



Joint Committee for the North of England Open  
Air Museum

Date       Friday 9 September 2011  
Time       10.00 am  
Venue      Collections Study Room, Regional Resource Centre,  
              Beamish Museum, Beamish

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**Business**

**Part A**

1. Minutes of the Meetings held on 24 June and 8 July 2011 (Pages 1 - 6)
2. Museum Update - Report of Museum Director (Pages 7 - 14)
3. Audited Accounts - Report of Treasurer (Pages 15 - 50)
4. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration.
5. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information.
6. Prioritisation of Capital Projects - Report of Museum Director (Pages 51 - 56)
7. Business and Operation Improvement Plan - Capital Programme Project Report No. 7 - Report of Museum Director (Pages 57 - 74)
8. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration

**Colette Longbottom**  
Secretary to the Joint Committee

County Hall  
Durham  
**1 September 2011**

To: The Members of the Joint Committee

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

**Co-opted Members (Non-Voting)**

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

*Friends of Beamish – Mr A Ashburner and Mr M Dix*

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

At a Meeting of the Joint Committee for the North of England Open-Air Museum held at Beamish Museum, Beamish on Friday 24 June 2011 at 11.00 a.m.

**PRESENT:**

Councillor D Marshall in the Chair

**Members of the Joint Committee**

Councillors Bailey, Blakey, Carr, Naylor, Stoker, Todd and Wright (Durham County Council), Councillor Goldsworthy (Gateshead MBC), Councillors Kerr and Maxwell (South Tyneside MBC), Councillors Bell and Kelly (Sunderland City Council)

**Co-opted Members (Non-Voting)**

Friends – Mr A Ashburner

Apologies for absence were received from Councillors Gittins, Iveson, C Marshall, May, Thomson and Wilkinson (Durham County Council), Councillor Green (Gateshead MBC), Councillor Errington, Foster, Richardson and Walker (Sunderland City Council), Mrs E Hunter and Mrs S Stewart (Beamish Development Trust) and Mr Dix (Friends)

**1 Minutes of the Meeting held on 6 May 2011**

The minutes of the meeting held on 6 May 2011 were confirmed as a correct record and signed by the Chairman.

**2 Revenue and Capital Outturn 2010/2011**

The Joint Committee considered a joint report of the Treasurer and Museum Director regarding the Revenue and Capital Outturn 2010/2011 (for copy see file of Minutes).

**Resolved:**

- (i) That the Revenue Outturn and variations for 2010/2011 be noted.
- (ii) That the Capital Outturn and variations for 2010/2011 be noted,

**3 Annual Governance Statement 2010/2011**

The Joint Committee noted a joint report of the Museum Director and Treasurer regarding the Annual Review of the Risk Management and Annual Governance Arrangements (for copy see file of Minutes).

**Resolved:**

That the Risk Management Annual Report 2010/11 and the Annual Governance Review 2010/2011 be approved.

#### **4 Annual Return and Accounts 2010/2011 (Subject to Audit)**

The Joint Committee considered a report of the Treasurer regarding the Annual Return and Accounts for 2010/2011 (for copy see file of Minutes).

Members thanked the Treasurer for the way the accounts were presented which made them easier to understand.

#### **Resolved:**

That the Annual Return (Subject to Audit) and the Accounts for financial year ended 31 March 2011 be approved.

#### **5 Any Other Business**

The Museum Director gave an update on Museum Business. Visitor figures from the beginning of the financial year in February until the end of April were all record months with high visitor numbers. May and June had not been as good due to the weather but overall figures were still up on last year. The budget for the year would be based on 366,000 visitors. The Events are progressing well and employment at the Museum continues to grow with 258 F.T.E. employees. A turnover of £6m was forecast.

Capital Projects update - the official opening for the Fish & Chip shop would be 14 July 2011 but the public reaction so far was really positive. The tea rooms are nearing completion with sections from the former Rossis Ice Cream Parlour from Consett being installed in the Cookson Room to form additional seating. The entrance building refurbishment was almost finished and the introductory exhibition with an audio visual presentation was complete. The foundations had been laid and the building of Eston Church had commenced.

The Chairman suggested that regular updates are e-mailed to members, including pictures, showing the progress.

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

**At a Meeting of the Joint Committee for the North of England Open-Air Museum held in the Collections Study Room, Regional Resource Centre, Beamish Museum on Friday 8 July 2011 at 10.00 a.m.**

**PRESENT:**

**Members of the Joint Committee**

Councillors J Bell, Blakey, Carr, D Marshall and Wright (Durham County Council) Goldsworthy and Green (Gateshead MBC) Kerr (South Tyneside MBC) and R Bell, Foster, Richardson and Walker (Sunderland City Council)

**Co-opted Members (Non-Voting)**

*Friends* – Mr A Ashburner

Apologies for absence were received from Councillors Bailey, Gittins, Iveson, C Marshall, Naylor, Thomson, Todd and J Wilson (Durham County Council), Mortimer (North Tyneside MBC), Cunningham, Dixon and Maxwell (South Tyneside MBC) Kelly (Sunderland City Council), Mrs Stewart (Beamish Development Trust) and Mr Dix (Friends)

**1 Election of Chairman**

**Resolved:**

That Councillor D Marshall of the Durham County Council be elected Chairman of the Joint Committee for the ensuing year.

**Councillor D Marshall in the Chair**

**2 Appointment of Vice Chairman**

**Resolved:**

That Councillor R Bell of the City of Sunderland Council be appointed Vice-Chairman of the Joint Committee for the ensuing year.

### **3 Appointment of Co-Opted Members**

The Secretary reported that he had received the following nominations for co-option onto the Joint Committee:-

- (i) **Friends** – Mr A Ashburner and Mr M Dix
- (ii) **Beamish Development Trust** – Mr S Gray, Mrs E Hunter and Mrs S Stewart

**Resolved:**

That the following be appointed as Co-opted Members of the Joint Committee:-

Mr A Ashburner and Mr M Dix (Friends)  
Mr S Gray, Mrs E Hunter and Mrs S Stewart (Beamish Development Trust)

### **4 Constitution and Appointment of Sub-Committees**

- (i) **Finance and General Purposes**

**Resolved:**

(i) That the constitution of the Finance and General Purposes Sub-Committee be the Chairman and Vice-Chairman of the Joint Committee together with two Members from each Constituent Authority provided that the number of each Authority's Members on the Finance and General Purposes Sub-Committee does not exceed the number of that Authority's members on the Joint Committee, together with one co-opted Member (non-voting) from the Friends of the Museum.

- (ii) That the Members for 2011/12 are to be as follows:

Councillor D Marshall (Chairman) Councillor R Bell (Vice-Chairman)  
Councillors Carr and L Thomson (Durham) Councillors Goldsworthy and Green (Gateshead) Councillor Mortimer (North Tyneside)  
Councillors Maxwell and Kerr (South Tyneside) Councillors Kelly and Speding (Sunderland) Mr A Ashburner (Non-voting Co-opted Member).

- (iii) That in the absence of nominated Members representing Constituent Authorities substitutes be allowed to attend.

## **(ii) Emergencies Sub-Committee**

### **Resolved:**

That the membership of the Emergencies Sub-Committee be as follows:-

The Chairman and Vice-Chairman of the Joint Committee together with two other Members to be nominated by the Secretary in consultation with the Chairman and Vice-Chairman, if available.

## **(iii) Tenders Sub-Committee**

### **Resolved:**

That the membership of the Tenders Sub-Committee be as follows:-

The Chairman and Vice-Chairman of the Joint Committee together with two other Members to be nominated by the Secretary in consultation with the Chairman and Vice-Chairman, if available.

## **5 Appointment of Chairmen and Vice-Chairmen of Sub-Committees**

### **Resolved:**

That the Chairman and Vice-Chairman of the Joint Committee be the Chairman and Vice-Chairman of all Sub-Committees.

## **6 Times of Future Meetings**

### **Resolved:**

That future meetings of the Joint Committee would commence at 10.00 a.m.

## **7 Capital Projects Update**

The Museum Director gave a detailed presentation on visitor numbers and progress on capital projects (for copy see file of Minutes).

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**Joint Committee for the North of England Open Air Museum**

**Friday 9 September 2011**

**Museum Update – Report of the Museum Director**

**1. Performance for the six period 1<sup>st</sup> February to 31<sup>st</sup> July 2011**

	Actual YTD 2011/12	Budget YTD 2011/12	Previous Year 2010/11
Visitor numbers	244,989	190,000	217,768
Variance (%)		29%	12.5%
Operating Income*	£2,885,579	£2,687,761	£2,764,613
Variance (%)		7%	4%

\* Beamish Museum Ltd/Beamish Museum Trading Ltd income excluding grants & donations

- 1.1 Beamish has continued to experience higher than anticipated visitor numbers over the 6 month period to the end of July 2011, with a total of 244,989 visitors against the original budget forecast of 190,000 and the previous year’s result of 217,768. Results for August will be available at the Joint Committee meeting – the museum expects to welcome a further 78,000 visitors during this month.
- 1.2 The 12.5% increase in the period to 31<sup>st</sup> July is due to a number of factors, including growth in repeat visitors and sales of Beamish Unlimited tickets. We are currently carrying out some detailed market research over the summer months to help us understand this trend, which does appear to contrast with results from some comparative UK museums and attractions. We will be reporting on this review at the next meeting, and this will help inform our plans for the 2012 season.
- 1.3 The increase in footfall in the period to 31<sup>st</sup> July 2011 has led us to revise our visitor number forecast for the 2011/12 year. The target has been increased from the original level of 366,000 to a revised total of 449,824. If achieved, this would be the third highest total on record, and our best result since 1990.

- 1.4 With visitor numbers increasing we have continued to see very good catering results. Additional outlets have been opened on the Town Street and at Pockerley Manor during the summer holidays. Catering sales to the end of July were up 3% on last year and up 9% on budget forecast. However, the contribution of the catering operation to BML has declined slightly on both budget forecast and the previous year, due to the effect of VAT increases, significant inflation in food and drink supplier costs and an increase in seasonal wage costs
- 1.5 Income from retail has continued to be slightly down on budget forecast and last year, despite the increase in footfall. Retail sales are down 8% on last year and 2% on budget forecast. However, despite the decline in sales volume the contribution from retail has increased slightly on both budget forecast and the previous year, due to an increase in gross profit margin achieved.

### Approval sought

- Note the progress report above.

## **2. Business and Operational Improvement Plan Review**

- 2.1 The senior management team at the museum will meet in September to review progress delivering the current business plan and to plan ahead for the 2012/13 season.
- 2.2 The Board of Beamish Museum Ltd has recommended that the current business and operational improvement plan be extended to cover the period through to 31<sup>st</sup> January 2013, and a revised action plan be produced for approval in October 2011. The revised action plan in October 2011 will provide both a review of progress to date and highlight the range of revenue and capital projects.
- 2.3 The Head of Engagement, Assistant Director Resources, Finance Manager and Museum Director met in August 2011 to review the 2011/12 revenue budget for both Beamish Museum Ltd and Beamish Museum Trading Ltd, taking into account actual performance to the end of July. The museum's operating surplus in 2011/12 is now forecast to total £211,072.
- 2.4 The Museum's events programme continues to be developed. Major events in September include Power from the Past (1 – 4 September) and the Beamish Agricultural Show (15 – 18 September). Plans are prepared for the Christmas season from mid November, and the programme for 2012 is being considered including the potential new development a period 'Olympic Games' and Bonfire Night Celebrations. An events list for 2011 is attached to the report as appendix A.
- 2.5 The Fish and Chip Shop was opened successfully in July, with publicity in the press and TV/Radio. The attraction has been incredibly popular, and an extra member of staff has been employed to help manage the queues. Due to the capacity of the five frying pans the total number of portions that can be served is limited – and this cannot meet demand in the peak summer months. A review of the operation will be carried out in September once the summer holidays are over.

- 2.6 As part of the ongoing improvements to catering and visitor facilities, there is a need to carry out a number of smaller maintenance and refurbishment works to existing facilities in advance of the 2012 season. Projects include the improvement of external lighting across the site for evening events/winter opening, catering equipment and furniture/decoration of the coffee shop at the entrance and refurbishment of toilets. Funding for the work is to be found from Beamish Museum Ltd repairs/maintenance and equipment revenue budgets. Where any work relates to capital development, expenditure will not be made without the approval of the Joint Committee.
- 2.7 The museum's promotional material and marketing strategy is currently being refreshed. Work is underway producing designs for the main leaflet in 2012 and for the 2011 winter season including Christmas at Beamish events. A marketing plan for 2012 is being produced by the Development Manager and will be available for the Board to review in the autumn. Key priorities will include the further development of the museum's digital communications and campaigns to promote the Beamish Unlimited ticket scheme.
- 2.8 Working with the Friends of the Museum and the Beamish Development Trust, staff at the museum have reviewed the current fundraising priorities for 2011 and 2012. Work underway includes:
- Development of the Community Heritage project in partnership with the Heritage Lottery Fund, following confirmation of a Heritage Grant totalling £300,000 over the next three years to support learning and community engagement staffing and project costs across the region;
  - Development of engineering training workshops following confirmation of a £270,000 donation that has been received by the Beamish Development Trust. Engineering training workshops will help support transport operations and provide dedicated facilities for schools, volunteer groups, apprentices and staff. A project plan is being prepared for Joint Committee approval later in the year.
  - A Friends campaign for individual donations in support of the Hetton Silver Band Hall appeal, offering people the chance to 'buy a brick'. The Friends have adopted the Hetton Band Hall project and will be raising as much funding as possible to support it over the coming months. Fundraising for individual projects is a new development for the Friends, and their help and encouragement is very much appreciated;
  - A co-ordinated museum campaign to encourage legacies, working with the Friends and the BDT;
  - A refresh of the benefits offered to Friends, with a view to increasing membership from c.1500 to 5,000 over the next three years. Work is underway with the Board of the Friends. Friends will continue to enjoy free access to the museum. For an additional donation over and above the basic membership fee (£28), it is proposed that the museum offers half price entry for up to 2 guests when they visit with a Friend. It is also proposed to produce a new museum magazine, incorporating the existing Friends newsletter;
  - An application to Esmee Fairburn to support activity costs for schools and community groups engaged by the museum learning and outreach team;

- Fundraising within the region to support school transport and activity costs, targeting schools who do not typically visit museums;
- Fundraising for the completion of the restoration of the locomotive 'Lewin'.
- Fundraising for the sponsorship of trams and buses, to help support their ongoing maintenance/restoration;
- Relaunch of the Business at Beamish scheme and promotion to local businesses;

### Approvals sought

- Progress with the delivery of the Business and Operational Improvement Plan as outlined in the report.

## **3. Long term development plan progress report**

- 3.1 Working groups involving staff from across the museum are developing the key priorities of the long term plan. Their initial report will be available in the autumn, outlining the approach to be taken across the 12 themes of the plan. Key areas include the development of existing period areas, the potential for developing new period areas in the future, accommodation and evening use.
- 3.2 A market research project is underway this summer, increasing the quality of the data gathered from visitors to the museum and carrying out focus groups to test some of the ideas being developed in the plan. Beamish has engaged the consultancy FEI to help support this work, which will help inform both the long term development plan and the day to day operation of the museum. A number of consultation events for key stakeholders are being organised around the region in November, to further inform the development plan.
- 3.3 The museum has engaged Price Waterhouse Coopers to provide some VAT advice with respect to the long term plan, to ensure the proposals address any relevant issues.
- 3.4 Museum staff continue to visit relevant comparative sites both in the UK and abroad to inform the proposals. Staff developing skills training have visited the Weald and Downland Museum in West Sussex, which offers a range of fee paying short courses in heritage skills. A visit to Denmark is being planned to research their 'House of Memories', a dedicated facility for people suffering from dementia that has been developed with the local/regional health authority and the museum, offering services to local people.
- 3.5 The Museum Director is reviewing the procurement strategy for the capital works in the development plan, and considering the extent to which the works can be carried out by in-house building teams with a significant element of training for apprentices/young people. A report will be available early in 2012.
- 3.6 The first draft of the development plan for 2013 – 2025 will be available in Spring 2012. The outline business plan will include financial modelling of the key

development proposals, to ensure they are achievable, fundable, and sustainable.

#### **4. The future for Renaissance in the Regions – latest developments from the Arts Council**

4.1 The Arts Council (ACE) has recently announced that that it may be changing the ‘core museums’ and ‘challenge funding’ model it inherited from the Museums Libraries and Archives Council, which was to provide the structure of Renaissance funding for museums in the regions from April 2012. In its place ACE will provide what has been described as ‘major’ funding for a few, large regional museums and ‘strategic’ funding for the remainder. It is not clear whether Beamish is considered to be a ‘major’ museum – and whether it could receive funding to manage its work with schools and communities across the North East region. Details will be issued in September, but this could suggest that ACE may be moving to fund museums in a similar way to other arts organisations. Alternatively, it could mean that ACE has simply found some new words to describe exactly the same model. There is no guidance available at present to help us plan for the coming financial year. The grant structure for museums will not be available for review until September 2011 and funding for 2012/13 is unlikely to be confirmed until early 2012.

4.2 The outlook, sadly, does not look very positive. There may be a risk that ACE funding will be used to support museums across the country that are facing cuts in local authority funding, and museums like Beamish who are more self-sufficient may receive a dramatic cut in Renaissance funding from 2012. Beamish currently receives around £0.3M from the MLA to support its collections, communications, business planning and learning programmes and this funding has already been reduced by 15% in 2010/11. Once the guidance is available from ACE, a report will be prepared for consideration and a strategy developed for programmes from 2012/13.

**RICHARD EVANS**  
**Director**  
**30<sup>th</sup> August 2011**

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## Museum Director's Report Appendix A

### Special Events at Beamish 2011

Date	Event/Activity
1 <sup>st</sup> – 4 <sup>th</sup> September	Power from the Past
15 <sup>th</sup> – 18 <sup>th</sup> September	Beamish Agricultural Show
25 <sup>th</sup> September	Classic Car Day
25 <sup>th</sup> September	Harvest Festival
1 <sup>st</sup> – 2 <sup>nd</sup> October	Harvest Home
18 <sup>th</sup> October	Children in Need
21 <sup>st</sup> October	Assisting Older People Festival (In conjunction with Age Concern UK, visit to Beamish)
22 <sup>nd</sup> October to 2 <sup>nd</sup> January	Ice Skating
October Half Term	Steam Farm Project (activities to be confirmed)
28 <sup>th</sup> – 29 <sup>th</sup> October	Halloween Evening Events
19 <sup>th</sup> November	Christmas at Beamish launch weekend
19 <sup>th</sup> November – 2 <sup>nd</sup> January	Christmas at Beamish
9 <sup>th</sup> and 16 <sup>th</sup> December	Christmas Evening Events
October Half Term	Steam Farm Project (act

### TBC

Traditional rural crafts demonstration day - 15<sup>th</sup> October

### Bands and Choirs

Trimdon Concert Band- 9<sup>th</sup> October

Chester-le-Street Methodist Choir- 19<sup>th</sup> November

Borneo Band- 20<sup>th</sup> November

Murton Colliery Brass Band- 4<sup>th</sup> December

Dunston Silver Band- 18<sup>th</sup> December

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JOINT COMMITTEE – 9<sup>th</sup> SEPTEMBER 2011

AUDITED STATEMENT OF ACCOUNTS 2010/2011

REPORT OF THE TREASURER

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**1. PURPOSE OF REPORT**

- 1.1 To report the communications received from the External Auditors concerning the financial statements for 2010/2011.
- 1.2 To provide the Audited Statement of Accounts for 2010/2011 for approval by Members.

**2. DESCRIPTION OF THE DECISION**

Members are recommended to:

- 2.1 Note that the External Auditors, BDO LLP (Chartered Accountants) have issued an unqualified audited Annual Return (Appendix 1).
- 2.2 Approve the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2011 (Appendix 2).

**3. BACKGROUND**

- 3.1 Smaller relevant bodies in England must complete an annual return summarising their annual activities at the completion of each financial year in accordance with the Accounts and Audit Regulations 2011. Members are responsible for ensuring that financial management is adequate and effective and that the body has a sound system of internal control.
- 3.2 A smaller relevant body includes Joint Committees which now have gross income or gross expenditure levels below £6.5 million for the financial year in question (2010/2011) as well as either of the two immediately preceding years (2008/2009 and 2009/2010). This regime applies to the Joint Committee.

3.3 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 report on the final accounts by 30th September of each year. The Joint Committee has received an unqualified audit report.

#### 4. KEY MESSAGES

4.1 The Auditor's communication (Smaller Bodies in England Annual Return for the year ended 31<sup>st</sup> March 2011) is included with this report, shown as part of Appendix 1. In summary, the communication shows that:

- The External Auditors have issued an unqualified audit opinion. See Section 3 of the Smaller Bodies Annual Return
- There were no changes required to the Statement of Accounts and Annual Return and there were no misstatements identified
- The External Auditor has not identified any issues in relation to the qualitative aspects of the Joint Committee's accounting practices and financial reporting
- The External Auditor has identified the following matters which are not considered material but have been raised in order to draw items to the attention of the Joint Committee:
  - a) The Joint Committee submitted minutes for audit purposes which were not maintained in accordance with schedule 12, paragraph 41(2) of the Local Government Act 1972 as the pages were not initialled by the person signing the minutes. The External Auditor has recommended that the Joint Committee should ensure with immediate effect that if a loose leaf minute book is maintained the loose leaf pages are consecutively numbered and initialled by the person signing the minutes.
  - b) The internal auditor has noted a number of weaknesses in the financial systems of the Joint Committee and made relevant recommendations. The Joint Committee must implement the recommendations made by the internal auditor before the end of the current financial year. This should improve internal controls which will help to prevent and detect error and fraud and assist the Joint Committee to operate in an efficient and effective manner.

**Malcolm Page**  
Treasurer



## Small Bodies in England

### Annual return for the year ended 31 March 2011

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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](http://www.nalc.gov.uk) or [www.slcc.co.uk](http://www.slcc.co.uk)) or from the members area of the Association of Drainage Authorities website ([www.ada.org.uk](http://www.ada.org.uk)).

## Section 1 – Accounting statements for:

BEAMISH NORTH OF ENGLAND OPEN AIR MUSEUM

	Year ending		Notes and guidance: Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to underlying financial records.
	31 March 2010 £	31 March 2011 £	
1 Balances brought forward	876,003	772,516	Total balances and reserves at the beginning of the year as recorded in the body's financial records. Value must agree to line 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	1,146,663	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	19,733	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	1,244,357	1,762,352	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	643,517	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	39,283	278,019	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	1,350,161	24,208,926	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	418,737	6,778,992	The outstanding capital balances 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:

  


Date: 24/06/2011

I confirm that these accounting statements were approved by the body etc

24/06/2011

and recorded as minute reference:

WP 2 Item No. 4

Signed by Chair of meeting approving these accounting statements:

24/06/2011

Date: 24/06/2011

## Section 2 – Annual governance statement

We acknowledge as the members of **HEMISH NORTH OF ENGLAND OPEN AIR MUSEUM** 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 practice.	YES	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.	YES	made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We have taken all reasonable steps to ensure 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.	YES	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.	YES	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.	YES	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.	YES	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.	YES	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.	YES	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

**WP 2 ITEM NO. 200**

dated **24/06/2011**

Signed by:

Chair **D. J. ...**

dated **24/06/2011**

Signed by: **[Signature]**

Clerk **[Signature]**

dated **24/06/2011**

\*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

**BEAMISH NORTH OF ENGLAND OPEN AIR MUSEUM**

#### 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:

Please see enclosed report;

**BDO LLP Southampton  
United Kingdom**

(continue on a separate sheet if required)

External auditor's signature maul

External auditor's name **BDO LLP Southampton  
United Kingdom**

Date 8/9/11

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

**BEAMISH NORTH OF ENGLAND OPEN AIR MUSEUM**

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.	YES
B. The body's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	YES
C. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	YES
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.	YES
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	YES
F. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	YES
G. Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.	YES
H. Asset and investments registers were complete and accurate and properly maintained.	YES
I. Periodic and year-end bank account reconciliations were properly carried out.	YES
J. Accounting statements prepared during the year were prepared on the correct accounting base (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.	YES

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

Name of person who carried out the internal audit: **Y. DAVIS**

Signature of person who carried out the internal audit: **Y. DAVIS** Date: **15/6/11**

\*Note: If the response is 'no' please state the implications and action being taken to address any weaknesses 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).

## Guidance notes on completing the 2011 annual return

- 1 Proper practices for preparing this annual return are found in the Practitioners' Guides\*. These publications are regularly updated and contain everything you should need to prepare successfully for your financial year-end and the subsequent audit. Both NALC and SLCC have helplines should you wish to talk through any problem you may encounter.
- 2 Please make sure that your annual return is complete (i.e. no empty red boxes), and is properly signed and dated. Avoid making any amendments to the completed return. But, if this is unavoidable, make sure the amendments are approved by the body, properly initialed and an explanation for them is provided to the auditor. Annual returns containing unapproved or unexplained amendments will be returned unaudited and may incur additional costs.
- 3 Use the checklist provided below. Use a second pair of eyes, perhaps a member or the Chair, to review your annual return for completeness before sending it off to the auditor.
- 4 Please do not send the auditor any information not specifically asked for. Doing so is not helpful. However, you must advise the auditor of any change in Clerk, Responsible Financial Officer or Chair.
- 5 Make sure that the copy of the bank reconciliation which you send to your auditor with the annual return covers all your bank accounts. If your body holds any short-term investments, please note their value on the bank reconciliation. The auditor should be able to agree your bank reconciliation to Box 3 on the Statement of Accounts. **You must provide an explanation for any difference between Box 7 and Box 8.** More help on bank reconciliation is available in the Practitioners' Guides\*.
- 6 Please **explain fully** significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The auditor wants to know that you understand the reasons for all variances. Please include a complete analysis to support your explanation. There are a number of examples provided in the Practitioners' Guides\* to assist you.
- 7 If the auditor has to review unelicited information, or receives an incomplete bank reconciliation, or you do not fully explain variances, this may incur additional costs for which the auditor will make a charge.
- 8 Please make sure that your accounting statements add up! Also please ensure that the balance carried forward from the previous year (Box 7 of 2010) equals the balance brought forward in the current year (Box 1 of 2011).
- 9 Do not complete section 3. The external auditor will complete it at the conclusion of their audit.

Completion checklist – <i>NO</i> answers mean you may not have met requirements		Done?
All sections	All red boxes have been completed?	YES
	All information requested by the external auditor has been sent with this annual return? Please refer to your notice of audit.	YES
Section 1	Approval by the body confirmed by signature of Chair of meeting approving the accounting statements?	YES
	An explanation of significant variations from last year to this year is provided?	YES
	Bank reconciliation as at 31 March 2011 agreed to Box 8?	YES
	An explanation of any difference between Box 7 and Box 8 is provided?	YES
Section 2	For any statement to which the response is 'no', an explanation is provided?	YES
Section 4	All red boxes completed by internal audit and explanations provided?	YES

\*Note: Governance and Accountability for Local Councils in England – A Practitioners' Guides, is available from NALC and SLCC representatives or Governance and Accountability for Internal Drainage Boards in England – A Practitioners' Guides, is available from the ADA at The Association of Drainage Authorities, 12 Graves Drive, Surbiton, Surrey, KT5 8AL, or from the NALC, SLCC or ADA websites – see page 1 for addresses.



**Beamish**

**The North of England Open Air Museum**

**Joint Committee**

**Annual Return 2010/2011**

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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: 9<sup>th</sup> September 2011

## Certification of the Annual Return

As Chairman of the Joint Committee held on the 9<sup>th</sup> September 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 was approved at the Joint Committee on 9<sup>th</sup> September 2011 in accordance with sub-paragraph 10 (3) (a) with regard to the aforementioned regulations.

D Marshall  
Chairman of the Joint Committee

Date: 9<sup>th</sup> September 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
<b>Total</b>	<b>663,547</b>

The Joint Committee approved a Reserves Policy at its meeting on 7<sup>th</sup> 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

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: 6<sup>th</sup> September 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 31<sup>st</sup> March 2011.

Malcolm Page  
Treasurer to the Joint Committee  
Date: 6<sup>th</sup> September 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 a 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 31<sup>st</sup> 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 CPFA  
Treasurer to the  
Joint Committee

Richard Evans  
Museum Director

Date: 9<sup>th</sup> September 2011



## Income and Expenditure Account for the Year Ended 31 March 2011

	Notes	2010/2011		Re-stated 2009/2010	
		£000	£000	£000	£000
<b>Income</b>					
Constituent Authorities contributions		103		103	
Other income		<u>1,513</u>	1,616	<u>532</u>	635
<b>Expenditure</b>					
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	2010/2011 £000	Re-stated 2009/2010 £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	0	4,613
<b>Total recognised gains/(losses) for the year</b>		<b>1,320</b>	<b>5,097</b>

## Balance Sheet as at 31 March 2011

	Notes	2010/2011		Re-stated 2009/2010	
		£000	£000	£000	£000
<b>Fixed Assets</b>	4				
Intangible Fixed Assets		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	20,839	0	19,350
<b>Total fixed assets</b>					
<b>Long Term Investments</b>	5	0		0	
<b>Current Assets</b>					
Debtors	6	804		869	
Investments - Short term	7	1,681		720	
<b>Total current assets</b>		<b>2,485</b>		<b>1,589</b>	
<b>Current Liabilities</b>					
Creditors	8	(429)		(184)	
Cash at bank overdrawn		(1,393)		(632)	
<b>Total current liabilities</b>		<b>(1,822)</b>		<b>(816)</b>	
<b>Net current assets/(liabilities)</b>			<b>663</b>		<b>773</b>
<b>Net assets</b>					
Deferred Liability (Borrowing)	9		(678)		(619)
<b>Total assets less liabilities</b>			<b>20,824</b>		<b>19,504</b>
Capital financing account	10		20,161		18,731
<u>General Reserves:</u>					
Earmarked reserves	11	7		65	
Capital development reserve	12	532		593	
Revenue fund balance		124	663	115	773
<b>Total equity</b>			<b>20,824</b>		<b>19,504</b>

## 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
<b>Revenue Activities</b>					
Expenditure:					
Cash paid to and on behalf of employees		0		0	
Other operating cash payments		40	40	589	589
Income:					
Cash received for goods and services		0		0	
Other revenue income		(106)	(106)	(137)	(137)
<b>Servicing of Finance</b>					
Expenditure:					
Interest paid		22		10	
Income:					
Interest received		(4)	18	(3)	7
Net cash flow from revenue activities	13		(48)		459
<b>Capital Activities</b>					
Expenditure:					
Purchase of fixed assets			1,179		616
Income:					
Capital grants received		(1,272)		(859)	
Other capital income		0	(1,272)	(13)	(872)
Net cash inflows/(outflows) before financing	17		(141)		203
<b>Management of Liquid Resources</b>					
Increase/ (decrease) in short term deposits	15		961		(180)
<b>Financing</b>					
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 31<sup>st</sup> 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	Infra- structure £000	Land & Buildings £000	Vehicle, Plant & Machinery £000	Community £000	Non Operational Assets* £000	Total £000
Re-stated Gross Book Value 31/03/10	104	2,175	13,178	2,642	1,127	124	19,350
Reclassification	0	0	0	85	0	(85)	0
Additions	0	0	0	242	0	1,247	1,489
<b>Gross book value 31/03/11</b>	<b>104</b>	<b>2,175</b>	<b>13,178</b>	<b>2,969</b>	<b>1,127</b>	<b>1,286</b>	<b>20,839</b>

\* 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*
Chauldron Waggon	35*
Ice Rink	99*
<b>BOIP Projects:</b>	
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
	<b>1,489</b>

\* Additions to Vehicles, Plant and Machinery

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

Capital Funding	2010/2011 £000	%
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 £000	31 March 2010 £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 £000	Value as at 31/03/10 £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
	<u>429</u>	<u>184</u>

## 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	<u>20,161</u>	<u>18,731</u>



## 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 7<sup>th</sup> 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		2009/2010	
	£000	£000	£000	£000
Operating (Surplus) / Deficit for the year		(1,320)		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	1,311	4	(337)
Items on accruals basis:				
Increase / (Decrease) in debtors	(74)		497	
(Increase) Decrease in creditors	35	(39)	(22)	475
Net cash flow from revenue activities		(48)		459

## 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	(Note 14)	(761)	373
Increase / (decrease) in liquid resources	(Note 15)	961	(180)
(Increase) / decrease in financing	(Note 16)	(59)	(396)
		<u>141</u>	<u>(203)</u>
Net Debt as at 1 <sup>st</sup> April		(531)	(328)
Net Debt as at 31 <sup>st</sup> March		<u>(390)</u>	<u>(531)</u>
		<u>(141)</u>	<u>203</u>

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