



Beamish Joint Committee

Date Friday 14 January 2011
Time 11.00 am
Venue Collections Study Room - Beamish Museum, Beamish

Business

Part A

**Items during which the Press and Public are welcome to attend.
Members of the Public can ask questions with the Chairman's
agreement.**

1. Minutes of the meeting held on 12 November 2010. (Pages 1 - 4)
2. Museum Update (Pages 5 - 8)
3. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration.

Part B

**Items during which it is considered the meeting is not likely to be open
to the public (consideration of exempt or confidential information).**

6. Business and Operational Improvement Plan Capital Project Progress Report (Pages 23 - 30)
7. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration.

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
7 January 2011

To: **The Members of the Beamish Joint Committee**

Councillor D A Marshall (Chairman)

Councillor R Bell (Vice-Chairman)

Councillors Bailey, Blakey, Boyes, C Carr, Farry, Gittins, Iveson, C Marshall, D Marshall, May, Naylor, Shuttleworth, Stoker, L Thomson, Todd, Wilkinson, J Wilson and Wright (Durham County Council), Councillors Callender, B Goldsworthy and Green (Gateshead MBC), Councillor Mortimer (North Tyneside MBC), Councillors Dixon, Kerr and Maxwell (South Tyneside MBC), Councillors Bell, Errington, Foster, Kelly, Richardson, J Scott, J B Scott, Speding, Walker, and Wilson (Sunderland City Council)

Co-opted Members (Non-Voting)

Beamish Development Trust – Mr S Gray, Mrs E Hunter and Mrs S Stewart

Friends – Mr A Ashburner and Mr M Dix

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**JOINT COMMITTEE FOR THE NORTH OF ENGLAND
OPEN-AIR MUSEUM**

At a Meeting of the Joint Committee for the North of England Open-Air Museum held in the Collections Study Room, Regional Resource Centre, Beamish Museum on Friday 12 November 2010 at 11.00 a.m.

PRESENT:

Councillor D Marshall in the Chair

Members of the Joint Committee

Councillors Blakey, Boyes, Carr, Iveson, C Marshall, Shuttleworth, Thomson, Todd and Wilkinson (Durham County Council) Callender (Gateshead MBC) Mortimer (North Tyneside MBC) Gibson (South Tyneside MBC) and Foster, Richardson and J Scott (Sunderland City Council)

Co-opted Members (Non-Voting)

Friends – Mr M Dix

Beamish Development Trust – Mrs Hunter

Apologies for absence were received from Councillor Bailey, May, Naylor, Stoker, Wilson and Wright (Durham County Council), Goldsworthy (Gateshead MBC) Kerr (South Tyneside MBC) Bell, Kelly and Walker (Sunderland City Council) Mr A Ashburner (Friends) and Mrs Stewart (Beamish Development Trust)

A1 Minutes

The minutes of the meetings held on 10 September 2010 were confirmed as a correct record and signed by the Chairman.

A2 Museum Update

The Joint Committee received a report from the Museum Director giving an update on Museum business (for copy see file of Minutes).

Performance – The Museum continued to perform well in October with actual visitor numbers for the year to date reaching 384,804 against a budget of 298,000, 29% up on budget. The Halloween event had

been very popular and had attracted 3765 visitors. The Museum is preparing for the start of the Christmas event on 20 November 2010 when the ice skating rink will be opened. The Town would portray a typical Edwardian Market Town during Christmas and gifts would be sold in the Co-op. The Pit Village would also be open, also set in the Edwardian period. The waggonway would be home to the Grotto at weekends only, with several Father Christmas areas available to avoid queues. The gallopers would also be moved to this area. At weekends the Home Farm would be open, portraying a traditional Victorian Christmas. The event would run from 20 November to 2 January 2010. There would be two evening events in addition to the daytime events, on Fridays 10 and 17 December, when in addition to the Town and Grotto areas, Pockerley Old Hall would also be open demonstrating a traditional Georgian 12th night.

Admission Policy for 2011/12 – BML Board has approved a change to the admissions policy with effect from 1 April 2011 following consultations with staff and visits to comparative sites. The Director hoped to develop the visitor experience by having four seasons at the Museum incorporating activities and events throughout the year. Gift Aid income was projected to increase due to selling all visitors an Unlimited Ticket.

MLA/Renaissance – the level of funding would reduce heavily as the programme would cease after March 2012. A small number of core Museums would be funded however as Beamish was not a core Museum it would have to bid for challenge funding. A 20% cut is expected in year 1 rather than the 15% cut over three years originally forecast. This has been included in the revenue budget.

Long term business planning – an event would take place in each local authority area involving stakeholders from each area to seek their view on the future of the Museum. A report would be available at a later date showing the responses received to developments.

Resolved:-

That the report be noted.

A3 Retirement of Treasurer

The Committee noted a report about the retirement of Mr George Blyth, Treasurer to the Museum in January 2011. Following a senior management structure at Sunderland City Council a new post of Executive Director of Commercial and Corporate Services was created and Mr Malcolm Page has been appointed with effect from 4 January 2011.

The Committee thanked Mr Blyth for his service and contribution to the Museum and wished him a long and happy retirement.

The Chairman thanked Mr Blyth for his invaluable contribution to the Museum and appreciated the work carried out over a number of years.

The Museum Director thanked Mr Blyth personally for his support over the few years and thanked him for managing often difficult situations.

Mr Blyth said that it had been pleasing working with the Museum especially with the recent positive changes over the last couple of years. He was thrilled that the Museum was thriving and wished everyone involved luck and good fortune for the future and hoped performance goes from strength to strength.

Resolved:-

That the Joint Committee place on record their thanks to Mr George Blyth and that Mr Malcolm Page be appointed as Treasurer from 4 January 2011.

A4 Cycle of Meetings 2011

The Joint Committee considered a report of the Secretary outlining the dates of Joint Committee meetings for 2011 (for copy see file of Minutes).

It was suggested that the time of meetings should be changed to 11.00 a.m. and that the November 2011 meeting be changed to 18 November subject to constituent authorities agreement.

Resolved:

That the cycle of meetings be approved with the time of meetings being changed to 11.00 a.m. and that subject to agreement the November 2011 meeting being changed to 18 November 2011.

A5 Exclusion of the Public

Resolved:

That under Section 100 A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of

exempt information as defined in paragraph 3 of Schedule 12A to the said Act.

B6 Business and Operational Improvement Plan Capital Project Progress Report

The Committee received a report of the Museum Director detailing variations and changes to the Capital Programme of the Business and Operational Improvement Plan (for copy see file of Minutes).

Members were updated on the executive summary, capital cost plan, funding profile and summary of the capital development programme.

Resolved

That the recommendations contained in the report be approved.

B7 Prioritisation of Capital Projects on 2011/12 and 2012/13

The Committee received a report of the Museum Director recommending to add two additional projects to the capital development project to be delivered over the next two years (for copy see file of Minutes).

Members were updated on capital developments underway, funding for capital development, prioritisation of capital projects and a revised cost plan and funding profile.

Resolved

That the recommendations contained in the report be approved.



Joint Committee of Beamish, the North of England Open Air Museum
Friday, 14th January 2011

Museum Update - Report of Museum Director

1. Performance for the 11 month period 1st February to 31st December 2010

	Actual YTD 2010/11	Budget YTD 2010/11	Previous YTD 2009/10
Visitor numbers	413,595	329,000	381,396
Variance (%)		26%	8%
Income (excluding grants)	£5,270,344	£5,281,633	£5,106,981
Variance (%)		0%	3%

- 1.1 Despite the extremely cold and wintry weather experienced from the end November through to the Christmas period, the Museum’s performance has continued to hold up very well.
- 1.2 Visitor numbers for the 11 month period February to December 2010 are 26% ahead of the original budget forecast and 8% up on the same period in 2009. The Museum remains on track to welcome 415,000 visitors this year.
- 1.3 Beamish’s Christmas season was unsurprisingly affected by the heavy snow. Staff worked incredibly hard to keep the site open throughout, with the exception of one afternoon when the Museum had to be closed for safety reasons. A total of 10,308 visitors attended the Museum in November 2010, a decline of 19% on 2009 and 14% on budget forecast (12,000). A total of 18,483 visitors attended the Museum in December 2010, a decline of 39% on 2009 (24,525) and 3% on budget forecast (19,000).
- 1.4 The Museum is evaluating this year’s Christmas season to help inform plans for 2011. Due to the weather, the number of visitors to the event in 2010 was lower than the previous year, although the result was very close to budget for the month of December. The Museum’s latest attraction, an ice rink in the Pit Village, was operated successfully throughout the event. It operated either at or very close to capacity during many of the weekends it was open in December. The rink will remain open at weekends until the February half term and the operation will be reviewed following this.

2. Beamish Renaissance Operational Plan for 2011/12

- 2.1 Beamish has submitted to the MLA a draft operational plan for projects in 2011/12 to be supported by what has been termed new 'transitional' Renaissance funding. The level of revenue funding the Museum will receive in 2011/12 has been cut by 14%.
- 2.2 By 2011/12, it is forecasted that Renaissance funding of circa £360,000 will represent around 7% of the Museum's turnover of circa £6 million. The table below shows the total approved Hub funding from 2005/6 to 2011/12. Although not always the same as the total grant actually received in any year, it shows how the level of approved Renaissance funding next year compares to previous years.

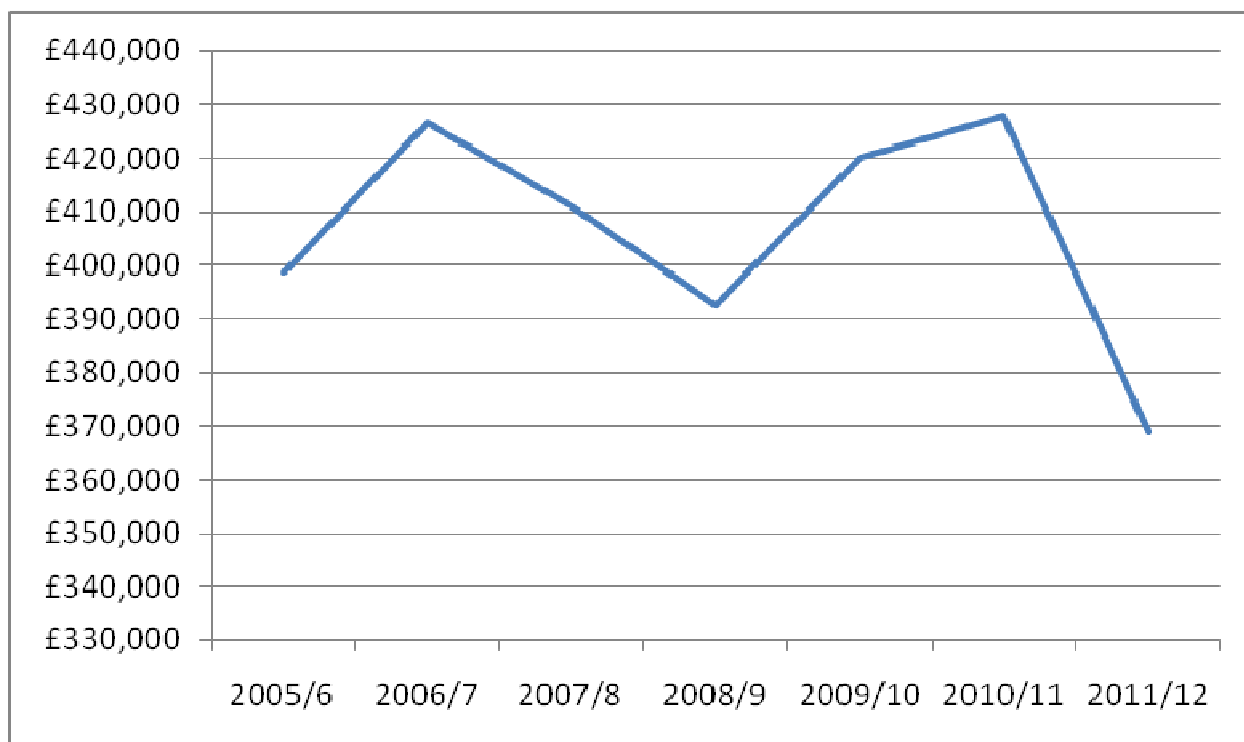


Table showing total approved hub funding from 2005/6 to 2011/12

- 2.3 Renaissance funding is forecast to fall from £427,830 in 2010/11 to £369,000 in 2011/12. This 14% reduction in revenue funding is being implemented in 2010/11 despite an announcement in the October 2010 Comprehensive Spending Review that museums would face a 15% cut over the next four years and had an important role to play in the tourism economy. There is a significant risk to Beamish Museum's 'front line' services and staff currently supported by Renaissance if revenue funding continues to decline beyond 2011/12. The MLA's responsibilities for the delivery of Renaissance pass on to the Arts Council from 1st April 2012.
- 2.4 Beamish plans to use the Renaissance 'transitional' funding in 2011/12 to support the delivery of the Business and Operational Improvement Plan and the preparation of long-term master plan and business plan for 2013 - 2025. Projects have been designed to sustain and if possible continue to increase visitor numbers including those from educational groups.
- 2.5 There are four projects that it is hoped will receive Renaissance support in 2011/12:
- Learning & Skills. A project to enhance the already strong connection between Beamish and communities across the North of England, with support for volunteering programmes and help to remove potential barriers to access for schools.

- Further development of ICT/digital communications strategy and an increase in UK tourism marketing campaigns to enhance national/international profile.
- Development costs for the production of a master plan and Museum business plan for 2013 – 2025 including research into skills/adult learning and development of local, traditional food production and sale on the site.
- Supporting staff to make the collections more effective including an ‘open store’ and renewal of exhibitions.

3. Celebrating Community Heritage – HLF Stage 1 Approval

- 3.1 In December 2010 the HLF Regional Committee awarded ‘Stage 1’ approval for a project to develop Beamish’s outstanding work with schools and community groups across the region.
- 3.2 Following this announcement, the project will now be further developed by the Museum and it is hoped that the HLF Committee will consider the final application in March.
- 3.3 If approved the project will provide around £310k of HLF funding over 3 years and help support staff working in the learning and outreach teams at the Museum, continuing to develop these essential services in line with the Museum’s business plan.

4. Regional Resource Centre – Open Stores Project

- 4.1 A project to create an ‘open store’ at the Regional Resource Centre (RRC) has been developed with Tyne and Wear Archives and Museums (TWAM) during 2010, in consultation with the HLF. It is proposed to develop an open store in the RRC during 2011, with the aim of increasing access to the Beamish collections in store for all museum visitors. The development was discussed and approved by the Joint Committee at their meeting in September 2010.
- 4.2 As reported at previous meetings, an open store will be developed in part of the RRC and will be directly accessible for all visitors to Beamish from inside the Museum grounds. The open store will display Beamish collections as a ‘development store’ with objects grouped according to how they may eventually be displayed in the open-air museum. The project will also allow the Museum to display many objects that can be difficult to exhibit within the open-air museum, including banners and quilts. As part of the project, TWAM collections currently on display in the RRC will be relocated to a dedicated store in the Regional Museums Store (RMS).
- 4.3 Staffing and equipment costs relating to the project development and the creation of the open stores have been funded by the HLF, as part of the Regional Resource Centre 2 revenue grant that continues until March 2011. The project funding has been approved by the HLF regional office and is contained within original approved HLF budgets.
- 4.4 However there are a number of capital costs associated with the development that cannot be met from HLF or Museum revenue budgets, and it is proposed to allocate funding from the Joint Committee Capital Development Reserve to meet these costs, which are estimated to total £65,000.
- 4.5 The estimated capital costs of £65,000 relate to the construction of new visitor access routes to the open store in the Regional Resource Centre and the construction of collections stores at the Regional Museums Store. These additional stores in the RMS will

house TWAM collections displaced by the creation of the Beamish Open Store in the RRC and will also house Beamish collections that cannot be displayed within the open store.

- 4.6 Subject to approval from the Joint Committee, it is proposed to carry out these works from January 2011 and it is estimated that they will be completed in 6 months.
- 4.7 The open stores in the RRC will remain available for group use out of hours, but will normally be open during normal Museum opening hours for all Beamish Museum paying visitors for no additional charge. The entrance point will be within the Museum site. This will dramatically enhance and increase access to the collections and support ongoing work to improve the management of Beamish's collections.
- 4.8 Ongoing running costs will not be affected by the proposals, since the open store will not be staffed and visitors will be able to tour the stores on a self-guided basis.
- 4.9 The Capital Development Reserve currently has sufficient funds to meet the costs of the project. As reported at the Joint Committee meeting in November 2010, the Capital Development Reserve currently includes uncommitted funds totalling £201,269. If approved, the project will be included in a review of all projects included in the capital programme during 2010/11 and 2011/12, which will be reported at the next meeting of the Joint Committee.

Approval sought

- Members are asked to approve the above report in section 4 and the proposal to allocate funding totalling £65,000 from the Capital Development Reserve to support costs associated with the creation of an Open Collections Store at the Regional Resource Centre.

5. Priorities for the next period

- Prioritise organisation of stakeholder workshops around the region to support the development of a long-term development plan.
- Identify suitable long term business planning consultants to support Museum staff where and when needed, preparing briefs for commissioning.
- Update Museum's risk register including the capital programme.
- Prepare operational plans for developing catering at Beamish and managing the new entrance building.
- Continue to monitor performance weekly to maximise income and year end surplus
- Review BML revenue budgets for 2011/12 and 2012/13 including the fish and chip shop operation from early summer 2011.
- Manage entrance building and tea room kitchen extension construction projects
- Manage fish and chip shop and tea room ramp projects
- Complete evaluation of Christmas at Beamish 2010.

Richard Evans, Director
3rd January 2010



BEAMISH MUSEUM LIMITED – 14th January 2011

Annual Audit Letter 2009/2010

Report of the Museum Director and Treasurer

The Annual Audit Letter 2009/2010 from the Audit Commission is attached for Members' attention. The Key Messages in this year's audit letter are shown on pages 2 to 3 and can be summarised as follows:

- An unqualified opinion on the financial statements of the Joint Committee and its Group for 2009/2010 was issued on 28th September 2010 and the accounts certified;
- An unqualified value for money conclusion was also issued on 28th September 2010;
- Working papers were comprehensive and Officers were responsive to the queries raised with them and displayed a strong technical knowledge of accounting standards and requirements. This will be important as 2010/2011 will be the first year that the financial statements need to be prepared under International Financial Reporting Standards (IFRS).

The Joint Committee's arrangements to secure economy, efficiency and effectiveness in its use of resources were assessed and found to be adequate. The Museum has performed well over the last two years turning a deficit into a healthy surplus and significantly increasing visitor numbers.

There are no recommendations in the Annual Audit Letter, however, Members will need to ensure the successful implementation of IFRS for the 2010/2011 financial statements and adopt a prudent approach to budget projections in light of the economic recession and cuts in public spending.

Members are invited to note the Annual Audit Letter 2009/2010.

Malcolm Page CPFA
Treasurer

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Annual Audit

Letter

North of England Open Air Museum

Audit 2009/10

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Key messages

This report summarises my findings from the 2009/10 audit. My audit comprises two elements:

- **the audit of your financial statements (page 3); and**
- **my assessment of your arrangements to achieve value for money in your use of resources (page 4).**

Audit opinion and financial statements

1 I issued my audit report including an unqualified opinion on the Joint Committee's 2009/10 financial statements on 28 September 2010.

Value for money

2 I issued an unqualified VFM conclusion stating that the Joint Committee has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Current and future challenges

3 Beamish Museum, operated through the Joint Committee's subsidiary companies, has performed well over the last couple of years, turning a deficit into a healthy surplus and significantly increasing visitor numbers. This has been achieved against the backdrop of difficult trading conditions and in a period of general economic downturn.

4 The Government's October 2010 comprehensive spending review has set out an unprecedented level of cuts in public spending. The impact on the Joint Committee and the subsidiary companies is lessened, as a relatively small proportion of funding comes directly from public bodies. However, there are risks if these cuts lead to deeper economic recession and start to impact on visitor numbers. A prudent approach is being adopted to budget projections.

5 In relation to future financial reporting, the Joint Committee will need to ensure the successful implementation of International Financial Reporting Standards (IFRS) for the production of its 2010/11 financial statements.

Financial statements and annual governance statement

The Joint Committee's financial statements and annual governance statement are an important means by which it accounts for its stewardship of public funds. I gave an unqualified opinion on the Joint Committee's 2009/10 financial statements on 28 September 2010, within the statutory target date.

Overall conclusion from the audit

- 6** I issued my audit report including an unqualified opinion on the Joint Committee's 2009/10 financial statements on 28 September 2010.
- 7** A small number of relatively minor amendments were agreed to the draft financial statements. Working papers were comprehensive and officers were responsive to the queries raised with them.
- 8** I did not identify any significant weaknesses in your internal control arrangements.
- 9** Officers display a strong technical knowledge of accounting standards and requirements. This will be important next year as 2010/11 will be the first year that the financial statements need to be prepared under International Financial Reporting Standards (IFRS). It is essential that the Joint Committee continues to make its preparations for IFRS implementation and keeps on course against the timetable that has been set.

Value for money

I considered whether the Joint Committee is managing and using its money, time and people to deliver value for money.

I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.

VFM conclusion

10 I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the VFM conclusion at each type of audited body.

11 This is a summary of my findings.

Criteria	Adequate arrangements?
Managing finances	
Understanding costs and achieving efficiencies	Yes
Financial Reporting	Yes
Governing the business	
Good governance	Yes
Risk management and internal control	Yes

12 I issued an unqualified conclusion stating that the Joint Committee had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources.

Current and future challenges

Future developments

13 Beamish Museum, operated through the Joint Committee's subsidiary companies, has performed well over the last couple of years, turning a deficit into a healthy surplus and significantly increasing visitor numbers. This has been achieved against the backdrop of difficult trading conditions and in a period of general economic downturn.

14 The Government's October 2010 comprehensive spending review has set out an unprecedented level of cuts in public spending. The impact on the Joint Committee and the subsidiary companies is lessened, as a relatively small proportion of funding comes directly from public bodies. However, there are risks if these cuts lead to deeper economic recession and start to impact on visitor numbers. A prudent approach is being adopted to budget projections.

15 In relation to future financial reporting, the Joint Committee will need to ensure the successful implementation of International Financial Reporting Standards (IFRS) for the production of its 2010/11 financial statements.

Closing remarks

16 I have discussed and agreed this letter with the Treasurer. I will present this letter to the Joint Committee and copies will be provided to all Members.

17 Full detailed findings, conclusions and recommendations in the areas covered by our audit were included in the reports I issued to the Joint Committee during the year.

Report	Date issued
Fee letter	April 2009
Opinion audit plan	June 2010
Annual governance report	September 2010
Opinion on the financial statements	September 2010
Value for money conclusion	September 2010
Annual audit letter	October 2010

18 The Joint Committee has taken a positive and helpful approach to our audit. I wish to thank officers for their support and cooperation during the audit.

Steve Nicklin
District Auditor
November 2010

Appendix 1 Audit fees

	Actual	Proposed	Variance
Financial statements and annual governance statement	13,700	13,700	0
Value for money	1,800	1,800	0
Total audit fees	15,500	15,500	0
Non-audit work	0	0	0
Total	15,500	15,500	0

Appendix 2 Glossary

Annual governance statement

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Joint Committee on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Audit opinion

On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and,
- whether they have been prepared properly, following the relevant accounting rules.

Financial statements

The annual accounts and accompanying notes.

Qualified

The auditor has some reservations or concerns.

Unqualified

The auditor does not have any reservations.

Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of money, people and time.

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- any third party.



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November 2010

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of the Local Government Act 1972.

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