



Annual Report &

Accounts

2010 – 2011

Libraries NI

The Northern Ireland Library Authority

**Annual Report and Accounts
For the year ended 31 March 2011**

*Laid before the Northern Ireland Assembly
under Schedule 1, clauses 16 and 17 of the Libraries Act (Northern Ireland) 2008
by the Department of Culture, Arts and Leisure
on*

Friday 13 January 2012

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Any enquiries relating to this document/publication should be sent to us at Business Support, Libraries NI, 2nd Floor, Portadown Library, 24-26 Church Street, Portadown BT62 3LQ.

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CHAIRPERSON'S STATEMENT

I am delighted to be able to present the Annual Report and Accounts for Libraries NI for the 2010/11 financial year.

As a new organisation, charged not only with harmonising and improving public library services across Northern Ireland, but also with making financial savings and realising efficiencies, we have faced many challenges and difficult decisions over the past year. I am pleased to report that we managed our finances effectively, living within our budget, securing efficiencies through a reduction in the number of posts at senior and middle management level and redirecting resources to front line services.

This report provides a flavour of the work that has been undertaken at both a strategic and operational level and demonstrates the significant contribution that the public library service makes to the lives of the individuals and communities that we serve. I want to pay tribute to all the staff of Libraries NI for their professionalism and commitment over the past year in continuing to provide a high quality service which, we know, is valued by users.

During the year the Board of Libraries NI completed its review of library provision in the Greater Belfast area. This resulted in the closure of 10 libraries, a decision that was not taken lightly and only after due consideration of all the available information including that gathered during the consultation process. Following closure of the libraries, the stock and computers were transferred to other libraries thus enhancing services. In addition we secured funding from the Department of Culture, Arts and Leisure to enable major refurbishment work to be undertaken to improve the facilities in Falls Road, Shankill Road and Whiterock Libraries. The second stage of the strategic review of library provision in the rest of Northern Ireland commenced in 2010/11 and at year end consultation was ongoing.

Several other significant capital investment programmes were completed during the year, including the new library in Dungiven and major refurbishments to Newry City Library and Carrickfergus Library. The renovation of the Belfast Central Library stonework was also completed and the site purchased for a new library in Lisnaskea. Regretfully, however, many planned capital schemes will not be able to be progressed in the incoming year because of the current financial climate.

I am grateful to all the Board Members and particularly the former Chairperson, Dr David Elliott, who have given their time and expertise throughout the past year to provide leadership for the service and to ensure that effective governance arrangements are in place. The next few years will be equally challenging, not least because of the current economic situation, but I know that all Board Members and staff are committed to the continued development and implementation of high quality library services, within the resources made available to us.

Nigel Macartney
Interim Chairperson



CHIEF EXECUTIVE'S STATEMENT

The main body of this Annual Report highlights some of the work carried out in the public library service in Northern Ireland during 2010/11. Reading and reader development is central to everything that we do and during 2010/11 we invested over 10% of our budget in books and other resources and over 4.6 million items were borrowed by library users.

For the first time, the public library service participated in Culture Night with a series of events in Belfast Central Library and a Night of Crime Fiction in Derry Central Library with readings by some local authors. The Anne Frank + You exhibition, produced by the Anne Frank Trust and presented in Lisburn City Library and Enniskillen Library, was visited by nearly 4000 people. Libraries NI also marked the first Creativity Month with a range of events designed to raise the profile of Northern Ireland's ever growing creative industries.

The "All Our Saturdays" exhibition, based on "Ireland's Saturday Night" and celebrating sporting excellence in Northern Ireland over the last 12 decades, toured over 40 libraries. The opening of the Heritage Gallery in Downpatrick Library extended access to important heritage resources. The large numbers of people attending local history fairs held in libraries is evidence of the growing interest in genealogy.

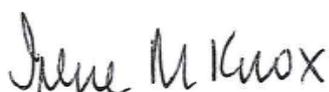
During the year key partnerships with a number of statutory and voluntary organisations extended the range of information available to the public. Health in Mind, a Big Lottery funded project, facilitated over 900 people, including carers, to enjoy opportunities for social interaction and access quality assured mental health information. Beat the Recession and Benefits Roadshows addressed issues faced by people in the current economic climate.

The important role that libraries play in promoting digital inclusion was evidenced by the large number of people who participated in a range of initiatives, including Got IT, iTEA and Biscuits and Silver Surfers Day. Many programmes supported the development of children's literacy skills. Over 2,500 toddlers and their carers attended regular Rhythm and Rhyme sessions designed to build the foundation for reading and literacy and encourage an early love of books. The national Summer Reading Challenge, which aims to sustain children's reading over the summer months, attracted over 9,000 children.

The past year has been characterised by change and progress as new systems, structures, policies and procedures were rolled out across the organisation. I am proud to report that staff rose to the challenges that were presented and feedback from customers consistently demonstrated their appreciation of the help and support given by staff at all levels on a daily basis. I am grateful to all staff for their continued hard work and professionalism during the year.

Thanks are due also to the Chairperson and Members of the Board of Libraries NI who have embraced their responsibilities with enthusiasm and commitment and who have provided encouragement and support throughout the year.

Irene M Knox
Chief Executive



REPORT OF THE BOARD OF LIBRARIES NI

The Northern Ireland Library Authority, known as 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 accounts are prepared in accordance with an Accounts Direction issued by the Department of Culture, Arts and Leisure, and comply with the government Financial Reporting Manual (FReM) 2010/11. They are prepared on an accruals basis and give a true and fair view of the Libraries NI state of affairs, and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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 Resigned 8.9.11
Alderman Hubert Nicholl**	Vice Chairperson Stood down 5.5.11 Re-appointed 28.6.11 Re-elected Vice Chairperson 21.9.11
Councillor Mrs Anne Brolly	Stood down 5.5.11 Re-appointed 28.6.11
Mr Patrick Carvill	
Councillor Charlie Casey	Stood down 5.5.11 Re-appointed 28.6.11
Councillor Sam Cole	Stood down 5.5.11 Re-appointed 28.6.11
Mr Roger Dixon	
Councillor Mrs Roberta Dunlop***	Stood down 5.5.11
Councillor Allan Ewart	Stood down 5.5.11 Re-appointed 28.6.11
Councillor Miss Carla Lockhart	Stood down 5.5.11 Re-appointed 28.6.11
Mr Alastair McDowell	
Mr Nigel Macartney	
Ms Angela Matthews	
Councillor Cathal Mullaghan***	Stood down 5.5.11
Councillor Mrs Evelyne Robinson	Stood down 5.5.11 Re-appointed 28.6.11
Councillor Jim Rodgers	Stood down 5.5.11 Re-appointed 28.6.11
Miss Helen Roulston	
Councillor Seamus Shields	Stood down 5.5.11 Re-appointed 28.6.11
Ms Jane Williams	

*The Chairperson resigned on 8 September 2011. At a special Board meeting on 21 September 2011, Nigel Macartney was nominated as Interim Chairperson, until such time as the Department of Culture, Arts and Leisure run a competition. His appointment as Interim Chairperson was ratified by the Minister of Culture, Arts and Leisure on 3 October 2011.

**The Vice Chairperson. Alderman Hubert Nicholl was re-elected as Vice Chairperson at the Board meeting on 21 September 2011.

*** Two Councillors, Roberta Dunlop and Cathal Mullaghan were not re-elected and their positions will remain vacant until the Department of Culture, Arts and Leisure run a public appointment process.

Functions

The primary duty of 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, the organisation is required to:

- Ensure 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)

- 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 public 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 focused on four key themes, all of which are underpinned by the centrality of reading and reader development. The four 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.

Some Facts and Figures

Population (NISRA Mid Year Population Estimates, 2010)	1,799,000
Number of Branch Libraries	99
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	1,324
Registered Users	676,345
Visits to libraries	7,046,572
Number of items borrowed	4,613,976
Spend on stock	£3,460,000
Number of staff (Full Time Equivalent at 1 January 2011)	641

Equality Statement

Libraries NI has a statutory responsibility, in carrying out its functions, 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 disability and persons without
- Between persons with dependants and persons without.

In addition, without prejudice to the above obligation, Libraries NI has 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 three 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 of risk management, control and governance.

Planning and Performance Directorate

Director: Anne Connolly (retired 31.3.2011)

The Director of Planning and Performance was 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 & South Tyrone
 - 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 interlibrary 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

- 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 Directorate.

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 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) and can be inspected also 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 2010/2011 financial year.

Recurrent expenditure was £32,530,000 within an allocated budget of £32,566,000. Key to achieving the £1,200,000 recurrent efficiency target required in 2010/2011, as a result of the Comprehensive Spending Review, together with an additional £600,000 savings required by the Executive, was the voluntary redundancy of 13 senior and middle management staff on 31 March 2009, and the release of a further 21 middle management staff through voluntary redundancy on 31 March 2010. In addition 24 further staff were released under an Invest to Save voluntary redundancy programme during 2010/11. These redundancies facilitated the implementation of the new leaner Libraries NI organisational structure. Towards the year end the Department allocated an additional £374,000 for stock which allowed the stock spend per capita to increase from the initial target of £1.70 to £1.92.

Capital expenditure was £5,519,000 within an allocated budget of £5,617,000. Several major projects were progressed in 2010/11, including the new library at Dungiven and a major refurbishment of the library in Carrickfergus, the repair and refurbishment of the stonework at Belfast Central Library, refurbishment of Falls Road, Shankill and Whiterock libraries following the strategic review of the Greater Belfast area, investment in Newry City library and a new site for Lisnaskea library.

Employee Involvement

During the year the policy of providing employees with information has been continued through regular distribution of a core brief (latterly known as Insight). 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.

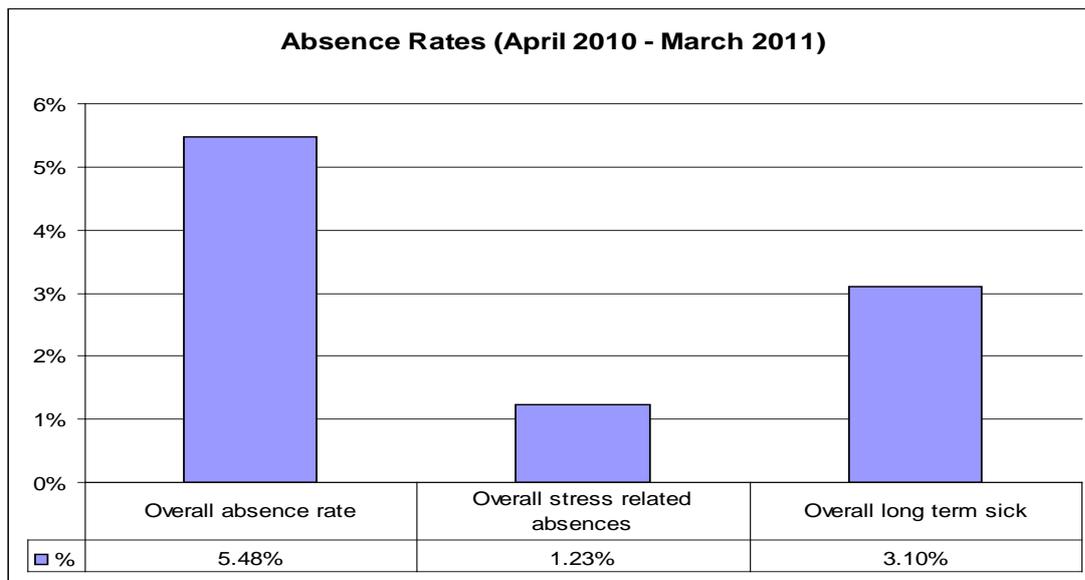
Employees with Disabilities

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

The overall absence rate for staff employed in Libraries NI during the 2010 – 2011 year, as illustrated in the graph below, was 5.48%.



Pension Accounting Policy

Pension liabilities are treated in the Accounts in accordance with Note 1.11 of the Statement of Accounting Policies.

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.

	Based on Invoice Date
	Number
Total invoices paid	24,718
Total invoices paid within 30 days	23,490
% of invoices paid within 30 days	95%
Total invoices paid within 10 days	13,498
% of invoices paid within 10 days	55%

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

Charitable and Political Donations

During the year the 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.

COST OF AUDIT	£000
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 Libraries NI 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.
- The Chairperson resigned on 8 September 2011 and an interim Chairperson was appointed on 21 September 2011. As far as the Accounting Officer is aware, there are no other significant events after the reporting date which would impact on these accounts.

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 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 DCAL, 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. Libraries NI commissioned an independent review of its processes for managing conflicts of interest to ensure that they were robust and appropriate. This review was completed in May 2011.

An anti-fraud policy and fraud response plan has been developed, updated and implemented and training was provided to 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.

Throughout the year performance was monitored in terms of both business objectives and the effectiveness of internal control arrangements. At 31 March 2011, 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. Specific attention was 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 DCAL were invited to attend each meeting of the Committee.

There were no personal data related incidents during the year.

The Internal Audit Section of Libraries NI achieved its full staffing complement during 2010/11. The Section is in the process of completing the Quality Assessment Framework to confirm compliance with Government Internal Audit Standards. At each meeting of the Audit and Risk Committee the Head of Internal Audit reports 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 2010/2011 called for the internal audit resource to be used to conduct assignments in various areas of Libraries NI. Actual usage of the Internal Audit resource is detailed below.

Category of Audit	No. of Days	% of Days
Strategic	3	1
Support Services	61	13
Operational	6	1
Mandatory	30	7
Branch Library Audits	150	32
Consultancy	58	13
Training *	46	10
Administration**	107	23
Total	461	100

* includes the Assistant Auditor's professional studies with the Institute of Internal Auditors

** includes support for the Audit and Risk Committee

MANAGEMENT COMMENTARY

Going Concern

Libraries NI operates as a going concern. The going concern basis for the preparation of the accounts is appropriate. Libraries NI is not aware of any events which would impact upon the entity's status as a going concern. Libraries NI receives its core capital and recurrent funding from the Department of Culture, Arts and Leisure (DCAL).

Strategies

The first Corporate Plan for Libraries NI covered the period 2009 – 2011. During this period our key focus has been the development and implementation of policies, procedures and structures to establish fully the new organisation, and at the same time progressing the work necessary to deliver an even better public library service that is able to respond positively to the diverse and changing needs of society as a whole and our customers in particular.

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

- Taking forward work on the Public Service Agreement (PSA) targets relevant to Libraries NI
- The implementation of optimal structures, systems, processes and procedures for the operation of Libraries NI as a new Non Departmental Public Body
- Bringing about improvements to services and facilities through investment in stock, staff, buildings and vehicles.

Customers come first

We responded to the needs of customers by:

- Spending £1.92 per capita on stock in various formats, including books, periodicals, CDs, DVDs and online resources. The total stock spend was £3.460 million
- Satisfying 50.01% of requests for material within 7 days
- Achieving a customer satisfaction rating of 92% (satisfaction with last visit to the library) in the Continuous Household Survey
- Providing 7.3 public access computer terminals per 10,000 head of population, with access to the internet and online resources
- Providing a range of support and training sessions for users to increase their knowledge and skills in Information and Communications Technology (ICT).

Nurturing staff

We nurtured the 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 a range of learning opportunities for staff and supporting a number of staff on accredited study programmes
- Meeting with staff representatives through the Negotiating Committee and consulting directly with staff on issues
- Communicating regularly with staff using a variety of means, including a core brief, latterly known as Insight, to ensure that all staff are equipped to meet the challenges required by the establishment of Libraries NI.

Innovating and Improving

We enhanced and improved services and facilities by:

- Opening a replacement library facility in Dungiven and completing an extensive refurbishment and enlargement project at Carrickfergus Library at a total cost of £1.293 million and £1.153 million respectively
- Completing minor works schemes to refurbish and improve Ballynahinch, Comber, Dungannon, Holywood and Newry City libraries at a cost of £659,000
- Procuring a site for a replacement library in Lisnaskea at a cost of £404,000
- Following through on our commitment, set out in Stage 1 of the strategic review of library provision (Meeting the Demands for a Modern Public Library Service in Northern Ireland), by investing an allocation of £2.306 million on extensive refurbishment projects in Whiterock, Falls Road and Shankill Road libraries. £1.613m was spent in 10/11 and the balance carried over to 11/12.
- Completing restoration and renovation work to the external façade of Belfast Central Library (a Grade B listed building) at a total project cost of £1.004 million.

Decisiveness

We acted decisively and in the interests of the service in the long term and accordingly:

- Completed a strategic review of libraries in the Greater Belfast area, resulting in the closure of 10 libraries and in the redeployment of staff, stock and other resources to enhance services in the remaining libraries

- Delivered £1.2 million of recurrent efficiency savings required by the Comprehensive Spending Review and an additional £600,000 of savings required by the Northern Ireland Executive through implementation of voluntary redundancy programmes. Further efficiencies of £300,000 were delivered through an Invest to Save voluntary redundancy programme
- Put in place strategies to bring about improvements in the way future library services are delivered electronically across Northern Ireland.

Accounting for Our Leadership

During the year Libraries NI accounted for its leadership through:

- Meeting the requirement to live within budget
- Quarterly assurance statements submitted to DCAL by the Chief Executive on the systems of internal control that are in place to support the achievement of Libraries NI objectives and targets
- Complying with the requirements of 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 the rationalisation and modernisation of library provision in Greater Belfast and the work being undertaken to support cultural heritage
- 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
- Responding within the terms of our Freedom of Information processes to 27 requests for information
- 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 316 comments, compliments and complaints were received.
- Reviewing our Data Protection registration and Data Protection Policy.

Policies

Work has continued during 2010/11 to create and harmonise policies inherited from the Education and Library Boards so that the organisation has a consistent and comprehensive policy framework in place to guide its operations. The focus during the year has been on the development and implementation of policies for the four key

themes of Culture, Heritage, Information and Learning and to underpin the implementation of the Finance, Human Resources, Assets Management and ICT functions. Policies and procedures on the protection of children and vulnerable adults were reviewed to ensure compliance with new legislation. Data Protection, Freedom of Information and Records Management policies were also agreed.

Consultation took place on a draft Disability Action Plan and the comments received will be incorporated into the final document. Work was also taken forward on a draft Equality Scheme, which will be completed and implemented in the new financial year.

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, at 1st January 2011, there were 861 members of staff in post (641 full-time equivalent), comprising 49% Protestant, 45% Roman Catholic and 6% non-determined. Approximately 80% of the workforce is female.

In recognition of the importance of communicating effectively with our customers, Libraries NI generated substantial media coverage of programmes and events taking place in libraries throughout the year. We liaised with customers and stakeholders through local engagement groups and consulted widely on strategic and more specific issues. Libraries NI dealt with a wide range of 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.

Libraries NI continued to develop relationships and partnerships with other organisations in the statutory, community, voluntary and private sectors. These focused mostly on access to services and 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 agenda relating to sustainable development and reductions in the consumption of resources. In this our second year of operation we have reviewed our 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 completion of a project to restore and repair the original Victorian natural stone façade of Belfast Central Library

- The application of the British Research Establishment Environmental Assessment Method (BREEAM) to all new build construction and refurbishment projects in line with best practice in sustainable design and to measure the environmental performance of the buildings
- Continued operation of “green” technologies within our estate such as rainwater recovery and thermal efficiency upgrading of properties.

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 Unit all employees are issued with appropriate contracts of employment, the terms and conditions of which are subject to negotiation and agreement with the recognised Trades Unions through the Joint Negotiating machinery.

Trends for the Future

Libraries NI’s work continues to be guided by the principles outlined in its Corporate Plan 2009-2011.

The Corporate Plan recognises the key trends and issues affecting our work in the period to 2011 and sets out our longer-term work plan to meet the following challenges:

- Delivering high quality public library services against a backdrop of a challenging financial budget
- Supporting people to broaden their skills to meet economic challenges and to enable them to utilise the library as a leisure resource
- Providing modern IT systems to support the delivery of public library services and
- Promoting social inclusion.

As it enters its third year Libraries NI will continue to develop and implement its services, strategies, policies, procedures, structures and systems, building on the significant progress made to date. New corporate objectives have been established for the next four years which focus on increasing participation in the library service, improving the delivery of public library service and enhancing understanding of the role and value of the public library service. The organisation is conscious of the challenges associated with achieving these objectives, particularly against a background of financial constraints and substantially reduced recurrent and capital budgets. Three Savings Delivery Plans have been produced to ensure that we deliver the necessary efficiencies required from the 2011 – 15 budget settlement.

The current economic climate presents opportunities also. Libraries NI is committed to supporting people who are seeking to broaden their knowledge, skills and understanding or who need access to information to enable them to make informed choices or who want to make constructive use of leisure time. In recognition of the advances in technology, a downloadable e-books service will be piloted and evaluated and new ways of communicating with customers through use of social media will be implemented. Work will also be progressed to put in place new electronic library systems and processes to support the delivery of 21st century library services.

Public libraries have a key role to play in promoting social inclusion. We will provide shared spaces and venues where people can come together to pursue their interests and we will work collaboratively with other organisations to seek to improve the quality of life of people in areas of greatest need. In conjunction with our partners we will develop The Health in Mind project, funded by The Big Lottery, with the aim of improving the quality of life of people and families affected by mental illness by contributing to the prevention of mental illness and increasing understanding among the wider community.

Performance Measures

Key Indicators of Success

The public library service contributes to the delivery of three Public Service Agreements. These are summarised below together with the specific targets established for Libraries NI in 2010/11 and the outcome in relation to the agreed milestones.

PSA 5 (1, Part)	Enhance Northern Ireland’s Tourism Infrastructure
Libraries Target	Deliver £7 million capital investment in libraries in 2010/11 (Note - the target was reduced to £5.617 million in year)
Outcome	<ul style="list-style-type: none"> • Capital spend was £5.519 million • The new library in Dungiven was completed on time and within the approved budget, opening to the public in October 2010 • The major refurbishment of Carrickfergus library was completed on time and within budget, opening to the public in March 2011 • The refurbishment and renovation of Belfast Central Library stonework was completed in December 2010, within the agreed

	<p>budget</p> <ul style="list-style-type: none"> • The purchase of the new site for Lisnaskea Library was completed in March 2011 • The refurbishments of Newry City Library and Whiterock Library were completed in March 2011 • Refurbishment work on Falls Road and Shankill Road Libraries commenced with completion early in 2011/12 • Minor capital schemes were completed in Comber Library, Ballynahinch Library, Dungannon Library and Holywood Library • Development work on the proposed new library in Kilkeel was stopped due to lack of budget cover in 2011/12.
Libraries Target	Undertake a Strategic Review of the Library Estate
Outcome	<ul style="list-style-type: none"> • Phase 1 of the Strategic Review (Greater Belfast) was completed in July 2010 and the recommendations were implemented • Public consultation on Phase 2 (the rest of Northern Ireland) commenced in January 2011 and ended on 8 April 2011.
Libraries Target	Develop plans and bring forward proposals to enable the achievement of the capital programme from 2011/12
Outcome	<ul style="list-style-type: none"> • As a consequence of the significant reduction in the Libraries NI capital budget during the period 2011/12 – 2014/15 work on a number of projects has been suspended, including the following: <ul style="list-style-type: none"> - Belfast Central Library – major refurbishment - Enniskillen – new library - Newtownards – new library - Coleraine – new library.

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"> • In the most recent Continuous Household Survey (2009/10) 89% of library users expressed satisfaction with library provision and 92% expressed satisfaction with their last visit to a library • Spend on library stock was £3.460 million, representing more than 10% of the recurrent budget or £1.93 per head of population. The initial target set by DCAL of £1.70 per head of population was exceeded. • 4,613,976 items were borrowed in 2010/11 compared to 4,578,255 in 2009/10, representing an increase of 0.78%. The target to maintain stock borrowing levels in 2010/11 at the same level as the 2009/10 baseline was exceeded

	<ul style="list-style-type: none"> • 50.01% of requests for books were met within 7 days. The target set by DCAL (50% of requests met within 7 days) was met.
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"> • In 2010/11 the number of public access workstations per 10,000 population was 7.3 • Public Access Computer Terminals (PATS) were in use for a total of 1,678,810 sessions in 2010/11, compared to 1,600,901 sessions in 2009/10 (an increase of 4.86%) • During the year 1,236 people received support and training to help them to increase their ICT knowledge and skills through Silver Surfers Day and the ITea and Biscuits programme • Libraries NI, in common with library authorities across the UK, is involved in the Race Online 2012 programme. Based on the Race Online / Society of Chief Librarians recording methodology, 50,478 people received support in a public library in Northern Ireland in relation to an IT query during the last 2 quarters of 2010/11 • A project board was established to oversee the process to replace the Electronic Libraries for Northern Ireland (ELfNI) contract and work commenced in developing the strategy and associated Outline Business Case for a new system, designed to improve the way future library services are delivered electronically.
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"> • Recurrent efficiency savings of £1,200,000, required in 2010/2011, as a result of the Comprehensive Spending Review, plus an additional £600,000 savings required by the Executive, were achieved through the voluntary redundancy of 13 senior and middle management staff on 31 March 2009, and the release of a further 21 middle management staff through voluntary redundancy on 31 March 2010. In addition 24 further staff were released under an Invest to Save voluntary redundancy programme during 2010/11 • The former South Eastern Education and Library Board (SEELB) Library Headquarters was closed and services were relocated. This included the opening of the Heritage Gallery in Downpatrick Library, housing the County Down Local History Collection, previously located in the SEELB Library Headquarters building.

	<ul style="list-style-type: none"> • Plans were put in place for the Business Support Directorate to relocate from temporary rented accommodation in Lisburn to spare accommodation in Portadown Library. The relocation took place in May 2011. • Work is underway to review mobile library provision to ensure that it is being delivered as effectively as possible.
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Key Themes

Culture

During the year Libraries NI delivered a range of cultural and creative development events designed to widen understanding of the role and value of the creative arts and provide library users with an opportunity to participate in them. Many of the programmes were organised in conjunction with other arts providers.

Programme highlights included participation, for the first time, in Culture Night in Belfast and Derry~Londonderry in September 2010. The events in Belfast Central Library included storytelling for young children, Scottish dancing and Kathak Dance demonstrations, a reading by Sean McMahan from his latest book “The Belfast Blitz” and a musical performance by the Ultach Trust Gaelic Choir. The night was augmented with Heritage tours of Belfast Central Library, sessions on “tracing your family tree” and exhibitions. In Derry Central Library the audience was entertained by a Night of Crime Fiction. Crime writers Eoin McNamee, Brian McGilloway and Stuart Neville read from their work. This was followed by a discussion of the state of crime fiction chaired by blogger Gerard Brennan of crimescene ni.

The Anne Frank + You exhibition was showcased in two libraries during the year – in Lisburn City Library during October and in Enniskillen Library in November. The exhibition proved extremely popular in both locations, attracting nearly 4000 visitors. In Lisburn the exhibition was part funded by Lisburn City Council's Good Relations Programme and the Lisburn/Castlereagh Peace III Partnership Programme. In Enniskillen, it was funded by Fermanagh District Council and the Anne Frank Trust. Visitors to the exhibition had the opportunity to learn more about the story of Anne Frank and the history of the Holocaust. The exhibition also focused on the very current issues of identity and moral choice.

The Chinese New Year was celebrated in a number of libraries. In Lisburn City Library, a family event took place, featuring Chinese lion dancing and arts and crafts. The Deputy Mayor of Lisburn attended along with 50 members of the public. In Finaghy Library and Ormeau Library activities included a culture “Show and Tell” presentation with costumes, storytelling and traditions associated with New Year, lantern making and a spectacular fan dance. Two events were held in Omagh Library in partnership with Omagh Ethnic Minority Group. A lion dance demonstration proved very popular and Chinese food tasting completed the events.

Burns Night was marked by celebrations in a number of libraries throughout Northern Ireland – in Omagh Library the celebration, in association with the Ulster Scots Agency, attracted an audience of 70 people.

A conversational Irish Language Circle was established in Omagh Library in partnership with Omagh District Council and an Irish Language reading group was

established in Cookstown library. Local Belfast libraries continued to host events as part of Feile an Phobail - Falls Road Library was the venue for the launch of Tom Hartley's book "Written in Stone" and for a "Peace Lines and Lyrics" event chaired by Brian Rowan.

Libraries NI hosted a Speaking of Books author week in February 2011, providing an opportunity for the public to indulge in their love of literature at a series of free events. Authors included Ian Sansom, Ruth Dudley Edwards, Christina McKenna, Carlo Gebler, Martina Devlin and Bernie McGill. In Derry Central Library Sean McMahan chaired a panel comprising Carlo Gebler, Garbhan Downey, Brian McGilloway and Anita Robinson who debated Ireland's Greatest Writer – Brian Friel won on the night.

In Strabane a poetry@lunchtime group was formed in October 2010 as part of a new partnership between Strabane Library and the adjoining Alley Theatre. Monthly poetry readings in the Library alternate with music events in the theatre café.

In March 2011 an exhibition to celebrate the centenary of the birth of Joseph Tomelty was opened at Portaferry Library by Joe Sumner, grandson of the well known writer and actor. The opening, attended by many of the Tomelty family and friends, coincided with the unveiling of the Ulster History Circle's Blue Plaque in commemoration of Tomelty.

International Women's Day was celebrated with talks by Anne Hailes and Olivia Nash.

Libraries NI also marked the first Creativity Month by providing a range of events. These included a talk on the restoration of the stonework at Belfast Central Library by Architects Brian Knox and Dawson Stelfox and a talk by Ralph McLean on "American Roots: The connection between Irish, Ulster Scots and American Music". In addition Lisburn City Library hosted three Ulster Scots Performance workshops and Bangor Carnegie Library hosted "Getting Your Act Together", a workshop facilitated by Nuala McKeever which was aimed at developing participants' communication skills. Award-winning novelist and playwright Lucy Caldwell was the lunchtime guest at Dundonald Library when she read from her latest novel "The Meeting Point" and Ann Marie Fyffe facilitated two creative writing workshops in Omagh Library and Dungannon Library.

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 experience of formal education, can receive encouragement, advice and support to get back on the ladder of learning.

A new programme, called Got IT, is being rolled out across all libraries. This aims to support adults who have little or no experience of using ICT to become familiar with the computer, internet and email. To date 48 staff, working across 39 locations, have accessed the training, led by the Adult Learning Team, and now provide a quality assured programme for library users. In May 2010, Silver Surfers Day for the over 60s was celebrated in 49 libraries with a total of 944 individuals taking part in an ICT session supported by volunteers trained by Business in the Community. Later in the year Sainsburys supported an event, again for senior citizens, called ITea and Biscuits which allowed 292 people to receive ICT support and enjoy tea and biscuits in 31 libraries.

The Adult Learning Team also initiated and developed the Six Book Challenge in 8 different locations across Northern Ireland. This activity is aimed at reluctant and less confident readers and encourages them to challenge themselves to read 6 books and record their reading in a diary. To date these groups include young people from Hydebank Young Offenders Centre, people who have a severe visual impairment or who are partially sighted and an essential skills group in Belfast.

Many programmes and activities supported the development of children's literacy during the course of the year. Libraries NI works in partnership with Booktrust, Health Trusts and early years settings to provide Bookstart packs to babies around eight months of age and My Bookstart Treasure Chests to all preschool children. The gifting scheme is made possible with funding to Bookstart from the Department of Education Literacy Strategy Group. Public libraries support the gifting of these packs by facilitating events for families with young children and through the provision of board books, picture books, DVDs and audio visual resources in all libraries.

Rhythm and Rhyme sessions regularly take place in 80 libraries with around 2,500 children attending each year. This programme offers parents and carers an opportunity to share rhymes, songs and stories with their children in a comfortable, neutral environment. The Children's Learning Team rolled out training for staff to enable them to better lead and support the Rhythm and Rhyme programme.

Junior and teenage reading groups operate in 46 libraries with around 250 children taking part, usually in monthly meetings. Reading groups aim to encourage a love and enjoyment of reading, develop reading skills, and provide a venue to meet new friends.

The national Summer Reading Challenge, coordinated by The Reading Agency, was entitled Space Hop. The purpose of the programme was to sustain children's reading during the summer months by encouraging them to visit the library, take part in the challenge and read a minimum of six books during July and August. Libraries organised storytimes, activities and craft sessions with a space theme to tie in with the programme.

Across Libraries NI a total of 9,301 children aged between 2 and 16 took part in Space Hop. The completion rate was 57%, in line with the UK average, and 40% of the total number of children were boys, demonstrating that libraries have an important role to play in encouraging boys to read for pleasure. Libraries supported the Space Hop by organising family events, craft sessions and story times attracting 2,676 children.

Many national initiatives were supported by Libraries NI during the year. Terence Blacker was the guest author for World Book Day and facilitated events for school children in Lurgan Library and Lisburn City Library.

National Bookstart Day in June saw many libraries hosting special Rhythm and Rhyme sessions under the theme "At the Seaside". The Children's Commissioner was guest of honour at Holywood Arches Library.

As part of National Drawing Day two libraries hosted Manga illustration and drawing activities for all the family.

In partnership with the BBC, Carrickfergus Castle was the venue for a “Hands on History “ event which saw local author Stephen Hall tell stories to around 50 children in the vault of the castle.

Dundonald Library had a special visitor in February 2011 when Her Royal Highness, the Duchess of Cornwall came to tell stories to a group of excited school children. The event was held to celebrate National Storytelling Week and recognised partnerships between Libraries NI, the National Literacy Trust and Booktrust.

Heritage

During the year Heritage Services Managers and Collections Officers were appointed and are now based in the locations of the main Heritage Collections across Libraries NI. These locations include Belfast, Ballymena, Downpatrick, Armagh, Omagh, Derry and Enniskillen. Staff are developing and exploiting the collections, delivering talks and workshops and working with partner organisations on a range of projects.

Former DCAL Minister, Nelson McCausland, launched PRONI@Cregagh in September 2010 in Cregagh Library. This service, which ran from September 2010 until March 2011, delivered access to a range of documents and manuscripts on microfilm from the PRONI archives while the PRONI offices were closed pending their move to new facilities in the Titanic Quarter. This very successful initiative is one example of the strategic partnership which exists between PRONI and Libraries NI.

Inspired by London 2012, the “All Our Saturdays” exhibition celebrates sporting excellence in Northern Ireland over the last 12 decades, as illustrated and reported in the pages of “Ireland’s Saturday Night”. During 2010/11 this touring exhibition was on display in over 40 libraries within Libraries NI. To coincide with the exhibition a “Young Sports Journalist of the Year” competition was organised in partnership with the Belfast Telegraph and The Giants Ice Hockey Team, the winning young journalists having their articles about a Giants Ice Hockey match published in the Belfast Telegraph.

The BBC Community Archive, “Our Place”, was launched in Lurgan Library in February 2011 and is also now located in Antrim Library and Derry Central Library. Using footage from the BBC’s film archives, visitors to these libraries have the opportunity to view clips about their local areas.

The Heritage Gallery was officially launched by Dr. Maurice Hayes in March 2011, marking the relocation of the Heritage collection, previously housed in Ballynahinch, to Downpatrick. This new location is proving to be extremely successful in terms of visitors to, and use of, the collection.

In partnership with the Ulster History Circle and local councils Libraries NI facilitated the placing of several Blue Plaques on library buildings including Strabane library for Dr. George Sigerson and Omagh library for the Milligan sisters.

Several family history fairs were organised by Heritage staff including in Enniskillen, Portadown and Ballymoney. All of these events involved partner organisations, including PRONI, the Federation of Ulster Local Studies and the Ulster Historical Foundation, which had stands at the events and in some cases provided speakers.

Three libraries, Belfast Central, Newtownstewart and Magherafelt, participated in the European Heritage Open Days weekend in September 2010.

Heritage staff supported the Culture night in Belfast in September 2010 by delivering workshops on the use of Ancestry (Library Edition). This online resource, available free to use in libraries, is of particular value to members of the general public interested in genealogy.

Information

Libraries NI is committed to the provision of high quality information on a wide range of subjects and in a wide range of formats. Access to information is essential if communities and individuals are to make informed decisions and to thrive. However, access alone is not enough; the skills to locate, evaluate and use the information are also essential.

Health in Mind, a Big Lottery funded project, has continued to expand during the year and now has its own branding, domain name, web site design and initial content. During the year the project has delivered 268 programmes, five courses and five high profile events facilitating approximately 900 people, including carers, to enjoy enhanced opportunities for social interaction and access quality assured mental health information. Frontline library staff were trained to be aware of customers with mental health issues and carers under stress; relevant resource materials were researched, produced and disseminated; and thematic book and information displays and bibliotherapy exhibitions were held in libraries.

The Northern Ireland Regional Business Library, based in Belfast Central Library, delivered a rolling programme of workshops demonstrating high level interrogation of business resources to extract information. In 2010/11, 28 sessions took place with over 300 participants. Twenty 1:1 Intellectual Property advice sessions were also delivered. Information staff have developed a training programme to facilitate the delivery of business information sources in different libraries throughout Libraries NI. In addition business resources awareness sessions for Branch Library Managers were also delivered.

Partnerships have been developed through the year with Volunteer NI, Advice NI, Citizens Advice Bureau, NI Direct and the Social Security Agency. Through these partnerships a range of programmes has been delivered in libraries across Northern Ireland including:

- 9 Beat the Recession Roadshows;
- 7 one day 2012 Olympic Gamesmaker Roadshows;
- 12 Benefits Roadshows for older people;
- NI Direct taster sessions for online government services;
- Olympic ticketing stands in all libraries.

Other on-going library events included a2b Benefit training, 24 hour library online resource taster sessions and "Get Baking" in four libraries in association with BBC resources. The team delivered promotional talks on library and information services to various organisations and groups. Exhibitions included a natural history display with Craigavon Museum Services and Armagh Planetarium Portable Dome shows in Enniskillen library.

Participation in national initiatives included World Mental Health Day, Migraine Awareness Week, Race Awareness Month and Holocaust Memorial Day. A traveller focus event and 'spot the difference' event were held to mark Race Awareness Month.

Libraries NI participated in a new DCAL led initiative to develop the income and tourism potential of the creative industries. During Creativity Month, held in March 2011, a variety of professional author events was delivered in libraries, including Michael Faulkner, Anne Tannahill (Publishing) and Geoff Hill discussing their roles and professional work.

E-express, a mobile library with 8 computers on board, was successfully deployed in Newry during the period when the library was closed for refurbishment. Information staff offered professional advice and delivered a number of Information Literacy classes.

A Community Information policy was approved by the Board and Copyright guidelines were drafted.

The team continued to develop and monitor the information and reference book stock and online resources specification and purchasing, ensured stock was relevant and timely and played a major role in the stock selection for refurbished libraries.

Marketing

During the year, recruitment took place for a number of key posts to establish the Libraries NI Marketing Team. Once in post, the team worked with staff to develop procedures throughout the organisation for communications, internet and intranet usage. These procedures will continue to develop as the organisation focuses on meeting the demands of library users. A key area for the Marketing Team has been the management of the communications issues arising from Stage One and Stage Two of the Strategic Review. There were requirements to respond to media questions and enquiries, communicate the decisions of the Board, monitor the media for comments and ensure staff members were informed at each stage of the process.

Working with senior staff, the Marketing Team developed key messages for the promotion of the organisation, many of which were prominent in stakeholder engagements throughout the year. The stakeholder engagement process was assisted by the production of a supporting document based on the Annual Report 2009/10. The stakeholder document's use of contemporary design and relevant photography portrayed clearly the achievements of Libraries NI in the previous year.

The Marketing Team played a key role in promoting the activities of the Key Themes and several corporate events throughout the year. Posters were regularly produced for events along with poster templates, press releases, promotional photography and web-based news announcements. Examples of these events include:

- Programmes and press announcements for the opening of Whitehead, Antrim and Dungiven Libraries.
- A separate programme, developed for the Speaking about Books cultural events, which ran in several libraries throughout February.
- Promotion of the Silver Surfers and iTea and Biscuits events.
- Press release announcements to promote the Beat the Recession roadshows as they toured various libraries throughout Northern Ireland.

- Press Management for the visit of HRH the Duchess of Cornwall to Dundonald Library.
- Press coverage and creation of an exhibition to promote the restoration stone work at Belfast Central Library.

Stock

2010 / 2011 was a year of transition for the Stock Team. Significant changes were made to the acquisitions module of the library management system. These changes meant that the acquisitions module no longer reflected the previous five board structure and allowed for stock procedures to be streamlined and carried out on a service wide basis, in turn creating efficiencies in ordering and receipting of stock. These changes, allied to a successful bid to buy new delivery vehicles, meant that Libraries NI was able to meet its targets in relation to satisfying borrower requests.

Time period	Number of requests satisfied	Percentage
7 days	169,677	50.08%
15 days	93,279	77.61%
30 days	34,989	87.94%
45 days	13,277	91.86%
60 days	7,941	94.20%
Over 60 days	19,620	100%
Total	338,783	

Initially the stock target spend was £1.70 per head of the population in Northern Ireland. However the final spend was £3.460 million, a figure of £1.93 per head. The stock budget is used to buy a wide range of resources including traditional book stock, large print book stock, music, film, newspapers, microfilm, language packs, magazines, online resources such as Ancestry and Britannica, spoken word books on CD and MP3 and subscription services such as RNIB. In addition to these resources, Libraries NI this year completed negotiations to offer E Books and downloadable audio books, which will be available free to Libraries NI borrowers in 2011 / 2012.

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 and Leisure (DCAL) with the approval of the Department of Finance and Personnel (DFP). Libraries NI makes payments to Board Members in relation to their functions as Members, at such rates and on such conditions as are determined by DCAL. Board Members receive travelling and subsistence allowances for expenditure incurred, at such rates and on such conditions as are determined by the Board, subject to the approval of DCAL. No Board Members receive or make pension contributions in their capacity 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 2010/2011 is based on performance in 2009/10. The Libraries NI scheme for performance related pay was developed by DCAL, approved by DFP and noted by the Remuneration Committee. Because of the freeze on pay, no performance pay was paid in 2010/11.

Remuneration for 2009/10 was based on performance in 2008/09, prior to Libraries NI commencing operations on 1 April 2009. The scheme for performance related pay relevant to 2009/10 was that in place for the Education and Library Boards, and approved by the Department of Education (DE) and DFP. The 2009/10 remuneration has been approved by DCAL and DFP.

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 and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of Libraries NI.

Remuneration (Audited Information)

	2010/11			2009/10		
	Salary £'000	Performance Related Pay £'000	Benefits in Kind £'000	Salary £'000	Performance Related Pay £'000	Benefits in Kind £'000
Ms Irene Knox Chief Executive	95 - 100	0	0	95 - 100	*	0
Mrs Anne Connolly** Director of Planning & Performance	75 - 80	0	0	70 - 75	0 - 5	0
Mr Terry Heron Director of Business Support	75 - 80	0	0	75 - 80	0 - 5	0
Ms Helen Osborn Director of Service Delivery	75 - 80	0	0	75 - 80	0 - 5	0
<p>* The Chief Executive was entitled to Performance Related Pay for 2009/10 but declined to accept it. Because of the N Ireland Executive's freeze on salaries no performance related pay was allowed in 2010/11.</p> <p>** Mrs. Anne Connolly retired on 31 March 2011.</p>						

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).

Pension Entitlements

Senior Post Holders (Audited Information)

	Total value of accrued pension and lump sum at 65 at 31/03/11 £000s	Real increase in pension and lump sum at 65 £000s	CETV at 31/03/11 £000s	CETV at 31/03/10 £000s	Real increase in CETV £000s
Ms Irene Knox	35-40 100-105	(2.5) – 0 (10) – (7.5)	720	774	(85)
Mrs Anne Connolly* Director of Planning & Performance	30-35 90-95	(2.5) – 0 (5) – (2.5)	733	758	(49)
Mr Terry Heron Director of Business Support	15-20 45-50	0 -2.5 (2.5) - 0	329	328	(12)
Ms Helen Osborn Director of Service Delivery	10-15 20 25	0 -2.5 (2.5) - 0	155	155	(6)

* Mrs. Anne Connolly retired on 31 March 2011.

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.

The CETV has been calculated in accordance with guidance issued by the Civil Service in Employer Pension Notice EPN 08/2011. The NI Audit Office has indicated that it is acceptable to use this format for employers subject to the LGPS (NI) Scheme. However, there have been changes to the factors used to calculate CETVs from 1 October 2010. The change in factors may effectively reduce the CETV and this will explain any negative real increase in CETV shown above.

In its recent budget the Government announced that the appropriate discount rate should be based on long term expectations of Gross Domestic Product (GDP) growth. In light of this change, HM Treasury is seeking advice from the Government Actuary's Department as to whether the discount rate used for CETVs should change. Following this review, the figures shown above may change, subject to actuarial advice.

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

	2010-11 £
The total emoluments of the Chairperson serving during the year was:	12,991
The highest payment for any other Board Member was;	5,774
The aggregate amount of Board Members' emoluments was:	82,612

Emoluments include travel & subsistence payments. No Members waived emoluments.

Board Members received emoluments within the ranges set out below:

£	2011 Number	2010 Number
1 – 4,999	17	18
5,000 – 5,999	1	
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	1	
13,000 – 13,999		1
14,000 – 14,999		
15,000 – 15,999		

Nigel Macartney
Interim Chairperson



Date: 26/10/11

Irene M Knox
Chief Executive



Date: 26/10/11

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

The Libraries Act (Northern Ireland) 2008 (paragraph 16) requires 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 issued by the Department of Culture, Arts and Leisure (DCAL), with the approval of the Department of Finance and Personnel (DFP).

The accounts are prepared on an accruals basis and must give a true and fair view of the Libraries NI state of affairs, and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year. They are prepared in accordance with an Accounts Direction issued by DCAL, and with comply with the government Financial Reporting Manual (FRoM).

In preparing the accounts the Chief Executive is required to:

- Observe the Accounts Direction issued by DCAL 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 the going concern basis.

The Accounting Officer of the DCAL has designated the Chief Executive of Libraries NI as the Accounting Officer. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for the keeping of proper records, and for the safeguarding of the Libraries NI assets, are set out in Managing Public Money (Northern Ireland), published by DFP.

Irene M Knox
Accounting Officer



Date: 26/10/11

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 Library 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 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 the Sports, Museums and Recreation Division within DCAL and other relevant officers from Libraries NI and the Department. The Chairperson of the Board is accountable to the Minister.

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.

The system of internal control has been in place in Libraries NI for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

Capacity to Handle Risk

Libraries NI has established a risk management framework. This framework 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 has been further developed at Business Area level during the year.

Training on corporate governance and risk management has been provided for staff 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.

A Sponsorship Risk Assessment i.e. a review of corporate governance and risk management was undertaken during the year by the Department of Culture, Arts and Leisure. A Medium/Low assessment of risk was provided.

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.

Staff are held accountable for risk management through the 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. 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. An Internal Audit report providing a satisfactory level of assurance was also completed during the year.

Libraries NI continued the roll out of its organisational structure during the year. 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.

A process of standardisation of core procedures inherited from the five ELBs continued throughout the year. Procedures continue to be developed for Corporate Services functions.

Libraries NI's strategy and approach has developed during these first two years of operation. Libraries NI maintained a Corporate Risk Register during the year in accordance with the standard template introduced by DCAL.

Review of Effectiveness

As Accounting Officer, I 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 and comments made by the external auditors in their Report to Those Charged with Governance. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and 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 regular 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 (DFP). In particular, grant and grant-in-aid received from (DCAL) 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 are in place and have been 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, fraud response plan and fraud risk analysis are in place. No suspected frauds were identified during the year.

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 are in place, 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 2011, 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 feedback from senior managers, risks identified by the Risk Management Group and issues identified in internal audit reports completed in the previous year. 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.

Internal Audit has developed an Audit Strategy for Branch Libraries. This has analysed and prioritised a number of risk factors associated with branches. This has identified those branches where a review of procedures would be most beneficial.

Internal Audit conducted the self-assessment portion of the 'Internal Audit Quality Assessment Framework' and concluded that there is evidence to indicate that there is good practice embedded and demonstrable added value in relation to Libraries NI's objectives. An external assessment is planned for 2011/12.

The Audit and Risk Committee has completed the National Audit Office: 'Audit Committee Self Assessment Checklist'. The Committee concluded that they are content that they are applying the principles of best practice.

The Audit and Risk Committee has also 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 has been in operation since 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 and during the first year of operation. There were, however, some issues that arose and required to be addressed in-year.

Financial Environment

Late notification of the budget allocation and associated objectives and targets for the year led to uncertainties in the business planning processes. The indicative budget was notified on 12 January 2010 and on 31 March 2010, in the absence of any

decision from the Executive, the Department confirmed that this indicative budget should be used in the interim for the planning and control of spend in 2010/11. The Business Plan 2010-2011 was not approved by the Minister until November 2010. The process of rolling out budget responsibilities to appropriate managers was developed during the year. Work will continue to embed the delegated responsibilities to the appropriate level during the incoming year.

Cumulative CSR (Comprehensive Spending Review) efficiency savings of £1,200,000 were required in 2010/2011 and in addition, the budget for 2010/2011 was reduced by a further £577,000. A second tranche of voluntary severance for 21 staff was implemented on 31 March 2010 which assisted in meeting these financial targets. Invest to Save funding of £1.4m for a further 24 voluntary redundancies was utilised in 2010/11 to assist in meeting the Budget 2010 financial targets.

Following consultation on the draft budget and confirmation from DCAL of the actual budget for 2011/12 and indicative budgets for the years from 2012/13 to 2014/15, three Savings Delivery Plans were agreed. These Plans, covering premises, staff and stock have the objective of delivering efficiencies of £10.285m by 2015 and, inevitably, will impact detrimentally on service delivery.

As a result of a reduced capital allocation a number of projects which had received a significant investment of resources and which were in an advanced state of planning have had to be postponed. These included Belfast Central, Lisnaskea and Kilkeel. Opportunities to work in partnership with other statutory agencies e.g. local councils to develop collaborative schemes have also been impacted. Maintaining delivery of services in inefficient buildings is an additional drain on resources.

Staffing

Libraries NI assumed responsibility for the provision of the public library service from the five 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. Work continues on this matter, including discussions with relevant trades unions.

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 continued during the year.

Annual Accounts

Preparation of Libraries NI's Annual Accounts for 2009/10 was a long and complex process involving the five ELBs who provided opening balance information. The external auditors concluded that the 2009/10 accounts were incomplete in relation to a number of opening balance issues.

The external auditors limited the scope of the audit opinion and reported on the accounts as follows:

- The NIAO had concerns over the completeness and accuracy of the last valuation performed in 2006 in respect of the collection of 'Stock Assets'
- The accounts may be materially misstated as it was not possible to identify the prior year comparatives for the Pension Liability
- The Education and Library Boards had advised that it was not possible to identify the VAT Debtor that related to the NI Library Authority for 1 April 2008 and 1 April 2009.

The 2009/10 draft accounts were certified on 10 May 2011. The issues identified in the 2009/10 accounts in relation to comparative figures for pension liability and VAT debtor are not relevant to the 2010/11 annual accounts. However, the issues relating to Stock Assets will take several years to resolve.

Each ELB transferred Stock Assets to Libraries NI on 31 March 2009, (total value £12.866m). The last valuation by professional valuers was in 2006 and the next valuation was due at 31 March 2011. These Stock Assets 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 of Stock Assets 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 Stock Assets prior to carrying out an up to date valuation. This project is planned to be completed by the end of 2012/13.

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 have increased from 4.6% in 2004/2005 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 £32.841m as at 31 March 2011.

Northern Ireland Audit Office (NIAO) Issues

In their Report to those Charged with Governance, the NIAO made a number of recommendations for action. These relate to:

- the consistency, completeness, and valuation of Stock Assets
- the completeness, accuracy and legal ownership of all non-current assets.
- full compliance with DAO (DFP) 10/06 "Acceptance of Gifts and Hospitality" and the completion of Declarations of Interest by Board Members
- the retention of signed Service Level Agreements for all agreements with third parties
- appropriate approvals being in place for the payment of Honoraria
- security arrangements in one library and the robustness of the book security system
- minor errors in identifying Accruals/Prepayments

Libraries NI has responded to each recommendation and is putting corrective action in place where appropriate.

Stock Audit

In March 2007, prior to the establishment of Libraries NI, the Education and Library Boards implemented a stock audit. The audit was designed to increase the accuracy of the data on the library stock management system, Galaxy. The Galaxy system was made up of five separate databases one for each of the five ELBs. As of April 2010 these have been integrated into a 'Single User Galaxy' system. A stock audit of approximately 60 locations and approximately 10 mobiles in 2010/2011 identified stock taking discrepancies of £782,400. This is included in the Losses and Special Payments notes 30 and 31 of the 2010/11 Accounts. This work has been carried forward into 2011/12.

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. As at 31 March 2011, Libraries NI has debts outstanding from library borrowers of approximately £18,000 in respect of the period from 1 April 2010 – 31 March 2011, valued at fair value. It is not Libraries NI policy to include this amount in the Annual Accounts.

Internal Audit

During the year three internal audits resulted in a "limited" 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 in 2010/11 identified significant progress and resulted in a "satisfactory" 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 review of Health and Safety Processes found that there was inadequate training of staff in the use of fire fighting equipment and insufficient testing of evacuation procedures. A procurement process has resulted in the provision of staff training in the use of fire fighting equipment. Guidance has also been issued with regard to fire and evacuation drills. A follow-up audit is planned for 2011/12.

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.

Significant Internal Control Issues 2009/10 – Addressed

The Final SIC for 2009/10 recorded a small number of significant control issues which no longer pose a material risk for Libraries NI.

- Procurement – There is now in place a signed Service Level Agreement with the North-Eastern Education and Library Board (a Centre of Procurement Excellence) to provide the level of procurement support as specified in the Financial Memorandum.
- Conflicts of Interest –. The potential perceived conflict of interest has been resolved.

Accounting Officer:

Jane M Knox

Date: 26/10/11

Northern Ireland Library Authority 2010-11

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 2011 under the Libraries Act (Northern Ireland) 2008. These comprise the Statement of Comprehensive Net Expenditure, 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 the Libraries Act (Northern Ireland) 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards required 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 read all the financial and non financial information in the Annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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 the accuracy and completeness of the valuation of the valuable books collection. As result I was unable to obtain sufficient appropriate audit evidence to support:

- Stock Assets valued at £12.9 million included in the financial statements at Note 15, and the corresponding prior year Stock Assets valued at £12.9 million.

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 issue outlined above:

- the financial statements give a true and fair view, of the state of Northern Ireland Library Authority affairs as at 31 March 2011 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 with 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 Chairperson's Statement, Chief Executive's Statement, Report of the Board, 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 the accuracy and completeness of the valuation of Stock Assets, 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 and the part of the Remuneration Report to be audited 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

11 November 2011

Libraries NI

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

	Notes	2010-11 £'000	2009-10 restated £'000
Expenditure			
Staff costs	3	19,352	20,760
Depreciation	5	3,144	3,119
Other Expenditure	4	3,198	15,536
Total Expenditure		<u>25,694</u>	<u>39,415</u>
Income			
Income from Activities	7	1,539	1,481
Other Income	8	100	29
Total Income		<u>1,639</u>	<u>1,510</u>
Net Expenditure		<u>24,055</u>	<u>37,905</u>
Interest payable/receivable	9/10	193	205
Net Expenditure after Interest		<u>24,248</u>	<u>38,110</u>
Other Comprehensive Expenditure			
Net (gain)/loss on revaluation of Property, Plant & Equipment	14	1,938	1,886
Net (gain)/loss on revaluation of Assets held for Sale	14	438	-
Credit in respect of notional costs	6	(60)	(60)
Total Comprehensive Expenditure for the year ended 31 March 2011		<u>26,564</u>	<u>39,936</u>

All amounts above relate to continuing activities.

The notes on pages 57 to 89 form part of these accounts.

Libraries NI
Statement of Financial Position as at 31 March 2011

	Notes	2011 £'000	2010 restated £'000
Non-current assets			
Intangible assets	12	420	593
Property, plant and equipment	11	73,430	86,565
Stock Assets	15	12,866	12,866
Non-current trade and other receivables	17	<u>1,829</u>	<u>1,886</u>
Total non-current assets		<u>88,545</u>	<u>101,910</u>
Current Assets			
Assets classified as held for sale	16	923	320
Trade and other receivables	17	1,478	1,387
Cash and cash equivalents	19	<u>2,283</u>	<u>1,153</u>
Total current assets		<u>4,684</u>	<u>2,860</u>
Total assets		<u>93,229</u>	<u>104,770</u>
Current Liabilities			
Trade and other payables	20	<u>6,957</u>	<u>5,730</u>
Total current liabilities		<u>6,957</u>	<u>5,730</u>
Non current assets plus/less net current assets/liabilities		<u>86,272</u>	<u>99,040</u>
Non-current liabilities			
Provisions	21	104	121
Pension liabilities	26	32,841	60,924
Other payables	20	<u>4,062</u>	<u>4,325</u>
Total non-current liabilities		<u>37,007</u>	<u>65,370</u>
Assets less liabilities		<u><u>49,265</u></u>	<u><u>33,670</u></u>
Taxpayers' Equity			
General reserve		49,974	48,726
Pension reserve		(32,841)	(60,924)
Revaluation reserve		19,266	33,002
Special Book Reserve		<u>12,866</u>	<u>12,866</u>
		<u>49,265</u>	<u>33,670</u>

The Financial Statements on page 52 to 89 were approved by the Board on 26 October 2011 and were signed on its behalf by:

Interim Chairperson



Date 26/10/2011

Chief Executive



Date 26/10/2011

The notes on pages 57 to 89 form part of these accounts.

Libraries NI
Statement of Cash Flows for the year ended 31 March 2011

	Notes	2010-11 £'000	2009-10 restated £'000
Cash flows from operating activities			
Total Comprehensive Expenditure before interest, re-stated		(26,371)	(39,731)
Depreciation	5	3,144	3,119
(Profit)/Loss on disposal of property, plant and equipment	4	117	(43)
Increase/ (Decrease) in Pension Liabilities	4	(11,417)	2,023
Impairment of Property, Plant & Equipment	14	1,938	1,886
Impairment of Assets Held for Sale	14	438	-
(Increase)/Decrease in Trade and other receivables	17	(34)	(949)
Increase/ (Decrease) in Trade and other payables	20	1,221	2,039
Increase/ (Decrease) in Provisions	21	(17)	(35)
		<u>(30,981)</u>	<u>(31,691)</u>
Net cash outflow from operating activities			
Cash flows from investing activities			
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(5,593)	(3,454)
Purchase of intangible assets	12	(9)	(611)
Interest on PFI		(114)	(125)
Proceeds of disposal of property, plant and equipment		205	92
		<u>(5,511)</u>	<u>(4,098)</u>
Net cash outflow from investing activities			
Cash flows from financing activities			
Recurrent grants received		32,979	30,627
Capital grants received		4,979	3,658
Capital element of payments in respect of finance leases and on-SoFP PFI contracts		(257)	(306)
Interest on finance leases		(79)	(80)
		<u>37,622</u>	<u>33,899</u>
Net financing			
		<u>1,130</u>	<u>(1,890)</u>
Net increase/ (decrease) in cash and cash equivalents in the period		<u>1,130</u>	<u>(1,890)</u>
Cash and cash equivalents at 1/4/10		<u>1,153</u>	<u>3,043</u>
Cash and cash equivalents at 31/3/11		<u><u>2,283</u></u>	<u><u>1,153</u></u>

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2011

	Note	General Reserve	Pension Reserve	Revaluation Reserve	Stock Assets Reserve	PFI Reserve	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2010		48,726	(60,924)	33,002	12,866	-	33,670
Changes in taxpayers' equity 2010-11							
Deficit for year from SCNE		(26,564)	-	-	-	-	(26,564)
Movement on pension deficit	26	(11,417)	11,417	-	-	-	-
Net gain/(loss) on revaluation of property, plant and equipment	14	-	-	(10,647)	-	-	(10,647)
Net gain/(loss) on revaluation of intangible assets	12	-	-	34	-	-	34
Net gain/(loss) on revaluation of non current assets held for sale	14.2	-	-	(1,678)	-	-	(1,678)
Backlog depreciation	11	-	-	(174)	-	-	(174)
Amortisation of revaluation reserve		1,271	-	(1,271)	-	-	-
Actuarial gain/(loss) in respect of pension liability	26	-	16,666	-	-	-	16,666
Total recognised Income and expense for 2010-11		(36,710)	28,083	(13,736)	-	-	(22,363)
Recurrent Grant from DCAL		32,979	-	-	-	-	32,979
Capital Grant from DCAL		4,979	-	-	-	-	4,979
Balance at 31 March 2011		49,974	(32,841)	19,266	12,866	-	49,265

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

	Note	General Reserve	Pension Reserve	Revaluation Reserve	Stock Assets Reserve	PFI Reserve	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000
Opening Balances at 1 April 2009		53,351	(32,490)	38,064	12,866	1,951	73,742
Changes in accounting policies		(2,945)	-	2,945	-	(1,951)	(1,951)
Differences in opening non-current assets		1,948	-	108	-	-	2,056
Restated balance at 1 April 2009		<u>52,354</u>	<u>(32,490)</u>	<u>41,117</u>	<u>12,866</u>	<u>-</u>	<u>73,847</u>
Changes in taxpayers' equity 2009-10							
Deficit for year from SCNE (restated)		(39,936)	-	-	-	-	(39,936)
Movement on pension deficit	26	2,023	(2,023)	-	-	-	-
Net gain/(loss) on revaluation of property, plant and equipment	14	-	-	(8,358)	-	-	(8,358)
Net gain/(loss) on revaluation of intangible assets	12	-	-	1	-	-	1
Net gain/(loss) on revaluation of non current assets held for sale	16	-	-	(36)	-	-	(36)
Backlog depreciation	11	-	-	278	-	-	278
Actuarial gain/(loss) in respect of pension liability	26	-	(26,411)	-	-	-	(26,411)
Total recognised Income and expense for 2009-10		<u>(37,913)</u>	<u>(28,434)</u>	<u>(8,115)</u>	<u>-</u>	<u>-</u>	<u>(74,462)</u>
Recurrent Grant from DCAL		30,627	-	-	-	-	30,627
Capital Grant from DCAL		3,658	-	-	-	-	3,658
Balance at 31 March 2010		<u><u>48,726</u></u>	<u><u>(60,924)</u></u>	<u><u>33,002</u></u>	<u><u>12,866</u></u>	<u><u>-</u></u>	<u><u>33,670</u></u>

The revaluation reserve at 31/3/11 includes £21k(2009: £nil) in respect of intangibles.

The taxpayers' equity position as at 1 April 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.

1 Statement of Accounting Policies

These financial statements are prepared in accordance with the 2010/11 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

These 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.

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 Statement of Comprehensive Net Expenditure (SCNE). Revenue grants received for specific purposes (that is, restricted income) are shown as income in the SCNE 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.

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 Stock Assets

Stock Assets are Heritage Assets, defined as "stock items or groups of items to be retained for use by future generations because of their cultural and/or historical associations". They include the valuable book collections, including that in Belfast Central Library, but also include items of lower value but which are retained because of their uniqueness and cultural or historical association. These collections are assets and are differentiated from ordinary book stocks which are consumables.

The Stock Assets are valued at net realisable value, and are valued every 5 years by professionally qualified valuers.

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.

<u>Asset Class</u>	<u>Asset Sub-Class</u>	<u>Asset Life</u>
Land	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

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.

<u>Asset Class</u>	<u>Asset Sub-Class</u>	<u>Asset Life</u>
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 SCNE 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.

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 SCNE or the Statement of Changes in Taxpayers' Equity.

1.12 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 Stock Assets Reserve represents the valuation of the Stock Assets 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 SCNE, in which case it is credited to the SCNE 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 SCNE.

1.13 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 SCNE as costs are incurred over the lease term.

1.14 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
- . controls 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 SCNE in equal amounts over the asset's useful life.

1.15 Financial Instruments

1.15.1 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.

1.15.2 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.

1.16 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.

1.17 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 SCNE and the liability is reflected in the pension deficit, in line with other pension obligations, under IAS 19.

1.18 Accounting Standards, interpretations and amendments to published standards adopted in the year ended 31 March 2011

Libraries NI has reviewed the standards, interpretations and amendments to published standards that became effective during 2010-11 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.

1.19 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 2011, 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.

2 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 and Board.

3. Staff Numbers and Related Costs

Staff Costs comprise:

	Permanent employed 2010-11 £'000	Temporary employed 2010-11 £'000	Others 2010-11 £'000	Total 2010-11 £'000	Total 2009-10 £'000
Wages and salaries	13,266	955	478	14,699	15,499
Social Security costs	802	59	1	862	911
Pension costs	2,058	57	1	2,116	2,087
Other staff costs	1,675	0	0	1,675	2,263
Total	17,801	1,071	480	19,352	20,760

In addition, staff costs of £Nil (2010: £NIL) have been capitalised and included within Property, Plant and Equipment.

Other staff costs include redundancy costs £1,514k (2010:£2103k)

Others includes Agency staff costs of £430k (2010:£417k)

Average Number of Persons Employed

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

	Permanent employed 2010-11 FTE	Temporary employed 2010-11 FTE	Others 2010-11 FTE	Total 2010-11 FTE	Total 2009-10 FTE
TOTAL	611	54	28	693	727

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.

3.1 Reporting of exit packages 2010-11

	Exit Package cost band	Number of compulsory redundancies 2010-11	Number of other departures agreed 2010-11	Total number of exit packages by cost band 2010-11	Total number of exit packages by cost band 2009-10
	<£10,000	0	5	5	0
	£10,000 - £25,000	0	1	1	0
	£25,000 - £50,000	0	3	3	0
	£50,000 - £100,000	0	8	8	12
	£100,000 - £150,000	0	6	6	9
	£150,000 - £200,000	0	0	0	0
	£200,000- £250,000	0	1	1	0
	Total number of exit packages	0	24	24	21
	Total resource cost £	0	-	1,514,033	2,103,452

Redundancy and other departure costs have been paid in accordance with the provisions of the NILGOSC Compensation Scheme. Exit costs are accounted for in full in the year of departure.

In 2010-11, £1,400,000 was provided under the Invest To Save scheme, to fund the redundancies.

4. Other Expenditure	Note	2010-11	2009-10 restated
		£'000	£'000
Bookstock		3,460	3,376
Running Costs:			
Premises, fixed plant and grounds		4,388	3,869
Supplies and services		1,102	1,262
Transport		269	249
Rentals under operating leases: Buildings		332	369
PFI service charges		4,506	3,999
Other Employee Expenses		398	361
Non-cash items:			
(Profit)/Loss on disposal of property, plant and		117	(43)
Pension Costs	26	(11,417)	2,023
Provisions provided for in year	21	(17)	11
Notional Costs:			
Audit fee	6	60	60
		<u>3,198</u>	<u>15,536</u>

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

In accordance with DFP guidance, the Cost of Capital figure included in 2009/10 (£1,808k) has been removed.

5. Depreciation	Note	2010-11	2009-10
		£'000	£'000
Property, plant and equipment	11	2,935	3,092
Amortisation of intangible assets	12	209	27
		<u>3,144</u>	<u>3,119</u>

6. Notional Costs	2010-11	2009-10
	£'000	restated
	£'000	£'000
Auditors' remuneration	60	60
	<u>60</u>	<u>60</u>

7. Income from Activities	2010-11	2009-10
	£'000	£'000
Fees and charges	623	600
Sale of Goods & Services	874	787
Other income	42	94
	<u>1,539</u>	<u>1,481</u>

8. Other Income	2010-11	2009-10
	£'000	£'000
European funds	-	-
New Opportunities Fund/Big Lottery	100	-
Other Grants	-	29
	<u>100</u>	<u>29</u>

9. Interest Payable	2010-11	2009-10
	£'000	£'000
On finance leases	79	79
On PFI	114	125
Other	-	1
	<u>193</u>	<u>205</u>

10. Interest Receivable	2010-11	2009-10
	£'000	£'000
Bank interest	-	-
Other	-	-
	<u>-</u>	<u>-</u>

11. Property, Plant and Equipment

	Land	Buildings	Vehicles	Computers	Plant & Equipment	Assets in course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2010	31,979	55,147	3,236	1,235	2,159	1,086	94,842
Additions	415	3,126	118	-	506	1,428	5,593
Disposals	-	-	(21)	-	-	-	(21)
Impairments	-	-	-	(5)	-	-	(5)
Reclassifications	-	1,074	-	95	(95)	(1,074)	-
Revaluations	(13,968)	1,325	(21)	24	56	-	(12,584)
Adjustments	-	(16)	-	-	(1)	-	(17)
Transfer to assets held for sale	(1,420)	(1,852)	-	-	-	-	(3,272)
At 31 March 2011	17,006	58,804	3,312	1,349	2,625	1,440	84,536
Depreciation							
At 1 April 2010	-	4,079	2,245	916	1,037	-	8,277
Charged in year	-	2,227	253	249	206	-	2,935
Disposals	-	0	(21)	-	-	-	(21)
Impairments	-	-	-	(4)	-	-	(4)
Reclassifications	-	-	-	95	(95)	-	0
Adjustments	-	(17)	-	2	-	-	(15)
Transfer to assets held for sale	-	(233)	-	-	-	-	(233)
Revaluations/Backlog depreciation	-	137	(9)	16	23	-	167
At 31 March 2011	-	6,193	2,468	1,274	1,171	-	11,106
Net Book value at 31 March 2011	17,006	52,611	844	75	1,454	1,440	73,430
Net Book value at 31 March 2010	31,979	51,068	991	319	1,122	1,086	86,565

Asset Financing:

	Land	Buildings	Vehicles	Computers	Plant & Equipment	Assets in course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Owned	10,035	36,929	844	75	1,454	1,440	50,777
Short leasehold	903	2,731	-	-	-	-	3,634
Long leasehold	5,771	11,027	-	-	-	-	16,798
Finance leased	-	-	-	-	-	-	-
On-Balance PFI contracts	297	1,924	-	-	-	-	2,221
Net book value at 31 March 2011	<u>17,006</u>	<u>52,611</u>	<u>844</u>	<u>75</u>	<u>1,454</u>	<u>1,440</u>	<u>73,430</u>

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.

11 Property, Plant and Equipment (continued)

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

The balances as at 1 April 2009 and 31 March 2010 have been extracted from the accounts of the five Education and Library Boards in Northern Ireland, in respect of their Public Library Service activities.

12. Intangible Assets

	Total £'000
Cost or valuation	
At 1 April 2010	645
Additions	9
Disposals	-
Impairments	-
Revaluation	34
At 31 March 2011	<u>688</u>
Amortisation	
At 1 April 2010	52
Charged in year	209
Disposals	-
Impairments	-
Revaluation	7
At 31 March 2011	<u>268</u>
Net book value at 31 March 2011	<u><u>420</u></u>
Cost or valuation	
At 1 April 2009	33
Additions	611
Disposals	-
Impairments	-
Revaluation	1
At 31 March 2010	<u>645</u>
Amortisation	
At 1 April 2009	23
Charged in year	27
Disposals	-
Impairments	-
Revaluation	2
At 31 March 2010	<u>52</u>
Net book value at 31 March 2010	<u><u>593</u></u>

The additions for 09-10 relate to software for Corporate Services systems. As at 31 March 2011 they had a remaining useful life of 1 year.

13. 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.

14. Deficits on Revaluation

14.1 Property, Plant & Equipment

	2010-11	2009-10
	£'000	£'000
Charged to the SCNE	1,938	1,886
Charged to Revaluation Reserve	<u>10,647</u>	<u>8,358</u>
	<u>12,585</u>	<u>10,244</u>

14.2 Assets Held for Sale

	2010-11	2009-10
	£'000	£'000
Charged to the SCNE	438	-
Charged to Revaluation Reserve	<u>1,678</u>	<u>-</u>
	<u>2,116</u>	<u>-</u>

15. Stock Assets

	Total £'000
Opening balance at 1 April 2010	12,866
Movements 2010/11	
Additions	-
Disposals	-
Impairments	-
Closing balance at 31 March 2011	<u><u>12,866</u></u>
Opening Balance 1 April 2009	12,866
Movements 2009/10	
Additions	-
Disposals	-
Impairments	-
Closing balance at 31 March 2010	<u><u>12,866</u></u>

Libraries NI holds several collections of Stock 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 normally 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.

16. Assets classified as held for sale

	Land & Buildings	Other property, plant and equipment	Intangible assets	Total
	£'000	£'000	£'000	£'000
Opening balance at 1 April 2010	320	-	-	320
Movements 2010/11				
Transfers from Property, Plant & Equipment, at valuation	3,272	-	-	3,272
Transfers from Property, Plant & Equipment, accumulated depreciation	(233)	-	-	(233)
Assets sold in the year	(320)	-	-	(320)
Impairment of assets held for sale	<u>(2,116)</u>	<u>-</u>	<u>-</u>	<u>(2,116)</u>
Closing balance at 31 March 2011	<u><u>923</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>923</u></u>
Opening Balance 1 April 2009	300	-	-	300
Movements 2009/10				
Assets classified as held for sale in the year	101	-	-	101
Assets sold in the year	(45)	-	-	(45)
Impairment of assets held for sale	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>(36)</u>
Closing balance at 31 March 2010	<u><u>320</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>320</u></u>

Assets held for sale are libraries which have been closed. The impairment in value of land and buildings held for sale was caused by the general market conditions prevailing at year end, and were based on valuations provided by Land and Property Services.

17. Trade Receivables and Other Current Assets	2011 £'000	2010 £'000
Amounts falling due within one year:		
VAT	920	655
Trade receivables	235	510
Deposits and advances	2	4
Prepayments and accrued income	231	128
Current part of PFI prepayment	90	90
	<u>1,478</u>	<u>1,387</u>
Amounts falling after more than one year:		
PFI Prepayment	1,826	1,886
Other prepayments > 1 year	3	-
	<u>1,829</u>	<u>1,886</u>
Total	<u>3,307</u>	<u>3,273</u>

Analysis of Trade Receivables and other Current Assets

Central Government Bodies	1,124	1,118
Local Authorities	32	23
NHSS Trusts	4	6
Public Corporations	1	3
Intra Government Balances	1,161	1,150
Bodies External to Government	2,146	2,123
Total	<u>3,307</u>	<u>3,273</u>

As at 31 March 2011 Libraries NI had debts outstanding from library borrowers of approximately £18,000 (2010: £15,000) in respect of the period from 1 April 2010 to 31 March 2011, valued at fair value. It is not Libraries NI policy to include this amount in the accounts.

18. Related-party Transactions

Libraries NI is sponsored by the Department of Culture, Arts and Leisure (DCAL). Libraries NI received substantial grant funding from DCAL during the year, but had no other material transactions with them.

DCAL is also the sponsoring body for the following bodies:

Arts Council of Northern Ireland
National Museums of Northern Ireland (NMNI)
Northern Ireland Museums Council
Sports Council for Northern Ireland
North/South Language Body
Waterways Ireland
Armagh Observatory and Armagh Planetarium
Northern Ireland Screen Commission

Libraries NI had transactions with NMNI during the year, in respect of services at the Centre for Migration Studies.

Note 18 continued:

In addition, Libraries NI has had numerous transactions with other central government departments and associated bodies. Most of these transactions have been with: The Western Education and Library Board, The North Eastern Education and Library Board, The Belfast Education and Library Board, The Southern Education and Library Board, The South Eastern Education and Library Board, Land and Property Services, HMRC, the Department for Employment and Learning, The Department of Education, Strabane District Council, The South Eastern Health Trust, Omagh District Council, Armagh District Council, Magherfelt District Council, Belfast Health and Social Care Trust, the Department of Finance and Personnel, Dunganon and South Tyrone Council, Limavady Borough Council, Craigavon District Council, NILGOSC, South West Regional College, South Eastern Health Trust, and Southern Health and Social Care Trust.

19. Cash and Cash Equivalents	2011	2010
	£'000	£'000
Balance at 1 April	1,153	3,043
Net change in year	<u>1,130</u>	<u>(1,890)</u>
Balance at 31 March	<u>2,283</u>	<u>1,153</u>

Balances held in commercial banks and cash in hand	<u>2,283</u>	<u>1,153</u>
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20. Trade Payables and Other Current Liabilities	2011	2010
	£'000	£'000

Amounts falling due within one year:

Other taxation and social security	352	412
Trade payables	4,816	1,100
Other payables	104	375
Accruals and deferred income	1,421	3,586
Current part of finance leases	(38)	(38)
Current part of imputed finance lease element of on-SoFP PFI contracts	302	295
	<u>6,957</u>	<u>5,730</u>

Amounts falling due after more than one

Finance leases	745	706
Imputed finance lease element of on-SoFP PFI contracts	3,317	3,619
	<u>4,062</u>	<u>4,325</u>
Total	<u>11,019</u>	<u>10,055</u>

Analysis of Trade Payables and other Current Liabilities

Central Government Bodies	1,209	1,485
Local Authorities	28	10
NHSS Trusts	10	25
Public Corporations	<u>8</u>	<u>8</u>
Intra Government Balances	1,255	1,528
Bodies External to Government	<u>9,764</u>	<u>8,527</u>
Total	<u>11,019</u>	<u>10,055</u>

21. Provisions for Liabilities and Charges

	Employer & Public Liability Claims £'000	Job Evaluation £'000	Other £'000	Total £'000
At 1 April 2010	116	5	-	121
Provided in the year	43	-	-	43
Provisions not required written back	(55)	(5)	-	(60)
Provisions utilised in the year	-	-	-	-
At 31 March 2011	104	-	-	104

Analysis of expected timing of cash flows

	Employer & Public Liability Claims £'000	Job Evaluation £'000	Other £'000	Total £'000
In the remainder of the spending review period to 2012	76	-	-	76
Between 2012 and 2016	28	-	-	28
At 31 March 2011	104	-	-	104

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

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.

22. Capital Commitments

	2011 £'000	2010 £'000
Contracted capital commitments at 31 March 2011 for which no provision has been made:		
Property, plant and equipment	594	1,530
	<u>594</u>	<u>1,530</u>

23. Commitments Under Leases

23.1 Operating Leases

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

	2011 £'000	2010 £'000
Obligations under operating leases comprise:		
Land		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
Buildings		
Not later than one year	194	265
Later than one year and not later than five years	398	389
Later than five years	558	511
	<u>1,150</u>	<u>1,165</u>
Other		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
	<u>1,150</u>	<u>1,165</u>

23.2 Finance Leases

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

	2011 £'000	2010 £'000
Obligations under finance leases		
Buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
Less interest element	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Other		
Not later than one year	40	40
Later than one year and not later than five years	160	160
Later than five years	38,520	38,560
	<u>38,720</u>	<u>38,760</u>
Less interest element	<u>(38,014)</u>	<u>(38,092)</u>
	<u>706</u>	<u>668</u>

24. Commitments Under PFI Contracts

24.1 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.

	2011 £'000	2010 £'000
Libraries NI is committed to service payments under PFI contracts as follows:		
Not later than one year	3,364	3,218
Later than one year and not later than five years	1,024	4,201
Later than five years	<u>3,612</u>	<u>3,799</u>
	<u>8,000</u>	<u>11,218</u>

	2011	2010
	£'000	£'000
Total obligations under on-SoFP PFI		
Not later than one year	403	408
Later than one year and not later than five years	798	991
Later than five years	3,588	3,798
	<u>4,789</u>	<u>5,197</u>
Less interest element	<u>(1,170)</u>	<u>(1,283)</u>
Total	<u>3,619</u>	<u>3,914</u>

25 Other Financial Commitments

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

26 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 employer contributions totalling £2,116,653 in relation to the scheme.

For 2010/11 the employer's contribution rate to NILGOSC was 17%

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:

	At 31 March 2011	At 31 March 2010
Rate of increase in salaries	5.1%	5.3%
Rate of increase in pensions	2.8%	3.8%
Discount rate	5.5%	5.5%
Inflation assumption	3.6%	3.8%

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

	Long term return at 31 March 2011	Assets at 31 March 2011	Long term return at 31 March 2010	Assets at 31 March 2010
	% per annum	£'000	% per annum	£'000
Equities	7.5%	58,566	7.80%	54,737
Bonds	4.9%	10,648	5.00%	9,952
Property	5.5%	4,564	5.80%	4,265
Cash	4.6%	2,282	4.80%	2,133
Total market value of assets		76,060		71,087
Present value of scheme liabilities		(108,901)		(132,011)
Net pension asset/(liability)		(32,841)		(60,924)

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. In order to contain the growth of the deficit, employer contribution rates increased from 4.6% in 2004/05 to 17% in 2010/11 with a commitment to increase by 1% per annum to 20% by 2013. The rate of increase in pensions has changed from RPI for 31 March 2010 to CPI for 31 March 2011.

26 Pension and Similar Obligations (continued)

Amount charged to Comprehensive Expenditure	2010-11	2009-10
	£'000	£'000
Current service cost	3,010	1,848
Past service cost/(gain)*	(12,352)	-
Losses/(gains) on curtailment and settlement	479	85
Decrease in irrecoverable surplus	-	-
Total operating charge	(8,863)	1,933
Contributions by the employer	(4,143)	(2,123)
Net operating charge	(13,006)	(190)
Amount credited to other finance income		
Expected return on employer assets	(5,172)	(3,390)
Interest on pension scheme liabilities	6,761	5,603
Net credit	1,589	2,213
Net cost	(11,417)	2,023
Notes to the Statement of Change in Taxpayers' Equity		
Actuarial gain/(losses) in Plan Assets	(1,830)	17,571
Actuarial gain/losses in Obligation	18,496	(43,982)
Actuarial gain/losses in SiTE	16,666	(26,411)
Reconciliation of Defined Benefit Obligation		
Opening Defined Benefit Obligation	132,011	82,931
Current service cost	3,010	1,848
Interest on pension scheme liabilities	6,761	5,603
Contributions by members	794	839
Actuarial losses/(gains)	(18,496)	43,982
Past Service costs/(gains)*	(12,352)	-
Losses/(gains) on curtailments	479	85
Estimated Benefit Paid	(3,306)	(3,277)
Closing Defined Benefit Obligation	108,901	132,011

*The Past Service figure for this year includes a gain of £12,352,000 in respect of the changes to pension increases introduced in The Chancellor's budget statement of 22 June 2010. This statement said that future pension increases would be linked to the Consumer Price Index (CPI) and not the retail price Index (RPI). The effect of this change comes through as a negative past service cost item in the revenue account.

26 Pension and Similar Obligations (continued)

	2011 £'000	2010 £'000
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	71,087	50,441
Expected return on assets	5,172	3,390
Contribution by members	794	839
Contribution by the employer	4,143	2,123
Actuarial gains/(losses)	(1,830)	17,571
Benefits paid	(3,306)	(3,277)
Closing fair value of employer assets	<u>76,060</u>	<u>71,087</u>
Amounts for the current and previous accounting periods		
Fair value of employer assets	76,060	71,087
Present value of Defined Benefit Obligation	(108,901)	(132,011)
Surplus/(Deficit)	<u>(32,841)</u>	<u>(60,924)</u>
Experience gains/(losses) on Assets	(1,830)	17,571
Experience gains/(losses) on Liabilities	8,926	-
Surplus/(Deficit)	<u>7,096</u>	<u>17,571</u>
Actuarial gains/(losses) on Employer Assets	(1,830)	17,571
Actuarial gains/(losses) on Obligation	18,496	(43,982)
Actuarial gains/(losses) recognised	<u>16,666</u>	<u>(26,411)</u>

26 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 SoFP position will worsen.

The sensitivities regarding the principal assumptions used as at 31 March 2011 are set out below.

	Change in assumption	Impact on Employer liability
Real Discount rate	Decrease by 0.5% pa	Increase by c. 9%
Pension Increase	Increase by 0.5% pa	Increase by c. 7%.
Rate of real salary growth	Increase by 0.5% pa	Increase by c. 2%.
Rate of mortality	Increase in life expectancy of 1 year	Increase by c. 2%.

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 S1NMA and S1NFA year of birth tables, with medium cohort improvements and a 1% p.a underpin, both applied from 2007. These assumptions lead to higher life expectancies than adopted in previous years. Age ratings are applied dependant on geographic location and class of membership.

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

Males (M) or Females (F)	Assumptions to assess funding positions at 31 March 2011	
	M	F
Current Pensioners	22.9	25.7
Future Pensioners	24.9.	27.7

27 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. Libraries NI 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.

28 Events after the Reporting Period

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

29 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:

- Department of Health, Social Services and Public Safety;
- Health and Social Care Trusts and
- 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

30 Statement of Losses

	No. of cases	2011 £'000	No. of cases	2010 £'000
A Cash losses	-	-	-	-
B Fruitless payments	-	-	-	-
C Claims abandoned	-	-	-	-
D Stores losses	<u>270,572</u>	<u>923</u>	<u>96,000</u>	<u>287</u>
	<u><u>270,572</u></u>	<u><u>923</u></u>	<u><u>96,000</u></u>	<u><u>287</u></u>

Stores losses include £782,400 stock taking discrepancies in relation to 225,469 items and £140,382 non return of stock in relation to 45,103 items

31 Special Payments

	No. of cases	2011 £'000	No. of cases	2010 £'000
A Extra-contractual payments	-	-	-	-
B Compensation payments	-	-	4	3
C Out of court settlements	1	2	-	-
D Ex-gratia payments	-	-	-	-
E Extra-statutory payments	-	-	-	-
	<u>1</u>	<u>2</u>	<u>4</u>	<u>3</u>
	<u><u>1</u></u>	<u><u>2</u></u>	<u><u>4</u></u>	<u><u>3</u></u>

32 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.

32.1 Recurrent

	Notes	2010-11 £'000
Net Expenditure after financing, as stated in the SCNE		(26,564)
Less: 'Non cash' expenditure and other expenditures not scoring against budget		
Permanent impairment of non-current assets	14	1,938
Impairment of Assets held for Sale	14	438
(Profit)/loss on disposal of assets	4	117
Depreciation	5	3,144
Notional interest		39
Increase/(decrease) in Provisions	21	(17)
IAS 19 Pension Costs	26	(11,417)
Adjustment in respect of PFI schemes to align accounting and budgetary treatments		(208)
Net Expenditure		(32,530)
Budget Allocation		(32,566)
Year end position		(36)

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.

32.2 Capital

	2010-11 £'000
Additions:	
Property, Plant & Equipment	5,593
Intangible	9
PFI Capital Lisburn Library	117
	<u>5,719</u>
Proceeds of sale of properties	(200)
	<u>5,519</u>
Budget Allocation	5,617
Year end position	98

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 Statement of Comprehensive Net Expenditure 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 2011 and subsequent financial years in accordance with:

a. Government Financial Reporting Manual (FReM)

[http://www.financialreporting.](http://www.financialreporting.gov.uk/FINANCIAL%20REPORTING%20MANUAL.pdf)

[gov.uk/FINANCIAL%20REPORTING%20MANUAL.pdf](http://www.financialreporting.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.

Northern Ireland Library Authority 2010-11

Report of the Comptroller and Auditor General

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 2010-11 for the reasons set out below. I have also reported on Honoraria payments although I have not qualified my opinion in this respect.

A. Stock Assets

Background

1. NILA has included in its financial statements Stock Assets (Note 15) with a Net Book Value (NBV) of £12.9 million to reflect a valuation by professional valuers in 2006. In 2010, these Assets were referred to as Valuable Books Collections and were also valued at £12.9 million. Stock Assets consist of collections of rare and/or fine books and pamphlets to be retained for use by future generations because of their cultural and/or historical associations. The Education and Library Boards (ELBs) were responsible for libraries prior to the formation of NILA on 1 April 2009 but Stock Assets were not considered a material item within the financial statements of ELBs. The valuation issues that are the subject of this report arise because the Stock Asset collections, transferred to NILA from the five ELBs, are considered a material asset within the NILA financial statements.
2. Prior to the formation of NILA there was no uniform definition of a Stock Asset or a consistent policy for the valuation of Stock Assets across Northern Ireland. The Belfast ELB valued books with a value of £250 or greater whereas the other ELBs included a category within their valuations of books valued at less than £250. The total value of those books below £250, for the other ELBs is included in the financial statements at £2.6 million. NILA has been unable to determine an equivalent figure for Stock Assets transferred from the Belfast ELB. The adoption of an appropriate accounting policy for Stock Assets (including a valuation approach) and its application across all libraries should have been considered during the formation of NILA.
3. In accordance with International Financial Reporting Standards (IFRS), and the Government Financial Reporting Manual (FRM), a valuation of Stock Assets should have been carried out in March 2011. This did not occur and the 2006 valuation has been rolled forward.
4. A Stock Assets working group has been established to address all the issues around Stock Assets, including the accounting policy, location and valuation of Stock Assets. NILA carried out a tendering exercise in July 2011 with the aim of appointing a contractor to perform the valuation of the Stock Assets. However this was unsuccessful and did not result in a contractor being appointed. NILA has informed me however, a tendering exercise, completed in September 2011, with a revised timescale will see the valuation available for March 2012.
5. In the Statement of Internal Control, the Accounting Officer has stated that a project has been established to develop coherent policies and procedures to underpin the Stock Asset collection prior to carrying out an up-to-date valuation. I am satisfied that NILA is taking all reasonable steps to address

this issue, however 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 Stock Asset collections.

Conclusion

7. As there is significant doubt over the accuracy and completeness of the valuations of Stock Assets, 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.

Honoraria Payments

1. Two staff members have been receiving an Honorarium in respect of acting up due to the long term absence of a colleague in a higher grade. These Honoraria payments were first paid in October 1999 by the Southern Education and Library Board (SELB) and continued until March 2011 when they were stopped by NILA. The total amount paid is approximately £18,000, of which £2,000 was paid in the year to 31 March 2011.
2. Honoraria payments require the approval of sponsor departments and the Finance Minister. Although the staff involved transferred to NILA under a Transfer of Undertakings (Protection of Employment) Regulations (TUPE) arrangement, the continuation of the payments by NILA would still require DFP approval. These honoraria payments also breached NILA's guidance "Guidelines for the Payment of Temporary Allowance", which states that "honoraria payments should not exceed 6 months". DFP approval is currently being sought by NILA.
3. NILA identified the payments early in 2010 and a decision was taken in August 2010 to keep the current arrangements in place until a review had been carried out. Following this review, the honoraria payments stopped on the 31st March 2011. It is of concern that this review was not undertaken much earlier. NILA has confirmed there were no other such cases.

Conclusion

4. As DFP have not granted approval in respect of the Honoraria payments, there is currently no authority for this expenditure. I have not qualified my opinion on this matter as NILA is currently seeking retrospective approval for this expenditure, which, if granted, would regularise the expenditure.



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

11 November 2011