



Joint Committee for the North of England Open  
Air Museum

Date       Friday 28 June 2013  
Time       10.00 am  
Venue      Collections Study Room, Regional Resource Centre,  
            Beamish Museum, Beamish

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**Business**

**Part A**

1. Apologies for Absence
2. Minutes of the Meeting held on 26 April 2013 (Pages 1 - 4)
3. Revenue Outturn 2012/13 - Joint Report of Museum Director and Treasurer (Pages 5 - 10)
4. Governance Arrangements 2012/13 - Joint Report of Museum Director and Treasurer (Pages 11 - 34)
5. Annual Return and Accounts 2012/13 (Subject to Audit) - Report of Treasurer (Pages 35 - 72)
6. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration.
7. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information.

## **Part B**

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

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  
20 June 2013

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

Councillors J Bell, Blakey, Boyes, C Carr, Davidson, Iveson, C Marshall, May, Shuttleworth, Stoker and Todd (Durham County Council),  
Councillors B Goldsworthy, Green and Wallace (Gateshead MBC),  
Councillor Mortimer (North Tyneside MBC), Councillors Cunningham and Maxwell (South Tyneside MBC), Councillors Bell, Fletcher, Kelly, Richardson, J Scott, Trueman 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 in the Collections Study Room, Regional Resource Centre, Beamish Museum on Friday 26 April 2013 at 10.00 a.m.**

**PRESENT:**

Councillor R Bell in the Chair

**Members of the Joint Committee**

Councillors J Bell, Carr, Davidson, C Marshall, Morgan, Shuttleworth and Todd (Durham County Council), Goldsworthy, Green and Wallace (Gateshead MBC), Mortimer (North Tyneside MBC), Cunningham and Maxwell (South Tyneside MBC) and Fletcher, Kelly, Richardson, Scott, Trueman and Walker (Sunderland City Council)

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

Friends – Mr M Dix

Beamish Development Trust – Mrs E Hunter MBE

Apologies for absence were received from Councillors Blakey, Iveson, Naylor, Wilkinson and Wright (Durham County Council), Mr Ashburner (Friends) and Mrs Stewart (Trust)

The Chairman welcomed Nicola Burden from the Arts Council to the meeting.

**1 Minutes of the Meeting held on 15 March 2013**

The minutes of the meeting held on 15 March 2013 were confirmed as a correct record and signed by the Chairman.

**2 Museum Update**

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

Performance – visitor numbers were pleasing at the start of the financial year despite the cold weather. Early figures for April show the Museum ahead of budget and up on visitor numbers. The transport festival held in April had seen the busiest day of the year so far with 5,200 visitors. The fish and chip shop was still performing well and the team were carrying out a fantastic job.

ACE – the decision on the Creative People and Places Fund was expected shortly. Partnership work with Bowes Museum, DLI Museum and Killhope Museum was going well.

Community Projects – Beamish were helping to launch a celebration event of the 200<sup>th</sup> anniversary of Puffing Billy. Following the successful Word War 1 project ran in Sunderland it was hoped to roll out across the region.

Hetton Band Hall – Members were shown a video of local band members and residents of Hetton sharing memories of the band hall and playing in the band. The official opening was 11 May and many activities were planned for the day.

Collections Policy – a new system of accreditation was underway with a deadline of completion by next April. More contemporary collecting would take place up to 1990.

Future Plan – a summary of work underway was listed in the report. Energy consumption would be looked at and improvements could be made to the heating systems in the Resource Centre and energy conservation around the site.

**Resolved:-**

That the report be noted.

### **3 Revenue Budget 2013/2014 - Update**

The Joint Committee received a joint report from the Museum Director and Treasurer giving an update on the Revenue Budget for 2013/2014 (for copy see file of Minutes).

The Treasurer confirmed that further to the report approved by the Joint Committee on 15 March 2013, Gateshead had now confirmed their contribution and this figure was now reflected in the budget.

**Resolved:-**

That the updated Revenue Budget for the Joint Committee for 2013/2014 as set out in Appendix A of the report, be approved.

### **4 Management of the Beamish Collections**

The Joint Committee received a report from the Museum Director regarding management of the Beamish collections (for copy see file of Minutes).

Members were advised of items that were to be de-accessioned, transfer or disposed of from the collections.

**Resolved:-**

That the de-accessioning and transfer or disposal of items, as detailed in the report, be approved.

## **5 Active Ageing**

The Joint Committee received a detailed presentation from the Head of Community Participation, Helen Barker on behalf of Michelle Ball, Active Ageing Officer about Beamish's work with older people including those living with dementia.

Helen explained the work carried out with memory boxes, developing and sharing skills, pit cottage sessions and rummage boxes – all designed to help older people feel at ease and comfortable to share experiences, stories and memories if they wanted to. She informed Members about Beamish working in partnership with care homes, Age Concern, Dementia Awareness UK and the Alzheimer's Society. It was hoped that future work would involve developing relationships with Public Health/ NHS, hospitals and occupational therapy. The team would continue to develop activities and provide resources for the community. A Homes for Memory was earmarked in the future plan.

Members thanked Helen for her very detailed and touching presentation. It was an area of work that the Joint Committee fully supported and showed the benefits, both personally and socially, that could be achieved.

The Chairman added that it was a useful tool to use and local authorities could learn from the skills used.

The Museum Director said that there was a hidden group of people suffering and being cared for at home and it was hoped to unlock this group and help these families have a non-clinical day out at Beamish that would hopefully be an enjoyable experience.

**Resolved:-**

That the presentation be noted.

## **6 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.

## **7 Capital Project Update**

The Joint Committee received a report from the Museum Director which provided an overview of completed, ongoing and planned capital projects (for copy see file of Minutes).

### **Resolved:-**

That the report be noted.

## **8 Governance Review Update**

The Joint Committee received an update from the Museum Director which about the ongoing Governance & Partnership review.

### **Resolved:-**

That the report be noted.

The Chairman agreed that the following item of business was urgent to warrant consideration:-

## **9 Update of HSE Investigation**

The Museum Director informed the Joint Committee that the Health and Safety Executive investigation was ongoing.



JOINT COMMITTEE – 28<sup>th</sup> June 2013

REVENUE OUTTURN 2012/2013

REPORT OF THE MUSEUM DIRECTOR AND TREASURER

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**1. Purpose of the Report**

- 1.1 The Revenue Budget for 2012/2013 was approved at the meeting of the Joint Committee on 16<sup>th</sup> March 2012. The purpose of this report is to present the Revenue Outturn position for 2012/2013 and outline any major variations since the Revenue Budget Review reported to the Joint Committee on 15<sup>th</sup> March 2013.
- 1.2 The Annual Return for 2012/2013, subject to audit, is included elsewhere on the agenda for approval by the Joint Committee.

**2. Revenue Outturn 2012/2013**

- 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.
- 2.2 The revised budget estimate approved by the Joint Committee on 15<sup>th</sup> March 2013 forecast a break-even position at the year end based on a contribution from reserves of £33,731. The actual contribution from reserves was £32,198 The variation of £1,533 was due to the following:
  - A reduction in external audit fees of £600
  - Debt charges being £933 less than the revised estimate, as a result of lower interest rates
- 2.3 The deficit of £32,198 for the year has resulted in the Revenue Reserve being reduced from £106,491 to £74,293. The revenue outturn position is shown at Appendix A.

### 3. Capital Development Reserve

3.1 The table below sets out the position of the Capital Development Reserve as at 31<sup>st</sup> March 2013, as well as a projected position at 31<sup>st</sup> March 2014.

	£
<b>Balance as at 1<sup>st</sup> April 2012</b>	<b>576,661</b>
Interest Received 2012/2013	808
Financing of 2012/2013 capital expenditure	(272,221)
Use of reserve to fund grant debtor not received	(23,450)
<b>Balance as at 31<sup>st</sup> March 2013</b>	<b>281,798</b>
Committed to fund BOIP capital expenditure	(238,474)
<b>Forecast Balance as at 31<sup>st</sup> March 2014</b>	<b>43,324</b>

3.2 The forecast balance as at 31<sup>st</sup> March 2014 of £43,324 includes all of the remaining committed funding on BOIP schemes as outlined in BOIP Project Report No. 13 which was approved by the Joint Committee at the meeting held on 26<sup>th</sup> April 2013.

3.3 The estimated expenditure and funding sources for all BOIP projects are shown at Appendix B. Members will continue to be updated with BOIP Project reports during 2013/2014.

### 4. Recommendations

4.1 Members are requested to:

- Note the Revenue Outturn and variations for 2012/2013
- Note the Capital Development Reserve position for 2012/2013 and the forecasted position for 2013/2014.

Richard Evans  
Museum Director

Malcolm Page  
Treasurer



**REVENUE ESTIMATES**

	<b>Original Budget 2012-13 £</b>	<b>Variations since Jun-12 £</b>	<b>Out-turn 2012-13 £</b>
<b>Premises Related Expenses</b>			
1 Rents, Rates & Water	20,000	0	20,000
<b>Supplies &amp; Services</b>			
2 Printing, Stationery & General Office Expenses	0	0	0
3 Services	3,000	(600)	2,400
4 <b>Central, Departmental and Technical Services</b>	23,223	0	23,223
<b>Capital Financing Costs</b>			
5 Debt Charges	64,000	(933)	63,067
	110,223	(1,533)	108,690
<b>Other Grants, Reimbursements &amp; Contributions</b>			
6 Contributions from Constituent Authorities	(76,264)	(228)	(76,492)
7 Use of (Surplus)/Contribution to Reserves	(33,959)	1,761	(32,198)
	(110,223)	1,533	(108,690)
8 <b>DEFICIT / (SURPLUS) for the year</b>	0	0	0
9 <b>Accumulated Deficit / (Surplus) B/fwd</b>	(96,737)	(9,754)	(106,491)
Use / (contribution) of Surplus	33,959	(1,761)	32,198
10 <b>DEFICIT/ (SURPLUS) C/FWD</b>	(62,778)	(11,515)	(74,293)

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SCHEME	Gross Scheme Cost £	Expend. to 31.03.12 £	Payments	
			Actual	Estimated
			2012/2013 £	2013/2014 £
<b>Continuing Projects</b>				
<u>BOIP Projects</u>				
Period Fairground	494,007	494,007	0	0
Tea Room	416,405	416,405	0	0
Entrance Building	900,972	886,337	14,635	0
Fish and Chip Shop	341,763	341,763	0	0
Transport & Industry Projects	886,642	336,986	426,857	122,799
Hetton Band Hall	294,296	58,104	200,112	36,080
Eston Church	295,321	228,472	66,849	0
Town Bakery	435,567	70,680	255,731	109,156
Professional Fees & Contingency Costs	68,939	0	0	68,939
<b>TOTAL CONTINUING PROJECTS</b>	<b>4,133,912</b>	<b>2,832,754</b>	<b>964,184</b>	<b>336,974</b>
<b>BOIP Projects Commencing 2012/2013</b>				
Kibblesworth Airey Houses	33,449	0	33,449	0
<b>TOTAL PROJECTS COMMENCING 2012/2013</b>	<b>33,449</b>	<b>0</b>	<b>33,449</b>	<b>0</b>
<u>BOIP Projects</u>				
Pit Pony Stables	20,000	0	0	20,000
<b>TOTAL PROJECTS COMMENCING 2013/2014</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>20,000</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>4,187,361</b>	<b>2,832,754</b>	<b>997,633</b>	<b>356,974</b>

## METHOD OF FINANCING ESTIMATED CAPITAL EXPENDITURE

	Resources	
	Actual	Estimated
	2012/2013 £	2013/2014 £
<b>From Internal Sources</b>		
Capital Development Reserve	272,221	238,474
<b>TOTAL INTERNAL SOURCES</b>	<b>272,221</b>	<b>238,474</b>
<b>From External Sources</b>		
Beamish Development Trust	21,912	0
Fundraising (Hetton Band Hall)	10,000	50,000
Contribution from BML	650,000	0
Arts Council England Grant	43,500	43,500
Cookson Foundation	0	5,000
Friends of Beamish	0	20,000
<b>TOTAL EXTERNAL SOURCES</b>	<b>725,412</b>	<b>118,500</b>
<b>TOTAL FINANCING</b>	<b>997,633</b>	<b>356,974</b>

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JOINT COMMITTEE – 28<sup>th</sup> June 2013

GOVERNANCE ARRANGEMENTS 2012/2013

REPORT OF THE MUSEUM DIRECTOR AND TREASURER

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**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 2012/2013 and are presented to Members for their consideration.

**2.1.1 Risk Management Annual Report 2012/2013**

This report (Appendix A) sets out the arrangements in place for the management of risk during 2012/2013, proposals for future improvement and development, and the outcome of the Annual Review of the Risk Management Policy.

**2.1.2 Annual Governance Review 2012/2013**

This report (Appendix B) provides details of the findings of the 2012/2013 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

Malcolm Page  
Treasurer

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JOINT COMMITTEE – 28<sup>th</sup> June 2013

GOVERNANCE ARRANGEMENTS 2012/2013: APPENDIX A

ANNUAL REVIEW OF RISK MANAGEMENT 2012/2013

REPORT OF THE MUSEUM DIRECTOR AND TREASURER

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**1. Purpose of the Report**

1.1 To carry out a review of the processes for risk management in place during 2012/13 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;
- Assistant Director Development;
- Assistant Director 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 document 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 was initially developed in 2007/8 with support from Sunderland City Council records and tracks major risks across all departments in the Museum.
- 2.4 In future years including 2012/13 the Risk Profile has been further developed by managers from all departments, which in 2012/13 included:
- Museum Director;
  - Assistant Director Resources (HR/admin/finance functions);
  - Finance Manager (finance functions);
  - Assistant Director Development (curatorial and development)
  - Assistant Director Engagement (costumed demonstrators and operations);
  - Head of Learning (education; training and skills);
  - Head of Rural Life (Health and Safety co-ordination site wide; rural life operations)
  - Head of Transport and Industry (site maintenance, industrial and transport systems)
  - Head of Social History and Collections Administration (collections management)
  - Head of Operations (engagement team co-ordination; security)
- 2.5 The current Risk Profile dated February 2013 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 February 2013. 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 August 2013.

#### *Embedding Risk Management in Future Planning & Daily Operations*

- 2.7 Risk Management Plans have been embedded across the Museum. The current forward plan for developing the Museum is detailed in Beamish's Future Plan 2013-2025. The Future Plan was approved in January 2013 and includes a programme of revenue and capital projects and a detailed financial forecast to cover the period to 31<sup>st</sup> January 2019. The projects aim to both enhance the visitor experience and the financial sustainability of the Museum by investing in new attractions and the diversity of the museum's income. The plan includes an engagement action plan for delivery together with a detailed risk register, which is to be updated in six-monthly reviews. 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 2013. During 2013/14 the future plan will continued to be reviewed and updated together with its risk register, to take into account changes in external capital funding that will affect the programme of its delivery. The next review of the capital projects in the plan is due in July 2013.

- 2.8 Within the context of the previous business plan that was delivered in the period to March 2013, the Museum has delivered a range of capital improvement projects during the financial year 2012/13, helping to sustain visitor numbers at close to 0.5 million/year. The management team has ensured that risk management procedures embedded into the management of projects to ensure they are delivered on time and within available budgets.
- 2.9 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 2012/13 found that the Corporate Risk Register included a broad range of risks, as a result of being developed by senior managers across the organisation.
- 2.10 With respect to the management of health and safety at the Museum, the Risk Management Review in 2012/13 recommended that the Museum review the risk assessments in place across all areas of the operation, and ensure these risk assessments are being reviewed and updated appropriately in line with museum policies. The review found that the Museum's Health and Safety Policy had been revised to take into account changes in the staffing structure during the 2012/13 year including management staff taking on new/different responsibilities. A review of management training was recommended to ensure relevant staff have the necessary IOSH/NEBOSH qualification.
- 2.11 The 2012/13 review found that individual project risk assessments were in place for the capital projects completed in the 2012/13 year. The Assistant Director Development managed contract works effectively over the year with no reportable accidents or near-misses.
- 2.12 The 2012/13 review found that risk assessments were embedded in operational plans. Individual plans were prepared for new catering/retail developments as well as events/festivals in 2012/13.
- 2.13 With respect to the Management of Health and Safety, committee meetings were held quarterly during the year and included consultation with representatives from all areas of the Museum as well as a representative from Durham County Council. Agenda items include a review of accidents, training, new activities and review of risk assessments in all areas by managers/supervisors. There continues to be a need to ensure that actions

are followed up appropriately by staff, including a review of risk assessments for activities. The Head of Rural Life has taken over responsibility for co-ordinating health and safety site wide, since the Facilities Manager retired in May 2012. The next Committee meeting is due in July 2013.

- 2.14 The Museum Director continues to see copies of all incident/accident report forms completed on site, to help improve management knowledge and effectiveness. The Head of Operations produces 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. An incident group was formed to manage a major accident in July 2012. This group, chaired by the Museum Director, continued to work with HSE officers and legal advisors in the following weeks and months to review road steam operations and safety systems in place. The museum met the conditions of an HSE Improvement Notice relating to road steam operations in September 2013 and this allowed operations to resume. Senior managers continue to work with the HSE to support the investigation into the accident, which is ongoing.

### **3. Conclusion & Recommendations**

- 3.1 In conclusion, the Risk Management Review found that Museum staff continued to take measures during the 2012/13 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 and are summarised in Appendix 2.

**RICHARD EVANS**  
Museum Director

**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 (next update due August 2013)	Museum Director.
2.	Update Risk Register to take into account decisions on funding bids due in 2013/14 that will affect programme/ability to deliver capital works	Museum Director
3.	Ensure BML Board is able to maintain an effective role monitoring management procedures by providing an annual review of the Museum's Risk Profile by 31 <sup>st</sup> January 2014.	Museum Director
4.	Review policies in place to ensure protection of children and vulnerable adults	Assistant Director Resources
5.	Review safety systems in place to manage construction projects across the museum and training of staff involved	Assistant Director Development
6.	Annual review of new or safety critical operations identified by senior managers to be completed by October 2013, including catering operations and SMS (safety management system) for transport.	Assistant Director Engagement with Head of Transport and Industry
7.	Risk assessments required for new developments in 2013/14 including Bakery and Pit Pony Stables	Head of Engagement to update operational plan.
8.	Monitor the agreed actions of the Health and Safety Committee and provide an annual review of risk assessments across site by end October 2013	Head of Rural Life
9.	Review management training in health and safety	Head of Rural Life



JOINT COMMITTEE – 28<sup>th</sup> June 2013

GOVERNANCE ARRANGEMENTS 2012/2013: APPENDIX B

ANNUAL GOVERNANCE REVIEW 2012/2013

REPORT OF THE MUSEUM DIRECTOR

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**1. Purpose of the Report**

1.1 To provide details of the findings of the 2012/2013 Annual Governance Review and seek approval to the draft Annual Governance Statement from Members, prior to its incorporation in the Annual Return 2012/2013.

**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. 2012/2013 Annual Governance Review**

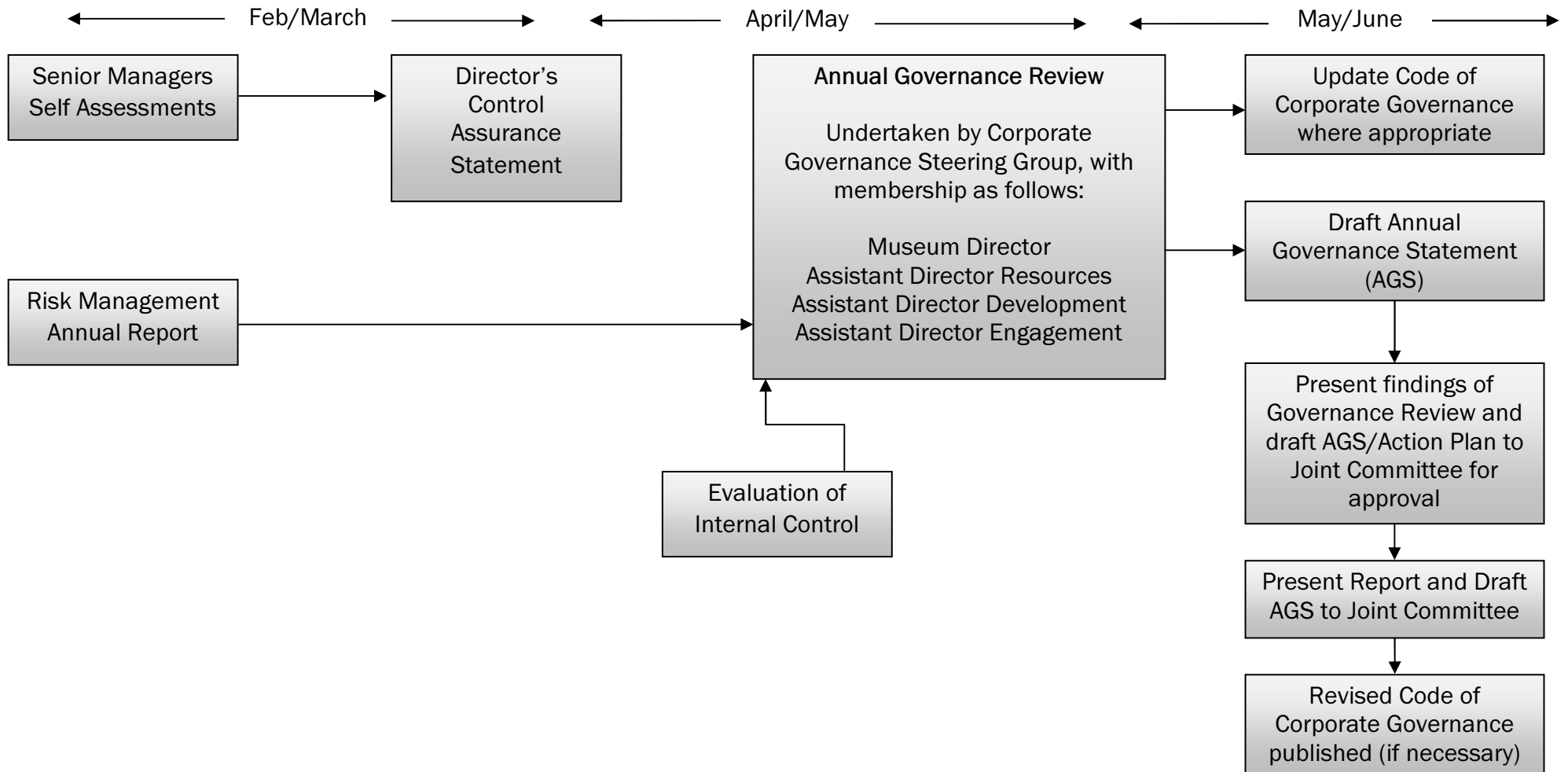
3.1 The review was undertaken by the Corporate Governance Steering Group, whose membership is as follows:

- Museum Director;
- Assistant Director Resources;
- Museum Curator;
- Head of Engagement;

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



## ANNUAL GOVERNANCE REVIEW 2012/2013 - 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 (admin/finance functions);
  - Finance Manager (finance functions);
  - Assistant Director Development (curatorial and development)
  - Assistant Director Engagement (costumed demonstrators and operations);
  - Head of Learning (education);
  - Head of Rural Life (Health and Safety co-ordination site wide; rural life operations)
  - Head of Transport and Industry (site maintenance, industrial and transport systems)
  - Head of Social History and Collections Administration (collections management)
  - Head of Operations (security, engagement co-ordination)
- 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 Future Plan 2013-2025.

- The corporate risk profile prepared for Beamish Museum was last updated in February 2013. A further workshop will be held in August 2013 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

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## DRAFT ANNUAL GOVERNANCE STATEMENT 2012/2013

### 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 2013 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 Beamish's Future Plan 2013 - 2025, which was prepared with extensive consultation with stakeholders and approved in January 2013. It will be reviewed regularly by the Joint Committee and the Board of BML

The Museum's business plan from 2009/10 to 2012/13 was the Business and Operational Improvement Plan 2009 - 2013. This plan was prepared in 2008/9 and reviewed regularly by the Board of BML in consultation with staff, volunteers and key stakeholders.

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:

- Bi-monthly BML Board and Joint Committee meetings;
- Distribution of the Future Plan 2013-2025 both internally and beyond the Museum including online;
- 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 February/March 2013 this involved a visit to Saltaire Mill. Training 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;
- Attendance by the Museum Director and other officers at a number of stakeholder meetings including those with Arts Council England (Renaissance); Heritage Lottery Fund; Visit County Durham; and the Durham Cultural Partnership.

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 staff focus group and a volunteer focus group continues to meet to improve communication through all levels in the museum.

Arrangements are in place to review the Museum's future plan and any implications in terms of its governance arrangements, including ways of strengthening partnerships with Local Authorities in the North East. The following actions are being taken:

- The constitution of the Joint Committee is being reviewed and a draft agreement/memorandum is being prepared to form a Regional Stakeholder Group in 2013/14 to engage all local authorities and regional partners. A report to the Joint Committee is expected in July 2013 detailing the new arrangements.
- The articles and memorandum of understanding governing Beamish Museum Ltd is being reviewed to clarify the membership and responsibilities of the charity, including capital development of the museum.

Through reviews by external inspectorates and funders the Museum constantly seeks ways of securing continuous improvement. The Museum has professional and objective relationships with funders and all 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.

The following 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 an audit committee, 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 the external audit plan;
- where appropriate review the findings of internal audits, the main issues arising, and seek assurance that action has been taken where necessary;
- 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 Museum is regularly audited by external funders for revenue and capital projects including Renaissance. Agencies involved include the DCMS, Heritage Lottery Fund and Arts Council England.

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, any internal audit reports, 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 where appropriate with the Director and reviews of the Business and Operational Improvement Plan. Internal Audit carries out regular systematic auditing of key financial systems in operation at the Lead Authority and used by the Museum.

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 Richard Bell  
Chairman

Malcolm Page CPFA  
Treasurer to the Joint  
Committee

Richard Evans  
Museum Director

Date: 16th June 2013

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JOINT COMMITTEE – 28<sup>th</sup> June 2013

ANNUAL RETURN AND ACCOUNTS 2012/2013 (SUBJECT TO AUDIT)

REPORT OF THE TREASURER

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**1. PURPOSE OF REPORT**

- 1.1 To provide an Annual Return and Accounts for 2012/2013, 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 'Code of Practice on Local Authority Accounting in the United Kingdom 2012' 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 the accounts. This means that the provisions of the Code of Practice 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 31<sup>st</sup> March 2011, which means that they apply to the preparation, approval and audit of statements of accounts prepared in respect of the year ending 31<sup>st</sup> March 2011 and subsequent years.
- 2.2 Smaller relevant bodies in England must have their accounts approved by the full Committee by 30<sup>th</sup> 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.

2.3 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.

2.4 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 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 2013 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 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 15th July 2013 and Appendix 2 sets out for Members' information, the timetable applicable for the 2012/2013 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 2013.

**Malcolm Page**  
Treasurer

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# Small Bodies in England

## Annual return for the year ended 31 March 2013

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Small relevant bodies in England with an annual turnover of £6.5 million or less must complete an annual return in accordance with proper practices summarising their annual activities at the end of each financial year.

The annual return on pages 2 to 5 is made up of four sections:

- **Sections 1 and 2** are completed by the person nominated by the body.
- **Section 3** is completed by the external auditor appointed by the Audit Commission.
- **Section 4** is completed by the body's internal audit provider.

Each body must approve this annual return no later than **30 June 2013**.

### Completing your annual return

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

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

Send the annual return, together with your bank reconciliation as at 31 March 2013, an explanation of any significant year on year variances in the accounting statements and any additional information requested, to your external auditor by the due date.

Your auditor will identify and ask for any additional documents needed for audit. Therefore, unless requested, 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. You must publish or display the audited annual return by 30 September 2013.

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 2012/13 for:

Enter name of reporting body here:

BEAMISH NORTH OF ENGLAND OPEN AIR MUSEUM

	Year ending		Notes and guidance
	31 March 2012 £	31 March 2013 £	
1 Balances brought forward	663,547	691,152	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	1,365,494	1,707,884	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	64,853	63,053	Total expenditure or payments of capital and interest made during the year on the body's borrowings (if any).
6 (-) All other payments	1,273,536	1,970,892	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	691,152	365,091	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	(58,495)	(657,157)	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. CASH BALANCE IS NEGATIVE I.E CASH AT BANK IS OVERDRAWN
9 Total fixed assets plus other long term investments and assets	21,962,786	22,960,419	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the body as at 31 March
10 Total borrowings	647,329	606,103	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 2013 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 line]

Date 28/06/2013

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

28/06/2013

and recorded as minute reference:

WP1

Signed by Chair of meeting approving these accounting statements:

[Signature line]

Date 28/06/2013

## Section 2 – Annual governance statement 2012/13

We acknowledge as the members of **BEAMISH 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 2013, that:

	Agreed –		'Yes' means that the body:
	Yes	No	
1 We 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 maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption <b>and</b> reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We 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 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 carried out an assessment of the risks facing the body <b>and</b> took 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 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 took 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 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

**WP1**

dated **28/06/2013**

Signed by:

Chair

dated **28/06/2013**

Signed by:

Clerk

dated **28/06/2013**

**\*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the body will address the weaknesses identified.**

## Section 3 – External auditor certificate and opinion 2012/13

### Certificate

We certify that we have completed the audit of the annual return for the year ended 31 March 2013 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 2013; 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 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 signature

External auditor 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 2012/13 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 2013.

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 one of the following			
	Yes	No*	Not covered**	
A Appropriate accounting records have been kept properly throughout the year.	✓			
B The body's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓			
C The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓			
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.			N/A	NO LEVY
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓			
F Petty cash payments were properly supported by receipts, all expenditure was approved and VAT appropriately accounted for.			N/A	NO PETTY CASH
G Salaries to employees and allowances to members were paid in accordance with body approvals, and PAYE and NI requirements were properly applied.			N/A	NO EMPLOYEES OR MEMBERS ALLOW.
H Asset and investments registers were complete and accurate and properly maintained.	✓			
I Periodic and year-end bank account reconciliations were properly carried out.	✓			
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.	✓			

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: John Mitchell

Signature of person who carried out the internal audit: [Signature] Date: 10/06/2013

**\*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 2012/2013

Approval of the Annual Return (Subject to Audit) – before 30th June statutory deadline.	28 <sup>th</sup> June 2013
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.	3 <sup>rd</sup> June 2013 to 16 <sup>th</sup> June 2013
Inspection Period (20 working days).	17 <sup>th</sup> June 2013 to 12 <sup>th</sup> July 2013
Date for exercise of Public Rights - as notified by the Auditors	15 <sup>th</sup> July 2013
Approval of the Audited Annual Return – before 30 <sup>th</sup> September statutory deadline	20 <sup>th</sup> September 2013

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**Beamish**

**The North of England Open Air Museum**

**Joint Committee**

**Annual Return 2012/2013**

**(Subject to Audit)**

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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 2012/2013. 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.

R Bell  
Chairman of the Joint Committee

Date: 28<sup>th</sup> June 2013

## Certification of the Annual Return

As Chairman of the Joint Committee held on the 28<sup>th</sup> June 2013, I hereby acknowledge receipt of the Annual Return (subject to audit) for 2012/2013 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 28<sup>th</sup> June 2013 in accordance with subparagraph 10 (3) (a) with regard to the aforementioned regulations.

R Bell  
Chairman of the Joint Committee

Date: 28<sup>th</sup> June 2013

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 2012' 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 Code of Practice 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 2012/2013 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 15<sup>th</sup> March 2013 forecast a break-even position at the year end based on a contribution from reserves of £33,731. The actual contribution made from reserves at the year end was £32,198. The Joint Committee's accumulated revenue reserve has therefore decreased by £32,198 from £106,491 at 1 April 2012 to £74,293 at 31 March 2013.

The balance of the Joint Committee reserves at 31st March 2013 is summarised below:

General Reserves	£
Revenue Fund Balance	74,293
Capital Development Reserve	281,798
Other Earmarked Reserves	9,000
<b>Total</b>	<b>365,091</b>

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). 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 consists of nine capital projects at a total estimated cost of £4.187m. During 2012/2013, work was carried out on six projects at a total combined cost of £0.998m, the details of which are included at Note 4 to the Balance Sheet. The BOIP projects were funded as follows:

- BML Surplus - £650,000
- Donation towards Hetton Band Hall - £10,000
- Contribution from Beamish Development Trust - £21,912
- Arts Council England Grant - £43,500
- Capital Development Reserve - £272,221

Malcolm Page - Treasurer to the Joint Committee

Date: 28<sup>th</sup> June 2013

## 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 2013.

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 2013.

Malcolm Page  
Treasurer to the Joint Committee  
Date: 28<sup>th</sup> June 2013

## 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 2012 issued by CIPFA. They conform to the requirements of the Code of 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 2013 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.

## 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 2012/2013.

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 2013 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 Beamish's Future Plan 2013 - 2025, which was prepared with extensive consultation with stakeholders and approved in January 2013. It will be reviewed regularly by the Joint Committee and the Board of BML. The Museum's Business Plan from 2009/10 to 2012/13 was the Business and Operational Improvement Plan 2009 - 2013. This

plan was prepared in 2008/09 and reviewed regularly by the Board of BML in consultation with staff, volunteers and key stakeholders.

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:

- Bi-monthly BML Board and Joint Committee meetings;
- Distribution of the Future Plan 2013 - 2025 both internally and beyond the Museum including online;
- 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 February / March 2013 this involved a visit to Saltaire Mill. Training 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;
- Attendance by the Museum Director and other officers at a number of stakeholder meetings including those with Arts Council England (Renaissance); Heritage Lottery Fund; Visit County Durham and the Durham Cultural Partnership;

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 staff focus group and a volunteer focus group continues to meet to improve communication through all levels in the Museum.

Arrangements are in place to review the Museum's future plan and any implications in terms of its governance arrangements, including ways of strengthening partnerships with Local Authorities in the North East. The following actions are being taken:

- The constitution of the Joint Committee is being reviewed and a draft agreement / memorandum is being prepared to form a Regional Stakeholder Group in 2013/14 to

engage all local authorities and regional partners. A report to the Joint Committee is expected in July 2013 detailing the new arrangements.

- The Articles and Memorandum of Understanding governing Beamish Museum Ltd are being reviewed to clarify the membership and responsibilities of the charity, including capital development of the Museum.

Through reviews by external inspectorates and funders the Museum constantly seeks ways of securing continuous improvement. The Museum has professional and objective relationships with funders and all 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, are reviewed and updated as appropriate and 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 an audit committee, 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 the external audit plan;
- where appropriate, review the findings of internal audits, the main issues arising, and seek assurance that action has been taken where necessary;
- 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 Museum is regularly audited by external funders for revenue and capital projects including Renaissance. Agencies involved include the DCMS, Heritage Lottery Fund, and Arts Council England.

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, any internal audit reports 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 where appropriate with the Director and reviews of the Business and Operational Improvement Plan. Internal Audit carries out regular systematic auditing of key financial systems in operation at the Lead authority and used by the Museum.

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 Richard Bell  
Chairman

Malcolm Page CPFA  
Treasurer to the  
Joint Committee

Richard Evans  
Museum Director

Date: 28<sup>th</sup> June 2013

## Income and Expenditure Account for the Year Ended 31 March 2013

	Notes	2012/2013		2011/2012	
		£000	£000	£000	£000
<b>Income</b>					
Constituent Authorities contributions		76		81	
Other income		<u>1,631</u>	1,707	<u>1,286</u>	1,367
<b>Expenditure</b>					
Running expenses	2	973		161	
Interest payable and similar charges		<u>22</u>	995	<u>23</u>	184
Net surplus/(deficit) for year			712		1,183
Net operating surplus/(deficit) for the year before appropriations:			712		1,183
Transfer (to)/from Capital Development Reserve			295		(44)
Transfer (to)/from Earmarked Reserves			(1)		(1)
Capital Financing			(1,332)		(1,110)
Net surplus / (deficit) for the year			<u>(326)</u>		<u>28</u>



## Statement of Total Recognised Gains and Losses for the Year Ended 31 March 2013

	Notes	2012/2013 £000	2011/2012 £000
Operating Surplus/(deficit) for the year on the Income and Expenditure Account		712	1,183
Gain/(loss) arising on revaluation of fixed assets		0	0
Other gains/(losses) required to be included in the STRGL	10	0	0
<b>Total recognised gains/(losses) for the year</b>		<b>712</b>	<b>1,183</b>

## Balance Sheet as at 31 March 2013

	Notes	2012/2013		2011/2012	
		£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		14,960		14,946	
Vehicles, plant and equipment		3,158		3,127	
Community assets		1,127		1,127	
Non-operational assets:					
Assets under construction		1,437		484	
Deferred premiums on the early repayment of debt		0	22,961	0	21,963
<b>Total fixed assets</b>					
<b>Long Term Investments</b>	5	0		0	
<b>Current Assets</b>					
Debtors	6	1,146		787	
Investments - Short term	7	0		532	
<b>Total current assets</b>		<b>1,146</b>		<b>1,319</b>	
<b>Current Liabilities</b>					
Creditors	8	(125)		(37)	
Cash at bank overdrawn		(657)		(591)	
<b>Total current liabilities</b>		<b>(782)</b>		<b>(628)</b>	
<b>Net current assets/(liabilities)</b>			<b>364</b>		<b>691</b>
<b>Net assets</b>					
Deferred Liability (Borrowing)	9		(606)		(647)
<b>Total assets less liabilities</b>			<b>22,719</b>		<b>22,007</b>
Capital financing account	10		22,354		21,316
<u>General Reserves:</u>					
Earmarked reserves	11	9		8	
Capital development reserve	12	282		577	
Revenue fund balance		74	365	106	691
<b>Total equity</b>			<b>22,719</b>		<b>22,007</b>

## Cash Flow Statement for the Year Ended 31 March 2013

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

	Notes	2012/2013		2011/2012	
		£000	£000	£000	£000
<b>Revenue Activities</b>					
Expenditure:					
Cash paid to and on behalf of employees		0		0	
Other operating cash payments		976	976	68	68
Income:					
Cash received for goods and services		0		0	
Other revenue income		(443)	(443)	(161)	(161)
<b>Servicing of Finance</b>					
Expenditure:					
Interest paid		22		23	
Income:					
Interest received		(1)	21	(3)	20
Net cash flow from revenue activities	13		554		(73)
<b>Capital Activities</b>					
Expenditure:					
Purchase of fixed assets			907		1,381
Income:					
Capital grants received		(904)		(992)	
Other capital income		0	(904)	0	(992)
Net cash inflows/(outflows) before financing	17		557		316
<b>Management of Liquid Resources</b>					
Increase/ (decrease) in short term deposits	15		(532)		(1,149)
<b>Financing</b>					
Expenditure:					
Repayment of amounts borrowed	16		41		42
Income:					
New loans raised	16		0		(11)
(Increase)/decrease in cash	14		66		(802)

## Notes to the Income and Expenditure Account

## 1. Members' Allowances

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

## 2. External Audit Fees

The Joint Committee has made a provision of £2,400 for fees relating to the external audit and inspection of the 2012/2013 accounts.

	2012/2013 £000	2011/2012 £000
Fees payable to the External Auditors	2	1

## 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

All 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. 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
Gross Book Value 31/03/12	104	2,175	14,946	3,127	1,127	484	21,963
Reclassification	0	0	0	0	0	0	0
Additions	0	0	14	31	0	953	998
Gross book value 31/03/13	104	2,175	14,960	3,158	1,127	1,437	22,961

\* Assets under construction

Capital expenditure incurred in the year was £0.998m and the main items are detailed below:

Capital Expenditure	2012/2013 £000
<u>BOIP Projects:</u>	
Entrance Building	15
Kibblesworth Houses	33
Eston Church	67
Hetton Band Hall	200
Transport & Industry Projects	427
Town Bakery	256
	<u>998</u>

The capital expenditure of £0.998m was funded as detailed below:

Capital Funding	2012/2013 £000	%
Grants and contributions	726	73
Capital development reserve	272	27
	<u>998</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 2012/13 and are therefore shown at a nominal value on the balance sheet.

## 6. Debtors

	31 March 2013 £000	31 March 2012 £000
Sundry Debtors - Revenue	1	0
Sundry Debtors - Capital Schemes	193	395
VAT Refund of Input Tax	26	16
Sundry Debtors - Beamish Museum Limited Revenue	926	376
	<u>1,146</u>	<u>787</u>

## 7. Investments - Short Term

	Value as at 31/03/13 £000	Value as at 31/03/12 £000
Short Term Investments	0	532

## 8. Creditors

	31 March 2013 £000	31 March 2012 £000
Sundry creditors - revenue	6	8
Sundry creditors - capital	119	29
Revenue Payments to Beamish Museum Limited	0	0
	<u>125</u>	<u>37</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 2012/2013.

	Balance as at 1 April 2012 £000	Balance as at 31 March 2013 £000	Movement 2012/2013 £000
Deferred Liability	647	606	41

## 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 to cost value and subsequent capital financing.

	2012/2013 £000	2011/2012 £000
Balance as at 1 April	21,316	20,161
Capital Financing 2012/2013	1,038	1,155
Balance as at 31 March	<u>22,354</u>	<u>21,316</u>

## 11. Earmarked Reserves

This reserve was established in 2003/2004 to meet anticipated future expenditure in specific areas of the Museum.

	2012/2013 £000	2011/2012 £000
Joint store sinking fund	9	8
Balance as at 31 March	<u>9</u>	<u>8</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.

	2012/2013 £000	2011/2012 £000
Balance as at 1 April	577	532
Add: Internal interest appropriated to the Reserve	1	3
Capital grant not utilised	0	56
Less:		
Funding for grant debtor not received	(24)	0
Utilisation for capital funding in year	(272)	(14)
Balance as at 31 March	<u>282</u>	<u>577</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:

	2012/2013		2011/2012	
	£000	£000	£000	£000
Operating (Surplus) / Deficit for the year		(712)		(1,183)
Non cash transactions:				
Capital Grants	726		1,142	
Minimum revenue provision	0		42	
Direct revenue funding	(23)		15	
Net Movement in reserves and provisions	0		(44)	
Other	0	703	0	1,155
Items on accruals basis:				
Increase / (Decrease) in debtors	561		(168)	
(Increase) Decrease in creditors	2	563	123	(45)
Net cash flow from revenue activities		<u>554</u>		<u>(73)</u>

## 14. Increase / (Decrease) in Cash

	Balance as at 1 April 2012 £000	Balance as at 31 March 2013 £000	Movement 2012/2013 £000
Cash at bank Overdrawn	(591)	(657)	(66)



## 15. Increase / (Decrease) in Liquid Resources

	Balance as at 1 April 2012 £000	Balance as at 31 March 2013 £000	Movement 2012/2013 £000
Short term investments	532	0	(532)

## 16. (Increase) / Decrease in Financing

	Balance as at 1 April 2012 £000	Balance as at 31 March 2013 £000	Movement 2012/2013 £000
Deferred Liability	647	606	41

## 17. Reconciliation of Net Cash Flow to Movement in Debt

	2012/2013 £000	2011/2012 £000
Increase / (decrease) in cash during year (Note 14)	(66)	802
Increase / (decrease) in liquid resources (Note 15)	(532)	(1,149)
(Increase) / decrease in financing (Note 16)	41	31
	<u>(557)</u>	<u>(316)</u>
Net Debt as at 1 <sup>st</sup> April	(706)	(390)
Net Debt as at 31 <sup>st</sup> March	<u>(1,263)</u>	<u>(706)</u>
	<u>(557)</u>	<u>(316)</u>

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