



Annual Report and Accounts

1st April 2017 – 31st March 2018

“Achieving Excellence through People”



The Local Government Staff Commission
for Northern Ireland



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CHAIRMAN'S FOREWORD

I have pleasure in introducing the Local Government Staff Commission's Annual Report and Accounts for 2017/18.

Due to the political difficulties encountered at central government level it was not possible to have the necessary Dissolution Order in place to wind up the Commission on 31 March 2017 as planned. As a result, the Department for Communities (DfC) decided to reconstitute the Commission membership with effect from 01 April 2017 (up to the final dissolution date). On this basis, the Commission has developed a Management and Dissolution Plan to enable it to continue to implement statutory duties until it is dissolved.

Since April 2017 the Commission has reduced its core staff to three permanent officers and two part-time employees, one on an agency basis and one on a consultancy basis (previously 10 full time employees). This has allowed the Commission to continue with all necessary services as the non-statutory work of the Commission has been outsourced or passed to councils.

During the past year, the service provided to local government by the Commission continued at a high level in spite of the reduced staffing level and staff morale has been maintained, as far as possible, during a period of continuing uncertainty.

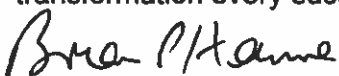
2017/18 was a busy year and assistance was provided to councils in the following areas:

- Preparing, consulting on and producing a Code of Procedures on Recruitment and Selection for adoption by councils following the Commission's final demise
- Continuing to support the work of the Equality and Diversity Strategic Working Group
- Continuing to support councils with the recruitment of senior officers
- Continuing provision of advisory and support services
- Providing a Conference in December 2017 on the HR transformation challenges
- Providing an independent secretariat to council working groups and HR panels
- Continuing to work with Councils, Trade Unions and the LRA to develop a modern relevant Collective Bargaining Scheme for Local Government in NI.

I would like to take this opportunity to pay tribute to all the Commission Members and in particular my deputy Bernie Kelly and the officer team headed by the Chief Executive Adrian Kerr and to thank them all for their professionalism and dedication to the service throughout this final challenging period in the Commission's history.

During the year, the Commission appointed Stratagem NI to produce a historical record on its work over the years to capture succinctly the various stages of its development from its inception to dissolution, focusing particularly on the last 25 years. I am sure that all those who have been involved with the Commission and its work will find it to be a useful summary of the Commission's contribution to local government in Northern Ireland over this period.

Finally, as someone who has been involved in local government in Northern Ireland for over fifty years, I wish all those who are now engaged in local democracy and service delivery during this new era of transformation every success for the future.



BRIAN HANNA
Chairman

CHIEF EXECUTIVE'S REPORT

Throughout 2017/18 the Commission concentrated on delivering the objectives that were set out in the Management and Dissolution Plan April 2017 to Dissolution. This defined our overall objectives and key performance areas for the year as detailed below:

Key Area 1 – Essential Statutory Functions

To ensure the delivery of the Commission's statutory functions during the management and dissolution period and the integration of designated functions within councils, including:

- Advisory Appointments Panels
- Code of Procedures on Recruitment & Selection
- Code of Conduct for Local Government Officers
- Negotiating Machinery

Key Area 2 – Oversight of The Functions Transferred to Councils Prior To 31 March 2017

To maintain oversight of the functions already transferred to councils in line with the planned 31 March 2017 dissolution date, including:

- Training and development of officers of councils
- Advisory and support services
- Monitoring of Fair Employment Practices

This oversight ensures the proper discharge of the Commission's functions.

Key Area 3 – Corporate Governance

To ensure continuing good governance, accountability and operational management of the Commission as a statutory body, including:

- Sound System of Control (audit, risk etc.)
- Finance and Administration
- Orderly Dissolution Arrangements

PERFORMANCE

All staff take personal responsibility for ensuring that the objectives as detailed in the Plan are met in their day-to-day work and areas of responsibility are individually assessed. These objectives are challenging and regular monitoring takes place to ensure compliance and detailed reports are presented to the Commission twice-yearly.

KEY AREAS OF WORK IN SUMMARY

This section highlights some of the activities the Commission has undertaken in 2017/18. All our strategic objectives were matched with outputs and related to initiatives to ensure increased effectiveness. To provide a full understanding of the work of the Commission this section should be read in conjunction with the Operating Review (page 5) which provides greater detail of the results achieved in relation to the objectives as set out in the Management and Dissolution Plan.

As previously stated, due to the difficulties encountered by the NI Assembly, it was not possible to have the necessary 'Local Government Staff Commission (Dissolution) Order (Northern Ireland)' in place to wind up the Commission as planned.

Accordingly, the Department for Communities (DfC) reconstituted the Commission membership with effect from 01 April 2017 (up to the final dissolution date) and consequently the Commission developed a Management and Dissolution Plan to enable it to continue to implement its statutory duties and for staff to be made compulsory redundant on a phased basis as the non-statutory work of the Commission is gradually passed to councils.

The Management and Dissolution Actions relate to main Key Performance Areas as follows:

- Assistance was provided to councils, as required, with the recruitment process to fill senior posts in the new councils.
- Observers participated in 26 recruitment panels for senior posts.
- Advice and guidance was provided to councils and the NIHE on implementing the Code of Procedures in Recruitment and Selection.
- There were continuing attempts to support the formation of new negotiating machinery, and some progress was made in the discussions with stakeholders which were facilitated by the Labour Relations Agency.
- Support and advice was provided to councils in respect of the outworkings of the Joint Forum Agreements.
- Advisory services were provided in relation to employee relations problems and general HR practices.
- An employment law seminar was organised for PPMA NI in September 2017.
- A conference entitled 'The HR Transformation Challenges' was held for councils and the NIHE in December 2017.
- During the year Commission officers continued to support and attend joint working groups, for example, the Equality and Diversity Group, the Recruitment Working Group, PPMA NI, the Statutory Duty Network and the Diversity Champions' Network.
- In order to support an integrated system of management controls, the Commission's Audit Committee met on three occasions and reviewed the Audit Reports, updated several policies and undertook a full review of the Risk Register.



DR ADRIAN E KERR MBE
Chief Executive

OPERATING, FINANCIAL AND MANAGEMENT REVIEW **for the year ended 31 March 2018**

Background Information

The Local Government Staff Commission for Northern Ireland (the Commission) is an executive non-departmental public body sponsored by the Department for Communities (DfC) and established under the Local Government Act (Northern Ireland) 1972: as amended by the Finance Act 2011. Its powers were further extended under the Housing Orders (NI) 1976 and 1981 and the (Miscellaneous Provisions) (NI) Order 1992.

The Commission's principal function is to:

'exercise general oversight of matters connected with the recruitment, training and terms and conditions of employment of officers of district councils and the Northern Ireland Housing Executive and of making recommendations to district councils and the Northern Ireland Housing Executive on such matters.'

Specific functions are:

- developing good practice in HR management (in conjunction with wider public sector partners);
- initiating HR policy development, evaluation and review;
- acting as a single point of entry to the local government sector for major consultation exercises on HR related issues;
- representing local government on HR related issues as necessary;
- providing and/or recommending independent expert consultancy support;
- hosting and planning events on HR related topics to inform policy developments and legislative change;
- providing access to expert employment-specific legal advice and providing employment law updates;
- facilitating capacity building initiatives and promoting co-operation in the Public Sector;
- constituting and facilitating local government-specific and cross-sectoral working groups;
- arranging conferences, seminars and other networking mechanisms.

The accounts of the Commission have been prepared under a direction given by the Department for Communities, with the approval of the Department of Finance, in accordance with paragraph 11 of schedule 3 of the Local Government Act (Northern Ireland) 1972 (as amended). Accordingly, the Commission's accounts have been prepared on an accruals basis.

Results for the Year

The financial results of the Commission's operation in 2017/18 are set out in detail on page 31 of this annual report and accounts. The deficit for the year for net expenditure after interest was £40k compared with a surplus of £757k for 2016/17.

Dissolution Costs

As a result of the proposed dissolution of the Commission, as at 31 March 2018 there was an estimated liability of £1,848,000 due to exit costs from the NILGOSC pension scheme (£1,570,000) and redundancy costs (£278,000). Of this estimated liability, £1,132,000 was included in the provision and £716,000 was included in the pension liability (see Notes 12 and 14). These costs will be met by the Department for Communities. Up to 31 March 2018, £684k had been paid out for redundancy costs.

Pension Liabilities

The Commission participates in the Northern Ireland Local Government Superannuation Committee (NILGOSC) Scheme for its employees. This year the Commission obtained IAS 19 actuarial valuations and consequently the resulting net liability and IAS 19 disclosures have been highlighted in these financial statements (see Note 14).

Fixed Assets

Details of the movement of fixed assets are set out in Note 7 to these accounts.

Principal Risks and Uncertainties

- **Capacity to Handle Risk**

Procedures are implemented to identify risks associated with the implementation of the Commission's key objectives and a control strategy is put in place for each significant risk and ownership allocated to appropriate staff.

- **The Risk and Control Framework**

The risk management strategy is fully embedded into the work and future planning work of the Commission and all staff are trained in the management of risk and have an input into the regular ongoing reviews of the risk management process.

Risk management has been incorporated into the Commission's policy and decision making process and risk procedures are regularly reviewed and updated in line with experience and best practice.

Charitable Donations

There were no charitable donations made during 2017/18.

Payment to Suppliers

The Commission is committed to the prompt payment of suppliers for goods and services within 10 working days on receipt of invoice, in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days from the receipt of the goods or services by the Commission, or on presentation of a valid invoice or similar demand to the Commission, whichever is later. During the year, the Commission paid 436 invoices, none of which were paid outside the 30-day target (see Note 18).

Research and Development

The Commission is committed to an ongoing programme of research to develop and improve service provision. During the year, the Commission carried out research into performance improvement in the delivery of public services, reorganisation and change issues, and women's development within local government.

Business Review

The Commission prepares strategic and business plans for each area of responsibility and monitors performance against key performance targets. A full review of the Commission's activities is provided on pages 8 to 11 of this Annual Report. The current Management and Dissolution Plan is available on request from Commission offices and is available on the Commission's website (www.lgsc.org.uk).

Important Events Occurring After the Year End

There have been no significant events since the year end 31 March 2018 which would affect these accounts.

Members

Membership of the Commission is set out in Appendix 2 of the 2017/18 Annual Report. A Register of Members' Interests is held in Commission offices.

Equality Scheme

In pursuance of Section 75 of the Northern Ireland Act 1998, the Commission has prepared an equality scheme, which has been approved by the Equality Commission. This scheme details the Commission's commitment to, and proposals for, fulfilling the statutory obligations to promote equality of opportunity and good relations.

Employee Involvement

The Commission was committed to the involvement of employees in the decision-making process and to their development to ensure the highest standards in the delivery of all services. The Commission holds Investors in People accreditation and continued to integrate the general principles of this standard into its personnel policies and day-to-day operation.

Environmental, Social and Community Issues

The Commission operated in a political environment and was required to be adaptable to the changing central and local government structures. In developing policies and procedures special attention was paid to legislative changes in employment matters and the need to conform to the obligations placed on public bodies by Section 75 of the Northern Ireland Act 1998.

Disclosure of Audit Information

There is no relevant audit information of which the Commission's auditors are unaware.

The Accounting Officer has taken all reasonable steps to make himself aware of any relevant audit information and to establish that the Commission's auditors are aware of the information.

No fees have been raised, either this year or last year, in respect of non-audit work.

Signed:



DR ADRIAN E KERR
Chief Executive and Accounting Officer
25 September 2018



BRIAN HANNA
Chair, Local Government Staff Commission

**KEY PERFORMANCE AREA 1
ESSENTIAL STATUTORY FUNCTIONS**

(Chief Executive – Adrian Kerr and Director - Recruitment & Diversity – Lorna Parsons)

1. ADVISORY & APPOINTMENT PANELS and CODE OF PROCEDURES ON RECRUITMENT & SELECTION

ACTIONS	APRIL 2017 TO DISSOLUTION	
<p>Advise councils and the NIHE in relation to the implementation of the Code of Procedures on Recruitment and Selection, and on best practice in recruitment and selection, including:</p> <ul style="list-style-type: none"> • Assist councils to recruit Chief Executives and other senior officers, as detailed in the Code of Procedures on Recruitment and Selection • Provide Observers to attend selection panels for senior posts in councils and the NIHE • Advise on best practice in the use of assessment centres and how recruitment exercises can be made more objective and transparent <p>Issue a new Code of Procedures to councils to coincide with the dissolution order</p>	<p>Assist councils to implement the Code of Procedures on Recruitment & Selection, and provide advice on best practice in recruitment and selection as required</p> <ul style="list-style-type: none"> • Continue to provide assistance to councils to recruit senior posts in line with agreed procedures • Review Observer reports on selection panels and make recommendations to councils • Ensure continuity in the application of best practice in assessment testing <p>Provide familiarisation sessions for council officers on the provisions of the new Code.</p> <p>Assist the smooth transition in accordance with the dissolution order for new arrangements post dissolution</p>	<p>Provide advice on best practice recruitment and selection, as required.</p> <p>Provide assistance with recruitment exercises for senior posts in councils and the NIHE, as required.</p> <p>Attend meetings of the recruitment working group and provide assistance, as required.</p> <p>Advise councils and the NIHE on the use of assessment centres and situational judgement tests, as required.</p> <p>Host two familiarisation sessions for councils on the revised Code of Procedures on Recruitment and Selection. These are scheduled for January 2018.</p>

2. CODE OF CONDUCT FOR LOCAL GOVERNMENT EMPLOYEES

ACTIONS	APRIL 2017 TO DISSOLUTION	
<p>Maintain the Code of Conduct for Local Government Employees as adopted by councils and the Commission on 01 April 2015</p>	<p>Provide advice and assistance in relation to any queries on the Code, as required</p> <p>Assist with the smooth transition in accordance with the dissolution order for new arrangements post dissolution</p>	<p>Provide professional advice and assistance regarding HR matters including complaints, grievance and disciplinary matters.</p> <p>Provide and/or recommend independent expert consultancy support, as required.</p>

3. NEGOTIATING MACHINERY

ACTIONS	APRIL 2017 TO DISSOLUTION	
<p>Support the implementation of a new regional industrial relations framework</p> <p>Provide an Independent Secretariat service to any interim negotiating machinery</p>	<p>Advise and assist with the new regional IR Framework, as required</p> <p>Provide advice and assistance, as required</p>	<p>Attend meetings relating to the regional IR Framework and provide advice and assistance, as required.</p> <p>Update from the LRA to Commission in August 2017.</p>

The Commission is satisfied that the actions in the Management & Dissolution Plan have been fully implemented with the exception of the familiarisation sessions for councils on the revised Code of Procedures on Recruitment and Selection.

KEY PERFORMANCE AREA 2
OVERSIGHT OF STATUTORY FUNCTIONS TRANSFERRED PRIOR TO 31/3/17
 (Director - Recruitment & Diversity – Lorna Parsons, and Policy Officer – Lisa O'Neill)

4. TRAINING AND DEVELOPMENT OF OFFICERS OF COUNCILS

ACTIONS	April 2017 to Dissolution	
Assist with the embedding of the new shared Local Government Learning and Development Resource	Provide advice and assistance as required and provide regular reports to the Commission	Attend meetings of the LGTG and provide advice and assistance, as required. Attend meetings of PPMA and provide advice and assistance, as required. Host an employment law seminar for council HR staff, in partnership with the Commission's legal advisors. This is scheduled for 28 September 2017.

5. ADVISORY AND SUPPORT SERVICES

ACTIONS	April 2017 to Dissolution	
Provide advice and assistance on HR and OD matters	Assist with queries relating to the transferred 'Call Off Framework for Consultancy Support'	Provide and/or recommend independent expert consultancy support, as required.
Support the agreed People & Organisation Development Strategic Framework	Provide advice on, review and support the development of a continuity plan in relation to: <ul style="list-style-type: none"> • The Leadership Academy • The Coaching and Mentoring Network 	Provide advice and assistance to the Leadership Academy Working Group, as required. Assist in the establishment of a coaching and mentoring network and provide advice and assistance as required. A HR Conference is scheduled for November 2017.

6. MONITORING OF FAIR EMPLOYMENT PRACTICES

ACTIONS	April 2017 to Dissolution	
Advise and assist councils and the NIHE to implement their Section 75 duties and Disability Action Plans	Provide advice and assistance in relation to any queries on equality and diversity, as required	Ensure that the Statutory Duty Network meets on a regular basis to address common issues and collaborate on sector wide initiatives.
Advise and assist councils to implement best practice in equality and diversity	Assist with the smooth transition of the work of the Equality and Diversity Group in accordance with the Local Government Staff Commission (Dissolution) Order (NI) 2017 for new arrangements post dissolution	Attend meetings of the Equality & Diversity Working Group and assist as required. Host a meeting(s) of the Diversity Champions' Network to encourage networking, disseminating best practice and to develop a continuity plan for 2017/18. An Equality & Diversity Seminar will take place in November 2017 with a further seminar for Diversity Champions in February 2018.

The Commission is satisfied that the actions in the Management & Dissolution Plan have been fully implemented.

**KEY PERFORMANCE AREA 3
CORPORATE GOVERNANCE**

**(Chief Executive – Adrian Kerr and
Policy Officer – Lisa O'Neill and Finance Officer – Ruth Anderson)**

7. SOUND SYSTEM OF CONTROL

ACTIONS	April 2017 to Dissolution	
<p>Continue to implement a sound system of control to support the Commission's objectives in accordance with Government Accounting Northern Ireland</p>	<p>Comply with any equality reporting arrangements in accordance with the Commission's status as a public body</p> <p>Arrange Audit Committee meetings, as required.</p> <p>Prepare responses to FOI and Data Protection enquiries</p> <p>Facilitate Local Government Audit, as required.</p> <p>Prepare and Publish 2016/17 Annual Report and Accounts</p> <p>Review and update the Commission's Risk Register as required</p> <p>Provide a secretariat service to all meetings of the Commission</p>	<p>Complete Annual Progress Report for ECNI. Complete all monitoring returns.</p> <p>Arrange and facilitate Audit Committee meetings (in line with Commission meetings). Meeting to be held in August and October 2017.</p> <p>Implement all governance arrangements relating to the Commission's dissolution as agreed by the DOE-LGSC Dissolution Project Board.</p> <p>Updating policies and procedures as per DFP & DfC instruction.</p> <p>Liaise with the Public Records Office NI to ensure that special circumstances are agreed to enable PRONI to take delivery of files younger than 20 years old.</p>

8. FINANCE AND ADMINISTRATION

<p>Ensure the efficient and effective day to day management of the Commission's Financial Affairs in accordance with Government Accounting Practice and Accounts Directions issued by the Department for Communities/Local Government Auditor</p>	<p>Preparing Financial Schemes and ensuring Budgetary Control Ensure adequate working capital to fund Commission Activities Preparation of Commission Accounts Processing salaries and allowances Processing receipts and payments Bank Account Management including the preparation of bank reconciliations and monitoring balances, etc. General Administration</p>	<p>Budget reports for Commission and Audit meetings.</p>
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The Commission is satisfied that the actions in the Management & Dissolution Plan have been fully implemented.

**KEY PERFORMANCE AREA 3
CORPORATE GOVERNANCE**

**(Chief Executive – Adrian Kerr and
Policy Officer – Lisa O’Neill and Finance Officer – Ruth Anderson)**

9. DISSOLUTION ARRANGEMENTS

**Progress necessary
governance and resource
actions to ensure the efficient
and orderly dissolution of the
Commission**

Implement all governance arrangements relating to the Commission’s dissolution as agreed by the DfC-LGSC Dissolution Project Board.

Review Assets and update Asset Register, as necessary

Ensure Commission records are managed in line with the Disposal Schedule

Implement all governance arrangements relating to the Commission’s dissolution as agreed by the DfC-LGSC Dissolution Project Board:

- Dispose of Commission House and all furniture and equipment
- Draft final accounts and handover of server, etc., to DfC
- Prepare and finalise Annual Report for 01 April 2017 to 31 March 2018

Disposal of premises.

Develop appropriate procedures for disposal of assets.

Ensure Commission records are managed in line with the Disposal Schedule.

Prepare for handover to DOE Dissolution Group.

The Commission is satisfied that the actions in the Management & Dissolution Plan have been fully implemented.

REMUNERATION REPORT

Chief Executive and Senior Officers' Remuneration

The Commission operates pay and conditions for Officers in accordance with the provisions adopted by the Northern Ireland Joint Council for Local Government Services. The NIJC is the negotiating body for all staff in councils in Northern Ireland (except Chief Executives). The pay and conditions of service for Chief Executives is determined in line with decisions of the negotiating body for Chief Executives in Local Government in Northern Ireland. There are no benefits in kind included in the emoluments figures.

Service Contracts

All appointments are made in line with the Commission's Code of Procedures on Recruitment and Selection which requires appointments to be made on merit and on the basis of fair and open competition. Twelve weeks' notice is required in relation to the termination of senior management employment contracts and one month's notice is required in relation to termination of all other employment contracts.

Pensions

The Staff Commission participates in the NILGOSC scheme for most of its employees. This is a fully funded defined benefit scheme and is a statutory scheme that provides benefits on a "final salary" basis for service to 31 March 2015 and on a "career average revalued earnings (CARE)" basis for service from 1 April 2015. Benefits accrue at a rate of 1/80th of pensionable salary for each year of service up to 31 March 2009; at a rate of 1/60th of pensionable pay from 1 April 2009 to 31 March 2015; and at a rate of 1/49th of total pay each year thereafter. In addition, a lump sum equivalent to 3/80ths of pensionable salary for each year of service up to 31 March 2009 is payable on retirement. Members pay contributions of between 5.5% to 10.5% of pensionable earnings. Pension payments increase in line with the Consumer Prices Index (CPI).

On death, pensions are payable to the surviving spouse, nominated co-habiting partner or civil partner. On death in service, the scheme pays a lump sum benefit of three times pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

The Chairman is not a contributing member of the NILGOSC pension scheme.

Chairman and Commission Members

The Chairman and Commission Members' allowances, travel and subsistence are set by the Department for Communities as per the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012. The Chairman's annual remuneration is £14,398 and Commission Members may claim expenses of £118 per day for attending Commission meetings and events.

Service Contracts for Chairman and Commission Members

The appointments of the Chairman and Commission Members are made by the Minister for Communities. All appointments are designated for a four-year term by the Department for Communities in accordance with the Commissioner for Public Appointments for the Northern Ireland Code of Practice. The current Commission was appointed in December 2014 until 31 March 2017 and reconstituted from 1 April 2017 until the final dissolution date, due to difficulties encountered in the NI Assembly.

Chairman and Members' Emoluments

2018 £'000 2017 £'000

Mr Brian Hanna
Chairman

14.4 14.4

Members' Emoluments

5.7 10.4

Senior Officers' Emoluments

Date of Contract	Scales 2018	2018 £'000 Bonus	2018 (to nearest £100) Benefits In Kind	2018 (to nearest £1,000) Pension	2018 £'000 Total	2017 £'000 Bonus	2017 (to nearest £100) Benefits In Kind	2017 (to nearest £1,000) Pension	2017 £'000 Total
Adrian Kerr (Part-time) Chief Executive 01/09/91	Band 3 85 - 90 FTE 110 - 115	-	-	3	90 - 95	80 - 85 FTE 105 - 110	-	28	110 - 115
Lorna Parsons (Part-time) Director 01/04/92	PO9 30 - 35 FTE 50 - 55	-	-	5	35 - 40	30 - 35 FTE 50 - 55	-	11	40 - 45

2017/18 2016/17

Band of Highest Paid Total Remuneration £110k - £115k £105k - £110k

Median Total Remuneration £44,010 £36,019

Ratio 2.6 3.0

All of the above figures were subject to audit.

Senior Officers' Emoluments (subject to audit)

The Commission is required to disclose the relationship between the remuneration of the highest-paid officer and the median remuneration of the Commission's Workforce.

The banded full-time equivalent (FTE) remuneration of the highest-paid officer in the financial year 2017/18 was £110k - £115k and in the financial year 2016/17 was £105k - £110k. This was 2.6 times the median remuneration of the workforce in 2017/18, a decrease from 2016/17 (3.0).

In both 2017/18 and 2016/17 no employee received remuneration in excess of the highest-paid officer.

Total remuneration includes annual salary (the Commission does not pay any benefits in kind or operate a staff bonus scheme). The calculation does not include severance payments, employer pension contributions or cash equivalent transfer value of pensions.

Staff Costs (subject to audit)

	2017/18 No's	2016/17 No's
(a) The average weekly number of employees (full time equivalent) was:	3.0	8.7
	2017/18 £000s	2016/17 £000s
(b) The costs incurred in respect of these employees were:		
Salaries and Wages	178	403
Social Security Costs	21	45
Pension Costs – NILGOSC	49	80
	248	528
Current/Past Service Costs	523	112
Superannuation - re: charge to provision	(528)	(80)
TOTAL	243	560

Under IAS 19 Employee Benefits, all staff costs must be recorded as an expense once the employee earns the benefits, irrespective of whether they have been paid. This includes the cost of any untaken leave at the year end. The cost of untaken leave is determined using the Commission's annual leave records.

All staff are permanent employees of the Commission. There are two members of senior staff on pay scales as laid out in page 12, of which 1 is male and 1 is female. The overall breakdown of staff employed by the Commission for the year ended 31 March 2018 was 1 male and 3 female staff.

The average number of sick days for 2017/18 was 0.8 days per staff member (2016/17 – 16 days).

Expenditure on agency staff in 2017/18 was £25,509 (2016/17 - £13,905) (FTE - 0.7). Expenditure on consultancy in 2017/18 was £17,800 (2016/17 - £7,000). This relates to accountancy and administration services.

Reporting of Review of Public Administration compensation scheme – exit packages
(subject to audit)

Exit packages cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£10,000 - £25,000	- (1)	- (-)	- (1)
£25,000 - £50,000	- (1)	- (-)	- (1)
£50,000 - £100,000	- (4)	- (-)	- (4)
£150,000 - £200,000	- (2)	- (-)	- (2)
£250,000 - £300,000	- (1)	- (-)	- (1)
Total number of exit packages	- (9)	- (-)	- (9)
Total cost	£14,884 (£947,184)	- (-)	£14,884 (£947,184)

Comparative data for 2016/17 is shown in brackets.

Exit costs have been accounted for in full in the year that the departure was agreed. There were no new departures agreed in 2017/18. However the total cost increased as a result of i) additional weeks of service and ii) increased weekly pay being used in redundancy calculations for employees who were employed during part or all of 2017/18.

Redundancy costs have been paid in accordance with the provisions of the Review of Public Administration Staff Severance Scheme and The Local Government Reorganisation (Compensation for Loss of Employment) Regulations (Northern Ireland) 2015. Where early retirements have been agreed, the additional costs have been met by the Commission and not by NILGOSC.

Pension Entitlement of Chief Executive and Directors (subject to audit)

	Real Increase in Pension and related lump sum at age 65	Total Accrued Pension at age 65 and related lump sum	CETV at 31/03/2017	CETV at 31/03/2018	Real Increase in CETV after adjustment
	£'000	£'000	£'000	£'000	£'000
Adrian Kerr Chief Executive	0.0 – 2.5 Plus lump sum 0.0 – 0.0	5 – 10 Plus lump sum 0 – 0	109	115	3
Lorna Parsons Director	0.0 – 2.5 Plus lump sum -2.5 – 0.0	10 – 15 Plus lump sum 25 - 30	216	231	7

Cash Equivalent Transfer Values (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by members at a particular point in time. 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 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 any other pension details which an individual has transferred from another pension scheme and any additional benefit which has resulted from the purchasing of 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.

Real Increase in CETV

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

Signed:



DR ADRIAN E KERR
Chief Executive and Accounting Officer
25 September 2018

LOOKING AHEAD

As previously stated, due to the difficulties encountered by the NI Assembly, it was not possible to have the necessary 'Local Government Staff Commission (Dissolution) Order (Northern Ireland) 2017' in place to wind up the Commission as planned.

Accordingly, the Department for Communities (DfC) reconstituted the Commission membership with effect from 01 April 2017 (up to the final dissolution date) and the Commission has developed a Management and Dissolution Plan to enable it to continue to determine its statutory duties and for staff to be made compulsory redundant on a phased basis as the non-statutory work of the Commission is gradually passed to councils.

The Management and Dissolution Actions relate to three main Key Performance Areas as follows:

KEY PERFORMANCE AREA 1 – ESSENTIAL STATUTORY FUNCTIONS

The delivery of the Commission's statutory functions during the management and dissolution period and the integration of designated functions within councils, including:

- Advisory Appointments Panels
- Code of Procedures on Recruitment & Selection
- Code of Conduct for Local Government Officers
- Negotiating Machinery

KEY PERFORMANCE AREA 2 – OVERSIGHT OF THE FUNCTIONS TRANSFERRED TO COUNCILS PRIOR TO 31 MARCH 2017

To maintain oversight of the functions already transferred to councils in line with the planned 31 March 2017 dissolution date, including:

- Advisory and support services
- Monitoring of Fair Employment Practices

This oversight ensures the proper discharge of the Commission's functions.

KEY PERFORMANCE AREA 3 – CORPORATE GOVERNANCE

To ensure continuing good governance, accountability and operational management of the Commission as a statutory body, including:

- Sound System of Control (audit, risk etc.)
- Finance and Administration
- Orderly Dissolution Arrangements

STATEMENT OF POLICY

Over recent years the Commission has adopted a more focused approach to business planning and implementation and has amended its policy statement to reflect this. The work of the Commission has become more output focused and the Commission's commitment to continuous improvement and raising standards in local government and the wider public service is demonstrated by its statement of purpose – *"Achieving Excellence through People"*.

The Commission recognises that it is part of a wider public service community and has formed partnering arrangements with the following organisations:

- Association for Public Service Excellence (APSE)
- Chartered Institute of Personnel and Development (CIPD)
- Equality Commission for Northern Ireland (ECNI)
- Labour Relations Agency (LRA)
- Northern Ireland Civil Service (NICS)
- Northern Ireland Joint Council for Local Government Services (NIJC)
- Northern Ireland Local Government Association (NILGA)
- Northern Ireland Statistics and Research Agency (NISRA)
- Local Government Management Association (LGMA – Southern Ireland)
- Public Appointments Service (PAS – Southern Ireland)
- Police Service of Northern Ireland (PSNI)
- Public Sector People Managers' Association (PPMA)
- Society of Local Authority Chief Executives (SOLACE)
- University of Brighton Business School

This partnership working has brought economies of scale to the development of new initiatives and provided for benchmarking arrangements.

In order to integrate an improvement culture in all aspects of the Commission's work overarching themes of Communication, Marketing Services and Measuring Success were developed and have underpinned the work of the Commission. These informed the operational areas of the Commission's work and ensured that key objectives were implemented in a consistent manner.

Improvement Plans were developed and reviewed regularly to increase service delivery.

The Commission has an Audit Committee which met regularly and approved the Commission's accounting procedures, risk management strategy, policy and risk register and received significant input from both the Commission's internal and external auditors.



DR ADRIAN E KERR
Chief Executive and Accounting Officer

STATEMENT OF PURPOSE

To be the strategic organisation for the development of human resource management and the promotion of excellence through people in the delivery of local government services in Northern Ireland.

STRATEGIC AREAS AND MANDATES

These mandates are derived from Local Government legislation and are quoted in full where appropriate.

Equality of Opportunity

"establishing a code of procedure for securing fair and equal consideration of applications to councils and to the Northern Ireland Housing Executive by persons seeking to be employed by them as officers, and fair and equal treatment of persons who are so employed."

[Local Government Act (Northern Ireland) 1972 as amended]

Monitoring "the fair employment practices of councils and their compliance with statutory requirements in relation to fair employment."

[Local Government (Miscellaneous Provisions) (NI) Order 1992]

Training and Development

"promoting or assisting the development of, or providing, facilities for the training of officers."

[Local Government Act (Northern Ireland) 1972]

Employee Relations

"promoting or assisting the establishment of, or establishing procedures for the negotiation between councils and officers of councils, or the Northern Ireland Housing Executive, or associations representing either of them of standard rates of remuneration, or other terms and conditions of employment, for officers of councils, and recommending the adoption by councils of rates, terms and conditions so negotiated."

[Local Government Act (Northern Ireland) 1972 as amended]

Advisory and Support Services

"assessing the probable future requirements of councils and of the Northern Ireland Housing Executive for the recruitment of officers."

[Local Government Act (Northern Ireland) 1972 as amended]

Promoting Co-Operation

"promoting co-operation between councils, the Northern Ireland Housing Executive, public bodies, government departments and educational institutions in matters connected with the recruitment, training and terms and conditions of employment of officers, and promoting the temporary transfer of officers (with their consent) in pursuance of arrangements made between councils or between councils and any such bodies, departments or institutions."

[Local Government Act (Northern Ireland) 1972 as amended]

COMMISSION MEMBERS (01 APRIL 2017 - DISSOLUTION)

Chairman

Brian Hanna CBE Former Chief Executive, Belfast City Council

Vice Chair

Ms Bernie Kelly Former SDLP Councillor, Belfast City Council
 Assistant Director of Physical and Sensory Disability Services, Belfast Health and Social Services Trust

Members

Mr Charlie Mack Chief Executive, Extern Group

Mrs Deborah Colville Digital Portfolio Manager, Belfast City Council

Mrs Hilary Singleton Former Practising Solicitor

Miss Lindsay Boal Self-Employed Barrister

Ms Monica Burns International Health Development Consultant

Mr Paul Corrigan Independent Investigator and Arbitrator
 (Former Director of Logistics, Royal Mail)

Professor Robert Hutchinson Former Dean of the Ulster Business School and Provost University of Ulster, Coleraine Campus

Ms Roisin McDonough Chief Executive, Arts Council

Mr Bumper Graham Former Assistant General Secretary, NIPSA

Mr William Francey, MBE Former Director of Health & Environmental Services, Belfast City Council

COMMISSION OFFICERS

The functions of the Staff Commission are managed by staff as follows:

DR ADRIAN E KERR
Chief Executive

Overall responsibility for the implementation of the Commission's Strategy and the Management of Resources

LORNA PARSONS
Director
Recruitment & Diversity

Responsibilities include developing Recruitment and Selection, Diversity and Chief Executive Recruitment and external liaison.

LISA O'NEILL
Policy Officer

Responsible for assisting the Chief Executive with Policy Development and Research Projects.

RUTH ANDERSON
Finance Officer
(up to 31/10/17)

Responsible for financial services.

THE LOCAL GOVERNMENT STAFF COMMISSION FOR NORTHERN IRELAND

**FINANCIAL STATEMENTS OF THE
LOCAL GOVERNMENT STAFF COMMISSION FOR NORTHERN IRELAND**

YEAR ENDED 31 MARCH 2018

THE LOCAL GOVERNMENT STAFF COMMISSION FOR NORTHERN IRELAND

Statement of Commission's and Chief Executive/Accounting Officer's Responsibilities

The Commission's Responsibility

Under Regulation 10 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Commission is required to approve the accounts.

The Chief Executive/Accounting Officer's Responsibilities

Under Section 40 and Schedule 3 of the Local Government Act (Northern Ireland) 1972, as amended by the Local Government (Northern Ireland) Order 2005 and the Finance Act 2011, the Department for Communities has directed the Local Government Staff Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its income and expenditure, recognised gains and losses, and cash flows for the financial year.

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

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

The Accounting Officer of the Department for Communities has designated the Chief Executive as Accounting Officer of the Local Government Staff Commission. The responsibilities of the Accounting Officer, including responsibility for:

- the propriety and regularity of the public finances for which the Accounting Officer is answerable,
- keeping proper records, and
- safeguarding the Staff Commission's assets

are set out in the Accounting Officer's Memorandum published by the Department of Finance.

LOCAL GOVERNMENT STAFF COMMISSION

Certificate of the Accounting Officer and Commission Approval of the Statement of Accounts

Certificate of the Accounting Officer

I certify that:-

- (a) the Statement of Accounts for the year ended 31 March 2018 has been prepared in the form directed by the Department for Communities and under the accounting policies set out in Note 1.
- (b) in my opinion the Statement of Accounts give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

Signed:




DR ADRIAN E KERR
Chief Executive and Accounting Officer
25 September 2018

Commission Approval of Statement of Accounts

These accounts were approved by the Commission on 25 September 2018.

Signed:



BRIAN HANNA
Chair, Local Government Staff Commission

LOCAL GOVERNMENT STAFF COMMISSION

Governance Statement for the Financial Year Ended 31 March 2018

Scope of Responsibility

As Accounting Officer, I have responsibility for ensuring that the Commission's business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, whilst safeguarding the public funds and the Commission's assets, for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The Commission has Internal and External Auditors as well as regular and robust reporting arrangements to both the Commission itself and the Audit Committee. There are sound and thorough accountability arrangements surrounding my role of Accounting Officer.

The Commission has agreed with its sponsoring Department, the Department for Communities, a Management and Dissolution Plan which sets out objectives and actions up to dissolution of the Commission. Results against targets and performance measures are considered monthly by officers and reported to the Commission on a six-monthly basis.

The Dossier of Controls, Managing Public Money NI and relevant Dear Accounting Officer Letters set out the controls to be exercised over the different areas of activity, either by the Department directly or by the Commission.

The Accounting Officer must ensure that the Commission adheres to the conditions attached to the public funds provided to it.

The Governance Statement Review

The Commission's Audit Committee met three times during the 2017/18 financial year. Through Audit Reports from the Local Government Auditor and the Commission's Internal Auditor, the Committee were able to satisfy themselves that the Commission was working within the Commission's governance framework.

All Audit Committee minutes were discussed and agreed at the Commission's Board meetings.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Commission is directed and controlled and its activities through which it accounts to, engages with and leads its stakeholders. It enables the Commission to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control in the Commission is a significant part of the governance framework and is designed to manage and reduce 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 on-going process designed to identify and prioritise the risks to the achievement of the Commission's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Commission for the year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts and accords with Department of Finance guidance.

The Governance Framework

The key elements of the systems and processes that comprise the Commission's governance arrangements include:

Identifying and Communicating the Commission's Vision of its Purpose and Intended Outcomes

The Management and Dissolution Plan has been developed to guide the Commission's work for the year 2017-2018. It is based on key stakeholder requirements and the Commission's statutory functions arising from the reduction in the level of staffing and the uncertainty surrounding the dissolution of the Commission.

The objectives, targets and performance measures set out in the Management and Dissolution Plan are approved by the Department for Communities (in the absence of a Minister). The Departmental Accounting Officer designates the Chief Executive of the Staff Commission as the Staff Commission's Accounting Officer.

The Commission's Board including Structure and Performance

The Commission's Board includes a chairman, vice-chair and ten members who have been appointed by the Department for Communities. The members usually meet each month or at least four times each year as detailed in the Commission's Standing Orders 2010 by which the members are bound.

Members of the Commission have a corporate responsibility for ensuring that the Commission complies with any statutory or administrative requirements for the use of public funds as detailed within the 'Code of Best Practice' June 2014 - *"Commission members must comply at all times with this Code of Conduct (or any agreed modification of it) and with rules relating to the use of public funds and must act in good faith and in the best interests of the Commission. They should not use information gained in the course of their public service for personal gain nor seek to use the opportunity of public service to promote their private interests."*

The Commission has operated an Audit Committee since February 2004. The terms of reference were revised in March 2011 to ensure they were consistent with best practice; however, given the annual expenditure and level of operation of the Commission it was agreed that the Audit Committee would have a minimum of two meetings per annum.

The Audit Committee provides an independent assurance on the adequacy of the risk management framework and associated control environment within the Commission. It provides an independent scrutiny of the Commission's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment. During the year, the Audit Committee reviewed the effectiveness of internal audit, audit plans and external audit annual audit letter and findings.

The Commission has fully complied with the Corporate Governance Code with no unexplained departures during the year.

Commission Member Attendance from 01 April 2017 – 31 March 2018

	Commission Meetings Attended – (6 held)	Audit Committee Meetings Attended – (3 held)
Brian Hanna	6	3
Lindsay Boal	4	N/A
Monica Burns	6	N/A
Deborah Colville	3	N/A
Paul Corrigan	6	N/A
William Francey	6	3
Bumper Graham	4	N/A
Robert Hutchinson	5	3
Bernie Kelly	4	N/A
Charlie Mack	5	N/A
Roisin McDonough	4	N/A
Hilary Singleton	5	3

Measuring the Quality of Services for Users, for ensuring they are delivered in accordance with the Commission's objectives and for ensuring that they represent the best use of resources

The Commission has three key performance areas: Carrying Out Essential Statutory Functions, Oversight of the Functions Transferred to Councils Prior to 31 March 2017 and Corporate Governance.

Progress on meeting the actions detailed within the Key Performance Areas (KPA's) is addressed monthly by the Management Team and reported every six months to Commission Members by the officers with responsibility for development and implementation of each KPA.

The Annual Report is produced and distributed to stakeholders and includes information on the performance of the Commission in relation to the Management & Dissolution Plan.

The Commission received a re-accreditation for the 'Investors in People' award in June 2014, which helped to improve internal performance and demonstrated a commitment to continual improvement.

The Commission is provided with detailed papers for every meeting, which include all relevant background information necessary to fully inform Commission Members on each agenda item. Some examples of the types of information provided to the Committee on a routine basis include:

- Financial Accounts
- Updates from Working Groups
- Audit Committee Minutes
- Management & Dissolution Plan progress reports

All Commission Members are provided with key corporate documents and have a working knowledge of these. Since 2014, Commission members have had electronic access to meeting papers and confirmed their satisfaction with this approach.

Risk Assessment

The Commission has a risk management policy which sets out the organisation's attitude to risk, defines the structure for the management and ownership of risk and for the management of situations should control failure lead to the realisation of risk. It also specifies the way in which risk issues are to be considered at each management level of business planning; details how new activities will be assessed for risk; and defines the way in which the risk register and risk evaluation criteria will be regularly reviewed.

The Risk and Control Framework

The Commission's strategic and business planning system provides the framework for the consideration of risks and risk appetite. Annual reviews of objectives and assessment of risks are undertaken as part of that process. Risk is evaluated taking account of the likelihood of realisation of the risk and the impact of realisation of the risk. Risk priorities during 2017/18 included the dissolution of the Commission following the RPA decision, retention of reputation and staff, continuing recognition of quality service and the improvement agenda.

Internal Controls

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 on-going process designed to identify and prioritise the risks to the achievement of the Commission's policies, aims and objectives, to 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 the Commission for the year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts and accords with Treasury guidance.

Internal Audit

The Commission has an outsourced Internal Audit function with HSC Business Services Organisation (BSO). The Internal Audit Plan has been developed, in line with the Government Internal Audit Standards, to ensure that Internal Audit can efficiently and effectively provide the Commission with an objective evaluation of, and opinion on, the effectiveness of risk management, control and governance. Overall Internal Audit provided a satisfactory level of assurance for the system of internal controls within the Commission for 2017/18.

External Audit

The Northern Ireland Audit Office has provided a level of assurance through the provision of the annual external audit, the Annual Audit Letter and the Independent Auditor's Report.

Significant Governance Issues

- The decision of the Minister which, following consultation, on the future of the Commission, to wind the Commission up in March 2017 was subsequently endorsed by the Executive Committee in June 2014 representing a significant governance risk. Consequently a project plan was put in place by the Department for Communities to ensure a timely and orderly wind up. Related risks have been identified and a sub group established to oversee the wind down in line with the risk register. In January 2017, the NI Assembly was dissolved and the LGSC Dissolution legislation was not passed therefore the Commission has been extended beyond 31 March 2018 for an, as yet, undefined period of time. In addition the Department for Communities reconstituted Commission membership with effect from 01 April 2017 to dissolution and a Management and Dissolution Plan has been put in place for ongoing operations.

Signed: _____



DR ADRIAN E KERR
Chief Executive and Accounting Officer
25 September 2018



BRIAN HANNA
Chair, Local Government Staff Commission

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LOCAL GOVERNMENT STAFF COMMISSION

Opinion on financial statements

I have audited the financial statements of the Local Government Staff Commission (the Commission) for the year ended 31 March 2018 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Cash Flow Statement, 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.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Commission as at 31 March 2018 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

Basis of opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Commission in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The Chief Financial Officer is responsible for the other information included in the Statement of Accounts. The other information comprises the information included in the Statement of Accounts other than the financial statements, the parts of the Remuneration Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Annual Report for the financial year ended 31 March 2018 is consistent with the financial statements.

Responsibilities of the Chief Financial Officer for the financial statements

As explained more fully in the Statement of the Commission's and Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.

I am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

This report is made solely to the Members of the Commission in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities of the Local Government Auditor and Local Government Bodies.

Matters on which I report by exception

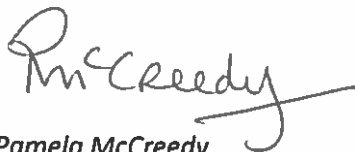
I have nothing to report in respect of the following matters which I report to you if:

- in my opinion:
 - the Annual Governance Statement:
 - does not reflect compliance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015;
 - does not comply with proper practices specified by the Department for Communities;
 - is misleading or inconsistent with other information I am aware of from my audit; or
 - adequate accounting records have not been kept; or
 - the Statement of Accounts and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
 - I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or

- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Commission; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Certificate

I certify that I have completed the audit of accounts of the Local Government Staff Commission in accordance with the requirements of the Local Government (Northern Ireland) Order 2005 and the Local Government Code of Audit Practice.



Pamela McCreedy
Local Government Auditor
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Date 26 September 2018

LOCAL GOVERNMENT STAFF COMMISSION
STATEMENT OF COMPREHENSIVE NET EXPENDITURE
for the year ended 31 March 2018

	Notes	2017/18 £000s	2016/17 £000s
Income from district councils and N.I. Housing Executive		378	709
Statutory income to defray provision	3	437	424
Other operating income	4	7	110
Net Return on Assets	14	(12)	(10)
Total operating income		810	1,233
Staff costs	5	243	560
Purchase of goods and services	6	166	185
Depreciation and impairment charges	7	4	22
Provision expense	12	437	(292)
Other operating expenditure		-	-
Total operating expenditure		850	475
Net operating expenditure		40	(758)
Finance income		-	-
Finance expenses		-	1
Net expenditure for the year ended 31 March 2018		40	(757)
Other comprehensive net expenditure			
Items which will not be reclassified to the operating costs:			
- Net (gain)/loss on revaluation of property, plant and equipment	7	-	(159)
- Net (gain)/loss on revaluation of intangible assets		-	-
- Actuarial (gain)/loss on pension scheme liabilities	14(h)	(5)	345
Items which may be reclassified to net operating costs:			
- Net (gain)/loss on revaluation of investments		-	-
Comprehensive net expenditure for the year		35	(571)

The amounts set out above arise wholly from continuing operations.

The notes on pages 37 to 53 form part of these accounts.

LOCAL GOVERNMENT STAFF COMMISSION
STATEMENT OF FINANCIAL POSITION
as at 31 March 2018

	Notes	31 Mar 18 £000s	31 Mar 17 £000s
Non- current assets:			
Property, plant & equipment	7	5	7
Intangible assets		-	-
Financial assets		-	-
Total non-current assets		5	7
Current assets			
Assets classified as held for sale	8	550	550
Inventories		-	-
Trade & other receivables	9	1,855	1,906
Other current assets		-	-
Financial assets		-	-
Cash & cash equivalents	10	240	286
Total current assets		2,645	2,742
Total Assets		2,650	2,749
Current liabilities			
Trade and other payables	11	(120)	(133)
Provisions	12	(1,132)	(1,185)
Other liabilities		-	-
Total current liabilities		(1,252)	(1,318)
Total assets less current liabilities		1,398	1,431
Non-current liabilities			
Other payables	13	-	-
Financial liabilities	14	(716)	(714)
Total non-current liabilities		(716)	(714)
Total assets less total liabilities		682	717
Taxpayers' equity and other reserves			
General Fund		503	538
Revaluation Reserve		179	179
Total equity		682	717

The financial statements were approved by the Commission on 25 September 2018 and signed on its behalf by:



DR ADRIAN E KERR
Chief Executive and Accounting Officer
25 September 2018



BRIAN HANNA
Chair, Local Government Staff Commission

The notes on pages 37 to 53 form part of these accounts.

LOCAL GOVERNMENT STAFF COMMISSION
STATEMENT OF CASH FLOWS
for the year ended 31 March 2018

	Notes	2017/18 £000s	2016/17 £000s
Cash flows from operating activities			
Net operating cost		(40)	757
Adjustments for non-cash transactions	7	4	22
Interest Payables		-	1
(Increase)/Decrease in trade and other receivables	9	51	(224)
Increase/(Decrease) in trade and other payables	11	(13)	71
Increase/(Decrease) in provisions	12	(53)	(486)
Return on Net Assets in Pension Fund	14	12	10
Current/Past Service Cost	14	523	112
Net cash outflow from operating activities		484	263
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2)	-
Employer's Superannuation	14	(528)	(80)
Interest		-	(1)
Proceeds of disposal of property, plant and equipment		-	-
Proceeds of disposal of intangibles		-	-
Net cash outflows from investing activities		(530)	(81)
Cash flows from financing activities			
Grants from sponsoring department		-	-
Net financing from the National Insurance Fund		-	-
Net financing from the Contingencies Fund & National Loans Fund		-	-
Capital elements of payments in respect of finance leases and on balance sheet (SoFP) PFI Contracts	13	-	(113)
Net financing		-	(113)
Net increase/(decrease) in cash and cash equivalents in the period		(46)	69
Cash and cash equivalents at the beginning of the period		286	217
Cash and cash equivalents at the end of the period	10	240	286

The notes on pages 37 to 53 form part of these accounts.

**LOCAL GOVERNMENT STAFF COMMISSION
STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
for the year ended 31 March 2018**

	General Fund	Revaluation Reserve	Total Reserves
	£000s	£000s	£000s
Balance at 31 March 2016	126	20	146
Retained surplus/(deficit)	757	-	757
Revaluation of non-current assets (see Note 7)	-	159	159
Actuarial gain/(loss) on pension (see Note 14h)	(345)	-	(345)
Transfer between reserves	-	-	-
Balance at 31 March 2017	538	179	717
Retained surplus/(deficit)	(40)	-	(40)
Revaluation of non-current assets (see Note 7)	-	-	-
Actuarial gain/(loss) on pension (see Note 14h)	5	-	5
Transfer between reserves	-	-	-
Balance at 31 March 2018	503	179	682

The notes on pages 37 to 53 form part of these accounts.

LOCAL GOVERNMENT STAFF COMMISSION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

Note 1: Statement of Accounting Policies

ACCOUNTING CONVENTION

The accounts have been prepared in accordance with the historical cost convention, modified by the revaluation of certain fixed assets, and with paragraph 11 of Schedule 3 of the Local Government Act (Northern Ireland) 1972, as amended by the Local Government (Northern Ireland) Order 2005 and the Finance Act 2011.

Without limiting the information given, the financial statements comply with the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986 and the requirements of the edition of the Government Financial Reporting Manual (FrM) which is in force for the financial year for which the accounts are being prepared, insofar as those requirements are appropriate. The accounting policies contained in the FrM apply International Financial Reporting Standards as adapted or interpreted for the public sector context.

DISSOLUTION OF THE COMMISSION

Following the decision of the Minister to wind the Commission up in March 2017 a project plan has been put in place by the Department for Communities to ensure a timely and mannerly wind up. Risks have been identified and a sub group established to oversee the wind up in line with the risk register. The Department for Communities have agreed to acquire the assets of the Commission and assume responsibility for all liabilities on dissolution. Draft legislation is currently being prepared in this respect. Due to the political difficulties encountered at central government level it was not possible to have the necessary Dissolution Order in place to wind up the Commission on 31 March 2017 as planned. As a result, the Department for Communities (DfC) decided to reconstitute the Commission membership with effect from 01 April 2017 (up to the final dissolution date). On this basis, the Commission has developed a Management and Dissolution Plan to enable it to continue to implement statutory duties until it is dissolved.

INCOME

Contributions from district councils and the Northern Ireland Housing Executive are credited to income in the year to which they relate.

Income from activities represents the amount receivable for goods and services supplied to external customers during the year.

PAYMENTS TO SUPPLIERS

It is the policy of the Commission, following receipt of goods, to pay suppliers within 30 days following receipt of invoice.

PROPERTY, PLANT AND EQUIPMENT

The Commission's property, plant and equipment comprise buildings, computer equipment and fixtures and fittings. Buildings are revalued every five years by a professional valuer and in intervening years using appropriate indices compiled by the Land and Property Services (LPS).

The threshold for capitalisation of an individual or grouped item of property, plant and equipment is £500. This will enable the Commission to capitalise replacement computer equipment which can be purchased at a lower cost.

Note 1: Statement of Accounting Policies (continued)

Depreciation is provided on a straight line basis in order to write off the valuation, less any residual value, over the estimated useful lives. Assets held for sale are not depreciated. The estimated useful lives, which are reviewed regularly, are:

Buildings	50 years
Computer Equipment	3-5 years
Fixtures and Fittings	5-10 years

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. 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.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Net Expenditure. On disposal, the balance for the asset in the revaluation reserve is transferred to the General Fund.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

INVENTORY

Inventories consist only of consumable items and are, therefore, expensed in the year of purchase.

OPERATING LEASES

The total cost of the operating lease is expensed in equal instalments over the life of the lease. The Commission currently has an operating lease for a photocopier.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash in hand and bank deposits.

PENSION

The Commission participates in the Northern Ireland Local Government Superannuation Committee Scheme (NILGOSC) for most of its employees. This is a fully funded defined benefit scheme and is a statutory scheme that provides benefits on a "final salary" basis for service to 31 March 2015 and on a "career average revalued earnings (CARE)" basis for service from 1 April 2015.

Prior to 1 April 2009 benefits accrued at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80^{ths} of pensionable salary for each year of service is payable on retirement. From 1 April 2009 to 31 March 2015 benefits accrued at the rate of 1/60th of pensionable salary for each year of service. From 1 April 2015 benefits accrue at the rate of 1/49th of total salary for each year of service. The scheme's professionally qualified actuaries recommend the rate of contributions to be paid in a range from 5.5% to 10.5% for staff (depending on salary) and 24.8% plus an annual charge of £24,000 by the Commission. The employer contribution for 2018/19 has been set at 24.8% plus an annual charge of £25,000.

Note 1: Statement of Accounting Policies (continued)

The total amounts paid into the scheme this financial year were: employees £7,329 and employer £528,000. In addition, £5,300 was paid by way of AVCs to the Prudential.

The Commission, in accordance with IAS 19, accounted for employer pension contributions as a defined benefit scheme. Under IAS 19 the Commission is required to account for their share of assets and liabilities in the scheme. Added years' discretionary benefits awarded to former employees who retire early are also accounted for as a defined benefit scheme, as in accordance with IAS 19.

An actuarial valuation was carried out on 31 March 2018 in accordance with IAS 19 and Financial Reporting Manual (FrM) and the results of the valuation are detailed in Note 14.

The Charge (Credit) to the Statement of Comprehensive Net Expenditure consists of the Current Service Cost and Past Service Cost, if applicable (a) (included within staff costs) and interest credit on net return (b) (shown on the Statement of Comprehensive Net Expenditure). Actuarial gains and losses (e) are taken to reserves and shown under Other Comprehensive Net Expenditure.

The liabilities under the Scheme have been valued using the standard actuarial technique known as the Projected Unit Method.

The principal financial assumptions for valuing the liabilities were:

	31 March 2018 % per annum	31 March 2017 % per annum
Discount Rate	2.6	2.6
Pension Increases	2.1	2.0
Pension Accounts Revaluation Rate	2.1	2.0
Salary Increases	3.6	3.5

The total net pension liability as at 31 March 2018 is £716,000, representing the sum of the net liabilities as at that date.

(a) i) Current Service Cost: is the increase in the present value of the scheme liabilities expected to arise from employee service in the current period.

(a) ii) Past Service Cost: (where applicable) is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction in the number of employees covered by the plan).

(b) Interest Credit on Net Return: the difference between expected return on employer assets and interest on pension scheme liabilities.

(c) Expected Rate of Return on Assets: the average rate of return expected over the remaining life of the related obligation on the actual assets held by the Scheme.

(d) Interest on Pension Scheme Liabilities: the expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement.

(e) Actuarial Gains and Losses: changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or changes in actuarial assumptions.

Note 1: Statement of Accounting Policies (continued)

PROVISIONS

Provisions are made where an event has taken place that gives the Commission a legal or constructive obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Net Expenditure in the year that the Commission becomes aware of the obligation and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Statement of Comprehensive Net Expenditure.

EMPLOYEE BENEFITS

Short-term benefits

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense in the year in which employees render service to the Commission. An accrual is made for the cost of holiday entitlements earned by employees but not taken before year-end and which employees can carry forward into the next financial year.

Termination benefits

Termination benefits are amounts payable because of a decision by the Commission to terminate an officer's employment before the normal retirement date and are charged on an accruals basis to the Statement of Comprehensive Net Expenditure at the earlier of: a) when the offer cannot be withdrawn or b) when the related restructuring costs are incurred.

TAXATION

The Commission is not registered for VAT purposes. Consequently, all amounts in these accounts are inclusive of VAT.

Note 2: Segmental Reporting

As part of the internal reporting arrangement the Commission receives reports on financial operations on a single segment basis, i.e., Commission's financial performance is reviewed as a whole in line with the annual business plan. The annual financial scheme and any subsequent schemes are presented at Commission meetings for approval.

Note 3: Statutory Income to defray provision

	2017/18 £000s	2016/17 £000s
Statutory income to defray provision	437	424
TOTAL	437	424

The amount due from the Department for Communities to defray the dissolution costs, which include exit costs from the NILGOSC pension scheme and redundancy costs, has increased by £437k in the financial year 2017/18 (see Note 1 - Dissolution of the Commission).

Note 4: Other Operating Income

	2017/18 £000s	2016/17 £000s
Income from the Local Government Training Group & Course Provision	7	58
Income from secondments	-	52
TOTAL	7	110

Note 5: Staff Costs

	2017/18 No's	2016/17 No's
(a) The average weekly number of employees (full time equivalent) was:	3.0	8.7
	2017/18 £000s	2016/17 £000s
(b) The costs incurred in respect of these employees were:		
Salaries and Wages	178	403
Social Security Costs	21	45
Pension Costs – NILGOSC	49	80
	248	528
Current/Past Service Costs	523	112
Superannuation - re: charge to provision	(528)	(80)
TOTAL	243	560

Under IAS 19 Employee Benefits, all staff costs must be recorded as an expense once the employee earns the benefits, irrespective of whether they have been paid. This includes the cost of any untaken leave at the year end. The cost of untaken leave is determined using the Commission's annual leave records.

No new exit packages were agreed in year but there were increases in redundancy costs; these are detailed on page 15.

Note 6: Other Operating Costs

	2017/18 £000s	2016/17 £000s
These comprise:		
Commission Chairman and Members' Allowances	21	26
Research, Marketing and Development	2	15
Conferences, Courses and Training	8	10
Rates	21	21
Loss on disposal of property, plant and equipment	7	-
Other General Administration Expenses	94	92
External Auditor's Remuneration	8	8
Travel and Subsistence – Staff	4	11
Travel and Subsistence – Commission Members	1	2
TOTAL	166	185

Note 7: Property, Plant and Equipment

Current Year:	Land and Buildings £000s	Computer Equipment £000s	Fixtures and Fittings £000s	Total £000s
COST OR VALUATION				
At 1 April 2017	-	92	45	137
Additions (including accruals)	-	-	2	2
Disposals	-	(1)	-	(1)
Adjustment arising on revaluation	-	-	-	-
At 31 March 2018	-	91	47	138
DEPRECIATION				
At 1 April 2017	-	86	44	130
Charge for the year	-	3	1	4
Disposals	-	(1)	-	(1)
Adjustment arising on revaluation	-	-	-	-
At 31 March 2018	-	88	45	133
CARRYING VALUE				
At 31 March 2017	-	6	1	7
At 31 March 2018	-	3	2	5

Asset Financing:	Land and Buildings £000s	Computer Equipment £000s	Fixtures and Fittings £000s	Total £000s
Owned	-	3	2	5
Finance Leased	-	-	-	-
On-balance sheet (SoFP) PFI (and other service concession arrangements) contracts	-	-	-	-
Carrying Value at 31 st March 2018	-	3	2	5

Comparative Year:	Land and Buildings £000s	Computer Equipment £000s	Fixtures and Fittings £000s	Total £000s
COST OR VALUATION				
At 1 April 2016	483	92	45	620
Additions (including accruals)	-	-	-	-
Disposals	-	-	-	-
Adjustment arising on revaluation	67	-	-	67
Transfer to Assets Held for Sale	(550)	-	-	(550)
At 31 March 2017	-	92	45	137
DEPRECIATION				
At 1 April 2016	76	80	44	200
Charge for year	16	6	-	22
Disposals	-	-	-	-
Adjustment arising on revaluation	(92)	-	-	(92)
At 31 March 2017	-	86	44	130
CARRYING VALUE				
At 31 March 2016	407	12	1	420
At 31 March 2017	-	6	1	7

Asset Financing:	Land and Buildings £000s	Computer Equipment £000s	Fixtures and Fittings £000s	Total £000s
Owned	-	6	1	7
Finance Leased	-	-	-	-
On-balance sheet (SoFP) PFI (and other service concession arrangements) contracts	-	-	-	-
Carrying Value at 31 st March 2017	-	6	1	7

The carrying value of land and buildings comprised one long leasehold property only. On 31 March 2017, the property was classified as an asset held for sale as its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Note 8: Assets Classified as Held for Sale

	2017/18 £000s	2016/17 £000s
Land and Buildings	550	550
TOTAL	550	550

This is the Commission's premises building. In April 2018 a contract was signed with Belfast City Council to complete purchase on dissolution for a value of £550,000.

Note 9: Trade Receivables and Other Current Assets

Amounts falling due within one year:	2017/18 £000s	2016/17 £000s
Trade receivables	-	-
Deposits and advances	-	-
Other Receivables*	1,848	1,899
Prepayments and accrued income	7	7
Current part of PFI (and other service concession arrangements) prepayment	-	-
Current part of NLF loan	-	-
TOTAL	1,855	1,906

*Under the Local Government Act (Northern Ireland) 1972, Section 40 Schedule 3 and the Housing Orders (NI) 1976 and 1981, the District Councils, Northern Ireland Housing Executive and Department for Communities have responsibility for meeting the expenditure of the Commission together with any contingencies.

As a result of the proposed dissolution of the Commission, as at 31 March 2018 there was an estimated liability of £1,848,000 due to exit costs from the NILGOSC pension scheme, which were provided by Aon Hewitt, NILGOSC Scheme's actuary, and redundancy costs. £1,132,000 was included in the provision and £716,000 was included in pension liability (see Notes 12 and 14). These costs will be met by the Department for Communities.

Note 9.1: Intra-Governments Balances

	Amounts falling due within one year £'000		Amounts falling due after more than one year £'000	
	2017/18	2016/17	2017/18	2016/17
Balances with central government	1,848	1,899	-	-
Balances with local authorities	-	-	-	-
Balances with NHS bodies	-	-	-	-
Sub-total: intra government balances	1,848	1,899	-	-
Balances with bodies external to Government	7	7	-	-
Trade Receivables at 31 March	1,855	1,906	-	-

Note 10: Cash and Cash Equivalents

	2017/18 £000s	2016/17 £000s
Balance at 1 April	286	217
Net change in cash and cash equivalent balances	(46)	69
Balance at 31 March	240	286
The following balances at 31 March were held at:		
Commercial banks and cash in hand	240	286

Note 11: Trade Payables and Other Current Liabilities

Amounts falling due within one year:	2017/18 £000s	2016/17 £000s
VAT	-	-
Other taxation and social security	-	-
Trade payables	-	-
Accruals	36	22
Accrued and deferred income	84	111
Current part of finance leases	-	-
Current part of imputed finance lease element of on balance sheet (SoFP) PFI contracts	-	-
Current instalments due on loans	-	-
TOTAL	120	133

Note 11.1 Intra-Government Balances

	Amounts falling due within one year £'000		Amounts falling due after more than one year £'000	
	2017/18	2016/17	2017/18	2016/17
Balances with central government	-	-	-	-
Government Bodies	99	96	-	-
Balances with local authorities	6	25	-	-
Balances with NHS bodies	-	-	-	-
Sub-total: intra-government balances	105	121	-	-
Balances with bodies external to government	15	12	-	-
Trade payables at 31 March	120	133	-	-

Note 12: Provision for Liabilities and Charges

Current Year:	Departure Costs	Other	Total
	£000s	£000s	£000s
Balance at 1 April 2017	1,185	-	1,185
Provided in the year	437	-	437
Provisions utilised in the year	(490)	-	(490)
Provisions not required written back		-	
Unwinding of discount	-	-	-
Balance at 31 March 2018	1,132	-	1,132

Analysis of expected timing of discounted flows

Current Year:	Departure Costs	Other	Total
	£000s	£000s	£000s
Not later than one year	1,132	-	1,132
Later than one year and not later than five years	-	-	-
Later than five years	-	-	-
Balance at 31 March 2018	1,132	-	1,132

Comparative Year:	Departure Costs	Other	Total
	£000s	£000s	£000s
Balance at 1 April 2016	1,671	-	1,671
Provided in the year	-	-	-
Provisions utilised in the year	(194)	-	(194)
Provisions not required written back	(292)	-	(292)
Unwinding of discount	-	-	-
Balance at 31 March 2017	1,185	-	1,185

Analysis of expected timing of discounted flows

Comparative Year:	Departure Costs	Other	Total
	£000s	£000s	£000s
Not later than one year	1,185	-	1,185
Later than one year and not later than five years	-	-	-
Later than five years	-	-	-
Balance at 31 March 2017	1,185	-	1,185

The Commission Dissolution was planned for 31 March 2017 (see Note 1 - Dissolution of the Commission). However, in January 2017, the NI Assembly was dissolved and the LGSC Dissolution legislation was not passed. Therefore, the Commission has been extended beyond 31 March 2017 for an as yet undefined period of time.

The liability for dissolution costs, as at 31 March 2018, includes exit costs from the NILGOSC pension scheme, which were provided by Aon Hewitt, NILGOSC Scheme's actuary, and redundancy costs. These costs are currently estimated to be a maximum of £1,848,000. £1,132,000 is included in this provision and £716,000 is included in the pension liability (see Note 14).

See also Note 9.

Note 13: Loans

	2017/18 £000s	2016/17 £000s
Loans	-	-
TOTAL	-	-

Repayments of £113,000 were made in 2016/17. The loan was fully paid off in August 2016.

Note 14: Pensions Relating to Officers

	2017/18 £000s	2016/17 £000s
Scheme Liability at Beginning of the Year	(714)	(327)
Current Service Cost	(39)	(112)
Past Service (Cost)/Gain	(484)	-
Employer Contributions	528	80
Net Return on Assets	(12)	(10)
Actuarial Gains/(Losses)	5	(345)
Scheme Surplus/(Deficit) at 31 March	(716)	(714)

Note 14(a): The fair value of the assets held by the pension scheme attributable to the Commission are analysed as follows:

	Expected Long Term Return at 31 March 2018 % p.a.	Assets at 31 March 2018 £000s	Expected Long Term Return at 31 March 2017 % p.a.	Assets at 31 March 2017 £000s
Equities	2.6	3,197	2.6	2,841
Bonds	2.6	555	2.6	439
Property	2.6	448	2.6	400
Cash	2.6	201	2.6	99
Other	2.6	77	2.6	34
Total		4,478		3,813

Note 14(b): Net Pension Liability

	31 March 2018 £000s	31 March 2017 £000s
Estimated Employer Assets (A)	4,478	3,813
Present Value of Scheme Liabilities	(5,194)	(4,527)
Present Value of Unfunded Liabilities	-	-
Total Value of Liabilities (B)	(5,194)	(4,527)
Net Pension Asset (A-B)	(716)	(714)

Note 14(c): Reconciliation of Defined Benefit Obligation

	Year to 31 March 2018 £000s	Year to 31 March 2017 £000s
Opening Defined Benefit Obligation	4,527	3,310
Current Service Cost	39	112
Interest Cost	117	112
Contributions by Members	8	30
Actuarial Losses/(Gains)	96	1,041
Past Service Costs/(Gains)	484	-
Losses/(Gains) on Curtailments	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(77)	(78)
Closing Defined Benefit Obligation	5,194	4,527

Note 14(d): Reconciliation of Fair Value of Employer Assets:

	Year to 31 March 2018 £000s	Year to 31 March 2017 £000s
Opening Fair Value of Employer Assets	3,813	2,983
Interest Income on Assets	105	102
Contributions by Members	8	30
Contributions by the Employer	528	80
Contributions in Respect of Unfunded Benefits	-	-
Remeasurement Gains/(Losses) on Assets	101	696
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Unfunded Benefits Paid	-	-
Benefits Paid	(77)	(78)
Closing Fair Value of Employer Assets	4,478	3,813

Note 14(e): Net Return on Assets:

	Year to 31 March 2018 £000s	Year to 31 March 2017 £000s
Interest Income on Assets	105	102
Remeasurement Gains/(Losses) on Assets	101	696
Net Return	206	798

Note 14(f): Actuarial Analysis

	Year to 31 March 2018 %	Year to 31 March 2017 %
Pension Increase Rate (CPI)	2.1	2.0
Salary Increase Rate	3.6	3.5
Expected Return on Assets	5.1	17.7
Discount Rate	2.6	2.6

Note 14(g): Mortality Assumptions

Actuarial Assumptions for average future life expectancy at age 65	Males	Females
Current Pensioners	23.3 years	25.9 years
Future Pensioners (aged 45 at accounting date)	25.5 years	28.2 years

The mortality assumptions affect the length of time the benefits would be expected to be paid for. Mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

Mortality loadings were applied to the SAPS tables based on membership class as determined at the 2016 valuation.

Sensitivity Analysis: IAS 19 valuation results depend critically on the principal assumptions used in the calculations. The discount rate used to value the liabilities is prescribed under IAS 19 and the results are particularly sensitive to the discount rate. A reduction in the net discount rate will increase liabilities as a higher value is placed on benefits in the future. Regarding mortality assumptions, if longevity improves at a faster rate than allowed for in the assumptions then, a higher value would be placed on the employer's liabilities. Further increase in pensionable pay of 0.1% per annum, inflation and hence pension, more than allowed for in the assumptions, will increase the value of the liabilities by 0.5%.

Note 14(h): Summary of Experience Gains/ (Losses)

Actuarial gains and losses represent the extent to which actual outcomes have differed from the assumptions which were used in calculating IAS 19 figures. These actuarial gains and losses are shown in the table below as Experience Gains and Losses. Actuarial gains and losses are recognised as Other Comprehensive Net Expenditure (OCNE) and taken to reserves.

	Year to 31 Mar 2018 £000s	Year to 31 Mar 2017 £000s	Year to 31 Mar 2016 £000s	Year to 31 Mar 2015 £000s	Year to 31 Mar 2014 £000s
Fair Value of Employer Assets	4,478	3,813	2,983	2,961	2,684
Present Value of Defined Benefit Obligation	(5,194)	(4,527)	(3,310)	(3,392)	(3,011)
Surplus/(Deficit)	(716)	(714)	(327)	(431)	(327)
Remeasurement Gains/(Losses) on Assets	101	696	(11)	233	(118)
Actuarial Gains/(Losses) on Obligation	(96)	(1,041)	162	(305)	(62)
Actuarial Gains/(Losses) recognised in OCNE	5	(345)	151	(72)	(180)

Note 15: Commitments under Leases - Photocopier

	2017/18 £000s	2016/17 £000s
Not later than one year	-	1
Later than one year and not later than five years	-	-
	-	1

The Commission does not have any finance leases.

Note 16: Related Party Transactions

The Local Government Staff Commission is an Executive Non-Departmental Public Body (NDPB) sponsored by the Department for Communities. The Department for Communities is regarded as a related party. During the year, the Commission has had various material transactions with the Department and other entities for which the Department for Communities is regarded as having a general oversight role, viz, district councils.

In addition, the Commission has had various material and other transactions with the Local Government Training Group, district councils and the Northern Ireland Housing Executive.

None of the Commission Members are members of the key management staff or other related parties which have undertaken any material transactions with the Commission during the year.

Note 17: Financial Instruments

The Commission has no material risk exposure to Financial Instruments.

(a) **Credit Risk:** arises from deposits with banks and financial institutions, as well as credit exposures to the Commission's customers.

Trade debtors, inclusive of VAT, can be analysed by age as follows:

	2017/18 £	2016/17 £
Less than three months	-	-
Three to six months	-	-
Six months to one year	-	-
More than one year	-	-

There is no historical experience of default in relation to deposits with banks, other financial institutions and debtors. Therefore, there is no estimated exposure to risk of default.

(b) **Liquidity Risk:** All trade and other payables are due for payment within one year.

(c) **Market Risk:**

Interest Rate Risk – The Commission has no borrowings or investments and thus has no material exposure to loss arising from movements in interest rates.

Foreign Exchange Risk – The Commission has no financial assets or liabilities dominated in foreign currencies and thus has no material exposure to loss arising from movements in exchange rates.

Note 18: Target for Paying Invoices

The Commission's default for paying invoices, where no other terms are agreed, is 30 days. (It is assumed that 30 days will be 30 calendar days and 10 days will be 10 working days).

During the year, the Commission paid 436 invoices totalling £768,767.

The Commission paid 436 invoices within the 30 day target.
The Commission paid 381 invoices within the 10 day target.

Note 19: Assembly Accountability Disclosures

No losses, special payments or remote contingent liabilities were identified by the Commission in 2017/18.

Note 20: Events after the Reporting Period

There were no events occurring after 31 March 2018 which require adjustment to the Commission's financial statements or additional disclosures.

Note 21: Transfer of Local Government Training Group

The relationship with the Local Government Training Group was governed by a Service Level Agreement. This was terminated on 31 March 2017 in line with the Commission's dissolution plan and transferred to Lisburn & Castlereagh City Council as the "facilitating council".

Date of Authorisation for Issue

The Chief Financial Officer authorised these financial statements for issue on 25 September 2018.