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## **ANNUAL REPORT**

### **CHAIRPERSON'S STATEMENT**

I am delighted to be able to present the Annual Report and Accounts for Libraries NI (the Northern Ireland Library Authority) for the 2009/2010 financial year, our first year of operation.

This has been a significant year for the public library service in Northern Ireland with responsibility for the service transferring from the 5 Education and Library Boards (ELBs) to Libraries NI on 1 April 2009. I would like to take this opportunity to commend the ELBs for their contribution to the development of the public library service over the past 36 years and thank them and their staff for their assistance and support which contributed significantly to a smooth transition of responsibilities.

A new organisation means new ways of doing things and this year has been characterised by change for everyone involved. Members of staff throughout the service have embraced the changes willingly and collaboratively and I would like to express my thanks to them for their work in continuing to provide a high quality service to individuals and communities throughout this period of change.

During the year the Board of Libraries NI was fully constituted and relevant Committees were established to take forward the work of the organisation. We published our Corporate Plan 2009–2011 setting out our values and vision for the public library service as well as high level objectives for the period. We took forward important work such as the strategic review of provision in the Greater Belfast area, a review of the administrative centres inherited from the Education and Library Boards and consideration of the permanent location of our corporate services. I am also pleased to say that this year saw the official opening of Newtown Stewart Library after major refurbishment, and the new Antrim Library opened its doors to the public on 1 February 2010. Work began on site for a new library in Dungiven and major refurbishment was undertaken to improve facilities in Carryduff Library, Comber Library, Keady Library and Whitehead Library.

We have been faced with considerable challenges in this first year of operation, not least the need to deliver on financial efficiencies. I am pleased to report that we managed our finances effectively, living within our budget while reducing management costs and directing additional funding to front line services such as books and electronic resources.

I am personally grateful to all the Board Members who have given time and expertise throughout the year to provide leadership for the service and to ensure that effective governance arrangements are in place. We know that there will be many more challenges ahead, not least as a result of the current economic climate, but we are committed to ensuring that the public library service in Northern Ireland continues to flourish and develop, within the resources made available to us.



**Dr David Elliott**  
**Chairperson, Libraries NI**

## CHIEF EXECUTIVE'S STATEMENT

Libraries NI was officially launched on 2 April 2009 by the then Minister of Culture, Arts and Leisure, Gregory Campbell MP, MLA in the newly refurbished and much extended Bangor Carnegie Library (which later in the year was highly commended in the Public Library Building Awards) and it was fitting that the theme of our launch was "A Celebration of Libraries." The programme included contributions from a number of library users from across Northern Ireland who had benefited from their involvement with the public library service.

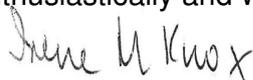
Every day, in cities, towns and villages across Northern Ireland, children, young people and adults of all ages are using libraries to borrow books to read for pleasure, information or self development; to enjoy a storytime or a poetry reading or yarnspinning; to access information either through traditional reference material or increasingly online; to explore their cultural heritage or trace their family tree; to participate in a reading group or engage in a creative writing workshop or attend a book launch; to learn how to surf the Internet or keep in touch with family or friends via e-mail; or to engage in the many other activities which are ongoing in libraries.

The main body of this Annual Report highlights some of our work during this first year of operation. There is much to celebrate, including an extensive and varied range of activities which took place to support our key themes of learning, culture, information and heritage. The "All Our Saturdays" exhibition won a prestigious London 2012 Inspire Mark. A creative writing project, supported by the Community Fund, targeted young males who would normally not use a library. The Health in Mind Project, supported by the Big Lottery, was launched. A very successful Summer Reading Challenge took place, involving over 40,000 children. Significant progress was made on a number of capital development projects to rebuild or refurbish libraries. New stock ordering and receipting procedures led to an increasing proportion of new books being delivered to libraries close to publication date. A new performance management framework was introduced to support our business objectives and a suite of new ICT systems was implemented to support our Finance, Payroll and HR functions.

It has been a challenging year for everyone concerned, not least because of the inevitable upheaval associated with the implementation of a new organisational structure as well as new systems, policies and procedures. But it has also been a rewarding year. Much has been achieved and solid foundations have been established on which we can build for the future.

Amidst all the tremendous changes that have taken place, our staff have continued to provide an excellent service to the public and are held in high regard by our users. I am grateful to all staff for their continuing hard work and support throughout this year.

I am also grateful for the support provided by the Chairperson and Members of the Board of Libraries NI who bring a wide variety of skills and experience to the governance of the organisation and who have embraced their responsibilities enthusiastically and with a high degree of commitment.



**Irene M Knox**  
**Chief Executive, Libraries NI**

## DIRECTORS' REPORT

### History

The Northern Ireland Library Authority (Libraries NI) was established as a body corporate on 1 April 2009 as a result of the Review of Public Administration. Its functions are laid down in The Libraries Act (Northern Ireland) 2008.

The Board of Libraries NI comprises a Chairperson and 18 Members, 11 of whom are councillors, within the meaning of the Local Government Act (Northern Ireland) 1972. All Members of the Board are appointed by the Minister of Culture, Arts and Leisure. The following served as Members of the Board during the year:

Dr David Elliott	Chairperson	with effect from 1 April 2009
Alderman Hubert Nicholl	Vice Chairperson	with effect from 1 August 2009
Councillor Mrs Anne Brolly		with effect from 1 August 2009
Mr Patrick Carvill		with effect from 1 April 2009
Councillor Charlie Casey		with effect from 1 August 2009
Councillor Samuel Cole		with effect from 1 August 2009
Mr Roger Dixon		with effect from 1 October 2009
Councillor Mrs Roberta Dunlop		with effect from 1 August 2009
Councillor Allan Ewart		with effect from 1 August 2009
Councillor Miss Carla Lockhart		with effect from 1 August 2009
Mr Alastair McDowell		with effect from 1 April 2009
Mr Nigel Macartney		with effect from 1 October 2009
Ms Angela Matthews		with effect from 1 October 2009
Councillor Cathal Mullaghan		with effect from 1 August 2009
Councillor Mrs Evelyne Robinson		with effect from 1 August 2009
Councillor Jim Rodgers		with effect from 1 August 2009
Miss Helen Roulston		with effect from 1 October 2009
Councillor Seamus Shields		with effect from 1 August 2009
Ms Jane Williams		with effect from 1 April 2009

Prior to 1 April 2009 the public library service was the responsibility of the 5 Education and Library Boards. The Libraries Act (Northern Ireland) 2008 provided for the Department of Culture, Arts and Leisure to make schemes for the transfer of relevant staff, designated property, rights and liabilities from the Education and Library Boards to Libraries NI.

## Some Facts and Figures

Population (NISRA Mid Year Population Estimates, 2008)	1,775,003
Number of Branch Libraries	109
Number of specialist libraries (Irish and Local Studies Library, Armagh Centre for Migration Studies, Ulster American Folk Park, Omagh)	2
Number of mobile libraries (including vehicles which serve housebound library users)	28
Number of Public Access Computer Terminals	1,319
Registered Users	619,054
– Children	415,157
– Adults	203,897
Visits to libraries	7,247,578
Number of items borrowed (excluding renewals)	4,578,255
Spend on stock	£3,376,000
Number of staff (Full Time Equivalent)	727

## Functions of the Northern Ireland Library Authority

The primary duty of the Northern Ireland Library Authority (Libraries NI), as set down in the Libraries Act (Northern Ireland) 2008, is to provide a comprehensive and efficient public library service for persons living, working or studying in Northern Ireland. In doing so Libraries NI is required to:

- Secure that facilities are available for the borrowing of, or reference to library materials sufficient in number, range and quality to meet the general requirements of adults and children (whether by keeping adequate stocks, by arrangements with other bodies concerned with library services or by any other means)
- To have regard to the desirability of:
  - Encouraging both adults and children to make full use of the library service
  - Providing advice as to the use of the library service and making available such bibliographical and other information as may be required by persons using the service
  - Promoting literacy and lifelong learning

- Maintaining a collection of library materials relevant to the cultural heritage of Northern Ireland
- Making library premises available for cultural and community activities
- Meeting any special requirements of adults and children by any appropriate means.

## Vision

Libraries NI has the vision of being a flexible and responsive library service which provides a dynamic focal point in the community and assists people to fulfil their potential.

## Mission

To enrich and enhance the lives of individuals and communities through providing and promoting a range of high quality library and information services.

## Values

Everything that we do is guided by our five values:

- **Customers come first** – listening to our customers and responding to their needs in respect of libraries for leisure, learning or information
- **Nurturing staff** – supporting our staff in the workplace so that they are fully equipped to provide the high quality services that users deserve and expect
- **Innovating and Improving** – striving for improvement in all that we do to encourage further and better use of the library as a central hub in the community
- **Decisiveness** - taking decisions that need to be made in the best interests of the service and the ever changing needs of the public and wider society
- **Accountability** – demonstrating leadership, working to standards, explaining our decisions, reporting progress and delivering value for money.

## Key Themes

The work of Libraries NI is guided by 4 key themes, all of which are underpinned by the centrality of reading and reader development. The 4 key themes are:

- **Support for learning and learners** – libraries provide a learning network that runs parallel with formal education but also extends far beyond it. They complement and reinforce formal learning, but also provide an unthreatening

environment where people can receive encouragement, advice and support to get back on the learning ladder

- **Access to information** – libraries have a critical role to play in helping to promote greater equality of access to, and capability in using, information, thereby helping people to make choices and exercise their democratic rights as citizens
- **Cultural and creative development** – as a focal point in communities, libraries are ideally placed to offer a comprehensive range of events and activities designed to broaden intellectual and emotional experiences and enhance the constructive use of leisure
- **Heritage and digitisation** – libraries have a long tradition of collecting and preserving material which relates to our cultural heritage. Access to this cultural heritage, both local and national, enriches society through nurturing creativity, imagination, a sense of place and a sense of pride.

## **EQUALITY STATEMENT**

Libraries NI, the Northern Ireland Library Authority, in carrying out its functions has a statutory responsibility, to have due regard to the need to promote equality of opportunity:

- Between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation
- Between men and women generally
- Between persons with a disability and persons without
- Between persons with dependants and persons without.

In addition, without prejudice to the above obligation, Libraries NI will also, in carrying out its functions, have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

## Organisational Structure

In the period covered by this Report, Libraries NI was structured on the basis of the Chief Executive's Department and 3 Directorates providing services as detailed below.

### Chief Executive's Department

*Chief Executive: Irene Knox*

The Chief Executive's Department provides services to Board Members, other Departments, libraries and the general public and comprises:

- **The Board Secretariat** which provides administrative, organisational and secretarial support for the Board and the Audit and Risk Committee.
- **Internal Audit** which provides assurance to the Chief Executive as Accounting Officer on the adequacy and effectiveness of systems.

### Planning and Performance Directorate

*Director: Anne Connolly*

The Director of Planning and Performance is responsible for:

- **Public library provision** across a network of libraries in the following council areas:
  - Antrim
  - Ballymena
  - Ballymoney
  - Belfast
  - Carrickfergus
  - Coleraine
  - Londonderry
  - Larne
  - Limavady
  - Moyle
  - Newtownabbey
  - Strabane
- **Performance Management** which includes:
  - The management of the corporate, business planning and annual reporting processes
  - Business improvement strategies
  - Organisational development
  - Quality assurance.

- **Information Governance** which ensures that Libraries NI:
  - Fulfils its responsibilities in respect of the requirements of Freedom of Information and Data Protection legislation
  - Implements best practice in the discipline of Records Management.
- **Staff Learning and Development** through which Libraries NI seeks to ensure that:
  - All staff have the knowledge and skills to undertake their roles effectively
  - Leadership and management capacity is developed
  - Staff are enabled to respond positively to change and the developing and wide-ranging needs of users.
- **Cultural and Creative Development** which provides the strategic framework for the development of cultural provision in the public library service. Under this key theme the organisation:
  - Provides cultural information to people
  - Organises and schedules a range of cultural events
  - Promotes the cultural rights of people
  - Enables community participation and access to culture.
- **Support for Learning and Learners** which provides the strategic framework for planning and co-ordinating the delivery of learning opportunities for children and adults in formal and informal ways in libraries and outreach settings. Under this key theme the organisation:
  - Provides learning experiences directly to people in one-to-one and classroom settings
  - Works with a range of partners to provide and support learning opportunities
  - Promotes lifelong learning
  - Enables communities to participate in learning, for example through family learning programmes.

## **Service Delivery Directorate**

*Director: Helen Osborn*

The Director of Service Delivery is responsible for:

- **Public library provision** across a network of libraries in the following council areas:
  - Ards
  - Armagh
  - Banbridge
  - Castlereagh
  - Cookstown
  - Craigavon
  - Down
  - Dungannon
  - Fermanagh
  - Lisburn
  - Magherafelt
  - Newry & Mourne
  - North Down
  - Omagh
- **Marketing, PR and Communications** which includes:
  - Internal and external communications including media relations
  - Establishing, maintaining and developing the Libraries NI brand
  - Market research
  - Website and other electronic communication
  - Income generation.
- **Resources and Bibliographic Services** which is responsible for:
  - The acquisition and cataloguing of stock in all formats
  - The request and inter-library loan service
  - The exploitation, editing, circulation, promotion and disposal of stock.
- **Access to Information** which provides the strategic framework within which current and relevant information is made available and includes:
  - Access to information in printed and online formats owned or created by Libraries NI or others
  - Information literacy.

- **Heritage and Digitisation** which provides the strategic framework within which important material relevant to our cultural heritage is acquired and disseminated and includes:
  - Providing access to, promoting and developing our heritage collections
  - Preserving and conserving our heritage collections
  - Digitisation of resources to improve accessibility.

## **Business Support Directorate**

*Director: Terry Heron*

The Director of Business Support is responsible for providing a range of support services to facilitate the delivery of high quality public library services through the work of the following Units:

- **Finance Unit** is responsible for:
  - The implementation of a devolved budget management system
  - The provision of quality financial information to support decision making, with the aim of meeting financial targets and reporting requirements, while complying with corporate governance requirements in relation to financial and procurement matters.
- **Human Resource Services Unit** which is responsible for:
  - Advice, support and guidance on people management issues with the aim of achieving a skilled, motivated, flexible and diverse workforce
  - Workforce planning
  - The recruitment and appointment of staff
  - Terms and conditions of employment
  - Employee relations services
  - Staff care services.
- **Assets Management Unit** which is responsible for:
  - The management, maintenance and development of the organisation's physical assets, including land, property and vehicles
  - Capital development and minor works programmes.

- **Information Systems** comprising:
  - The Intelligent Customer Unit (ICU) which is responsible for managing the delivery of all services relating to electronic library information systems procured through the PFI contract, Electronic Libraries for Northern Ireland (ELFNI)
  - The Information and Communications Technology (ICT) Unit which is responsible for the information systems required to support the work of the Business Support Department.

## **Register of Interests**

None of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with Libraries NI (the Northern Ireland Library Authority) during the year.

A Register of Members' Interests and a Register of Interests of the Chief Executive and Directors have been published on the Libraries NI website ([www.librariesni.org.uk](http://www.librariesni.org.uk)) and can be inspected on application to the Chief Executive's office.

## **Business Review**

### **Financial Review**

Libraries NI achieved its financial target by containing expenditure within the totality of the resources, both recurrent and capital, made available during the course of the 2009/2010 financial year. Recurrent expenditure was £33,100,000 within an allocated budget of £33,194,000 and capital expenditure was £4,065,000 within an allocated budget of £4,184,000. Key to achieving the £600,000 recurrent efficiency target required in 2009/2010, as a result of the Comprehensive Spending Review, was the release of 13 senior and middle management staff employed in the public library services of the Education and Library Boards on voluntary redundancy on 31 March 2009, in preparation for the establishment of Libraries NI on 1 April 2009.

### **Employee Involvement**

During the year the policy of providing employees with information has been continued through regular distribution of a core brief. Regular meetings are held between staff at different levels to allow a free flow of information and ideas. A negotiating committee has been established with representatives of recognised trades unions.

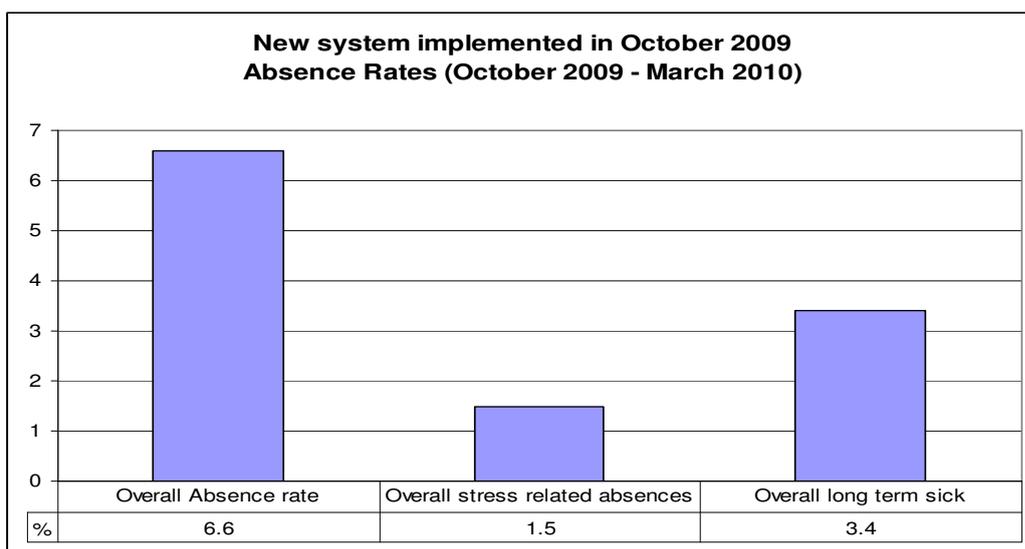
### **Employees with Disabilities**

Libraries NI actively encourages applications for employment from disabled persons where the requirements of the job may be adequately performed by a disabled person.

Where existing employees acquire a disability it is the organisation's policy whenever possible to provide continuous employment under normal terms and conditions and to provide training and career development and promotion where appropriate.

## Attendance Management

Libraries NI inherited various approaches to the management and monitoring of staff attendance. In October 2009 a new system was implemented to enable accurate information to be captured and to inform the management of attendance. The overall absence rate for staff employed in Libraries NI during the last 6 months of the year, as illustrated in the graph below, was 6.6%.



## Pension Accounting Policy

Pension liabilities are treated in the Accounts in accordance with Note 1.11 to the Accounts.

## Payments to Suppliers

### Public Sector Payment Policy – Measure of Compliance

The Government requires that trade creditors are paid in accordance with the Better Payment Practice Code and Government Accounting Rules. Libraries NI's payment policy is consistent with the Better Payment Practice Code and Government Accounting Rules and unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods and services, or presentation of a valid invoice or similar demand, whichever is later.

	<b>Based on Invoice Date</b>
	<b>Number</b>
Total invoices paid	20,857
Total invoices paid within 30 day target	19,672
% of invoices paid within 30 day target	94.3%
Total invoices paid within 10 days	12,723
% of invoices paid within 10 days	61%

During the year the Libraries NI paid no interest charges in relation to late payment of invoices.

### **Charitable Donations**

During the year Libraries NI made no donations for charitable or political purposes.

### **Auditor Details**

The Principal Auditor is the Comptroller and Auditor General, Northern Ireland Audit Office, 106 University Street, Belfast, BT7 1EU.

<b>COST OF AUDIT</b>	<b>£000</b>
Audit Services (notional cost)	60
Further Assurance Services	n/a
Tax Services	n/a
Other Services	n/a

The services provided relate to the statutory audit of the financial statements.

There were no non-audit services provided by the Principal Auditor.

Libraries NI confirms that:

- So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware
- The Accounting Officer has taken all steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the auditors are aware of the information.

## Corporate Governance Arrangements

Libraries NI, through its Committees, maintains and reviews the system of internal control within the organisation by continually monitoring the service being provided to customers to ensure it meets objectives. The Chairperson of the Audit and Risk Committee reports to the Board on audit activity including risk management.

The organisation has complied with the terms of the current relevant Dear Accounting Officer Letters (DAOs) issued by the Department of Finance and Personnel (DFP). In particular, grant and grant in aid received from the Department of Culture Arts and Leisure (DCAL) has been used for the purposes intended; there was no novel or contentious expenditure for which DCAL's and/or DFP's approval was not obtained; and all other financial transactions conformed to the authorities which governed them, including delegated authority to commit or incur expenditure and approvals sought from the Department, where required.

Registers of Board Members' and key staff interests were established and have been updated regularly. Conflicts of interest relating to Board Members and key staff, actual or potential, were appropriately managed and controlled.

An anti-fraud policy and fraud response plan has been developed, updated and implemented and training was provided to all staff. All suspected and proven frauds have been notified to the Department and other parties in accordance with agreed procedures and there are no suspected frauds that have not yet been notified.

Performance was monitored against both business objectives and the effectiveness of internal control arrangements. Throughout the 12 months ended 31 March 2010, internal control was adequate to provide reasonable assurance of:

- Effective and efficient operations
- Integrity and accuracy of management information
- The safeguarding of assets
- Compliance with laws and regulations.

The Board of Libraries NI, via the Audit and Risk Committee, received periodic reports concerning internal control. The Audit and Risk Committee met four times during the year. Representatives of the Northern Ireland Audit Office (NIAO) and the Libraries Branch of DCAL attend the meetings.

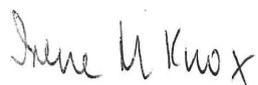
Libraries NI has an Internal Audit Section, with appropriately qualified and experienced staff. The Head of Internal Audit reports regularly to the Audit and Risk Committee on issues arising from internal audit reports and provides an opinion on the adequacy and effectiveness of the system of internal control together with recommendations for improvement. The Head of Internal Audit's opinion is a key element of the framework of assurance the Chief Executive needs to inform the completion of the annual Statement on Internal Control (SIC).

The annual Internal Audit Plan for 2009/2010 called for the internal audit resource to be used to conduct assignments in different areas of Libraries NI. Actual usage of the Internal Audit resource is detailed below.

<b>Category of Audit</b>	<b>No. of Days</b>	<b>% of Days</b>
Strategic	32	12%
Support Services	39	14%
Operational	0	0%
Mandatory	2	1%
Branch Library Audits	101	37%
Consultancy	47	17%
Miscellaneous Audits and Administration	53	19%
Total	274	100%

### **Personal Data Related Incidents**

During the year there were no personal data related incidents.



**Irene M Knox**  
**Chief Executive**

## **MANAGEMENT COMMENTARY**

### **Strategies**

In 2009 the first Corporate Plan for Libraries NI was created and approved for the period 2009-2011. As a new organisation the development of key strategies to support the business has been fundamental. In particular the performance management framework has supported the development of business strategy. All staff have received training in the performance management system. People are able to make their individual contributions to the achievement of the business and service plans for their service point.

The priorities for the organisation during this first year of operation were:

- Taking forward work on the Public Service Agreement targets relevant to Libraries NI
- The collation of information obtained from our systems and consultations with the public and other bodies to inform future practice
- Work needed to fully establish optimal systems for the operation of Libraries NI as a new Non Departmental Public Body (NDPB)
- A programme of work needed to ensure adherence to standards and business improvement.

### **Customers come first**

We responded to the needs of customers by:

- Spending over £3,376,000 on stock in various formats, including books, periodicals, CDs, DVDs and online resources
- Developing community engagement groups in each of the business areas as a way of establishing a channel of regular consultations with customers
- Conducting a strategic review of library services in Greater Belfast to take forward the need to rationalise and modernise the service
- Completing a new library in Antrim town in November 2009 at a total cost of £2.8 million for the 2000m<sup>2</sup> facility, which opened to the public in February 2010
- Completing extensive refurbishment and enlargement projects at Newtownstewart and Whitehead libraries at a cost of £595,000 and £379,000 respectively
- Initiating work to restore the external façade of Belfast Central Library (a Grade B listed building) at a total project cost of approximately £935,000

- Achieving approval of economic appraisals for the replacement of existing library facilities in Killeel (£1.10 million) and Lisnaskea (£2.1 million)
- Obtaining approval for a major refurbishment at Carrickfergus Library
- Commencing the construction of a new library in Dungiven which is due for completion in September 2010
- Completion of minor works schemes to provide substantial improvements to Carryduff and Comber libraries (total cost of £200,000)
- Progressing economic appraisals for major development projects at Belfast Central Library, Enniskillen Library and Coleraine Library
- Exceeding the target of 6 public workstations per 10,000 head of population with access to the Internet and online resources (achieved 7.5 workstations per 10,000 head of population).

### **Nurturing staff**

We nurtured staff by:

- Developing and implementing a performance management system enabling staff to contribute to the business goals. All staff were trained in the staff appraisal scheme
- Providing learning opportunities including training for all staff on key corporate governance policies and procedures and in the value base of the organisation, as well as supporting a number of people on accredited study programmes
- Meeting with staff representatives through the Negotiating Committee and consulting directly with staff on issues
- Enabling staff to contribute directly to the planning processes
- Communicating regularly with staff using a variety of means, including a core brief, to ensure that all staff are equipped to meet the challenges required by the establishment of Libraries NI.

### **Innovating and Improving**

Strategies and plans were developed to take forward work on our four key themes:

- Support for learning and learners
- Cultural and creative development
- Heritage and digitisation
- Access to information.

As an organisation committed to continuous improvement we became members of the Centre for Competitiveness. This year the business improvement effort has been focussed on the harmonisation of policies within the organisation and on the strategic review of library provision in Greater Belfast.

### **Decisiveness**

This year was one requiring major decisions from Libraries NI. Key drivers have included the need to deliver on the efficiencies required by the establishment of a single organisation as a result of the Review of Public Administration and the need to rationalise and modernise provision. Decisions were taken on the structure of the organisation and the model of service provision which resulted in:

- The delivery of £600k efficiencies in the recurrent budget with plans being put in place to bring about continued efficiencies and improved effectiveness
- The commencement of a review of library provision across Northern Ireland which will be undertaken in a number of stages with the first stage being Greater Belfast.
- The publication of a review of library provision in the Greater Belfast area and engagement in a public consultation to inform decisions on the shape of future provision.

### **Accounting for Our Leadership**

During the year Libraries NI accounted for its leadership through:

- Meeting our financial targets
- Quarterly assurance statements submitted by the Chief Executive to the Department regarding the systems of internal control that were in place to support the achievement of Libraries NI objectives and targets
- Agreeing the Management Statement and Financial Memorandum
- Receiving regular reports via the Services Committee on progress in achieving the targets in its business plan
- Briefing the Culture, Arts and Leisure Committee on its work to rationalise and modernise library provision in Greater Belfast and the review of former Library Headquarters buildings inherited from the Education and Library Boards
- Responding within the terms of its Freedom of Information processes to 15 requests for information and ensuring that the Libraries NI website reflects key information about who we are and what we do
- Publishing the approved minutes of Board and Committee meetings on our website

- Responding promptly to requests from DCAL for information in relation to Assembly Questions
- Reviewing our Data Protection registration and Data Protection Policy
- Reviewing the Comments and Complaints policy and enabling comments and complaints to be received in person, by telephone, letter, email or via the website. During the year 275 comments, compliments and complaints were received.

## **Policies**

Libraries NI came into operation to bring together the public library services previously provided by the 5 Education and Library Boards. A key task in this first year has been to create and harmonise policies so that the organisation has a consistent and comprehensive policy system in place. A policy development framework is in place to assist the development of new policies and a prioritised programme has been developed to review and update policies over time. Key governance policies were a priority during the year and an extensive programme of training was carried out across Northern Ireland to ensure that all members of staff are familiar with the operation of these policies.

## **Social and Community Issues**

This reporting period has brought opportunities and challenges to society in Northern Ireland generally. Libraries NI is conscious of its contribution to the local community, both as an employer across Northern Ireland and as a provider of services which are particularly beneficial in the context of the current economic difficulties. The workforce is representative of the community in which it is based and, as at 1 January 2010, there were 924 members of staff in post comprising 50% Protestant, 45% Roman Catholic and 5% non-determined. Approximately 80% of the workforce is female.

Libraries NI dealt with a wide range of specific enquiries from public representatives at local council, Northern Ireland Assembly and Parliamentary level. In most cases detailed written responses were provided but there were also personal meetings involving the Chief Executive and other officers as required.

Conscious of the importance of communication with stakeholders, Libraries NI generated media coverage throughout the year. It established local engagement groups in 4 areas and consulted on the strategic direction for libraries into the future as well as on a number of specific issues.

Libraries NI developed relationships with other organisations in the statutory, community, voluntary and private sectors. These focused mostly on access to services and, therefore, included organisations involved in our key themes of culture, learning, heritage and information as well as providers of local services.

## **Sustainability Issues**

Libraries NI is committed to supporting the wider Government agendas relating to sustainable development and reductions in the consumption of resources. In this our first year of operation the Board agreed an Environmental policy which aims to preserve natural resources in the areas of energy, waste, water, wood, paper and horticulture which are impacted by our operations.

In pursuing these aims we have undertaken a range of specific initiatives including:

- Protecting and enhancing our Historic Environment through work currently underway on a project to restore and repair the original Victorian natural stone facades of Belfast Central Library
- The application of the British Research Establishment Environmental Assessment Method (BREEAM) to all new build construction projects in line with best practice in sustainable design and to measure the environmental performance of the buildings. Facilities opened in 2009/2010 such as the new Antrim Library have involved elements such as the following:
  - Interaction with local Wildlife groups resulting in the provision of built-in bat and swift nesting boxes
  - Ensuring Contractors are committed to the Considerate Contractors scheme
  - A rainwater harvesting and reuse system
  - All major building elements have 'A ratings' as defined in the Green Guide to Specification.

## **Essential Contractual Arrangements**

In accordance with the Libraries NI Financial Memorandum contracts for the supply of goods and services and estate related services are procured either through an appropriately certified Centre of Procurement Excellence or in line with procurement advice provided by a Centre of Procurement Excellence

While every contract is evaluated on a value for money basis, in the majority of instances this will also be at the lowest cost. Larger scale construction related contracts are evaluated on a quality/cost basis with awards being made on an overall value basis.

Libraries NI is also involved in a number of alternative contractual arrangements including the Private Finance Initiative (PFI) approach to securing services (Electronic Libraries for Northern Ireland and Lisburn City Library are provided by this route) and the Strategic Partnership approach (Belfast Strategic Partnership).

All contracts awarded by Libraries NI are a matter of public record.

Through the Human Resources service all employees of the Board are issued with appropriate contracts of employment, the terms and conditions of which are subject to negotiation and agreement with the recognised Trade Unions through the Joint Negotiating machinery.

## **Trends for the Future**

As a fledgling organization Libraries NI will continue to develop and implement its services, strategies, policies, procedures, structures and systems, building on the significant progress made in its first year of existence. It will do this against a background of financial constraints, having had to implement £1.2 million of savings in 2010/2011 and with the prospect of a shrinking budget into the future.

The economic climate presents challenges for everyone and libraries are well placed to assist people in coping with these challenges by providing access to learning and information, as well as a range of services including internet access which are free at the point of delivery.

Libraries too will play their role in establishing a new economic future for Northern Ireland. They will provide people with access to opportunities for learning as part of the fundamental basis of lifelong learning for everyone. They will provide access to technology for people who need it to help them whether it is for work, research or leisure purposes. As more and more people seek to trace family histories and connections in this global world, ancestry services and digitised materials provided by libraries become a key enabler.

Society continues to challenge us with the need to promote diversity awareness and social inclusion. Social inclusion remains a significant priority for the Northern Ireland Executive. Libraries have a key role to play in providing shared space and venues where people can come together to pursue leisure and learning and to have access to high quality information sources.

Advances in technology continue to be a key factor in the drive to improve services and match levels of provision to the needs of customers. We need to exploit the opportunities provided by technological advances and the development of social media to develop the ways in which we provide services and communicate with our customers. The current ICT contract which delivers the ground breaking Electronic Libraries for Northern Ireland (ELfNI) initiative expires in 2012 and working towards its replacement will be a major strand of work for Libraries NI over the next period of time.

## Performance Measures

### Key Indicators of Success

The public library service contributes to the delivery of 3 Public Service Agreements. These are noted below together with the specific Libraries target and the outcome of the related business targets established for Libraries NI in 2009/10.

PSA 5 (1, Part)	Enhance Northern Ireland's Tourism Infrastructure
Libraries Target:	Deliver £7.5 million capital investment in libraries in 2009/2010 (NB the target was reduced to £5,800,000 on 2 June 2009 and later to £4,184,000)
Outcome	<ul style="list-style-type: none"> <li>• Capital spend was £4,065,000</li> <li>• Antrim new library was completed on time and within the approved budget, opening to the public in February 2010</li> <li>• Newtownstewart Library refurbishment was completed on time and within budget and was officially opened in 20 January 2010</li> <li>• The Economic Appraisal for Carrickfergus Library was approved but work on tendering the project was delayed. The project went on site early in the 2010/2011 financial year</li> <li>• The refurbishment of Whitehead Library was completed on time and within budget</li> <li>• Dungiven Library went on site in 2009/2010 and was completed in 2010/2011</li> <li>• A strategic review of library provision in the Greater Belfast Area was undertaken, resulting in proposals for rationalisation and modernisation which were published for public consultation in January 2010. This included a 3 year plan for the refurbishment and redevelopment of a number of libraries in the Greater Belfast area</li> <li>• A Strategic Outline Case for Belfast Central Library was submitted to DCAL for approval</li> <li>• The Belfast Central Library Stonework project went on site in February 2010</li> <li>• A draft Economic Appraisal for Enniskillen Library was submitted to DCAL and continues to be the subject of discussion</li> <li>• The Economic Appraisal for Lisnaskea Library was approved by DCAL and work taken forward to procure the site</li> <li>• The Economic Appraisal for Kilkeel Library was approved by DCAL</li> <li>• A significant refurbishment was completed in Carryduff Library and similar projects were progressed in Comber and Keady Libraries.</li> </ul>

PSA 9 (1)	Enable as many people as possible to improve their quality of life by experiencing, participating and accessing the excellence of our cultural assets
Libraries Target	Maintain the proportion of library users (85%) in Northern Ireland who are satisfied with public library provision
Outcome	<ul style="list-style-type: none"> <li>• In the most recent Continuous Household Survey Data (2008/2009) 88% of library users expressed satisfaction with library provision</li> <li>• Spend on library stock was £3,376,000, representing over 10% of recurrent spend or £1.90 per head of population. The initial target of £2.00 per head of population was reduced, with the approval of DCAL, to enable a contribution to be made to the funding of a voluntary severance programme targeted at middle managers in order to prepare for the delivery of further efficiencies in 2010/2011</li> <li>• 4,578,255 items were borrowed in 2009/2010 compared to 4,666,350 in 2008/2009. The target to increase borrowing by 1% was not met</li> <li>• 48% of requests were met within 7 days. The target established by DCAL was that 50% of requests should be met within 7 days. The target was not met.</li> <li>• Public access terminals were in use for 1,128,500.35 hours in 2009/2010 compared to 1,177,668.72 hours in 2008/2009. The target was to increase number of hours in use by 1%. The target was not met.</li> </ul>

PSA 9 (2)	Capture and make available in digital formats and on line key DCAL services, information and cultural assets in order to exploit opportunities for joined-up public access and increased participation
Libraries Target	The public library network to have at least 6 public access workstations per 10,000 population by 2011 which have access to the internet and the library catalogue
Outcome	<ul style="list-style-type: none"> <li>• Achieved 7.5 public access terminals per 10,000 population</li> <li>• Planning commenced for the replacement of the Electronic Libraries For Northern Ireland (ELFNI), a PFI contract which expires in 2012</li> </ul>

PSA 9 (3)	Deliver DCAL related reforms intended by the Review of Public Administration
Libraries Target	Creation of the Northern Ireland Library Authority by 2009
Outcome	<ul style="list-style-type: none"> <li>• The Northern Ireland Library Authority (known as Libraries NI) was established on 1 April 2009</li> <li>• Board Members were appointed by the Minister of Culture, Arts and Leisure during 2009/10 and received corporate governance induction training in October 2009</li> <li>• An audit of corporate governance arrangements was undertaken by the Heads of Internal Audit in the North Eastern Education and Library Board and the Western Education and Library Board and provided a satisfactory assurance level</li> <li>• The required efficiencies of £600k were delivered and plans were put in place, through the implementation of a programme of voluntary redundancy in March 2009 to enable further efficiencies of £540k to be achieved in 2010/11</li> <li>• A Benefits Realisation Plan was agreed with DCAL.</li> </ul>

## Culture

Libraries NI aims to deliver a cultural programme of events which promotes equality, inclusion and diversity. Cultural events took place in libraries from Antrim to Armagh, Belfast to Ballymoney, Lisburn to Larne and Shankill to Strabane, offering a province wide cultural programme which reflects collaborative working with key partners within the DCAL family and liaising and developing partnerships with other arts providers.

Three events brochures were produced during 2009/2010 which offered a varied programme of cultural activities for all age groups.

There were author readings by Jennifer Johnston, Glenn Patterson, Paul Charles, Colin Bateman and Malachi O'Doherty. Poetry was represented with readings by local poets Frank Ormsby and Gerry Miller, the love poems of John Donne for St Valentine's Day and a family event with performance poet, Chris White.

Libraries NI secured a grant from the Community Fund to run a creative writing project for three months. The funding was targeted at young males in areas of high social need who would not have normally accessed our services. The programme involved workshops on comic book writing, digital photography and creative writing, digital storytelling and radio production and journalism as well as eight performances by three authors in library and school venues. The project was run in Shantallow, Ballycastle, Ballymena, Rathcoole, Grove and Falls Road libraries.

Creative Writing workshops were also held involving the Zion Creative Writing Group from Lisburn, the Creative Impulse Senior Citizens Forum from Newtownabbey and 2 workshops for 8-11 year olds, entitled Release the Words, from the book by Jimmy Symonds, were held in Antrim Library.

Events which reflect Cultural Diversity included storytelling by Rozana Huq from Bangladesh and the Gaelic Psalm Singers from the Hebrides who attracted a large and distinguished audience in Tullycarnet Library. In March 2010 the St David's Society, Northern Ireland performed Welsh poetry and songs and there was a performance by the Murray School of Dancing in Downpatrick to mark St Patrick's Day.

A varied musical programme was offered which included Ben Sands, the Percy French Quartet, Noel McMaster, the a cappella group Cantionculae and the award winning Open Arts Choir.

Events of a sporting interest included a talk in Omagh Library by legendary GAA Manager, Mickey Harte and world champion water skier, Dr Janet Gray MBE, discussed her book, *Blind Ambition*, in several libraries.

In the December brochure seasonal offerings included Carols for Christmas in Shankill Library, a Christmas concert by the European School of Music in Lisburn City Library, a Festival of Carols and Readings in Dundonald Library and Hullabaloo Children's Interactive Theatre presented *Winter Wonderland* in 3 libraries.

There was an entertaining programme on offer for children and families. Patrick Benson presented the *Illustrator's Tale* in Newry and Armagh libraries. Writer and poet, Stephen Hall, shared his drawing skills in Magherafelt and Omagh libraries. There was an illustrated talk entitled *In the Midst of Gorillas* by film maker, Dr Michael Leach, in Portadown and Lisburn City libraries. *Rhyme, Rhythm and Rap* with Brian Moses took place in several libraries and *Meet the Author*, Alan Durant, was hosted by Rathcoole and Larne libraries.

There were some individual events including the War on Want Fashion Show, the Sam Hanna Bell Day to commemorate his centenary, an art demonstration by Hugh McIlfratrick in Ballymoney Library, readings by Anne Hailes from Ulster Television in several libraries, including Falls Road Library, and a talk by Jan de Vries to a capacity audience in Grove Library.

A visual arts programme of exhibitions of paintings and photography included *New Abstracts* by local artist Ray Duncan, *New Works* on loan from the Arts Council Northern Ireland art collection and the Darwin, Praeger and Clare Island Survey touring exhibition from the Royal Irish Academy. Libraries NI also hosted two student exhibitions, *Fulcrum Photography* by students from South East Regional College (Bangor Campus) and an arts and textiles exhibition by HND mature students from Belfast Metropolitan College (Castlereagh Campus).

Regular cultural features continued including the Man Booker Prize Evening, the Big Big Reading Group series, *Writers in the Community* and the Shalom Writers Group lunchtime poetry readings and *Lift the Lid* lunchtime piano recitals.

A continuous programme of storytelling, including the Tullycarnet Yarnspinners, featured professional performers such as Declan Forde, Liz Weir, Kate Murphy, Jack Lynch and Liz Gough. Libraries NI supports reader development through a wide network of reading groups in all 4 Business Areas.

The aim of this cultural programme was to harmonise and regulate cultural provision across the 4 Business Areas and establish a baseline position from which access to culture and the arts can evolve and develop into the future.

## **Learning**

Public libraries provide a learning network that runs parallel with formal education but also extends far beyond it. They complement and reinforce formal learning, but also provide an unthreatening environment where people, often with poor experiences of formal education, can receive encouragement, advice and support to get back on the ladder of learning.

Public libraries offer one to one support for adults who have no experience of using IT. Help is given to navigate a computer, set up an email account, shop online, book flights, practise for the driving test theory exam and much more. There are IT classes ongoing in many of our larger libraries which usually last between 3 and 6 weeks and which deliver across a variety of topics. Silver Surfers Day for the over 60's was celebrated in 48 libraries with a total of 850 individuals having an IT lesson supported by volunteers trained by Business in the Community.

One to one and group Open College Network NI accredited literacy courses were also delivered in targeted areas across Belfast.

Family learning programmes, including My Family Book, Storysacks and Storypuppets, were offered to parents and carers to encourage the sharing of books amongst families. Twelve of these groups met during the year and courses lasted between 2 and 16 weeks. Many of the participants came from socially disadvantaged areas across Northern Ireland and stronger partnerships have been forged with Sure Start groups across Northern Ireland as a consequence.

Reading and the development and enhancement of literacy skills are central to creating a learning culture and to addressing social exclusion, building community identity and developing responsible citizenship. This year, 40,232 children and families received Bookstart packs and were introduced to books as a result of a partnership forged by libraries with Booktrust, the Department of Education and Health Visitors. Public libraries support the gifting of these packs by facilitating events for families with young children. Approximately 1,750 events took place during the year with 43,000 children and parents/carers attending. Reading gangs for primary school aged and teenage children had a membership of 1,200 and met either monthly or bi-monthly.

Other leisure and learning activities for teenagers included Manga and Fashion Design and Knitting Clubs.

Quest Seekers was the eleventh annual UK Summer Reading Challenge. The Summer Reading Challenge builds children's enjoyment of reading at the same time as developing a habit of using the public library. Quest Seekers challenged children to read 6 library books of their choice over the summer holidays. Children joined the Challenge at their local library and were given a membership card and a fold out poster. Their quest for the 2009 Challenge was to help 3 Quest Seeker characters on their imaginary journey to find a golden book. Three stages to the adventure gave a

sense of progression, with rewards including stickers and vouchers towards free DVD loans. In Northern Ireland 8,762 children joined the Challenge and 57% completed it (in line with the national average). 41% of the participants were boys (demonstrating that libraries can encourage more boys to read for pleasure). There were 175 events for children over the summer as part of the Challenge attracting 2,715 children.

## **Heritage**

In its first year of existence the priority for Libraries NI for heritage services was to carry out an audit of the collections and the services that we inherited from the 5 Education and Library Boards, to implement a new staffing structure and to develop our heritage strategy.

Libraries NI entered into a series of strategic partnerships in order to improve access to heritage services and resources. These included the BBC Community Archive and the Public Record Office of Northern Ireland (PRONI).

A major heritage exhibition, launched by Lord Coe in Grove Library on 2 February 2010, was called 'All Our Saturdays,' a celebration of Northern Ireland's sporting excellence, based around the former sporting newspaper Ireland's Saturday Night, which is held in Belfast Central Library. It was only the fourth project in Northern Ireland to be approved for a London 2012 Inspire Mark. Libraries NI staff worked with the Belfast Telegraph to create an exhibition to tour some 40 libraries with associated outreach events including activities for schools, reminiscence session and opportunities for anyone with an interest in sport to get involved.

'Glimpses of the Past' was another touring exhibition based on one of our unique collections, in this instance the Bigger and McDonald Collection of photographs. This is a unique pictorial archive of the City of Londonderry and the North West more generally, taken mostly from the Derry Standard (1836-1966). The exhibition was developed in partnership with the Foyle Civic Trust with funding from the Heritage Lottery Fund.

Libraries NI increased the range of electronic resources available in libraries in response to public demand. It acquired Ancestry Library edition which quickly became the most popular online resource and was the subject of a number of workshops for library users.

Local libraries continued to be involved in a wide range of local heritage initiatives often working with local history societies, community groups and councils.

## **Information**

In April 2009 Libraries NI was awarded a grant by the Big Lottery Fund of almost £1,000,000 over 5 years for Health in Mind, a project in partnership with 4 major mental health charities to improve access to information about mental health and well being.

Health in Mind seeks to improve the quality of life of 25,000 adults affected by low level mental illness through the provision of information, learning and reading activities at some 200 community locations across Northern Ireland and through an online

presence. It also seeks to reduce the stigma attached to mental illness by improving understanding of mental health in a further 15,000 people which will also enable them to take steps to prevent mental illness. Libraries NI is the lead partner and the other 4 partners are the leading mental health charities - Action Mental Health, Aware Defeat Depression, CAUSE and Mindwise. The project went live in November 2009 and in February 2010 CAUSE piloted 'Together through Learning' - a short course aimed at carers in Brownlow Library, Craigavon.

The project has developed momentum with opportunities to expand on the project deliverables through further partnership working. Healthy Body, Healthy Mind was a partnership event with the Big Lottery Fund, BBC Headroom NI and Libraries NI Health in Mind project. The aim of the day was to promote and positive mental health.

The BBC NI Headroom Campaign and Big Lottery Fund small grants programme for mental health projects was launched in Bangor Carnegie library on 23 March 2010. BBC Headroom is a mental health and well-being campaign which began in England and Wales in May 2008 and is the focal point for a wide range of BBC programmes and events. The main aim is to encourage the widest possible audience to understand more about mental health and take simple steps to look after their own wellbeing. The BBC Radio Ulster lunchtime programme, Talkback, broadcast the show from the library and the programme centred on mental health issues. The BBC bus was also at the library. The partners collaborated on a range of events and live interviews complementing the topic of the launch and the Health in Mind project including:

- A Mad Hatters tea party organised by Mindwise
- Tiffany Glass making with Action Mental Health
- Information stands from all the partners
- Blood pressure and cholesterol checks
- Tai Chi and relaxation sessions
- Young people from Bangor Central Primary School contributed ideas on what made them happy to the BBC Headroom think tank, made paper pots with Conservation Volunteers and finished the radio programme with singing
- Libraries NI Book Prescription scheme was promoted.

Over 270 people attended on the day both from the general public and existing mental health groups and participated in the many free activities provided. Positive comments were received about the fact that the partnership with libraries provided an innovative location for promoting positive mental health and reaching a new audience.

## **Marketing**

It was important for Libraries NI to raise awareness about the new organisation and its services as well as establishing internal and external systems of communication.

The Libraries NI brand was launched at the same time as the new organisation with the new name, logo and website ([www.librariesni.org.uk](http://www.librariesni.org.uk)).

Libraries NI was officially launched by the then Minister of Cultural Arts and Leisure, Gregory Campbell MP, MLA, in the newly refurbished and much extended Bangor Carnegie Library, on Thursday 2 April 2009. Guests were entertained on arrival by the Armagh Rhymers. Dr David Elliott, Chairperson of Libraries NI, introduced the event. The formal proceedings were followed by a 'Celebration of Libraries' which included hearing from a silver surfer who researched his family tree in Portaferry Library; a video link to a children's activity in Omagh Library; a broadcaster and writer from Derry with strong views on the importance of reading; Robert Chesnutt, the nine year old from Dunseverick who won the Off by Heart competition (a partnership between libraries and BBC learning); and a library user from West Belfast who credits libraries with helping his literacy skills and much more.

The aim of the celebration event was to illustrate Libraries NI's themes of information, heritage, culture and learning and to demonstrate that it is a service for the whole of Northern Ireland.

Day One of Libraries NI was celebrated in all libraries with refreshments and an events programme and received extensive media coverage at a local level.

Throughout the year Libraries NI obtained media coverage for its services and for events in libraries. It also attended a number of external events including the Tall Ships festival where there was a very successful library area in the BBC Headroom tent.

The CIPFA Plus Survey was carried out in all libraries in October 2009 in order to obtain baseline information about customers and their views on libraries.

## **Stock**

2009/2010 was a year of transition for the Stock Services Team, with the move from 5 authorities, with different staffing levels and procedures, to a single authority and a cohesive stock team. The initial part of the year was spent in developing operating and accounting procedures for Libraries NI and implementing these in the stock units in Armagh, Ballymena, Ballynahinch, Belfast Central and Omagh.

During this initial period, new stock ordering procedures for the main categories of stock were introduced. The new procedures resulted in savings in the amount of staff time taken up with ordering stock and increased efficiencies in the receipting and delivery of stock, which in turn led to an increasing proportion of books being delivered to branches close to publication date.

Further savings were achieved as Libraries NI continued its policy of developing electronic orders and invoices. Processes were finalised with our main suppliers and implementation was initiated with suppliers of specialist material such as large print and audio books.

Finally the Stock Services Team was heavily involved in the preparation for, and testing of, the changes to library operating system to reflect a single library authority. These changes will enable greater efficiencies to be made in stock ordering, delivery and request satisfaction times during the incoming year.

## **REMUNERATION REPORT**

### **Board Members**

The Chairperson of the Board is paid for duties carried out as Chairperson at a rate and on such conditions as determined by the Department of Culture, Arts & Leisure (DCAL) with the approval of the Department of Finance and Personnel. Libraries NI makes payments to Board Members in relation to their functions as Members, at such rates and on such conditions as determined by DCAL. Board Members receive travelling and subsistence allowances for expenditure incurred, at such rates and on such conditions as determined by the Board, subject to the approval of DCAL. No Board Members receive or make pension contributions through their role as a Board Member.

### **Chief Executive and Second Tier Officers**

The remuneration of the Chief Executive and Second Tier Officers is performance related. Remuneration for 2009/2010 is based on performance in 2008/09\*. The Permanent Secretary of DCAL determined the performance of the then Chief Executive (Designate) in 2008/2009. The respective Chief Executives of the transferring Education and Library Boards, in conjunction with the Chief Executive (Designate) determined the performance of the Second Tier Officers in 2008/2009. The Senior Management Pay Review Panel of the Education and Library Boards submits to the Department of Education a recommendation on the appropriate percentage ceiling for performance related uplifts having regard to relevant information and other factors including pay movements in the public and private sectors and patterns of recruitment. The Department of Education considers the advice of the panel and determines the overall maximum percentage uplift to be applied.

\* Under TUPE, the performance related pay scheme covering performance in 2008/2009 is the Education and Library Board scheme. DCAL has developed a new scheme for 2009/2010.

### **Remuneration Committee Members**

The members of the Remuneration Committee are Dr David Elliott, Alderman Hubert Nicholl, Mr Alastair McDowell, Mr Nigel Macartney and Councillor Mrs Evelyne Robinson.

### **Service Contracts**

Officer appointments are in accordance with the Joint Negotiating Council (JNC) for the Education and Library Boards terms and conditions and in particular are in accordance with the Staff Commission for Education and Library Boards Code of Procedures on Recruitment and Selection. Unless otherwise stated, the officers covered by this report hold appointments until their retirement. The normal period of notice is 3 months. Policy on termination payments in relation to premature retirement is in accordance with Local Government Regulations and the redundancy provisions.

**Salary including Allowances**

Salary includes gross salary and performance pay, excluding employer's costs plus taxable travel payments and is based on actual salary earned for the year.

**Benefits in Kind**

Senior post holders receive no non-cash benefits (benefits in kind).

## REMUNERATION REPORT

### Emoluments of Senior Post Holders and Members

#### Senior Post Holders

Audited	Salary inc allowance 2009/10 £000s	Benefits in kind 2009/10 (to nearest £100)	Salary inc allowance 2008/09 £000s	Benefits in kind 2008/09 (to nearest £100)	Total value of accrued pension and lump sum at 65 at 31/03/10 £000s	Real increase in pension and lump sum at 65 £000s	CETV at 31/03/10 £000s	CETV at 31/03/09 £000s	Real increase in CETV in £000s
Ms Irene Knox Chief Executive	95-100	Nil	90-95	Nil	35-40 105-110	5-7.5 10-12.5	774	623	134
Mrs Anne Connolly Director of Planning & Performance	75-80	Nil	5-10*	Nil	30-35 90-95	0-2.5 0-2.5	758	685	66
Mr Terry Heron Director of Business Support	80-85	Nil	10-15**	Nil	15-20 45-50	0-2.5 0.2.5	328	278	45
Ms Helen Osborn Director of Service Delivery	80-85	Nil	20-25***	Nil	5-10 25-30	0-2.5 0.2.5	155	125	26

\* Anne Connolly transferred from NEELB to NILA Implementation Team on 1 January for 2 days per week; full year equivalent salary £75-80K

\*\* Terry Heron transferred from SELB to NILA Implementation Team on 1 February 2009; full year equivalent salary including allowances £80-85k

\*\*\* Helen Osborn transferred from WELB to NILA Implementation Team on 1 January 2009; full year equivalent salary including allowances £80-85k

## **Emoluments of Senior Post Holders and Members**

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to Libraries NI's pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

### **Real Increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It does not take account of 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.

## **Emoluments of Senior Post Holders and Board Members**

### **Board Members**

	<b>2010 £</b>
The total emoluments (including honoraria) of the Chairperson serving during the year was:	13,272.27
The highest payment for any other Board Member was;	3,421.35
The aggregate amount of Board Members' emoluments was:	53,457.13

No Members waived emoluments.

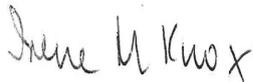
The number of Board Members who received emoluments falling within the range below:

£	2010 Number	2009 Number
1 – 4,999	18	N/A
5,000 – 5,999		
6,000 – 6,999		
7,000 – 7,999		
8,000 – 8,999		
9,000 – 9,999		
10,000 – 10,999		
11,000 – 11,999		
12,000 – 12,999		
13,000 – 13,999	1	N/A
14,000 – 14,999		
15,000 – 15,999		



**Dr David Elliott**  
Chairperson

**Date** 14 April 2011



**Irene M Knox**  
Chief Executive

**Date** 14 April 2011

## **STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES**

Under the Libraries Act (Northern Ireland) 2008 (paragraph 16) the Department of Culture, Arts and Leisure has directed Libraries NI (the Northern Ireland Library Authority) 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 Libraries NI and of its income and expenditure, changes in taxpayers equity and cash flows for the financial year.

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

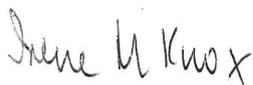
observe the Accounts Direction issued by the Department of Culture, Arts and Leisure including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

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 accounts, and

prepare the accounts on a going concern basis.

The Accounting Officer of The Department of Culture Arts and Leisure has designated the Chief Executive as Accounting Officer of Libraries NI. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Libraries NI assets, are set out in Managing Public Money (Northern Ireland) published by the Department of Finance and Personnel.



**Irene M Knox**  
**Accounting Officer**

**Date** 14 April 2011

## **STATEMENT ON INTERNAL CONTROL**

### **Scope of Responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Libraries NI's policies, aims and objectives, whilst safeguarding the public funds and the assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money (Northern Ireland).

I provide assurance in respect of expenditure incurred by Libraries NI on programmes and schemes funded by the Department of Culture Arts and Leisure (DCAL) and approved by the Department on the basis of the Libraries NI Business Plan. This includes income received by way of fines and charges associated with the provision of public library services and the operation of a number of Service Level Agreements with the Education and Library Boards (ELBs).

I am responsible for maintaining administrative structures which enable Libraries NI to discharge its statutory duties which takes into account working with its sponsoring department, the ELBs as the legacy organisations for the public library service and other partner organisations. The achievement of these responsibilities is discussed at regular Accountability Review meetings with the Department of Culture, Arts and Leisure. The meetings are attended by the Director of Culture, DCAL and other relevant officers from Libraries NI and the Department. The Chairperson of the Board is accountable to the Minister. He has had one accountability meeting with the Minister during the year.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of Libraries NI's policies, aims and objectives
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Libraries NI came into existence on 1 April 2009 and systems of internal control have been developed throughout the year and are now in place for the year ended 31 March 2010 and up to the date of approval of the Annual Report and Accounts. The systems accord with DFP guidance.

### **Capacity to Handle Risk**

Libraries NI has established a risk management framework. This framework was developed as the year progressed, building on approaches used in the ELBs, and now incorporates a Risk Management Strategy endorsed by the Accounting Officer and the

Audit and Risk Committee. The Strategy, which comprises a series of documents, specifies the risk management process within Libraries NI and sets out the roles and responsibilities of Members and officers. A Risk Management Group, comprising officers at Director level, meets quarterly to review and revise the Corporate Risk Register and associated Action Plans. Internal Audit has provided assistance and guidance to managers concerning the evaluation of risks and the completion of the required documentation. Embedding the risk management framework is an ongoing process which will be further developed at Business Area level in the coming year.

Training on corporate governance and risk management was provided for all staff during the period to assist them in understanding the risk management process. The Risk Management Strategy and associated documentation is available to all staff on the Staff Web. As the risk management process is embedded at Business Area level, processes for the identification and management of key risks to the delivery of objectives will be improved.

An independent review of corporate governance and risk management was undertaken during the year by the Heads of Internal Audit in the North Eastern Education and Library Board and the Western Education and Library Board. A satisfactory level of assurance was provided in relation to the risk, control and governance framework.

### **The Risk and Control Framework**

The Risk Management Strategy for Libraries NI outlines its strategic approach to risk management and sets out the process for identifying, assessing, managing and monitoring risks faced by the organisation, including a prioritisation methodology based on risk ranking of impact and likelihood.

Each Director is responsible for:

- Identifying risks for their service
- Evaluating these risks in terms of impact and likelihood
- Establishing an adequate control mechanism, commensurate with the perceived level of risk

The Directors, as the Risk Management Group, collate the information available to determine whether the relationship between risk and control is appropriate. These risks are then incorporated into the corporate risk register. The corporate risk register identifies the officer(s) responsible for undertaking actions required to improve control together with review dates. The corporate risk register is reviewed at least quarterly by the Audit and Risk Committee and an annual review is undertaken by the Board, linked to the business planning process.

Processes for holding staff accountable for risk management are being rolled out through the implementation of a performance management system.

Libraries NI's risk appetite is conditioned by many issues. Among the more important of these are government statute and guidelines and the attitude of the Department of Culture, Arts and Leisure. Overall Libraries NI has adopted a cautious approach to

the management of risk, but a specific risk appetite has been identified in respect of each corporate objective.

Libraries NI has continued to operate the policies and procedures of the legacy organisations in respect of information security including the secure storage of information held electronically and in printed form, the use of passwords to access electronic data and the encryption of laptop information. Following its first year of operation, Libraries NI has developed policies on Information Security, Data Protection and Record Management and established an Information Security Steering Group, under the chairmanship of a Director, to regularly review and progress all information security matters. A self assessment was completed using the Northern Ireland Civil Service Data Protection Review template resulting in an overall score within the satisfactory range level.

Libraries NI is in the process of rolling out its organisational structure. This structure is designed to ensure that appropriately skilled and experienced staff are in place to manage business processes. Senior staff are appointed on the basis of a competency based recruitment process.

Core library procedures inherited from the 5 ELBs are being reviewed to ensure standardisation of approach. New procedures are being developed for corporate services functions previously undertaken by the ELBs.

When it was established, Libraries NI inherited 5 different approaches to the management of risk. Libraries NI's strategy and approach has developed during this first year of operation. During this year also the Department of Culture, Arts and Leisure introduced a standard template for a corporate risk register which required Libraries NI to adapt its approach to recording risk.

No significant internal control failures were identified during the year.

### **Review of Effectiveness**

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Directors and Business Managers who have responsibility for the development and maintenance of the internal control framework. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit and Risk Committee and plans to address weaknesses and ensure continuous improvement of the system are in place.

The Board, through its Committees, is responsible for maintaining and reviewing the system of internal control within the organisation by continually monitoring the service being provided to ensure it meets the objectives set out in the Business Plan. Updates on progress against targets in the Business Plan are made quarterly to the Services Committee. The Business Support Committee receives and reviews management accounts, including re-forecasts, on a monthly basis for both recurrent and capital expenditure.

Directors submit to the Accounting Officer quarterly assurance statements which they have completed, which in turn take into account assurance statements from their

Business Managers. The Accounting Officer submits quarterly assurance statements to DCAL based on the assurance given by Directors and the Head of Internal Audit. These assurance statements are reviewed by the Audit and Risk Committee.

The Chairperson of the Audit and Risk Committee reports to the Board as a whole on audit activity, including risk management, on a regular basis. The Chairperson also presents the Committee's Annual Report which includes the Committee's opinion on Libraries NI's corporate governance arrangements including the management of risk.

Libraries NI has complied with the terms of the current relevant Dear Accounting Officer Letters (DAOs) issued by the Department of Finance and Personnel. In particular, grant and grant in aid received from the Department of Culture, Arts and Leisure has been used for the purposes intended; there was no novel or contentious expenditure for which the Department or/and DFP's approval was not obtained; and all other financial transactions conformed to the authorities which governed them, including delegated authority to commit or incur expenditure and approvals sought from the Department where required.

Registers of interests of Board Members and key staff have been established and are updated on an annual basis. Conflicts of interest, actual and potential, relating to Board Members and key staff were appropriately managed and controlled. A Code of Practice for Board Members and a Code of Conduct for Staff have been established and communicated. At every meeting of the Board and its Committees Members and officers are required to declare any potential or actual conflicts of interest in respect of agenda items to be considered at that meeting.

Members of the Board have undertaken corporate governance training and have been made aware of their responsibilities in this area. Members of the Audit and Risk Committee have also received additional training with regard to the specific responsibilities of the members of an audit and risk committee.

An anti-fraud policy and fraud response plan have been developed, updated and implemented. All suspected frauds have been notified to the Department and to the Comptroller and Auditor General of the Northern Ireland Audit Office in accordance with agreed procedures and there are no suspected frauds that have not yet been notified. The organisation's fraud risk analysis is also being developed.

Whistleblowing and Gifts and Hospitality policies have been updated and implemented. The Whistleblowing, Anti-fraud and Gifts and Hospitality policies have been made available to staff on the Staff Web and training has been provided.

Complaints procedures for staff and the general public have been developed and implemented, including facilities under Whistleblowing arrangements to complain directly to outside agencies and the sponsoring department. Libraries NI has also taken out membership of Public Concern at Work, the whistleblowing organisation.

Performance was monitored against business objectives and the effectiveness of internal control arrangements developed throughout the year. At 31 March 2010, internal control was adequate to provide reasonable assurance of:

- Effective and efficient operations

- Integrity and accuracy of management information
- The safeguarding of assets
- Compliance with laws and regulations.

The Board, via the Audit and Risk Committee, receives periodic reports concerning internal control. Specific attention has been given to mission critical projects. Four Audit and Risk Committee meetings were held during the year. Representatives of the Northern Ireland Audit Office (NIAO) attended each meeting of the Committee. Representatives from the Department of Culture, Arts and Leisure are invited to attend each meeting of the Committee.

Libraries NI has a Head of Internal Audit, whose appointment was approved by DCAL. A risk based internal audit strategy and annual plan has been approved by the Audit and Risk Committee. The strategy and plan took account of relevant issues identified in handover statements on internal control provided by the Accounting Officers of the ELBs and internal audit reports completed by the ELBs. Updates on progress in relation to the plan are provided at each meeting of the Audit and Risk Committee and progress on implementing recommendations contained in Internal Audit reports is reviewed by the Committee at each meeting. The Head of Internal Audit submits regular reports to the Audit and Risk Committee and the Accounting Officer, including his opinion on the adequacy and effectiveness of Libraries NI's risk management, control and governance arrangements, with recommendations for improvement.

The Audit and Risk Committee has reviewed the guidance set out in the HM Treasury Audit Committee Handbook and agreed that it has a substantial level of compliance with the Handbook.

## **SIGNIFICANT INTERNAL CONTROL ISSUES**

Libraries NI came into operation on 1 April 2009. The majority of internal control issues that might be expected to arise as a result of the establishment of a new organisation were recognised and managed during the period leading up to April 2009. There were, however, some issues that arose and required to be addressed in-year.

### **Establishment of Libraries NI**

The Libraries Act (Northern Ireland) 2008 requires that the Authority (i.e. the Board) shall consist of a Chair and not more than 18 Members, the majority of whom shall be councillors (within the meaning of the Local Government Act (NI) 1972). The full Board was not in place until September 2009 which resulted in a delay in appointing Committees, including an Audit and Risk Committee.

The initial business of the Audit and Risk Committee was transacted by the Chairperson and the 3 Board Members who were in place at that time, at a meeting held in July 2009. The first meeting of the full Audit and Risk Committee was held in October 2009. The Audit and Risk Committee met four times during the year.

During the year discussions have been on-going with the Department on the content of the Management Statement and Financial Memorandum. Although the final versions were not agreed until March 2010 (and took effect from 1 April 2010) Libraries NI has complied throughout the year with the terms of the draft documents.

Late notification of the budget allocation and associated objectives and targets for the year (received on 31 March 2009) led to delays in the corporate and business planning processes. The Corporate Plan 2009-2011 and Business Plan 2009-2010 were not agreed by the Department until January 2010. In 2009/2010 budgets were managed at Director level; in 2010/11 this responsibility was delegated to the appropriate level.

Libraries NI assumed responsibility for the provision of the public library service from the 5 ELBs. A Staff Transfer Scheme was agreed with the ELBs prior to 1 April 2009, including protection arrangements in accordance with the Transfer of Undertaking (Protection of Employment) Regulations 2006 (TUPE). Although all staff were employed on NJC terms and conditions within the ELBs, and continue to be employed under these terms and conditions within Libraries NI, different local interpretations existed in relation to a number of aspects and there are a number of areas where harmonisation is required.

A new organisational structure was developed and agreed prior to the establishment of Libraries NI, taking account of the regional nature of the new public library service. Implementation of the new organisational structure has not progressed as quickly as had been anticipated and this work has continued in the new financial year.

Different levels of fines and charges for services existed previously across the 5 ELBs. While the majority of fines and charges had been harmonised in the period leading up to the establishment of Libraries NI, charges for the hire of premises remained as they had been in each Board area. A working group was established and developed a methodology for calculating room hire charges. This was approved by the Board in January 2010 and subsequently by DCAL and has been implemented from 1 April 2010.

A Benefits Realisation Plan relating to the establishment of Libraries NI has been finalised by DCAL in 2010/11.

### **Efficiency Savings**

In 2009/2010 Libraries NI achieved the efficiency savings required in the CSR settlement for that year (£600,000). Cumulative CSR efficiency savings of £1,200,000 are required in 2010/2011 and in addition, the budget for 2010/2011 has been reduced by a further £577,000. A programme of voluntary severance (13 staff) was implemented on 31 March 2009. A second tranche of voluntary severance (21 staff) was implemented on 31 March 2010 which assisted in meeting these financial targets. A substantial proportion of the funding for the voluntary severance programme was provided by DCAL. The balance, as agreed with DCAL, was provided by Libraries NI from within its recurrent budget for 2009/2010 through reductions in the stock and maintenance budgets.

Accordingly the target of £2.00 per head of population spend on stock was not met. (Actual spend = £3,376,000 which equates to £1.90 per head of population). A

reduction in expenditure on planned building maintenance may also have a long term impact on the estate requiring additional expenditure on health and safety and planned maintenance in future years.

In the short term after the first tranche of redundancies the loss of expertise from those made redundant may have had an impact on service provision. However, this has been managed by the further roll out of the organisation structure and the implementation of management development training.

## **Financial Information**

Annual financial accounts for the year ended 31 March 2010 have to comply with the requirements of the new International Financial Reporting Standards (IFRSs). In addition all closing balances from accounts for the period ended 31 March 2009 have to be re-stated in order to be used as the opening balances for the 2009/2010 accounts. The restatement of closing balances from 31 March 2009 has been carried out by the ELBs. These restated balances have then been analysed by the ELBs to identify the portion which relates to public libraries, thus providing the opening balances for Libraries NI as at 1 April 2009.

The ELBs have been unable to accurately identify the portion of their closing VAT debtor relating to public libraries and therefore Libraries NI's 2008/09 comparative figure for debtors omits this figure. In addition the portion of the ELB pension liability relating to public libraries has not been accurately identified and therefore Libraries NI's 2008/09 comparative figures omit the pension liability at 1 April 2008 and the charge to the operating cost statement in 2008-09.

Under merger accounting, the closing IFRS re-stated balances at 31 March 2009 identified by ELBs as pertaining to libraries are taken as the opening balances for Libraries NI. The process of trying to ensure that all ELBs identified public library balances in a consistent manner and provided appropriate supporting documentation for the apportionment has been very complicated involving DCAL, the 5 ELBs, their respective NIAO auditors, Libraries NI and our NIAO auditors. Any differences between the library closing balances identified by the ELBs and the Libraries NI opening balances are reflected in the Merger Accounting Note 3 to the Accounts.

Libraries NI has obtained expert advice and revised the accounting treatment of the Lisburn City Library PFI to current accounting practice, updating the practice in place when the contract was signed. The impact of this different treatment is shown in Merger Accounting Note 3 to the Accounts.

Libraries NI employees are eligible to be members of the Northern Ireland Local Government Officers Superannuation Scheme (NILGOSC). The latest actuarial valuation at 31 March 2007 identified a shortfall of £396m in the whole scheme for all employers. In order to contain the growth of this deficit employer contribution rates increased from 4.6% in 2004/2005 to 16% in the current year with a further increase to 17% in 2010/2011. This contribution rate will increase by 1% each year over the next budget period.

Libraries NI has, for the purposes of compliance with FRS17 "Retirement Benefits", obtained an actuarial report based on the rolled forward value of the liabilities

calculated at the last valuation adjusted for various factors and assumptions. The latest available valuation of Libraries NI's net pension position is an estimated liability of £60.924m.

## **Procurement**

The Northern Ireland Public Procurement Policy states that Departments, their Agencies, NDPBs, and Public Corporations should carry out their procurement activities by means of documented Service Level Agreements with the Central Procurement Directorate (CPD) or a relevant Centre of Procurement Expertise (CoPE). Libraries NI has a Service Level Agreement with the ELBs to provide procurement services. Libraries NI has also explored with CPD the services they provide and the costs involved. The Financial Memorandum details the procurement activities that the CoPE is required to provide.

An Internal Audit review has determined that neither the existing CoPE nor CPD is able to provide the level of support laid out as a requirement in Libraries NI's Financial Memorandum for new procurements under £30,000 which are not covered by CoPE existing contracts. DCAL has been advised of the situation and recognise the more limited support offered by CoPEs for new procurements under £30,000. DCAL do not believe an amendment to the Financial Memorandum is required.

The Northern Ireland Public Procurement Policy states that procurement should be by competition unless there are convincing reasons to the contrary. The proprietary nature of some resources provided by public libraries is such that they are only available from a single supplier. Procedures have been reviewed in 2010/2011 to ensure that sufficient documented evidence is retained to support the fact that any single tender action was appropriate. All single tender actions are approved by the Accounting Officer.

## **Assets Management**

An Assets and Liabilities Transfer Scheme provided for the transfer of all assets relating to the public library service from ELBs to Libraries NI at 1 April 2009. It is recognised that in some instances documentation relating to title has not been in place for property transferred to Libraries NI by ELBs. Libraries NI is working with the appropriate bodies to rectify this situation.

A review of transferred assets identified 6 properties which Libraries NI share with Health bodies and which transferred to Libraries NI at nil book value. The total valuation for the properties is reported in the respective Accounts of each of the Health bodies. A portion of the total valuation relating to Libraries NI properties has been included in the Annual Accounts. Work is continuing to agree the exclusion of these properties from the accounts of the Health bodies in 2010-11.

In reviewing operating leases transferred from the ELBs, it was decided that the long term lease for Omagh car park was a finance lease and the property should be capitalised accordingly. This has been reflected through the Machinery of Government Note 3 to the Accounts.

Each ELB transferred a valuable book collection to Libraries NI on 31 March 2009, (total value £12.8m). The last valuation by professional valuers was in 2006 and the

next valuation is due at 31 March 2011. The books are not recorded on the RAM Fixed Asset system but are recorded on the Galaxy system together with all other book stock. In bringing together the various collections it was discovered that there were different practices applied across the ELBs. A project has been established to develop coherent policies and procedures to underpin the valuable books collection prior to carrying out an up to date valuation. This project may take several years to complete.

Following an independent investigation within the BELB a suspected fraud was identified where payments had been made in respect of disability access work which had not been completed. This matter was subject to a separate report by the Northern Ireland Audit Office and a Public Accounts Committee hearing. Procedures have been put in place in Libraries NI to ensure compliance with the relevant recommendations in the Public Accounts Committee Report.

The BELB appointed an independent surveyor to determine what disability access work still had to be completed and has agreed to undertake any outstanding work at no cost to Libraries NI. Some of the libraries involved were included in the review of library provision in the Greater Belfast area and consequently faced potential closure. Accordingly Libraries NI decided to accept any risk of non-compliance with the requirements in the interim period. The review has now been completed and work is underway to address the outstanding issues.

### **Stock Audit**

In March 2007 a stock auditing process was completed. The auditing process was designed to increase the accuracy of the data on the library stock management system, Galaxy. The Galaxy system was made up of 5 separate databases one for each of the 5 ELBs. As of April 2010 these have been integrated into a 'Single User Galaxy' system. A stock audit of 25 locations and 8 mobiles in 2009/2010 identified stock taking discrepancies of £98,988. This is included in the Losses and Special Payments Note 33 of the Accounts. This work has been carried forward into 2010/11.

Fines for overdue books are recorded as income when received. Overdue fines are not accrued. Once any individual member reaches overdue fines of £10 they are prevented from using library services for a number of years or until the outstanding fine is addressed. Overdue fines for 2009/2010 amount to approximately £52,000 arising from approximately 53,000 transactions. It is anticipated that a significant percentage of this may not be collectable. Total income from fines for 2009/2010 is £170,000 or 11% of total library income.

Libraries NI is required to disclose in its annual accounts the extent of stock losses throughout the year. This is a determination of the stock that was issued to members and not returned. In 2009/2010 this stock loss figure is calculated as £159,797. This is included in the Losses and Special Payments Note 33 of the Accounts.

### **Conflict of Interest**

The Chairperson of Libraries NI has declared a conflict of interest in respect of his previous employment with AMEY. AMEY BPO is the PFI provider of the ELFNI contract which is due to end in April 2012. Work is underway to procure a replacement system. AMEY FMP is the Strategic Partner responsible for all capital

works in the former BELB area, including libraries. This actual conflict is being managed by the exclusion of the Chairperson from all papers and discussions regarding these matters.

### **Internal Audit**

During the year four internal audits resulted in a "limited" level of assurance. A payroll audit found that sickness information was not being accurately uploaded from the time recording system to the payroll system resulting in a significant risk that incorrect payments would be made to employees when they reach their half pay or no pay status, in spite of a 100% check by management. A follow up audit in 2010/11 identified significant progress and resulted in a "satisfactory" level of assurance.

A building maintenance audit found that there were inadequate procedures in place to confirm completion of work before payment was made. A retrospective check identified no anomalies. A follow up audit is planned for late 2010/11.

The two branch library audits with limited assurance were subsequently reviewed and a satisfactory level of assurance was provided in each case.

In developing an internal audit strategy for the review of branch libraries, it was determined that a large number of branches had not had an internal audit review in over 10 years. Sufficient resources have now been allocated to ensure that branches are audited every 5 years.

### **Strategic Review of Library Provision**

During 2009/2010 Libraries NI initiated a strategic review of public library provision, phase 1 of which covered the Greater Belfast area. As a result of this phase of the review 10 libraries closed in June/July 2010. Phase 2 of the review incorporates libraries elsewhere in Northern Ireland. A public consultation commenced in January 2011 and proposes the closure of a further 10 libraries. The consultation is attracting significant public interest.



**Accounting Officer**

**Date 14 April 2011**

## **THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

I certify that I have audited the financial statements of the Northern Ireland Library Authority for the year ended 31 March 2010 under the Libraries Act (Northern Ireland) 2008. These comprise the Operating Cost Statement, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Ireland Library Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Ireland Library Authority; and the overall presentation of the financial statements.

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

### **Opinion on Regularity**

In my opinion, in all material respects the expenditure and income has been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities that govern them.

### **Basis for Qualified Opinion**

Evidence available to me was limited due to a failure by the Northern Ireland Library Authority to provide me with adequate evidence of a) the accuracy and completeness of the valuation of the valuable books collection and b) the value of comparative figures for the Pension Liability and VAT debtor balances. As result I was unable to obtain sufficient appropriate audit evidence to support:

- Valuable books included within Property Plant and Equipment valued at £12.8 million included in the financial statements at Note 14; and
- Prior year comparative figure disclosures in the financial statements for:
  - the VAT Debtor balances at 1 April 2008 and 31 March 2009; and
  - the Pension Liability balance at 1 April 2008 and the charge to the Operating Cost Statement in 2008-09.

### **Qualified Opinion on Financial Statements arising from Limitation in audit scope**

In my opinion, except for the financial effect of such adjustments as might have been determined to be necessary had I been able to obtain sufficient audit evidence concerning the issues outlined above:

- the financial statements give a true and fair view, of the state of Northern Ireland Library Authority affairs as at 31 March 2010 and of its net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance the Libraries Act (Northern Ireland) 2008 and Department of Culture, Arts and Leisure directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Culture, Arts and Leisure directions made under the Libraries Act (Northern Ireland) 2008;
- the information given in the Directors' Report and the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

In respect alone of the limitation on my work relating to a) the accuracy and completeness of the valuation of the valuable books collection and b) the value of comparative figures for pension liability and VAT debtor's balances, both referred to above, I have not received all of the information and explanations that I considered necessary to confirm that the financial statements give a true and fair view.

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

### **Report**

See also my report on these financial statements.



**KJ Donnelly**  
*Comptroller and Auditor General*  
*Northern Ireland Audit Office*  
*106 University Street*  
*Belfast*  
*BT7 1EU*

10 May 2011

## Libraries NI

### Operating Cost Statement for the year ended 31 March 2010

	Notes	2009-10 £'000	Restated 2008-09 £'000
<b>Expenditure</b>			
Staff costs	5	20,760	18,638
Depreciation	7	3,119	2,979
Other Expenditures	6	19,230	18,103
<b>Total Expenditure</b>		<u><b>43,109</b></u>	<u><b>39,720</b></u>
<b>Income</b>			
Income from Activities	9	1,481	1,607
Other income	10	29	53
<b>Total Income</b>		<u><b>1,510</b></u>	<u><b>1,660</b></u>
<b>Net Expenditure</b>		<u><b>41,599</b></u>	<u><b>38,060</b></u>
Credit in respect of Cost of Capital and notional costs	8/11	( 1,868)	( 4,122)
Interest payable/receivable	12/13	205	212
<b>Net Expenditure after Interest</b>		<u><b>39,936</b></u>	<u><b>34,150</b></u>

All amounts above relate to continuing activities.

The results for the year ended 31 March 2009 have been restated in line with International Financial Reporting Standards.

The results for the year ended 31 March 2009 have been extracted from the results of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

The notes on pages 57 to 92 form part of these accounts.

**Libraries NI**  
**Statement of Financial Position as at 31 March 2010**

	Notes	2010	Restated 2009	Restated 1 April 2008
		£'000	£'000	£'000
<b>Non-current assets</b>				
Intangible assets	15	593	10	21
Property, plant and equipment	14	86,565	96,272	120,486
Heritage Assets	18	12,866	12,866	12,866
Non-current trade and other receivables	20	1,886	1,958	1,953
<b>Total non-current assets</b>		<b>101,910</b>	<b>111,106</b>	<b>135,326</b>
<b>Current Assets</b>				
Assets classified as held for sale	19	320	300	1,180
Trade and other receivables	20	1,387	366	241
Cash and cash equivalents	21	1,153	3,043	4,573
<b>Total current assets</b>		<b>2,860</b>	<b>3,709</b>	<b>5,994</b>
<b>Total assets</b>		<b>104,770</b>	<b>114,815</b>	<b>141,320</b>
<b>Current Liabilities</b>				
Trade and other payables	22	5,730	3,731	5,089
Other liabilities				
<b>Total current liabilities</b>		<b>5,730</b>	<b>3,731</b>	<b>5,089</b>
<b>Non current assets plus/less net current assets/liabilities</b>		<b>99,040</b>	<b>111,084</b>	<b>136,231</b>
<b>Non-current liabilities</b>				
Provisions	23	121	156	157
Pension liabilities	28	60,924	32,490	-
Other payables	22	4,325	4,591	2,612
<b>Total non-current liabilities</b>		<b>65,370</b>	<b>37,237</b>	<b>2,769</b>
<b>Assets less liabilities</b>		<b>33,670</b>	<b>73,847</b>	<b>133,462</b>
<b>Taxpayers' Equity</b>				
General reserve		48,726	52,354	54,002
Pension reserve		( 60,924)	( 32,490)	-
Revaluation reserve		33,002	41,117	64,554
PFI reserve		-	-	2,040
Special Book Reserve		12,866	12,866	12,866
		<b>33,670</b>	<b>73,847</b>	<b>133,462</b>

The financial positions as at 1 April 2008 and 31 March 2009 have been restated in accordance with International Financial Reporting Standards.

The financial positions as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

The Financial Statements on page 52 to 92 were approved by the Board on 14 April 2011 and were signed on its behalf by:

**Chairman**



**Date** 14 April 2011

**Chief Executive**



**Date** 14 April 2011

The notes on pages 57 to 92 form part of these accounts.

**Libraries NI**  
**Statement of Cash Flows for the year ended 31 March 2010**

	Notes	2009-10 £'000	Restated 2008-09 £'000
<b>Cash flows from operating activities</b>			
Net expenditure after financing charges		( 39,936)	( 34,150)
<i>Adjustments for:</i>			
Opening balance adjustment	9	-	( 89)
Depreciation	7	3,119	2,979
(Profit)/Loss on disposal of property, plant and equipment	6	( 43)	-
Increase/ (Decrease) in Pension Liabilities	6	2,023	-
Impairment of assets	6	1,886	410
(Increase)/Decrease in Trade and other receivables	20	( 949)	( 130)
Increase/ (Decrease) in Trade and other payables	22	1,733	621
Increase/ (Decrease) in Provisions	23	( 35)	( 1)
		<u>( 32,202)</u>	<u>( 30,360)</u>
<b>Cash flows from investing activities</b>			
Cash flows from investing activities			
Purchase of property, plant and equipment	14	( 3,454)	( 3,392)
Purchase of intangible assets	15	( 611)	-
Opening merger adjustment	3	-	105
Opening acquisition of property	14	-	( 1,905)
Other opening adjustment		-	( 123)
Proceeds of disposal of property, plant and equipment		92	1
		<u>( 3,973)</u>	<u>( 5,314)</u>
<b>Cash flows from financing activities</b>			
Recurrent grants received		30,627	32,092
Capital grants received		3,658	3,252
Contra cash movement		-	( 1,200)
		<u>34,285</u>	<u>34,144</u>
<b>Net financing</b>		<u>34,285</u>	<u>34,144</u>
<b>Net increase/ (decrease) in cash and cash equivalents in the period</b>		<u>( 1,890)</u>	<u>( 1,530)</u>
<b>Cash and cash equivalents at 1/4/09</b>		<u>3,043</u>	<u>4,573</u>
<b>Cash and cash equivalents at 31/3/10</b>		<u>1,153</u>	<u>3,043</u>

The cash flows for 2008-09 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**Statement of Changes in Taxpayers' Equity for the year ended 31 March 2010**

Note	General Reserve	Pension Reserve	Revaluation Reserve	Special Book Reserve	PFI Reserve	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2009</b>	<b>53,351</b>	<b>(32,490)</b>	<b>38,064</b>	<b>12,866</b>	<b>1,951</b>	<b>73,742</b>
Changes in accounting policies	(2,945)	-	2,945	-	(1,951)	(1,951)
Differences in opening non-current assets	1,948	-	108	-	-	2,056
<b>Restated balance at 1 April 2009</b>	<b>52,354</b>	<b>(32,490)</b>	<b>41,117</b>	<b>12,866</b>	<b>-</b>	<b>73,847</b>
<b>Changes in taxpayers' equity 2009-10</b>						
Deficit for year from Operating Cost Statement	(39,936)	-	-	-	-	(39,936)
Movement on pension deficit	2,023	(2,023)	-	-	-	-
Net gain/(loss) on revaluation of property, plant and equipment	-	-	(8,358)	-	-	(8,358)
Net gain/(loss) on revaluation of intangible assets	-	-	1	-	-	1
Net gain/(loss) on revaluation of non current assets held for sale	-	-	(36)	-	-	(36)
Backlog depreciation	-	-	278	-	-	278
Actuarial (gain)/loss in respect of pension liability	-	(26,411)	-	-	-	(26,411)
<b>Total recognised income and expense for 2009-10</b>	<b>(37,913)</b>	<b>(28,434)</b>	<b>(8,115)</b>	<b>-</b>	<b>-</b>	<b>(74,462)</b>
Recurrent Grant from DCAL	30,627	-	-	-	-	30,627
Capital Grant from DCAL	3,658	-	-	-	-	3,658
<b>Balance at 31 March 2010</b>	<b>48,726</b>	<b>(60,924)</b>	<b>33,002</b>	<b>12,866</b>	<b>-</b>	<b>33,670</b>

Changes in accounting policies relate to changes in the accounting treatment of the Lisburn Library PFI contract, and a restatement of the opening revaluation reserves. Differences in opening non-current assets relate to land and buildings not previously recognised in ELB accounts.

Libraries NI  
Statement of Changes in Taxpayers' Equity for the year ended 31 March 2010

Note	General Reserve	Pension Reserve	Revaluation Reserve	Special Book Reserve	PFI Reserve	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balances transferred from ELBs at 1 April 2008</b>	54,002	-	64,554	12,866	2,040	133,462
<b>Changes in taxpayers' equity 2008-09</b>						
Deficit for year from Operating Cost Statement	(34,150)	-	-	-	-	(34,150)
ELB pension deficit*	-	(30,627)	-	-	-	(30,627)
Adjustment to pension deficit*	-	(1,863)	-	-	-	(1,863)
Net gain/(loss) on revaluation of property, plant and equipment	14	-	(25,360)	-	-	(25,360)
Net gain/(loss) on revaluation of non current assets held for sale	19	-	-	-	-	-
Backlog depreciation	-	-	(44)	-	-	(44)
Disposal of property, plant and equipment	14	(1,006)	(596)	-	-	(1,602)
Actuarial (gain)/loss in respect of pension liability	-	-	-	-	-	-
Transfers between reserves	361	-	(490)	-	(89)	(218)
<b>Total recognised income and expense for 2008-09</b>	<b>(34,795)</b>	<b>(32,490)</b>	<b>(26,490)</b>	<b>12,866</b>	<b>(89)</b>	<b>(93,864)</b>
Recurrent Grant from DCAL	32,092	-	-	-	-	32,092
Capital Grant from DCAL	3,252	-	-	-	-	3,252
Bank contra movement	(1,200)	-	-	-	-	(1,200)
Other funding sources	-	-	-	-	-	0
<b>Balance at 31 March 2009</b>	<b>53,351</b>	<b>(32,490)</b>	<b>38,064</b>	<b>12,866</b>	<b>1,951</b>	<b>73,742</b>

The revaluation reserve at 31/3/10 includes £nil (2009: £nil) in respect of intangibles.

The taxpayers' equity positions as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

\* NILGOSC actuaries valued the pension deficit as at 31 March 09 for the five Education Library Boards (ELB) in Northern Ireland in respect of their Public Library Service activities. NILGOSC actuaries also valued the pension deficit as at 1 April 09 for the actual staff transferred from the ELB's to Libraries NI on that date, using different assumptions. The difference in these two valuations is shown as an adjustment.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

## **1 Statement of Accounting Policies**

These financial statements are prepared in accordance with the 2009/10 Government Financial Reporting Manual (FReM) issued by The Department of Finance and Personnel, with the exception noted in 1.3.2 below. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context, and include early adoption of standards not yet effective where it is judged appropriate, and with the approval of DFP. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Libraries NI for the purpose of giving a true and fair view has been selected. The particular policies to be adopted by Libraries NI are described below. They are applied consistently in dealing with items that are considered material to the accounts.

### **1.1 Accounting Convention**

Libraries NI accounts have been prepared under the historical cost convention, modified by the revaluation of non-current assets to fair value as determined by the relevant accounting standards.

Without limiting the information given, the financial statements comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, the accounting standards issued or adopted by the International Accounting Standards Board and accounting and disclosure requirements issued by the Department of Finance and Personnel (DFP), insofar as those requirements are appropriate.

The accounts have been prepared in pounds sterling and are presented rounded to the nearest thousand.

### **1.2 Merger Accounting**

On 1st April 2009 the Public Library Service activities previously undertaken by the following organisations were merged to form the Northern Ireland Library Authority (trading as Libraries NI):

- Belfast Education and Library Board
- North Eastern Education and Library Board
- South Eastern Education and Library Board
- Southern Education and Library Board
- Western Education and Library Board

In accordance with FReM, the accounts of Libraries NI have been prepared on the basis of merger accounting.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

The results and cash flows of all the combining bodies have been brought into the financial statements of Libraries NI from the beginning of the financial year 2009/10, adjusted to achieve uniformity of accounting policies. The prior year figures have been determined through restatement by including the results for all the combining bodies for the previous period, and their Statements of Financial Position (SoFP) as at the previous SoFP date, adjusted as necessary to achieve uniformity of accounting policies.

Any such adjustments required to achieve uniformity of accounting policies have been accounted for through the General Reserve.

### **1.3 Recognition of Income and Funding**

#### **1.3.1 Departmental Funding**

The main source of funding for Libraries NI is grant-in-aid from the Department of Culture, Arts & Leisure (DCAL). All grants-in-aid, whether for revenue or capital purposes, are treated as contributions from controlling parties giving rise to a financial interest in the residual interest of Libraries NI and are credited to the General Reserve. The grant-in-aid is recognised in the financial period in which the funding is received.

#### **1.3.2 Operating Income**

Operating income is income which relates directly to the operating activities of Libraries NI. It comprises both fees and charges for services provided to external customers and the recovery of shared costs for premises, staff and systems. Income is recognised in the period in which services are provided. Fees and Charges include overdue charges for the late return of library stock, which are credited to income as received.

#### **1.3.3 Grant Income**

A further source of income for Libraries NI comes from external grants (excluding departmental funding above). Grant income comprises funding from external providers such as The Big Lottery and other sources, and is accounted for as follows:

##### **1.3.3.1 Revenue Grants**

Revenue grants are credited to reserves other than where DCAL and DFP approval is obtained to treat as income in the Operating Cost Statement (OCS). Revenue grants received for specific purposes (that is, restricted income) are shown as income in the OCS to the extent of matching the related expenditure incurred during the period. Any income received but not matched to related expenditure during the period is shown as either accrued or deferred income on the Statement of Financial Position (SoFP).

### **1.4 Foreign Currency Transactions**

Foreign currency transactions are translated at the exchange rate ruling at the date of payment.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**1.5 Taxation**

Libraries NI is exempt from corporation tax

Libraries NI is VAT registered and input tax on purchases is generally recoverable. Income and expenditure figures are stated net of VAT.

**1.6 Property, Plant and Equipment**

Items of property plant and equipment costing in excess of £3,000 per individual item, which are held for use on a continuing basis in delivering Libraries NI activities, and which yield a benefit for a period of more than one year, are treated as capital expenditure in the accounts. Related items of property plant and equipment may be grouped for aggregation purposes.

**1.6.1 Land and Buildings**

All land and buildings which are held by Libraries NI are capitalised and stated in the SoFP at fair value. Properties which are in existing use and which are not expected to be sold within the next financial year are valued based on Depreciated Replacement Cost which is deemed to be a proxy for fair value. Full valuations are made by Land and Property Services (LPS) every five years on an existing use basis. In the intervening years the valuations are updated using appropriate indices obtained from LPS.

Properties which are not in operational use for the purposes of Libraries NI, including those held for sale, are stated at the lower of carrying value or market value as appropriate. Where there is an intention to dispose of a property within the next 12 months, its value is re-categorised and shown separately as part of current assets.

Properties under construction are carried at cost, less any impairment loss. Cost includes professional fees and other directly attributable costs necessary to bring the asset into use. Completed building projects are capitalised but not depreciated until brought into use.

Some land and buildings in Libraries NI are held under restrictive covenants which state that use of the facilities is restricted to the provision of public library services.

**1.6.2 Special Book Collections**

Special book collections are heritage assets held by Libraries NI to be preserved in trust for future generations because of their cultural, historical or environmental associations. The collections are valued at net realisable value.

The special book collections are valued every 5 years by professionally qualified valuers.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**1.6.3 Other Assets**

Other assets are carried at fair value. Fair values are updated annually using appropriate indices or professional valuations. Vehicles under construction are carried at cost.

**1.6.4 Depreciation**

Depreciation is provided for all items of property, plant and equipment having a finite useful life, by allocating the cost (or revalued amount), less estimated residual value of the assets as fairly as possible to the periods expected to benefit from their use. Useful lives are estimated on a realistic basis, reviewed annually and adjusted over the revised remaining economic life where appropriate.

Other than as noted in the following paragraph, assets are depreciated on a straight line basis over their expected useful lives. A full month's depreciation is charged in the period of acquisition/commissioning and no depreciation charged in the month of disposal. Assets under construction are not depreciated until brought into use.

Depreciation is not normally provided for on freehold land, special books or on assets which are held for sale unless their value is subject to depletion.

Useful economic lives are generally set as follows, for each class and sub-class of asset. Useful lives are reviewed regularly.

Asset Class	Asset Sub-Class	Asset Life
Lands	Land	Not Depreciated
Buildings	Permanent Buildings	50 years
	Temporary Buildings	15 years
Computers	Hardware and Software	3 years
Plant and Equipment	Music equipment	10 years
	Library equipment, Other	10 years
	Furniture & Fittings	10 years
	Reprographics	7 years
	Grounds maintenance	7 years
	Cleaning	7 years
Vehicles	Mobile libraries	10 years
	Vans/Cars	5 years

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**1.7 Intangible Assets**

Intangible assets are non- financial non-current assets that do not have physical substance but are identifiable and are controlled by Libraries NI through custody or legal rights. Intangible assets costing in excess of £3,000 per individual item are capitalised and stated in the SoFP at fair value. For individual assets, amortised cost less any impairment is used as a proxy for fair value.

**1.7.1 Amortisation**

Amortisation is provided for all intangible non-current assets with a finite useful life, by allocating the cost (or revalued amount) less estimated residual value of the assets as fairly as possible to the periods expected to benefit from their use. Useful lives are estimated on a realistic basis, reviewed annually and adjusted over the revised remaining economic life where appropriate.

Useful economic lives are generally set as follows: Useful lives are reviewed regularly.

Asset Class	Asset Sub-Class	Asset Life
Intangible Assets	Software Licences	3 years

**1.8 Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

**1.9 Provisions**

Libraries NI provides for legal or constructive obligations which are of uncertain timing or amount at the SoFP date, on the basis of the best estimate of the cost to settle the obligation. When some or all of the costs to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**1.10 Employee Benefits**

The cost of providing employee benefits is recorded in the Operating Cost Statement in the period in which the benefit is earned by the employee, rather than when it is paid or payable. This is applicable to both short term and long term benefits.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**1.11 Pension Scheme**

Libraries NI employees belong to the Northern Ireland Local Government Officer's Superannuation Committee Scheme (NILGOSC).

The NILGOSC scheme is of the defined benefits type, the assets of the scheme being held in separate trustee administered funds. Libraries NI's contribution to the NILGOSC Scheme is determined by the fund's actuary based on a triennial valuation. The scheme is administered by the NILGOS Committee, Holywood Road, Belfast.

The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method and are accounted for on the basis of charging the cost of providing pensions over the period during which Libraries NI benefits from the employee's services. Variations from regular cost are spread over the expected average remaining working lives of members of the scheme after making allowances for future withdrawals.

The difference between the fair value of the assets held in Libraries NI's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method is recognised in Libraries NI's SoFP as a pension scheme asset or liability as appropriate.

In accordance with IAS 19 'Employee Benefits', the in-year movement in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by Libraries NI are charged to the Operating Cost Statement or the Statement of Changes in Taxpayers' Equity.

**1.12 Cost of Capital Charge**

A charge reflecting the cost of capital used by Libraries NI is included in the Operating Cost Statement. The charge is calculated at the real rate set by Treasury (currently 3.5%) on the average value of capital employed. Capital employed is defined as total assets less total liabilities, less any cash balances held within the NI Civil Service pooled banking arrangements.

**1.13 Reserves**

The General Reserve represents the accumulated financial position of Libraries NI.

The Pension Reserve represents the cumulative balance on the Libraries NI portion of the NILGOSC pension fund.

The Special Book Reserve represents the valuation of the Special Book collections.

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments to assets.

Increases arising on revaluation are taken to the revaluation reserve except when it reverses a revaluation decrease for the same asset previously recognised in the Operating Cost Statement, in which case it is credited to the Operating Cost Statement to the extent of the decrease previously charged there. A revaluation decrease is charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the Operating Cost Statement.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**1.14 Finance and Operating Leases**

Leases are classified as either a finance lease or an operating lease depending on the substance of the agreement.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Finance leases are treated as if the asset had been purchased outright. The related assets are included in non current assets and the capital element of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against income in proportion to the reducing capital element outstanding. Assets held under finance lease are depreciated over the useful lives of equivalent owned assets.

An operating lease is a lease other than a finance lease. Operating lease rentals are charged to the operating cost statement as costs are incurred over the lease term.

**1.15 Private Finance Initiative (PFI) Transactions**

On-SoFP PFI Contracts

The PFI transactions of Libraries NI are assessed against IFRIC 12, Service Concession Arrangements. To be within the scope of IFRIC 12, the service concession arrangement must contractually oblige the private sector operator to provide the services related to the infrastructure to the public on behalf of the grantor (Libraries NI).

Where there is infrastructure and Libraries NI controls:

- or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what price, and
- through beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the term of the arrangement (or there is no residual interest),

then the PFI transaction is deemed to be a service concession within the meaning of IFRIC 12 from Libraries NI's viewpoint.

In these cases Libraries NI recognises the infrastructure as a non-current asset and values it in the same way as other non-current assets of that generic type. The liability to pay for the infrastructure is also recorded on the SoFP. The initial amount recorded for the asset and liability is the fair value of the infrastructure asset. Subsequently, the asset is depreciated over the useful economic life of the class of assets to which it has been assigned and the associated liability is reduced as payments for the asset are made. An imputed finance charge on the liability is recorded in subsequent years using an asset-specific rate. The remainder of the PFI payments (i.e. the full payments, less the capital repayment and the imputed finance charge) are recorded as an operating cost. Other obligations which exist in relation to the PFI contract are accounted for in accordance with IAS 37 Provisions: Contingent liabilities and contingent assets. Libraries NI recognise the asset when it comes into use. In cases where Libraries NI has made contributions to the operator in advance of the asset coming into use, these contributions are shown within prepayments and amortised to the Operating Cost Statement in equal amounts over the asset's useful life.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**1.16 Financial Instruments**

**1.16.1 Financial Assets**

Financial assets are recognised on the SoFP when Libraries NI becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

Loans and receivables

Trade receivables, loans and other receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market.

Receivables are assessed for indicators of impairment at each SoFP date.

**1.16.2 Financial Liabilities**

Financial liabilities are recognised on the SoFP when Libraries NI becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

**1.17 Contingent Liabilities disclosed under IAS 37**

Libraries NI discloses in its accounts sufficient information in relation to contingent liabilities to allow users to understand their nature and possible timing, where the amount is as yet uncertain.

**1.18 Early Departure Costs**

Libraries NI meets the additional costs of benefits beyond the normal NILGOSC benefits in respect of employees who retire early by paying the required amounts in a lump sum at retirement. Libraries NI accrues for this in full at the time the early retirement becomes binding.

In addition, for staff who retired early under the Education and Library Boards, additional costs are paid for by paying the required amounts annually. These costs are charged to the Operating Cost Statement and the liability is reflected in the pension deficit, in line with other pension obligations, under IAS 19.

**1.19 Accounting Standards, interpretations and amendments to published standards adopted in the year ended 31 March 2010**

Libraries NI implemented IFRS 1 First Time Adoption of International Financial Reporting Standards (IFRS) with the date of transition to IFRS being 1 April 2008, for the purposes of preparing the opening IFRS Statement of Financial Position.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

The following had a material impact on the financial statements:

IAS 19 Employee Benefits

IFRIC 12 Service Concession Arrangements

Details of the financial impact of these standards are contained in Note 2. Any adjustments arising from differing accounting policies from the application of IFRS for the first time have been taken through the General Reserve.

Libraries NI has reviewed the standards, interpretations and amendments to published standards that became effective during 2009-10 and which are relevant to its operations. Libraries NI consider that the adoption of these standards has not had a significant impact on its results or financial position, with the exception of the early adoption of IAS 17 in relation to leases.

**1.20 Accounting Standards, interpretations and amendments to published standards not yet effective**

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2010, but which Libraries NI has not adopted early. Libraries NI does not anticipate that the adoption of these standards will have a material impact on Libraries NI's accounts in the period of initial application.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**2 First-time Adoption of IFRS**

**2.1 Financial Position as at 31 March 2009**

**Reconciliation of UK GAAP reported taxpayers' equity to IFRS at the end of final UK GAAP reporting period 31 March 2009**

	Taxpayers' equity at 31/3/09 under UK GAAP £'000	IFRS Adjustments			Taxpayers' equity at 31/3/09 under IFRS £'000
		IAS 17 Leases £'000	IAS 19 Employee Benefits £'000	IFRIC 12 PFI £'000	
Belfast Education and Library Board (BELB)	29,986	-	( 37)	-	29,949
North Eastern Education and Library Board (NEELB)	18,308	-	( 46)	( 181)	18,081
South Eastern Education and Library Board (SEELB)	23,094	-	( 10)	-	23,084
Southern Education and Library Board (SELB)	14,815	-	( 24)	-	14,791
Western Education and Library Board (WELB)	20,364	-	( 36)	-	20,328
Total before LNI share of pension deficit	106,567	0	( 153)	( 181)	106,233
Libraries NI share of pension deficit at 1 April 2009					( 32,490)
Taxpayers' Equity after IFRS adjustments, before merger adjustments					<b>73,743</b>

The financial position as at 31 March 2009 has been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**2.2 Financial Performance for the year ended 31 March 2009**

**Reconciliation of UK GAAP reported operating costs to IFRS for year ended 31 March 2009**

	Total recognised Operating Costs for 2008/09 under UK GAAP £'000	IFRS Adjustments			Total recognised Operating costs for 2008/09 under IFRS £'000
		IAS 17 Leases £'000	IAS 19 Employee Benefits £'000	IFRIC 12 PFI £'000	
Belfast Education and Library Board (BELB)	( 6,043)	-	( 1)	-	( 6,044)
North Eastern Education and Library Board (NEELB)	( 9,998)	-	( 11)	( 92)	( 10,101)
South Eastern Education and Library Board (SEELB)	( 6,843)	-	( 10)	-	( 6,853)
Southern Education and Library Board (SELB)	( 6,099)	-	( 3)	-	( 6,102)
Western Education and Library Board (WELB)	( 5,048)	-	( 2)	-	( 5,050)
<b>Total</b>	<b>( 34,031)</b>	<b>-</b>	<b>( 27)</b>	<b>( 92)</b>	<b>( 34,150)</b>

The results for the year ended 31 March 2009 have been extracted from the results of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**2.3 Financial Position 31 March 2008**

**Reconciliation of UK GAAP reported taxpayers' equity to IFRS at the date of transition 1 April 2008**

	Taxpayers' equity at 31/3/08 under UK GAAP	IFRS Adjustments			Taxpayers' equity at 31/3/08 under IFRS
		IAS 17 Leases	IAS 19 Employee Benefits	IFRIC 12 PFI	
	£'000	£'000	£'000	£'000	£'000
Belfast Education and Library Board (BELB)	39,655	-	( 36)	-	39,619
North Eastern Education and Library Board (NEELB)	22,230	-	( 44)	( 334)	21,852
South Eastern Education and Library Board (SEELB)	30,044	-	( 7)	-	30,037
Southern Education and Library Board (SELB)	17,502	-	( 22)	-	17,480
Western Education and Library Board (WELB)	24,508	-	( 34)	-	24,474
<b>Total</b>	<b>133,939</b>	<b>0</b>	<b>( 143)</b>	<b>( 334)</b>	<b>133,462</b>

The financial positions as at 1 April 2008 has been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**2.4 Cash Flows**

There was no change to the value of cash equivalents held in each of the organisations as a result of the introduction of IFRS.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**3 Merger Accounting**

On 1st April 2009 the public library services previously undertaken by the following organisations were merged to form Libraries NI:

- Belfast Education and Library Board
- North Eastern Education and Library Board
- South Eastern Education and Library Board
- Southern Education and Library Board
- Western Education and Library Board

In accordance with FRoM, the accounts of Libraries NI have been prepared on the basis of merger accounting.

The results and cash flows of all the combining bodies have been brought into the financial statements of Libraries NI from the beginning of the current financial year, adjusted to achieve uniformity of accounting policies. The prior year figures have been determined through restatement by including the results for all the combining bodies for the previous period and their balance sheet for the previous balance sheet date, adjusted as necessary to achieve uniformity of accounting policies.

All such adjustments required to achieve uniformity of accounting policies have been accounted for through the General Reserve.

**3.1 Statement of Financial Position as at 31 March 2009**

**Reconciliation of IFRS reported taxpayers' equity in ELBs to IFRS in Libraries NI as at 31 March 2009**

	Taxpayers' equity at 31/3/09 under IFRS	Merger Adjustments				Restated Taxpayers' equity at 31/3/09
		Removal of ELB balances	Restatement to Libraries NI policies	Removal of Inter-Library Balances	[Other Adjs]	
	£'000	£'000	£'000	£'000	£'000	£'000
Belfast Education and Library Board (BELB)	385,515	( 355,566)	-	-	369	30,318
North Eastern Education and Library Board (NEELB)	663,088	( 645,007)	-	-	136	18,217
South Eastern Education and Library Board (SEELB)	630,851	( 607,767)	( 1,168)	-	413	22,329
Southern Education and Library Board (SELB)	377,057	( 362,266)	-	-	354	15,145
Western Education and Library Board (WELB)	277,784	( 257,456)	-	-	-	20,328
<b>Total</b>	<b>2,334,295</b>	<b>( 2,228,062)</b>	<b>( 1,168)</b>	<b>-</b>	<b>1,272</b>	<b>106,337</b>
Libraries NI share of pension deficit at 1 April 2009						( 32,490)
Taxpayers' Equity after IFRS adjustments and merger adjustments						73,847

Merger adjustments relate to a re-statement of the Lisburn Library PFI contract (-£1,168k), and the addition of premises shared with Health Trusts which had not previously been recognised as assets in the ELB accounts (£1,350k) and adjustments to assets transferring (-£78k).

The accounting policy for the PFI contract has been changed in order to provide a more relevant presentation of the liability.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**3.2 Financial Performance for the year ended 31 March 2009**

**Reconciliation of IFRS reported operating costs in ELBs to Libraries NI for the year ended 31 March 2009**

	Total recognised net operating cost for 2008/09 under IFRS	Merger Adjustments				Restated Total recognised net operating cost for 2008/09
		Removal of ELB transactions	Restatement to Libraries NI policies	Removal of Inter-library Trading	[Other Adjs]	
	£'000	£'000	£'000	£'000	£'000	£'000
Belfast Education and Library Board (BELB)	( 298,099)	292,055	-	-	-	( 6,044)
North Eastern Education and Library Board (NEELB)	( 331,014)	320,913	-	-	-	( 10,101)
South Eastern Education and Library Board (SEELB)	( 296,828)	289,975	-	-	-	( 6,853)
Southern Education and Library Board (SELB)	( 349,031)	342,929	-	-	-	( 6,102)
Western Education and Library Board (WELB)	( 334,083)	329,033	-	-	-	( 5,050)
<b>Total</b>	<b>( 1,609,055)</b>	<b>1,574,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 34,150)</b>

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**4 Analysis of Operating Costs by Segment**

Libraries NI operates solely within Northern Ireland and is managed at a corporate level as one segment. Decisions are made by the Senior Management Team made up of the Chief Executive and three Directors who are responsible for Service Delivery, Planning and Performance and Business Support.

**5. Staff Numbers and Related Costs**

**Staff Costs comprise:**

	<b>Permanent employed 2009-10 £'000</b>	<b>Temporary employed 2009-10 £'000</b>	<b>Others 2009-10 £'000</b>	<b>Total 2009-10 £'000</b>	<b>Total 2008-09 £'000</b>
Wages and salaries	14,106	878	515	15,499	13,955
Social Security costs	861	50	-	911	919
Pension costs	2,026	61	-	2,087	2,062
Other staff costs	2,263	-	-	2,263	1,702
<b>Total</b>	<b>19,256</b>	<b>989</b>	<b>515</b>	<b>20,760</b>	<b>18,638</b>

In addition, staff costs of £Nil (2009: £62k) have been capitalised and included within Property, Plant and Equipment.

Other staff costs include £2,103k redundancy costs (2009:£1,138k)

Others includes Agency staff costs of £417k

**Average Number of Persons Employed**

The average number of whole-time equivalent persons employed during the year was as follows:

	<b>Permanent employed 2009-10 FTE</b>	<b>Temporary employed 2009-10 FTE</b>	<b>Others 2009-10 FTE</b>	<b>Total 2009-10 FTE</b>	<b>Total 2008-09 FTE</b>
<b>TOTAL</b>	<b>649</b>	<b>51</b>	<b>27</b>	<b>727</b>	<b>673</b>

Libraries NI staff belong to the Northern Ireland Local Government Officers Superannuation Committee Scheme (NILGOSC). Further detail in respect of the scheme is included within section 1.11 of Note 1.

The results for the year ended 31 March 2009 have been extracted from the results of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

<b>6. Other Expenditures</b>	<b>Note</b>	<b>2010 £'000</b>	<b>Restated 2009 £'000</b>
Other Employee Expenses		361	21
Bookstock		3,376	3,467
Running Costs:			
Premises, fixed plant and grounds		3,869	4,197
Supplies and services		1,262	903
Transport		249	393
Rentals under operating leases: Buildings		369	329
PFI service charges		3,999	4,044
Other		-	121
Non-cash items:			
Permanent impairment of property, plant and equipment	17	1,886	410
(Profit)/Loss on disposal of property, plant and equipment		( 43)	-
Pension Costs	28	2,023	-
Provisions provided for in year	23	11	96
Cost of Capital	11	1,808	4,122
Notional Costs:			
Audit fee	8	60	-
		<b><u>19,230</u></b>	<b><u>18,103</u></b>

During the year Libraries NI purchased no non-audit services from its auditor (Northern Ireland Audit Office).

The results for the year ended 31 March 2009 have been extracted from the results of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

<b>7. Depreciation</b>	<b>2010</b>	<b>Restated</b>
	<b>£'000</b>	<b>2009</b>
		<b>£'000</b>
Property, plant and equipment	3,092	2,968
Amortisation of intangible assets	27	11
	<u>3,119</u>	<u>2,979</u>

<b>8. Notional Costs</b>	<b>2010</b>	<b>Restated</b>
	<b>£'000</b>	<b>2009</b>
		<b>£'000</b>
Auditors' remuneration	60	-
	<u>60</u>	<u>-</u>

<b>9. Income from Activities</b>	<b>2010</b>	<b>Restated</b>
	<b>£'000</b>	<b>2009</b>
		<b>£'000</b>
Fees and charges	600	1
Sale of Goods & Services	787	187
Other income	94	1,419
	<u>1,481</u>	<u>1,607</u>

<b>10. Other Income</b>	<b>2010</b>	<b>Restated</b>
	<b>£'000</b>	<b>2009</b>
		<b>£'000</b>
European funds	-	25
New Opportunities Fund/Big Lottery	-	28
Other Grants	29	-
	<u>29</u>	<u>53</u>

<b>11. Cost of Capital Charge</b>	<b>2010</b>	<b>Restated</b>
	<b>£'000</b>	<b>2009</b>
		<b>£'000</b>
Use of capital	1,808	4,122
	<u>1,808</u>	<u>4,122</u>

Libraries NI bases the cost of capital calculation on the average total assets less total liabilities excluding cash balances. The cost of capital percentage for the year ended 31 March 2010 is 3.5% (31 March 2009: 3.5%).

<b>12. Interest Payable</b>	<b>2010</b>	<b>Restated</b>
	<b>£'000</b>	<b>2009</b>
		<b>£'000</b>
On finance leases	79	75
On PFI	125	136
Other	1	1
	<u>205</u>	<u>212</u>

<b>13. Interest Receivable</b>	<b>2010</b>	<b>Restated</b>
	<b>£'000</b>	<b>2009</b>
		<b>£'000</b>
Bank interest	-	-
Other	-	-
	<u>-</u>	<u>-</u>

The results for the year ended 31 March 2009 have been extracted from the results of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

Libraries NI  
Notes to Accounts for the year ended 31 March 2010

14. Property, Plant and Equipment

	Land	Buildings	Vehicles	Computers	Plant & Equipment	Assets in course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>	34,554	57,379	3,100	1,216	1,811	1,854	99,914
<b>Adjustment</b>	980	908	4	(48)	40	1	1,885
<b>At 1 April 2009</b>	<b>35,534</b>	<b>58,287</b>	<b>3,104</b>	<b>1,168</b>	<b>1,851</b>	<b>1,855</b>	<b>101,799</b>
Additions	-	2,225	-	76	349	804	3,454
Disposals	-	-	(40)	(6)	(20)	-	(66)
Impairments	-	(1)	-	-	-	-	(1)
Reclassifications	-	1,573	-	-	-	(1,573)	-
Revaluations	(3,483)	(6,908)	172	(3)	(21)	-	(10,243)
Transferred to non-current assets held for sale	(72)	(29)	-	-	-	-	(101)
<b>At 31 March 2010</b>	<b>31,979</b>	<b>55,147</b>	<b>3,236</b>	<b>1,235</b>	<b>2,159</b>	<b>1,086</b>	<b>94,842</b>
<b>Depreciation</b>							
<b>At 1 April 2009</b>	-	2,138	1,903	674	832	-	5,547
<b>Adjustment</b>	-	(9)	(30)	(38)	57	-	(20)
Charged in year	-	<b>2,129</b>	<b>1,873</b>	<b>636</b>	<b>889</b>	-	5,527
Disposals	-	2,320	309	288	175	-	3,092
Impairments	-	-	(40)	(6)	(18)	-	(64)
Reclassifications	-	-	-	-	-	-	-
Revaluations/Backlog depreciation	-	(370)	103	(2)	(9)	-	(278)
<b>At 31 March 2010</b>	<b>-</b>	<b>4,079</b>	<b>2,245</b>	<b>916</b>	<b>1,037</b>	<b>-</b>	<b>8,277</b>
<b>Net Book value at 31 March 2010</b>	<b>31,979</b>	<b>51,068</b>	<b>991</b>	<b>319</b>	<b>1,122</b>	<b>1,086</b>	<b>86,565</b>
<b>Net Book value at 31 March 2009</b>	<b>35,534</b>	<b>56,158</b>	<b>1,231</b>	<b>532</b>	<b>962</b>	<b>1,855</b>	<b>96,272</b>

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

<b>Asset Financing:</b>	<b>Land</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Computers</b>	<b>Plant &amp; Equipment</b>	<b>Assets in course of Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Owned	17,751	33,704	991	74	1,122	1,086	54,728
Short leasehold	1,777	3,099	-	-	-	-	4,876
Long leasehold	11,282	12,316	-	-	-	-	23,598
Finance leased	629	-	-	-	-	-	629
On-Balance PFI contracts	540	1,949	-	245	-	-	2,734
<b>Net book value at 31 March 2010</b>	<b>31,979</b>	<b>51,068</b>	<b>991</b>	<b>319</b>	<b>1,122</b>	<b>1,086</b>	<b>86,565</b>

Full valuations of land and buildings are carried out by Land and Property Services (LPS) every five years and in the intervening years these valuations are updated using appropriate indices also obtained from LPS. The most recent valuation undertaken by LPS was as at 31 March 2008.

Assets in the course of Construction are valued at cost.  
Any proceeds of sale of land and buildings may be retained only with the approval of the Department and otherwise must be surrendered to the Department.

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

Libraries NI  
Notes to Accounts for the year ended 31 March 2010

14 Property, Plant and Equipment (continued)

	Land	Buildings	Vehicles	Computers	Plant & Equipment	Assets in course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
<b>At 1 April 2008</b>	58,593	56,256	3,094	694	1,709	2,875	123,221
Additions	-	1,148	32	398	158	1,656	3,392
Disposals	(629)	(505)	(151)	-	(53)	-	(1,338)
Impairments	-	-	-	-	-	-	-
Reclassifications	-	2,677	-	-	-	(2,677)	-
Revaluations	(23,410)	(2,197)	394	124	-	-	(25,089)
Transferred to ELB	-	-	(269)	-	(3)	-	(272)
<b>At 31 March 2009</b>	<b>34,554</b>	<b>57,379</b>	<b>3,100</b>	<b>1,216</b>	<b>1,811</b>	<b>1,854</b>	<b>99,914</b>
<b>Depreciation</b>							
<b>At 1 April 2008</b>	-	-	1,667	349	719	-	2,735
Charged in year	-	2,212	309	281	166	-	2,968
Disposals	-	(20)	(124)	-	(51)	-	(195)
Impairments	-	296	(1)	-	-	-	295
Revaluations	-	(350)	232	44	(1)	-	(75)
Transferred to ELB	-	-	(180)	-	(1)	-	(181)
<b>At 31 March 2009</b>	<b>-</b>	<b>2,138</b>	<b>1,903</b>	<b>674</b>	<b>832</b>	<b>-</b>	<b>5,547</b>
<b>Net Book value at 31 March 2009</b>	<b>34,554</b>	<b>55,241</b>	<b>1,197</b>	<b>542</b>	<b>979</b>	<b>1,854</b>	<b>94,367</b>
<b>Net Book value at 31 March 2008</b>	<b>58,593</b>	<b>56,256</b>	<b>1,427</b>	<b>345</b>	<b>990</b>	<b>2,875</b>	<b>120,486</b>

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**15. Intangible Assets**

	<b>Total £'000</b>
<b>Cost or valuation</b>	
<b>At 1 April 2009</b>	33
Additions	611
Disposals	-
Impairments	-
Revaluation	<u>1</u>
<b>At 31 March 2010</b>	<u><u>645</u></u>
<b>Amortisation</b>	
<b>At 1 April 2009</b>	23
Charged in year	27
Disposals	-
Impairments	-
Revaluation	<u>2</u>
<b>At 31 March 2010</b>	<u><u>52</u></u>
<b>Net book value at 31 March 2010</b>	<u><u><b>593</b></u></u>
<b>Cost or valuation</b>	
<b>At 1 April 2008</b>	33
Additions	-
Disposals	-
Impairments	-
Revaluation	-
<b>At 31 March 2009</b>	<u><u>33</u></u>
<b>Amortisation</b>	
<b>At 1 April 2008</b>	12
Charged in year	11
Disposals	-
Impairments	-
Revaluation	-
<b>At 31 March 2009</b>	<u><u>23</u></u>
<b>Net book value at 31 March 2009</b>	<u><u><b>10</b></u></u>
<b>Net book value at 31 March 2008</b>	<u><u><b>21</b></u></u>

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

The additions for 09-10 relate to software for Corporate Services systems. As at 31 March 2010 they had a remaining useful life of 2 years.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**16. Financial Instruments**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. As the cash requirements of Libraries NI are met through Grant-in-Aid provided by the Department of Culture, Arts & Leisure, financial instruments play a more limited role in creating 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 Libraries NI expected purchase and usage requirements and Libraries NI is therefore exposed to little credit, liquidity or market risk.

**17. Deficits on Revaluation**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Charged to the Operating Cost Statement	1,886	410
Charged to Revaluation Reserve	<u>8,358</u>	<u>25,404</u>
	<u><b>10,244</b></u>	<u><b>25,814</b></u>

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**18. Heritage Assets**

	<b>Total</b> <b>£'000</b>
<b>Opening balance at 1 April 2008</b>	12,866
<b>Movements 2008/09</b>	
Additions	-
Disposals	-
Impairments	-
<b>Closing balance at 31 March 2009</b>	12,866
<b>Movements 2009/10</b>	
Additions	-
Disposals	-
Impairments	-
<b>Closing balance at 31 March 2010</b>	12,866

Libraries NI holds several collections of Special Books. As Heritage Assets, these are held for preservation and conservation purposes and are available to view by the public on request. They do not attract depreciation. They are held at fair value, and are valued every 5 years by professionally qualified valuers. They are not indexed in the interim, but are reviewed annually by management to identify if any impairment has occurred. The most recent valuation was undertaken as at 31 March 2006.

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**19. Assets classified as held for sale**

	<b>Land</b>	<b>Buildings</b>	<b>Other property, plant and equipment</b>	<b>Intangible assets</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Opening balance at 1 April 2008</b>	340	840	-	-	1,180
<b>Movements 2008/09</b>					
Assets classified as held for sale in the year	-	-	-	-	-
Assets sold in the year	( 64)	( 310)	-	-	( 374)
Impairment of assets held for sale	-	-	-	-	( 506)
Reversal of impairments of assets held for sale	-	-	-	-	-
Assets no longer classified as held for sale (excluding disposals)	-	-	-	-	-
<b>Closing balance at 31 March 2009</b>	276	530	-	-	300
<b>Movements 2009/10</b>					
Assets classified as held for sale in the year	72	29	-	-	101
Assets sold in the year	( 18)	( 27)	-	-	( 45)
Impairment of assets held for sale	-	( 36)	-	-	( 36)
Reversal of impairments of assets held for sale	-	-	-	-	-
Assets no longer classified as held for sale (excluding disposals)	-	-	-	-	-
<b>Closing balance at 31 March 2010</b>	330	496	-	-	320

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

<b>20. Trade Receivables and Other Current Assets</b>	<b>2010 £'000</b>	<b>Restated 2009 £'000</b>	<b>Restated 1 April 2008 £'000</b>
<b>Amounts falling due within one year:</b>			
VAT*	655	-	-
Trade receivables	510	276	37
Deposits and advances	4	-	-
Other receivables	-	-	60
Prepayments and accrued income	128	-	54
Current part of PFI prepayment	90	90	90
	<u>1,387</u>	<u>366</u>	<u>241</u>
<b>Amounts falling after more than one year:</b>			
PFI Prepayment	1,886	1,958	1,953
	<u>1,886</u>	<u>1,958</u>	<u>1,953</u>
<b>Total</b>	<u><u>3,273</u></u>	<u><u>2,324</u></u>	<u><u>2,194</u></u>

Trade receivables include £14k (2009) and £7k (2008) in respect of inter-ELB library debt.

This balance is also included in current liabilities in Note 22.

\* VAT debtor for 2009 and 2008 balances could not be extracted from ELB accounts

**Analysis of Trade Receivables and other Current Assets**

Central Government Bodies	1,118	245
Local Authorities	23	2
NHSS Trusts	6	-
Public Corporations	3	-
Intra Government Balances	1,150	247
Bodies External to Government	2,123	2,077
<b>Total</b>	<u><u>3,273</u></u>	<u><u>2,324</u></u>

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

As at 31 March 2010 Libraries NI had debts outstanding from library borrowers of approximately £15,000 in respect of the period from 1 April 2009 to 31 March 2010, valued at fair value. It is not Libraries NI policy to include this amount in the accounts.

<b>21. Cash and Cash Equivalents</b>	<b>2010 £'000</b>	<b>2009 £'000</b>	<b>1 April 2008 £'000</b>
<b>Balance at 1 April</b>	3,043	4,573	
Net change in year	( 1,890)	( 1,530)	
<b>Balance at 31 March</b>	<u>1,153</u>	<u>3,043</u>	<u>4,573</u>
Balances held in commercial banks and cash in hand	<u>1,153</u>	<u>3,043</u>	<u>4,573</u>

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

<b>22. Trade Payables and Other Current Liabilities</b>	<b>2010 £'000</b>	<b>Restated 2009 £'000</b>	<b>Restated 1 April 2008 £'000</b>
<b>Amounts falling due within one year:</b>			
Other taxation and social security	412	550	343
Trade payables	1,100	1,040	1,179
Other payables	375	849	1,225
Accruals and deferred income	3,586	1,063	2,110
Current part of finance leases	( 38)	( 39)	-
Current part of imputed finance lease element of on-SoFP PFI contracts	295	268	232
	<u><b>5,730</b></u>	<u><b>3,731</b></u>	<u><b>5,089</b></u>
<b>Amounts falling after more than one year:</b>			
Other payables	-	10	6
Finance leases	706	668	-
Imputed finance lease element of on-SoFP PFI contracts	3,619	3,913	2,606
	<u><b>4,325</b></u>	<u><b>4,591</b></u>	<u><b>2,612</b></u>
<b>Total</b>	<u><b>10,055</b></u>	<u><b>8,322</b></u>	<u><b>7,701</b></u>

**Analysis of Trade Payables and other Current Liabilities**

Central Government Bodies	1,485	1047
Local Authorities	10	7
NHSS Trusts	25	-
Public Corporations	8	-
Intra Government Balances	<u>1,528</u>	<u>1,054</u>
Bodies External to Government	<u>8,527</u>	<u>7,268</u>
<b>Total</b>	<u><b>10,055</b></u>	<u><b>8,322</b></u>

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

Trade payables include £14k (2009) and £7k (2008) in respect of inter-ELB library liabilities. This balance is also included in trade receivables in Note 20.

The PFI creditor has been re-stated for the 2009 and 2010 years.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**23. Provisions for Liabilities and Charges**

	<b>Employer &amp; Public Liability Claims £'000</b>	<b>Job Evaluation £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
<b>At 1 April 2009</b>	151	5	-	156
Provided in the year	32	-	-	32
Provisions not required written back	( 21)	-	-	( 21)
Provisions utilised in the year	( 46)	-	-	( 46)
<b>At 31 March 2010</b>	<b>116</b>	<b>5</b>	<b>-</b>	<b>121</b>

**Analysis of expected timing of cash flows**

	<b>Employer &amp; Public Liability £'000</b>	<b>Job Evaluation £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
In the remainder of the spending review period to 2011	37	5	-	42
Between 2012 and 2016	79	-	-	79
<b>At 31 March 2010</b>	<b>116</b>	<b>5</b>	<b>-</b>	<b>121</b>

	<b>Employer &amp; Public Liability Claims £'000</b>	<b>Job Evaluation £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
<b>At 1 April 2008</b>	55	102	-	157
Provided in the year	96	-	-	96
Provisions not required written back	-	( 97)	-	( 97)
<b>At 31 March 2009</b>	<b>151</b>	<b>5</b>	<b>-</b>	<b>156</b>

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**Employer and Public Liability Claims**

These are claims against Libraries NI submitted by members of staff and/or the public in relation to accidents or incidents which have happened before the SoFP date. Claims which have progressed sufficiently to allow an estimated "settlement" figure to be calculated are included in the provision. Estimates are calculated by reference to analysis of previous claims of a similar type, the previous history of successful settlements and professional judgement.

The possible timing of payments in settlement of such cases is uncertain; cases are plaintiff driven and progress is dependant on individual circumstances of that case. As a case progresses and more information becomes available the amount of the estimated "settlement" figure may subsequently be revised up or down.

**Job Evaluation**

This provision refers to employees whose posts are due to be evaluated under the job evaluation scheme. As a result employees may be regraded to a higher grade and therefore entitled to a higher salary from the date additional duties were undertaken. The provision is made only in respect of those employee categories where it is probable that a liability will arise and where Libraries NI is able to make a reasonable estimation of the arrears liability.

The timing of such payments is likely to vary for the different categories of staff. However, Libraries NI makes every effort to progress payments as soon as possible, once union and individual agreement has been formally reached

The level of information available on which to base estimates for arrears increases the closer a staff category is to completion of the job evaluation process.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**24. Capital Commitments**

	<b>2010</b>	<b>Restated</b>
	<b>£'000</b>	<b>2009</b>
		<b>£'000</b>
<b>Contracted capital commitments at 31 March 2010 for which no provision has been made:</b>		
Property, plant and equipment	1,530	4,160
	<u>1,530</u>	<u>4,160</u>

**25. Commitments Under Leases**

**25.1 Operating Leases**

Total future minimum lease payments under operating leases are given in the table below, for each of the following periods:

	<b>2010</b>	<b>Restated</b>
	<b>£'000</b>	<b>2009</b>
		<b>£'000</b>
<b>Obligations under operating leases comprise:</b>		
<b>Land</b>		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
<b>Buildings</b>		
Not later than one year	265	204
Later than one year and not later than five years	389	303
Later than five years	511	475
	<u>1,165</u>	<u>982</u>
<b>Other</b>		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
	<u>1,165</u>	<u>982</u>

The balances as at 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**25.2 Finance Leases**

Total future minimum lease payments under finance leases are given in the table below, for each of the following periods:

	<b>2010</b>	<b>Restated</b>
	<b>2009</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Obligations under finance leases</b>		
<b>Buildings</b>		
Not later than one year	-	-
Later than one year and not later than five	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
<b>Less interest element</b>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Other</b>		
Not later than one year	40	40
Later than one year and not later than five	160	160
Later than five years	38,560	38,600
	<u>38,760</u>	<u>38,800</u>
<b>Less interest element</b>	<u>( 38,092)</u>	<u>( 38,171)</u>
	<u>668</u>	<u>629</u>

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**26. Commitments Under PFI Contracts**

**26.1 On-Statement of Financial Position Contracts**

Libraries NI has two PFI contracts in operation, both of which are on-SoFP under IFRIC 12. These are:

Electronic Libraries for Northern Ireland (ELfNI). This contract relates to the installation, implementation and technical support of hardware and software solutions for library branches and administrative centres in Northern Ireland. The contract delivers library management systems in addition to public access to electronic information as part of the national implementation of The People's Network. The contract commenced in May 2001 and is due to end in April 2012. The Unitary Payment is increased annually in line with the Retail Price Index (RPI).

Lisburn City library. This contract is for the provision of a serviced building, delivered under a 25 year contract, starting in December 2006. The Unitary Payment is increased annually in line with the RPI. At the end of the contract period Libraries NI will acquire a 999 year leasehold on the premises.

	<b>2009-10</b>	<b>Restated</b>
	<b>2008-09</b>	<b>2008-09</b>
	<b>£'000</b>	<b>£'000</b>
Libraries NI is committed to service payments under PFI contracts as follows:		
Not later than one year	3,218	3,098
Later than one year and not later than five	4,201	7,207
Later than five years	<u>3,799</u>	<u>4,011</u>
	<u>11,218</u>	<u>14,316</u>

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

	2010 £'000	Restated 2009 £'000
<b>Total obligations under on-SoFP PFI contracts for the following periods comprises:</b>		
Not later than one year	408	393
Later than one year and not later than five	991	1,225
Later than five years	3,798	3,972
	<u>5,197</u>	<u>5,590</u>
<i>Less interest element</i>	<u>( 1,283)</u>	<u>( 1,409)</u>
<b>Total</b>	<u><u>3,914</u></u>	<u><u>4,181</u></u>

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**27 Other Financial Commitments**

Libraries NI has entered into no non-cancellable contracts (which are not leases or PFI contracts).

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**28 Pension and Similar Obligations**

As outlined in the Accounting Policies Libraries NI participates in: the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC).

Libraries NI has included pension costs totalling £2,092,544 in relation to the scheme.

For 2009/10 the employer's contribution rate to NILGOSC was 16%

NILGOSC is a multi-employer defined benefit scheme in which it is possible for an employer to identify its share of the assets and liabilities on a consistent basis. The latest formal valuation of the fund for the purpose of setting employer's actual contributions was at 31 March 2007. The major assumptions used by the actuary were:

	<b>At 31 March 2010</b>	<b>At 31 March 2009</b>
Rate of increase in salaries	5.3%	4.6%
Rate of increase in pensions	3.8%	3.1%
Discount rate	5.5%	6.8%
Inflation assumption	3.8%	3.1%

**The assets in the scheme and the expected rate of return were:**

	<b>Long term return at 31 March 2010</b>	<b>Assets at 31 March 2010</b>	<b>Long term return at 31 March 2009</b>	<b>Assets at 31 March 2009</b>
	<b>% per annum</b>	<b>£'000</b>	<b>% per annum</b>	<b>£'000</b>
Equities	7.8%	54,737	7.30%	36,644
Bonds	5.0%	9,952	5.70%	8,051
Property	5.8%	4,265	5.20%	3,521
Cash	4.8%	2,133	4.30%	2,225
<b>Total market value of assets</b>		<b>71,087</b>		<b>50,441</b>
Present value of scheme liabilities		( 132,011)		( 82,931)
Net pension asset/(liability)		<b><u>( 60,924)</u></b>		<b><u>( 32,490)</u></b>

The funds objective of holding sufficient assets to meet the estimated current cost of providing members' past service benefits was not met at the valuation date. The current funding level is 89% at 31 March 2007 (85% at 31 March 2004) leaving a funding shortfall of £396m. In order to contain the growth of the deficit, employer contribution rates increased from 4.6% in 2004/05 to 16% in 2009/10 with a commitment to increase further to 17% in 2010/11.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**28 Pension and Similar Obligations (continued)**

<b>Amount charged to operating cost</b>	<b>2010</b>	<b>2009*</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	1,848	
Past service cost	-	
Losses/(gains) on curtailment and settlement	85	
Decrease in irrecoverable surplus	<u>          </u>	<u>          </u>
<b>Total operating charge</b>	<b>1,933</b>	
Contributions by the employer	<u>( 2,123)</u>	<u>          </u>
<b>Net operating charge</b>	<b>( 190)</b>	<u>          </u>
Amount credited to other finance income		
Expected return on employer assets	( 3,390)	
Interest on pension scheme liabilities	5,603	
Net credit	<u>2,213</u>	<u>          </u>
<b>Net cost</b>	<b>2,023</b>	<u>          </u>
<b>Notes to the Statement of Change in Taxpayers' Equity</b>		
Actuarial gain/(losses) in Plan Assets	17,571	
Actuarial gain/losses in Obligation	<u>( 43,982)</u>	<u>          </u>
Actuarial gain/losses in SiTE	<b>( 26,411)</b>	<u>          </u>
<b>Reconciliation of Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	82,931	
Current service cost	1,848	
Interest on pension scheme liabilities	5,603	
Contributions by members	839	
Actuarial losses/(gains)	43,982	
Losses/(gains) on curtailments	85	
Estimated Benefit Paid	<u>( 3,277)</u>	<u>          </u>
Closing Defined Benefit Obligation	<b>132,011</b>	<b>82,931</b>

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**28 Pension and Similar Obligations (continued)**

	<b>2,010</b>	<b>2009*</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of fair value of employer assets</b>		
Opening fair value of employer assets	50,441	
Expected return on assets	3,390	
Contribution by members	839	
Contribution by the employer	2,123	
Actuarial gains/(losses)	17,571	
Benefits paid	<u>( 3,277 )</u>	
Closing fair value of employer assets	<u><b>71,087</b></u>	<u><b>50,441</b></u>
<b>Amounts for the current and previous accounting periods</b>		
Fair value of employer assets	71,087	50,441
Present value of Defined Benefit Obligation	<u>( 132,011 )</u>	<u>( 82,931 )</u>
Surplus/(Deficit)	<u><b>( 60,924 )</b></u>	<u><b>( 32,490 )</b></u>
Experience gains/(losses) on Assets	17,571	
Experience gains/(losses) on Liabilities	-	
Surplus/(Deficit)	<u><b>17,571</b></u>	
Actuarial gains/(losses) on Employer Assets	17,571	
Actuarial gains/(losses) on Obligation	<u>( 43,982 )</u>	
Actuarial gains/(losses) recognised	<u><b>( 26,411 )</b></u>	

\* Pension movements in relation to Libraries NI staff could not be extracted from ELB figures

**28 Pension and Similar Obligations (continued)**

**Sensitivity Analysis**

IAS 19 valuation results depend critically on the principal assumptions used in the calculations.

The sensitivity of the principal assumptions used to measure the liabilities is discussed below.

The discount rate used to value the liabilities is prescribed under IAS 19 and the results are particularly sensitive to the discount rate. If the yield used to discount each future benefit payment decreases, then the value placed on the liabilities increases. The results are also sensitive to unexpected changes in the rate of future mortality improvements. If longevity improves at a faster rate than allowed for in the assumptions then, again, a higher value would be placed on the employer's liabilities. In addition, if pensionable pay increases more than allowed for in the assumptions, the active liability will increase. Similarly, if inflation (and therefore pension increases) is higher than assumed, this will increase the value of the liabilities. If the liabilities increase, the employer's balance sheet position will worsen.

The sensitivities regarding the principal assumptions used as at 31 March 2010 are set out below.

	Change in assumption	Impact on liability
Discount rate	Increase / decrease by 0.5% pa	Increase / decrease by c. 9% resp.
Rate of inflation	Increase / decrease by 0.5% pa	Increase / decrease by c. 9%.
Rate of real salary growth	Increase / decrease by 0.5% pa	Increase / decrease by c. 3%.
Rate of mortality	Increase in life expectancy of 1 year	Increase by c. 3.5% - 4.5% resp.

Each factor is considered in isolation. i.e. the 'impact on liability' assumes all other factors are constant.

**Comment on Mortality Assumptions**

The mortality assumptions affect the length of time the benefits would be expected to be paid for. Life expectancy is based on the PMA92/PFA92 year of birth tables, with improvement from 2007 in line with the medium cohort and a 1% p.a underpin.

The assumed life expectancy at retirement at age 65 adopted for the Fund is:

	<b>Assumptions to assess funding positions at 31 March 2007</b>	
	<b>M</b>	<b>F</b>
<b>Males (M) or Females (F)</b>		
Current Pensioners	20.8	24.1
Future Pensioners	22.3	25.7

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**29 Contingent Liabilities**

Libraries NI has the following contingent liabilities:

**Job Evaluation**

Whilst Libraries NI expects a liability could arise, until the relevant appeals have been decided, we cannot estimate, with any certainty, the value of the liability to Libraries NI. We include below a table detailing the progress of various job categories currently at this stage in the job evaluation process.

Description	Est No of FTE officers	Status
Library Patrol Assistants	3	Post has been upgraded on evaluation. Pre-appeal seeking further upgrade has been unsuccessful. Appeal is pending. LNI has made an interim payment and it is still unknown if a further payment will be due.

**Legal cases and public liability**

Proceedings against Libraries NI have been initiated for a number of public, employers liability and employment tribunal cases. Those amounts which are probable and ascertainable have been accrued within provisions for liabilities and charges. There are no material contingent liabilities at year end.

**30 Events after the Reporting Period**

There were no significant events after the reporting date which would impact on these accounts.

**31 Related Party Transactions**

Libraries NI is an Non-Departmental Public Body (NDPB) sponsored by the DCAL

DCAL is regarded as a related party. During the year Libraries NI has had various material transactions with DCAL and with the following entities:

Belfast Education and Library Board  
Southern Education and Library Board  
North Eastern Education and Library Board  
South Eastern Education and Library Board  
Western Education and Library Board

In addition, Libraries NI has had a small number of material transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the:

- (a) Department of Health and Social Services and Public Safety;
- (b) Health and Social Services Boards which are sponsored by the Department of Health and Social Services and Public Safety; and
- (c) Land and Property Services

None of the Libraries NI board members, members of the key management, staff or other related parties has undertaken any material transactions with Libraries NI during the year.

A register of board members' interests is available and can be inspected on application to the Chief Executive's office

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**32 Statement of Losses**

	<b>No. of cases</b>	<b>2010 £'000</b>	<b>No. of cases</b>	<b>2009 £'000</b>
A Cash losses	-	-	-	-
B Fruitless payments	-	-	-	-
C Claims abandoned	-	-	-	-
D Stores losses	96,000	287	239,000	384
		<u>287</u>		<u>384</u>

Stores losses include £98,988 stock taking discrepancies in relation to 40,700 items and £159,797 non return of stock in relation to 55,459 items

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**33 Special Payments**

	<b>No. of cases</b>	<b>2010 £'000</b>	<b>No. of cases</b>	<b>2009 £</b>
A Extra-contractual payments				
B Compensation payments	4	3	-	-
C Out of court settlements	-	-	-	-
D Ex-gratia payments	-	-	-	-
E Extra-statutory payments	-	-	-	-
		<u>3</u>		<u>-</u>

The balances as at 1 April 2008 and 31 March 2009 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

**Libraries NI**  
**Notes to Accounts for the year ended 31 March 2010**

**34 Financial Target**

Libraries NI has separate financial targets in respect of recurrent and capital activity. These targets have been met in full, as outlined in the tables below.

**34.1 Recurrent**

	<b>Notes</b>	<b>2009-10</b> <b>£'000</b>
<b>Net Expenditure after financing, as stated in the Operating Cost Statement</b>		( 39,936)
Less: 'Non cash' expenditure and other expenditures not scoring against budget		
Permanent impairment of non-current assets		1,886
(Profit)/loss on disposal of assets		( 43)
Depreciation		3,119
Notional interest		38
Increase/(decrease) in Provisions		11
IAS 19 Pension Costs		2,023
Adjustment in respect of PFI schemes to align accounting and budgetary treatments		( 198)
<b>Net Expenditure</b>		<b>( 33,100)</b>
<b>Budget Allocation</b>		<b>( 33,194)</b>
<b>Year end position</b>		<b>( 94)</b>

The total budget for Libraries NI includes Premature Retirement Compensation costs (PRC) but excludes Annually Managed Expenditure (AME: non-cash costs).

The year end position represents the in year underspend on recurrent activity.

**34.2 Capital**

		<b>2009-10</b> <b>£'000</b>
<b>Additions:</b>		
Property, Plant & Equipment		3,454
Intangible		611
		<u>4,065</u>
<b>Budget Allocation</b>		<b>4,184</b>
<b>Year end position</b>		<b><u>119</u></b>

The year end position represents the in year underspend on capital activity.

## **ANNUAL ACCOUNTS DIRECTION**

**Northern Ireland Library Authority (hereinafter referred to as Libraries NI)**

### **ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT OF CULTURE, ARTS AND LEISURE WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE AND PERSONNEL**

The annual accounts shall give a true and fair view of the Operating Cost Statement and cash flows for the financial year, and the state of affairs as at the year end. Subject to this requirement Libraries NI shall prepare accounts for the financial year ended 31 March 2010 and subsequent financial years in accordance with:

- a. Government Financial Reporting Manual (FReM)  
<http://www.financial-reporting.gov.uk/FINANCIAL%20REPORTING%20MANUAL.pdf>
- b. other guidance which the Department of Finance and Personnel may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. any other specific disclosures required by the Department;

except where agreed otherwise with the Department of Finance and Personnel, in which case the exception shall be described in the notes to the accounts.

## **Report of the Comptroller and Auditor General: Northern Ireland Library Authority 2009-2010**

Under the Libraries Act (Northern Ireland) 2008 I am required to examine, certify and report on the financial statements of the Northern Ireland Library Authority (NILA). I have qualified my audit opinion on the NILA financial statements for 2009-10 in three respects, which I have set out below.

### **A. Heritage Assets: Valuable Books Collections**

#### **Background**

1. NILA has included in its financial statements Heritage Assets with a Net Book Value (NBV) of £12.8 million to reflect a valuation by professional valuers in 2006. Heritage assets consist of collections of rare and/or fine books of significant value ('Valuable Books'). Valuable books are not recorded on the NILA asset register but are included on a separate system used for recording library book stock (Galaxy). The Education and Library Boards (ELB's) were responsible for libraries prior to the formation of NILA on 1 April 2009 but valuable books were not considered a material item within the financial statements of ELB's. The valuation issues that are the subject of this report arise because the Valuable Books collections, transferred to NILA from the five ELB's, are considered a material asset within the NILA financial statements.
2. Prior to the formation of NILA there was no uniform definition of a valuable book or a consistent policy for the valuation of Valuable Books across Northern Ireland. The Belfast ELB only valued books with a value of £250 or greater whereas the other ELB's included a category within their valuations of books valued at less than £250. The total value of those books below £250, for the other ELB's is included in the financial statements at £2.6 million. NILA has been unable to determine an equivalent figure for Valuable Books transferred from the Belfast ELB.
3. NILA provided me with a catalogue report of the items in the Fine Book Room in Belfast Central Library (BCL). This included approximately 11,600 records, which is significantly higher than the number of records included in the 2006 valuation report by Sotheby's. NILA is currently unable to reconcile the two reports. NILA has advised that the room 'contains much more than the valuable books listed on the valuation' and that 'there are many reasons for this including the secure storage of books/pamphlets which are not classified as valuable but may be rare or attractive and require secure storage'. I was unable to determine from the Galaxy report which of the items in the Fine Books Room can be classified as 'valuable', 'rare' or 'attractive' and which ones were included in the 2006 valuation. NILA has confirmed there have been no additions to the Valuable Books collections since 1 April 2009 but is unable to confirm if there had been additions to the collection between the date of the 2006 valuation and the 31 March 2009 transfer to NILA.

4. The valuation carried out on the BCL valuable books appears to have been a desktop exercise as NILA told me the valuation was 'based solely on descriptions contained in previous valuations dated April 01 and July 2004.' From the records made available to me I was unable to confirm if there have been any additions to the Belfast ELB valuable books collection between 2004 and 2006.
5. The adoption of an appropriate accounting policy for Valuable Books and its application across all libraries should have been considered during the formation of NILA. In accordance with International Financial Reporting Standards (IFRS) and the Government Financial Reporting Manual (FReM) the next full valuation of Valuable Books is required for 31 March 2011. NILA have however indicated their intention to delay this valuation until March 2012 to allow time to establish a uniform Valuable Books policy across the organisation. I expect the limitation in my audit opinion to remain until the valuation issue is resolved.
6. There were no procedures I could have undertaken as part of my audit to satisfy myself regarding completeness and accuracy of these assets. In the Statement on Internal Control, the Accounting Officer has referred to the incompleteness and inaccuracies in the valuation of the Valuable Books collections.

### **Conclusion**

7. As there is significant doubt over the accuracy and completeness of the valuations of valuable books, I have qualified my audit opinion as a result of a limitation in the scope of my audit. I will keep NILA's actions and progress in resolving this matter under review.

## **B. Prior year Comparative Information: Vat Debtor and Pension Liability figures**

### **Background**

1. In the 2008 budget statement, the Chancellor of the Exchequer announced the application of IFRS in central government accounts in 2009-10. The Department of Finance & Personnel (DFP) issued guidance requiring Departments and other bodies implementing IFRS in 2009-10 to restate their 2008-09 financial statements onto the revised IFRS basis.
2. Although established on 1 April 2009, the implementation of IFRS meant that NILA was required to include in its financial statements comparative figures for all items as at 1 April 2008.
3. NILA has advised me that the ELB's are unable to identify the VAT Debtor that related to NILA for 1 April 2008 and 31 March 2009 without incurring significant costs. The VAT Debtor at 31 March 2010 was £0.7million.
4. In addition, with the transfer of the library function from ELBs it was expected that the appropriate portion of the pension liability would be

removed from the ELBs' accounts and transferred to NILA in accordance with Machinery of Government guidance. However I was advised by NILA that the Actuary responsible for valuing the pension scheme was unable to provide the necessary comparative information which consists of the value of the liability at 1 April 2008 and the charge to the Operating Cost Statement in 2008-09. The actuary was able to provide a valuation for 1 April 2009 and 31 March 2010. The valuation of the pension liability at 31 March 2010 is £60.9 million and the charge to the OCS in 2009-10 was £2.0 million.

5. It is my view that these figures would have been available had they been requested from the relevant parties at an early stage in the process of establishing those balances to transfer from ELB's to NILA and in particular recognising the impact of the introduction of IFRS. However, with the availability of complete information for 2009-10 there are no residual issues for 2010-11 with the VAT Debtor and Pension Liability figures and my qualification in this regard would no longer be necessary.
6. There were no procedures I could have undertaken as part of my audit to satisfy myself regarding absence of:
  - the VAT Debtor balances at 1 April 2008 and 31 March 2009; and
  - the Pension Liability balance at 1 April 2008 and the charge to the Operating Cost Statement in 2008-09.

In the Statement on Internal Control, the Accounting Officer has referred to the absence of these balances.

### **Conclusion**

7. I have concluded that financial statements are materially misstated as it is not possible to identify the:
  - a. the VAT Debtor balances at 1 April 2008 and 31 March 2009; and
  - b. the Pension Liability balance at 1 April 2008 and the charge to the Operating Cost Statement in 2008-09.

I have therefore qualified my audit opinion as a result of a limitation in the scope of my audit.



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10 May 2011