

Libraries NI
Annual Report
and Accounts
2015/16

Libraries NI

The Northern Ireland Library Authority

**Annual Report and Accounts
For the year ended 31 March 2016**

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under Schedule 1, clauses 16 and 17 of the Libraries Act (Northern Ireland) 2008 by the
Department for Communities
on 18 November 2016

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Foreword

I am pleased to present this Annual Report and Accounts for the year 2015-16. The Report includes an overview of another successful programme of work to fulfil the Authority's terms of reference, deliver its ambitious Business Plan, and continue to be responsive to the environment in which it operates, at the very heart of Northern Ireland's communities. Informing all our service provision has been the Board's continuing commitment to Promoting Equality and Tackling Poverty and Social Exclusion, the key priority of the former Department of Culture, Arts and Leisure (DCAL), which was our sponsor Department until May 2016 and has now been superseded by the Department for Communities (DfC).

It has been another challenging financial year, in which uncertainty regarding the amount of money available to deliver services was the greatest challenge. An initial cut of £2.385 million to the budget resulted in the need to implement a series of Savings Delivery Plans, including reducing the opening hours of libraries, much to the regret of the Board.

Although warnings about the potential for further significant in-year budget cuts did not materialise, a further cut of £350,000 mid way through the year did impact on planning and service delivery; and the situation was exacerbated by the implementation of an unavoidable voluntary redundancy programme that resulted in 19 experienced and highly skilled members of staff leaving the service.

Highlights of an eventful year include the following:

- with priority given to outreach work associated with 12 libraries serving areas with significant social deprivation, participation levels in these libraries increased by 3%
- the Health in Mind project came to an end in January 2016. Almost 200,000 people across N Ireland engaged with the project over its six years' duration. Independent evaluation concluded that the partners in the project – i.e. Libraries NI and four mental health charities – could be highly confident about its positive impact on participants across Northern Ireland and reassured about the model of working that had brought about evidence-based change in mental health and wellbeing. It is important to build on the lessons learned in continuing to demonstrate the contribution the public library service can make to health and wellbeing
- the launch of Rub-a-Dub-Hub, a new early years online resource, part-funded by Carnegie Library Lab, providing tools, tips and fun activities to give parents and carers increased confidence to support their young children with the early stages of reading and emotional development

- Liz Weir, a former Children's Librarian in Belfast and now an internationally acclaimed storyteller and writer, became the first Libraries NI Storyteller in Residence. This has been made possible by generous funding from the Peg and Jim Armstrong Bursary, named after the couple who founded the Yarn spinning sessions in Tullycarnet Library 25 years ago and set up in their memory by their son, Roger. The purpose of the residency is to develop a new generation of storytellers and promote the verbal arts tradition
- Carnlough Library reopened to the public, following a major refurbishment project carried out in collaboration with Mid and East Antrim Borough Council; and the new Moira Library development was completed in May 2015
- The Outline Business Case for the redevelopment of Belfast Central Library was approved by relevant Departments.

Aside from these standout achievements, it is important to recognise also the tremendous work that is carried out by staff across the service on a daily basis, which is set out in some more detail in the 'Performance Report: Analysis' section: e.g. delivering Rhythm and Rhyme sessions for pre-school children in all 96 of our public libraries; running class visits or storytimes or reading groups; helping people to get online and become confident in using the internet for daily tasks, not least the increasing number of dealings with government that must be carried out online; supporting people who are unemployed to look for jobs, prepare CVs or make online applications; or guiding users through the wealth of heritage resources and helping them with their research. The staff, ably led by the Senior Management Team, are to be commended for their continued commitment, professionalism and consistently high levels of achievement.

I am conscious that the success of our service to the community depends also on the continued support and co-operation of our many partner organisations within the public, community, voluntary and trade union sectors. In particular, I wish to thank the Minister and Departmental officials as well as the recognised Trade Unions whose co-operation was vital in enabling the Authority to operate so successfully, in such a difficult environment, during the year under review. We look forward to fruitful collaboration with the new Department for Communities.

Finally, I would like to record my gratitude to my fellow Board Members for their continued support and their dedication to the public library service. Two members (Claire Hanna and Adrian Watson) resigned during the year, following their co-option as MLAs, and I wish them every success in the future.



Professor Bernard Cullen
Chairperson

Date: 13 October 2016

Performance Report: Overview

Chief Executive's Statement

The financial year, 2015-16 has been challenging, not least because of continuing uncertainty regarding funding allocations and the need to make in-year savings. The initial budget allocation for the year of £29.415 million was £2.385 million less than the initial allocation in 2014-15, a cut in real terms of 8.3%. Savings Delivery Plans were developed and implemented to achieve the necessary savings required to live within this reduced budget allocation. These Plans included reducing library opening hours by approximately 6% from November 2015 to achieve savings in agency staff costs, permanent staff costs (through voluntary redundancy) and premises costs. Other planned savings implemented throughout the year included cutting the stock budget and reducing spend on a range of other areas including maintenance, administration, training and travel.

Because of the potential for further significant in-year cuts in the budget, spend in the first half of the year was constrained to mitigate the impact if the projected cuts materialised. In September 2015, a further budget cut of £350,000 was announced, which was less than had been anticipated. However the prudent approach to spend taken during the first half of the year did have a detrimental impact on stock purchases and service delivery and ultimately on customer satisfaction. The financial situation eased somewhat in the latter part of the year, with successful bids for additional funding for stock and to finance voluntary redundancies, but the late allocation of funding created pressures on contingency spending arrangements.

In 2015-16 recurrent expenditure was £30.402 million within an allocated budget of £30.546 million. Capital expenditure was £553,000 within an allocated budget of £554,000.

The limited capital allocation allowed the completion of the new Moira Library development and the payment of the ongoing Private Finance Initiative (PFI) element of Lisburn City Library, together with a small number of other minor works projects. The absence of longer term capital funding makes planning difficult, but work has continued during the year to develop and gain approval of business cases for a number of projects, including the redevelopment of Belfast Central Library.

The implementation of 19 voluntary redundancies in-year contributed to the required savings in 2015-16 and will deliver full year salary savings in 2016-17 and subsequent years. Because of budget pressures, Libraries NI has implemented a voluntary redundancy programme each year since it was established in 2009, leading to a significant loss of staff knowledge and expertise and resulting in lean staffing levels in parts of the organization. This makes it more difficult to undertake development work and respond quickly and flexibly to initiatives.

Despite the difficulties and pressures created by the funding situation, staff across the organisation have continued to work hard to maintain a high standard of service

to customers. The fact that the majority of Key Performance Indicators (KPIs) were achieved, and in many cases exceeded, is testimony to the professionalism and commitment of staff. I want to place on record my sincere appreciation to staff across the service, in both frontline and support services, for the contribution that they have made to the delivery of the 2015-16 Business Plan and for their continued support in difficult and uncertain times.

This Annual Report gives a flavour of the range of programmes, activities and development which have taken place during the year to support our corporate objectives and five key service priorities (Children and Young People's Services, Culture and Creative Development, Heritage, Learning and Information and Reading and Reader Development) and, in doing so, contribute also to the delivery of wider government priorities, including education and learning, health and wellbeing, employability and community cohesion.

In line with the Department's key priority of Promoting Equality and Tackling Poverty and Social Exclusion (PETPSE) we have continued to focus on ways of breaking down barriers to library use in areas of social need. The approach has been successful with an increase in outreach activities and participation levels in programmes held in both library and non-library settings in areas of significant deprivation, as well as activities in all libraries targeting a local area or group at risk of social exclusion.

Recognising that the most significant opportunities to improve life opportunities exist in the form of early interventions, activities aimed at children and young people are a key element of Libraries NI's approach to tackling poverty and social exclusion. Rhythm and Rhyme sessions designed to help develop pre-literacy and early learning skills continued to be the most popular programme, attracting substantial numbers of children and their parents and carers. Rub-a-Dub-Hub, a new online resource providing tools, tips and fun learning activities to give parents and carers increased confidence to support their young children with the early stages of reading and emotional development was launched this year. Class visits aimed at pupils in Year 4 and Year 6 complement the Northern Ireland Curriculum. Storytimes, reading groups and the annual Summer Reading Challenge which attracted nearly 14,500 children encourage reading for pleasure, which, research shows, is linked to improved educational outcomes.

Work continued during the year to build on existing partnerships with other organisations. As a statutory partner in the Community Planning process, Libraries NI engaged actively with each of the new Councils on identifying the long term objectives for their respective areas and on developing plans to tackle cross-cutting issues that require a collaborative approach for the benefit of citizens. The partnership work with the former Department of Agriculture and Rural Development (DARD) resulted in some additional funding to enhance Health in Mind activities in rural areas and on-going work with the former Department of Employment and Learning (DEL) facilitated the continuation of job clubs in a number of libraries. A

key focus of partnerships during the year was to enhance the service offer to people with disabilities or life changing conditions, with work being undertaken in conjunction, for example, with RNIB, the Macular Society, the Cedar Foundation and the Alzheimer's Society.

Health in Mind, a 5 year-project, led by Libraries NI, in partnership with Action Mental Health, Aware, Cause and MindWise and funded by the Big Lottery, came to an end in January 2016. The strength of the library network in providing local, convenient and stigma-free access to services, in buildings that are comfortable and welcoming with supportive and trained staff and relevant resources on hand, was a key feature in the success of the project. Health in Mind reached almost 200,000 people during its lifetime and has provided valuable lessons to help shape work in the future.

Supporting literacy and promoting a love of reading remains at the core of our work. In 2015-16 we spent £3.478 million on stock in a variety of formats across a range of genres and in many different languages, reflecting the multi-cultural background of library users. eBooks continue to grow in popularity with loans in this format increasing by 31.6% during the last 12 months. Use of eMagazines also continued to increase with over 125,000 downloads taking place in 2015-16.

All Libraries NI information systems were replaced as part of the e2 project and 2015-16 was the first full year of 'steady-state' operation. A Post Project Evaluation (PPE) of e2 was completed and submitted to the Department in February 2016 which concluded that the project delivered on time and within budget and represented value for money, which was a significant achievement.

This Annual Report has been prepared in the first few weeks after the transfer of responsibility for Libraries NI from the former DCAL, which was dissolved as a result of the reduction in the number of government departments, to the new Department for Communities (DfC). Looking to the future, I am of the view that the public library service can make a significant contribution to the new Department as a local access point to many of the services being delivered both by it and other Departments, thus helping to facilitate joined-up approaches to service delivery in all communities and particularly those that are disadvantaged. A key focus of our new Corporate Plan 2016-2020 is the contribution that libraries make to social, community and economic wellbeing as community hubs where people can access a wide variety of learning, information and social resources that make a difference to their quality of life in both the short and long term.

I am grateful to the Chairperson and Board of Libraries NI for their continued interest in, and support for, the public library service over the past year. There is no doubt that the next few years will continue to be challenging with projected reductions in public sector funding, and like all public bodies, Libraries NI needs to continue to change, improve and become more efficient in what we do. I am confident that we are well-placed to meet the challenges that are ahead.

Our Purpose

The Northern Ireland Library Authority, known as Libraries NI, was established as a body corporate on 1 April 2009 as a result of the Review of Public Administration. Its functions are laid down in The Libraries Act (Northern Ireland) 2008. The primary duty of Libraries NI is to provide a comprehensive and efficient public library service for persons living, working or studying in Northern Ireland. In doing so the organisation is required to:

- secure that facilities are available for the borrowing of, or reference to, library materials sufficient in number, range and quality to meet the general requirements of adults and children (whether by keeping adequate stocks, by arrangements with other bodies concerned with library services or by any other means); and
- have regard to the desirability of:
 - encouraging both adults and children to make full use of the library service
 - providing advice as to the use of the library service and making available such bibliographical and other information as may be required by persons using the service
 - promoting literacy and lifelong learning
 - maintaining a collection of library materials relevant to the cultural heritage of Northern Ireland
 - making library premises available for cultural and community activities
 - meeting any special requirements of adults and children by any appropriate means.

Our Corporate Objectives

Our corporate objectives for the period 2011 – 2016 were as follows:

- increase participation in the public library service
- improve delivery of public library services
- promote and enhance understanding of the role and value of the public library service
- ensure effective governance and adherence to statutory requirements.

In order to help achieve these corporate objectives our work is focused on five key service priorities which are delivered through the network of 96 branch libraries, two heritage libraries and 16 mobile libraries as well as through outreach and online services. The key service priorities are as follows:

- **Children and Young People's Services**

The most significant opportunities to improve people's health, wellbeing and life opportunities exist in the form of early interventions, particularly, though not

exclusively, designed for children and young people. Children's and young people's services and programmes are a key element in Libraries NI's approach to tackling poverty and social exclusion. Libraries NI also provides support and guidance for parents of young children through dedicated family learning programmes.

- **Cultural and Creative Development**

Libraries, as a recognised shared space and focal point in the community, are ideally placed to offer a comprehensive range of events and activities designed to broaden intellectual and emotional experiences and enhance the constructive use of leisure. Libraries provide inspiration and encouragement for new and aspiring writers, poets, artists and musicians and are places where all cultural traditions can be celebrated in welcoming environments.

- **Heritage and Digitisation**

Libraries have a long tradition of collecting and preserving material which relates to our cultural heritage. Access to this cultural heritage, both local and national, enriches society by nurturing creativity, imagination, a sense of place and a sense of pride. It is of central importance in supporting and extending a community's understanding, not only of its local identity, but also of its past and its role in shaping the present.

- **Information and Learning Services**

Libraries have a critical role to play in helping to promote greater equality of access to, and capability in using information, both in printed format and online. Library staff have the skills to understand customer needs and help them to navigate through, and make sense of, the myriad of resources that are available and the development of people's information literacy skills remains a key priority for the service.

Public libraries can complement and reinforce formal education with an emphasis on reading for pleasure and developing information literacy skills. They provide a learning network that runs parallel with formal education but also extends far beyond it. They complement and reinforce formal learning, but also offer an unthreatening environment where people with poor experiences of formal education can receive encouragement, advice and support to get back on the ladder of learning, raise their aspirations and improve their life chances.

- **Reading and Reader Development**

The value of reading stretches far beyond the benefits to the individual. Reading is an essential life skill and a gateway to learning and information. It is also a source of pleasure, enjoyment, inspiration and relaxation. Research demonstrates that developing a love of reading is important for children's life chances and is one of the most effective ways of leveraging social change.

Research also shows that reading and taking part in social reading activities such as reading groups has a beneficial effect on health and wellbeing.

Key Issues and Risks

The major risk to the achievement of objectives and targets during 2015-16 related to uncertainty regarding funding, as detailed below:

- at the start of the year the Department confirmed that the total recurrent budget for 2015-16 was £29.415 million, a reduction of 7.5% (£2.385 million) on the 2014-15 opening baseline, which translated in real terms to a cut of 8.3%. Four Savings Delivery Plans were approved for implementation as follows:
 - reducing the stock budget by £361,000
 - reducing library opening hours, thereby saving £1.581 million largely on staff costs but also on premises running costs and programming
 - reducing planned and response maintenance and other associated premises-related investment spend by £195,000
 - reductions in miscellaneous budgets including marketing, travel, computer costs and vehicle costs thereby saving £248,000.

Actions were taken to implement the four 2015-16 Savings Delivery Plans. The reduced opening hours came into effect in November 2015 following extensive public consultation. Funding was received to meet some of the costs associated with voluntary severance and 19 staff left the service during this period. Additional central funding was received later in the year to cover the full cost of the severance arrangements

- in May 2015, the Department advised that there was a need for further contingency planning because of additional pressures emerging in year. Plans were devised based on the scenario of an additional budget cut of 6% from 1 July 2015 and a restriction in central funding for exit schemes. While these additional contingency plans were not implemented at that time, current spend plans were constrained as much as possible during this period because of the potential of this emerging pressure. This impacted detrimentally on all services in libraries and consequently on participation levels. In September 2015 an in-year cut of 1.19% or £0.35 million was announced, significantly less than the 6% which had been anticipated. This lesser cut was achieved through further reductions in the stock budget and programme costs. The spend which had been held back was now released but, because of the time that had elapsed, it was necessary to vire budget into areas where spend could happen quickly and this had a further detrimental impact on the original plans

- in October 2015 the Department advised that, for 2016-17, new Savings Delivery Plans and exit funding bids should be developed on the assumption of 5% and 10% cuts on the 2015-16 baseline budget. An additional pressure of £0.25 million was also identified because of the government's new pension arrangements and its decision to end the National Insurance contracting out rebate from 1 April 2016. These plans and bids were produced and submitted to the Department. On 21 December 2015 the Department advised that revised Savings Delivery Plans should be developed to deliver budget reductions of 5.7% on the 2015-16 baseline. Revised Savings Delivery Plans were submitted in January 2016. One Savings Delivery Plan, relating to a review of Homecall and Mobile services, was not approved by the Minister who advised that the savings anticipated from this Plan must be found elsewhere
- no capital budget was allocated at the start of the year, despite the new Moira Library being under construction and the inescapable commitment to a capital unitary charge for Lisburn City Library PFI. Funding was received to complete the Moira project in May 2015, and further funding was received to cover the Lisburn City Library charge in November 2015. Other capital funding for minor works and fees was also received in November 2015. Until these capital allocations were received, recurrent monies were used to cover costs. The lack of reliable and timely capital funding makes resource planning and budgeting difficult to implement effectively.

Going Concern

Libraries NI operates as a going concern. The going concern basis for the preparation of the Accounts is appropriate. Libraries NI is not aware of any events which would impact upon the entity's status as a going concern.

During the year under review, Libraries NI received its core capital and recurrent funding from the former Department of Culture, Arts and Leisure (DCAL). As a result of a reduction in the number of government departments, DCAL ceased to exist with effect from May 2016 and responsibility for Libraries NI transferred to the Department for Communities (DfC).

Performance Summary

| Target | Outcome |
|---|---|
| <p>Increase participation in the public library service</p> <p>Maintain overall participation at 2014/15 levels, as measured by the average of a combination of loans/renewals (including eBooks), active members, Public Access Computer use, WiFi use and participation in core programmes</p> | <p>Achieved</p> <p>Average percentage increase: 1.96%</p> |

| Target | Outcome |
|---|--|
| <p>Improve delivery of public library services Meet financial targets for resource and capital spend and minimise underspend</p> | <p>Achieved</p> <p>Resource budget: £30,546,000 Spend: £30,402,000 (0.47% underspend)</p> <p>Capital budget: £554,000 Spend: £553,000 (0.18% underspend)</p> |
| <p>Ensure effective governance and adherence to statutory requirements All Priority One Internal Audit recommendations implemented within four months of the agreed date</p> | <p>Achieved.</p> |

Performance Report: Analysis

How we measure performance

The performance management framework consists of:

- the Corporate Plan which sets out the corporate objectives linked to relevant priorities in the Programme for Government and the Department's strategies for the public library service
- an annual Business Plan which sets out the actions to be taken and the associated targets
- Key Performance Indicators which are used to report quarterly at Board level and to the Department on progress

During the year, a statistician, seconded from the Northern Ireland Statistics and Research Agency (NISRA), worked closely with senior management to fulfil the obligations placed on the organisation as a result of being listed as a producer of Official Statistics. The third Libraries NI Official Statistics publication, entitled *Participation in Core and Regular Library Activities in Northern Ireland 2014/15*, was released on 16 December 2015 showing a total of 309,756 participants (109,955 adults and 199,801 children) engaged in 20,386 core and regular activity sessions (i.e. Class visits, Genealogy, Got IT?, Go On!, Job Clubs, Knit and Natter Groups, Reading Groups, Rhythm and Rhyme and Storytime).

Official statistics relating to 2015-16 were published on 25 August 2016 and relevant information from these statistics is reflected in the Key Performance Indicators, shown below. The statistics show that a total of 342,092 participants (125,750 adults and 216,342 children) engaged in 22,622 core and regular activity sessions during the year. This is a 10% increase in participation and an 11% increase in the number of activity sessions since 2014-15.

Further information is available in the Statistical Bulletin *Participation in Core and Regular Library Activities in Northern Ireland 2015/16*, available on the Libraries NI website at <http://www.librariesni.org.uk/AboutUs/OurOrg/Pages/Statistics-2015-16.aspx>.

The statistics reported in the publication are produced from the Libraries NI Activity Database which is maintained by the statistician. Management information produced from the database is used to monitor progress against corporate objectives and targets.

Financial information is taken from the audited Financial Statements. Other management information is extracted from information systems which are subject to regular internal audit.

Key Performance Indicators

| Target | Outcome |
|---|---|
| <p>Participation levels: Areas of Social Need</p> <p>Maintain participation levels in libraries located in areas of extensive social need at 2014/15 levels, as measured by the average of a combination of loans/renewals (excluding eBooks), active members, Public Access Computer use, WiFi use and participation in core programmes</p> | <p>Achieved</p> <p>Average percentage increase: 3.07%</p> |
| <p>Overall Participation Levels</p> <p>Maintain overall participation at 2014/15 levels, as measured by the average of a combination of loans/renewals (including eBooks), active members, Public Access Computer use, WiFi use and participation in core programmes</p> | <p>Achieved</p> <p>Average percentage increase: 1.96%</p> |
| <p>Mobile Library Services</p> <p>Maintain use of the mobile library service at 2014/15 levels, as measured by loans / renewals</p> | <p>Achieved</p> <p>Percentage increase: 1.18%</p> |
| <p>Participation in Programmes</p> <p><u>Rhythm and Rhyme</u></p> <p>85% of branch libraries will deliver regular Rhythm and Rhyme programmes for pre-school children (at least one session per month)</p> | <p>Achieved</p> <p>Number of libraries: 96 (100%)</p> <p>Number of participants: 159,471</p> <p>Number of sessions: 5,904</p> |
| <p><u>Class visits</u></p> <p>75% of libraries will deliver a quality assured class visits programme for primary age children</p> | <p>Achieved</p> <p>Number of libraries: 92 (96%)</p> <p>Number of participants: 99,028</p> <p>Number of sessions: 4,022</p> |

| Target | Outcome |
|---|--|
| <u>Got IT? and Go ON!</u> All branch libraries will deliver one to one assistance and / or organised events to support digital inclusion | Achieved Number of libraries: 96 (100%) Number of Got IT? sessions: 3,084 Number of Got IT? participants: 3,207 Number of Go On! sessions: 534 Number of Go On! participants: 3,370 |
| <u>Adult Reading</u> 800 adult reader group sessions held by March 2016 | Achieved Number of sessions: 1,250 Number of participants: 10,210 |
| <u>Health and Wellbeing</u> 150 events held to support positive mental health and wellbeing by March 2016 | Achieved Number of events: 315 Number of participants: 4,092 |
| <u>Heritage</u> 300 heritage-related events delivered by March 2016, that increase understanding of the past, including in support of the Decade of Commemorations | Achieved Number of events: 657 Number of participants: 9,494 |
| <u>Employability</u> 50 events held on the theme of employability by March 2016, including in partnership with other organisations | Achieved Number of events: 75 Number of participants: 5,445 |
| <u>Culture</u> 200 cultural events held by March to support skills and audience development, contribute to the creative industries and break down barriers to the arts | Achieved Number of events: 284 Number of participants: 2,874 |
| Use of online resources Increase use by 10% on 2014/15 levels | Achieved eBook downloads increase: 31.1% |
| Stock Spend Achieve £1.50 capita spend on stock | Achieved Spend per capita: £1.88 <i>Based on NISRA 2015 mid-year estimates</i> |
| Major and minor works All major and minor works programmes implemented in accordance with agreed timetable and budget | Achieved |
| e2 All contract service standards met | Not achieved One significant exception in relation to a Library Management System outage for which a service charge was accrued. |

| Target | Outcome |
|---|---|
| Social media Increase social media presence by 10% | Achieved Increase: 59.6% |
| Finance Meet financial targets for resource and capital spend and minimise underspend | Achieved Resource budget: £30,546,000 Spend: £30,402,000 (0.47% underspend) Capital budget: £554,000 Spend: £553,000 (0.18% underspend) |
| Sickness Absence Reduce sickness absence overall by 5% compared to 2014 calendar year | Not achieved Percentage reduction: 4.82% |
| Audit Recommendations All Priority One Internal Audit recommendations implemented within four months of the agreed date | Achieved. |

Development and Performance

Promoting Equality and Tackling Poverty and Social Exclusion

As part of its work to address the Department's key priority of Promoting Equality and Tackling Poverty and Social Exclusion (PETPSE), Libraries NI continued to focus on the 12 libraries with catchment areas with substantial levels of social deprivation i.e. those serving three or more of the 10% most deprived Super Output Areas (SOAs) as determined by the Northern Ireland Multiple Deprivation Measure (NIMDM) 2010. The overall aim was to increase participation in library services and break down barriers to use. Targets were set for these libraries and for Belfast and Derry Central Libraries and funding was allocated to enable additional staffing resources to be deployed, the purpose of which was to:

- increase programming within each of these libraries
- provide programming on an outreach basis in the community
- develop partnerships; and
- undertake community engagement.

The third year of this approach has proved successful with an increase in outreach activities in community settings and participation levels in core programmes delivered in library and non-library settings. In addition all branch libraries were set a target of delivering at least two activities which targeted a local area or group at risk of social exclusion. Many libraries exceeded this target.

Library Services in Rural Areas

During 2015-16 Libraries NI continued to work in partnership with the former DARD to deliver an action plan arising from an agreed Memorandum of Understanding. This has led to major promotions of library services in rural areas and closer relationships with the Local Rural Support Networks. The former DARD funded enhanced provision of Health in Mind activities in rural areas through its Tackling Rural Poverty and Social Isolation (TRPSI Framework). The Rural Needs Bill included Libraries NI in the schedule of bodies which 'must have due regard to rural needs'.

Creativity Month March 2016

Libraries NI participated in the sixth Creativity Month, held annually in March, to stimulate new ideas and collaborations and to celebrate creativity and the creative industries. A writer-in-residence has always proved to be a very popular element of the programme and in 2016 this concept was extended to include two writers-in-residence and a community drama residency. This enabled participants to develop their skills in creative writing, acting, costume design and sound and lighting.

An enhanced level of programming was delivered during Creativity Month in the libraries in Greater Belfast and Londonderry which serve Urban Villages, thanks to additional funding provided by the Strategic Investment Board (SIB) for this purpose. These events contributed to the *Together Building a United Community* strategy and included puppet making, Fab Lab demonstrations, making percussion instruments workshops, Irish storytelling sessions, talks by children's book illustrators and authors, animation workshops and a range of heritage events.

National Libraries Day, Saturday 6 February 2016

National Libraries Day is a campaign that aims to showcase everything that public libraries have to offer. Although primarily a celebration of public libraries, National Libraries Day is supported by libraries of all kinds including school, university, and government libraries and by organisations, politicians, celebrities, writers and service users.

Libraries NI participated in National Libraries Day by encouraging library visitors including local celebrities to have "message board" photographs taken with a statement or a few words about their favourite book or poem, what they love about their library, the book they have just borrowed, their favourite library or what they enjoyed doing in the library that day. More than 400 photographs were posted on Libraries NI social media pages.

All children's activities held on Saturday 6 February were branded as National Libraries Day events and registered on the National Libraries Day website.

Children and Young People's Services

The Children and Young People's Services Team continued to provide support to enable frontline staff to deliver core activities by facilitating training sessions on key programmes. Staff also gave talks to outside organisations on various aspects of books and reading including creating story corners and storytelling techniques as a means of supporting parents to develop a lifelong love of reading within their families.

Rhythm and Rhyme sessions help to develop pre-literacy skills in 0-4 year olds as well as providing an opportunity for parents and carers to build a strong and loving bond with their children. This programme continued to be a popular and regular events in the majority of libraries attracted substantial numbers of children, accompanied by their parents and carers.

Rub-a-Dub Hub, a new early years' online resource, was launched in Finaghy Library on 10 March 2016. This project received funding from Carnegie Library Lab which was set up to facilitate innovation and creativity within libraries across the UK. Rub-a-Dub Hub sits within the Libraries NI website and consists of tools, tips and fun activities to give parents and carers increased confidence to support their young children with the early stages of reading and emotional development. Input from healthcare, literacy and play professionals enhanced the content available making the site an information and learning hub for parents who want to engage with libraries via a digital platform. It is hoped that the Hub will grow and develop with the children as they move through primary and post primary education.

Class visits remain an important means of introducing children to the range of resources available in their local library and encouraging use of the library. Of particular note is the class visits programme aimed at pupils in Year 4 and Year 6 which complements the Northern Ireland Curriculum. This consists of either a one-off or a set of three visits to the library during which children are introduced to the range of stock available, including digital resources, and are helped to develop information literacy skills. Book exchange and storytelling visits are also available to other school classes.

The promotion of reading for pleasure is an important element of the work undertaken by staff and this was delivered in several ways throughout 2015-16:

- in July and August 2015, 14,465 children and 268 adults participated in the annual Summer Reading Challenge entitled *Record Breakers*. The Summer Reading Challenge aimed to keep children reading over the holidays to redress the reading 'dip' which can occur during the long summer break and also promoted reading as an enjoyable activity
- Family Fun Days were organised by the Children and Young People's Team in 12 libraries. These were Saturday events aimed at showcasing on-going library services and activities and included Rhythm and Rhyme sessions, family

storytelling and craft events, family history on-line workshops and fun family photo sessions

- regular storytime sessions were held in libraries across Northern Ireland. 22,371 children engaged in a total of 2,320 sessions for 4-8 year olds, a 7% increase in both participation levels and the number of sessions held compared to 2014-15. Many included craft sessions to add to the fun and enjoyment. Three special storytelling sessions at the Ulster Museum supported a touring exhibition by Seven Stories National Centre for Children's Books entitled *A Viking's Guide to Deadly Dragons*. This exhibition explored how Viking history, legend and dragonlore inspired the *How to train your Dragon* series of books by Cressida Cowell
- children's reading groups remained a valuable part of the children's programme and during the year 4,273 children took part in 677 reading group sessions, an increase of 16% in participation levels and 7% in the number of sessions compared to 2014-15. During 2015-2016 the offer was extended to include Chatterbook groups. Chatterbook groups met in 27 libraries during the year with local author Pauline Burgess attending an event in Carryduff Library to celebrate Chatterbooks Week, 3 – 10 October 2015.

Libraries NI participated, for the second time, in Shakespeare Week which ran from 14–20 March 2016. This is a national annual celebration which was particularly high-profile due to 2016 being the 400th anniversary of Shakespeare's death. Shakespeare week aims primarily to introduce primary school children to the works of Shakespeare and 53 libraries offered displays, special class visits, Shakespeare-themed reading groups, storytimes and craft sessions.

Culture and Creative Development

During 2015-16 a range of cultural and creative development programmes, events and activities was delivered in libraries. These were designed to widen understanding of the value and role of culture in promoting shared communities and respect for cultural diversity, enhancing economic development through access to the creative arts and creative industries, celebrating the arts and traditional arts and highlighting our cultural heritage. Highlights of the year included:

- involvement with the cross-border initiative, *Irish Design 2015*, a year-long programme of events to celebrate Irish design and to promote employment opportunities in this creative sector.
- the first Libraries NI Storyteller in Residence, announced in February 2016. Funded by Roger Armstrong, *Tullycarnet Storytelling - the Peg and Jim Armstrong Bursary* will assist in developing a new generation of storytellers and in promoting the verbal arts tradition. The first recipient of the Storyteller in Residence bursary is Liz Weir.

- Community Relations and Cultural Awareness Week, which took place from 28 September - 4 October 2016 based on the theme of *One Place, Many People*. Libraries in Belfast, Derry City and Limavady hosted exhibitions, and a series of talks was delivered which included experiences of migration as well as the impact of the Irish language on Protestant communities in Northern Ireland.
- a partnership with the Terra Nova theatre company resulting in the delivery of six performances of *The Belfast Tempest*, an adaptation of the Shakespeare play, to mark the 400th anniversary of his death. Libraries NI supported this ambitious multi-cultural project by hosting acting workshops in six branch libraries and by promoting the project, particularly on social media.

Libraries NI continued to work in partnership with National Museums Northern Ireland (NMNI) in the promotion of the visual arts. Three major photographic exhibitions were hosted in a number of branch libraries as part of a two year programme facilitating access to museum collections in local communities in non-museum settings.

Support for Líoifa 2015 continued. This initiative aims to promote the Irish language and culture to as wide an audience as possible. Irish conversational circles and reading groups met in Dungannon and Cookstown libraries.

The importance of providing opportunities for children to develop their creative skills was a key focus during the year. Workshops using iPads were delivered in 17 libraries. The delivery of Minecraft sessions was piloted in four libraries and proved successful with both boys and girls as well as their parents. This interactive activity will be rolled out across other libraries during the course of 2016-17.

Heritage and Digitisation

Libraries NI's main heritage collections are located in Ballymena Central, Belfast Central, Derry Central, Downpatrick, Enniskillen, Newry City, and Omagh libraries as well as the Irish and Local Studies Library, Armagh and the Mellon Centre for Migration Studies, located at the Ulster American Folk Park, Omagh. Heritage staff are responsible for developing and exploiting the collections, delivering talks, workshops and other events and working with partner organisations on a range of projects and initiatives. Focused Heritage collection development was on-going during the year and resources were exploited through thematic stock and resources lists, talks by heritage staff and tours of heritage collections.

The Heritage collections were accessed by a wide range of clientele including historians, researchers, students and anyone with an interest in Irish history, literature and genealogy. Heritage staff based in these locations guided users through the wealth of Libraries NI resources to meet their information requirements, and offered advice about how to continue their research in other collections. During the year there were 389,503 searches by library users of the Ancestry Library Edition

online resource, which is freely available in every library; 603 people participated in family history workshops; and a further 593 people attended talks or presentations.

This year, significant anniversaries relating to the Decade of Commemorations, which featured in Heritage programming, included women's suffrage, the First World War, and the Easter Rising. Activities in libraries reflected the local impact of these events as well as recognising the importance of ethical and shared remembering and the difficulties associated with commemoration. A series of 11 virtual exhibitions on the Libraries NI website showcased Libraries NI unique resources linked to the Decade of Commemorations and other important events during the year. These included *Mary Was a Suffragette; A fatal malady has broken out among the potato crop;* and *Yours Always – the Letters of John Mitchel*'.

In September 2015, the Annual Famine Commemoration took place in Northern Ireland for the first time. Events were held in a number of libraries including Brownlow, Crossmaglen, Lurgan and Warrenpoint and a full week's programme of events was delivered in Newry City Library to coincide with the Commemoration.

Other significant dates marked during this year with events in relevant libraries included the 1000th anniversary of the landing of Edward the Bruce in Ireland and the 200th anniversary of the birth of John Mitchel.

The use of social media to draw attention to unique historical resources held by Libraries NI was an important feature during the year. On, and leading up to, significant historical dates, Tweets and Facebook posts quoted articles from the newspapers and journals of the day, which can be accessed in the Heritage collections.

Libraries NI regards partnership working as an important means of achieving its objectives. Engagement with other organisations helps ensure the sustainability of services, enabling them to be delivered more efficiently while at the same time raising the profile of Libraries NI. Examples of effective partnership working include events and activities delivered in conjunction with the Public Record Office Northern Ireland (PRONI), Northern Ireland Screen, the Federation of Ulster and Local Studies (FULS) and at local level with councils.

Information and Learning Services

Access to, and the delivery of, information and learning are key aspects of the services and activities provided by Libraries NI. Events were held in libraries throughout 2015-16 to provide people with information relevant to their needs with a particular focus on job-seeking, business, health and digital inclusion. Where applicable there were learning experiences linked to each of these areas.

Job seeking activities

During the year libraries continued to play a key role in supporting people who are unemployed. Many used free internet access and Wi-Fi to look for jobs, prepare CVs or make online applications. 4,534 adults engaged in 884 Job Club sessions in 2015-16, a 9% increase in participation and a 12% increase in the number of sessions compared to 2014-15. Others attended events to obtain information or participate in programmes designed to develop knowledge and skills. This year Ballymena, Newry, Ardoyne, Larne and Lisnaskea libraries hosted a *Get Set!* roadshow, providing people with the opportunity to access a range of employment related information and obtain specialist advice and help from local and regional organisations.

In 2015-16 Libraries NI participated in six major Job Fairs organised by the former DEL in Londonderry, Ballymoney, Newry, Bangor, Larne and Belfast. These were large events which saw employers recruiting staff and other agencies promoting employability. The Libraries NI stand showcased services that can help support those seeking employment.

Business information

Libraries NI Business Information Service provides the most comprehensive source of free publicly available business information in Northern Ireland. Online and print versions of a wide range of resources are available, including market research reports, company information, business start-up advice, intellectual property information and standards, business and financial newspapers and periodicals and specialist book stock, together with support from knowledgeable and trained staff. During the year 19 business information visits were hosted in Belfast Central Library enabling Key Stage 3 and 4 students to access and use these resources.

Joint activities were also carried out during the year with the Prince's Trust to support young people aged 18-30 years who were unemployed. Participants in the programme accessed Libraries NI resources to help them to develop business ideas and assess whether self-employment was right for them. This year also saw the development of links with the Belfast Hub which led to attendance at events supporting creativity and entrepreneurship.

Belfast Central Library is a recognised Patent Information Centre, one of a number of Patent Libraries (PATLIBs) in the UK, all of which have qualified and experienced staff available to offer practical assistance on a variety of matters associated with Intellectual Property Rights. During 2015-16 there were 84 patent enquiries and staff knowledge and expertise allowed them to be dealt with effectively.

Health activities

Your Health is Your Wealth Roadshows were held in Moira, Banbridge and Lurgan libraries where a wide variety of participating organisations shared their skills and

knowledge to help people become more aware of the importance of health and wellbeing. Many regional organisations were involved along with locally based groups providing information specific to particular areas of the country. Other events saw the Information and Learning Team support both teenage and adult health days in branches, provide information stands at various events being run by other organisations and coordinate the dissemination of resources across all libraries.

Libraries NI continued to work with Macmillan Cancer Support to provide information to support people affected by cancer and their families. An official launch on 16 September 2015 showcased the strength of the partnership with libraries facilitating the provision of information across the whole of Northern Ireland.

Providing up to date, relevant community information is an important function of the public library service. The Information and Learning Team dealt with direct requests relating to community information received via web enquiries, email, telephone, networking opportunities and through partner organisations, such as the former DEL and DARD, Age NI, Volunteer Now, the Northern Ireland Environment Agency (NIEA) and mental health organisations.

Health in Mind

Health in Mind workshops and events, funded through the Big Lottery, were delivered in libraries from April 2015 – January 2016, covering subjects such as personal resilience, laughter yoga, positive thinking, reading aloud, cognitive behavioural therapy (CBT) and suicide awareness. There was an overwhelming demand for mindfulness workshops and these were a major focus of work during the year. Healthy eating workshops also continued to be lively, informative and very popular and a successful addition this year was *Happiness through Horticulture* which drew in a new audience.

Further funding from the former DARD enabled extra programmes and activities to be run in rural libraries, following on from last year's successful pilot. In the latter part of the year there were 67 funded workshops in isolated rural communities involving 760 participants.

The ImROC project (Implementing Recovery through Organisational Change) and Recovery Colleges continued to make use of library facilities to deliver wellbeing courses and workshops in local communities.

This was the final year of the Health in Mind project which came to an end on 31 January 2016. A Celebration Event took place in Ormeau Library on 22 February 2016 attended by participants in the project, partners and stakeholders. In total, almost 200,000 people across 96 libraries engaged with the project during its six year lifespan. Health in Mind was independently evaluated and found to be a leading example of effective collaborative working in support of mental wellbeing.

Digital inclusion activities

Got IT? sessions continue to be an important support for people who want to achieve a basic level of competence in using computers and the Internet. People lacking essential IT skills were supported by library staff to begin to use a computer, browse the Internet and send emails. There were 3,084 participants in *Got IT?* sessions in 2015/16, an increase of 6% compared to 2014/15.

The *Go ON!* programme enables participants to build on the skills already gained through the *Got IT?* programme. The sessions facilitate digital inclusion by helping people carry out more day to day tasks online, including using the *nidirect* website. Courses also include help for those wishing to use the Libraries NI website resources more effectively, bank online, edit digital photographs, explore social networking, find information on health issues and shop online. A thematic modular approach is used to promote areas of interest. During 2015-16, due to popular demand, various iPad modules were added to the offer and now amount to 74% of the overall number of sessions delivered. 3,370 adults participated in *Go On!* Sessions in 2015/16, an increase of 27%, compared to 2014-15.

Silver Surfers' Day took place on 21 April 2015 in partnership with the former Department of Finance and Personnel (DFP) and Business in the Community Northern Ireland. Free IT taster events were delivered by volunteers from Business in the Community to help people take their first steps in using computers and the internet. The official launch in Ormeau Road Library was well attended and enhanced by information stands from RNIB and *Go ON NI*. In total, 27 libraries provided facilities and resources for 339 Silver Surfers to receive one to one help with getting online on that day.

Various promotional events took place to raise awareness of the services available in libraries to assist with digital inclusion. These included participation in the *Go ON UK* and *Young at Heart* events, the *Go ON Digital Garage* at Belfast City Hall as well as an event at the College of Agriculture, Food and Rural Enterprise (CAFRE) Enniskillen targeting rural communities and led by the former DARD.

The Virtual Library provides free and accurate information, available 24/7 and accessible from home or the library. Resources were promoted through the introduction of a Word, Quote and Fact of the Week posted on Facebook and Twitter as well as at all Information and Learning events and training sessions. A popular addition to the Virtual Library had been the introduction of eMagazines which were piloted from November 2014 - March 2015. An extensive promotional programme enabled figures to grow throughout 2015/16 with the number of issues reaching 125,005 and 3,975 new users signed up to the service during that year. The development of eClinics, a one to one practical session to enable customers to get help to access online resources on their own mobile platform, meant that activities

were held in 51 libraries. These were particularly successful and will be rolled out to other libraries over the next year.

Adult Learners' Week took place from 13-19 June 2015 with a host of events across the Libraries NI network. This exciting programme of free events included talks by local authors, storytellers and historians, sign language workshops, creative writing sessions as well as arts and crafts demonstrations and attracted over 800 participants to 58 events.

Reading and Reader Development

Sheila O'Flanagan, Stuart Neville and Sinéad Moriarty were some of the well-known Irish and international authors who appeared at an event in a library during 2015-16. The author visits gave new and existing borrowers the opportunity to find out about the creative writing process, the inspiration for novels and a chance to meet their favourite authors. Author visits are just one of the areas where Libraries NI seeks to enhance the reading experience for library users.

Libraries NI supports over 100 adult reading groups, including four reading groups for visually impaired borrowers and three Irish language reading groups. These reading groups introduce their members to new authors, genres and titles. The groups provide a relaxed atmosphere where various themes, plot lines and characters in a novel are discussed and explored. 10,210 adults took part in reading group sessions during the year.

In March 2016, Libraries NI engaged David Park as its first writer in residence for reading groups providing an opportunity for him to visit and discuss his work with nine groups. In this intimate setting, members were able to have a relaxed conversation with one of Northern Ireland's leading novelists.

Libraries NI continues to participate in the shortlisting process for the Radio2 Bookclub. Meeting with colleagues from library authorities across the UK, staff review submissions from UK and Irish publishers, before nominating the titles which feature on the Drivetime show. This allows Libraries NI to participate in a national reading promotion and staff to preview upcoming titles, improve links with publishers and identify potential authors for future visits. In November 2015 the author, Patrick Gale visited Belfast Central Library as a direct result of our participation in this promotion.

2015-16 was a year of significant change for the provision of library eBooks, in that a number of the leading publishers agreed to make their titles available to libraries for the first time. Whilst there is still work to be done in terms of encouraging all publishers to work with libraries and in the harmonisation of lending models, the first steps have been taken in developing a lending offer which benefits libraries, publishers and ultimately library members. Boosted by the increased range of titles and built on by a promotional campaign that included online promotion, branch

promotions and promotions in shopping centres, eBook loans grew by 31.6% during the last 12 months. The two most borrowed eBooks of the year reflected the broad appeal and wide choice of eBooks now available to borrow. The most borrowed eBook was *Harry Potter and the Philosophers Stone*, closely followed by the novel *The Girl on the Train*.

Whilst the growth in eBooks is pleasing it is important to remember that this is only one of the formats available to borrowers. The ever evolving needs of library members means that books are bought to support all ages, across a range of levels (from beginner to specialist), in multiple genres and in multiple languages. While budget constraints during the first half of the year curtailed stock spend, additional allocations received in the last quarter of the year meant that the total spend on stock in 2015-16 was £3.478 million, equating to £1.88 per capita, based on NISRA 2015 mid-year population estimates.

On 2 March 2015, Libraries NI was delighted to launch the *Two Cities One Book* programme, which ran during April 2016. The concept of a 'big read', where library members are encouraged to read the same title is well established. However this would be the first time that libraries in the two cities of Belfast and Dublin would come together to read the same novel and to take part in a number of cross border events. The chosen novel was *Fallen* by Lia Mills, the story of a young independent woman living in Dublin as Ireland enters the First World War and amidst the events of Easter 1916. Led by the Stock Team, staff from across the service developed a programme which drew upon themes raised in the novel touching on the social, economic, and political history of the period and also highlighted the work of Irish female novelists across a range of genres.

Marketing and Communications

Throughout the year there were a number of significant new developments in promoting Libraries NI's services. The first marketing emails were sent to customers and the format was also used to send communications to stakeholders. The Libraries NI strapline was introduced to the website and to graphic poster designs displayed in libraries. New people-focused graphic posters with increased appeal are being used in libraries, helping to enhance recognition of the Libraries NI brand. #Makingadifference stories were more prevalent in our communications as well emphasising key aspects of our work, including with people who have dementia and the Health in Mind project.

Considerable planning and work throughout the year went into major initiatives such as *Two Cities One Book*, the Health in Mind celebration and Rub-a-Dub Hub with the creation of window graphics, online graphics, Twitter and Facebook messages, videos and website pages. Work was also carried out on the website with the development of a mini site for Rub-a-Dub Hub and on-going work behind the scenes for the launch of the World War 1 Letters early in 2016-17.

The Rub-a-Dub Hub developments were challenging technically, however, the final website offers the public an array of video and audio files along with important advice on how to encourage young readers. The website presents library stock in a supportive way for parents, providing information on relevant book titles on issues that many of them face. This is an important new initiative online and the feedback thus far has been very positive.

Libraries NI's relationship with the local press continues to be of key importance for the organisation. Relationships with local press and media outlets were strengthened throughout 2015-16. In total Libraries NI generated 2,557 press clippings; 762 of these clippings related to work in libraries in areas of social exclusion.

The announcement of the new revised opening hours across the network of libraries was completed successfully. With the growth of Libraries NI's digital footprint, changing the opening hours required adapting information across multiple social media and website platforms including TripAdvisor and Google+.

Social media growth and activity continued throughout 2015-16 with increased likes and follows on our main Corporate Twitter and Facebook pages along with considerable growth on a number of branch library pages. The social media activity was reviewed during the year as a result of which several actions will be implemented early in 2016-17 to improve Libraries NI's social media presence.

Assets

Although funding was limited throughout the year a range of projects aimed at enhancing the public library estate was undertaken, including the following:

- the refurbishment and upgrading of Fintona Library was completed
- in collaboration with Mid and East Antrim Borough Council Carnlough Library was modernised and upgraded
- work commenced on the restoration and maintenance of the historic Castlewellan Library building.
- energy efficient heating plant was installed at Belfast Central Library and Bangor Carnegie Library.
- restructuring of the Libraries NI estate was further progressed through the sale of surplus assets at the former Oldpark and Ligoniel libraries.
- potential future projects were progressed with business cases being approved for major upgrading of the Coleraine and Lisburn Road library facilities and an Outline Business Case being submitted for the redevelopment of Belfast Central Library.

The new Moira Library development was completed in May 2015. The building, developed on the site of the original library, is situated in the heart of the village and provides a full range of services in a bright modern environment while the exterior

façade reflects the character of the adjoining Demesne. Compact but with a fresh, contemporary look the Library provides for adult, children's and teenage interests and is equipped with state-of-the art technology with an interactive plasma screen as well as being fully WiFi enabled.

Finance, Payroll and Procurement

The 2014-15 Annual Accounts were submitted for audit to the Northern Ireland Audit Office (NIAO) on 30 June 2015 and were certified in October 2015. The Accounts retained the audit qualification in respect of part of the Stock Assets valuation, and the Finance Team has worked with other staff in the service, including the Heritage Team and the Senior Management Team, to develop and progress an action plan aimed at resolving the uncertainties with this figure.

The performance on paying invoices within 30 days remained strong at 98%. The performance on paying within 10 days has improved from 72% to 81% on average over the year.

The Payroll Team continued to provide a high quality service to staff, and worked with the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) and Fujitsu, the Libraries NI IT provider, to ensure that systems could adequately meet all new reporting requirements in respect of the revised pension scheme which came into operation on 1 April 2015.

The Finance Team continued to focus also on achieving budget balance on both capital and resource budgets and worked closely with budget managers to ensure this was achieved as fully as possible.

As in previous years, both the Finance and Payroll Teams took part in the National Fraud Initiative, which cross-matches data from a number of organisations to assist government in identifying potential fraud. Results from the cross-matching exercise for 2014-15 were made available in January 2015, and the Teams investigated these results throughout the year. No frauds were identified.

Libraries NI is a designated body for the purposes of the Whole of Government Accounts and Finance submitted unaudited data so that Libraries NI's draft Accounts are consolidated within a single account for Northern Ireland and ultimately for the UK public sector.

The Procurement Team has continued to work with the Education Authority (EA) Centre of Procurement Excellence (CoPE) and the Central Procurement Directorate (CPD) to ensure that all procurements are carried out in line with best practice, and that all spend is properly procured.

Human Resources (HR)

Recruitment and Selection

During 2015-16 there were 82 recruitment exercises for which a total of 358 applications were received. This compared to 59 recruitment exercises in 2014-15. All appointments were made in accordance with the Libraries NI Code of Procedures on Recruitment and Selection and the Review of Public Administration (RPA) Vacancy Control Procedures. On 20 January 2016 Libraries NI was informed that it was withdrawn from the RPA Affected Group List with effect from that date. As a result the number of posts publicly advertised increased.

Agency Workers

In 2015-16 HR processed 529 requests for agency staff, equating to 51 full-time posts for the year. Agency workers were used to support short term business needs, e.g. sickness cover, project backfill and vacancies. The majority of requests were for frontline posts at basic recruitment grade.

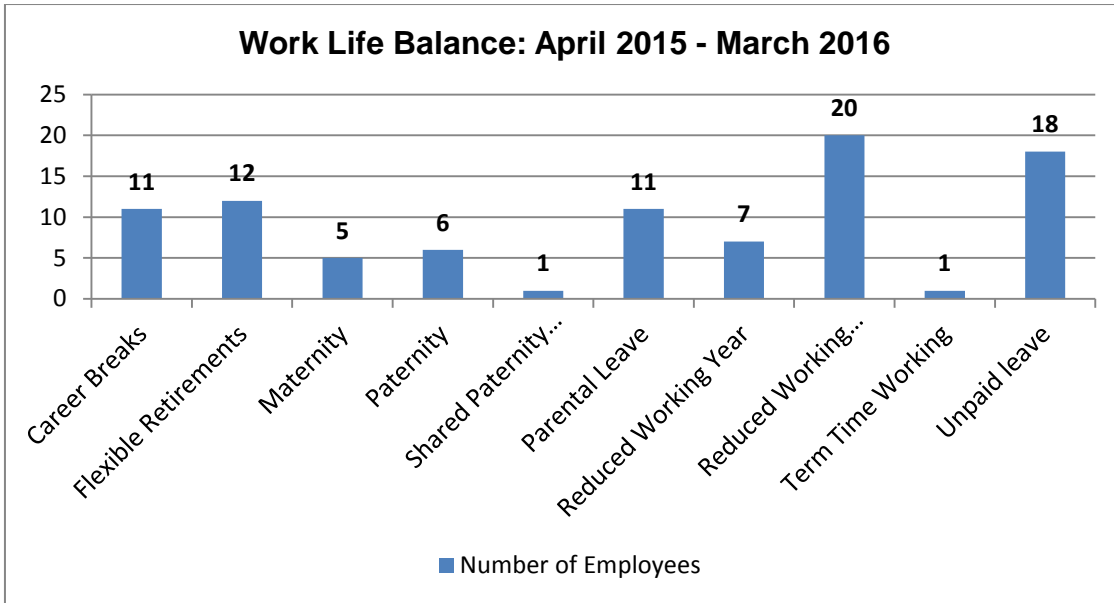
Implications of budget cuts

As a consequence of in-year budget cuts HR dealt with a range of emergency measures including the implementation of revised opening hours across branches, the immediate release of agency workers, redeployment of some staff and expressions of interest in voluntary severance. Consultation and communication with staff and stakeholders took place on a timely basis. 19 staff were released on the grounds of voluntary redundancy funded by the Transformation Fund.

As a result of the revised opening hours, which were implemented in November 2015, HR processed approximately 466 changes to individual staff records. This required 392 changes to working patterns and an additional 74 changes to hours/location and creation of concurrent employee records.

Employee Relations

Libraries NI is committed to providing staff with work life balance opportunities. During 2015-16 there were 92 work life balance applications approved. This was a decrease of 13% on 2014-15 when 106 applications were approved. Approved applications by type are shown in the graph below.



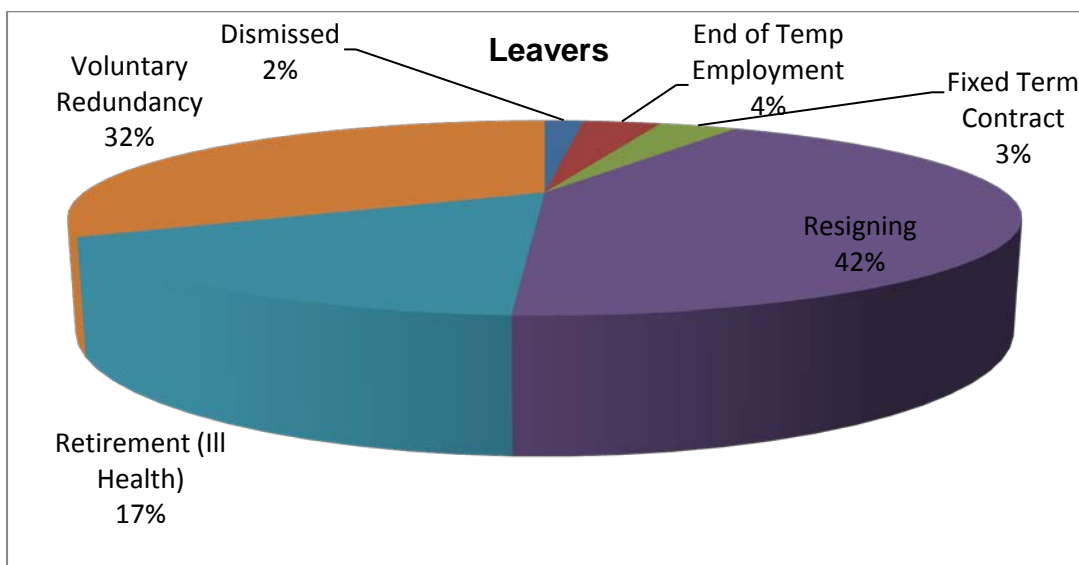
Work Life Balance applications approved, by type

Employee Involvement

During the year the policy of providing employees with information has continued through regular distribution of a monthly update from the Senior Management Team, an 'SMT Blog' and occasional emails from the Chief Executive to all staff in relation to issues of particular note. Regular meetings are held between staff at different levels to allow a free flow of information and ideas. A Negotiating Committee, with representation from the recognised trades unions, meets formally each quarter, with working group meetings on specific issues held more frequently.

Leavers

During 2015-16, 59 staff left the employment of Libraries NI. The reasons are shown in the chart below.



Leavers 2015-16

The Local Government Pension Scheme for Northern Ireland (LGPS (NI)) 2015

During 2015-16 HR continued to address technical and operational requirements following the implementation of the LGPS (NI) 2015. New obligations to notify Scheme members of changes to pension bandings and contribution rates were applied correctly to employees' contracts on a timely basis.

In 2015-16, following consultation with relevant stakeholders, Libraries NI published its written Statement of Policy on certain discretions under the LGPS (NI) 2015. The Policy was communicated to all Scheme members and details of the discretions which Libraries NI has the power to exercise under the provisions of Career Average Revalued Earnings (CARE), earlier LGPS Regulations and the Discretionary Compensation Regulations (2003 and 2007) were made available on the staff intranet.

Information was also published and distributed to all staff about the new state pension regulations which came into effect on 6 April 2016. Details of changes to National Insurance contributions resulting from the end of contracting out provisions previously linked to the LGPS were also provided.

Health and Wellbeing

During 2015-16 the Health and Wellbeing Team continued its efforts to ensure that all staff are provided with an environment and opportunities that encourage and enable them to lead healthy lives and make choices that support their overall wellbeing. Information about a range of health and wellbeing initiatives, employee assistance programmes, schemes and support agencies is made available on the staff intranet.

In 2015 Libraries NI launched its Cycle2Work scheme and 15 employees took the opportunity to purchase a bicycle through this salary sacrifice scheme.

The confidential counselling service, provided by Carecall, was accessed by staff on 91 occasions. HR facilitated 21 eye tests, in line with the Managing Attendance policy and initiated 182 medical referrals to the Independent Occupational Health Service. Following these referrals 44 members of staff returned to work, of whom 25 required workplace adjustments (nine temporary and 16 on a permanent basis); 14 members of staff were supported through a phased return to work programme. Of the remaining staff, 66 were kept under review by the Occupational Health Service or dealt with under other management processes e.g. ill health retirement or redeployment.

Staff Training and Development

During 2015-16 a wide range of training and development opportunities was provided to support staff in the delivery of services to customers. This included attendance by ten staff at the CILIP Ireland / Library Association of Ireland joint

conference; a Chartered Institute of Marketing digital marketing masterclass attended by two staff; Excel Intermediate training delivered to 12 staff; Excel Advanced training delivered to 12 staff; a Driver Certificate of Professional Competence (CPC) training day delivered to 48 drivers; First Aid at Work training for Designated First Aiders; Chief Executives' Forum events for a number of senior staff and Managing Customer Service Delivery training for 58 Branch Library and Mobile managers. Board Members were also given the opportunity to attend a number of training and development events, including the CILIP Ireland / Library Association of Ireland joint conference and Chief Executives' Forum events.

2015-16 also saw the roll-out of a number of courses to large numbers of staff including Safeguarding (Children and Vulnerable Adults) Awareness training to 721 staff; Fire Safety Awareness training using an e-learning module to 476 staff; Automated External Defibrillator training to 118 staff; and Equality (Service Delivery) training to 55 middle and senior managers.

The Manage First management development programme, was delivered to ten recently appointed branch library managers and other staff at an equivalent level. An additional programme, aimed at middle tier managers, was delivered to 32 staff. Four senior managers were supported to complete the Emerging Leader programme at the Leadership Institute, Queens University, Belfast.

The Part Time Study Scheme was used to support two members of staff to complete the Post Graduate Certificate in Library and Information Management and to progress to the Diploma.

Information Systems

All Libraries NI information systems were replaced as part of the e2 Project. The main elements of the e2 Project are:

- the Public Access Network which delivers services to library users and includes:
 - provision of public access computer terminals (public computers), including appropriate technology to facilitate use by people with disabilities
 - wireless (Wi-Fi) access in libraries to support the use of customers' own devices
- creative labs in an agreed number of larger libraries to enable customers and staff to create digital content
- the Virtual Library on a multi-platform basis to enable 24/7 access to library services outside the library environment, including a suite of electronic information resources e.g. eBooks and downloadable audiobooks
- a Radio Frequency Identification (RFID) enabled Library Management System, delivering a more integrated approach to resource management and facilitating greater stock security as well as enabling customers to access services

- RFID enabled kiosks in selected libraries to enable self service facilities for library users to release staff to provide added value programmes
- the Corporate Network to facilitate the work of the Finance, Human Resources and Assets Management Units and including telephony services
- a Business Intelligence solution to enable the production of better qualitative data and information to support decision-making.

All the services are fully operational and the contract with Fujitsu is managed by the Libraries NI Intelligent Customer Unit to ensure that service levels are met. During the year all major service levels were met, with one exception. Given the successful implementation of the RFID enabled kiosks further work was carried out during the year extending the self service capability to an additional 19 libraries. Other improvements introduced during the year included better connectivity for mobile libraries, upgrading of the Library Management System and significant additions to the website.

A Project Evaluation Review (PER) was carried out on the e2 Project procurement and implementation phases which concluded that the project was well planned and managed and that use of external consultancy was minimised.

A full Post Project Evaluation (PPE) of the e2 Project was submitted to the Department in February 2016, which demonstrated that all strategic objectives were met and of 23 Critical Success Factors, 19 were achieved, one was achieved with some delay and three were not achieved. The PPE concluded that the project delivered on time and within budget and represented value for money. A Gateway 5 Review will be carried out and the project formally closed by June 2016.

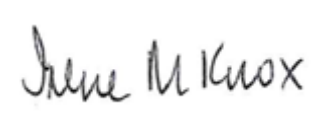
Sustainability

Sustainable development is based on balancing social, economic and environmental costs and benefits to ensure that human activities do not irreversibly damage the environment. Libraries NI adopted an Environmental Policy statement in May 2009 which has been regularly reviewed. This policy has supported the work undertaken to manage energy consumption and CO₂ emissions and to comply with best practice and statutory requirements as well as seeking to address Everyone's Involved (2010), the Northern Ireland Executive's Sustainable Development Strategy.

Despite economic pressures, Libraries NI has, where possible, improved energy efficiency measures in its estate in 2015-16. Information on Libraries NI's approach and achievements in relation to sustainability is shown below:

- CO₂ emissions in 2015-16 were 4,542 tonnes compared to 4,589 tonnes in 2014-15, a reduction of 1%. Since the management of the library estate transferred to Libraries NI in 2009 an overall reduction in carbon output of 6.3% has been achieved

- all new major construction projects received a sustainable design brief with appropriate design parameters and criteria including sustainable and legal timber sourcing, site waste management plans and promotion of the Achieving Excellence in Construction initiative. New buildings were designed to include measures to minimise energy in construction and in use, eliminate pollution and minimise waste, preserve and enhance biodiversity, conserve water resources and make the best use of local transport links. In line with the Department's policy, all new construction projects are set a target of achieving a BREEAM 'Excellent' rating to describe the building's environmental performance
- high efficiency boiler plant was installed at Bangor Carnegie and Belfast Central libraries and upgrading of environmental controls took place at Newcastle and Newtownbreda libraries
- the new Moira Library was constructed reusing the site of the former library and incorporating materials from renewable sources
- drivers have been provided with Certificate of Professional Competence (CPC) training including efficient driving techniques
- energy assessments were undertaken and Display Energy Certificates, Energy Performance Certificates and Air Conditioning Inspection Certificates were supplied to all appropriate sites with 100% of all applicable properties receiving a non-default rating
- staff are encouraged to make maximum use of IT and electronic media for in-house circulars, minutes of meetings etc. to reduce paper consumption. Where documents require to be printed, staff are encouraged, where possible, to make use of double-sided printing
- paper is sourced from PEFC (Programme for the Endorsement of Forest Certification) or recycled sources where possible
- printed material withdrawn from stock, e.g. because of its physical condition or currency, is recycled where possible
- multifunction printing/scanning equipment has been provided, allowing for greater flexibility in electronic communications and software upgrades have been introduced to facilitate increased electronic communications and seek to reduce the need to travel.



Irene M Knox

Chief Executive

Date: 13 October 2016

Accountability Report

Corporate Governance Report

Report of the Board

The Board of Libraries NI, when fully constituted, comprises a Chairperson and 18 Members, of whom a majority are Councillors, within the meaning of the Local Government Act (Northern Ireland) 1972. All Members of the Board are appointed by the Minister of the Sponsor Department. In June 2015 two Members of the Board resigned, having been co-opted as Members of the Legislative Assembly (MLAs). They have not been replaced.

The following served as Members of the Board during the year:

| | |
|-----------------------------|--------------------|
| Professor Bernard Cullen | Chairperson |
| Alderman Tom Campbell | Vice Chairperson |
| Alderman Thomas Burns | |
| Councillor Dr Janet Gray | |
| Councillor Claire Hanna | resigned June 2015 |
| Councillor Garath Keating | |
| Mrs Deirdre Kenny | |
| Councillor Cathal Mallaghan | |
| Alderman Stephen Martin | |
| Ms Angela Matthews | |
| Mr Alastair McDowell | |
| Councillor Séan McGuigan | |
| Councillor Stephen McIlveen | |
| Councillor Jenny Palmer | |
| Mr Harry Reid | |
| Alderman Marion Smith | |
| Dr Margaret Ward | |
| Alderman Adrian Watson | resigned June 2015 |
| Ms Jane Williams | |

Organisational Structure

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

Chief Executive's Department

Chief Executive: Irene Knox

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

- the Board Secretariat, which provides administrative and secretarial support for the Board and the Audit and Risk Assurance Committee
- Internal Audit, which provides assurance to the Chief Executive, as Accounting Officer, on the adequacy and effectiveness of the organisation's systems of risk management, control and governance.

Library Services Directorate

Director: Helen Osborn

The Director of Library Services is responsible for the leadership, management, development and delivery of high quality, effective and efficient services to the public through:

- the **public library network**, comprising branch, mobile and heritage libraries and related online and outreach services
- the **Key Service Priorities**, which are concerned with:
 - providing people with access to current and relevant information in printed and online formats and developing information literacy skills
 - developing cultural provision in the public library service and facilitating greater community participation and access to cultural activities
 - preserving, promoting and improving the accessibility of important material related to our heritage
 - providing and supporting formal and informal learning experiences and opportunities for children and adults
 - encouraging people to read, to read more widely and to get more from their reading
 - providing services and programmes which encourage children to become confident readers who enjoy reading
- **Resources and Bibliographic Services** which include the acquisition and cataloguing of stock, the request and inter-library loan service and the exploitation, editing, circulation, promotion and disposal of stock
- **Marketing and Communications** which is concerned with internal and external communications, developing the Libraries NI brand and market research.

Business Support Directorate

Director: Terry Heron

The Director of Business Support is responsible for the leadership, management, development and delivery of a range of services which support the provision of high quality public library services:

- the **Assets Management Unit** is responsible for the management, maintenance and development of the organisation's physical assets including land, property and vehicles and for progressing capital development programmes
- the **Finance Unit**, consisting of Finance, Payroll and Procurement, is responsible for the provision of quality financial information to support decision-making, with the aim of meeting financial targets and reporting requirements, while complying with corporate governance requirements in relation to financial and procurement matters
- the **Human Resources Unit** is responsible for advice, support and guidance on employment practices, people management and staff learning and development issues, with the aim of achieving a skilled, motivated, flexible and diverse workforce
- **Information Systems** comprising:
 - the Intelligent Customer Unit (ICU) which is responsible for managing the delivery of all services relating to electronic library information systems through the e2 contract
 - the Information and Communications Technology (ICT) Unit which is responsible for the support of information systems in Libraries NI
 - Information Governance which ensures that Libraries NI fulfils its responsibilities in respect of the requirements of Freedom of Information and Data Protection legislation and implements best practice in the discipline of records management
 - Business Analysis which ensures that Libraries NI is provided with appropriate management information and produces official statistics.

Register of Interests

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

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

Personal Data

There were no incidents of data loss which required to be notified to the Information Commissioner.

Corporate Governance Arrangements

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

The organisation has complied with the terms of current relevant Dear Accounting Officer Letters (DAOs) issued by the former Department of Finance and Personnel (DFP), now Department of Finance (DoF). In particular, grant and grant in aid received from the sponsor Department has been used for the purposes intended. There was no novel or contentious expenditure for which relevant Departmental approval was not obtained. All other financial transactions conformed to the authorities which governed them, including delegated authority to commit or incur expenditure and approvals were sought from the Department where required.

Registers of Board Members' and key staff interests are updated on an annual basis. Conflicts of interest relating to Board Members and key staff, actual or potential, are appropriately managed and controlled.

An anti-fraud policy, fraud response plan, fraud risk analysis, anti-bribery policy and whistleblowing policy are in place. All suspected and proven frauds were notified to the sponsor Department and other parties in accordance with agreed procedures and there are no suspected frauds that have not yet been notified. During 2015-16 Libraries NI was a party to the Service Level Agreement between the Department and the Civil Service Group Fraud Investigation Service (GFIS). The Service Level Agreement commenced on 1 April 2015. This resource was not required in-year.

A Service Level Agreement (SLA) is in place with the Internal Audit providers from the Education Authority (EA) to provide resources when required. This SLA was used for a short period at the start of the year to provide resources to Libraries NI to assist in an investigation.

Throughout the year, performance was monitored in terms of both business objectives and the effectiveness of internal control arrangements. At 31 March 2016, internal control was adequate to provide reasonable assurance of:

- effective and efficient operations
- integrity and accuracy of management information
- the safeguarding of assets
- compliance with laws and regulations.

The Board of Libraries NI, via the Audit and Risk Assurance Committee, received periodic reports concerning internal control. During the year specific attention was given to the control arrangements relating to mission critical projects, including e2.

Five Audit and Risk Assurance Committee meetings were held during the year. The meetings were attended by the Accounting Officer, the Director of Business Support and the Head of Internal Audit. Representatives of the Northern Ireland Audit Office (NIAO) attended four of the five meetings and representatives from the sponsor Department also attended four of the five meetings.

An Internal Audit function, which is compliant with the Public Sector Internal Audit Standards (PSIAS) is in place within Libraries NI. At each meeting of the Audit and Risk Assurance Committee, the Head of Internal Audit reports on issues arising from internal audit reports and provides an opinion on the adequacy and effectiveness of the systems of risk, control and governance together with recommendations for improvement. The Head of Internal Audit's opinion is a key element of the framework of assurance that the Chief Executive needs to inform the completion of the Governance Statement.

The annual Audit Plan for 2015-16 called for the internal audit resource to be used to conduct assignments in different areas of Libraries NI. Actual usage of the Internal Audit resource is detailed in the table below.

| Category of Audit / Allocation of Resource | No. of Days | % of Days |
|---|--------------------|------------------|
| Strategic | 33 | 8 |
| Support Services | 40 | 9 |
| Operational | 21 | 5 |
| Mandatory | 23 | 5 |
| Location Audits * | 156 | 35 |
| Consultancy | 75 | 17 |
| Training ** | 13 | 3 |
| Administration*** | 77 | 18 |
| Total | 438 | 100 |

* includes audits of 4 Mobile Libraries and an audit of Belfast Central Library

** includes receipt of training by Internal Audit staff and provision of training by Internal Audit for other Libraries NI staff

** includes support for the Audit and Risk Assurance Committee

Essential Contractual Arrangements

Contracts for the supply of goods and services and estate related services are procured either through an appropriately certified Centre of Procurement Excellence (CoPE) or in line with procurement advice provided by a CoPE. While every contract is evaluated on a value for money basis, in the majority of instances this will also be at the lowest cost. Larger scale contracts are evaluated on a quality / cost basis with awards being made on an overall best value basis.

Libraries NI is also involved in a number of alternative contractual arrangements including the Private Finance Initiative (PFI) which provides Lisburn City Library and the Strategic Partnership approach (Belfast Strategic Partnership) to deliver works in the Belfast area.

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

Customer Feedback

Libraries NI welcomes feedback from its customers, including comments, complaints and compliments. Feedback provides the opportunity to identify and repeat what is good and address any problems with the service provided, thereby helping to bring about improvement. All staff are encouraged to engage with customers and to acknowledge and respond to verbal feedback. All formal feedback is dealt with in accordance with the Customer Feedback Policy and Procedures and is responded to at a senior level in the organisation. Measures are in place to ensure that responses are issued promptly. Where service delivery has not been satisfactory, action is taken, where possible, to enhance the customer experience for the future.

Feedback statistics are provided to the Senior Management Team and the Services Committee on a twice yearly basis. A summary of feedback received during 2015-16 is shown in the table below.

| | |
|---|-----|
| Items of feedback received | 583 |
| Nature of feedback: | |
| - complimentary | 227 |
| - complaint | 209 |
| - comment | 147 |
| Category of feedback: | |
| - staff | 120 |
| - library services | 299 |
| - facilities and buildings | 56 |
| - online services | 75 |
| - stock | 33 |
| Average number of days taken to issue a response | 5 |

Further information on the customer feedback process is available on the Libraries NI website (www.librariesni.org.uk).

Access to Information

Libraries NI is committed to making information about its business and how it operates available to service users, the public and staff. The specific categories of

information that Libraries NI is required to publish under the terms of the Freedom of Information Act 2000 can be viewed in the About Us section of the website (www.librariesni.org.uk). Individuals are permitted, under the Data Protection Act 1998, to request a copy of the personal information that Libraries NI holds about them.

Requests for information can be submitted electronically via the Freedom of Information Mailbox, the Enquiries Mailbox, and the Data Protection Mailbox on the Libraries NI website or by contacting any service point or office within the organisation. The majority of requests for information are dealt with routinely as part of normal business. Under the formal access to information regime, nine requests were received under the Freedom of Information Act 2000 and 16 requests were received under the Data Protection Act 1998.

Preparation of the Accounts

The Accounts are prepared in accordance with a departmental Accounts Direction, and comply with the Government Financial Reporting Manual (FReM) 2015-16. They are prepared on an accruals basis and, other than the matter giving rise to the qualification, give a true and fair view of the Libraries NI financial position and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

Public Sector Payment Policy – Measure of Compliance

Libraries NI's payment policy in respect of trade creditors is consistent with the Northern Ireland Executive's commitment to paying suppliers as quickly as possible and we aim to pay 90% of invoices within 10 working days. Libraries NI is bound by the terms of the Late Payment of Commercial Debts Act 1998, which allows suppliers to charge interest and costs in respect of undisputed invoices unpaid after 30 days. While the 10-day prompt payment target was negatively impacted by downtime associated with the introduction of new IT systems, Libraries NI paid no interest charges in relation to late payment during 2015-16.

| Based on invoice date | 2015-16 | | 2014-15 | |
|-----------------------|---------------|--------------------|---------------|--------------------|
| | Invoices paid | Paid within target | Invoices paid | Paid within target |
| Total invoices paid | 16,723 | - | 20,477 | - |
| Paid within 30 days | 16,415 | 98% | 19,512 | 95% |
| Paid within 10 days | 13,557 | 81% | 14,736 | 72% |

Charitable Donations

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

Statement of Accounting Officer's Responsibilities

Under the Libraries Act (Northern Ireland) 2008 (paragraph 16), the Department with the consent of the Department of Finance has directed Libraries NI to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Libraries NI and its comprehensive net expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

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

The Accounting Officer of the former Department of Culture, Arts and Leisure (DCAL) had designated the Chief Executive as Accounting Officer for the Northern Ireland Library Authority (Libraries NI). The Accounting Officer of the Department for Communities confirmed this position, following the establishment of the new department in May 2016. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, and for safeguarding Libraries NI's assets are set out in Managing Public Money (Northern Ireland), issued by the former Department of Finance and Personnel.



Irene M Knox

Accounting Officer

Date: 13 October 2016

Governance Statement

Introduction / Scope of Responsibility

As Accounting Officer for the Northern Ireland Library Authority (hereafter referred to as Libraries NI), I have responsibility for maintaining a sound system of internal governance that supports the achievement of the organisation's statutory duties, aims, objectives and policies, whilst safeguarding the public funds and the assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money (Northern Ireland). My responsibilities as Accounting Officer are also set out in the Libraries NI Management Statement.

I am required to provide assurance in respect of expenditure incurred by Libraries NI and funded by the sponsor Department, in delivering the agreed objectives and targets set out in the Libraries NI Corporate Plan and annual Business Plan. The Corporate and Business Plans are developed and agreed by the Board of Libraries NI taking into account Ministerial priorities, identified through meetings with the Minister and Departmental officials.

The Corporate and Business Plans are approved by the Department and progress in relation to agreed Key Performance Indicators incorporated within the annual Business Plan is reported on a quarterly basis to the Board of Libraries NI and discussed at regular Accountability Meetings with Departmental officials.

Compliance with Corporate Governance Best Practice

During 2015-16 the Libraries NI Board undertook a review of its effectiveness and compliance, taking into account best practice guidelines in relation to corporate governance, including the Corporate Governance in Central Government Departments: Code of Good Practice. The Board concluded that there was evidence of a substantial level of compliance with the key principles of the Code. In order to enhance its effectiveness an action plan was agreed and is currently being implemented.

During 2015-16 Internal Audit also undertook a review of compliance with the Board Operating Framework which sets out the Board roles and responsibilities, including a schedule of matters reserved to the Board for decision and those delegated to the Chairperson, to a committee of the Board and to its Chief Executive. The ensuing report concluded that controls with regard to the implementation of the Board Operating Framework were operating in a satisfactory manner. No material issues were identified.

Governance Framework

The governance framework of Libraries NI comprises the following elements:

The Chief Executive is the designated **Accounting Officer** and is personally responsible for:

- safeguarding the public funds for which she has charge
- ensuring propriety and regularity in the handling of those public funds
- the day to day operation and management of the organisation, including maintaining administrative structures which enable Libraries NI to discharge its statutory responsibilities efficiently and effectively and for ensuring that all legitimate decisions of the Board are implemented.

The **Board** consists of a non-executive Chairperson and, when fully constituted, 18 other non-executive Members, of whom at any time a majority are councillors (within the meaning of the Local Government Act (Northern Ireland) 1972). The Chairperson and Board Members are appointed by the Minister of the sponsoring Department. On 31 March 2015 the term of office of all councillors on the Board came to an end. The Department undertook a recruitment exercise for councillor membership and councillor appointments were made with effect from 1 April 2015. Newly appointed Board Members undertook corporate governance training during 2015-16.

Two Members of the Board who were councillors resigned with effect from 29 June 2015, having been co-opted as Members of the Legislative Assembly (MLAs). They have not been replaced.

The Board is a body corporate and its role is set out in the Management Statement (drawn up by the Department in consultation with Libraries NI). The Board has corporate responsibility for ensuring that Libraries NI fulfils the aims and objectives set by the Department and approved by the Minister and for promoting the efficient, economic and effective use of staff and other resources by the organisation.

The Board has agreed Standing Orders, setting out the procedures by which it transacts its business and has adopted a Code of Conduct for Board Members. Board Members complete Declarations of Interest which are published on the Libraries NI website. In addition, at each Board and Committee meeting, Board Members are required to declare if they have any actual or potential conflicts of interest associated with any matter being considered at that meeting. There were no conflicts of interest declared during the year.

The Board met on eight occasions during 2015-16. One meeting took the form of a workshop at which consideration was given to longer term planning issues. The membership of the Board during 2015-16 was as follows:

| Name | Attendance | |
|--|------------|--------|
| | Possible | Actual |
| Professor Bernard Cullen (Chairperson) | 8 | 8 |
| Alderman Tom Campbell (Vice Chairperson) | 8 | 6 |
| Alderman Thomas Burns | 8 | 7 |

| Name | Attendance | |
|--|------------|--------|
| | Possible | Actual |
| Councillor Dr Janet Gray | 8 | 7 |
| Councillor Claire Hanna (resigned June 2015) | 2 | 2 |
| Councillor Gareth Keating | 8 | 8 |
| Mrs Deirdre Kenny | 8 | 6 |
| Councillor Cathal Mallaghan | 8 | 4 |
| Alderman Stephen Martin | 8 | 6 |
| Ms Angela Matthews | 8 | 7 |
| Mr Alastair McDowell | 8 | 8 |
| Councillor Séan McGuigan | 8 | 7 |
| Councillor Stephen McIlveen | 8 | 6 |
| Councillor Jenny Palmer | 8 | 8 |
| Mr Harry Reid | 8 | 7 |
| Alderman Marion Smith | 8 | 7 |
| Dr Margaret Ward | 8 | 6 |
| Alderman Adrian Watson (resigned June 2015) | 2 | 1 |
| Ms Jane Williams | 8 | 8 |

Key issues considered by the Board during 2015-16 included the following:

- a report on the outcome of public consultation on a draft Policy on Opening Hours and associated proposals in relation to the opening hours of libraries in 2015-16 including recommendations on the way forward
- the Annual Report and Accounts 2014-15
- Key Performance Indicators
- contingency planning to address in-year budget cuts
- the draft Corporate Plan 2016-2020
- the draft Business Plan 2016-17
- the draft budget 2016-17 and associated Savings Delivery Plans
- Board effectiveness and compliance review
- a response to the former DCAL's consultation on a Strategy for Culture and Arts 2016- 2026
- revised Standing Orders for the Conduct of Board Business.

The **Audit and Risk Assurance Committee** is responsible for advising the Board and the Accounting Officer on, and for monitoring processes in relation to, internal control, risk management and corporate governance arrangements for compliance

with relevant guidance and best practice. In doing so the Committee reviews on a regular basis:

- the Chief Executive’s Assurance Statements
- the minutes of the Chief Executive’s Accountability Meetings
- the Corporate Risk Register
- the Internal Audit Strategy and Annual Plan
- internal and external audit reports and management’s response to audit recommendations
- relevant policies, processes and procedures including those relating to the Audit and Risk Assurance Committee Scheme of Delegation, the Risk Management Strategy and the Internal Audit Charter.

The Committee provides the Board and the Accounting Officer with an annual report summarising its conclusions from the work that it has carried out during the year and providing assurance regarding the governance framework.

During 2015-16 membership of the Committee changed as a result of new appointments to the Board. Membership was as follows:

| Name | Attendance | |
|--|------------|--------|
| | Possible | Actual |
| Mrs Deirdre Kenny (Chairperson) | 5 | 5 |
| Councillor Séan McGuigan (Vice-Chairperson) | 5 | 5 |
| Ms Judith Andrews (co-opted member until September 2015) | 3 | 3 |
| Professor Bernard Cullen | 5 | 3 |
| Councillor Claire Hanna | 1 | 0 |
| Ms Nuala McAuley (co-opted member from January 2016) | 1 | 1 |
| Mr Alastair McDowell | 1 | 1 |
| Alderman Stephen Martin | 4 | 4 |

The Chief Executive, Director of Business Support and Head of Internal Audit attended all meetings of the Audit and Risk Assurance Committee. Representatives of the Northern Ireland Audit Office (NIAO) and the Department are invited to attend all meetings of the Audit and Risk Assurance Committee and are provided with a full set of papers for each meeting, including copies of all Internal Audit reports.

During 2015-16 the Audit and Risk Assurance Committee considered and reported to the Board on the following:

- the annual and assignment specific reports from Internal Audit with assurance levels provided

- reports of the Risk Management Group and its own review of the Corporate Risk Register
- reports from the Chief Executive and Senior Management Team on procedures for monitoring Mission Critical Projects
- reports from Senior Managers on the implementation of internal audit recommendations
- its review of the Assurance Statements completed by the Accounting Officer and forwarded to the Department
- the Accounting Officer's Governance Statement for 2014-15
- the Annual Report and Accounts and the Controller & Auditor General's Report to those Charged with Governance for 2014-15
- revisions and updates to various corporate governance policies and documents, including the Whistleblowing Policy and associated guidance (Reporting a Concern), the Conflicts of Interest Policy, the Anti-Fraud Policy and the Fraud Response Plan.

During the year the Committee carried out a review of its terms of reference and its effectiveness, using the National Audit Office (NAO) Self-Assessment Checklist, and determined that it was effective and had added value to corporate governance and control systems.

The **Business Support Committee** makes recommendations to the Board of Libraries NI in relation to a range of issues including:

- financial matters, including the robustness of the process for setting the budget, reporting and monitoring arrangements
- internal and external financial statements, including reviewing the annual accounts prior to, and on completion of, the external audit
- procurement and tendering arrangements, including Single Tender Actions
- staffing policies, procedures and processes
- capital strategies and planned maintenance programmes.
- management information requirements and information governance arrangements.

The membership of the Business Support Committee during 2015-16 was as follows:

| Name | Attendance | |
|--|------------|--------|
| | Possible | Actual |
| Ms Angela Matthews (Chairperson) | 5 | 4 |
| Alderman Mrs Marion Smith (Vice Chairperson) | 5 | 3 |
| Alderman Thomas Burns | 5 | 4 |

| Name | Attendance | |
|---------------------------|------------|---|
| | | |
| Alderman Tom Campbell | 5 | 2 |
| Professor Bernard Cullen | 5 | 3 |
| Councillor Garath Keating | 5 | 3 |
| Mr Alastair McDowell | 5 | 4 |
| Mr Harry Reid | 5 | 0 |

During the year the Committee considered and reported to the Board on a range of matters within its remit including the following:

Finance

- capital and recurrent budget plans and monitoring reports 2015-16
- the Savings Delivery Plans 2015-16 and 2016-17
- the voluntary exit funding bids
- the Annual Report and Accounts 2014-15
- the NIAO Report to Those Charged with Governance 2014-15
- the Heritage Assets action plan 2015-16
- prompt payment targets and performance
- procurement and Single Tender Actions
- the Trust Fund bank account
- budget planning 2016-17
- fees and charges 2016-17
- public and employer liability claims.

Human Resources

- absence management monitoring reports
- the Annual Progress Report on Equality
- the impact of the National Living Wage
- policies on Pension, Flexible Retirement and Lone working
- the proposal to cap redundancy payments nationally
- the Stress Audit Action Plan and progress report.

Assets

- the Asset Management Plan 2015-16
- capital works 2015-16
- the estate maintenance programme 2015-16
- business cases for the Belfast Central Library redevelopment project, as well as the refurbishment of Lisburn Road and Coleraine libraries

- tender reports for the appointment of a design team for the refurbishment of Coleraine Library and contractors for the refurbishment of Castlewellan Library
- policies and procedures in relation to Health and Safety, Environment, Vehicle Management and Privately Owned Vehicles for Business Purposes
- the Business Improvement Districts (BIDS)
- the disposal of surplus properties
- the Health and Safety Annual Report
- a report on litigations
- use of the Libraries NI seal.

ICU/ICT

- the Post Project Evaluation of the e2 project
- policies and procedures in relation to Data Protection and Freedom of Information
- policies on Staff Acceptable Use of Computers and Information Technology Security and five other technical Information security policies.

The Committee reviewed and monitored the Services Plans relating to the work of the Business Support Directorate (i.e. Assets, Finance, Human Resources and ICT/ICU) and reviewed the related Risk Registers. It also carried out an Effectiveness and Compliance review of its functions.

The **Services Committee** advises the Board on strategy and policy in relation to library provision and makes recommendations to the Board on a range of matters including:

- its statutory duty to provide a comprehensive and efficient public library service
- the facilities that should be available for the provision of library services
- the acquisition, exploitation, retention and disposal of library stock
- encouraging full use of the library service and its facilities
- the development and implementation of the Key Service Priorities
- strategic marketing and communications.

The membership of the Services Committee during 2015-16 was as follows:

| Name | Attendance | |
|--|------------|--------|
| | Possible | Actual |
| Mr Harry Reid (Chairperson from May 2015) | 5 | 3 |
| Councillor Jenny Palmer (Vice-Chairperson from May 2015) | 5 | 4 |
| Alderman Tom Campbell | 5 | 1 |
| Professor Bernard Cullen | 5 | 4 |

| Name | Attendance | |
|-----------------------------|------------|--------|
| | Possible | Actual |
| Dr Janet Gray | 5 | 3 |
| Councillor Cathal Mallaghan | 5 | 3 |
| Ms Angela Matthews | 5 | 2 |
| Councillor Stephen McIlveen | 5 | 3 |
| Dr Margaret Ward | 5 | 3 |
| Ms Jane Williams | 5 | 4 |
| Alderman Adrian Watson | 1 | 0 |

During the year the Committee considered and reported to the Board on a range of matters within its remit including the following:

- policies for Community Information, Filming, Opening Hours, Room Hire and Social Media
- customer feedback
- music provision in libraries
- quality management
- Public Lending Right
- the Summer Reading Challenge
- an overview of evaluations of Libraries NI's services
- the stock business case
- Ambition and Opportunity: A Strategy for Public Libraries in Scotland 2015-2020
- the research report (Experience of the Public Library Service by Adults in Northern Ireland 2014-15), published by the former DCAL
- the Effectiveness and Compliance Review
- a response to the consultation on a Strategy for Culture and Arts 2016-2026.

The Committee received presentations on the following matters:

- the Decade of Commemorations 2012-2022
- the Belfast Central Library Redevelopment Project.

The Committee also reviewed and monitored the Services Plans relating to the work of the Services Directorate (i.e. Library Business Areas, Marketing, Stock and Key Themes) and reviewed the related Risk Registers.

The **Remuneration Committee** is responsible for monitoring the annual performance objectives of the Chief Executive and Directors and for determining the

appropriate levels of performance related pay to be awarded annually to the Chief Executive and Directors in accordance with their terms and conditions of employment and the agreed performance related pay scheme. Any such award must be within the limits set by the former DFP and approved by the sponsor Department.

The membership of the Remuneration Committee during 2015-16 was as follows:

| Name | Attendance | |
|---|------------|--------|
| | Possible | Actual |
| Professor Bernard Cullen (Chairperson) | 2 | 2 |
| Alderman Tom Campbell (Vice Chairperson) | 1 | 0 |
| Ms Angela Matthews (Chairperson, Business Support Committee) | 2 | 2 |
| Mrs Deirdre Kenny (Chairperson, Audit and Risk Assurance Committee) | 2 | 2 |
| Mr Harry Reid (Chairperson, Services Committee) | 2 | 2 |

During 2015-16 the Committee considered the following matters:

- the Senior Management Pay Remit process for 2013-14, 2014-15 and 2015-16
- the Joint Negotiating Committee for Chief Executives Pay Settlement 2014-16
- a report from the Chairperson on the performance of the Chief Executive in 2014-15 and the performance targets established for 2015-16
- a report from the Chief Executive on the performance of Directors in 2014-15
- a proposed new Performance Related Pay and Remuneration Scheme for First and Second Tier Officers and related correspondence from the sponsor Department
- the Remuneration Committee Effectiveness Review including the Scheme Specifying the Duties and Responsibilities to be Discharged and the Procedure to be followed by the Remuneration Committee.

The **Senior Management Team** comprises the Chief Executive, the Director of Business Support and the Director of Library Services.

Other elements of the corporate governance structure include:

- an agreed **Organisational Structure** with detailed job descriptions for staff at all levels and associated processes, including a staff appraisal scheme, to ensure that all members of staff are clear about their respective roles and responsibilities
- a **Corporate Plan** initially for the period 2011-2015, but extended for a year, given that 2015-16 was a 'gap' year in respect of the Comprehensive Spending Review

- an annual **Business Plan**, approved by the Department, setting out, among other things, the vision, mission, aims and corporate objectives of Libraries NI as well as key activities and targets
- a **Board Operating Framework** which sets out the role and responsibilities of the Accounting Officer, the Board and its Committees, including matters reserved to the Board for decision-making, those delegated to Committees and the Chief Executive as Accounting Officer
- a range of **policies, strategies and procedures**, which guide the work of the organisation and are regularly reviewed
- a **Risk Management Framework**, incorporating a Risk Management Strategy, endorsed by the Accounting Officer and the Board, through the Audit and Risk Assurance Committee. The Strategy specifies the risk management process within Libraries NI and sets out the roles and responsibilities of Members of the Board and officers
- an **Internal Audit Section**, which provides assurance to the Accounting Officer and the Board on the adequacy and effectiveness of governance arrangements
- **Assurance Statements**, completed bi-annually by the Accounting Officer based on similar stewardship statements from the Directors, who in turn receive assurances from the managers who report to them. The Accounting Officer's Assurance Statements are scrutinised by the Audit and Risk Assurance Committee and the Board. When the Board has satisfied itself as to the assurances provided in the Assurance Statement it is submitted to the Department
- an **Annual Board Assurance Statement**, completed by the Chairperson and agreed by the Board, providing assurance about the exercise of his responsibilities as Chairperson and those of the Board itself.

Business Planning and Risk Management and Assurance

Business Planning

Within Libraries NI, business planning is an iterative process involving a number of stages including the following:

- consideration of relevant priorities in the Programme for Government, the Department's Corporate and Business Plans and *Delivering Tomorrow's Libraries* as well as the statutory responsibilities placed on Libraries NI by relevant legislation
- Board review of the high-level corporate objectives for continued relevance
- Senior Management Team review of performance against the previous year's targets and Key Performance Indicators, identifying areas where further work might be undertaken
- Board consideration of reports on performance against the previous year's Business Plan and Key Performance Indicators

- review of feedback from consultations with library users and other stakeholders
- preparation of a first draft of the Business Plan for consideration and approval by the Board
- submission of the draft Business Plan for consideration by the Department
- Board consideration of comments from the Department and submission of the final draft Business Plan for Ministerial approval
- the development of Service Plans which translate the high-level activities and targets contained in the Business Plan into more specific activities and targets
- the setting of objectives and targets at individual staff member level through the staff appraisal process.

Risk Management

Within Libraries NI, Risk Management is designed to:

- identify and prioritise the risks to the achievement of aims, objectives and policies
- evaluate the likelihood of those risks being realised and the impact should they be realised
- manage them efficiently, effectively and economically.

The Risk Management framework is set out in the following documents which are subject to regular review:

- a Risk Management Strategy
- a Risk Management Policy
- a Risk Appetite
- a Corporate Risk Register.

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

The Corporate Risk Register identifies the key risks directly related to the achievement of Libraries NI's corporate objectives and is linked to the annual Business Plan. A Risk Management Group, comprising the Chief Executive and officers at Director level, meets quarterly to review and revise the Corporate Risk Register to ensure that it remains relevant. In doing so, the Risk Management Group considers new risks that have been identified through management channels and changes in the operating environment and the actions necessary to mitigate them as well as the success of actions taken to address existing risks.

The Corporate Risk Register is reviewed in detail at each Audit and Risk Assurance Committee meeting and is considered on a quarterly basis by the Board. The

Corporate Risk Register is also discussed with the Department at the Chief Executive's Accountability Meetings. The relevant Committees consider risk registers relating to Service Plans.

At the start of 2015-16, a fundamental review was undertaken of the Corporate Risk Register to ensure a more strategic focus on key risks to the achievement of agreed objectives. During the year there were additions to, and removals from, the Corporate Risk Register, as well as updates to mitigating measures. Significant risks identified during the year, and associated mitigating actions, are detailed below.

- at the start of the year the Department confirmed that the total recurrent budget for 2015-16 was £29.415 million, a reduction in cash terms of 7.5% (£2.385 million) on the 2014-15 opening baseline. Four Savings Delivery Plans were approved for implementation as follows:
 - reducing the stock budget by £361,000
 - reducing library opening hours, thereby saving £1.581 million largely on staff costs but also on premises running costs and programming
 - reducing planned and response maintenance and other associated premises related investment spend by £195,000
 - reductions in miscellaneous budgets including marketing, travel, computer costs and vehicle costs thereby saving £248,000.

Actions were taken to implement the four 2015-16 Savings Delivery Plans. The reduced opening hours came into effect in November 2015 following extensive public consultation. Funding was received to meet some of the costs associated with voluntary severance and 19 staff left the service during this period. Additional central funding was received later in the year to cover the full cost of the severance arrangements.

- in May 2015, the Department advised that there was a need for further contingency planning because of additional pressures emerging in year. The scenario of an additional budget cut of 6% from 1 July 2015 and a 50% reduction in central funding for exit schemes was planned. While these additional contingency plans were not implemented at that time, current spend plans were constrained as much as possible during this period because of the potential of this emerging pressure. This impacted detrimentally on all services in libraries and consequently on participation levels. In September 2015 an in-year cut of 1.19% or £0.35 million was announced, significantly less than the 6% which had been anticipated. This lesser cut was achieved through further reductions in the stock budget and programme costs. The spend which had been held back was now released but, because of the time that had elapsed, it was necessary to vire budget into areas where spend could happen quickly and this had a further detrimental impact on the original plans.

- in October 2015 the Department advised that, for 2016-17, new Savings Delivery Plans and exit funding bids should be developed on the assumption of 5% and 10% cuts on the 2015-16 baseline budget. An additional pressure of £0.25 million was also identified because of the government's new pension arrangements and its decision to end the National Insurance contracting out rebate from 1 April 2016. These plans and bids were produced and submitted to the Department. On 21 December 2015 the Department advised that revised Savings Delivery Plans should be developed to deliver budget reductions of 5.7% on the 2015-16 baseline. Revised Savings Delivery Plans were submitted in January 2016. One Savings Delivery Plan relating to a review of Homecall and Mobile services was not approved by the Minister who advised that the savings anticipated from this Plan must be found elsewhere.
- no capital budget was allocated at the start of the year, despite the new Moira Library being under construction and the inescapable commitment to a capital unitary charge for Lisburn City Library PFI. Funding was received to complete the Moira project in May 2015, and further funding was received to cover the Lisburn City Library charge in November 2015. Other capital funding for minor works and fees was also received in November 2015. Until these capital allocations were received, recurrent monies were used to cover costs. The lack of reliable and timely capital funding makes resource planning and budgeting difficult to implement effectively.

Training on corporate governance and risk management has been provided for staff and Board Members to assist them in understanding the governance framework. The Risk Management Strategy and associated documentation is available to all staff on the Intranet. Internal Audit provides a consultancy service to managers concerning the evaluation of risks and the completion of the required documentation. Staff are held accountable for risk management through the performance management (staff appraisal) system.

Libraries NI's risk appetite is conditioned by many issues. Among the more important of these are government statute and guidelines and the attitude of the sponsor Department. Overall Libraries NI has adopted a "cautious" approach to the management of risk but a specific risk appetite has been identified in respect of each corporate objective and this is reflected in the Corporate Risk Register.

In 2013-14, having undertaken a Sponsorship Risk Assessment, the sponsor Department confirmed that the risk rating for Libraries NI was 'Low'. There has been no change to this rating.

Fraud Risk and Information Risk

Fraud Risk

Libraries NI has a number of policies in place, designed to minimise the risk of fraud. These include:

- Anti-Fraud Policy
- Anti-Bribery Policy
- Conflicts of Interest Policy
- Guidance on Offers and Acceptance of Gifts and Hospitality
- Guidance on the Provision of Gifts and Hospitality
- Gifts and Hospitality: Guidance for Board Members
- Whistleblowing Policy and associated guidance (Raising a Concern)
- Code of Conduct for Staff
- Code of Conduct for Board Members.

Associated procedures have been established to assist with the prevention of fraud and the management of actual or potential frauds, including:

- Finance, Cash Handling and Procurement procedures
- Travel and Subsistence Reimbursement Claim procedures
- Declaration of Interests (Board Members, relevant staff and suppliers)
- Fraud Response Plan.

Relevant staff have received Fraud Awareness training and, during 2015-16 Libraries NI was a party to a Service Level Agreement (SLA) between the Department and the Group Fraud Investigation Service in the event that specialist investigative skills were required. The Libraries NI Head of Internal Audit and the Auditor are also trained in fraud investigation.

Information Risk

As part of the implementation of e2, specialist advice on information technology security was obtained and Libraries NI updated its range of policies in respect of information security, including the following:

- an Information Technology Security policy to ensure business continuity and to minimise the risk of damage by preventing security incidents and reducing impact if these were to occur
- a Corporate Acceptable Use policy which details how Libraries NI will manage and monitor the use of its information assets and systems and the standards required from users
- a Microsoft Windows Security policy which sets out the minimum security standards applicable to Libraries NI Personal Computers (PCs)

- an Application Security policy which sets out the minimum security standards applicable to applications used by Libraries NI
- an Internet Security policy setting out the minimum security standards applicable to the interconnection of the Libraries NI environment to the Internet
- a Server Security policy to establish the minimum security standards applicable to all servers within the Libraries NI IT environment
- a Network Security policy to establish the minimum security standards applicable to the Wide Area and Local Area Networks within the Libraries NI IT environment.

Revised Data Protection and Freedom of Information policies and detailed procedures were developed and the Information Security Manager held extensive awareness sessions with managers at all levels throughout the organisation.

Consultation on the policies took place with trades unions. Operational responsibility for information security rests with the Information Security Manager, reporting to the Director of Business Support. A Management Group has been established to review all information policies and records disposal and retention schedules. Policies were updated in 2015-16 and awareness training was provided to all relevant staff to remind them of their responsibilities in relation to information security. Internal Audit undertook a review of Information Security in September 2015 and provided a 'Satisfactory' assurance rating.

There were no incidents of personal data loss which required to be notified to the Information Commissioner.

Governance and Accountability

Board Members are supplied with reports and information prior to each meeting of the Board and its Committees. Quarterly management reports are also submitted to the Board by the Chief Executive, which include information on Key Performance Indicators and financial information, as well as the summary Corporate Risk Register. The Board also receives and discusses the Chief Executive's Assurance Statements. The Board questions the Chief Executive and senior officers on the information provided, exercising a robust challenge function in order to satisfy itself regarding the quality and comprehensiveness of the information contained in these reports.

Financial information provided is subject to audit by the external auditors. Validation of Key Performance Indicators and Stewardship Reporting is also included in the internal audit strategy.

During 2015-16 the Chief Executive met on three occasions with Departmental officials for accountability meetings.

No ministerial directions were received during the year.

Sources of Independent Assurance

Independent assurance is provided to Libraries NI by its Internal Audit Section and by the Northern Ireland Audit Office.

Internal Audit

Internal Audit is an independent and objective appraisal function within Libraries NI which provides a service to the Board and all levels of management. The Head of Internal Audit is responsible for the effective review of all aspects of risk management, control and governance throughout Libraries NI's activities. Internal Audit has established a Quality Assurance Framework. In January 2012, the service was externally assessed by internal auditors from the Department and found to be in compliance with Public Sector Internal Audit Standards. Re-assessment will take place during 2016-17.

Internal Audit's primary responsibility is to provide an annual assurance to the Chief Executive, as Accounting Officer, on the effectiveness of risk management, control and governance systems, by measuring and evaluating their effectiveness in achieving the organisation's objectives.

Internal Audit work completed was based on the Internal Audit Strategy and the Internal Audit Plan for 2015-16, which was approved by the Audit and Risk Assurance Committee. The format and content of these documents is based on guidance provided in HM Treasury: Public Sector Internal Audit Standards (PSIAS). A risk based systematic approach has been used which includes identification and recording of objectives, risks and controls. Factors used to determine which risk areas should be incorporated in the Plan included a review of the corporate risk register, issues identified in previous internal audit reports and in the Report to Those Charged with Governance and a review of those important systems requiring annual assurance. A range of locations was also selected for review.

Assurance is reported by way of the Head of Internal Audit's professional opinion which is given in each assignment report and in the Annual Audit Report.

During 2015-16 Internal Audit completed:

- audits of 13 branch libraries as well as audits of Belfast Central Library and the Mellon Centre for Migration Studies. A 'substantial' level of assurance was provided on one occasion with a 'satisfactory' level of assurance being provided on the remaining 14 occasions
- audits of four mobile libraries. A 'substantial' level of assurance was provided on two occasions and a 'satisfactory' level of assurance on the remaining two occasions

- eight strategic, operational, systems and review audits, providing a satisfactory level of assurance on seven occasions. The remaining audit related to the completion of a Post Project Evaluation and the assurance provided as a result thereof
- four investigations, two of which were preliminary investigations relating to minor cash losses; one investigation related to a query over completion of timesheets and one related to whistleblowing and harassment allegations. None of these investigations required further action
- three consultancy audits, i.e. supplier payment details, provision of assurance and Radio Frequency Identification (RFID) kiosks in a branch library.

Seven Priority One recommendations were made in the 34 assignments completed during 2015-16. The Audit and Risk Assurance Committee received a report at each meeting on the actions being taken to implement audit recommendations.

In the Internal Audit Annual Report for 2015-16, the Head of Internal Audit provided an overall 'satisfactory' level of assurance as to the risk, control and governance framework within Libraries NI. Additional detail was also provided on each of the Priority One recommendations.

Northern Ireland Audit Office

The Comptroller and Auditor General (C&AG) to the Northern Ireland Assembly certifies Libraries NI's Annual Report and Accounts. The Certificate and Report for 2015-16 are included in this Annual Report and Accounts.

In the Report to those Charged with Governance 2015-16 the C&AG qualified the annual accounts on the basis that he was unable to obtain sufficient appropriate audit evidence to support the valuation of heritage assets of £655,000 which were derecognised in 2015-16. No other findings were recorded or recommendations made.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control within Libraries NI. My review is informed by the work of the internal auditors as well as by the Directors, Assistant Directors and Heads of Department who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their Report to Those Charged with Governance. I have been continually updated by my senior management team on progress made in relation to action taken to implement recommendations contained in Internal Audit Reports and the Report to those Charged with Governance.

My review of the effectiveness of the system of internal control is informed by:

- regular performance information provided by Directors, Assistant Directors and Heads of Department
- advice and assurances from the Audit and Risk Assurance Committee, including its annual report which includes the Committee's opinion on Libraries NI's corporate governance arrangements and the management of risk
- the subsidiary Assurance Statements provided by Directors, who have responsibility for the development and maintenance of the internal control framework in their respective areas
- Internal Audit's independent and objective appraisal of risk management, control and governance arrangements operating within Libraries NI
- comments made by the external auditors in their Report to those Charged with Governance.

Internal Governance Divergences

Prior Year Issues which have been resolved

Staffing

As a consequence of the Review of Public Administration (RPA), vacancy control processes have applied to Libraries NI since its establishment in 2009. With effect from 31 March 2016 the Public Services Commission which established the guidelines in respect of vacancy control ceased to exist and vacancy control processes are no longer required.

Fraud

In 2014-15 a cash loss of £7,586.35 was identified in relation to a theft of cash takings at the Belfast Central café over a period of 12 months. A fraud investigation was completed, a disciplinary process implemented and court proceedings initiated, which were concluded in July 2015.

Incorrect Payment

On 27 March 2015 Libraries NI paid £40,392.86 by BACS to an incorrect, but similarly named, payee. This incorrect payment was paid back in full in July 2015.

e2

The e2 project was successfully implemented in 2014-15. Given the scale of the change there was some disruption as systems became embedded and were developed for emerging needs. The e2 Post Project Evaluation was completed in February 2016 and submitted to the Department. On-going monitoring of service standards, as defined in the e2 contract, is undertaken by the Project and Programme Boards and the Business Support Committee.

Key Performance Indicators

System downtime associated with the on-going implementation of e2 during 2014-15 and emergency measures put in place to deliver in-year cuts of 4.4% in the resource budget impacted detrimentally on the successful achievement of a number of the agreed Key Performance Indicators (KPIs) for 2014-15. Recognising the need, particularly in light of budget cuts and on-going uncertainty about budget allocations, for KPIs to be challenging but also realistic, the Board and the Department agreed a set of KPIs linked to the 2015-16 Business Plan for measuring performance in 2015-16. Reports on progress in relation to these KPIs have been submitted to the Board on a quarterly basis during the year and have been discussed at Accountability Meetings with the Department.

Prior Year Issues which remain relevant

Heritage Assets

Each year since Libraries was established in 2009, the NIAO has qualified its opinion on the Annual Accounts as a result of the limitation on scope of its audit of the valuation of Heritage Assets.

On the establishment of Libraries NI in April 2009, each Education and Library Board (ELB) transferred its Special Book Collections to Libraries NI at the value in their Accounts at 31 March 2009 (total value £12.9 million). These assets had been valued by professional valuers in 2006 and accounted for with a corresponding specific revaluation reserve. Libraries NI subsequently became aware that different policies and capitalisation limits had applied across the ELBs. A project was established to develop coherent policies and procedures to underpin these Assets. A valuation threshold was agreed by the Board for Heritage Assets, to include those items valued individually, or in a group, at over £1,000.

Items meeting the above definition, drawn from ELB listings, were revalued in March 2012. Following a review of other potential Heritage Assets, some additional potentially valuable items were identified which were valued in March 2013 and July 2013. As a result of these valuation exercises, assets with a 2006 valuation of £4.3 million were revalued to £6.2 million at 31 March 2013. During 2013-14 Libraries NI investigated those assets described in the 2006 valuations as 'rest of shelf' (valued in 2006 at £3.7million) and concluded that these could not be identified, and, if identified, would not meet the definition of Heritage Assets and, as such, were derecognised. The Comptroller and Auditor General continued to qualify his opinion in relation to the remaining £4.9 million of Heritage Assets.

During 2014-15 further valuation work was carried out which resulted in items in the original ELB lists valued at £0.7 million being revalued to £0.6 million; items previously valued by the ELBs at £0.6 million, which could not be identified, being derecognised; and microfilm and newspaper collections, previously valued at £1.6

million, but which did not meet the definition of Heritage Assets, since the items were considered to be a method of storage and preservation, rather than an asset, also being derecognised.

Following this work, the Comptroller and Auditor General continued to qualify his opinion of the remaining Heritage Assets, valued at £1.7 million in the 2014-15 Accounts.

During 2015-16 further valuation work was carried out as follows:

- a professional valuer was engaged to value a number of collections
- the Heritage Team also identified periodicals and newspaper collections and concluded that these items did not meet the definition of Heritage Assets, as these items were considered to be a method of storage and preservation, rather than an asset. Amounts of £0.54 million were de-recognised
- the Heritage Team identified that some items on the original ELB lists, previously valued at £0.655 million, could not be identified or did not meet the definition of Heritage Assets and these were de-recognised. The C&AG has qualified his opinion in respect of this matter because he was unable to obtain sufficient appropriate audit evidence to support the derecognition of these assets
- losses to the value of £0.023 million have been identified.

Stock Audit

Stock, other than Stock Assets, is expensed in the period in which it is bought. Stock is recorded and controlled as it is bought, loaned to the public, circulated around libraries and eventually disposed of when it is no longer considered useful for loan purposes. With over 12 million transactions each year discrepancies do occur in stock records. Controls have now been introduced to minimise these, including limiting the number of staff who are permitted to withdraw stock; training for all staff in the use of the Library Management System; Radio Frequency Identification (RFID) tags attached to all frontline lending stock and RFID security gates installed in all branch libraries. In addition, an approach to the on-going stock inventory process has been agreed. This is based on the fact that frontline stock is constantly being borrowed, requested, and transferred between locations. It is therefore possible to conclude that any item of stock that has not been 'seen' on the system for a specified period of time is no longer available to borrowers and should be removed from the catalogue. The process to update the catalogue stock records has begun and will be completed in 2016-17.

Public Access Computers

Libraries NI facilitates approximately 1.3 million computer sessions for the public each year. This includes the use of public Wi-Fi in all libraries. Libraries NI updated its Public Access Computers: Conditions of Use for adults and for children in March

2016. However, with this volume of use, the technology available and the facility for library members to utilise the Wi-Fi with their own devices, there is a risk that a few instances of misuse may occur which could damage the reputation of Libraries NI. Libraries NI has implemented filtering arrangements on public access computers and on Wi-Fi to mitigate the risk.

Impact of change and budget cuts on staff morale and motivation

In the 7 years since Libraries NI was established, the amount and pace of change has been unrelenting, occasioned by the work required to harmonise policies, procedures and practices inherited from the former Education and Library Boards, new organisational structures, strategic reviews of provision leading to library closures and new mobile library arrangements, reduced opening hours and associated changes to staff working patterns, the implementation of e2 as well as seven tranches of voluntary redundancy, resulting in many experienced staff leaving the service. A range of processes and channels is in place to seek to ensure effective engagement and communication with staff as to the purpose and progress of the change and to seek to mitigate the impact of the budget reductions. However, it is recognised that change of the magnitude that has taken place, and will continue to take place, and the changes in staff working patterns occasioned by the need to reduce opening hours and effect budget cuts can lead to low staff morale, with a corresponding impact on motivation and increased levels of stress. An action plan has been developed and agreed with the trades unions to seek to address stress amongst staff and is currently being implemented.

Strategic planning

During 2015-16 a new Corporate Plan 2016-2020 as well as a Business Plan for 2016-17 were drafted. Planning took place during a period of uncertainty in relation to funding over the Comprehensive Spending Review period, although it was anticipated that there would be a continued real-term decline in funding levels for the public sector during the lifetime of the new Corporate Plan. The absence, at that time, of a new Programme for Government (since published in late May 2016 as a draft framework for consultation) and uncertainty regarding the priorities of the new Department for Communities which became the sponsoring body for Libraries NI after the Northern Ireland Assembly elections in May 2016 makes longer term strategic planning difficult. The Corporate Plan, which establishes a new vision, mission and strategic goals, and the Business Plan 2016-17 were approved by the Minister for Communities in August 2016.

New Issues 2015/16

Capital Funding

No capital funding was notified originally for 2016-17 but, subsequently, funding was received to take forward Lisburn Road Library and Coleraine Library refurbishments.

The lack of timely and appropriate capital allocations, reliance on mid-year monitoring rounds and the general uncertainty of outcomes from monitoring rounds impedes effective planning and delivery of capital investment, both in the short and longer term. A draft Assets Management Strategy 2016-2020 has been prepared but implementation will depend on funding availability.

Recurrent Funding

There was considerable uncertainty about recurrent funding available for 2015-16. Because of the possibility of another round of in-year cuts, a prudent approach to spend was initially implemented in 2015-16, leading to delays in spending plans and programmes of work. In-year cuts of £350,000 were announced in September 2015, which was significantly less than had been anticipated. A bid for funding to release a number of staff on voluntary redundancy was submitted as part of the Voluntary Exit Scheme agreed as part of the Stormont House Agreement. Funding of £875,800 was received in September 2015 and offers of voluntary severance were accepted by 19 staff. Additional funding of £230,000 was received in December 2015 to cover the full cost of the voluntary redundancies and further funding of £300,000 was received in February 2016 for stock.

This cycle of cuts and additional allocations has led to great uncertainty which has carried forward into 2016-17. On 22 March 2016 correspondence was received from the Department providing indicative budget figures for planning and control of spend in 2016-17. This provided that cash savings of 5.7% would be required against the 2015-16 opening baseline. Additional unavoidable pressures, including inflation and an increase in National Insurance contributions meant that the actual savings that Libraries NI was required to make amounted to 7.28% (£2.143 million) when compared to the 2015-16 opening baseline. Realising the efficiencies required by the proposed budget settlement in 2016-17, whilst at the same time, continuing to deliver effective services presents significant challenges. A public consultation on reduced opening hours in the 14 busiest libraries generated nearly 9,500 responses. In August 2016 the Minister announced a further allocation of £225,000 to prevent the planned reduction in opening hours. Work will continue during 2016-17 to ensure that the other savings necessary as a result of the reduced budget are achieved.

Capacity

19 staff were released in 2015-16 through voluntary severance in order to live within budget. As with previous tranches of voluntary severance, protection was given to frontline service delivery staff and staff were released from the teams responsible for the planning and development of services. The cumulative effect of releasing 114 staff in the course of seven rounds of voluntary severance has been a serious diminution in the skills, knowledge and experience available in Libraries NI. Capacity has also diminished to an extent that curtails Libraries NI's ability to develop its services to meet customers and stakeholder needs and its flexibility to respond to

changed priorities as well as opportunities that arise for partnership work or to avail of funding opportunities. In many areas of business, staffing levels are now very lean, which has the potential to undermine good employee relations and presents risks in respect of business continuity. Given the savings required in 2016-17, it is anticipated that a further round of voluntary severance will be required, which, inevitably, will impact detrimentally on front-line service provision.

Belfast Central Library

Formal approval of the Outline Business Case (OBC) for Belfast Central Library means that work now needs to take place on the next phase of the development programme, i.e. the preparation and submission of the Full Business Case (FBC). However this work has been curtailed because no funding has been made available to support the development of the FBC. Discussions are ongoing with the Department for Communities regarding the way forward.

Transfer of Functions

With the dissolution of the former DCAL and the transfer of functions, responsibility for sponsorship of Libraries NI transferred to the new Department for Communities with effect from May 2016. There will undoubtedly be a period of uncertainty as new structures and arrangements are put in place and a new Departmental Business Plan that sets out the aims and objectives of the new Department and its priorities is agreed.

Remuneration and Staff Report

Remuneration Policy

Board Members

The Chairperson of Libraries NI is paid by Libraries NI for duties carried out as Chairperson at a rate and on such conditions determined by the Department, with the approval of the former Department of Finance and Personnel (DFP), now the Department of Finance (DoF). Libraries NI makes payments to Board Members in relation to their functions as Members at rates and on conditions determined by the Department. Board Members also receive travelling and subsistence allowances for expenditure incurred, at rates and on conditions determined by Libraries NI, subject to Departmental approval.

Chief Executive and Second Tier Officers

The remuneration of the Chief Executive and second tier officers is performance based. The Remuneration Committee of Libraries NI determines the performance of the Chief Executive in accordance with the agreed performance related pay scheme. The Chief Executive determines the performance of the second tier officers in accordance with the agreed performance related pay scheme and reports to the Remuneration Committee. The Department considers the recommendations of the Remuneration Committee, taking cognisance of DFP (now DoF) pay policy and determines the overall maximum percentage uplift to be applied.

Service Contracts

Staff are employed in accordance with the National Joint Council for Local Government Services Terms and Conditions of Employment and local agreements reached through the Negotiating Committee for Libraries NI. Recruitment is carried out in accordance with the Libraries NI Code of Procedures on Recruitment and Selection. Other than those staff who are employed under fixed term temporary contracts, as noted below, the employees covered by this report hold appointments until their retirement. The normal period of notice for senior postholders is three months and for other staff is one month. Policy on termination payments in relation to premature retirement is in accordance with Local Government Regulations and the agreed redundancy provisions.

Remuneration - Board Members (Audited Information)

Salary includes gross salary and reimbursement of travel payments for travel from home to meetings.

| | 2015-16 | | 2014-15 | |
|---|-----------------|--|-----------------|--|
| | Salary £'000 | Benefits in Kind (to the nearest £100) | Salary £'000 | Benefits in Kind (to the nearest £100) |
| Professor Bernard Cullen (from 1 November 2014) | 10 - 15 | - | 5 - 10 | - |
| Councillor Hubert Nicholl (until 31 March 2015) | 0 - 5 | - | 0 - 5 | - |
| Councillor Anne Brolly (until 31 March 2015) | 0 - 5 | - | 0 - 5 | - |
| Alderman Thomas Burns (from 1 April 2015) | 0 - 5 | - | - | - |
| Alderman Tom Campbell | 0 - 5 | - | 0 - 5 | - |
| Councillor Janet Gray (from 1 April 2015) | 0 - 5 | - | - | - |
| Councillor Claire Hanna (1 April 2015 – 30 June 2015) | 0 - 5 | - | - | - |
| Councillor Garath Keating (from 1 April 2015) | 0 - 5 | - | - | - |
| Mrs Deirdre Kenny | 0 - 5 | - | 0 - 5 | - |
| Mr Alastair McDowell | 0 - 5 | - | 0 - 5 | - |
| Councillor Séan McGuigan | 0 - 5 | - | 0 - 5 | - |
| Councillor Stephen McIlveen (from 1 April 2015) | 0 - 5 | - | - | - |
| Councillor Cathal Mallaghan (from 1 April 2015) | 0 - 5 | - | - | - |
| Councillor Stephen Martin (from 1 April 2015) | 0 - 5 | - | - | - |
| Ms Angela Matthews | 0 - 5 | - | 0 - 5 | - |
| Councillor John O'Kane (until 31 March 2015) | 0 - 5 | - | 0 - 5 | - |
| Councillor Jenny Palmer (from 1 April 2015) | 0 - 5 | - | - | - |
| Mr Harry Reid | 0 - 5 | - | 0 - 5 | - |
| Alderman Jim Rodgers (until 31 March 2015) | 0 - 5 | - | 0 - 5 | - |
| Alderman Marion Smith | 0 - 5 | - | 0 - 5 | - |

| | 2015-16 | | 2014-15 | |
|---|-----------------|--|-----------------|--|
| | Salary £'000 | Benefits in Kind (to the nearest £100) | Salary £'000 | Benefits in Kind (to the nearest £100) |
| Dr Margaret Ward | 0 - 5 | - | 0 - 5 | - |
| Alderman Adrian Watson (1 April 2015 – 30 June 2015) | 0 - 5 | - | - | - |
| Ms Jane Williams | 0 - 5 | - | 0 - 5 | - |

Remuneration (including salary) and pension entitlements – Senior Post Holders (Audited Information)

Salary

Salary includes gross salary and taxable travel payments.

| | 2015-16 | | | | | 2014-15 | | | | |
|--|-----------------|---------------|------------------------------|--------------------------------|----------------|-----------------|------------------------------|---------------|--------------------------------|----------------|
| | Salary £'000 | PRP* £'000 | Benefits in kind £'000 | Pension Benefits** £'000 | Total £'000 | Salary £'000 | Benefits in kind £'000 | PRP* £'000 | Pension Benefits** £'000 | Total £'000 |
| Ms Irene Knox Chief Executive | 100-105 | 0 | 0 | 59 | 160-165 | 95-100 | 0 | 0 | 13 | 110-115 |
| Mr Terry Heron Director of Business Support | 80-85 | 0 | 0 | 36 | 115-120 | 75-80 | 0 | 0 | 15 | 95-100 |
| Ms Helen Osborn Director of Library Services | 80-85 | 0 | 0 | 33 | 110-115 | 75-80 | 0 | 0 | 16 | 95-100 |

* Performance Related Pay (PRP) is considered to be a bonus by the former DFP (now DoF), whose policy is that bonuses should not be paid.

** The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increases include increases due to inflation and any increases or decreases due to a transfer of pension rights.

Band of Highest Paid Senior Post Holder (Audited Information)

| | 2015-16 | 2014-15 |
|-----------------------------------|-----------|----------|
| Total Remuneration (£'000) | 100 - 105 | 95 – 100 |
| Median Total Remuneration (£'000) | 17,372 | 17,092 |
| Ratio | 5.90 | 5.70 |

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid post holder in the organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid post holder in the financial year 2015/16 was £100,000 - £105,000 (2014/15: £95,000 - £100,000). This was 5.90 times the median remuneration of the workforce, which was £17,372 (2014/15: £17,092).

Benefits in Kind (Audited Information)

Board Members and Senior Post Holders receive no non-cash benefits (benefits in kind).

Pension Benefits – Board Members (Audited Information)

No Board Members receive or make pension contributions in their capacity as a Board Member.

Pension Benefits - Senior Post Holders (Audited Information)

| | Total value of accrued pension and lump sum at 65 at 31/03/16 £'000 | Real increase in pension and lump sum at 65 £'000 | CETV at 31/03/16 £'000 | CETV at 31/03/15 £'000 | Real increase in CETV £'000 |
|---|---|---|------------------------|------------------------|-----------------------------|
| Ms Irene Knox Chief Executive | 45 - 50 105 - 110 | 2.5 - 5.0 2.5 - 5.0 | 1,020 | 938 | 77 |
| Mr Terry Heron Director of Business Support | 20 - 25 45 - 50 | 0 – 2.5 0 – 2.5 | 508 | 466 | 45 |
| Ms Helen Osborn Director of Library Services | 15 - 20 25 - 30 | 0 – 2.5 0 – 2.5 | 285 | 256 | 27 |

Pension Arrangements

Senior post holders belong to the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) Scheme. The NILGOSC Scheme is of the defined benefits type, the assets of the scheme being held in separate trustee-administered funds. Libraries NI's contribution to the NILGOSC Scheme is determined by the fund's actuary based on a triennial valuation. The scheme is administered by NILGOSC, Holywood Road, Belfast. The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

Employee contribution rates are based on pensionable pay and were in the range 5.5% to 10.5% during 2015-16 as follows:

| Band | Range | Contribution Rate |
|------|-------------------|-------------------|
| 1 | £0 - £14,000 | 5.5% |
| 2 | £14,001 - £21,300 | 5.8% |
| 3 | £21,301 - £35,600 | 6.5% |
| 5 | £35,601 - £43,000 | 6.8% |
| 6 | £43,001 - £85,000 | 8.5% |
| 7 | More than £85,000 | 10.5% |

The employer contribution rate for 2015-16 was 20%.

For any membership accrued before 1 April 2009, benefits accrue at a rate of 1/80th of the employee's final year pensionable pay, with an automatic tax-free lump sum of three times their annual pension. For all membership accrued from 1 April 2009, benefits accrue at a rate of 1/60th of final pensionable pay for each year of service but with no automatic lump sum (members can choose to give up some of their pension to provide a lump sum). After 1 April 2015, members accrued benefits normally at a rate of 1/49th of the employee's career average pensionable pay. Additional Voluntary Contributions (AVCs) may be made through the NILGOSC in-house AVC provider.

Further details about the NILGOSC pension scheme can be found at the website www.nilgosc.org.uk and Notes 1 and 20 to the accounts.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the

individual has transferred to Libraries NI's pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential impact from Lifetime Allowance Tax when pension benefits are drawn.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not take account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. Note: The factors used to calculate the CETV values were updated by the Government Actuary's Department in March 2016, so the table of factors used to calculate the CETV values as at 31 March 2016 are not the same ones used to calculate the CETV values as at 31 March 2015.

Staff Report

Staff Numbers and Costs

Average Numbers Employed (Audited Information)

The average number of Full-Time Equivalent (FTE) persons employed during the year is shown in the following table:

| | Permanent employees 2015-16 FTE | Temporary employees 2015-16 FTE | Total 2015-16 FTE | Total 2014-15 FTE |
|--------------------------|--|--|----------------------------------|----------------------------------|
| Directly Employed | 552 | 8 | 560 | 600 |
| Other | - | - | 54 | 54 |
| Total | 552 | 8 | 614 | 654 |

Staff Costs (Audited Information)

| | Permanent employees 2015-16 £'000 | Temporary employees 2015-16 £'000 | Others 2015-16 £'000 | Total 2015-16 £'000 | Total 2014-15 £'000 |
|------------------------------|---|---|----------------------------|---------------------------|---------------------------|
| Wages and salaries | 12,270 | 223 | 1,093 | 13,586 | 14,206 |
| Social Security costs | 678 | 9 | - | 687 | 688 |
| Pension costs | 2,328 | 30 | - | 2,358 | 2,446 |
| Other staff costs | 1,171 | - | 163 | 1,334 | 232 |
| Total | 16,447 | 262 | 1,256 | 17,965 | 17,572 |

These costs and numbers include Senior Post Holders.

Other staff costs include redundancy costs £1.133 million (2014-15: £44,000), premature/flexible retirements £38,000 (2014-15: £25,000), and unfunded pension payments under legacy arrangements £163,000 (2014-15: £163,000).

No staff costs have been capitalised (2014-15: £NIL)

Wages and salaries include Agency staff costs of £1.038 million (2014-15: £997,000).

Staff Composition – Employed (based on Full Time Equivalent)

| Females 2015-16 FTE | Males 2015-16 FTE | Total 2015-16 FTE | Females 2014-15 FTE | Males 2014-15 FTE | Total 2014-15 FTE |
|---------------------------|-------------------------|-------------------------|---------------------------|-------------------------|-------------------------|
| 419 | 141 | 560 | 453 | 147 | 600 |

Gender Balance – (based on headcount)

| | At 31 March 2016 | | |
|------------------------|------------------|------|-------|
| | Female | Male | Total |
| Board | 7 | 10 | 17 |
| Senior Managers | 2 | 1 | 3 |
| Total Employees | 561 | 153 | 714 |

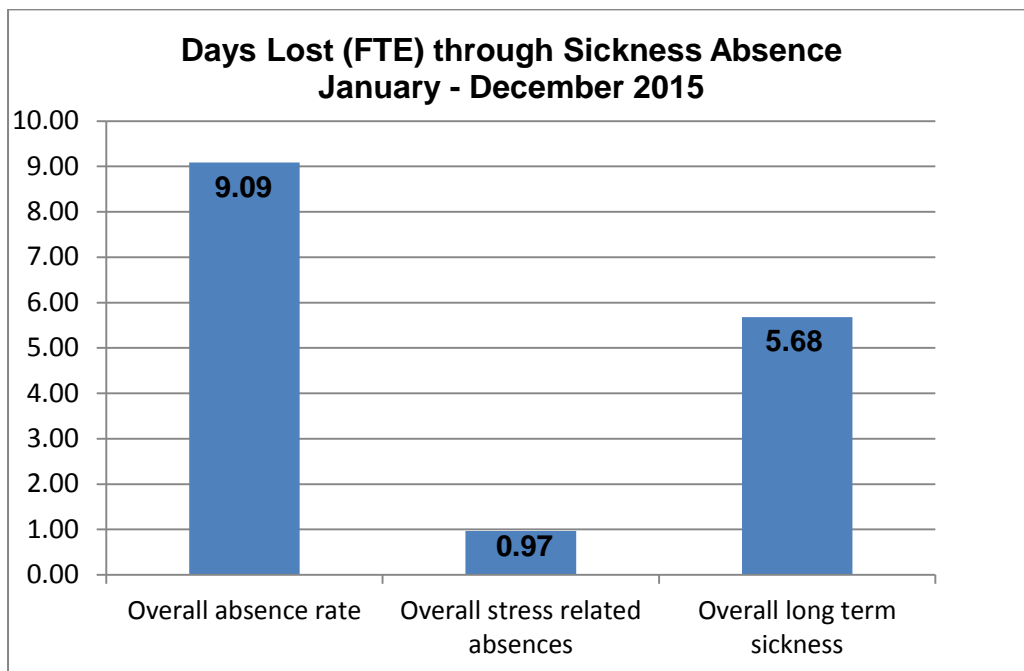
In carrying out its functions, Libraries NI has a statutory responsibility to have due regard to the need to promote equality of opportunity:

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

In addition, without prejudice to the above obligation, Libraries NI has regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

Sickness Absence Data

Sickness absence is collated on a calendar year basis. In 2015 the composite average full time equivalent (FTE) days lost through sickness absence was 9.09 days (2014: 9.55 days). Long term sickness accounted for the majority of days lost.



Employees with a disability

Libraries NI actively seeks applications for employment from people with a disability where the requirements of the job may be adequately performed. Where existing employees acquire a disability it is Libraries NI's policy, whenever reasonably possible, to provide continuous employment under normal terms and conditions and to provide training and career development and promotion, where appropriate.

Expenditure on Consultancy

Expenditure on consultancy during the year was £NIL (2014-15 £NIL).

Off-payroll Engagements

There were no "off-payroll" engagements in place as at 31 March 2015, nor were any arrangements entered into between 1 April 2015 and 31 March 2016.

Exit Packages (Audited Information)

| Exit Package cost band | Number of compulsory redundancies 2015-16 | Number of other departures agreed 2015-16 | Total number of exit packages by cost band 2015-16 | Total number of exit packages by cost band 2014-15 |
|--------------------------------------|---|---|--|--|
| <£10,000 | - | 6 | 6 | 1 |
| £10,001 - £25,000 | - | 2 | 2 | 1 |
| £25,001 - £50,000 | - | 3 | 3 | 1 |
| £50,001 - £100,000 | - | 15 | 15 | - |
| £100,001 - £150,000 | - | - | - | - |
| £150,001 - £200,000 | - | - | - | - |
| Total number of exit packages | - | 26 | 26 | 3 |
| Total resource cost £ | - | - | 1,170,666 | 69,369 |

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

19 exit packages were funded by the Transformation Fund. The 7 others were in relation to flexible retirements, fixed term contracts ending and a voluntary redundancy funded by Libraries NI.

Parliamentary Accountability and Audit Report

Statement of Losses and Special Payments (Audited information)

Losses

| | 2015-16 | 2015-16 | 2014-15 | 2014-15 |
|------------------|-------------|---------|-------------|---------|
| | No of Cases | £'000 | No of Cases | £'000 |
| Claims abandoned | 10,433 | 36 | 25,007 | 27 |
| Stores losses | 54,455 | 159 | 48,260 | 136 |
| Total | 64,888 | 195 | 73,268 | 171 |

Stores Losses include: £136,000 in relation to 54,447 items of stock which were borrowed but have not been returned and £23,000 in relation to eight items of stock assets.

Claims abandoned include unpaid borrower charges which are abandoned after two years.

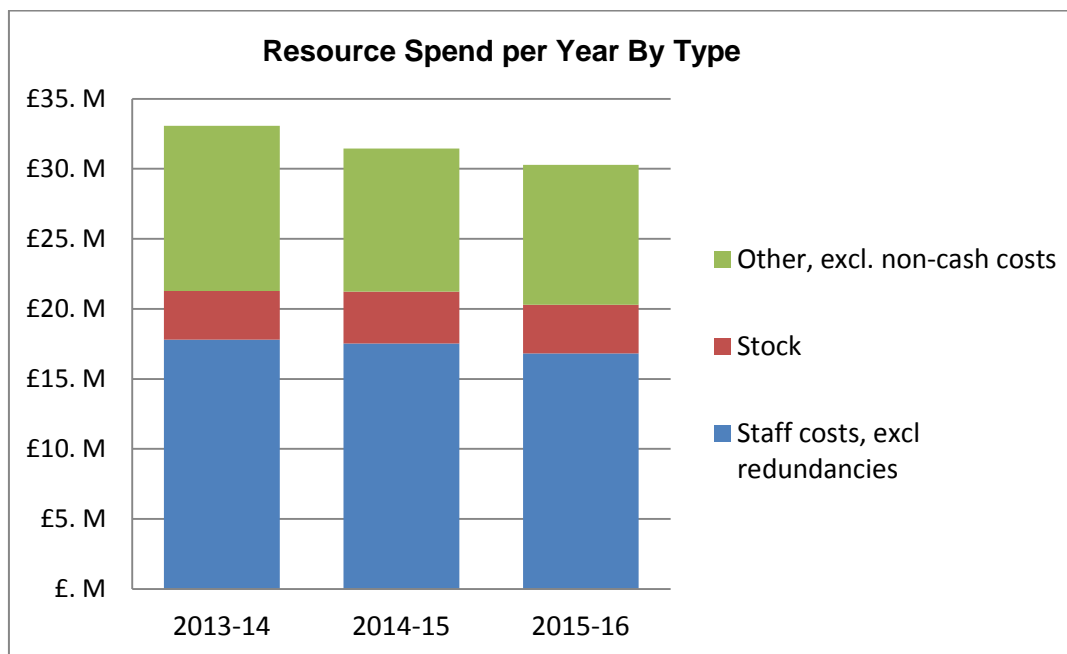
Special Payments

| | 2015-16 | 2015-16 | 2014-15 | 2014-15 |
|-----------------------|-------------|---------|-------------|---------|
| | No of Cases | £'000 | No of Cases | £'000 |
| Compensation Payments | 5 | 37 | 6 | 66 |

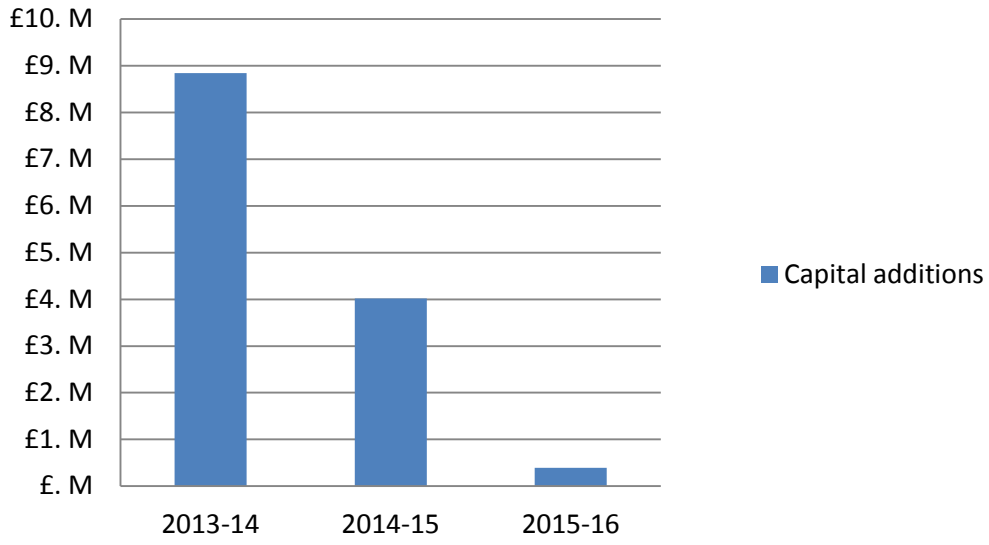
Long term expenditure

Long term expenditure trends

The following tables show the long-term spend trends.



Capital Additions per Year



Irene M Knox
Chief Executive

Date: 13 October 2016

NORTHERN IRELAND LIBRARY AUTHORITY

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

I certify that I have audited the financial statements of the Northern Ireland Library Authority for the year ended 31 March 2016 under the Libraries Act (Northern Ireland) 2008. The financial statements comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that Report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to examine, certify and report on the financial statements in accordance with the Libraries Act (Northern Ireland) 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Ireland Library Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Ireland Library Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Basis for Qualified Opinion

The evidence available to me was limited due to a failure by the Northern Ireland Library Authority to provide me with adequate evidence of the valuation of heritage assets of £655K de-recognised during the financial year. As a result I was unable to obtain sufficient appropriate audit evidence to support the valuation of the heritage assets of £655K which have been de-recognised in the year.

Qualified Opinion on financial statements arising from limitations on audit scope

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

- the financial statements give a true and fair view of the state of Northern Ireland Library Authority's affairs as at 31 March 2016 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Libraries Act (Northern Ireland) 2008 and Department for Communities (formerly Department of Culture, Arts and Leisure) directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report and the Assembly Accountability disclosures to be audited have been properly prepared in accordance with the Department for Communities directions made under the Libraries Act (Northern Ireland) 2008; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In respect alone of the limitations on my work relating to the accuracy of the valuation of heritage assets, I have not received all of the information and explanations that I considered necessary to confirm that the financial statements give a true and fair view and I am therefore unable to determine whether adequate accounting records have been kept.

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

- the financial statements and the part of the Remuneration and Staff Report and Accountability Report to be audited are not in agreement with the accounting records; or
- the Governance Statement does not reflect compliance with Department of Finance's (formerly Department of Finance and Personnel) guidance.

My Report is included on pages 110 and 111 of the Annual report and Accounts.

A handwritten signature in black ink that reads "K J Donnelly". The signature is written in a cursive style and is contained within a thin black rectangular border.

KJ Donnelly

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

24 October 2016

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

| | Note | 2015-16 £'000 | 2014-15 £'000 |
|---|------|-----------------------|-----------------------|
| Expenditure | | | |
| Staff Costs | 3 | 17,965 | 17,572 |
| Depreciation/Amortisation | 7/8 | 5,415 | 5,097 |
| Other Expenditure | 4 | 16,199 | 16,224 |
| Total Expenditure | | <u>39,579</u> | <u>38,893</u> |
| Income | | | |
| Income from Activities | 5 | (874) | (1,050) |
| Other Income | | (234) | (277) |
| Total Income | | <u>(1,108)</u> | <u>(1,327)</u> |
| Net Expenditure | | <u>38,471</u> | <u>37,566</u> |
| Interest Payable | 6 | 162 | 165 |
| Net Expenditure after interest | | <u>38,633</u> | <u>37,731</u> |
| Credit in respect of notional costs | 4 | (55) | (55) |
| Net Expenditure after interest and credit of notional costs | | <u>38,578</u> | <u>37,676</u> |
| Other Comprehensive Net Expenditure | | | |
| Items that will not be reclassified to net operating costs: | | | |
| Net (gain) on revaluation of property, plant and equipment | 10.1 | (6,157) | (5,208) |
| Net (gain) on revaluation of intangible assets | 10.2 | (7) | (5) |
| Net loss on revaluation of heritage assets | 10.4 | 603 | 1,386 |
| Net actuarial loss/(gain) on pension | 20.3 | (6,680) | 5,431 |
| Total Comprehensive Net Expenditure for the year ended 31 March 2016 | | <u>26,337</u> | <u>39,280</u> |

All amounts above relate to continuing activities.

The notes on pages 84 to 109 form part of these accounts.

**Statement of Financial Position
as at 31 March 2016**

| | Note | 2015-16 £'000 | 2014-15 £'000 |
|--|------|------------------------|------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 7 | 96,645 | 95,585 |
| Intangible assets | 8 | 376 | 542 |
| Heritage assets | 11 | 9,127 | 9,730 |
| Non-current trade and other receivables | 12 | 1,470 | 1,530 |
| Total non-current assets | | <u>107,618</u> | <u>107,387</u> |
| Current assets | | | |
| Assets classified as held for sale | | 113 | 22 |
| Trade and other receivables | 12 | 802 | 983 |
| Cash and cash equivalents | 13 | 540 | 224 |
| Total current assets | | <u>1,455</u> | <u>1,229</u> |
| Total assets | | <u>109,073</u> | <u>108,616</u> |
| Current Liabilities | | | |
| Trade and other payables | 14 | (3,680) | (3,421) |
| Provisions | 15 | (74) | (30) |
| Total current liabilities | | <u>(3,754)</u> | <u>(3,451)</u> |
| Non-current assets less net current liabilities | | <u>105,319</u> | <u>105,165</u> |
| Non-current liabilities | | | |
| Provisions | 15 | (90) | (111) |
| Pension liabilities | 20 | (55,532) | (59,445) |
| Other payables | 14 | (3,682) | (3,770) |
| Total non-current liabilities | | <u>(59,304)</u> | <u>(63,326)</u> |
| Total assets less liabilities | | <u>46,015</u> | <u>41,839</u> |
| Taxpayers' equity | | | |
| SoCNE | | 54,551 | 55,990 |
| Pension reserve | | (55,532) | (59,445) |
| Revaluation reserve | | 37,869 | 35,564 |
| Heritage assets reserve | | 9,127 | 9,730 |
| | | <u>46,015</u> | <u>41,839</u> |

The Financial Statements on pages 80 to 109 were approved by the Board on 13 October 2016 and were signed on its behalf

Accounting Officer



Date: 13 October 2016

The notes on pages 84 to 109 form part of these accounts.

Statement of Cash Flows
for the year ended 31 March 2016

| | Note | 2015-16 £'000 | 2014-15 £'000 |
|--|-------|------------------------|------------------------|
| Cash flows from operating activities | | | |
| Net expenditure after interest | | (38,633) | (37,731) |
| Interest payable | 6 | 162 | 165 |
| Notional audit charge | 4 | 55 | 55 |
| Depreciation/Amortisation | 7/8 | 5,415 | 5,097 |
| (Profit)/loss on disposal of property, plant and equipment | 4 | 11 | 8 |
| Increase in pension liabilities | 4 | 2,767 | 2,748 |
| Reversal of impairment of property, plant and equipment | 4 | (59) | (530) |
| Increase/(Decrease) in provisions | 15 | 60 | 19 |
| Impairment of assets held for sale | 4 | (7) | 38 |
| Decrease /(Increase) in trade and other receivables | 12 | 184 | 377 |
| (Decrease)/Increase in trade and other payables | 14 | 589 | (1,423) |
| Provisions utilised | 15 | (37) | (66) |
| Net cash outflow from operating activities | | <u>(29,493)</u> | <u>(31,243)</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 7 | (668) | (4,121) |
| Purchase of intangible assets | 8 | - | (39) |
| Interest on PFI | 6 | (84) | (87) |
| Proceeds of disposal of property, plant and equipment | | 214 | 113 |
| Net cash outflow from investing activities | | <u>(538)</u> | <u>(4,134)</u> |
| Cash flows from financing activities | | | |
| Recurrent grants from sponsoring department | | 27,253 | 30,185 |
| Capital grants from sponsoring department | | 3,260 | 4,220 |
| Capital element of payments in respect of finance leases and on-SoFP PFI contracts | 17/18 | (88) | (50) |
| Interest on finance leases | 6 | (78) | (78) |
| Net financing | | <u>30,347</u> | <u>34,277</u> |
| Net decrease in cash and cash equivalents in the period | | <u>316</u> | <u>(1,100)</u> |
| Cash and cash equivalents at the beginning of the period | 13 | <u>224</u> | <u>1,324</u> |
| Cash and cash equivalents at the end of the period | 13 | <u>540</u> | <u>224</u> |

The notes on pages 84 to 109 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016

| | Note | SoCNE Reserve £'000 | Pension Reserve £'000 | Revaluation Reserve £'000 | Heritage Assets Reserve £'000 | Total Reserves £'000 |
|--|-----------|---------------------------|-----------------------------|---------------------------------|-------------------------------------|----------------------------|
| Balance at 1 April 2014 | | 55,233 | (51,266) | 31,631 | 11,116 | 46,714 |
| Changes in taxpayers' equity 2014-15 | | | | | | |
| Comprehensive expenditure for the year | | (37,676) | - | - | - | (37,676) |
| Movement on pension deficit | 20.2/20.5 | 2,748 | (2,748) | - | - | - |
| Net gain on revaluation of property, plant and equipment | 10 | - | - | 5,208 | - | 5,208 |
| Net gain on revaluation of intangible assets | 10 | - | - | 5 | - | 5 |
| Net gain on revaluation of Heritage Assets | 11 | - | - | - | 838 | 838 |
| De-recognition of Heritage Assets | 11 | - | - | - | (2,216) | (2,216) |
| Loss of heritage assets | 11 | - | - | - | (8) | (8) |
| Realised element of revaluation reserve | | 1,280 | - | (1,280) | - | - |
| Actuarial (loss) in respect of pension liability | 20.3 | - | (5,431) | - | - | (5,431) |
| Recurrent grants from sponsoring entity | | 30,185 | - | - | - | 30,185 |
| Capital grants from sponsoring entity | | 4,220 | - | - | - | 4,220 |
| Balance at 31 March 2015 | | <u>55,990</u> | <u>(59,445)</u> | <u>35,564</u> | <u>9,730</u> | <u>41,839</u> |
| Opening balance at 1 April 2015 | | 55,990 | (59,445) | 35,564 | 9,730 | 41,839 |
| Changes in taxpayers' equity 2015-16 | | | | | | |
| Comprehensive expenditure for the year | | (38,578) | - | - | - | (38,578) |
| Movement of pension deficit | 20.2/20.5 | 2,767 | (2,767) | - | - | - |
| Net gain on revaluation of property, plant and equipment | 10 | - | - | 6,157 | - | 6,157 |
| Net gain on revaluation of intangible assets | 10 | - | - | 7 | - | 7 |
| Net gain on revaluation of Heritage Assets | 11 | - | - | - | 129 | 129 |
| De-recognition of Heritage Assets | 11 | - | - | - | (709) | (709) |
| Loss of Heritage Assets | 11 | - | - | - | (23) | (23) |
| Realised element of revaluation reserve | | 3,859 | - | (3,859) | - | - |
| Actuarial gain in respect of pension liability | 20.3 | - | 6,680 | - | - | 6,680 |
| Recurrent grants from sponsoring entity | | 27,253 | - | - | - | 27,253 |
| Capital grants from sponsoring entity | | 3,260 | - | - | - | 3,260 |
| Balance at 31 March 2016 | | <u>54,551</u> | <u>(55,532)</u> | <u>37,869</u> | <u>9,127</u> | <u>46,015</u> |

The notes on pages 84 to 109 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

These financial statements are prepared in accordance with the 2015/16 Government Financial Reporting Manual (FReM) issued by the former Department of Finance and Personnel (DFP). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context, and include early adoption of standards not yet effective where it is judged appropriate, and with the approval of the former DFP. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of Libraries NI for the purpose of giving a true and fair view has been selected. The particular policies to be adopted by Libraries NI are described below. They are applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and heritage assets.

1.2 Recognition of Income and Funding

1.2.1 Departmental Funding

The main source of funding for Libraries NI is grant-in-aid. All grants-in-aid, whether for revenue or capital purposes, are treated as contributions from controlling parties giving rise to financial interest in the residual interest of Libraries NI and are credited to the SoCNE Reserve. The grant-in-aid is recognised in the financial period in which the funding is received.

1.2.2 Income from Activities

Income from activities relates to the operating activities of Libraries NI and the sale of goods and services which includes fees and charges for services provided to library users, the recovery of shared costs for premises, staff and other income. Income from fees and charges and from the sale of goods and services is recognised in the period in which fees are incurred or services provided. Debts recognised as over two years old, having been through the normal debt collection procedure, are abandoned.

1.2.3 Grant Income

In addition to grant-in-aid, Libraries NI receives other grants from external providers such as The Big Lottery and the former DFP, and this is accounted for as follows:

1.2.3.1 Revenue Grants

Revenue grants are credited to reserves other than where Departmental approval is obtained to treat them as income in the Statement of Comprehensive Net expenditure (SoCNE). Revenue grants received for specific purposes are shown as income in the SoCNE to the extent of matching the related expenditure incurred during the period. Any income received but not matched to related expenditure during the period is shown as either accrued or deferred income on the Statement of Financial Position (SoFP).

1.3 Foreign Currency Transactions

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

1.4 Taxation

Libraries NI is not within the scope of Corporation tax. Libraries NI is VAT registered and input tax on purchases is generally recoverable. Income and expenditure figures are stated net of VAT.

1.5 Property Plant and Equipment

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

1.5.1 Land and Buildings

All land and buildings are carried in the SoFP at fair value. Properties which are in operational use and which are not expected to be sold within the next financial year are valued on a Modern Equivalent Asset basis, which is deemed to be a proxy for fair value. Full valuations are made by Land and Property Services (LPS) at a minimum every five years. In the intervening years the valuations are updated using appropriate indices provided by LPS.

Properties which are not in operational use by Libraries NI other than those held for sale, are stated at Alternative Use value. Where there is an expectation to dispose of a property within a year, its value is re-classified and shown separately as part of current assets.

1.5.2 Heritage Assets

1.5.2.1 Stock Assets

Stock Assets are defined as “stock items or groups of items to be retained for use by future generations because of their cultural and/or historical associations and with a value individually or as a group of over £1,000”. They include the valuable book collections in Belfast Central Library and smaller collections in Derry Central Library, Armagh Irish and Local Studies, Ballymoney Library, Coleraine Library, Downpatrick Library, Enniskillen Library, Omagh Library and Ballymena Administrative Centre.

The Stock Assets are valued at net realisable value, and are valued every 5 years by professionally qualified valuers. They are reviewed each year by the heritage team and impaired where appropriate. Stock Assets are not depreciated as they are considered to have an infinite useful life.

1.5.2.2 Other Non-Operational Assets

These are defined as items or groups of items to be retained because of their cultural heritage associations, and with a value of over £1,000, other than Stock Assets. These include artworks located in library premises.

The other Non-Operational Assets are valued at net realisable value, and are valued every 5 years by professionally qualified valuers. They are not depreciated as they are considered to have an infinite useful life, but are reviewed each year by the heritage team and impaired where appropriate.

1.5.3 Other Assets

Other assets are carried at fair value, and valued on a Modified Historic Cost basis. Values are updated annually using appropriate Office for National Statistics (ONS) indices and reviewed annually for impairment.

1.5.4 Assets in the Course of Construction

Assets in the course of construction are carried at cost, less any impairment. Cost includes all costs to acquire and construct the item of property, plant or equipment. On completion the asset is reclassified and property assets are revalued.

1.5.5 Depreciation

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

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

Depreciation is not normally provided for on freehold land, Heritage Assets or on assets which are held for sale.

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

| <u>Asset Class</u> | <u>Asset Sub-Class</u> | <u>Asset Life</u> |
|--------------------|--------------------------|-------------------|
| Land | Land | Not Depreciated |
| Buildings | Permanent Buildings | 50 years |
| | Temporary Buildings | 15 years |
| Computers | Hardware and Software | 5 years |
| Plant & Equipment | Music Equipment | 10 years |
| | Library Equipment, Other | 10 years |
| | Furniture & Fittings | 10 years |
| | Reprographics | 7 years |
| Vehicles | Mobile Libraries | 10 years |
| | Vans/Cars | 5 years |

1.6 Intangible Assets

Intangible assets are non-financial non-current assets that do not have physical substance but are identifiable and are controlled by Libraries NI through custody or legal rights. Intangible assets costing in excess of £3,000 per individual item are capitalised and stated in the SoFP at fair value. Intangible assets are valued on a Modified Historical Cost basis, which is deemed to be a proxy for fair value. Valuations are updated annually using the Retail Price Index.

1.6.1 Amortisation

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

Useful economic lives are generally set as follows:

| <u>Asset Class</u> | <u>Asset Sub-Class</u> | <u>Asset Life</u> |
|--------------------|------------------------|-------------------|
| Intangible Assets | Software Licences | 5 years |

1.7 Non-current assets held for sale

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

1.8 Provisions

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

1.9 Employee Benefits

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

1.10 Pension Scheme

Libraries NI employees belong to the Northern Ireland Local Government Officer's Superannuation Committee (NILGOSC) Scheme, which is a defined benefits scheme. The assets of the funded scheme are held in separate trustee-administered funds. Libraries NI's contribution to the fund is determined by the fund actuary based on a triennial valuation. Some former public library service staff were given termination benefits by the former Education and Library Boards which were not funded, and these continue to be paid by Libraries NI.

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

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

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

1.11 Reserves

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

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

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

The Heritage Assets Reserve represents the valuation of the Heritage Assets. Any increase or decrease in the valuation of Heritage Assets will be taken to the Heritage Assets Reserve.

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

1.12 Finance and Operating Leases

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

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

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

1.13 Private Finance Initiative (PFI) Transactions and other Service Concessions

The PFI transaction in Libraries NI is assessed against IFRIC 12, Service Concession Arrangements, as the private sector operator is contracted to provide services related to the infrastructure to the public on behalf of Libraries NI.

Libraries NI recognises the infrastructure as a non-current asset and values it in the same way as other non-current assets of that type. The liability to pay for the infrastructure is also recorded on the SoFP. The asset is depreciated over its useful economic life and the associated liability is reduced as payments are made. An imputed finance charge on the liability is recorded in subsequent years using an asset specific rate. The remainder of the PFI payments are recorded as an operating cost. Libraries NI recognised the asset when it came into use. Libraries NI has made a contribution to the operator in advance of the asset coming into use, and this contribution is shown within prepayments and amortised to the SoCNE in equal amounts over the contract term.

Libraries NI has entered into a Service Concession arrangement which is not a PFI transaction. The assets are owned by Libraries NI and the operator will maintain and operate an ICT managed service to the public and library staff on behalf of Libraries NI. The assets are recognised as non-current assets as they are brought into use, and depreciated over their useful lives.

1.14 Financial Instruments

Libraries NI does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables. Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that Libraries NI will be unable to collect an amount due in accordance with agreed terms.

1.15 Contingent Liabilities disclosed under IAS 37

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

1.16 Early Departure Costs

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

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

1.17 Accounting Standards, interpretation and amendments to published standards adopted in the year ended 31 March 2016

Libraries NI has reviewed the standards, interpretations and amendments to published standards that became effective during 2015-16 and which are relevant to its operations.

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

Libraries NI has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. Libraries NI considers that these are unlikely to have a significant impact on the accounts in the period of initial application.

1.19 Library Lending Stock

Library lending stocks are those materials including books, audio and visual materials, and downloadable materials which are purchased for lending to and reference by borrowers. These are expensed when purchased.

2. Analysis of Operating Costs by Segment

Libraries NI operates solely within Northern Ireland and is managed at a corporate level as one segment. Decisions are made by the Senior Management Team and Board.

3. Staff Costs

| | Total 2015-16 £'000 | Total 2014-15 £'000 |
|--------------------------|------------------------------------|------------------------------------|
| Wages and salaries | 13,586 | 14,206 |
| Social Security Costs | 687 | 688 |
| Pension Costs | 2,358 | 2,446 |
| Other Staff Costs | 1,334 | 232 |
| Total Staff Costs | <u>17,965</u> | <u>17,572</u> |

No staff costs have been capitalised for 2015-16 (2014-15: £NIL)

Other Staff Costs include redundancy costs £1.133 million (2014-15: £44,000), premature/flexible retirements £38,000 (2014-15: £25,000), and unfunded pension payments under legacy arrangements £163,000 (2014-15: £163,000).

Wages and salaries include Agency staff costs of £1.038 million (2014-15: £997,000).

Further information on staff costs, numbers, employment type and gender balance are available in the Remuneration and Staff Report.

4. Other Expenditure

| | Note | 2015-16 £'000 | 2014-15 £'000 |
|---|-------------|--------------------------|--------------------------|
| Premises, fixed plant and grounds | | 4,642 | 4,550 |
| Library lending stock | | 3,478 | 3,700 |
| Supplies and Services | | 4,416 | 4,647 |
| Other employee expenses | | 381 | 445 |
| Transport | | 206 | 246 |
| Rentals under operating leases: Buildings | | 249 | 235 |
| Non-cash items: | | | |
| Loss on disposal of property, plant and equipment | | 11 | 8 |
| Pension fund costs | | 2,767 | 2,748 |
| (Reversal of impairment) of property, plant and equipment | 10 | (59) | (530) |
| (Reversal)/Impairment of assets held for sale | 10 | (7) | 38 |
| Provisions provided for in year | 15 | 60 | 82 |
| Notional Costs: | | | |
| Audit fee | | 55 | 55 |
| | | <u>16,199</u> | <u>16,224</u> |

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

5. Income from Activities

| | 2015-16 | 2014-15 |
|----------------------------|----------------|----------------|
| | £'000 | £'000 |
| Fees and charges | 415 | 557 |
| Sale of goods and services | 451 | 485 |
| Other income | 8 | 8 |
| | <u>874</u> | <u>1,050</u> |

6. Interest Payable

| | 2015-16 | 2014-15 |
|-------------------|----------------|----------------|
| | £'000 | £'000 |
| On finance leases | 78 | 78 |
| On PFI | 84 | 87 |
| | <u>162</u> | <u>165</u> |

7. Property, Plant and Equipment 2015-16

| | Land £'000 | Buildings £'000 | Vehicles £'000 | Computers £'000 | Plant & Equipment £'000 | Assets in Course of Construction £'000 | Total £'000 |
|---|---------------|--------------------|-------------------|--------------------|-------------------------------|---|----------------|
| Cost or valuation | | | | | | | |
| At 1 April 2015 | 13,038 | 81,875 | 3,248 | 8,240 | 3,216 | 258 | 109,875 |
| Additions | - | 162 | - | 97 | 78 | 59 | 396 |
| Disposals | (19) | (161) | (204) | (6) | (53) | - | (443) |
| Net (Impairment)/ Reversal | (135) | 228 | (160) | 94 | (28) | - | (1) |
| Revaluations increase / (decrease) | - | 6,869 | (1,094) | 28 | (361) | - | 5,442 |
| Reclassifications | (24) | 168 | - | - | - | (258) | (114) |
| At 31 March 2016 | 12,860 | 89,141 | 1,790 | 8,453 | 2,852 | 59 | 115,155 |
| Depreciation | - | 8,247 | 1,723 | 2,475 | 1,845 | - | 14,290 |
| At 1 April 2015 | | | | | | | |
| Charged in year | - | 2,807 | 288 | 1,905 | 242 | - | 5,242 |
| Disposals | - | - | (194) | (6) | (47) | - | (247) |
| Net Impairment/ (Reversal) | - | (23) | (62) | 48 | (23) | - | (60) |
| Revaluations | - | 871 | (1,118) | 1 | (469) | - | (715) |
| Reclassifications | - | - | - | - | - | - | - |
| At 31 March 2016 | - | 11,902 | 637 | 4,423 | 1,548 | - | 18,510 |
| Carrying amount at 31 March 2016 | 12,860 | 77,239 | 1,153 | 4,030 | 1,304 | 59 | 96,645 |
| Carrying amount at 31 March 2015 | 13,038 | 73,628 | 1,525 | 5,765 | 1,371 | 258 | 95,585 |

7. Property, Plant and Equipment (continued)

Asset Financing:

| | Land | Buildings | Vehicles | Computers | Plant & Equipment | Assets in Course of Construction | Total |
|---|----------------------|----------------------|---------------------|---------------------|----------------------|--|----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Owned | 12,098 | 73,719 | 1,153 | 4,030 | 1,304 | 59 | 92,363 |
| Finance Leased | 447 | - | - | - | - | - | 447 |
| On- SoFP PFI contracts | 315 | 3,520 | - | - | - | - | 3,835 |
| Carrying amount at 31 March 2016 | <u>12,860</u> | <u>77,239</u> | <u>1,153</u> | <u>4,030</u> | <u>1,304</u> | <u>59</u> | <u>96,645</u> |

Full valuations of land and buildings are carried out by Land and Property Services (LPS) every five years. In the intervening years valuations are updated using appropriate indices provided by LPS. The most recent full valuation exercise was carried out at 31 March 2012. Operational land and buildings were valued on a Modern Equivalent Asset basis. As part of the revaluation exercise, LPS also revised the estimated useful remaining lives of buildings. 17 properties have intrinsic links to adjoining Health Trust facilities either through the sharing of common mechanical systems, access routes or building elements. The carrying amount includes £6,170k (2014-15: £6,116k) in respect of such properties.

One property is identified as surplus (2014-15: 2 properties). The property is located on a shared site with a Health Trust and future disposal will be through joint disposal with the Health Trust. The carrying amount is £40k at current market prices (2014-15: £163k).

The useful lives of vehicles, computers and plant and equipment are reviewed annually and adjusted as appropriate.

Assets in the Course of Construction are valued at cost.

7. Property, Plant and Equipment (continued)

| | Land £'000 | Buildings £'000 | Vehicles £'000 | Computers £'000 | Plant & Equipment £'000 | Assets in course of construction £'000 | Total £'000 |
|--|---------------|--------------------|-------------------|--------------------|-------------------------------|---|----------------|
| Cost or Valuation at 1 April 2014 | 13,014 | 74,293 | 3,732 | 6,091 | 3,018 | 525 | 100,673 |
| Additions | 8 | 1,087 | 222 | 2,077 | 327 | 258 | 3,979 |
| Disposals | - | (15) | (1,042) | - | (171) | - | (1,228) |
| Net (Impairment)/ Reversal | - | 543 | - | 52 | 2 | - | 597 |
| Revaluations | - | 5,712 | 12 | 20 | 40 | - | 5,784 |
| Reclassifications | 16 | 255 | 324 | - | - | (525) | 70 |
| At 31 March 2015 | 13,038 | 81,875 | 3,248 | 8,240 | 3,216 | 258 | 109,875 |
| Depreciation at 1 April 2014 | - | 5,074 | 2,435 | 638 | 1,744 | - | 9,891 |
| Charged in year | - | 2,569 | 299 | 1,816 | 245 | - | 4,929 |
| Disposals | - | (15) | (1,012) | - | (146) | - | (1,173) |
| Net Impairment/ (Reversal) | - | 51 | - | 16 | - | - | 67 |
| Revaluations | - | 568 | 1 | 5 | 2 | - | 576 |
| Reclassifications | - | - | - | - | - | - | - |
| At 31 March 2015 | - | 8,247 | 1,723 | 2,475 | 1,845 | - | 14,290 |
| Carrying amount at 31 March 2015 | 13,038 | 73,628 | 1,525 | 5,765 | 1,371 | 258 | 95,585 |
| Carrying amount at 31 March 2014 | 13,014 | 69,219 | 1,297 | 5,453 | 1,274 | 525 | 90,782 |

7. Property, Plant and Equipment (continued)

Asset Financing:

| | Land £'000 | Buildings £'000 | Vehicles £'000 | Computers £'000 | Plant & Equipment £'000 | Assets in course of construction £'000 | Total £'000 |
|---|-----------------------|----------------------------|---------------------------|----------------------------|--|---|------------------------|
| Owned | 12,276 | 70,320 | 1,525 | 5,765 | 1,371 | 258 | 91,515 |
| Finance Leased | 447 | - | - | - | - | - | 447 |
| On-SoFP PFI contracts | 315 | 3,308 | - | - | - | - | 3,623 |
| Carrying amount at 31 March 2015 | <u>13,038</u> | <u>73,628</u> | <u>1,525</u> | <u>5,765</u> | <u>1,371</u> | <u>258</u> | <u>95,585</u> |

8. Intangible Assets

Software Licences

£'000

| | |
|--|-------------------|
| Cost or valuation at 1 April 2015 | 783 |
| Additions | - |
| Disposals | - |
| Impairments | - |
| Revaluations | 13 |
| Reclassifications | - |
| At 31 March 2016 | <u>796</u> |
| Amortisation at 1 April 2015 | 241 |
| Charged in year | 173 |
| Disposals | - |
| Revaluations | 6 |
| At 31 March 2016 | <u>420</u> |
| Carrying amount at 31 March 2016 | <u>376</u> |
| Carrying amount at 31 March 2015 | <u>542</u> |
| Asset Financing: | |
| Owned | 376 |
| Finance Leased | - |
| Contracts | - |
| Carrying amount at 31 March 2016 | <u>376</u> |
| Cost or valuation at 1 April 2014 | 737 |
| Additions | 39 |
| Disposals | - |
| Revaluations | 7 |
| At 31 March 2015 | <u>783</u> |
| Amortisation at 1 April 2014 | 71 |
| Charged in year | 168 |
| Disposals | - |
| Revaluations | 2 |
| At 31 March 2015 | <u>241</u> |
| Carrying amount at 31 March 2015 | <u>542</u> |
| Carrying amount at 31 March 2014 | <u>666</u> |
| Asset Financing: | |
| Owned | 542 |
| Finance Leased | - |
| Contracts | - |
| Carrying amount at 31 March 2015 | <u>542</u> |

9. Financial Instruments

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. As the cash requirements of Libraries NI are met through Grant-in-Aid, financial instruments play a more limited role in creating risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with Libraries NI expected purchase and usage requirements and Libraries NI is therefore exposed to little credit, liquidity or market risk.

10. Revaluation, Impairment and/or Indexation

10.1 Property, Plant and Equipment

| | 2015-16 £'000 | 2014-15 £'000 |
|---|-----------------------|-----------------------|
| (Credited)/charged to the SoCNE | (59) | (530) |
| (Credited)/Charged to revaluation reserve | <u>(6,157)</u> | <u>(5,208)</u> |
| | <u>(6,216)</u> | <u>(5,738)</u> |

10.2 Intangible Assets

| | 2015-16 £'000 | 2014-15 £'000 |
|-----------------------------------|-------------------|-------------------|
| (Credited) to revaluation reserve | <u>(7)</u> | <u>(5)</u> |
| | <u>(7)</u> | <u>(5)</u> |

10.3 Assets Held for Sale

| | 2015-16 £'000 | 2014-15 £'000 |
|---------------------------------|-------------------|------------------|
| (Credited)/Charged to the SoCNE | <u>(7)</u> | <u>38</u> |
| | <u>(7)</u> | <u>38</u> |

10.4 Heritage Assets

| | 2015-16 £'000 | 2014-15 £'000 |
|--|-------------------|---------------------|
| Charged to the heritage assets reserve | <u>603</u> | <u>1,386</u> |
| | <u>603</u> | <u>1,386</u> |

Revaluation - Charges/Credits to the Revaluation Reserve:

Increases arising on revaluations are taken to the revaluation reserve except for reversals of impairments for the same asset previously recognised in expenditure, which are credited to expenditure to the extent of the decrease previously charged there. Revaluation decreases are recognised as an impairment charge to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure.

Impairment - Charges/Credits to the SoCNE:

Impairment losses are due to changes in the market value. Where necessary, assets have been written down to recoverable amounts, and the loss charged to the Revaluation Reserve to the

extent that there is a balance on the reserve for the asset and thereafter, to expenditure. Where there is a reversal of the impairment loss, it is credited firstly to the Statement of Comprehensive Net Expenditure to the extent of the impairment previously charged there and thereafter, to the Revaluation Reserve.

11. Heritage Assets

| | Stock Assets | Other Non-Operational Assets | Total |
|---|---------------------|---|---------------------|
| | £'000 | £'000 | £'000 |
| Cost or valuation | | | |
| Opening balance at 1 April 2015 | 9,695 | 35 | 9,730 |
| Additions | - | - | - |
| De-recognition | (709) | - | (709) |
| Losses | (23) | - | (23) |
| Revaluations | 129 | - | 129 |
| Closing balance at 31 March 2016 | <u>9,092</u> | <u>35</u> | <u>9,127</u> |

| | Stock Assets | Other Non-Operational Assets | Total |
|---|---------------------|---|---------------------|
| | £'000 | £'000 | £'000 |
| Cost or valuation | | | |
| Opening balance at 1 April 2014 | 11,088 | 28 | 11,116 |
| De-recognition | (2,216) | - | (2,216) |
| Losses | (8) | - | (8) |
| Revaluations | 831 | 7 | 838 |
| Closing balance at 31 March 2015 | <u>9,695</u> | <u>35</u> | <u>9,730</u> |

In 2006/07, prior to the inception of Libraries NI, a category of asset referred to as “Special Books” was valued and included in the accounts of the five former Education and Library Boards (ELBs), with various capitalisation limits ranging up to £3,000. There was no stated policy in respect of these assets, and they were included with Miscellaneous Plant and Equipment, at a value of £12.9 million. Many items were not valued individually but as a collection, without identifying the contents of the collection. The valuations included some pieces of art. The accounts of Libraries NI have been qualified since inception in respect of these assets, since Libraries NI could not satisfy the Comptroller and Auditor General as to the completeness or accuracy of the figures.

In response, Libraries NI has put in place an accounting policy in respect of its valuable books and collections, (termed Stock Heritage assets) and art (termed Other Non-Operational Heritage assets), and applied a capitalisation threshold, as set out in Note 1.5.2.1.

In addition, Libraries NI has procured a number of valuations, which were carried out by experienced valuers in this field – Eamonn deBurca, ABA, PBFA and P&B Rowan, ABA, PBFA, ILAB, CINOA, on the basis of net realisable market value. The valuation of art was carried out by John Ross & Co. MIAVI.

During 2015-16 Libraries NI de-recognised asset values totalling £0.1 million, in relation to values which could not be reliably identified or measured, and so did not meet the definition of an asset, and a further £0.6m has been de-recognised in relation to newspaper and periodical bound volumes which did not meet the definition of an asset.

In addition, the remaining asset collections which had not been valued previously were valued by Eamonn De Burca. Losses valued at £23k were identified during this exercise.

Heritage Stock Assets are covered by the Libraries NI Heritage Strategy 2014-17 setting out the approach to the collection preservation and exploitation of Heritage material and by the Heritage and Digitisation policy. The stock is available to view by the public either on request or on open access, at a number of library locations.

12. Trade Receivables and Other Current Assets

| | 2015-16 £'000 | 2014-15 £'000 |
|--|--------------------------------|--------------------------------|
| Amounts falling due within one year | | |
| VAT | 598 | 565 |
| Trade receivables | 73 | 218 |
| Other debtors | 15 | 82 |
| Prepayments and accrued income | 26 | 28 |
| Current part of PFI prepayment | 90 | 90 |
| | <u>802</u> | <u>983</u> |
| Amounts falling after more than one year: | | |
| PFI Prepayment | <u>1,470</u> | <u>1,530</u> |
| Total | <u>2,272</u> | <u>2,513</u> |

13. Cash and Cash Equivalents

| | 2015-16 £'000 | 2014-15 £'000 |
|---|--------------------------------|--------------------------------|
| Balance at 1 April | 224 | 1,324 |
| Net change in cash and cash equivalent balances | 316 | (1,100) |
| Balance at 31 March | <u>540</u> | <u>224</u> |
| Balances held in commercial banks and cash in hand | <u>540</u> | <u>224</u> |

14. Trade Payables and Other Current Liabilities

| | 2015-16 £'000 | 2014-15 £'000 |
|--|---------------------|---------------------|
| Amounts falling due within one year: | | |
| Other taxation and social security | 189 | 208 |
| Trade payables | 1,981 | 877 |
| Other payables | 67 | 69 |
| Accruals and deferred income | 1,355 | 2,179 |
| Current part of finance leases | (38) | (38) |
| Current part of imputed finance lease element of on-SoFP PFI Contracts | 126 | 126 |
| | <u>3,680</u> | <u>3,421</u> |
| Amounts falling due after more than one year: | | |
| Finance leases | 936 | 898 |
| Imputed finance lease element of on-SoFP PFI Contracts | 2,746 | 2,872 |
| | <u>3,682</u> | <u>3,770</u> |
| Total | <u><u>7,362</u></u> | <u><u>7,191</u></u> |

15. Provisions for Liabilities and Charges

Employer & Public Liability Claims

| | £'000 |
|--------------------------------------|-------------------|
| At 1 April 2015 | 141 |
| Provided in the year | 93 |
| Provisions not required written back | (33) |
| Provisions utilised in the year | (37) |
| At 31 March 2016 | <u><u>164</u></u> |

Analysis of expected timing of cash flows

Employer & Public Liability Claims

| | £'000 |
|---|-------------------|
| Not later than one year | 74 |
| Later than one year and not later than five years | 90 |
| Later than five years | - |
| At 31 March 2016 | <u><u>164</u></u> |

Employer & Public Liability Claims

| | £'000 |
|--------------------------------------|-------------------|
| At 1 April 2014 | 188 |
| Provided in the year | 67 |
| Provisions not required written back | (48) |
| Provisions utilised in the year | (66) |
| At 31 March 2015 | <u><u>141</u></u> |

Analysis of expected timing of cash flows

| | Employer & Public Liability Claims £'000 |
|---|---|
| Not later than one year | 30 |
| Later than one year and not later than five years | 111 |
| Later than five years | - |
| At 31 March 2015 | <u>141</u> |

Employer and Public Liability Claims

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

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

16. Capital Commitments

| | 2015-16 £'000 | 2014-15 £'000 |
|---|--------------------------|--------------------------|
| Contracted capital commitments at 31 March 2016 not otherwise included in these financial statements | | |
| Property Plant and Equipment | - | 164 |
| Computer Hardware and Software | - | - |
| | <u>-</u> | <u>164</u> |

17. Commitments Under Leases

17.1 Operating Leases

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

| | 2015-16 £'000 | 2014-15 £'000 |
|---|---------------------|---------------------|
| Obligations under operating leases comprise: | | |
| Land | | |
| Not later than one year | - | - |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| | <u>-</u> | <u>-</u> |
| Buildings | | |
| Not later than one year | 208 | 208 |
| Later than one year and not later than five years | 655 | 680 |
| Later than five years | 587 | 728 |
| | <u>1,450</u> | <u>1,616</u> |
| Other | | |
| Not later than one year | - | - |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| | <u>-</u> | <u>-</u> |
| | <u>1,450</u> | <u>1,616</u> |

17.2 Finance Leases

Libraries NI has one finance lease in respect of land which is held on a 999 year lease. Total future minimum lease payments under the lease are given in the table below.

Obligations under finance leases for each of the following periods comprise:

| | 2015-16 £'000 | 2014-15 £'000 |
|---|-------------------|-------------------|
| Buildings | - | - |
| | <u>-</u> | <u>-</u> |
| Other | - | - |
| Not later than one year | 40 | 40 |
| Later than one year and not later than five years | 160 | 160 |
| Later than five years | 38,320 | 38,360 |
| | <u>38,520</u> | <u>38,560</u> |
| Less interest element | <u>(37,622)</u> | <u>(37,700)</u> |
| | <u>898</u> | <u>860</u> |

18. Commitments Under PFI Contracts and other service concession arrangements contracts

Libraries NI had one PFI contract in operation during the period under review, which was on-SoFP under IFRIC 12.

This contract relates to Lisburn City Library. The contract is for the provision of a serviced building, delivered under a 25 year contract, starting in December 2005. The Unitary payment is increased annually in line with the RPI. The building will become the property of Libraries NI at the end of the contract period when Libraries NI will acquire a 999 year leasehold on the premises for a payment of £1. Under IFRIC 12, the property is treated as if it was owned by Libraries NI.

The substance of the contract is that LNI has a finance lease and that payments comprise two elements – finance lease charges and service charges. Details of the imputed finance lease charges are in the table below.

On 29 March 2013 Libraries NI entered into a service concession contract for the supply of a managed ICT service for an initial period of 5 years commencing 1 May 2013. Libraries NI owns the assets and these were shown as additions in 2014-15.

18.1 Present value of obligations under on-SoFP PFI contracts for the following periods comprise:

| | 2015-16 | 2014-15 |
|---|---------------------|---------------------|
| | £'000 | £'000 |
| Rentals due within one year | 214 | 210 |
| Rentals due later than one year and not later than five years | 758 | 737 |
| Rentals due later than five years | 1,993 | 2,127 |
| | <u>2,965</u> | <u>3,074</u> |
| Less interest element | (648) | (634) |
| Present value of obligations | <u>2,317</u> | <u>2,440</u> |

These figures represent the present value of future minimum lease payments, discounted at HM Treasury's discount rate of 3.5%.

18.2 Charge to the Statement of Comprehensive Net Expenditure and Future Commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-SoFP PFI and other service concession arrangements transactions was £3,586k (2014-15: £3,655k) and the payments to which Libraries NI is committed are as follows:

| | 2015-16 | 2014-15 |
|---|----------------------|----------------------|
| | £'000 | £'000 |
| Not later than one year | 3,564 | 3,483 |
| Later than one year and not later than five years | 4,565 | 7,883 |
| Later than five years | 2,351 | 2,566 |
| | <u>10,480</u> | <u>13,932</u> |

19. Other Financial Commitments

Libraries NI has entered into no other non-cancellable financial commitments which are not leases or PFI arrangements, or other service concession arrangements as disclosed above.

20. Pension and Similar Obligations

Introduction

The disclosures in Note 20 below relate to the funded and unfunded liabilities within the Northern Ireland Local Government Officers' Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (Northern Ireland) (the "LGPS") and certain related unfunded liabilities which are separately disclosed.

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2015 being linked to final salary. Benefits after 31 March 2015 are based on Career Average Revalued Earnings. Details of the benefits earned over the period covered by this disclosure are set out in "LGPS (Benefits, Membership and Contributions) Regulations (Northern Ireland) 2009" (as amended).

The unfunded pension arrangements relate to termination benefits made on a discretionary basis upon early retirement in respect of members of the Local Government Pension Scheme (Northern Ireland) under the Local Government (Early termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007.

Funding /Governance Arrangements of the LGPS

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS (Administration) Regulations (Northern Ireland) 2009 (as amended) and the Fund's Funding Strategy Statement. The contributions payable until 31 March 2017 result from a valuation carried out at 31 March 2013, and these are set out in the Fund's Rates and Adjustment Certificate. An actuarial valuation of the Fund was carried out as at 31 March 2016 and as part of the valuation a new Rates and Adjustment Certificate will be produced for the period from 1 April 2017.

The Funding Administering Authority, the Northern Ireland Local Government Officers' Superannuation Committee, is responsible for the governance of the Fund.

Assets

The assets allocated to the employers in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets from the Fund as a whole (based on data supplied by the Administering Authority) is shown in the disclosures, split by quoted and unquoted investments.

The Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Risk associated with the Fund in relation to accounting

Asset Volatility

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield it will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

Changes in Bond Yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

Inflation Risk

The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

Life Expectancy

The majority of the Funds obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Exiting Employers

Employers who leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. The assets at exit in respect of such "orphan liabilities" may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. "Orphan liabilities" are currently a small proportion of the overall liabilities in the Fund.

For 2015/16 the employer's contribution rate to the Fund was 20%.

During 2015/16 Libraries NI made pension employer contributions totalling £2,358k to the Fund, £163k in respect of unfunded pensions and £301k in actuarial costs for early release of pension under exit arrangements.

The latest formal valuation of the Fund for the purpose of setting employer's actual contributions was at 31 March 2013. The exercise was carried out by a qualified independent actuary, using the project unit credit method, for the purposes of the meeting the requirements of IAS 19. The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS 19 purposes were:

20.1 Assumptions

| | At 31 March 2016 | At 31 March 2015 |
|------------------------------|------------------|------------------|
| Rate of increase in salaries | 3.3% | 3.3% |
| Rate of increase in pensions | 1.8% | 1.8% |
| Discount rate | 3.4% | 3.2% |
| Inflation assumption RPI | 2.9% | 2.9% |
| Inflation assumption CPI | 1.8% | 1.8% |

The market values of assets in the scheme were:

| | 31 March 2016 Quoted £'000 | 31 March 2016 Unquoted £'000 | 31 March 2016 Total £'000 | 31 March 2015 £'000 |
|---------------------------------------|-------------------------------------|---------------------------------------|------------------------------------|---------------------------|
| Equities | 69,221 | 193 | 69,414 | 69,616 |
| Government Bonds | 5,503 | - | 5,503 | 12,016 |
| Corporate Bonds | 6,179 | - | 6,179 | 5,436 |
| Property | 12,744 | - | 12,744 | 6,199 |
| Cash | 2,220 | - | 2,220 | 1,907 |
| Other | - | 483 | 483 | 190 |
| Total | 95,867 | 676 | 96,543 | 95,364 |
| Present value of funded liabilities | | | (149,589) | (152,168) |
| Present value of unfunded liabilities | | | (2,486) | (2,641) |
| Net pension asset/(liability) | | | (55,532) | (59,445) |

The fund's objective of holding sufficient assets to meet the estimated current cost of providing members' past service benefits was not met at the last valuation date. The current funding level was 91% at March 2013 (82% in March 2010). In order to contain the growth of the deficit, employer contribution rates increased from 4.6% in 2004-05 to 20% in 2014-15. The scheme trustees have committed to hold the employer contribution rate at this level for 2016-17.

20.2 Amount charged to Comprehensive Net Expenditure

| | 2015-16 £'000 | 2014-15 £'000 |
|---|------------------|------------------|
| Current Service cost* | 3,453 | 3,145 |
| Past Service cost/(gain) | 240 | 45 |
| Total operating cost | 3,693 | 3,190 |
| Financing Cost | | |
| Interest on net defined benefit liability | 1,858 | 2,149 |
| Expense recognised in SoCNE | 5,551 | 5,339 |

* the Current Service cost includes an allowance for the administration expenses of £0.036m for 2015/16 (£0.036m for 2014/15).

20.3 Remeasurements in Other Comprehensive Expenditure (OCE)

| | 2015-16 £'000 | 2014-15 £'000 |
|--|--------------------------------|--------------------------------|
| Return on plan assets (in excess of)/below that recognised in net interest | 340 | (7,487) |
| Actuarial losses/(gains) due to changes in financial assumptions | (5,738) | 13,850 |
| Actuarial (gains) due to changes in liability experience | (1,282) | (932) |
| Expense recognised in OCE | (6,680) | 5,431 |
| Total amount recognised in SOCNE and OCE | (1,129) | 10,770 |

20.4 Reconciliation of Defined Benefit Obligation

| | 2015-16 £'000 | 2014-15 £'000 |
|---|--------------------------------|--------------------------------|
| Opening Defined Benefit Obligation | 154,809 | 137,114 |
| Current Service Cost | 3,453 | 3,145 |
| Interest on pension scheme liabilities | 4,886 | 5,807 |
| Contributions by members | 748 | 764 |
| Actuarial losses/(gains) on financial assumptions | (5,738) | 13,850 |
| Actuarial (gains) on experience | (1,282) | (932) |
| Past Service Costs/(incl. curtailments) | 240 | 45 |
| Estimated unfunded benefit paid | (144) | (143) |
| Estimated benefit paid | (4,897) | (4,841) |
| Closing Defined Benefit Obligation | 152,075 | 154,809 |

20.5 Reconciliation of fair value of employer assets

| | £'000 | £'000 |
|---|-----------------|-----------------|
| Opening fair value of employer assets | 95,364 | 85,848 |
| Interest income on assets | 3,028 | 3,658 |
| Re-measurement gains/(losses) on assets | (340) | 7,487 |
| Contribution by members | 748 | 764 |
| Contribution by the employer | 2,784 | 2,591 |
| Unfunded benefits paid | (144) | (143) |
| Benefits Paid | (4,897) | (4,841) |
| Closing fair value of employer assets | 96,543 | 95,364 |
| Net Deficit at year end | (55,532) | (59,445) |

20.6 Sensitivity Analysis

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

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

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

The sensitivities regarding the principal assumptions used as at 31 March 2016 are set out below.

| | Change in assumption | Impact on Employer Liabilities | Impact on Projected Service Cost |
|----------------------------------|---|---------------------------------------|---|
| Discount rate | Decrease by 0.1% pa Increase by 0.1% | Increase by 1.9% Decrease by 1.8% | Increase by 2.9% Decrease by 2.9% |
| Pension Increase | Decrease by 0.1% pa Increase by 0.1% | Decrease by 1.4% Increase by 1.4% | Decrease by 2.9% Increase by 2.9% |
| Rate of salaries growth | Decrease by 0.1% pa Increase by 0.1% pa | Decrease by 0.5% Increase by 0.5% | No impact No impact |
| Post retirement mortality | Decrease in life expectancy of 1 year Increase life expectancy of 1 year | Increase by 2.6% Decrease by 2.6% | Increase by 3.2% Decrease by 3.2% |

In each case, only the assumption note is altered; all other assumptions remain the same.

Comment on Mortality Assumptions

The mortality assumptions reflect the length of time the benefits would be expected to be paid for. Mortality assumptions are based on the actual recent mortality experience of members within the Fund and allow for expected future mortality improvements. Life expectancy is based on S1NMA and S1NFA year of birth tables, both applied from 2012.

Based on these assumptions, the assumed life expectancies after retirement at age 65 are set out below:

| | Males | Females |
|--|--------------|----------------|
| Future lifetime from age 65 (aged 65 at accounting date) | 22.3 | 24.8 |
| Future lifetime from age 65 (aged 45 at accounting date) | 24.5 | 27.2 |

21. Contingent Liabilities

Libraries NI has no contingent liabilities.

22. Related Party Transactions

Libraries NI had material transactions with DfC (formerly DCAL) and the following DfC sponsored bodies:- The Arts Council of Northern Ireland, The National Museums of Northern Ireland (NMNI), the Northern Ireland Museums Council, The Sports Council for Northern Ireland, The North/South Language Body, Waterways Ireland, The Armagh Observatory and Armagh Planetarium, and the Northern Ireland Screen Commission.

In addition, Libraries NI has had a number of material transactions with other government bodies. Most of these transactions have been with the Education Authority, Land and Property Services and the Health and Social Care Trusts.

During the year no Board member, key manager or other related party has undertaken any material transactions with Libraries NI.

A register of Board members' interests is available and may be inspected on application to the Chief Executive's Office.

23. Events after the Reporting Period

On 9 May 2016 the Department for Culture, Arts and Leisure (DCAL) was dissolved, and sponsorship of Libraries NI transferred to the Department for Communities (DfC).

The result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

The Braniel library building which was categorised as an asset held for sale at year end was disposed of on 27 May 2016 for net proceeds of £113k.

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 24 October 2016.

Northern Ireland Library Authority 2015-16

Report of the Comptroller and Auditor General

Under the Libraries Act (Northern Ireland) 2008 I am required to examine, certify and report on the financial statements of the Northern Ireland Library Authority (NILA). I have qualified my audit opinion on the NILA financial statements for 2015-16 as a result of the significant doubt over the accuracy of the valuations of heritage assets referred to in the financial statements as "stock assets" in note 11. These doubts were first identified in my audit of the 2009-10 financial statements and have remained since then.

Background

1. NILA has included in its financial statements heritage assets (Note 11). These consist of individual and collections of rare and/or fine books and pamphlets to be retained for use by future generations because of their cultural and/or historical heritage associations, and also some pieces of artwork. The Education and Library Boards (ELBs) were responsible for libraries prior to the formation of NILA on 1 April 2009 but such heritage assets were not considered a material item within the financial statements of ELBs. The valuation issues that are the subject of this report arise because the heritage assets, transferred to NILA from the five ELBs, are considered a material asset within the NILA financial statements.
2. Prior to the formation of NILA there was no uniform definition of a heritage 'stock asset' or a consistent policy for the valuation of such assets across Northern Ireland. The Belfast ELB valued books above a threshold amount whereas the other ELBs did not use any threshold. NILA has been unable to determine what the equivalent figure for the Belfast ELB would be with no threshold. The adoption of an appropriate accounting policy for heritage stock assets (including a valuation approach) and its application across all libraries should have been considered during the formation of NILA.

Heritage Stock Assets

3. NILA'S financial statements included heritage assets with a value of £9.7 million at 31 March 2015. During the financial year 2015-16, NILA carried out further work on heritage assets, which resulted in several adjustments to the carrying value in the financial statements. These movements are detailed below.

Revaluations

4. Certain heritage assets were re-valued during the financial year 2015-16. NILA utilised the services of a professional valuer to value collections of heritage assets on a collection by collection basis. This exercise resulted in an upwards revaluation of £129k and these heritage assets are now valued at £1,055k.

De-recognitions

5. Included within this £9.7 million value of heritage stock assets was an amount of £655K in respect of stock assets which NILA derecognised during the year. Of these assets £536K related to assets classified as 'periodicals'. NILA did not believe they met the definition of a Heritage Asset but were unable to provide me with evidence to support this conclusion. The remaining amount mainly related to assets for which NILA was unable to determine what they actually were as adequate records were not retained (£119K) There were no other procedures I could have undertaken as part of my audit to satisfy myself on the valuation of these heritage stock assets. **As NILA were unable to provide me with adequate evidence as to the valuation of the amounts de-recognised I have qualified my audit opinion in this respect.**

Conclusion

6. As I have been unable to obtain sufficient audit evidence concerning the valuation of the heritage stock assets derecognised of £655k I have qualified my audit opinion on the truth and fairness of the financial statements due to these limitations on the scope of my audit.

A handwritten signature in black ink that reads "KJ Donnelly". The signature is written in a cursive style and is contained within a thin black rectangular border.

KJ Donnelly

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

24 October 2016