



Joint Committee for the North of England Open
Air Museum

Date Friday 24 June 2011
Time 11.00 am
Venue Collections Study Room, Regional Resource Centre,
Beamish Museum, Beamish

Business

Part A

1. Minutes of the Meeting held on 6 May 2011 (Pages 1 - 4)
2. Revenue and Capital Outturn 2010/2011 - Report of the Museum Director and Treasurer (Pages 5 - 12)
3. Annual Governance Statement 2010/2011 - Report of the Museum Director and Treasurer (Pages 13 - 38)
4. Annual Return and Accounts 2010/2011 (Subject to Audit) - Report of Treasurer (Pages 39 - 78)
5. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration.

6. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information.

Colette Longbottom
Secretary to the Joint Committee

County Hall
Durham
16 June 2011

To: The Members of the Joint Committee

Councillors J Bailey, J Blakey, D Boyes, C Carr, D Farry, P Gittins, S Iveson, C Marshall, D Marshall, P May, A Naylor, J Shuttleworth, L Thomson, D Stoker, R Todd, J Wilkinson, J Wilson and A Wright
(Durham County Council)

Councillors Norman Callender (Gateshead MBC), Bob Goldsworthy (Gateshead MBC), Linda Green (Gateshead MBC), Shirley Mortimer (North Tyneside MBC), Tracey Dixon (South Tyneside MBC), Alan Kerr (North Tyneside MBC), Nancy Maxwell (South Tyneside MBC), Richard Bell (Sunderland City Council), David Errington (Sunderland City Council), Thomas Foster (Sunderland City Council), John Kelly (Sunderland City Council), Dennis Richardson (Sunderland City Council), James B Scott (Sunderland City Council), John Scott (Sunderland City Council), Mel Speding (Sunderland City Council), Peter Walker (Sunderland City Council) and Denny Wilson (Sunderland City Council)

Co-opted Members (Non-Voting)

Beamish Development Trust - Sarah Stewart, Simon Gray and Edna Hunter

Friends - Alan Ashburner and Malcolm Dix

JOINT COMMITTEE FOR THE NORTH OF ENGLAND OPEN-AIR MUSEUM

At a Meeting of the Beamish Joint Committee held in the Collections Study Room, Beamish Museum, Beamish on Friday 11 March 2011 at 11.00 a.m.

Present:

Councillor Councillors May, Naylor, Stoker, Todd and Wright (Durham County Council) Goldsworthy and Green (Gateshead MBC), Mortimer (North Tyneside MBC), Foster (Sunderland City Council), and Mrs Stewart (Development Trust) and Mr Ashburner and Mr Dix (Friends).

As the meeting was not quorate the Secretary advised that the meeting could only proceed on the basis that any decisions taken would be ratified at the next meeting. In the event of urgent decisions being required it was agreed to write to those councils not in attendance to obtain an indication whether they would support the proposal or not. All decisions taken at this meeting were carried out by a unanimous vote of those members present.

1. Minutes of the Meeting held on 14 January 2011

The minutes of the meeting held on 14 January 2011 were confirmed as a correct record.

2. Changes to the Accounts and Audit Regulations

The Joint Committee received a report from the Treasurer explaining the impact of changes to Accounts and Audit Regulations following a consultation by the Department for Communities and Local Government (CLG) (for copy see file of Minutes).

Resolved:-

That the implications of the Accounts and Audit Regulations 2011, be noted.

3. Museum Update

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

Performance – The Museum Director reported an amazing start to the year with over 60,000 visitors in April compared to a budget of 38,000 and 46,000 on the previous year to date. A successful steam event was held over a four day period including one of the busiest days since 1995. A children's event based on the Washington Children's Strike boosted numbers in February. Overall visitor numbers were up 20% on last year and up 50% on budget.

Request for Additional Funding – The Museum Director requested additional funding of £40,000 for the completion of the Coal Fired Fish and Chip Shop from the Capital Development Reserve.

Resolved:-

That additional funding totalling £40,000 from the Capital Development Reserve to assist with the cost of reconstructing the coal fired fish and chip shop in the Pit Village, be approved.

4. Acquisition of Lighthouse Slip from Hollycombe Steam Collection

The Joint Committee received a report of the Museum Director and Museum Treasurer about the acquisition of a Lighthouse Slip from the Hollycombe Steam Collection in Hampshire (for copy see file of Minutes).

Hollycombe Steam Collection received a grant from the Heritage Lottery Fund in 1998 and conditions were placed on the Slip, including to keep it to a reasonable standard of repair. The transfer has been agreed in principle and a tripartite deed has been drafted. The Secretary is seeking agreement to amend the deed so that Beamish Museum will not be liable for any breach of condition by the company occurring prior to the date of the agreement.

The Secretary of the Joint Committee from Durham County Council would write to all constituent authorities to seek their agreement for him to sign the legal deed on their behalf.

Resolved:-

- (i) That the transfer of a Lighthouse Slip from Hollycombe Working Steam Museum Limited to Beamish, The North of England Open Air Museum be approved, and
- (ii) That the Secretary of the Joint Committee from Durham County Council be authorised to sign the legal deed on behalf of all constituent authorities, subject to agreement from all constituent authorities.

5. Presentation on School Groups

The Joint Committee received a presentation from Simon Wooley, Head of Learning and Access on the projects covered for school groups and local communities, including:-

Stanley Pit Disaster
Consett Steel Works
Steam Farms, Northumberland
Washington Banner and Children's Strike

All of these topics help children and the local community link the past with the present, generating an interest in what has happened and bringing it back to life.

Funding has been received from HLF to help with school trips and from Greggs to provide picnic hampers.

Looking ahead the Museum will be involved in projects such as the 60th anniversary of the Easington Pit Disaster and the history and restoration of the Spennymoor Chip Van.

The Chairman thanked Mr Wooley for a very informative presentation and suggested that he talk to individual councillors to give consideration for certain projects that they may be able to make a small donation towards.

6. Any Other Business

Members discussed the timings of future meetings and the Chairman suggested that a report be prepared for the AGM together with a list of suggested dates of the Joint Committee meeting for 2011/12.

7. 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.

8. Business and Operational Improvement Plan Capital Project Progress Report No. 6

The Joint Committee received a report from the Museum Director that provided an update on the variations and funding for Capital Projects (for copy see file of Minutes).

Resolved:-

That the report be noted.

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JOINT COMMITTEE – 24th June 2011

REVENUE AND CAPITAL OUTTURN 2010/2011

REPORT OF THE MUSEUM DIRECTOR AND TREASURER

1. Purpose of the Report

- 1.1 The Revenue and Capital Budgets for 2010/2011 were approved at the meeting of the Joint Committee on 12th March 2010. The purpose of this report is to present the Revenue and Capital Outturn position for 2010/2011 and outline any major variations since the Revenue Budget Review and Capital Budget Review reported to the Joint Committee on 11th March 2011 and 25th June 2010 respectively.
- 1.2 The Annual Return for 2010/2011, subject to audit, is included elsewhere on the agenda for approval by the Joint Committee.

2. Revenue Outturn 2010/2011

- 2.1 It should be noted that the revenue outturn in this report does not include charges associated with intra-group transactions which have an overall neutral effect on the financial position of the Museum. However, adjustments relating to intra-group transactions are required to be included in the Annual Return. Appendix A summarises the revenue outturn position for 2010/2011.
- 2.2 The revised budget estimate approved by the Joint Committee on 11th March 2011 forecast a break-even position at the year end based on a contribution from reserves of £1,601. The actual position at the year end was a surplus of £9,627.
- 2.3 The variations between the revised estimate and outturn are detailed below:
 - Services (£10,500 underspend). The provision for fees relating to the external audit and inspection has been reduced to £5,000 as a result of the Joint Committee's accounts being audited under the

limited assurance audit regime.

- Miscellaneous Income (£655). The Joint Committee received a refund of £655 during 2010/2011 relating to expenditure previously incurred in 2009/2010.

3. Capital Budget 2010/2011

3.1 The estimated capital expenditure for 2010/2011 reported to the Joint Committee on 25th June 2010 was £1,877,345, which included £1,820,530 relating to Business and Operational Improvement Plan (BOIP) projects and £56,815 on smaller capital projects. The actual amount of expenditure incurred for 2010/2011 was £1,488,743. The expenditure on non-BOIP completed schemes was £157,984 and on BOIP schemes expenditure totalled £1,330,759.

3.2 The variations totalling £101,169 on non-BOIP schemes are shown below:

Capital Scheme	Variation Over / (Under) £
Coffee Pot	796
Lewin Locomotive	(180)
Period Transport Project	3,042
Chauldron Wagons	(9,500)
Ice Rink	98,761
Land Rover	8,250
Total	101,169

3.3 The reasons for the main variations on the above non-BOIP schemes are as follows:

3.3.1 Coffee Pot (£796 overspend) - the slight overspend was due to higher costs relating to final completion work on the boiler. This scheme has now been completed with the Coffee Pot being available for the Easter holiday period and the "Power from the Past" steam event held in April 2010.

3.3.2 Period Transport Project (£3,042 overspend) - an overspend has occurred due to increased costs relating to the refurbishment and restoration of the interior of the Chip Van which is now complete.

3.3.3 Chauldron Wagons (£9,500 underspend) - the underspend is due to a reduction in the estimated cost of the works necessary to carry out the restoration of the two wagons.

- 3.3.4 Ice Rink – Members will recall that approval was given at the meeting held on 10th September 2010 to purchase an ice skating rink and equipment at a total capital cost of £94,000. The actual cost of the project was £98,761 which was met from the Museum’s Capital Development Reserve. The variation of £4,761 was as a result of increased costs relating to the purchase of the pavilion to store the ice skating equipment.
- 3.3.5 Land Rover – An insurance claim was made in June 2010 relating to a stolen Land Rover. The subsequent settlement of £7,637 was used to purchase a replacement vehicle with the additional funding of £613 being met from the Capital Development Reserve.
- 3.4 The actual amount of expenditure incurred on BOIP schemes during 2010/2011 was £1,330,759, which represents a total variance of £489,771 from that which was reported at the Capital Budget Review on 25th June 2010. However, since this date the Joint Committee has approved four further Progress Reports relating to the BOIP which include additional priority projects, increased contract costs and changes to the level and sources of funding available. Project delays as a result of extremely bad weather during the winter season have also lead to slippage in several of the BOIP schemes. Progress Report Number 6 which was approved by the Joint Committee on 6th May 2011 shows total estimated costs to be £2,940,000. Members will continue to be updated with BOIP Progress reports during 2011/2012.

4. Capital Development Reserve

- 4.1 The table below sets out the position of the Capital Development Reserve as at 31st March 2011, as well as a projected position at 31st March 2012.

	£
Balance as at 1st April 2010	592,799
Interest Received 2010/2011	3,676
Transfers from Earmarked Reserves	59,019
Financing of 2010/2011 capital expenditure	(123,272)
Balance as at 31st March 2011	532,222
Committed from 2011/2012 Capital Programme	(424,097)
Estimated Interest 2010/2011	2,500
Forecast Balance as at 31st March 2012	110,625

- 4.2 The forecast balance as at 31st March 2011 reported at the Capital Budget Review on 25th June 2010 was £303,580. The actual balance at 31st March 2011 was £532,222. The variation of £228,642 is due primarily to a reduction in the level of capital finance used in 2010/2011 as a result of changes to the funding and timing of BOIP schemes outlined at 3.3 above, and will now be utilised in 2011/2012.

4.3 There was a small overspend of £4,761 on the ice skating rink as detailed at paragraph 3.2.4 which was met from the Capital Development Reserve.

4.4 The forecast balance as at 31st March 2012 of £110,625 includes all of the remaining committed funding on BOIP schemes approved by the Joint Committee at the meeting held on 6th May 2011.

5. Recommendations

5.1 Members are requested to:

- Note the Revenue Outturn and variations for 2010/2011
- Note the Capital Outturn and variations for 2010/2011

Richard Evans
Museum Director

Malcolm Page
Treasurer

REVENUE ESTIMATES

	Original Budget 2010-11 £	Variations since Jun-10 £	Out-turn 2010-11 £
Premises Related Expenses			
1 Rents, Rates & Water	20,000	0	20,000
Supplies & Services			
2 Printing, Stationery & General Office Expenses	3,200	376	3,576
3 Services	15,500	(10,500)	5,000
4 Central, Departmental and Technical Services	18,663	0	18,663
Capital Financing Costs			
5 Debt Charges	68,337	(20,940)	47,397
	125,700	(31,064)	94,636
Other Grants, Reimbursements & Contributions			
6 Contributions from Constituent Authorities	(103,608)	0	(103,608)
6a Miscellaneous Income	0	(655)	(655)
7 Use of (Surplus)/Contribution to Reserves	(22,092)	22,092	0
	(125,700)	21,437	(104,263)
8 DEFICIT / (SURPLUS) for the year	0	(9,627)	(9,627)
9 Accumulated Deficit / (Surplus) B/fwd	(113,617)	(1,081)	(114,698)
Use / (contribution) of Surplus	22,092	0	0
10 DEFICIT/ (SURPLUS) C/FWD	(91,525)	(10,708)	(124,325)

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SCHEME	Gross Scheme Cost £	Expend. to 31.03.10 £	Payments	
			Actual	Estimated
			2010/2011 £	2011/2012 £
Continuing Projects				
Period Transport Project	48,042	34,469	13,573	0
Coffee Pot No. 1 Restoration	59,796	57,896	1,900	0
<u>BOIP Projects</u>				
Period Fairground	500,000	404,620	84,387	10,993
TOTAL CONTINUING PROJECTS	607,838	496,985	99,860	10,993
Projects Commencing 2010/2011				
Chauldron Wagons	35,500	0	35,500	0
Ice Rink	98,761	0	98,761	0
Land Rover	8,250	0	8,250	0
<u>BOIP Projects</u>				
Tea Room	393,837	0	237,062	156,775
Entrance Building	889,390	0	611,383	278,007
Fish and Chip Shop	310,000	0	266,526	43,474
Rowley Station	291,000	0	82,960	208,040
Hetton Band Hall	47,000	0	4,691	42,309
Eston Church	230,000	0	43,750	186,250
Professional Fees and Contingency Costs	78,773	0	0	78,773
TOTAL PROJECTS COMMENCING 2010/2011	2,382,511	0	1,388,883	993,628
<u>BOIP Projects</u>				
Town Bakery	200,000	0	0	200,000
TOTAL PROJECTS COMMENCING 2011/2012	200,000	0	0	200,000
TOTAL CAPITAL PROGRAMME	3,190,349	496,985	1,488,743	1,204,621

METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

	Resources	
	Actual	Estimated
	2010/2011 £	2011/2012 £
From Internal Sources		
Capital Development Reserve	123,272	424,097
TOTAL INTERNAL SOURCES	123,272	424,097
From External Sources		
Durham County Council	150,000	0
PRISM Grant Fund	19,000	0
Beamish Development Trust	250,000	40,000
Ken Hoole Trust	2,500	0
Friends of Beamish	10,531	220,000
Insurance Settlement	7,637	0
Loan	84,387	10,993
Contribution from BML	665,469	459,531
AIA	14,000	0
DCMS Grant	161,947	0
Garfield Weston Trust	0	50,000
TOTAL EXTERNAL SOURCES	1,365,471	780,524
TOTAL FINANCING	1,488,743	1,204,621

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JOINT COMMITTEE – 24th June 2011

GOVERNANCE ARRANGEMENTS 2010/2011

REPORT OF THE MUSEUM DIRECTOR AND TREASURER

1. Purpose of Report

1.1 The purpose of this report is to set out the details of the Annual Review of the Joint Committee's Risk Management and Annual Governance arrangements.

2. Governance Reports

2.1 The following reports relate to the Museum's governance arrangements for 2010/2011 and are presented to Members for their consideration.

2.1.1 Risk Management Annual Report 2010/2011

This report (Appendix A) sets out the arrangements in place for the management of risk during 2010/2011, proposals for future improvement and development, and the outcome of the Annual Review of the Risk Management Policy.

2.1.2 Annual Governance Review 2010/2011

This report (Appendix B) provides details of the findings of the 2010/2011 Annual Governance Review and includes a draft Annual Governance Statement which, once approved, will be incorporated into the Museum's Annual Return.

3. Recommendation

- Members are requested to approve the two reports shown at Appendices A and B

Richard Evans
Museum Director
24th June 2011

Malcolm Page
Treasurer

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JOINT COMMITTEE – 24th June 2011

GOVERNANCE ARRANGEMENTS 2010/2011: APPENDIX A

ANNUAL REVIEW OF RISK MANAGEMENT 2010/2011

REPORT OF THE MUSEUM DIRECTOR AND TREASURER

1. Purpose of the Report

1.1 To carry out a review of the processes for risk management in place during 2010/11 at Beamish, making recommendations for review by the Corporate Governance Steering Group and Members of the Joint Committee.

1.2 The Corporate Steering Group membership is as follows:

- Museum Director;
- Assistant Director Resources;
- Special Projects Manager;
- Head of Engagement;

2. Key Findings

Risk Management Policy and Strategy

2.1 A Risk Management Policy and Strategy was approved by the Joint Committee in January 2007. The Policy and Strategy have been reviewed and currently there are no suggested amendments. The strategy is attached at Appendix 1.

Risk Profile

2.2 Following comments received from external auditors including the Audit Commission, the Museum provided risk management training to management staff in 2007/8 and developed a corporate risk register together with a plan to embed Risk Management Plans across the whole Museum.

- 2.3 The Museum Risk Profile developed in 2007/8 with support from Sunderland City Council records and tracks major risks across all departments in the Museum.
- 2.4 In 2009/10 and 2010/11 the Risk Profile was further developed by managers from all departments including:
- Museum Director;
 - Assistant Director Resources (admin/finance functions);
 - Finance Manager (finance functions);
 - Special Projects Manager (curatorial and development);
 - Head of Engagement (costumed demonstrators and operations);
 - Head of Learning and Access (education and outreach);
 - Facilities Manager.(site maintenance and contract works)
- 2.5 The current Risk Profile dated June 2011 covers a wide range of museum operations and provides a full summary of the risks the Museum faced during the financial year, together with the control measures in place. Individual managers have been assigned risks together with duties to ensure they were controlled. Actions are followed up in weekly operational management meetings.
- 2.6 The Risk Profile was last updated in June 2011. The Executive Assistant of the Director ensures that future reviews at 6 month intervals are placed in the electronic diary system for all managers. The next review is due in November 2011.

Embedding Risk Management in Future Planning & Daily Operations

- 2.7 Risk Management Plans had been embedded across the Museum. The current forward plan for developing the Museum is detailed in the Business and Operational Improvement Plan 2009-2012 (BOIP). The BOIP was approved in March 2009 and includes a programme of revenue and capital projects now extended to cover the period to 31st March 2012. The projects aim to both enhance the visitor experience and the financial sustainability of the Museum by increasing visitor numbers and income from trading. The BOIP includes an action plan for delivery together with a risk register for all its projects, which are updated in monthly project reports. The project reports for capital projects are regularly reported to the Board of BML and the Joint Committee of the Museum. The last report was given in April 2011. In 2010/11 the BOIP continued to be reviewed and updated, together with its risk register, on a monthly basis in the same project reports. The next review of the capital projects in the BOIP together with their risk register is due in September 2011.

- 2.8 There is also a need to consider longer term risk management beyond the period of the BOIP. This is being considered as part of a long term plan for Beamish, covering the period 2012 – 2025. This important planning document is currently being prepared by the management team and will be ready as a draft for discussion by March 2012. The Board of BML and the Joint Committee continue to be consulted on a regular basis as key stakeholders and ‘owners’ of the plan.
- 2.9 Within the context of the BOIP, the Museum has delivered a range of improvement projects in the Museum during 2010/11, including in particular refurbishment works to catering, retail, admissions facilities. The management team has ensured that risk management procedures embedded into the management of projects.
- 2.10 Members will note that risk management procedures and the Corporate Risk Register encompass a wide range of issues including financial, legal, reputational and health and safety risks. A Risk Management Review in 2010/11 found that the Corporate Risk Register included a broad range of risks, as a result of being developed by senior managers across the organisation.
- 2.11 With respect to the management of health and safety at the Museum, the Risk Management Review recommended that the Museum develop a system for carrying out an annual review of risk assessments in high risk areas of the operation, such as transport operations. The annual review will be managed through the Health and Safety Committee to ensure it is scrutinized effectively.
- 2.12 The review found that individual project risk assessments were in place for the capital projects completed in the 2010/11 year. The Facilities Manager continued to manage small contract works effectively over the year.
- 2.13 The review found that Risk registers were embedded in planning documents prepared by Museum staff in operational plans. Individual plans were prepared for catering, retail and event developments in 2010/11. Plans were also prepared for new exhibits opening in 2011 including the introductory exhibition and the fish/chip shop.
- 2.14 Risk management procedures are in place for the Eston Church capital project that begins in spring 2011. Museum managers have enlisted professional support from the Northern Safety Group to assist with construction phase health and safety planning. The Keeper of Buildings has attended a CDM training course.
- 2.15 With respect to the Management of Health and Safety, group committee meetings were held quarterly during the year and included consultation with representatives from all areas of the Museum. Agenda items include a

review of accidents, training, new activities and review of risk assessments in all areas by managers/supervisors. There is a need to ensure that actions are followed up appropriately by staff, including a review of risk assessments for activities.

- 2.16 The Museum Director continues to see copies of all incident/accident report forms completed on site, to help improve management knowledge and effectiveness. The Attendant team produced a quarterly analysis of accidents on site for managers and members of the Health and Safety Committee, showing location and type of accident/near miss.

3. Conclusion & Recommendations

- 3.1 In conclusion, the Risk Management Review found that Museum staff had taken measures during the 2010/11 year to strengthen the Museum's management of risk and the Museum continues to have robust and effective procedures in place.
- 3.2 A number of recommendations to further strengthen risk management procedures are made, including most significantly the need to review the management of high risk activities. The recommendations are summarised in Appendix 2.

RICHARD EVANS
Museum Director

15 June 2011

**JOINT COMMITTEE OF BEAMISH, THE NORTH OF ENGLAND OPEN AIR MUSEUM
RISK MANAGEMENT POLICY STATEMENT – ADOPTED JANUARY 2007**

Beamish Joint Committee recognises that Risk Management is one of the principal elements of Corporate Governance and a key contributor to ensuring a sound internal control environment. Risk Management can be defined as the culture, process and structure that are directed towards effective management of potential opportunities and threats to the organisation achieving its objectives. The Joint Committee will establish and maintain a systematic framework and process for managing strategic, operational, and partnership risks and review its Policy and Strategy regularly.

All members, employees, service providers, partners and stakeholders, are expected to play a positive role in embedding the culture, ethos and practice of good Risk Management in all activities.

RISK MANAGEMENT STRATEGY

Purpose

The purpose of the strategy is to provide a clear corporate framework and management arrangements to achieve the Joint Committee's objectives in relation to Risk Management.

Objectives

- Embed Risk Management into the culture and practices of the organisation.
- Ensure the organisation successfully identifies and manages risks and opportunities at all levels.
- Ensure the organisation meets all statutory and best practice arrangements in relation to Risk Management.
- Ensure Risk Management is a key and effective contributor to the organisation's Corporate Governance arrangements.
- Ensure that roles and responsibilities have been clearly identified.

Framework

In order to achieve the above objectives, the following structures, processes and procedures, will be introduced or actioned.

- A commitment to Risk Management will be included in the Constitution.
- A Corporate Risk Profile will be produced and updated on a regular basis.
- The Director will produce a report annually on Risk Management and the Corporate Risk Profile.

- An internal Risk Management Officer Group will be established to review the Risk Management arrangements and activities, update the Corporate Risk Profile and report to the Director.
- Annual Service / Business Plans will identify risks (barriers / issues).
- Reports to the Joint Committee will include a Risk Analysis.
- Risk Management to become a standing item on team meeting agendas.
- Risk Registers for Partnerships will be developed.
- A training programme is to be developed and implemented appropriate to the seniority and role of staff.

ROLES AND RESPONSIBILITIES

Joint Committee

Members' role is to:

- Ensure that an effective strategy is in place to manage risks throughout the organisation.
- Be aware of the Risk Management implications of decisions.

Director

Director's role is:

- To report annually to the Joint Committee on Risk Management within the organisation and on the Corporate Risk Profile.
- Establish an effective Risk Management Officer Group and receive reports quarterly.
- Ensure Risk Management is embedded throughout the organisation.
- Advise the Joint Committee on the risk management implications of decisions.

Risk Management Officer Group

The above group is made up of senior managers from the organisation to oversee the Risk Management process and procedures. The group has responsibility for:

- The production of the Corporate Risk Profile.
- Developing, implementing, monitoring and reviewing an action plan to minimise corporate risks identified in the Profile.
- Reporting quarterly to the Director.
- Reviewing training needs and programmes in relation to Corporate Risk Management.
- Co-ordinating risk management activity.

Senior Managers

- Assist in ensuring a Risk Management culture is embedded throughout the organisation.
- Ensure reports contain an appropriate Risk Analysis.
- Implement recommendations of the Risk Management Officers Group.
- Ensure Risk Management is a standing item on team agendas.

Employees

- To understand their role in the risk management process with regard to:
 - (a) Risk identification
 - (b) Risk analysis
 - (c) Risk control
 - (d) Risk management action plans

- To manage risk effectively in their job.

Ref	Action	Lead / Responsible Officer
1.	Ensure that the Corporate Risk Profile for the Museum is regularly updated and monitored effectively by arranging a dedicated workshop with the strategic management team in September 2011	Director to lead worktop with team by 30/09/11.
2.	Put measures in place to ensure that future reviews of Risk Profile take place every 6 months, using electronic diary systems	Executive Assistant to the Director to arrange for 6 month alerts to be in place on ICT system.
3.	Ensure BML Board is able to maintain an effective role monitoring management procedures by providing an annual report on the Museum's Risk Profile by January 2012.	Director to ensure updated Risk Profile (June 2011) is made available to Directors and an annual report issued by January 2012
4.	Ensure a review of the Risk Register included in the BOIP is completed by September 2011	Director to lead workshop with team by 30/09/11.
5.	Develop risk register for long term business planning	Museum Director to embed risk management procedures in long term business plan being developed during 2011/12.
6.	Annual review of new or safety critical operations identified by senior managers to be completed by January 2012, including catering operations and SMS (safety management system) for transport operations.	Museum Director to ensure key areas identified are reviewed.
7.	Risk assessments required for new developments in 2011/12 including Tea Room refurbishment, Entrance Building Refurbishment, Fish and Chip Shop, Christmas at Beamish.	Museum Director and Head of Engagement to prepare operational plans during 2011/12.
8.	Annual review of construction project risk management, with support from the Northern Safety Group, by January 2012.	Museum Director to ensure review completed by 31/01/12.

Ref	Action	Lead / Responsible Officer
9.	Monitor the agreed action of the Health and Safety Committee regarding the reviewing and updating of risk assessments across the museum site, to be completed during 2011/12	Museum Director to continue to chair meetings and monitor progress during 2011/12.

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JOINT COMMITTEE – 24th June 2011

GOVERNANCE ARRANGEMENTS 2010/2011: APPENDIX B

ANNUAL GOVERNANCE REVIEW 2010/2011

REPORT OF THE MUSEUM DIRECTOR

1. Purpose of the Report

1.1 To provide details of the findings of the 2010/2011 Annual Governance Review and seek approval to the draft Annual Governance Statement from Members, prior to its incorporation in the Annual Return 2010/2011.

2. Background

2.1 The Museum has a local corporate governance code (the Code) in place which is based upon guidance jointly issued by the Society of Local Authority Chief Executives (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA) and recommended as good practice.

2.2 The Code sets out a framework which aims to ensure that the Museum is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. The framework comprises the systems, processes, cultures and values through which the Museum is controlled and directed.

2.3 The framework is based upon the following six core principles:

- Focusing on the purpose of the museum and its outcomes and creating a vision for the future;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the museum and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny, and managing risk;
- Developing the capacity and capability of members and officers to be effective;
- Engaging with local people and other stakeholders to ensure robust accountability.

2.4 The Code states that the Museum will conduct, at least annually, a review of the effectiveness of the corporate governance framework, including the system of internal control.

2.5 The Museum is also required to publish an Annual Governance Statement (AGS). The CIPFA Finance Advisory Network has also issued detailed practical guidance on meeting the requirements of the AGS. The AGS must be supported by a comprehensive assurance gathering process.

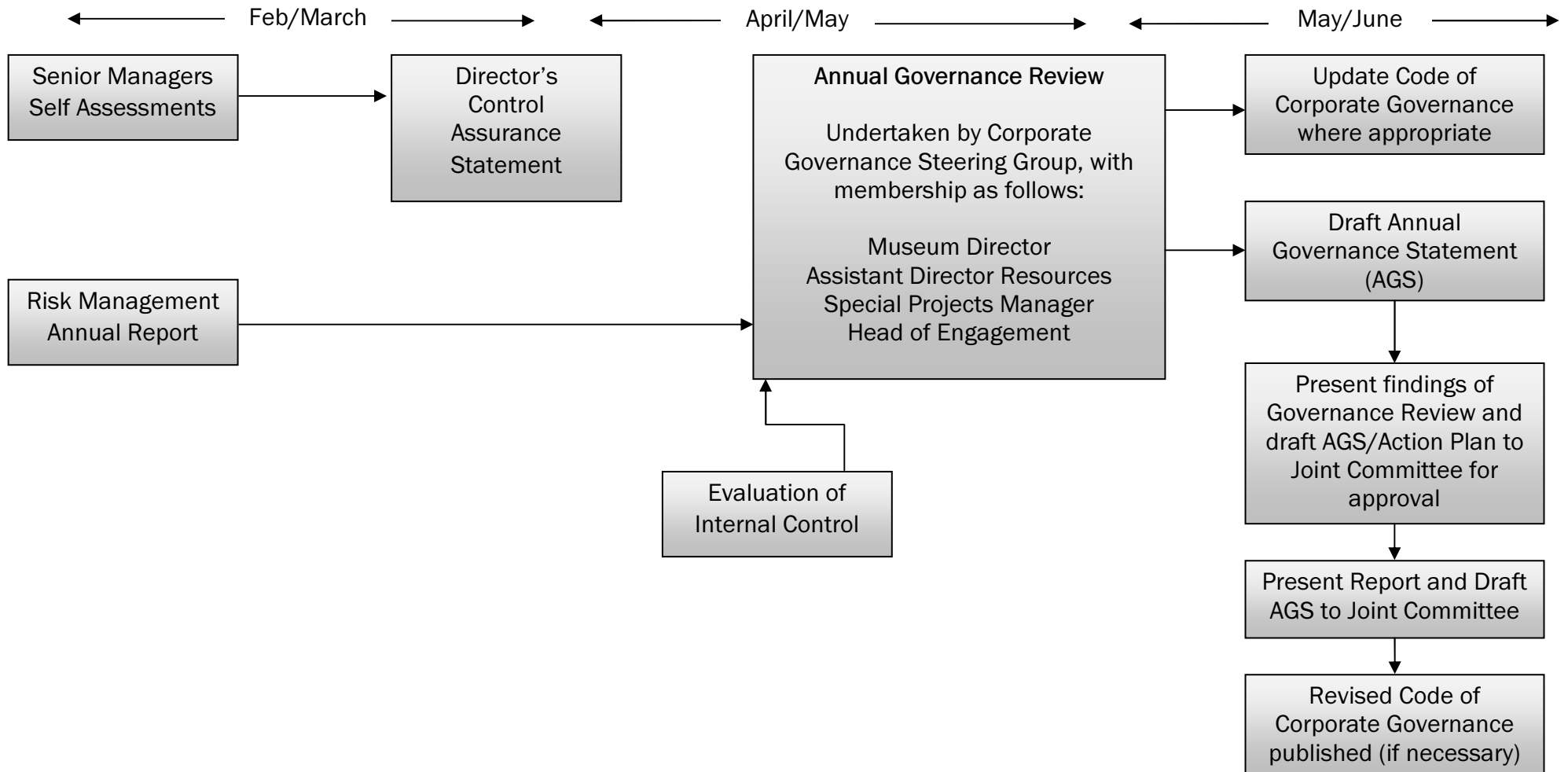
3. 2010/2011 Annual Governance Review

3.1 The review was undertaken by the Corporate Governance Steering Group, whose membership is as follows:

- Museum Director;
- Assistant Director Resources;
- Special Projects Manager;
- Head of Engagement;

3.2 The stages in the review methodology are set out diagrammatically below.

ANNUAL GOVERNANCE REVIEW 2010/2011 - METHODOLOGY



3.3 Findings of the Corporate Governance Steering Group

3.3.1 The Corporate Governance Steering Group (CGSG) considered the following:

Self Assessments by Senior Managers and Museum Director's Controls Assurance Statement

3.3.2 The controls in place to manage risk across the museum were examined by senior managers to identify any issues of significance. All development plans were discussed in detail at the CGSG to identify any which were significant in terms of the Museum's overall governance and control environment.

3.3.3 The CGSG considered that none of the future plans for improvement are such that they would cause any concern regarding the adequacy of the current overall governance and control arrangements.

Risk Management Annual Review

3.3.4 The Annual Review of Risk Management prepared by the Museum Director was considered by the CGSG and the following was noted:

- A consistent and quality approach to producing Risk Management Plans is now successfully embedded across the whole Museum .
- A team of operational and senior management staff are involved in developing risk profiles for the Museum including:
 - Museum Director;
 - Assistant Director Resources;
 - Finance Manager;
 - Special Projects Manager;
 - Head of Engagement;
 - Head of Learning and Access;
 - Facilities Manager.
- All significant new developments and business plans included risk assessments prepared to help control risks during development, delivery and operation. Assessments were regularly being monitored and updated by senior managers. The specific project based risk assessments included activities in the Business and Operational Improvement Plan 2009-12 and Christmas at Beamish 2010/11.
- The corporate risk profile prepared for Beamish Museum was last updated in June 2011. A further workshop will be held in September 2011 to ensure the profile continues to be reviewed.

4. Updates to the Museum's Code of Corporate Governance

- 4.1 The CGSG considered whether any updates or revisions to the Code of Corporate Governance are required, and it was agreed that no such updates or revisions are necessary.

5. Draft Annual Governance Statement

- 5.1 The Annual Governance Statement has been drafted taking into account the findings of the annual governance review.

- 5.2 The draft Annual Governance Statement is attached at Appendix 1.

6. Conclusion

- 6.1 The Museum continues to have robust and effective governance and control arrangements in place. The views elicited during the review from senior managers across the Museum, and the Director, demonstrate that the principles of good governance are embedded Museum-wide.

- 6.2 Whilst an Improvement Plan has been developed the review has not identified any weaknesses that would need to be highlighted in the Museum's Annual Governance Statement.

RICHARD EVANS
Museum Director

15th June 2011

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DRAFT ANNUAL GOVERNANCE STATEMENT 2010/2011

Scope of Responsibility

The Joint Committee of Beamish, the North of England Open Air Museum is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Joint Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Joint Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Joint Committee has approved and adopted a local Code of Corporate Governance which is consistent with the principles of the SOLACE/CIPFA Framework, Delivering Good Governance in Local Government.

This Statement explains how the Joint Committee has complied with the SOLACE/CIPFA Framework and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Museum is directed and controlled. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The governance framework has been in place at the Museum for the year ended 31st March 2011 and up to the date of approval of the Annual Return.

The Governance Framework

There is a clear vision of the Museum's purpose and intended outcomes that is clearly communicated, both within the organisation and to external stakeholders.

- The Museum's forward plan is clearly detailed in the Business and Operational Improvement Plan 2009 - 2012, which was prepared with extensive consultation with stakeholders and approved in March 2009. It is reviewed regularly by the Board of BML and covers the period to March 2012.
- The Museum Director reports to the Joint Committee on a bi-monthly basis on the operation of the Museum by BML and its trading subsidiary. The reports include details of visitor numbers, income generation, trading activity, planned events and commentary on the outcome of events that have taken place, curatorial issues, education issues and other developments.
- The Museum Director continues to meet with all museum stakeholders both informally and formally, to keep them involved and informed of developments at the Museum. This includes attending meetings of the Friends of Beamish and the Beamish Development Trust.
- Communication of objectives to staff and stakeholders takes place through the following means:
 - Distribution of the Business and Operational Improvement Plan both internally and beyond the Museum;
 - Monthly 'Catch-Up' Meetings in the Tea Room with all staff and volunteers invited, where progress and results are regularly reviewed and upcoming developments discussed openly;
 - Annual staff away days including all staff. In 2011 this involved visits to attractions and museums in York followed by a workshop at the National Railway Museum. This included a review of the previous year's performance as well as a look at the priorities in the year ahead;
 - Staff training and induction sessions, held regularly in teams from early 2009 to help develop the business plan and continue to allow staff to suggest ways of improving the visitor experience and performance of the museum;
- Bi-monthly BML Board and Joint Committee meetings;
- Attendance by the Museum Director and other officers at a number of stakeholder meetings including North East Museums (Hub) (Renaissance) Board meetings; Visit County Durham board meetings; Durham Cultural Partnership meetings;
- The Foreword to the Annual Return sets out the Museum's priorities, how the Museum spent money on achieving these during the last financial year, and how successful the Museum has been;

- Through the Museum's Investors in People (IIP) processes, a panel of staff to continue to review our progress and performance.

Arrangements are in place to review the Museum's vision and implications in terms of its governance arrangements, including:

- Through reviews by external inspectorates the Museum constantly seeks ways of securing continuous improvement. The Museum has professional and objective relationships with these external inspectorates.
- There is an annual review of the Museum's Code of Corporate Governance to ensure that it is up to date and effective.

Arrangements exist for measuring the quality of the Museum's performance, for ensuring it is delivered in accordance with the Museum's objectives and for ensuring that they represent the best use of resources, including:

- There are clear and effective performance management arrangements including personal development plans with staff which address financial responsibilities.
- Performance reports are issued weekly and distributed via e-mail to all departments in the Museum. They are monitored weekly in operational management group meetings.
- Reports on key performance indicators and trading accounts for retail and catering are issued to all relevant managers and supervisory staff monthly.
- Services are delivered by suitably qualified / trained / experienced staff and all posts have detailed job profiles / descriptions and person specifications.

Codes of Conduct defining the standards of behaviour for members and staff are in place, conform to appropriate standards, and are communicated and embedded across the organisation:

- The following are in place:
 - Members' Codes of Conduct;
 - Employees' Code of Conduct;
 - Whistle Blowing Policy.

Standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls required to manage risks:

- The Executive Director of Commercial and Corporate Services (Sunderland) is the designated Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972 ensuring lawfulness and financial prudence of

decision making, and is responsible for the proper administration of the Museum's financial affairs.

- The Legal Services Manager (Property, Planning and Projects), (Durham) is the Museum's Monitoring Officer who has maintained an up to date version of the Constitution and has endeavoured to ensure lawfulness and fairness of decision making.
- The Museum has in place up to date Procurement Procedure Rules and Financial Procedure Rules, which are subject to regular review.
- Written procedures are in place covering financial and administrative matters, as well as HR policies and procedures. These include:
 - Whistle Blowing Policy;
 - Anti Fraud and Corruption Policy;
 - Codes of Conduct;
 - Complaints Policy;
 - Procurement Codes of Practice.
- There are robust and well embedded risk management processes in place, including a Corporate Risk Profile and individual risk profiles for all new developments and business plans.
- There are comprehensive budgeting systems in place and a robust system of budgetary control, including formal quarterly and annual financial reports, which indicate financial performance against forecasts.
- There are clearly defined capital expenditure guidelines in place.
- Appropriate project management disciplines are utilised.

The core functions of audit, identified in CIPFA's Audit Committees - Practical Guidance for Local Authorities, are undertaken by members. The Museum has a Board which, as well as approving the Museum's Annual Return, undertakes to:

- consider the effectiveness of the museum's corporate governance arrangements, risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance that action is being taken on risk-related issues identified by auditors and inspectors;
- be satisfied that the museum's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it;
- receive and consider (but not direct) internal audit's strategy, plan and monitor performance;

- receive and consider the external audit plan;
- review a summary of internal audits, the main issues arising, and seek assurance that action has been taken where necessary;
- receive and consider the annual report of internal audit;
- consider the reports of external audit and inspection agencies;
- ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted;
- review the external auditor's opinions and reports to members, and monitor management action in response to the issues raised by external audit;

Arrangements exist to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

- The Legal Services Manager (Property, Planning and Projects), (Durham) is the Museum's designated Monitoring Officer to safeguard the legality of all Museum activities.
- The Museum maintains an internal audit service, provided by Sunderland City Council. The BML Board receive regular reports on internal audit plans and key recommendations.
- The Museum is regularly audited by external funders for revenue and capital projects including Renaissance. Agencies involved include the DCMS, Heritage Lottery Fund, Museum Libraries and Archives Council, EU/Objective One, and One North East.

Arrangements for whistle-blowing and for receiving and investigating complaints are in place and are well publicised:

- The Museum is committed to establishing and maintaining effective reporting arrangements to ensure that, where an individual, whether an employee of the Museum, a Member, or any member of the public, has concerns regarding the conduct of any aspect of the Museum's business, they can do so through a variety of avenues, promptly and in a straight forward way.
- The framework in place ensures the aims of this Policy are met are set out in the 'Whistle Blowing Policy' document.

Review of Effectiveness

The Joint Committee of the Museum has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by feedback from Members and the work of all senior managers within the museum who have

responsibility for the development and maintenance of the governance environment, Internal Audit Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes the following:

- The role of the Museum:
 - Members have participated in the annual review of the Museum's Corporate Governance arrangements;
 - The Chairman of the Board has overseen the review and signed the Annual Governance Statement.
- The role of the Museum's Board includes the following:
 - promoting and maintaining high standards of conduct by members, co-opted members;
 - monitoring the operation of the Members' Code of Conduct;
 - monitoring the operation of the Museum's Anti-Fraud and Corruption Policy so far as it relates to the actions of Members of the Museum Board;
 - considering reports and complaints relating to the conduct of Members of the Board;
- All Senior Managers have participated in the annual governance review through carrying out self-assessments relating to their areas of responsibility.
- The Director has provided a Controls Assurance Statement relating to the museum, having considered the detailed self-assessments from the Senior Managers.
- Internal audit planning processes include consultation with the Director and reviews of the Business and Operational Improvement Plan. Audit work is risk based audit work and includes risks in relation to the achievement of objectives, and Internal Audit Services carries out regular systematic auditing of key financial and non-financial systems.
- The review of the effectiveness of Internal Audit Services is informed by the external auditors in their annual audit letter, opinion on the accounts and other reports.

A review of the effectiveness of the Museum's governance framework including an improvement plan has been agreed for the continuous improvement of the Museum's corporate governance and internal control arrangements.

We propose over the coming year to take steps to implement the improvement plan to further enhance the Museum's governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review and will monitor their implementation and operation as part of the next annual review.

Councillor David Marshall
Chairman

Malcolm Page CPFA
Treasurer to the Joint
Committee

Richard Evans
Museum Director

Date: 24th June 2011



JOINT COMMITTEE – 24th June 2011

ANNUAL RETURN AND ACCOUNTS 2010/2011 (SUBJECT TO AUDIT)

REPORT OF THE TREASURER

1. PURPOSE OF REPORT

- 1.1 To provide an Annual Return and Accounts for 2010/2011, for approval by the Joint Committee.
- 1.2 As the Joint Committee is defined in the Accounts and Audit Regulations as a smaller relevant body it is as such exempt from preparing a Statement of Accounts under the Statement of Recommended Practice (SORP). It is, however, required to produce an Annual Return prepared in accordance with proper practices in relation to the accounts. This means that the provisions of the 'Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2010' published by the Chartered Institute of Public Finance and Accountancy (CIPFA) will be relevant, to the extent that they are not overridden or made redundant by statutory requirements.

2. BACKGROUND

- 2.1 The Accounts and Audit Regulations 2011 came into force on 31st March 2011, which means that they apply to the preparation, approval and audit of statements of accounts prepared in respect of the year ending 31st March 2011 and subsequent years. They have been restructured to separate out provisions on the annual accounts applying to smaller and larger public bodies.
- 2.2 Prior to the 2011 Regulations, to be classified as a smaller relevant body, a body had to have gross income or expenditure (whichever was higher) of less than £1m in the year of account or in either of the two preceding years. This threshold has been revised under the 2011 Regulations, so that the limit is based on the thresholds laid down by companies' legislation in the definition of small companies. Under Regulation 2(1) a body can be

classified as a smaller relevant body if its gross income or expenditure (whichever is the higher) is no more than £6.5m.

2.3 Smaller relevant bodies in England must have their accounts approved by the full Committee by 30th June for audit purposes and they must also complete an Annual Return summarising their annual activities at the completion of each financial year in accordance with the Accounts and Audit Regulations 2003 as amended. Members remain responsible for ensuring that financial management is adequate and effective and that the body has a sound system of internal controls and that effective governance arrangements are in place.

- The revised threshold means that the Joint Committee is classified as a smaller body for the preparation of the 2010/2011 accounts. The details of the main changes are set out below for information:
- The limit to qualify as a smaller body has been raised from £1 million to £6.5 million as already described above;
- The approval in June has been clarified to mean that the Joint Committee is approving the accounts and annual report submitted to the auditors and is, not as such, final approval of the accounts which takes place on or before 30th September of each year;
- The explicit requirement to review the effectiveness of internal audit has been removed for smaller bodies, however this review should be considered as part of the overall review of internal controls that must be carried out annually;
- Smaller bodies also have the option of making the financial documents and records available at 'reasonable times' during the 20 day notice period. The Joint Committee therefore does not need to display the times and days the records are to be made available on the notice but must provide electors with a phone number to contact the relevant officer and then provide as appropriate the necessary details.

2.4 The Annual Return, shown at Appendix 1, reflects the Accounts as presented to Committee and is divided into several sections. These include:

- Section 1 requires sign off by the Chairman to confirm the accounts have been approved, subject to audit by the Joint Committee.
- Section 2 requires sign off by both the Chairman and Clerk to the Joint Committee to acknowledge that the governance requirements have been properly followed and reported.

- Section 3 is the external auditor's certificate and opinion, and
 - Section 4 relates to work completed by the internal audit service, which has already been carried out and has found no issues with the financial statements.
- 2.5 The Accounts and Audit Regulations 2003 (Amendment) (2006) were introduced with effect from 1st April 2006 and this brought with it two additional requirements to those charged with governance. These were covered in the Annual Return in Section 2 of the form. This meant that the Joint Committee was required to review both the effectiveness of internal audit and must also review the system of internal control which informs the Annual Governance Statement. The effectiveness of internal audit is now not required but is now included as part of the Annual Governance Statement considerations which is a separate report on this agenda dealing with the compilation and approval of the Annual Governance Statement, which for ease of reference remains part of the accounts for the Joint Committee.

3. REASONS FOR DECISION

- 3.1 The Audit Commission was replaced by BDO LLP (Chartered Accountants) from 1st April 2010, as the Joint Committee's external auditors, and they are required to agree a date for the commencement of their audit of the Statement of Accounts which they must complete by 30th September 2011 this year in accordance with the smaller relevant bodies regulations.
- 3.2 The Auditors can only commence the audit once the Joint Committee has formally approved the Annual Return (Subject to Audit) and that the appropriate statutory notice of inspection of the Annual Return (accounts) has been given to the residents of Tyne and Wear.
- 3.3 The Statutory Notice of the audit of the accounts consists of two requirements: the first requirement is that a Notice must be advertised in an appropriate form 14 days before the period of inspection is to commence; the second requirement is that the period of inspection must span 20 working days as set out in the published Notice. During the inspection period the residents of Tyne and Wear have the right to inspect the accounts and financial records of the Joint Committee and can raise issues with the auditor if they so wish. The audit date determined by the auditor follows the end of the period of inspection and it is on this date that the residents of Tyne and Wear can raise any objections to the accounts.
- 3.4 The audit date has been appointed by the Auditors as 29th July 2011 and Appendix 2 sets out for members information, the timetable applicable for the 2010/2011 Annual Return.

4. RECOMMENDATIONS

4.1 Members are recommended to:

- Approve the Annual Return (Subject to Audit) and the Accounts for the financial year ended 31st March 2011.

Malcolm Page
Treasurer

Small Bodies in England

Annual return for the year ended

31 March 2011

Small relevant bodies in England with an annual turnover of £1 million or less must complete an annual return summarising their annual activities at the end of each financial year.

The annual return on the following pages is made up of four sections:

- Sections 1 and 2 are to be completed by the person nominated by the body.
- Section 3 will be completed by the external auditor.
- Section 4 is to be completed by the body's internal audit provider.

Each body must ensure this annual return is approved no later than 30 June 2011.

Completing your annual return

Guidance notes, including a completion checklist, are provided on page 6 and at relevant points in the annual return.

Please complete all sections highlighted in red. Do **not** leave any red box blank. Incomplete or incorrect returns may require additional external audit work and incur additional costs.

Please send the annual return, together with your bank reconciliation as at 31 March 2011, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your appointed external auditor by the due date.

If required, your auditor will identify and ask for any documents needed for audit. Unless requested, please do **not** send any original financial records to the external auditor.

Audited and certified annual returns will be returned to the body for publication or public display of sections 1, 2 and 3.

It should not be necessary for you to contact the external auditor or the Audit Commission directly for guidance.

More guidance on completing this annual return is available in the Practitioners' Guides for either local councils or internal drainage boards. These publications may be downloaded from the National Association of Local Councils (NALC) or Society of Local Council Clerks (SLCC) websites (www.nalc.gov.uk or www.slcc.co.uk) or from the members area of the Association of Drainage Authorities website (www.ada.org.uk).

Section 1 – Accounting statements for:

ENTER NAME OF REPORTING BODY HERE

	Year ending		Notes and guidance
	31 March 2010 £	31 March 2011 £	
1 Balances brought forward	870,003	772,516	Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to Box 7 of previous year.
2 (+) Income from local taxation and/or levy	0	0	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring body.
3 (+) Total other receipts	1,166,692	1,701,353	Total income or receipts as recorded in the cashbook less income from taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	0	0	Total expenditure or payments made to and on behalf of all body employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan interest/capital repayments	19,322	47,369	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) All other payments	1,244,857	1,762,953	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances carried forward	772,516	663,547	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6)
8 Total cash and short term investments	88,243	288,019	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – to agree with bank reconciliation.
9 Total fixed assets and long term assets	19,350,192	20,838,936	The recorded book value at 31 March of all fixed assets owned by the body and any other long term assets e.g. loans to third parties and any long-term investments.
10 Total borrowings	618,737	677,892	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that for the year ended 31 March 2011 the accounting statements in this annual return present fairly the financial position of the body and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

SIGNATURE REQUIRED

Date DD/MM/YYYY

I confirm that these accounting statements were approved by the body on:

DD/MM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by Chair of meeting approving these accounting statements:

SIGNATURE REQUIRED

Date DD/MM/YYYY

Section 2 – Annual governance statement

We acknowledge as the members of our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2011, that:

	Agreed – Yes or No*	'Yes' means that the body:
1 We have approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.		prepared its accounting statements in the way prescribed by law.
2 We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the body to conduct its business or on its finances.		has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.
4 We have provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.		during the year has given all persons interested the opportunity to inspect and ask questions about the body's accounts.
5 We have carried out an assessment of the risks facing the body and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.		considered the financial and other risks it faces and has dealt with them properly.
6 We have maintained throughout the year an adequate and effective system of internal audit of the body's accounting records and control systems.		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the body.
7 We have taken appropriate action on all matters raised in reports from internal and external audit.		responded to matters brought to its attention by internal and external audit.
8 We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the body and where appropriate have included them in the accounting statements.		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.

This annual governance statement is approved by the body and recorded as minute reference

dated

Signed by:

Chair

dated

Signed by:

Clerk

dated

***Note:** Please provide explanations to the external auditor on a **separate sheet** for each 'No' response that has been given; and describe what action is being taken to address the weaknesses identified.

Section 3 – External auditor’s certificate and opinion

Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2011 of

ENTER NAME OF REPORTING BODY HERE

Respective responsibilities of the body and the auditor

The body is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The body prepares an annual return in accordance with proper practices which:

- summarises the accounting records for the year ended 31 March 2011; and
- confirms and provides assurance on those matters that are important to our audit responsibilities.

Our responsibility is to conduct an audit in accordance with guidance issued by the Audit Commission and, on the basis of our review of the annual return and supporting information, to report whether any matters that come to our attention give cause for concern that relevant legislation and regulatory requirements have not been met.

External auditor’s report

(Except for the matters reported below)* on the basis of our review, in our opinion the information in the annual return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the body:

(continue on a separate sheet if required)

External auditor’s signature

External auditor’s name

Date

Note: The auditor signing this page has been appointed by the Audit Commission and is reporting to you that they have carried out and completed all the work that is required of them by law. For further information please refer to the Audit Commission’s publication entitled *Statement of Responsibilities of Auditors and of Audited Small Bodies*.

Section 4 – Annual internal audit report to

ENTER NAME OF REPORTING BODY HERE

The body's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2011.

Internal audit has been carried out in accordance with the body's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the body.

Internal control objective	Agreed? Please choose from one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been kept properly throughout the year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B The body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D The annual taxation or levy or funding requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I Periodic and year-end bank account reconciliations were properly carried out.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and, where appropriate, debtors and creditors were properly recorded.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For any other risk areas identified by the body (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit: TH Dawkins NAME

Signature of person who carried out the internal audit: TH Dawkins Date: 15/10/11

***Note:** If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

****Note:** If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

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Appendix 2

Timetable for the Audit of the Annual Return for 2010/2011

Approval of the Annual Return (Subject to Audit) – before 30th June statutory deadline.	24 th June 2011
Notice of Audit of Accounts to be placed in a public place (newspaper or internet site if available), 14 days prior to the inspection period commencing.	13 th June 2011 to 26 th June 2011
Inspection Period (20 working days).	27 th June 2011 to 22 nd July 2011
Date for exercise of Public Rights - as notified by the Auditors	29 th July 2011
Approval of the Audited Annual Return – before 30 th September statutory deadline	9 th September 2011

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Beamish

The North of England Open Air Museum

Joint Committee

Annual Return 2010/2011

(Subject to Audit)

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Introduction

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Beamish Museum is owned by the constituent authorities of the Beamish Joint Committee and managed and operated by Beamish Museum Limited on behalf of the Joint Committee on land owned by Durham County Council and leased to Sunderland City Council as nominee for and on behalf of the Joint Committee. Notwithstanding the legal ownership of assets, the accounts are published as the Joint Committee's accounts on the basis of substance over form (in accordance with FRS 5), to demonstrate accountability to the Museum's various stakeholders, including the constituent authorities for the use of its assets and the activities of its operating and trading companies. The Museum is primarily funded through admission income from visitors which is received and accounted for by Beamish Museum Limited. The Joint Committee however receives funding from its Constituent Authorities to fund its direct costs. All capital investment in the Museum and the way it is financed is determined by the Joint Committee.

I am pleased to present the Annual Return for the year 2010/2011. A published and audited Annual Return (accounts) is at the heart of ensuring proper accountability for the use of local taxpayers' money. We recognise, however, that the accounts of the Museum can only tell part of the story. The Joint Committee needs to demonstrate that it is aiming to operate to the highest standard of conduct, in accordance with the principles of corporate governance, and that there are robust systems of internal control in place.

Elsewhere within the Annual Return is the Annual Governance Statement which includes assurances on the systems of internal control and the governance arrangements. This Statement confirms that there are sound systems in place. I will, however, continue to ensure action is taken when necessary to maintain and develop the system of internal control in the future.

D Marshall
Chairman of the Joint Committee

Date: 24th June 2011

Certification of the Annual Return

As Chairman of the Joint Committee held on the 24th June 2011, I hereby acknowledge receipt of the Annual Return for 2010/2011 by this Committee, and in accordance with the Accounts and Audit Regulations (England) 2003 Regulation 7(1), I confirm that the Annual Return (subject to Audit) was approved at the Joint Committee on 24th June 2011 in accordance with sub-paragraph 10 (3) (a) with regard to the aforementioned regulations.

D Marshall
Chairman of the Joint Committee

Date: 24th June 2011



The Accounts and Audit (England) Regulations 2011 came into force on 31 March 2011. Prior to the 2011 Regulations, to be classified as a smaller relevant body, a body had to have **gross** income or expenditure (whichever was higher) of less than £1m in the year of account or in either of the two preceding years. This threshold has been revised under the 2011 Regulations, so that the limit is based on the thresholds laid down by companies' legislation in the definition of small companies. Under Regulation 2(1) a body can now be classified as a smaller relevant body if its gross income or expenditure (whichever is the higher) is no more than £6.5m.

As the Joint Committee's gross income and expenditure is below the recently revised threshold, the Joint Committee resolved at a meeting held on 6 May 2011 to be classified as a smaller relevant body for the preparation of the 2010/2011 and subsequent financial statements. The Joint Committee is therefore exempt from preparing a Statement of Accounts under the 'Code of Practice on Local Authority Accounting in the United Kingdom 2010' published by the Chartered Institute of Public Finance and Accountancy (CIPFA). It is, however, required to produce an Annual Return prepared in accordance with proper practices in relation to accounts. This means that the provisions of the SORP will be relevant to the extent that they are not overridden or made redundant by statutory requirements.

The Annual Return of the Joint Committee for the financial year 2010/2011 is shown in the following pages and contains the following financial statements:

- **Statement of Responsibilities for the Annual Return**
This discloses the respective responsibilities of the Joint Committee and the Treasurer.
- **Statement of Accounting Policies**
This discloses the accounting policies that are significant to the understanding of the Annual Return.
- **Annual Governance Statement**
This statement sets out the principal arrangements that are in place to ensure a sound system of internal control is maintained, which is reviewed annually and approved each year by the Joint Committee.
- **Income and Expenditure Account**
This statement brings together expenditure and income relating to all of the Joint Committee's functions.
- **Balance Sheet**
This shows the balances and reserves available to the Joint Committee, its long-term indebtedness, fixed and net current assets employed by its operations, and summarised information on the fixed assets held.
- **Statement of Total Recognised Gains and Losses**
This statement shows all of the Joint Committee's gains and losses arising in the financial year.

- **Cash Flow Statement**

This summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

The revised budget estimate approved by the Joint Committee on 11 March 2011 forecast a break-even position at the year end based on a contribution from reserves of £1,601. The actual position at the year end was a surplus of £9,627. The reason for the surplus is that the audit fees are lower than those set in the original budget due to the changes in the limited assurance audit regime. As a result of the surplus, the Joint Committee's accumulated revenue reserve has increased from £114,698 at 1 April 2010 to £124,325 at 31 March 2011.

The balance of the Joint Committee reserves at 31st March 2011 is summarised below:

General Reserves	£
Revenue Fund Balance	124,325
Capital Development Reserve	532,222
Other Earmarked Reserves	7,000
Total	663,547

The Joint Committee approved a Reserves Policy at its meeting on 7th May 2010. A number of recommendations were adopted, including the closure of some of the Earmarked Reserves that are no longer required, transferring funds to the Capital Development Reserve. These transfers were implemented during 2010/2011. All reserves have been reviewed to ensure that they are relevant, appropriate and in the case of earmarked reserves remain fully committed.

The revenue fund balance is to be used to fund future running costs of the Joint Committee which are projected to exceed income in future years. Once funds are fully utilised, the Joint Committee will require funding from its constituent authorities and BML to continue its operations.

In March 2009, Beamish set out a programme of capital projects to improve the performance of the Museum in the Business and Operational Improvement Plan (BOIP), covering the two year period April 2009 to March 2011. The BOIP is reviewed regularly to take into account changes in contract costs and the level and sources of funding available and updated reports are submitted to the Joint Committee for their approval. The BOIP currently includes eight capital projects at a total estimated cost of £2.94m. During 2010/2011, seven BOIP projects were undertaken at a total combined cost of £1.33m, the details of which are included at Note 4 to the Balance Sheet. The BOIP projects were funded as follows:

- BML Surplus 2010/2011 - £665,000
- Herron Legacy - £250,000
- Contribution from Durham County Council £150,000
- Loan - £84,387
- Capital Development Reserve £18,956
- DCMS Grant - £161,947

Foreword by the Treasurer

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The Museum also developed an ice skating rink located in the Pit Village, which operated extremely successfully from the beginning of the Christmas season through to the end of February 2011. The total capital cost of £98,760 was financed from the Museum's Capital Development Reserve.



Malcolm Page - Treasurer to the Joint Committee

Date: 15th June 2011

The Joint Committee's Responsibilities

The Joint Committee is required:

1. To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For this Joint Committee, that officer is the Executive Director of Corporate and Commercial Services of the Lead Authority (Sunderland City Council), who acts as Treasurer to the Joint Committee.
2. To manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
3. To approve the Annual Return

The Treasurer to the Joint Committee's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee's Annual Return which, in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code"), is required to present a true and fair view of the financial position of the Joint Committee at the accounting date and its income and expenditure for the year ended 31st March 2011.

In preparing this Annual Return, the Treasurer has:

1. Selected suitable accounting policies and then applied them consistently;
2. Made judgments and estimates that were reasonable and prudent;
3. Complied with the Code, except where disclosed.

The Treasurer has also:

1. Kept proper accounting records which were up to date;
2. Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Treasurer confirms that the above responsibilities have been observed and that the accounts set out in the following pages show a true and fair view of the financial position of the Joint Committee at 31st March 2011.



Malcolm Page
Treasurer to the Joint Committee
Date: 15th June 2011

1. General Principles

The Accounts have been prepared in accordance with the principles of the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (SORP) 2010 issued by CIPFA. They conform to the requirements of the Statement of Recommended Practice as required for smaller bodies except where disclosed in the following notes:

2. Fixed Assets

Intangible Fixed Assets

Intangible fixed assets are defined in FRS 10 - Goodwill and Intangible Assets as being non-financial fixed assets that do not have a physical substance but are identifiable and are controlled by the entity through custody or legal rights. For the Joint Committee, intangible assets include software and software licences where these are assessed as bringing benefits to the Joint Committee for more than one financial year. These assets are included at cost.

Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis. All expenditure on the acquisition, creation or enhancement of fixed assets is accounted for on an accruals basis and is capitalised in the Balance Sheet, provided that the fixed asset yields benefit to the Joint Committee and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to the Income and Expenditure account as it is incurred.

Fixed assets are valued at original purchase cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Capital projects that are still in progress as at 31st March are classed as 'fixed assets under construction' and are shown in the Balance Sheet as non-operational assets on an purchase cost basis. These cost values are transferred to operational assets once the capital scheme has been completed.

The Museum operates a de-minimis level under which expenditure on fixed assets is charged to revenue as it is incurred. The de-minimis level has been established at a value of £10,000 for the recording of all capital assets other than vehicles which are recorded as fixed assets irrespective of cost. Asset values are not adjusted for depreciation and assets are not re-valued.

Disposals: when an asset is disposed of, the value of the asset in the Balance Sheet is written-off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal i.e. netted off against the carrying value of the asset at the time of disposal.

3. Debtors and Creditors

Revenue transactions are recorded on a system of receipts and payments during the year.

The treatment of expenditure and income that relates to periods that span the 31st March year- end requires further explanation.

a) Periodical Payments relating to periods not ending on 31st March

In these cases the charges made in the financial year reflect a 12-month period for the service provided e.g. four quarters accounts are included.

b) Debtors

The debtors in the Balance Sheet represent sums due to the Joint Committee which had not been paid by the year-end, and which are regarded as collectable.

c) Creditors

The Joint Committee uses a procurement module within its Financial Management System to account for the bulk of its creditors each year. This means that all orders for goods and services must be processed through the system with the effect that the system records and identifies all creditors as being both commitments (where the goods have been received by 31st March 2011 but not yet invoiced) and creditor payments (where the goods have been received and invoiced but not paid until the following financial year), automatically. This means that there is a significant reduction in the need for manual intervention.

d) Receipts in Advance

The Joint Committee occasionally receives funds from third parties, including grants, ahead of their intended use. Such receipts are posted to the Balance Sheet in order that they can be matched in the following year with the expenditure to which they relate.

4. Provisions

Provisions are amounts set aside to meet specific future expenditure, the amount and timing of which cannot yet be accurately determined. At 31st March 2011, provision was made for expenditure relating to the external audit.

5. Cost of Support Services

Sunderland City Council and Durham County Council provided support services to the Joint Committee. Sunderland City Council provides Financial, Audit, IT, Personnel and Payroll support based on a formal Service Level Agreement with the Joint Committee. The charges made for each of these service areas are calculated based on full cost recovery applied against the most appropriate apportionment basis for the service (e.g. days worked, staff

numbers etc.). The associated costs are included in Running Expenses in the Income and Expenditure Account.

Durham County Council provides Legal, Committee and Property Services support to the Joint Committee on a nil cost basis.

6. Internal Interest

Interest is credited to the Income and Expenditure Account based on the level of fund balances. The amounts are calculated using 7-day money market rates.

7. External Interest

All interest payable to the Joint Committee on external borrowings undertaken by Sunderland City Council is accrued and accounted for in the accounts for the period to which they relate on the basis that the treatment reflects the overall economic effect of borrowings. Similarly, interest receivable on investments made with Sunderland City Council is also accrued and accounted for in the accounts of the period to which they relate.

8. Investments and Deferred Liability

Sunderland City Council administers all of the Joint Committee's borrowing through its Consolidated Advances and Borrowing Pool (CABP) and as such the Joint Committee does not undertake borrowing of its own. The amount of borrowing undertaken by Sunderland City Council on the Joint Committee's behalf has been recognised as a deferred liability on the Balance Sheet for 2010/2011.

All investments are made via Sunderland City Council and interest on investments is calculated on a 7-day rate and paid to the Joint Committee half yearly.

9. Value Added Tax

VAT is not included in the Joint Committee's Income and Expenditure Account as all VAT collected is payable to HM Revenues and Customs and all VAT paid is recoverable from it.

10. Loan Repayments

These transactions are included in the Income and Expenditure Account and are accrued into the appropriate financial year to which they relate.

Scope of Responsibility

The Joint Committee of Beamish, the North of England Open Air Museum is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Joint Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Joint Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Joint Committee has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the SOLACE/CIPFA Framework, Delivering Good Governance in Local Government.

This Statement explains how the Joint Committee has complied with the SOLACE/CIPFA Framework and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Museum is directed and controlled. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The governance framework has been in place at the Museum for the year ended 31st March 2011 and up to the date of approval of the Annual Return.

The Governance Framework

There is a clear vision of the Museum's purpose and intended outcomes that is clearly communicated, both within the organisation and to external stakeholders.

- The Museum's forward plan is clearly detailed in the Business and Operational Improvement Plan 2009 - 2012, which was prepared with extensive consultation with stakeholders and approved in March 2009. It is reviewed regularly by the Board of BML and covers the period to March 2012.

- The Museum Director reports to the Joint Committee on a bi-monthly basis on the operation of the Museum by BML and its trading subsidiary. The reports include details of visitor numbers, income generation, trading activity, planned events and commentary on the outcome of events that have taken place, curatorial issues, education issues and other developments.
 - The Museum Director continues to meet with all museum stakeholders both informally and formally, to keep them involved and informed of developments at the Museum. This includes attending meetings of the Friends of Beamish and the Beamish Development Trust.
 - Communication of objectives to staff and stakeholders takes place through the following means:
 - Distribution of the Business and Operational Improvement Plan both internally and beyond the Museum;
 - Monthly 'Catch-Up' Meetings in the Tea Room with all staff and volunteers invited, where progress and results are regularly reviewed and upcoming developments discussed openly;
 - Annual staff away days including all staff. In 2011 this involved visits to attractions and museums in York followed by a workshop at the National Railway Museum. This included a review of the previous year's performance as well as a look at the priorities in the year ahead;
 - Staff training and induction sessions, held regularly in teams from early 2009 to help develop the business plan and continue to allow staff to suggest ways of improving the visitor experience and performance of the museum;
 - Bi-monthly BML Board and Joint Committee meetings;
 - Attendance by the Museum Director and other officers at a number of stakeholder meetings including North East Museums (Hub) (Renaissance) Board meetings, Visit County Durham board meetings; Durham Cultural Partnership meetings;
 - The Foreword to the Annual Return sets out the Museum's priorities, how the Museum spent money on achieving these during the last financial year, and how successful the Museum has been;
 - Through the Museum's Investors in People (IIP) processes, a panel of staff to continue to review our progress and performance.
- Arrangements are in place to review the Museum's vision and implications in terms of its governance arrangements, including:
- Through reviews by external inspectorates the Museum constantly seeks ways of securing continuous improvement. The Museum has professional and objective relationships with these external inspectorates.

- There is an annual review of the Museum's Code of Corporate Governance to ensure that it is up to date and effective.

Arrangements exist for measuring the quality of the Museum's performance, for ensuring it is delivered in accordance with the Museum's objectives and for ensuring that they represent the best use of resources, including:

- There are clear and effective performance management arrangements including personal development plans with staff which address financial responsibilities.
- Performance reports are issued weekly and distributed via e-mail to all departments in the Museum. They are monitored weekly in operational management group meetings.
- Reports on key performance indicators and trading accounts for retail and catering are issued to all relevant managers and supervisory staff monthly.
- Services are delivered by suitably qualified / trained / experienced staff and all posts have detailed job profiles / descriptions and person specifications.

Codes of Conduct defining the standards of behaviour for members and staff are in place, conform to appropriate standards, and are communicated and embedded across the organisation:

- The following are in place:
 - Members' Codes of Conduct;
 - Employees' Code of Conduct;
 - Whistle Blowing Policy.

Standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls required to manage risks:

- The Executive Director of Commercial and Corporate Services (Sunderland) is the designated Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972 ensuring lawfulness and financial prudence of decision making, and is responsible for the proper administration of the Museum's financial affairs.
- The Legal Services Manager (Property, Planning and Projects), (Durham) is the Museum's Monitoring Officer who has maintained an up to date version of the Constitution and has endeavoured to ensure lawfulness and fairness of decision making.
- The Museum has in place up to date Procurement Procedure Rules and Financial Procedure Rules, which are subject to regular review.
- Written procedures are in place covering financial and administrative matters, as well as HR policies and procedures. These include:

- Whistle Blowing Policy;
 - Anti Fraud and Corruption Policy;
 - Codes of Conduct;
 - Complaints Policy;
 - Procurement Codes of Practice.
- There are robust and well embedded risk management processes in place, including a Corporate Risk Profile and individual risk profiles for all new developments and business plans.
 - There are comprehensive budgeting systems in place and a robust system of budgetary control, including formal quarterly and annual financial reports, which indicate financial performance against forecasts.
 - There are clearly defined capital expenditure guidelines in place.
 - Appropriate project management disciplines are utilised.

The core functions of audit, identified in CIPFA's Audit Committees - Practical Guidance for Local Authorities, are undertaken by members. The Museum has a Board which, as well as approving the Museum's Annual Return, undertakes to:

- consider the effectiveness of the museum's corporate governance arrangements, risk management arrangements, the control environment and associated anti-fraud and corruption arrangements and seek assurance that action is being taken on risk-related issues identified by auditors and inspectors;
- be satisfied that the museum's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it;
- receive and consider (but not direct) internal audit's strategy, plan and monitor performance;
- receive and consider the external audit plan;
- review a summary of internal audits, the main issues arising, and seek assurance that action has been taken where necessary;
- receive and consider the annual report of internal audit;
- consider the reports of external audit and inspection agencies;
- ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted;

- review the external auditor's opinions and reports to members, and monitor management action in response to the issues raised by external audit;

Arrangements exist to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

- The Legal Services Manager (Property, Planning and Projects), (Durham) is the Museum's designated Monitoring Officer to safeguard the legality of all Museum activities.
- The Museum maintains an internal audit service, provided by Sunderland City Council. The BML Board receive regular reports on internal audit plans and key recommendations.
- The Museum is regularly audited by external funders for revenue and capital projects including Renaissance. Agencies involved include the DCMS, Heritage Lottery Fund, Museum Libraries and Archives Council, EU/Objective One, and One North East.

Arrangements for whistle-blowing and for receiving and investigating complaints are in place and are well publicised:

- The Museum is committed to establishing and maintaining effective reporting arrangements to ensure that, where an individual, whether an employee of the Museum, a Member, or any member of the public, has concerns regarding the conduct of any aspect of the Museum's business, they can do so through a variety of avenues, promptly and in a straight forward way.
- The framework in place ensures the aims of this Policy are met are set out in the 'Whistle Blowing Policy' document.

Review of Effectiveness

The Joint Committee of the Museum has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by feedback from Members and the work of all senior managers within the museum who have responsibility for the development and maintenance of the governance environment, Internal Audit Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes the following:

- The role of the Museum:
 - Members have participated in the annual review of the Museum's Corporate Governance arrangements;
 - The Chairman of the Board has overseen the review and signed the Annual Governance Statement.
- The role of the Museum's Board includes the following:

- promoting and maintaining high standards of conduct by members, co-opted members;
- monitoring the operation of the Members' Code of Conduct;
- monitoring the operation of the Museum's Anti-Fraud and Corruption Policy so far as it relates to the actions of Members of the Museum Board;
- considering reports and complaints relating to the conduct of Members of the Board;
- All Senior Managers have participated in the annual governance review through carrying out self-assessments relating to their areas of responsibility.
- The Director has provided a Controls Assurance Statement relating to the museum, having considered the detailed self-assessments from the Senior Managers.
- Internal audit planning processes include consultation with the Director and reviews of the Business and Operational Improvement Plan. Audit work is risk based audit work and includes risks in relation to the achievement of objectives, and Internal Audit Services carries out regular systematic auditing of key financial and non-financial systems.
- The review of the effectiveness of Internal Audit Services is informed by the external auditors in their annual audit letter, opinion on the accounts and other reports.

A review of the effectiveness of the Museum's governance framework including an improvement plan has been agreed for the continuous improvement of the Museum's corporate governance and internal control arrangements.

We propose over the coming year to take steps to implement the improvement plan to further enhance the Museum's governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review and will monitor their implementation and operation as part of the next annual review.

Councillor David Marshall
Chairman

Malcolm Page CFA
Treasurer to the
Joint Committee

Richard Evans
Museum Director

Date: 24th June 2011

Annual Return - Accounting Statements

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Income and Expenditure Account for the Year Ended 31 March 2011

	Notes	2010/2011		Re-stated 2009/2010	
		£000	£000	£000	£000
Income					
Constituent Authorities contributions		103	1,616	103	635
Other income		<u>1,513</u>		<u>532</u>	
Expenditure					
Running expenses	2	274		609	
Interest payable and similar charges		22		10	
Capital charges		<u>0</u>	296	<u>333</u>	952
Net surplus/(deficit) for year			1,320		(317)
Loss on disposal of fixed assets			0		(4)
Net operating surplus/(deficit) for the year before appropriations:			1,320		(321)
Transfer (to)/from Capital Development Reserve			(4)		17
Transfer (to)/from Earmarked Reserves			(1)		(1)
Capital Financing			(1,306)		328
Net surplus / (deficit) for the year			<u>9</u>		<u>23</u>

Statement of Total Recognised Gains and Losses for the Year Ended 31 March 2011

	Notes		Re-stated	
	2010/2011	2009/2010	2009/2010	
	£000	£000	£000	
Operating Surplus/(deficit) for the year on the Income and Expenditure Account	1,320	(321)		
Gain/(loss) arising on revaluation of fixed assets	0	805		
Other gains/(losses) required to be included in the STRGL	10	4,613		
Total recognised gains/(losses) for the year	1,320	5,097		

Annual Return - Accounting Statements

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Balance Sheet as at 31 March 2011

	Notes	2010/2011 £000	2009/2010 £000	Re-stated 2009/2010 £000
Fixed Assets				
Intangible Fixed Assets	4	104		104
Tangible Fixed Assets				
Operational assets:				
Infrastructure		2,175		2,175
Land and buildings		13,178		13,178
Vehicles, plant and equipment		2,969		2,642
Community assets		1,127		1,127
Non-operational assets:				
Assets under construction		1,286		124
Deferred premiums on the early repayment of debt		0		0
Total fixed assets		20,839		19,350
Long Term Investments	5	0		0
Current Assets				
Debtors	6	804		869
Investments - Short term	7	1,681		720
Total current assets		2,485		1,589
Current Liabilities				
Creditors	8	(429)		(184)
Cash at bank overdrawn		(1,393)		(632)
Total current liabilities		(1,822)		(816)
Net current assets/(liabilities)		663		773
Net assets				
Deferred Liability (Borrowing)	9	(678)		(619)
Total assets less liabilities		20,824		19,504
Capital financing account				
General Reserves:	10	20,161		18,731
Earmarked reserves	11	7		65
Capital development reserve	12	532		593
Revenue fund balance		124		115
Total equity		20,824		19,504

Annual Return - Accounting Statements

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Cash Flow Statement for the Year Ended 31 March 2011

This statement summarises the flow of cash from revenue and capital transactions with third parties.

	Notes		2010/2011		2009/2010	
	£000	£000	£000	£000	£000	£000
Revenue Activities						
Expenditure:						
Cash paid to and on behalf of employees			0		0	
Other operating cash payments			40		589	
Income:						
Cash received for goods and services			0		0	
Other revenue income			(106)		(137)	
Servicing of Finance						
Expenditure:						
Interest paid			22		10	
Income:						
Interest received			(4)		(3)	
Net cash flow from revenue activities	13		(48)		459	
Capital Activities						
Expenditure:						
Purchase of fixed assets			1,179		616	
Income:						
Capital grants received			(1,272)		(859)	
Other capital income			0		(13)	
Net cash inflows/(outflows) before financing	17		(141)		203	
Management of Liquid Resources						
Increase/ (decrease) in short term deposits	15		961		(180)	
Financing						
Expenditure:						
Repayment of amounts borrowed	16		25		9	
Income:						
New loans raised	16		(84)		(405)	
(Increase)/decrease in cash	14		761		(373)	

Notes to the Income and Expenditure Account

1. Members' Allowances

There are no Members' allowances paid by the Joint Committee.

2. External Audit Fees

In 2010/2011 the Joint Committee has made a provision for fees relating to the external audit and inspection which are included in Running Expenses in the Income and Expenditure Account.

	2010/2011 £000 Provisional	2009/2010 £000 Actual
Fees payable to the External Auditors	5	16

3. Related Party Transactions

The Code requires the disclosure of any material transactions with related parties to ensure that stakeholders are aware when these transactions take place and the amount and implications of such transactions. Relevant disclosures include the provision of support services as disclosed in the accounting policies and disclosure in respect of Government Grants which is shown in the notes to the cash flow statement. Disclosures in respect of members' interests are also required to be reported. After consultation with Members there are no disclosures to report.

Beamish Development Trust is a registered charity whose principal activity is the raising of money from industry, commerce, private trusts and individuals to support the development plans of the Beamish North of England Open Air Museum. Consequently, a close relationship exists between the two bodies. The Chairman of the Joint Committee, which oversees the Museum, also sits as a Trustee on the Charity and those officers who advise the Joint Committee are also responsible for advising the Development Trust.

The Joint Committee has a significant and controlling influence over Beamish Museum Limited (BML) and Beamish Museum Trading Limited (BMTL). The Joint Committee continues to be responsible for the assets of the Museum and makes all decisions on capital schemes and procuring grants for capital development. BML (a charitable company limited by guarantee) is responsible for managing and operating the Museum on behalf of the Joint Committee. BMTL manages all of the retailing and catering operations. The Joint Committee approved in March 2008 a Management Contract setting out the responsibilities of the Joint Committee and Beamish Museum Limited under the new arrangements and a Scheme of Delegation to officers. All staff are employed by BML and some are seconded to BMTL as appropriate.

Notes to the Balance Sheet

4. Movement of Fixed Assets

Historically assets have been included at cost or current value. Following amendments to proper practices as noted in Governance and Accountability for Local Councils - A Practitioners' Guide, assets on the asset register are now recorded at original purchase cost. These values are not updated apart from when there are subsequent additions and should remain at this value until their disposal. The asset values as at 31st March 2010 have been re-stated to show the cost value of the assets. Assets are no longer subject to depreciation or revaluation.

	Intangible Assets £000	Intra- structure £000	Land & Buildings £000	Vehicle, Plant & Machinery £000	Community £000	Non Operational Assets* £000	Total £000
Re-stated Gross Book Value	104	2,175	13,178	2,642	1,127	124	19,350
31/03/10							
Reclassification	0	0	0	85	0	(85)	0
Additions	0	0	0	242	0	1,247	1,489
Gross book value 31/03/11	104	2,175	13,178	2,969	1,127	1,286	20,839

* Assets under construction

Capital expenditure incurred in the year was £1.489m and the main items are detailed below:

Capital Expenditure	2010/2011 £000
Chip Van	14*
Coffee Pot No 1 Restoration	2*
Land Rover	8*
Chaldron Waggon	35*
Ice Rink	99*
<u>BOIP Projects:</u>	
Edwardian Fairground and Pleasure Park	84*
Tea Rooms	237
Entrance Building	611
Fish and Chip Shop	267
Eston Church	44
Hetton Band Hall	5
Rowley Station	83
	<u>1,489</u>

* Additions to Vehicles, Plant and Machinery

The capital expenditure of £1.489m was funded as detailed below:

	2010/2011	%
	£000	
Capital Funding		
Grants and contributions	1,281	8
Capital development reserve	123	86
Internal Borrowing	85	6
	<u>1,489</u>	<u>100</u>

5. Long Term Investments

Beamish Museum Limited (a charitable company limited by guarantee) is responsible for managing the Museum on behalf of the Joint Committee. Beamish Museum Trading Limited, a subsidiary of Beamish Museum Limited (BML) manages all of the retail and catering operations. BML and its trading subsidiary were incorporated on 22/03/2006 and 05/03/2008 respectively. The 2008/09 accounts for both BML and its trading subsidiary were filed in January 2010. The new companies did not hold any assets during 2010/11 and are therefore shown at a nominal value on the balance sheet.

6. Debtors

	31 March 2011	31 March 2010
	£000	£000
Sundry Debtors - Revenue	96	95
Sundry Debtors - Capital Schemes	244	230
VAT Refund of Input Tax	96	9
Sundry Debtors - Beamish Museum Limited Capital	0	5
Sundry Debtors - Beamish Museum Limited Revenue	368	530
	<u>804</u>	<u>869</u>

7. Investments - Short Term

	Value as at 31/03/11	Value as at 31/03/10
	£000	£000
Short Term Investments	1,681	720

It is planned to reduce the value of the investment by £1.148m to reflect the funding of capital expenditure in 2010/2011.

8. Creditors

	31 March 2011 £000	31 March 2010 £000
Sundry creditors - revenue	37	48
Sundry creditors - capital	298	18
Revenue Payments to Beamish Museum Limited	94	96
Receipts in advance - capital	0	22
	429	184

9. Deferred Liability

Sunderland City Council administers all of the Joint Committee's borrowing through its Consolidated Advances and Borrowing Pool (CABP) and as such the Joint Committee does not undertake borrowing in its own name. The amount of borrowing undertaken by Sunderland City Council on the Joint Committee's behalf has been recognised as a deferred liability on the Balance Sheet for 2010/2011.

	Balance as at 1 April 2010 £000	Balance as at 31 March 2011 £000	Movement 2010/2011 £000
Deferred Liability	619	678	59

10. Capital Financing Account

The Capital Financing Account amalgamates the 2009/2010 balances from the Grants and Contributions to Deferred Account, the Revaluation Reserve and the Capital Adjustment Account, and includes the adjustments made as a result of re-stating fixed asset values as detailed at Note 4 to the Balance Sheet.

	2010/2011 £000	Re-stated 2009/2010 £000
Balance as at 1 April	18,731	0
Grants and Contributions to Deferred Account	0	4,494
Revaluation Reserve	0	3,886
Capital Adjustment Account	0	10,229
Fixed assets values restated to original purchase costs	0	122
Capital Financing 2010/2011	1,430	0
Balance as at 31 March	20,161	18,731

11. Earmarked Reserves

These reserves were established in 2003/2004 to meet anticipated future expenditure in specific areas of the Museum and were reviewed and transferred to the Capital Development Reserve as agreed by the Joint Committee at a meeting held on 7th May 2010.

	2010/2011 £000	2009/2010 £000
Education reserve	0	19
Farm reserve	0	15
Engine fund reserve	0	15
Legal structure reserve	0	10
Joint store sinking fund	7	6
Balance as at 31 March	<u>7</u>	<u>65</u>

12. Capital Development Reserve

The Capital Development Reserve was established with monies received from HM Customs and Excise in respect of a VAT refund on income on admissions. A subsequent VAT refund and associated interest has also been received from HM Revenue and Customs. The purpose of the Reserve, which is invested with Sunderland City Council, is to provide funding for future Capital projects.

	2010/2011 £000	2009/2010 £000
Balance as at 1 April	593	717
Add: Internal interest appropriated to the Reserve	3	3
Transfer from Earmarked Reserves	59	0
Less:		
Utilisation for capital funding in year	(123)	(82)
Utilisation for capital funding for de-minimis assets	0	(20)
Utilisation for capital funding for previous year	0	(25)
Balance as at 31 March	<u>532</u>	<u>593</u>

Notes to the Cash Flow Statement

13. Revenue Activities

The net cash flow can be reconciled to the Income and Expenditure Account as follows:

	2010/2011 £000	2009/2010 £000
Operating (Surplus) / Deficit for the year	£000 (1,320)	£000 321
Non cash transactions:		
Depreciation and Government Grants deferred amortisation	0	(333)
Net loss on sale of fixed assets	0	(4)
Capital Grants	1,281	0
Minimum revenue provision	25	9
Direct revenue funding	123	105
Net Movement in reserves and provisions	(118)	(118)
Other	0	4
	<u>1,311</u>	<u>(337)</u>
Items on accruals basis:		
Increase / (Decrease) in debtors	(74)	497
(Increase) Decrease in creditors	35	(22)
	<u>(39)</u>	<u>(22)</u>
Net cash flow from revenue activities	<u>(48)</u>	<u>459</u>

14. Increase / (Decrease) in Cash

	Balance as at 1 April 2010 £000	Balance as at 31 March 2011 £000	Movement 2010/2011 £000
Cash at bank Overdrawn	(632)	(1,393)	(761)

15. Increase / (Decrease) in Liquid Resources

	Balance as at 1 April 2010 £000	Balance as at 31 March 2011 £000	Movement 2010/2011 £000
Short term investments	720	1,681	961

16. (Increase) / Decrease in Financing

	Balance as at 1 April 2010 £000	Balance as at 31 March 2011 £000	Movement 2010/2011 £000
Deferred Liability	619	678	(59)

17. Reconciliation of Net Cash Flow to Movement in Debt

	2009/2010 £000	2008/2009 £000
Increase / (decrease) in cash during year	(761)	373
Increase / (decrease) in liquid resources	961	(180)
(Increase) / decrease in financing	(59)	(396)
	141	(203)
Net Debt as at 1 st April	(531)	(328)
Net Debt as at 31 st March	(390)	(531)
	(141)	203

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