.233m being approved.

The budget provided for both a permanent increase in inspector numbers and a temporary increase to assist with the recovery in casework performance. However, due to higher than expected attrition rates and difficulties in recruiting at the appropriate level, we recognised early in the year that we would be unable to fully utilise this budget. As a result, £0.9m was surrendered to HM Treasury through the supplementary estimates process and our budget allocation was reset at £38.333m.

As at the end of the financial year we have recorded a £0.52m (1.4%) underspend against our revised allocation. This is mainly attributable to a £0.35m VAT refund from HM Revenue and Customs which was identified and settled late in the year.

Looking forward, the next two years, and in particular 2017/18 present a significant challenge. It will require a good deal of planning in order to achieve successful outcomes not only in financial terms, but also in operational terms ie service delivery and meeting performance expectations.

To help support the delivery of our future Spending Review obligations, we have recently undertaken the following activities:

- estates rationalisation – we have vacated further space in Temple Quay House (TQH);
- shared services – HR and telephony services have been progressed with DCLG;

- fees – NSIP fees were increased from April 2017 to fully cost recover the service, as was originally intended; and
- tactical savings – a Tactical Savings Group has been formed to challenge spending assumptions, implement further saving targets and deliver tangible cost reductions.

Furthermore, we secured additional funding from DCLG in May 2017 to support a full Transformation Programme. The programme is expected to deliver benefits and future cost reductions in excess of the current Spending Review target.

1.2e Smarter working

Business Plan Key Action	Progress
Deliver 2016/17 phase of approved ICT Strategy	Partially Delivered
Complete the integration of business management IT systems across all casework types, including legacy applications and network decommissioning	Partially Delivered
Implement current year action plan arising from Smarter Working Strategy	On track

Table 7

We have made great strides in our ability to work smarter; however, we are not there yet and there is still plenty to achieve.

In 2016/17 we saw the implementation of the new Intranet, moving from an internally hosted site which was no longer fit for purpose. In partnership with those running the Temple Quay site, we installed Gov WiFi allowing laptop users seamless connection to our network throughout TQH and other Gov WiFi hotspots including the Welsh Government offices.

Until recently inspectors have been using multiple devices while out in the field, such as satellite navigation systems, lone worker handsets, 4G enabled laptops, and their own personal mobile phones. In March 2017 a new mobile communication solution was implemented providing each inspector with new mobile phone handsets, allowing all-in-one functionality.

The area where we have made the biggest change is casework processing. Following the Casework Transformation project all our inspectors working on planning appeals casework now work using a digital casefile, allowing online access to the file and reducing the risk of files going missing in transit.

1.2f Staff engagement

Business Plan Key Action	Progress
Develop and implement revised communications framework	Complete
Implement people survey action plan across all teams	Complete

Table 8

Delivering messages to staff in a clear and informative way has been something we have strived to do in 2016/17. With the implementation of the new Intranet information is now clearer and easier to find. It has also been made easier to share quick updates on projects and events through the use of regular blogs.

A Staff Engagement Panel was introduced in August 2016 allowing staff from all business areas the opportunity to meet and discuss matters important to colleagues. They are also responsible for disseminating information and feeding back comments to senior management.

All staff are encouraged to develop their skills through training courses such as those offered online by Civil Service Learning. This is in addition to compulsory training such as 'Responsible for Information'.

Continuing support was provided to staff to allow professional skills to be maintained and enhanced. For example the continuous professional development needed to retain membership of relevant professional bodies such as the RTPI.

1.2g Measures and checks against performance - England

Public Examination of Local Plans and Community Infrastructure Levy Schedules

We continued to provide experienced inspectors to carry out visits to LPAs to discuss work on their Local Plans, with 29 visits taking place. The initiative continued to promote confidence and assist 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 National Planning Policy Framework.

A total of 66 Local Plans were submitted for examination, with every one resourced with an inspector.

At year-end 73 Local Plan examinations remained in progress. 89% of LPAs now have published strategic plans. 75% have adopted plans, an increase of five percentage points since the end of last year. We issued 55 reports to LPAs, finding 54 plans to be 'sound' and one 'unsound'.

There was an increase in Local Plan submissions in 2016/17 compared to the previous year. As plan-making continues to be a Government priority, we anticipate an increase in workload through 2017/18.

We issued 14 final reports to Charging Authorities to approve their Community Infrastructure Levy Charging Schedules.

Our Targets	Total	Performance
Complete Development Plan (Local Plan) examinations within the timetable agreed with the LPA	55	100%
Complete Community Infrastructure Levy examinations within the timetable agreed with the LPA	14	100%

Table 9

Nationally Significant Infrastructure Projects

In 2016/17, two formal applications were submitted for proposed NSIPs. In addition, 17 new pre-application projects were added to the list on our website (<https://infrastructure.planninginspectorate.gov.uk>) and we provided substantial pre-application advice to developers in this period.

In total, decisions were made by the relevant Secretary of State on 14 applications - see Table 10. Triton Knoll Grid Connection was the 60th NSIP decision made under the Planning Act 2008. Table 11 provides a break down of the 65 decisions made to date, by sector.

Project	Decision Issued
The White Rose (Drax)	Apr 2016
A14	May 2016
Meaford	Jul 2016
York Potash Harbour	Jul 2016
North Wales Wind Farms Connector	Jul 2016
Hornsea 2 Offshore Windfarm	Aug 2016
River Humber Pipeline	Aug 2016
M4 J3-12 Smart Motorway	Sep 2016
Triton Knoll Grid Connection	Sep 2016
Brechfa Electricity Connection	Oct 2016
Yorkshire and Humber Carbon Capture and Storage Cross Country Pipeline	Jan 2017
North London Heat and Power	Feb 2017
Glyn Rhonwy Pumped Storage	Mar 2017
Keuper Gas Storage	Mar 2017

Table 10

Sector	No. of Decisions
Energy	43
Transport	19
Waste	2
Waste Water	1

Table 11

At year-end, there were 48 cases at the pre-application stage and two submitted applications had reached a point anywhere between acceptance and recommendation. Two applications were with the relevant Secretary of State awaiting decision. Nine Environmental Impact Assessment (EIA) scoping opinion requests had been received. Eleven EIA scoping requests were issued in 2016/17, all within target. Delivering against statutory timescales within the NSIP regime continued to be a key measure of success, with Table 12 setting out our performance in 2016/17.

Our Target	Total	Performance
Issue all EIA scoping opinions within 42 days	11	100%
Issue all EIA screening opinions within 21 days	-	N/A
Decide on acceptance of all applications within 28 days	3	100%
Complete all examinations within six months	7	100%
Submit all recommendations to the relevant Secretary of State within three months	12	100%

Table 12

Appeals

Table 13 shows our performance against the targets set for us and the average number of weeks to determine appeals. In 2016/17, our intake increased by 5% compared to 2015/16. Overall, our performance against the Planning Guarantee was 96% (against 93% in 2015/16).

Whilst we did not achieve our targets in a number of these casework areas, the investment in our inspector resource saw an improvement in performance against 2015/16. When we measure the 'target' time to decide planning appeals which covers the formal start date to the date the decision was issued, performance improved for written representation cases (around 60% of our planning casework) by over three weeks (from 17.8 weeks to 14.3 weeks). Our performance for Householder Appeals Service cases (around 30% of our planning casework) improved by around 1.5 weeks (from 10.3 weeks to 8.8 weeks).

Our performance on S78 hearings has not improved, with our average weeks to decide moving from 22.9 weeks to 26.3 weeks. Attention is being given to this casework with an increased number of inspectors trained to undertake this work.

Our performance on S78 non-bespoke inquiries has not improved either, with our average weeks to decide moving from 41.1 weeks to 45.8 weeks.

Casework type	Target	Performance: Start to decision			
		2015/16		2016/17	
		% in target	Number decided	% in target	Number decided
S78 written representations	80% in 14 weeks	41.6%	9,718	68.6%	10,236
S78 hearings	80% in 14 weeks	24.4%	630	17.3%	624
S78 inquiries non-bespoke	80% in 22 weeks	21.2%	33	10.8%	36
S78 inquiries bespoke	100% to timetable	99.3%	173	98%	246
Householder appeals	80% in 8 weeks	46.9%	4,253	59.6%	4,999
Commercial appeals	80% in 8 weeks	21.1%	412	48.1%	568

Table 13

The Casework Transformation Project concluded and altered the way appeals are processed. The performance reported in Table 13 covers 'start to decision', but we will now focus on the time from receipt of a valid appeal to the decision being issued. We believe this is a better reflection of the customer experience and will become the most important measure of timeliness. These new measures are shown in Table 14. The difference between these sets of figures reflect the time taken to validate appeals and place them in an inspector's programme.

Casework type	Receipt of a valid appeal to decision performance			
	2015/16		2016/17	
	weeks	Number decided	weeks	Number decided
S78 written representations	20.6	9,030	18.1	10,236
S78 hearings	28.0	636	32.4	624
S78 inquiries non-bespoke	51.9	37	52.1	36
S78 inquiries bespoke	50.9	235	43.5	246
Householder appeals	13.3	4,255	12.2	4,999
Commercial appeals	16.6	408	15.7	568

Table 14



For bespoke casework in 2016/17, we met the published target in over 98% of cases, and the time to decision has improved on last year. During the year we made additional Inspector resources available for bespoke inquiry cases and this helped. Furthermore, we are confident that with the additional Inspector recruitment during the year, reported elsewhere in this Annual Report, our performance will continue to see improvements next year.

Major planning applications

Provision exists under Section 62A of the TCPA 1990 (as amended by the Growth and Infrastructure Act 2013) for an application for planning permission and reserved matters consent to be made directly to the Secretary of State where (a) they involve major and (from 2017) non-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 2016/17 there were no LPAs designated.

Preparatory work was undertaken to ensure that we were ready to receive non-major planning applications as part of the broadening of S62A casework.

Enforcement appeals and Specialist casework

2016/17 saw a steady improvement in Enforcement written representations casework performance as the impact of revised processing practices took effect. Like other areas of Volume Casework, performance on hearings and inquiries has not been as good overall, but those cases processed by the new way of working have shown performance improvement.

Enforcement written representation casework exceeded the performance target for a number of weeks during the final months of this reporting year, finishing the year at 81.4% over the last 13 weeks.

Performance on all areas of Rights of Way and Common Land had met or exceeded performance targets apart from Rights of Way Schedule 14 Appeals and one element of the inquiry total (Public Path Orders). Being low in number, this can have a disproportionate impact when reporting on the percentage in target. Other areas of specialist casework continue to face challenges in securing inspector resource to deliver within target, but there has been improvement in some areas this year. We worked closely with our partner organisations to ensure that cases of significance are prioritised accordingly. Performance on in-house cost decisions has exceeded target for the last three years.



Table 15 shows performance for enforcement and specialist casework.

Performance: Start to decision					
Casework type	Target	2015/16		2016/17	
		% in target	Number decided	% in target	Number decided
Enforcement Appeals (S174, S39 and Lawful Development Certificates)					
Written representations	80% in 32 weeks	53%	2,331	72%	1,987
Hearing	80% in 33 weeks	51%	216	50%	238
Inquiry	80% in 43 weeks	55%	171	46%	270
Rights of Way, Public Path Orders					
Written representations	80% in 27 weeks	96%	80	96%	56
Hearing	80% in 29 weeks	16%	19	100%	8
Inquiry	80% in 35 weeks	60%	5	75%	12
Rights of Way, Wildlife and Countryside					
Written representations	80% in 27 weeks	88%	68	85%	68
Hearing	80% in 29 weeks	86%	7	89%	9
Inquiry	80% in 35 weeks	90%	52	85%	41
Schedule 14					
Directions	80% in 17 weeks	100%	8	100%	50
Appeals	80% in 26 weeks	82%	28	65%	31
Common Land					
No objections	80% in 12 weeks	85%	26	97%	30
Objections	80% in 26 weeks	97%	36	100%	22
Objections (Inspector)	80% in 52 weeks	83%	35	88%	26
Environmental Appeals					
All	80% in 28 weeks	38%	32	24%	29
Tree Preservation Orders					
Written representations	80% in 14 weeks	2%	467	6%	466
Hearing/inquiry	80% in 26 weeks	4%	54	22%	83
High Hedges					
Written representations	80% in 24 weeks	14%	78	21%	57
Hedgerows					
All	80% in 28 weeks	31%	13	23%	13
Cost applications					
All	50% in 10 weeks	82%	123	71%	143

Table 15

1.2h Measures and checks against performance - 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 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 19 inspectors at any one time, most of whom live in Wales and were largely drawn from Welsh LPAs. Three of our inspectors are Welsh speakers and in any recruitment we actively look to improve on this. We gained 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.

Case Type	Target	Performance
Planning written (Part 1)	85% in 12 weeks	97.8%
Planning written (Part 2)	85% in 16 weeks	96.2%
Planning hearings	85% in 22 weeks	92.6%
Planning inquiries	85% in 30 weeks	72.7%
Enforcement written	85% in 29 weeks	100.0%
Enforcement hearings and inquiries	85% in 41 weeks	84.6%

Table 16

Performance targets were met except the targets for oral cases for both planning and enforcement casework. The overall workload in 2016/17 was slightly up on the numbers received in 2015/16, with total appeals intake of around 872 compared to 858 in the previous year.

No development plans were submitted in 2016/17. Three examinations were ongoing at the year-end; Vale of Glamorgan, Powys, and the Gwynedd and Anglesey joint plan.

One Development of National Significance Application was submitted and is in examination. One notification of intention to submit an application was received.

Quality - England and Wales

Our performance against our quality target is shown in Table 17, for England and for Wales.

Target	England	Wales	Combined
99% of inspector decisions are free from upheld complaint or successful legal challenge	99.5 %	99.9%	99.5%

Table 17

We were subject to review of our complaints handling through referrals to the Parliamentary and Health Service Ombudsman (PHSO). The PHSO completed one such investigation and discontinued two in 2016/17 and partially upheld one.

The Inspectorate was included in the latest available statistics published by PHSO (for 2015/16). The report showed 40 enquiries, 23 complaint assessments, four investigations and one outcome – where the complaint was partially upheld.

At the end of the appeals process or after the examination for NSIP cases, a customer survey is issued to those that participated to gauge how they felt overall with the service they received. Our target is 80% of customers responding either satisfied or very satisfied. We failed to meet our target, achieving 67% at year-end. One of the contributing factors was the very low return rate which fell in 2016/17. The customer survey and how we obtain customer feedback is being reviewed as part of the Customer Strategy.

1.2i Sustainability report

The second annual reputation survey was undertaken during August 2016. More than 200 responses were received from LPAs, planning agents and customers. Of those, 80% of respondents said we are impartial, fair, professional and trustworthy. Many respondents were complimentary.

“Professional service throughout, timely response to queries and helpful staff. Thank you.”

“The inspector clearly read and understood all points raised, and was thorough in all aspects of the appeal.”

“The overall service is very professional. Well done!”

Responsibility for our office in Bristol (TQH) lies with the Department for Education (DfE), and for our office space at Cathays Park, Cardiff, with the Welsh Government. The Welsh Government’s Annual Report and Accounts covers sustainability for Cathays Park as part of their estate.

The Accommodation Project undertaken at the end of last year enabled the Inspectorate to reduce our occupied space in TQH from 6,465 m² to 4,003 m² with effect from 1 April 2016. In 2016/17, the majority of the space – amounting to 1,991 m² - was re-let over a staged period and subsequent savings were realised; DfE is working to let the remaining vacated space. The 2016/17 phase of the rationalisation resulted in a further 638 m² being vacated by 31 March 2017. This has yet to be re-let, in addition to the balance of the already vacant space. The next stage is underway and will focus on longer-term requirements which meet the Government Estates Strategy and the needs of the organisation. Our current paid percentage of TQH is 34.08%, although we now occupy 25.57%.

As a tenant of TQH we contributed to the Government Greening Commitment (GGC) targets for sustainability, reporting figures along with all Government Departments and arm’s length bodies.

We have taken steps to minimise our electricity consumption. These include turning off monitors at night, and using timers on our digital display screens.

With the introduction of Gov WiFi in TQH, increased use of our online service and email (in both England and Wales), and more staff using laptops, the amount of paper used, including printing of documents for meetings, has reduced significantly. Our records do not go back to 2009/10, but

rough calculations based on our spend that year indicate that we used around 3,700 boxes of paper, excluding paper for printing done by our central reprographics unit in TQH. Since the baseline year of 2009/10, we integrated with the Infrastructure Planning Commission (in 2012) and that brought with it an increased call for paper as a result of the scale of the cases involved. Furthermore at that point, use of our online appeals service was less than it is today, meaning that we printed more appeal forms to send to potential appellants and their agents. Given this background, a reduction to 1,087 boxes in 2016/17 represents an even greater decrease than the figures themselves indicate. All paper we use is 100% recycled.

The figures in the following tables reflect the percentage of space in TQH that we paid for (unless otherwise stated). In 2015/16, this was 49.13%, decreasing to 34.08% in 2016/17. The travel-related emissions and costs are solely ours.

Greenhouse Gas Emissions		2014/15 (49% occupancy)	2015/16 (49% occupancy)	2016/17 (34% occupancy)
Non-Financial Indicators (tCO2e)	Gross emissions for Scopes 1 and 2	739.78	805	424.84
	Total net emissions for Scopes 1 and 2	0	0	0
	Gross emissions for Scope 3 Official business travel	556	506	503
	Other Scope 3 emissions	0	0	0
Related Energy Consumption (KWh)	Electricity: Green tariff	1,223,804	1,155,463	712,507
	Gas	555,859	604,405	569,013
	LPG	0	0	0
	Other	0	0	0
Financial Indicators (£k)	Expenditure on Energy	155.8	162.4	103.6
	Carbon Reduction Commitment (CRC) Licence Expenditure	0	0	0
	CRC income from Recycling Payments	0	0	0
	Expenditure on official business travel	784.4	744.7	865.4

Table 18

Waste		2014/15 (49% occupancy)	2015/16 (49% occupancy)	2016/17 (34% occupancy)	
Non-Financial Indicators (t)	Total waste	84.5	69.05	15.55	
	Hazardous waste	0	0	0	
	Non-hazardous waste	Landfill	31	22.8	2.33
		Reused/Recycled	53.5	46.2	13.21
	Incinerated/energy from waste	0	0	0	
Financial Indicators (£k)	Total disposal cost	7.3	7.8	5.3	
	Hazardous waste disposal cost	0	0	0	
	Non-hazardous waste	Landfill	2.7	2.6	0.3
		Reused/ Recycled	4.6	5.2	5.0
	Incinerated/energy from waste	0	0	0	

Table 19

Finite Resource Consumption - Water		2014/15 (49% occupancy)	2015/16 (49% occupancy)	2016/17 (34% occupancy)
Non-Financial Indicators (m ³)	Water Consumption	Supplied	3,559	3,318
		Abstracted	0	0
Financial Indicators (£k)	Water Supply Costs	11.8	10.7	7.0

Table 20

Performance Commentary

Greenhouse Gas Emissions Table 18: The reduction in electricity and gas consumption compared to 2015/16 was due in the main to the reduction in space we occupied (paid for).

Waste Table 19: The amount of waste we produced has decreased significantly, reflecting the reduction in paper usage and increased recycling.

Water Table 20: Water usage has reduced reflecting the reduction in headcount.

Controllable Impacts Commentary

Temple Quay House is managed centrally by DfE.

Overview of Influenced Impacts

None.

Transparency Commitments as part of the GGC Reporting Requirements

Climate change adaptation: As a result of our reducing the floorspace we occupy, other Government bodies have been able to utilise the vacated space, thereby contributing to the overall reduction in the Government Estate, and associated reductions in use of natural resources. Our office is located within easy reach of good bus and rail links that reduce the use of private transport. Our contingency plans address disruptions caused by adverse weather and transport problems.

Biodiversity and the natural environment: Apart from our inspectors, who are home-based, our operation is office-based (Bristol and Cardiff). As a result, we do not impact any Sites of Special Scientific Interest that require a Biodiversity Action Plan.

Procurement of food and catering services: In TQH, our Facilities Management contract includes an element for meeting our catering requirements. Our main requirement is for our Staff Restaurant.

Sustainable construction: The Inspectorate does not commission new construction although we have refurbished our offices as part of the project to reduce the floor space we occupy. The refurbishment contract stipulated that the work be carried out in a sustainable fashion. The contractor was local, which also reduced the environmental impact.

1.2j Community and environmental impact

Our outputs

What we do impacts on individuals and on communities. The potential impact on localities and the representations of local people are important factors that our inspectors take into account as material considerations when making decisions. Our inspectors undertake examinations, inquiries and hearings in the area affected by proposals, with site visits on the majority of appeals and applications. This goes to ensure they are clear about the environmental impact of proposals.

Our organisation

Our impact on the environment is affected by the way we organise our work.

Office space: Inspectors are home-based, so we do not provide dedicated space for them. On occasions when they attended our office in Bristol or Cardiff, they used the hot desks in our flexible workspace. The ability of our office-based teams to work flexibly was increased through a combination of the use of laptops and occasional home-working capability. This affected the occupancy levels in our Bristol Headquarters, and meant that we could further reduce the floorspace we occupied. We will realise the benefits of the reduction in floorspace once new occupiers are found for the vacated areas.

Travel: We do all we can to minimise the distance inspectors need to travel to conduct casework, subject to the need to ensure their impartiality. Home-working helped reduce the impact of travel on the environment. We encourage the use of public transport, and supported the cycle to work scheme and provided shower facilities for those using this mode of transport. We also encourage the use of telephone conferencing to limit travel.

Recycling: We continued to provide recycling facilities in our offices – for plastic, aluminium cans, glass, cardboard, paper and waste food.

Equipment disposal: 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, and Communications Electronic Security Group). All items were collected free of charge. A proportion of the profit made was returned to us, which amounted to around £500 in 2016/17. The move to a shared contract for IT services (Fujitsu) reduced the need for disposal under these arrangements in 2016/17.

Our staff

We continued to encourage voluntary activity within local communities, particularly 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. The campus raised a total of £4,271.69 in 2016/17. Our staff in Wales has to date raised £1,200 for Cancer Research Wales by entering a team into the Cardiff Velothon in July 2017.

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 2016/17.

Sarah Richards

Sarah Richards
Chief Executive
22 June 2017

Accountability Report

2.1 Corporate Governance Report

2.1a The Directors' Report

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

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

Executive Director	From	To
Sarah Richards	(Existing)	(Ongoing)
Jon Banks	(Existing)	Jan 2017
Jayne Beeslee	Apr 2016	Sep 2016
Tim Guy	Nov 2016	(Ongoing)
Phil Hammond	(Existing)	(Ongoing)
Ben Linscott	Apr 2016	(Ongoing)
Navees Rahman	Dec 2016	(Ongoing)
Mark Southgate	(Existing)	(Ongoing)
Tony Thickett	(Existing)	(Ongoing)

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.

Table 21

Changes to the Non-Executive Directors are covered in Section 2.1c (see Table 23), the Governance Statement, which also covers declarations of interest and provides a link to the online register of Board Members' Interest.

2.1b Statement of The Accounting Officer's 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.
- 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.
- 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

Introduction

This Governance Statement covers the period from 1 April 2016 to 31 March 2017, and includes a look forward at changes anticipated in the coming year. It also includes matters from after the year-end that are pertinent to this Statement. DCLG publishes a similar statement that covers arm's length bodies such as the Inspectorate, but it is at a higher level and does not duplicate information contained in this Statement.

The year was one of further change for us, with policy changes affecting the external environment as well as changes at Director and Head of Service level within the organisation.

Scope of responsibility

I am the Inspectorate's Chief Executive and Accounting Officer. My responsibility is to ensure that the system of governance in the organisation supports the achievement of our policies, aims and objectives, whilst ensuring probity and regularity of finances, and safeguarding public funds and assets as set out in 'Managing Public Money'.

I was designated as Accounting Officer by the Permanent Secretary and Accounting Officer for DCLG with effect from 14 March 2016. A detailed summary of responsibilities is contained in my letter of designation dated 10 March 2016. That letter 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.

I am personally responsible for the effective management of the organisation in accordance with the Agency's Framework Document (which describes our relationship with DCLG, and the Welsh Government) and in accordance with the normal Civil Service rules on propriety and securing value for money. This responsibility takes account of the delegation to the Welsh Government of headcount and budget controls.

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 period covered by this Statement.

On the basis of assurances received from the Executive Directors, the Non-Executive Chair of the Board and the Non-Executive Director Chairs of the Board's Committees, particularly the Audit and Risk Assurance Committee, I am satisfied that I have the necessary level of assurance for the period of this Statement.

Governance framework

Our Governance framework is made up of the structures, systems, processes, cultures and values used to direct and control the organisation 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 is an ongoing and integral part of the framework, and regular management information was used to support decision-making. A formal risk management framework and associated processes were in place to manage risk to a level considered acceptable, with our high level risk appetite recorded within the framework.

The Governance framework includes:

- the Planning Inspectorate's Board (the Board) and Committees;
- risk management and appropriate programme/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 regulation and administrative procedures including management supervision, formally recorded delegations and accountability, segregation of duties, procurement controls, fixed asset controls, controls relating to contracts for services.

Governance structure

I was supported by an advisory Board appointed in accordance with the Framework Document.

The Board comprises:

- the Non-Executive Chair,
- three Non Executive Directors² (NEDs),

2. There were four NEDs between April and the end of June 2016 when the handover between two of them ended.



- myself as Chief Executive,
- the Chief Operating Officer until September 2016;
- the Director for Wales;
- the Director of Inspectors from October 2016;
- the Director of Finance to October 2016; and
- the Director of Corporate Services from December 2016.

The Board is supported by three Committees, each chaired by a Non-Executive Director. The Governance structure that operated in the period covered by this Statement is described in Table 22.

	Chair	Attended by	Role
Planning Inspectorate Board (monthly)	Sara Weller (Non-Executive Chair)	NEDs, DCLG/ Welsh Government, Chief Executive, Executive Directors	To provide strategic oversight in accordance with the Framework Document and Board Terms of Reference, including provision of insight, advice and challenge to the executive.
Audit and Risk Assurance Committee (quarterly)	David Holt (NED)	NEDs, National Audit Office, Government Internal Audit Agency, Chief Executive, Executive Directors, Heads of Service (HoS)	To provide 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.
People Committee (quarterly)	Jayne Erskine (NED)	NEDs, Chief Executive, Executive Directors, HoS	To provide oversight and advice on all aspects of the people function including pay and reward strategy.
Customer, Quality and Professional Standards Committee (quarterly)	Susan Johnson (NED)	NEDs, Chief Executive, Executive Directors, HoS/ Group Manager (GM)	To provide oversight and advice on all matters relating to customer service, quality and maintaining professional standards.
Management Team (weekly)	Executive Directors (on rotation)	Chief Executive, all Executive Directors, HoS/GM according to theme and need	To oversee the day-to-day operational management of the organisation and make associated decisions.
Transformation Programme Board (TPB) (monthly)	Sarah Richards (Chief Executive), Tim Guy (Director of Transformation)	Chief Executive, Executive Directors, DCLG, HoS/GM, and Transformation Team	Established in May 2016 to oversee and manage the programme of change. As the 2017/18 version of the Strategic Plan was developed, the role of the TPB was adapted to oversee the objective workstreams set up to support it.

	Chair	Attended by	Role
Executive Groups			
Operations Group (monthly)	Tom Warth followed by Sean Canavan (HoS)	HoS / GM, Subject matter experts according to need	<p>To steer matters within their remit, and to escalate issues and conflicts to the Management Team.</p> <ul style="list-style-type: none"> - Operations Group: covering casework and workforce demand, performance and processes; - People Group: covering workforce supply, staff engagement and personnel matters; and - Professional Steering Group: focused on matters relating to maintaining professional standards.
People Group (monthly)	Rachael Pipkin followed by Jeff Grist (HoS)		
Professional Steering Group (quarterly)	Pauleen Lane (GM)		

Table 22

The Planning Inspectorate Board

The Board met on a monthly basis. Attendance at Board and Committee meetings by the Non-Executive and Executive Directors over the period is shown in Table 23. DCLG was represented on the Board, and there was an open invitation to the Welsh Government to attend.

Board and Committee Attendance	Planning Inspectorate Board	People Committee	Audit and Risk Assurance Committee	Customer, Quality and Professional Standards Committee			
Non-Executive Chair							
Sara Weller	12 of 12 (Chair)	4 of 4	4 of 4	4 of 4			
Non-Executive Directors							
Jayne Erskine	12 of 12	4 of 4 (Chair)	4 of 4	4 of 4			
David Holt	11 of 12	2 of 4	4 of 4 (Chair)	4 of 4			
Susan Johnson	11 of 12	4 of 4	3 of 4	4 of 4 (Chair)			
Janet Goodland	3 of 3	1 of 1	1 of 1	1 of 1			
Chief Executive							
Sarah Richards	12 of 12	<p>Sara Weller's contract was due to end in December 2016 and was extended to June 2017.</p> <p>Janet Goodland's contract was extended to June 2016 to provide continuity following Susan Johnson's appointment. Susan took over as Chair of the Customer, Quality and Professional Standards Committee in July.</p>					
Executive Directors							
Jon Banks	6 of 7						
Jayne Beeslee	5 of 5						
Ben Linscott	5 of 5						
Navees Rahman	4 of 4						
Mark Southgate	6 of 6						
Tony Thickett	10 of 12						
DCLG Representative							
Peter Schofield/ Simon Gallagher	11 of 12						

Table 23

The continuing role of the Non-Executive Directors is to use their knowledge and background in matters such as business planning, policy, strategy, performance, customer experience, resources and governance, and to contribute to collective Board scrutiny by providing an alternative

Customer, Quality and Professional Standards Committee

viewpoint, advice, insight and challenge to the executive and specifically to me as Accounting Officer. To assist the Non-Executives in carrying out their assurance role, we are developing a 'lines of defence' Assurance Framework to identify the sources of assurance in relation to specific subjects. The Framework will be a useful tool for both the Executive and the Board, and will be reviewed regularly.

The Strategic Plan (updated for 2016) 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 and the customer experience.

Non-Executives furthered their understanding through meetings with individuals and teams across the organisation. They also engaged with staff by holding open, round table sessions; observing at hearings and inquires; attending stakeholder events and inspector training sessions; and publishing blogs.

During the period, the Committee:

- Reviewed the various activities and initiatives to increase customer engagement and service delivery, notably the progress of elements of the Customer Quality project and the overall increased strategic focus on customers through the emergence of the new Customer Strategy.
- Analysed overall operational performance, focusing on those elements which matter most to customers (including timeliness and consistency), providing insight and challenge.
- Reviewed compliance with the procedures for establishing and maintaining professional standards in casework and decision-making, including scrutiny of how consistency is applied to all elements of casework process and procedure.
- Reviewed compliance with and working of the Inspectors' Code of Conduct, determining that, in the future, greater assurance of compliance through the Director of Inspectors should be provided.
- Considered the procedures for handling claims for ex gratia payments, focusing on several high profile cases; the Committee has been reassured that actions are taken to avoid recurrence wherever possible.
- Reviewed the effectiveness of the procedures for the handling of complaints in line with guidance from the Cross Government Complaints Forum; no specific



complaints were brought to the Committee's attention during the year.

- Received detailed insight through 'deep dives' into several key operational areas of the Inspectorate, debating various challenges, opportunities and risks, notably around resources.

Audit and Risk Assurance Committee

During the period, the Committee:

- Reviewed the Annual Report and Accounts (including the Governance Statement) for 2015/16, prior to recommending sign-off by the Board, seeking officer assurance on any issues arising from the work of internal and external Audit.
- Reviewed the Strategic Risk and Emerging Risk Registers, exploring alternative forms of assurance. This work included a more thorough review of the strategic risks and the risk appetite of the organisation.
- Provided assurance to the Accounting Officer on propriety issues, based on reviews of the Strategic Risk Register and audit reports.
- Reviewed the internal control framework, including fraud, whistleblowing and bribery procedures. Strengthening policies by adding; cyber fraud, gender neutral descriptions, likelihood of bribery and specific fraud issues.
- Reviewed the Internal Audit Plan for 2016/17 and monitored progress against resulting actions, reviewed the draft programme for 2017/18, ensuring that the programme aligned with the Strategic Risk Register.
- Reviewed the Committee's own effectiveness, analysing questionnaire results and implementing a training programme facilitated by the National Audit Office.
- Considered the draft Governance Statement for 2016/17, suggesting amendments where appropriate to strengthen areas of governance and control.
- Received detailed insight through 'deep dives' into key areas, notably around revenue.

People Committee

The People Committee's focus was on tracking progress with the People Strategy and specifically actions relating to:

- Assessing and improving staff engagement, including the Staff Engagement Panel, and informal meetings with staff.
- The approach to Workforce Planning with particular interest in inspector resourcing and the delivery of staff savings at the senior leadership level.
- HR Management Information and analysis with particular focus on action to improve attendance management.



	<ul style="list-style-type: none"> • The relationship with the People Group, their role and contribution, with updates clearly showing a more proactive action-orientated role for the group.
Management Team	<p>The Management Team agreed to introduce a programme of themed meetings from April 2016. The themes reflected the Executive Groups with the relevant Group Chair and/or relevant Heads of Service attending the weekly meetings.</p> <p>An improved process for the collection, monitoring and reporting of progress against Delivery Plans commenced from the end of August 2016 when information was regularly included in the pack of information for the Management Team and the Board. This enabled early identification and resolution of any issues affecting delivery of the Business Plan objectives.</p>
Executive Governance Groups	<p>In addition to monthly meetings of the whole senior leadership team, the Executive Groups shown in Table 22 provided support for the Management Team.</p>
Review of Board and Committee Effectiveness	<p>Government Internal Audit Agency (GIAA) carried out a review of Board and Committee effectiveness which also covered provision and use of management information. The report was received in September and concluded that there was 'Substantial' assurance that the framework of governance, risk management and control is adequate and effective.</p> <p>The 2017/18 review will take place once the new Chair of the Board has been appointed and is satisfied that they have sufficient experience of the Board and arrangements in the Inspectorate.</p>
Sponsorship arrangements: England	<p>The centralised sponsorship team based in the Performance and Delivery Unit (PADU) in DCLG is the first point of contact for escalation of issues outside the organisation relating to finance, staff resources, and governance.</p> <p>The PADU team also manages the process for Accounting Officer meetings between the Chief Executive and the Department. The objective of these meetings is to enable DCLG to review and challenge 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 DCLG policy officials and staff in the organisation remained a necessity. Both parties believe that these arrangements have worked well, though they are subject to ongoing review.</p>

In September, I attended an Accounting Officer meeting with Melanie Dawes as the Department's Accounting Officer. This helped to ensure that we were operating within the scope of our Framework Document and our delegations.

Sponsorship arrangements:
Wales

Separate arrangements apply in Wales, where the sponsorship team was kept informed through quarterly meetings with our Director for Wales.

Internal Audit Programme

The GIAA carried out audits of a number of specific aspects of controls and processes across our business. Details are given in Table 24.

GIAA Audit Title	Mgmt. Letter / Report	Date Report Issued	Assurance Level	Actions		
				H	M	L
1617-01 Governance Statement and Risk Management	Report	Jun 2016	Moderate	0	4	7
1617-02 National Infrastructure and Income Forecasting	Report	Jun 2016	Moderate	0	5	2
1617-03 HR Key Controls	Report	Aug 2016	Moderate	0	5	1
1617-04 Capability Framework	Report	Oct 2016	Substantial	0	1	1
1617-05 Board Effectiveness and use of Management Information	Report	Sep 2016	Substantial	0	0	2
1617-07 Spending Review: Business Change Management	Report	Jan 2017	Substantial	0	0	0
1617-10 Finance Key Controls	Report	May 2017	Moderate	0	3	0

Table 24

Each audit (other than 1617-07) resulted in an agreed Action Plan designed to address identified weaknesses and increase the level of assurance. Each audit was allocated a sponsor Director and Head of Service, who co-ordinated activity with the Auditor, and managed the agreed Action Plan. Progress with Action Plans was 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 at year-end. This was provided to the Audit and Risk Assurance Committee in June 2017, and gave an overall opinion of 'Substantial'.

Risk Management

A full review of our Risk Management Framework was undertaken at the start of the year, taking account of best practice advice provided by NEDs and others. The revised process resulted in a full review of the existing Strategic Risk Register, and was cascaded to the three Executive Groups. The principles were also adopted for programme and project risks. The Transformation Programme Board oversees the portfolio of such projects and initiatives, and reviews project risks regularly.

The revised Risk Management Framework, the Strategic Risk Register and Registers for the Executive Groups have been published on our intranet. Details of major risks as at the end of March 2017 are shown in Section 1.1c.

We developed a simplified diagram showing the process to help increase transparency and provide Heads of Service with a way to cascade the positive risk message to their teams.

I am confident that the key risks faced by the organisation during the period were managed appropriately and their impact minimised.

Whistleblowing

We continue to use the independent 'See, Hear, Speak up' service to support our whistleblowing process – we have our own procedure, aligned to the Civil Service-wide Policy. Our Nominated Officer has had formal training and can call on a network of other Nominated Officers should the need arise.

We get reports from the 'See, Hear, Speak up' service on a monthly basis and our data is included in DCLG's regular (six-monthly) return to the Cabinet Office. Any incidents are reported to the Audit and Risk Assurance Committee. Details of the process were presented to the Committee. The Cabinet Office led a service-wide awareness campaign in October 2016. There were no reported instances of whistleblowing in the period.



Information and IT Security

Our Information Services team followed the international standards for information security management best practice - ISO 27001. The Information Security Management Forum met three times to monitor, develop and improve the Information Security Management System. Serious incidents (such as the loss of large amounts of data or personal information, or a serious infection of malware) would have been reported to the Board, though there were no such breaches in the period.

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 our 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. Historically we have not been able to obtain confirmation that everyone has completed mandatory learning as the data available was incomplete. We have taken steps this year to improve the accuracy of those records – though the exercise is not yet complete.

In September 2016, we became aware that the Ebbsfleet Development Corporation (EDC) had joined the Connect IT service we use, in April 2016. The service is shared with DCLG. As a consequence Ebbsfleet staff had direct access to the contact details of our inspectors. Since EDC acts as a local planning authority, this capability could be perceived as a risk to our impartiality/a conflict of interest. As a result, we instigated procedures to minimise inappropriate contacts, and to identify and manage any issues that do arise.

Information Commissioner

The Information Commissioner's Office 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 period of this statement we were made aware of one complaint to the Commissioner in respect of the delay in responding to answering a Freedom of Information/ Environmental Information Request and we acknowledged that the reply was sent outside the permitted timescales.



We were also notified by the Commissioner that a document published in respect of a Nationally Significant Infrastructure Project had not been properly redacted, which we rectified upon notification.

In both cases, the Commissioner did not recommend, or require, any further action.

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. They were regularly reviewed, refined and updated. The Director of Corporate Services is currently the Senior Responsible Owner for our models.

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

In addition to the Civil Service Commission (CSC) recruitment principles that apply across the Civil Service, controls were in place throughout the period that helped to ensure affordability and take account of planned workforce changes. Our revised approach to workforce planning should enable any potential issues arising from recruitment controls to be identified at an earlier stage.

In line with the Public Sector Apprenticeship target (2.3%), 15 apprentices started in 2016/17 against a target of 16.

In April 2017, we were advised that formal headcount limits had been removed, and we would be expected to manage within our delegated pay budget.

Supplier Management

The Inspectorate manages its suppliers through a range of techniques dependent on value, criticality and contract type. Wherever possible and as appropriate, we take a collaborative approach to deliver best value for money, increase innovation and transfer of skills to staff within the organisation.

Early supplier engagement is encouraged in a controlled manner and the procurement strategy doesn't end once products and services have been purchased; it encompasses the entire life of the contract through to vendor rating.

Many of the Inspectorate's services are supplied through other Government Departments including, but not limited to:



- DCLG for the supply of ICT and telephony services;
- Government Legal Department (GLD) for the supply of legal services; and
- DfE for the supply of Estates services.

Robust agreements are in place in the form of Service Level Agreements, Memoranda of Understandings and Memorandum of Terms of Occupation to proactively manage these provisions.

Conflict of Interests

Our long-standing Conflict of Interest policy requires all staff to declare any potential interests as they arise. In addition, inspectors are precluded from taking casework in LPA areas where they have recent or ongoing connections. Interests are declared on appointment and updated as necessary. Organisations such as the RTPI, Royal Institution of Chartered Surveyors and Royal Institute of British Architects have their own codes of ethics and professional standards, and any inspectors belonging to those organisations will be expected to adhere to them as well.

Everyone is expected to proactively report any potential conflict, and our inspectors will excuse themselves from cases on this basis. Our Conflict of Interest policy is deemed proportionate to the perceived risk to our impartiality.

There was one reported incident of attempted bribery of an inspector. Appropriate action was agreed with the Director of Inspectors, the police were informed in accordance with our procedures and a warning was issued to the individual concerned. DCLG was informed of the incident.

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. Regular reports are provided to the Audit and Risk Assurance Committee on aspects of our system of internal control.

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, including through the use of shared service contracts covering off-site file storage, hotel booking and travel.

Compliance with the
Corporate Governance Code
(the Code)

We complied with the principles of good corporate governance set out in the Code³ in all material aspects, proportionate to the size and complexity of the organisation. The restructure of senior leadership team resulted in a number of changes, and we therefore arranged specific governance and accountability training to ensure a suitable and consistent level of awareness amongst the team.

In the interests of transparency, and in order to protect our reputation for impartiality, 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 of interests as part of the Annual Accounts process. A standing agenda item for Boards, Committees, Executive Groups and Planning Inspectors' meetings makes provision for attendees to declare any such interests.

Four declarations were made at Board and Committee level; these were recorded in the relevant minutes and our Register was updated and re-published.

Where an interest was declared, the member was responsible for withdrawing from any discussion where such a conflict could have been perceived to have influenced their judgement.

Our Register of Board Member Interests was first published on the GOV.UK website in April 2014. It has been updated since to reflect changes to the membership of the Board, and at Director level. The Register can be found at www.gov.uk/government/publications/register-of-planning-inspectorate-board-member-interests-april-2014.

3. Published by HM Treasury and the Cabinet Office

Acting on governance issues

Only two major governance issues were identified during the period. They are covered in the following paragraphs.

Recruitment practices

KPMG, on behalf of the CSC, undertook a recruitment compliance and capability monitoring review. Their report, dated June 2016, gave a Red final risk rating and contained four recommendations (one flagged as high priority) to help us improve.

An action plan was put in place to address the issues and the majority of identified work is now complete. Progress was reported to the People Committee.

Business Appointment Rules

Two employees who took voluntary redundancy set up an external consultancy in the planning field. Guidance on business appointment rules was included in their leaving letters and conversations took place between the individuals and their respective line managers. Their activities were monitored post-departure to ensure the activities were consistent with their declared intentions.

In-year improvements

Actions taken this year to place us in a better position for the future included the following:

- **Real-time customer feedback:** The Customer Services Team has begun categorising the calls they receive (by nature of query and casework type). Early data has provided a few areas to monitor; the team has also been asked to detail improvements that could be made to the Appeals Casework Portal based on common customer queries. The data collection exercise continues and will now include more detail around calls categorised as 'Other/General Planning Advice/Initial Appeal Advice'.
- **Learning lessons:** From April 2016, a review of cases that have resulted in justified complaint or litigation has been implemented. The outcome of this is now shared through the Professional Steering Group to the Customer, Quality and Professional Standards Committee. Through this process lessons to be learnt continue to be captured and disseminated to inspectors through a combination of training material and updates.
- **Risk:** We identified and recorded the link between each risk and the relevant Board sub-committee.
- **Awareness:** We arranged training for our SLT on

Improving for the future

- governance and accountability for arm's length bodies to ensure a consistent level of understanding.
- Audit: During the year, we agreed a Process Map with GIAA in relation to the annual audit planning round and actions to manage individual audits.
 - Voluntary Exit (VE) Schemes and senior leadership restructure: Targeted VE schemes were used to support the restructure and a reduction in lower administrative grades as a result of the Casework Transformation Project.
 - Following our Review of Board and Committee Effectiveness in 2016, in 2017/18 we will reduce the frequency of Board meetings to every two months. This will provide additional capacity for our Non-Executive Directors to engage across a wider range of business activities and gain broader exposure to the business. This will enable them to provide advice, insight and challenge to support the organisation.
 - We will identify any changes we need to make as a result of the recently published Partnerships with arm's length bodies: Code of Good Practice, and agree them with DCLG as our Sponsors.
 - We will use the opportunity presented by DCLG's investment (see 1.1a) to transform and improve our services, in line with the aims in our Strategic Plan, and will manage delivery through an integrated Transformation Plan.
 - We will further develop our Risk Management Framework, clarifying the relationship between risk appetite and the traffic light status assigned to each risk.
 - We will review the guidance accessed from the Chartered Institute of Public Finance and Accountancy's Fraud Risk Wheel to help us manage risks associated with the following processes: expenses; procurement; gifts and hospitality; and pensions.
 - We will review the language we use in relation to whistleblowing to see if it can be made more positive and engaging.
 - We will put in place structured induction programmes for new Non-Executive Directors, seeking input from the current Chair and NEDs.

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 2.3c
- Regularity of expenditure – see Section 2.3d
- Remote contingent liabilities – see Section 2.3e

Conclusion

I take personal responsibility for the Annual Report and Accounts, and the judgements required for determining that it is fair, balanced and understandable. In my role as Accounting Officer on the basis of my observations, the information recorded in this Statement and the assurances I have been given by others, I am satisfied that appropriate and proportionate governance, risk management and internal control arrangements were in place during the period covered by this report.



Sarah Richards
Chief Executive
22 June 2017

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 adapted for the public sector context.

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 Cash Equivalent Transfer Values (CETV) disclosures) for Directors and Board Members

The single total figure of remuneration for Directors' for the year ended 31 March 2017 were as follows (comparative figures for 2015/16 are shown in brackets):

	Salary and fees paid (£k in bands of £5k)	Bonus (£k in bands of £5k)	Taxable benefits⁴ (to the nearest £100)	Pension related benefits (£k in bands of £5k)	Total for 2016/17 (2015/16) (£k in bands of £5k)
Accounting Officers					
Sarah Richards Chief Executive	140-145 (5-10) (135-140 full-time equivalent)	- (-)	- (-)	55-60 (0-5)	195-200 (5-10)
Steve Quartermain ¹ Chief Executive (October 2015 to March 2016)	- (40-45) (110-115 full-time equivalent)	- (-)	- (-)	- (5-10)	- (50-55)
Simon Ridley Chief Executive (to September 2015)	- (55-60) (115-120 full-time equivalent)	- (10-15)	- (-)	- (25-30)	- (95-100)
Executive Directors					
Helen Adlard Director of Strategic Change (to November 2015)	- (65-70) (90-95 full-time equivalent)	- (-)	- (-)	- (15-20)	- (85-90)
Jon Banks ² Director of Finance (to January 2017)	80-85 80-85 full-time equivalent (70-75)	0-5 (-)	- (-)	20-25 (25-30)	105-110 (100-105)
Jayne Beeslee Director of People and Change (April to September 2016)	35-40 80-85 full-time equivalent (-)	- (-)	100 (-)	10-15 (-)	50-55 (-)
Tim Guy Director of Transformation (from November 2016)	40-45 105-110 full-time equivalent (-)	- (-)	- (-)	15-20 (-)	60-65 (-)
Phil Hammond Director of Volume Casework	70-75 (70-75)	- (-)	- (-)	20-25 (20-25)	90-95 (95-100)

	Salary and fees paid (£k in bands of £5k)	Bonus (£k in bands of £5k)	Taxable benefits⁴ (to the nearest £100)	Pension related benefits (£k in bands of £5k)	Total for 2016/17 (2015/16) (£k in bands of £5k)
Tracy Hodgkiss ³ Director of People and Change (from August 2015 to February 2016)	- (80-85) (130-135 full-time equivalent)	- (-)	- (-)	- (-)	- (80-85)
Ben Linscott Director of Inspectors	85-90 (15-20) (85-90 full-time equivalent)	0-5 -	30,000 (6,100)	20-25 (0-5)	135-140 (20-25)
Navees Rahman Director of Corporate Services (from December 2016)	20-25 75-80 full-time equivalent (-)	- (-)	- (-)	15-20 (-)	40-45 (-)
Mark Southgate ¹ Director of Major Casework	85-90 (85-90)	- (-)	- (-)	30-35 (30-35)	120-125 (120-125)
Tony Thickett Director for Wales	75-80 (75-80)	- (-)	17,600 (18,800)	20-25 (80-85)	110-115 (180-185)
Non-Executive Directors					
Sara Weller Director, Non-Executive	15-20 (15-20)	- (-)	2,000 (3,100)	- (-)	20-25 (20-25)
David Clements Director, Non-Executive (to June 2015)	- (0-5) (10-15 full-time equivalent)	- (-)	- (400)	- (-) (-)	- (0-5)
Jayne Erskine Director, Non-Executive	10-15 (10-15)	- (-)	300 (900)	- (-)	10-15 (10-15)
Janet Goodland Director, Non-Executive (to June 2016)	0-5 10-15 full-time equivalent (10-15)	- (-)	1,300 (5,600)	- (-)	0-5 (15-20)

	Salary and fees paid (£k in bands of £5k)	Bonus (£k in bands of £5k)	Taxable benefits⁴ (to the nearest £100)	Pension related benefits (£k in bands of £5k)	Total for 2016/17 (2015/16) (£k in bands of £5k)
David Holt Director, Non-Executive (from January 2016)	10-15 (0-5) (10-15 full-time equivalent)	- (-)	4,000 (1,700)	- (-)	10-15 (0-5)
Susan Johnson Director, Non-Executive (from January 2016)	10-15 (0-5) (10-15 full-time equivalent)	- (-)	3,500 (1,300)	- (-)	10-15 (0-5)

Table 25

1. 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.
2. Salary includes payment in lieu of notice.
3. 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 2015/16. 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.
4. Due to their dual office status, Ben Linscott and Tony Thickett are entitled to be paid for travel/accommodation expenses, which are classed as taxable benefits.

Directors' pension disclosure

	Real increase in pension and related lump sum at pension age (£)	Total accrued pension at age at 31/3/17 and related lump sum (£)	CETV at 1/4/16 (£)	CETV at 31/3/17 (£)	Real increase in CETV (£)
Sarah Richards Chief Executive	3,280	3,437	2,355	53,002	40,098
Jon Banks Director of Finance (to January 2017)	1,461	10,795	84,957	99,853	7,876
Jayne Beeslee Director of People and Change (April to September 2016)	401	110,431	505,154	514,818	4,665
Tim Guy Director of Transformation (from November 2016)	1,024	18,725	218,432	230,015	8,339
Phil Hammond Director of Volume Casework	383	114,615	518,275	550,419	7,684
Ben Linscott Director of Inspectors	5,331	144,643	799,317	827,535	24,228
Navees Rahman Director of Corporate Services (from December 2016)	942	14,381	140,187	149,054	6,709
Mark Southgate Director of Major Casework	2,072	17,397	195,449	225,802	18,169
Tony Thickett Director for Wales	1,284	38,883	646,448	693,292	17,218

Table 26

Cash Equivalent Transfer Values

A 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.

	2016/17	2015/16
Band of Highest Paid Director's Total Remuneration (£'000)	140-145	135-140
Median Total - Inspector	53,640	54,372
Remuneration Ratio - Inspector	2.64	2.57
Median Total - Support	26,364	26,103
Remuneration Ratio - Support	5.36	5.36

Table 27

The banded remuneration of the highest paid director in the financial year 2016/17 was £140k - £145k (2015/16: £135k - £140k). This was 5.36 times (support); 2.64 times (inspectors) (2015/16: 5.36 (support); 2.57 (inspectors)) the median remuneration of the workforce, which was £26,364 (support); £53,640 (inspector) (2015/16: £26,103 (support); £54,372 (inspector)).

We are conducting an equal and fair pay review to determine that the salaries paid are appropriate for the work done, comparatively fair and do not pose any equal pay challenges. This work will inform our ongoing pay strategy.

In 2016/17, nil employees received remuneration in excess of the highest paid director (2015/16: nil). Remuneration ranged from £115,357 to £10,840 (2015/16 £109,075 to £11,816) 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 2016/17, we employed (average, whole-time equivalent) 622 staff (see Table 28). This total was made up of 359 men and 263 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 63 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:

	2016/17	2015/16
Senior Civil Service Pay Band 2	1	1
Senior Civil Service Pay Band 1	5	5
Grade 6-7 (Senior staff)	21	28
Salaried Inspector	261	248
Support	85	96
Caseworkers	249	290
Total	622	668
Less Secondments	-	-
Add Agency	14	11
Total Employed	636	679

Table 28

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 is available to all staff through the intranet.

Our engagement score in the Civil Service People Survey increased by 1% from 56% to 57% in 2016/17. Whilst an increase is welcome, we recognise that there is more to do to help people to feel happier and more engaged in their work. We have developed extensive plans to improve this as part of our Transformation Programme.

Attendance management

The average working days lost through sickness absence in 2016/17 was 7.6 days, which is a decrease on the 8.2 days reported for 2015/16. This is still above the Civil Service Average, and further improvement is anticipated. We worked with managers to ensure action plans for all active cases were in place and formal procedures were being adhered to. Appropriate workplace adjustments were made to support staff to return to work as quickly as possible. We also promoted wellbeing initiatives and carried out workshops in Resilience and Wellbeing.

Staff costs

Total staff costs for the 2016/17 financial year are included in Table 29.

	2016/17	2015/16
	£'000	£'000
Wages and salaries	25,019	26,734
Social security costs	2,702	2,298
Other pension costs	5,239	5,522
Sub-Total	32,960	34,554
Agency staff	535	639
Total net staff costs	33,495	35,193

Table 29

Pension benefits

Pension benefits are provided through the Civil Service pension arrangements. Principal Civil Service Pension Scheme (PCSPS) and Civil Servants and Others Pension Scheme (CSOPS) – known as ‘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/about-us/resource-accounts/>).

For 2016/17, employers’ contributions of £5,237,835 were payable to the PCSPS (2015/16: £5,441,332) as one of four rates in the range 20.0% to 24.5% (2015/16: 20% to 24.5%) 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 2016/17 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 £25,093 (2015/16: £38,344) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £1,529, 0.5% of pensionable pay, 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 2017 were £2,003 (2015/16: £3,037).

Contributions prepaid at that date were £nil (2015/16: £nil).

One person (2015/16: nil persons) retired early on ill- health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2015/16: £nil).

Expenditure on consultancy

We did not incur any expenditure on consultancy in the 2016/17 financial year (2015/16: £nil).

Off-payroll engagements

We engaged in a number of off-payroll contracts Tables 30, 31 and 32. 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 2017
No. of existing engagements	64
Of which...	
No. that have existed for less than one year at time of reporting.	-
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.	1
No. that have existed for between three and four years at time of reporting.	4
No. that have existed for four or more years at time of reporting.	58

Table 30: For all off-payroll engagements as of 31 March 2017, 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 2017
No. of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017	-
No. of the above which include contractual clauses giving the organisation the right to request assurance in relation to income tax and National Insurance obligations	-
No. for whom assurance has been requested	-
Of which...	
No. for whom assurance has been received	-
No. for whom assurance has not been received	-
No. that have been terminated as a result of assurance not being received.	-

Table 31: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017, for more than £220 per day and that last for longer than six months

	As at March 2017
No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year.	-
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.	14

Table 32: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017

Exit packages

In the 2016/17 financial year, in readiness for the impact of the Spending Review and the requirement to deliver savings over the next three-year period, progressed other departures (Voluntary Exit Schemes) approved by Cabinet Office. 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 33). Ill-health retirement costs are met by the pension scheme and are not included in the table.

There were no compulsory redundancy departures in 2016/17.

Exit package cost bands	2016/17	2016/17	2015/16	2015/16
	Number of other departures agreed	Cost of other departures agreed £'000	Number of other departures agreed	Cost of other departures agreed £'000
< £10,000	2	16	4	7
£10,000 - £25,000	13	228	11	189
£25,001 - £50,000	12	416	14	501
£50,001 - £100,000	1	78	5	391
£100,001 - £150,000	-	-	-	-
Totals	28	738	34	1,088

Table 33

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 2016/17 financial year are included in the 'Financial Statements' part of this publication. A brief summary of our performance against budget is provided in Table 34.

2016/17	Original budget £'000	Revised budget £'000	Outturn £'000
Staff and related costs	33,955	33,133	33,495
Non pay running costs	16,606	15,879	14,883
Receipts	(11,328)	(10,679)	(10,565)
Net costs	39,233	38,333	37,813
Administration funded ring-fenced costs	1,000	500	428
Total administration costs	40,233	38,833	38,241
Programme funded non-cash costs	161	161	117
Total operating expenditure	40,394	38,994	38,358
Capital expenditure	500	500	250

Table 34

The table above shows that for Net costs actual spend is £520k 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 table below shows the current provisional allocations and working assumptions for the budget over the Spending Review period 2017/18 to 2019/20.

	2017/18	2018/19	2019/20
	£'000	£'000	£'000
Net costs	35,716	33,217	33,534
Administration funded ring-fenced costs	1,000	1,000	1,000
Total administration costs	36,716	34,217	34,534
Programme funded non-cash costs	161	161	161
Total operating expenditure	36,877	34,378	34,695
Capital expenditure	500	500	500

Table 35

Table 35 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. Following the initiation of the Transformation Programme in late 2016/17, additional seed funding of £670k has been agreed for 2017/18.

2.3b Creditor payments

The Government announced in November 2008 that all government organisations should aim to pay invoices, particularly from small and medium-sized enterprises, 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 2016/17, we paid 81.5% of 2,664 invoices received within five days. This compares with the previous year's performance of 86.9% of 2,822 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 2016/17 (no claims in 2015/16).

2.3c 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.

	2016/17			2015/16		
	Cost	Income	Net	Cost	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
National Infrastructure ¹	3,864	(2,211)	1,653	6,859	(4,178)	2,681
Local Plans	4,116	(4,108)	8	4,307	(3,508)	799
Other Major Specialist Casework ²	4,329	(947)	3,382	4,863	(1,428)	3,435
Totals	12,309	(7,266)	5,043	16,029	(9,114)	6,915

Table 36

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.

2.3d 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 37.

	2016/17		2015/16	
	Number of cases	£'000	Number of cases	£'000
Losses Statement	21	166	21	183
Special Payments	55	309	36	1,558

Table 37

Losses include:

- claims waived or abandoned; and
- travel cancellation charges.

Special payments include:

- ex gratia payments, of which we paid seven cases (2015/16: seven cases) of £10,000 or more; and
- damage to hire cars: 34 cases, all except one under £1,500, the largest being £2,152 (2015/16: 20 cases, all under £1,500, the largest being £1,100).

2.3e 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 £199,000 as a provision in our Accounts (see Financial Statements – Note 11). The contingent liability in 2016/17 is £196,000 as these costs were the only cases known at the 2016/17 year end that are possibly going to be realised in 2017/18. Based on previous years, it is a remote possibility that we could have significant costs claims which relate to work completed prior to 31 March 2017. 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.

2.4 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 2016/17. I can confirm that this report complies with the requirements of the Government Financial Reporting Manual, and in particular there is no relevant audit information of which our auditors are unaware, as I ensured all relevant information was passed to them.



Sarah Richards
Chief Executive
22 June 2017

2.5 The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Respective responsibilities of the Accounting Officer and auditor

Scope of the audit of the financial statements

I certify that I have audited the financial statements of the Planning Inspectorate for the year ended 31 March 2017 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 Corporate Governance Report, Remuneration and staff report, and Parliamentary Accountability and Audit Report that is described in the report and disclosures as having been audited.

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.

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 2017 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 parts of the Corporate Governance Report; Remuneration and Staff Report; and Parliamentary Accountability and Audit Report to be audited have 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 Corporate Governance Report; Remuneration and Staff Report; and Parliamentary Accountability and Audit 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.

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

28 June 2017

Financial Statements for the year ended 31 March 2017

3.1 Statement of comprehensive net expenditure

		2016/17	2015/16
		£'000	£'000
	Note		
Income from sale of goods and services		(2,430)	(2,432)
Other operating income		(8,135)	(10,254)
Operating income	4	(10,565)	(12,686)
Staff costs	3a	33,495	35,193
Other administrative costs	3b	15,416	18,845
Total Operating Expenditure		48,911	54,038
Net Operating Expenditure		38,346	41,352
Finance expense	3b	12	22
Net expenditure for the year		38,358	41,374

All income and expenditure is derived from continuing operations.
The Notes on pages 72 to 89 form part of these accounts.

3.2 Statement of financial position

		31 March 2017	31 March 2016
		£'000	£'000
	Note		
Non-current assets			
Property, plant and equipment	5	24	174
Intangible assets	6	1,798	1,826
Total non-current assets		1,822	2,000
Current assets			
Trade and other receivables	8	4,486	5,334
Cash and cash equivalents	9	2,203	351
Total current assets		6,689	5,685
Total assets		8,511	7,685
Current liabilities			
Trade and other payables	10	(5,241)	(7,131)
Provisions	11	(199)	(82)
Total current liabilities		(5,440)	(7,213)
Assets less liabilities		3,071	472
Taxpayers' equity			
General fund		3,070	471
Revaluation reserve		1	1
Total taxpayers' equity		3,071	472

The accounts on pages 68 to 89 were approved by the Inspectorate's Board on 8 June 2017 and signed on its behalf by:

Sarah Richards

Sarah Richards
Chief Executive
22 June 2017

The Notes on pages 72 to 89 form part of these accounts.

3.3 Statement of cash flows

		2016/17	2015/16
		£'000	£'000
	Note		
Cash flows from operating activities			
Net operating expenditure		(38,358)	(41,374)
Adjustments for non-cash transactions	3b	770	680
Decrease in trade and other receivables	8	848	49
Less movement in bad debt provision	3b	(10)	(32)
(Decrease)/Increase in trade payables	10	(1,890)	1,779
Less movements in payables relating to items not passing through the SOCNE	6	106	(57)
Use of provisions	11	(44)	(412)
Net cash outflow from operating activities		(38,578)	(39,367)
Cash flows from investing activities			
Purchase of intangible assets	6	(355)	(495)
Net cash outflow from investing activities		(355)	(495)
Net financing		40,785	37,815
Net (decrease)/increase in cash and cash equivalents in the period	9	1,852	(2,047)
Cash and cash equivalents at the beginning of the period	9	351	2,398
Cash and cash equivalents at the end of the period	9	2,203	351

The Notes on pages 72 to 89 form part of these accounts.

3.4 Statement of changes in taxpayers' equity

		General fund	Revaluation reserve	Total reserves
		£'000	£'000	£'000
	Note			
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	3b	57	-	57
Notional charges	3b	120	-	120
Transfer between reserves		7	(7)	-
Funding from DCLG		37,815	-	37,815
Balance at 31 March 2016		471	1	472
Changes in Taxpayers' Equity for 2016/17				
Total comprehensive expenditure		(38,358)	-	(38,358)
Non-cash charges – auditor's remuneration	3b	57	-	57
Notional charges	3b	115	-	115
Funding from DCLG		40,785	-	40,785
Balance at 31 March 2017		3,070	1	3,071

The Notes on pages 72 to 89 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 2016/17 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 (see Note 11) and contingent liabilities (see Note 12). 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. For the past two years, restatement has not been applied as the value has been 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 were updated in 2015/16 to reflect this change.

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.

A finance lease has been recognised in respect of a contract for the provision of IT equipment to all staff. At 31 March 2017 (the end of the three-year period) the lease was completed and the ownership transferred to us.

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

The following standards, amendments and interpretations have been issued but are not yet effective as they are still subject to HM Treasury FReM adoption. The potential impacts of IFRS 9 and IFRS 15 are not expected to have a material impact on The Planning Inspector's financial statements. The potential impact IFRS 16 is still to be determined and is dependent upon any FReM interpretations or adaptations applied. Any such interpretations or adaptations are currently being determined, and the outcome of this work is not yet known:

Change published	Published by IASB	Financial year for which the change first applies
IFRS 9 Financial Instruments	July-14	Expected to be effective from 2018/19.
IFRS 15 Revenue from contracts with customers	May-14	Expected to be effective from 2018/19.
IFRS 16 Leases	Jan-16	Still subject to HM Treasury consideration.

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 2017/18 is due to be given before the Parliamentary Recess and there is no reason to believe that future approvals to support business as usual activities 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 2016/17 Financial Statements.

2. Statement of operating costs by segment

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

The Planning Inspectorate receives most of its funding from DCLG but over 20% of its costs are recovered by charging a mixture of other central government departments, local government bodies or private individuals and businesses.

	2016/17			2015/16		
	Cost	Income	Net	Cost	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
S78 Planning Appeals	26,927	-	26,927	27,515	-	27,515
National Infrastructure	3,864	(2,211)	1,653	6,859	(4,178)	2,681
Local Plans	4,116	(4,108)	8	4,307	(3,508)	799
S174 Enforcement Appeals	5,680	-	5,680	6,253	-	6,253
Rights of Way	1,396	-	1,396	1,697	-	1,697
S20 Listed Building Planning Appeals	699	-	699	855	-	855
Compulsory Purchase Orders	844	(211)	633	646	(306)	340
Other Major Specialist Casework	4,329	(947)	3,382	4,863	(1,428)	3,435
Income from Welsh Government	-	(2,413)	(2,413)	-	(2,432)	(2,432)
Other	1,068	(675)	393	1,065	(834)	231
Totals	48,923	(10,565)	38,358	54,060	(12,686)	41,374

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 orders 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:

	2016/17	2015/16
	£'000	£'000
Wages and salaries	25,019	26,734
Social security costs	2,702	2,298
Other pension costs	5,239	5,522
Sub-Total	32,960	34,554
Agency staff	535	639
Total net staff costs	33,495	35,193

3b. Other administrative costs

		2016/17	2015/16
		£'000	£'000
	Note		
Rentals under operating leases:			
Hire of plant and machinery		198	311
Other operating leases		1,526	1,834
		1,724	2,145
Finance lease interest charges			
		12	22
Non-cash items:			
Depreciation	5	150	152
Amortisation	6	278	247
Provision for doubtful debt		9	32
Auditor's remuneration ¹		57	57
DCLG recharges ²		115	120
In-year increase in provision		199	82
Write-back of provisions		(38)	(10)
		770	680
Other expenditure:			
Fees to Non-Salaried Inspectors		1,389	1,985
Travel, subsistence and hospitality		1,856	1,729
Accommodation costs		1,414	2,596
Legal and professional services		1,735	2,306
Information Technology		2,628	2,543
Ex gratia costs		374	900
Adverse costs		603	708
Bad debts		48	301
Telecoms		323	216
Training and conferences		452	254
Postal services		198	303
Office supplies		162	206
Support Services		458	181
Redundancy costs		738	1,088
Other administration costs ³		544	704
		12,922	16,020
Total		15,428	18,867

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. From 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 translation services.

4. Operating income

	2016/17	2015/16
	£'000	£'000
Operating income analysed by classification and activity		
Fees and charges to external customers:		
Local Plans	4,108	3,508
National Infrastructure ¹	2,091	3,200
Compulsory Purchase Orders	211	306
Transport Work for LPAs	50	68
Transport and Works Inquiries	61	134
Communities Infrastructure Levy	226	464
Developments of National Significance	17	1
Other	17	65
Total external customers	6,781	7,746
Other Government Departments:		
Welsh Government	2,413	2,432
DEFRA	507	646
Government Legal Department	654	817
Highways England ¹	120	978
Department for Transport	72	67
Department for Business, Energy and Industrial Strategy	18	-
Total other Government Departments	3,784	4,940
Total Operating Income	10,565	12,686

1. Included in Highways England are fees for National Infrastructure work £120,000 (2015/16 - £978,000).

5. Property, plant and equipment

	Information Technology
	£'000
Cost or valuation	
At 1 April 2015	1,787
Disposals	(1,305)
At 31 March 2016	482
Depreciation	
At 1 April 2015	1,461
Charged in year	152
Disposals	(1,305)
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

	Information Technology
	£'000
Cost or valuation	
At 1 April 2016	482
At 31 March 2017	482
Depreciation	
At 1 April 2016	308
Charged in year	150
At 31 March 2017	458
Net book value at 31 March 2017	24
At 31 March 2016	174
Asset financing	
Owned at 31 March 2017	24

6. Intangible assets

	Internally Generated Information Technology ¹		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 ²	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 majority of the remaining value is in relation to our document management system.
2. 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.

	Internally Generated Information Technology ¹		Software licences	Total
	In operation	Under construction		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2016	3,437	655	-	4,092
Additions ²	250	-	-	250
Reclassifications	655	(655)	-	-
At 31 March 2017	4,342	-	-	4,342
Amortisation				
At 1 April 2016	2,266	-	-	2,266
Charged in year	278	-	-	278
At 31 March 2017	2,544	-	-	2,544
Net book value at 31 March 2017	1,798	-	-	1,798
At 31 March 2016	1,171	655	-	1,826
Asset financing				
Owned at 31 March 2017	1,798	-	-	1,798

1. The majority of the remaining value is in relation to our document management system.
2. 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

	2016/17	2015/16
	£'000	£'000
Amounts falling due within one year		
Trade receivables	534	1,066
Other receivables:		
VAT	29	24
Other ¹	540	563
Prepayments and accrued income	3,383	3,681
Total	4,486	5,334

1. Other 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

	2016/17	2015/16
	£'000	£'000
Balance at 1 April	351	2,398
Net change in cash and cash equivalent balances	1,852	(2,047)
Balance at 31 March	2,203	351

The cash balance at 31 March 2017 includes £1,675 (2015/16: £3,493) held in respect of Deemed Planning Applications (see **Note 1.1o**).

10. Trade payables and other current liabilities

	2016/17	2015/16
	£'000	£'000
Amounts falling due within one year		
Trade payables	99	399
Other payables:		
Third party ¹	2	3
VAT, taxation and social security	680	787
Other ²	953	767
Accruals and deferred income	3,507	5,037
Current part of finance lease	-	138
Total payables at 31 March	5,241	7,131

1. The third party's payables of £1,675 (2015/16: £3,493) are held in respect of Deemed Planning Applications (see **Note 1.10**).
2. Other includes payroll deductions and amounts payable to consolidation fund of £330 (2015/16: £1,324).

11. Provisions

	Early departures	Adverse costs	Ex gratia	Total
	£'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
	£'000	£'000	£'000	£'000
Balance at 1 April 2016	-	-	82	82
Provided in the year	-	-	199	199
Provisions utilised in the year	-	-	(44)	(44)
Provisions not required written back/ unwind discount	-	-	(38)	(38)
Balance at 31 March 2017	-	-	199	199

Analysis of expected timing of discounted flows

	Early departures	Adverse costs	Ex gratia	Total 2016/17	Total 2015/16
	£'000	£'000	£'000	£'000	£'000
Not later than one year	-	-	199	199	82
Balance at 31 March 2017	-	-	199	199	82

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 had 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 2017, 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 2017, 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 £196,000 (2015/16: £6,000).
- (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 £179,000 (2015/16: £406,510).

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.

	2016/17	2015/16
	£'000	£'000
Obligations under finance leases		
Information Technology		
Not later than one year	-	149
Total Information Technology	-	149
Less interest element	-	(11)
Present value of obligations	-	138

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 which 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 departments, central government bodies and local government organisations, in relation to the usual course of business.

Non-Executive and Executive Board members must declare any personal or business interest which may, or may be perceived to, influence their judgement as a Board member. During the year no Board member, or other related parties, have undertaken any material transactions with us.

The remuneration of senior manager/Board members is set out in the Remuneration Report (see Section 2.2a).

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 28 June 2017.

Annex - Customer Services and Contact Points

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Corporate site Wales: <http://planninginspectorate.gov.wales/>

Appeals Casework Portal: <https://acp.planninginspectorate.gov.uk/>

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



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