



TYNE & WEAR ARCHIVES & MUSEUMS JOINT COMMITTEE

TYNE & WEAR
**archives &
museums**

TREASURER'S REPORT AND ACCOUNTS

2013/14

This page has been left intentionally blank.

CONTENTS

	Page
Explanatory Foreword by the Treasurer to the Tyne & Wear Archives & Museums Joint Committee	5
Core Financial Statements	21
Movement in Reserves Statement	23
Comprehensive Income & Expenditure Statement	24
Balance Sheet	25
Cash Flow Statement	26
Notes to the Core Financial Statements & Accounting Policies	27
Statement of Responsibilities for the Statement of Accounts	63
Annual Governance Statement	65
Independent Auditor's Report	81
Glossary	85

This page has been left intentionally blank.

Explanatory Foreword by the Treasurer to the Tyne & Wear Archives & Museums Joint Committee

1. Introduction

The purpose of the foreword is to provide a guide to the most significant elements of the detailed Statement of Accounts, along with commentary on the key issues.

The Joint Committee manages its affairs to ensure the economic, efficient and effective use of resources and to safeguard its assets. This task is shared by all Members and Officers of the Joint Committee. The Treasurer to the Joint Committee has a statutory responsibility to ensure sound financial management.

These accounts set out the results of the Joint Committee's activities for the year ended 31 March 2014 and its financial position at that date.

This statement of accounts has been prepared in accordance with proper practices as set out in the CIPFA (Chartered Institute of Public Finance & Accountancy) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code requires that the accounts present a true and fair financial position of the Joint Committee. Suitable accounting policies have been employed and where necessary prudent judgements and estimates were made which complied with the Code.

The information contained within these accounts is presented as simply as possible. However, the accounts of such a large and diverse organisation as Tyne & Wear Archives & Museums (TWAM) are by their nature both technical and complex and so this foreword explains some of the statements and sections in this document and provides a summary of TWAM's financial performance for 2013/14 and its financial prospects.

The purpose of this foreword is to provide the reader with:

- A review of the Joint Committee's financial results in 2013/14 and its financial position;
- An overview of activities and significant matters which occurred during the year; and
- An understandable guide to the accounting statements.

2. Background

TWAM is a large and successful archive and museums service which receives 1.3m visits p.a. to the nine venues which it manages on behalf of four local authorities (Gateshead, Newcastle, North Tyneside and South Tyneside) and Newcastle University. It has a strong reputation for innovative thinking and for the quality of access, inclusion and learning work. It is increasingly recognised for its entrepreneurial approach. It has a wider network of local, regional, national and international partnerships across the educational, community, business and cultural sectors. TWAM also manages a 'county' Archive for Tyne and Wear.

TWAM is governed by a Joint Committee consisting of 12 members drawn from the four Tyneside councils. The relationship between the four partners is set out in a Joint Agreement, signed in 2013. The relationship with Newcastle University

in respect of the Great North Museum sites lies outside the Joint Agreement and is the subject of a separate agreement between Newcastle City Council (as lead authority for TWAM) and the University.

Sunderland City Council was a partner in the Joint Agreement until 31 March 2013 when they left the partnership to take on direct management of museums in Sunderland. They continue to contribute to the Joint Archive service. Until 31 March 2015, TWAM will continue to provide some specialist museum service to Sunderland museums funded by Arts Council. TWAM and Sunderland City Council have signed two year agreements setting out museum and archives services respectively to be delivered to Sunderland Museums and Heritage.

South Tyneside Council has announced that it is considering all options for the future of cultural services in South Tyneside, including the possibility of a Cultural Trust. One option is for South Tyneside Council to withdraw from TWAM and a letter indicating that they will 'probably' leave TWAM at 31 March 2015 has been received.

Joint local authority museums and archive services have existed across the Tyne & Wear area since 1974. Joint local authority services have provided democratic accountability, brought economies of scale and allowed a service which is connected regionally, nationally and internationally to develop.

The allocation of costs is governed by Service Level Agreements (SLA) enabling the partners to pay agreed charges. Costs are classified under three major headings – Operational, Specialist, and Corporate.

- **Operational costs:** These relate to the basic running costs of individual venues, including employee costs associated with running each building, premises related expenses and supplies and services. The income generated from all forms of trading activity including admissions, shops, venue hire and café franchises and contributions to the Acquisitions Reserve are also included within this heading.
- **Specialist costs:** These relate to the provision of specialist services. This includes Archaeology, Conservation, Art, Archivists, Development, History, Communications and Design. Costs are allocated on the basis of the use made of the services within a local authority area and the needs of the collections in each area.
- **Corporate costs:** Are determined by TWAM and financed from Core Museums Grant from ACE. Services include: the Senior Management Team, Administrative, Financial, and Human Resources staff, Lead Authority support services, training and professional development and corporate accommodation at Discovery Museum.

Major Partner Museums Programme: TWAM also receives funding from the ACE Major Partner Museums Programme (MPM). This funding supports TWAM in delivering excellence in every aspect of its work, using its collections, venues and staff resources to ensure that the communities of Tyne and Wear, and indeed the wider North East, continue to benefit from excellent museum provision. The funding also allows TWAM to achieve its commitment to innovation and development across all areas of its work. A separate funding arrangement with ACE, under the Museums Development programme (MD), funds TWAM to work with and support those museums in the North East which are not funded through MPM.

3. Summary of Financial Results 2013/14

- The net cost of service for Museums, Galleries & Archives was £4,860,948 a decrease of £1,353,536 compared to 2012/13 (CIES page 24).
 - Gross expenditure, excluding trading activity, was £9,841,496 a decrease of £ 1,613,170 (14.1%) compared to 2012/13. This reflects the cost reduction programme, the withdrawal of Sunderland museums and completion of a number of major projects.
 - The expenditure on core activity was primarily financed by client contributions (Non-Specific Grant Income) of £4,207,201 (£5,781,756 in 2012/13). Core activities are income, including trading activity and expenditure directly incurred in the day to day running of the archives, museums and galleries;
 - TWAM received grants totalling £3,726,981 (£3,797,309 in 2012/13) from ACE. This included Core Museums Grant of £1,322,000 (£1,343,000 in 2012/13); MPM programme of £1,626,589 (£1,661,987 in 2012/13), Core Capital £550,000 (£550,000 in 2012/13) and MD of £156,000 (£150,847 2012/13).
 - Other grants and contributions were £968,466 representing a decrease of £175,200 (15.3%) compared to 2012/13.
- The turnover for external trading activity, excluding the Archaeology Unit (which ceased trading during the course of the year) was £1,125,970, an increase of £221,859 (24.5%), reflecting the success of the Museums Rapid Enterprise Assessment (MREA) programme.

4. Income and Expenditure for the Year

Table 1 illustrates, in broad terms, where the money comes from:

Table 1: Where the Money comes from				
2012/13		2013/14		Change
£000		£000		£000
(£5,782)	Client Contributions	(£4,207)	40.6%	£1,575
(£3,797)	Arts Council England	(£3,727)	35.9%	£70
(£1,144)	Other Grants & Contributions	(£969)	9.3%	£175
(£1,060)	Trading Activity	(£1,180)	11.4%	(£120)
(£319)	Other Income	(£293)	2.8%	£26
(£12,102)		(£10,376)	100%	£1,726

Where the Money comes from 2013/14

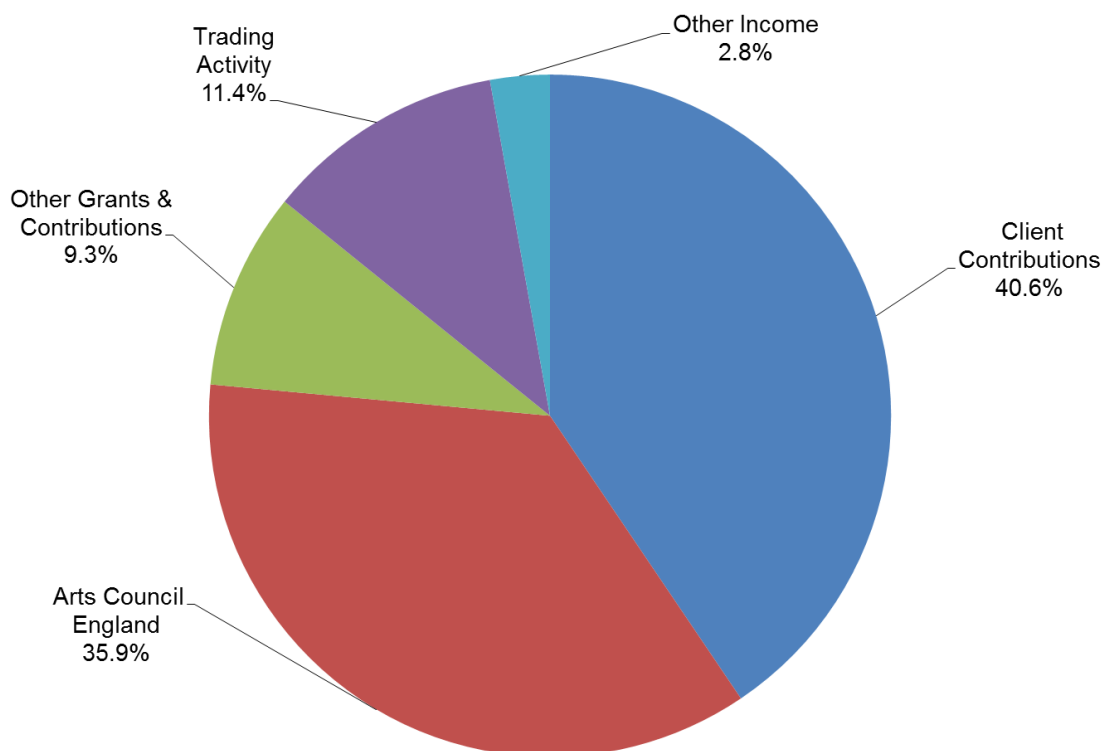


Table 2 illustrates, in broad terms, what the money was spent on:

Table 2: What the Money was spent on				
2012/13		2013/14		Change
£000		£000		£000
£7,087	Employees	£6,299	60.4%	(£788)
£4,368	Running Costs	£3,542	34.0%	(£826)
£860	Trading Activity	£580	5.6%	(£280)
£12,315		£10,421	100%	(£1,894)

What the Money was spent on 2013/14

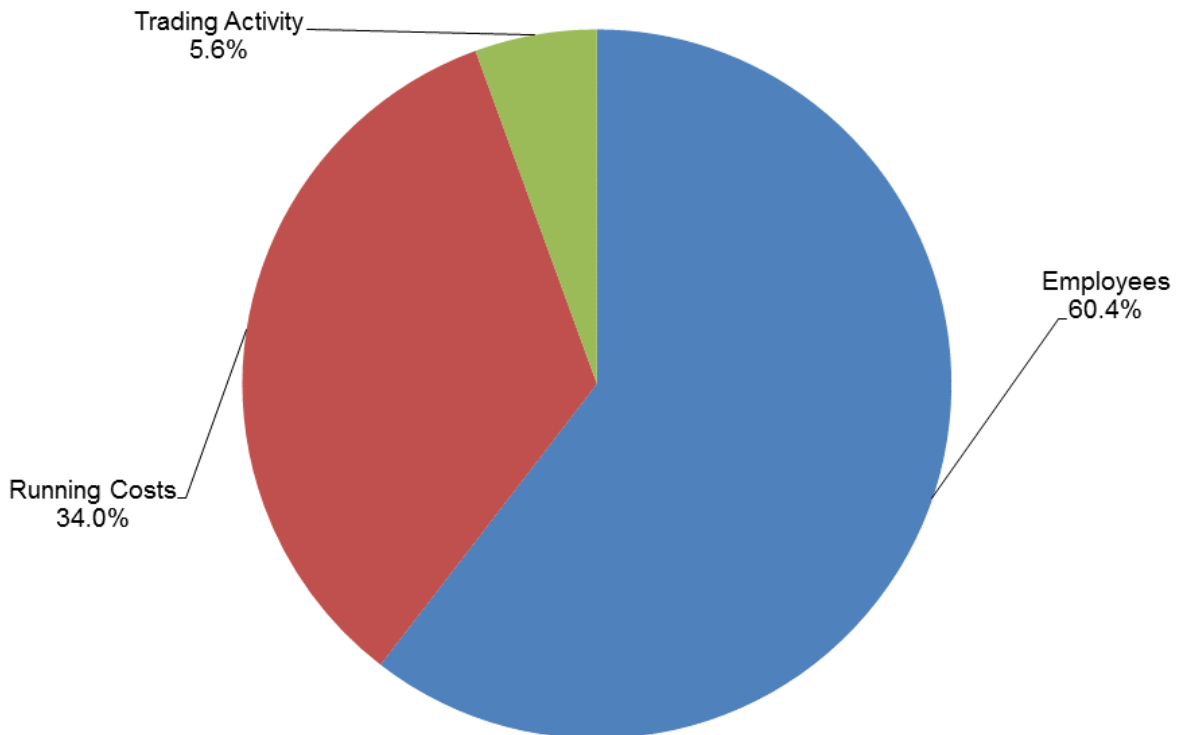
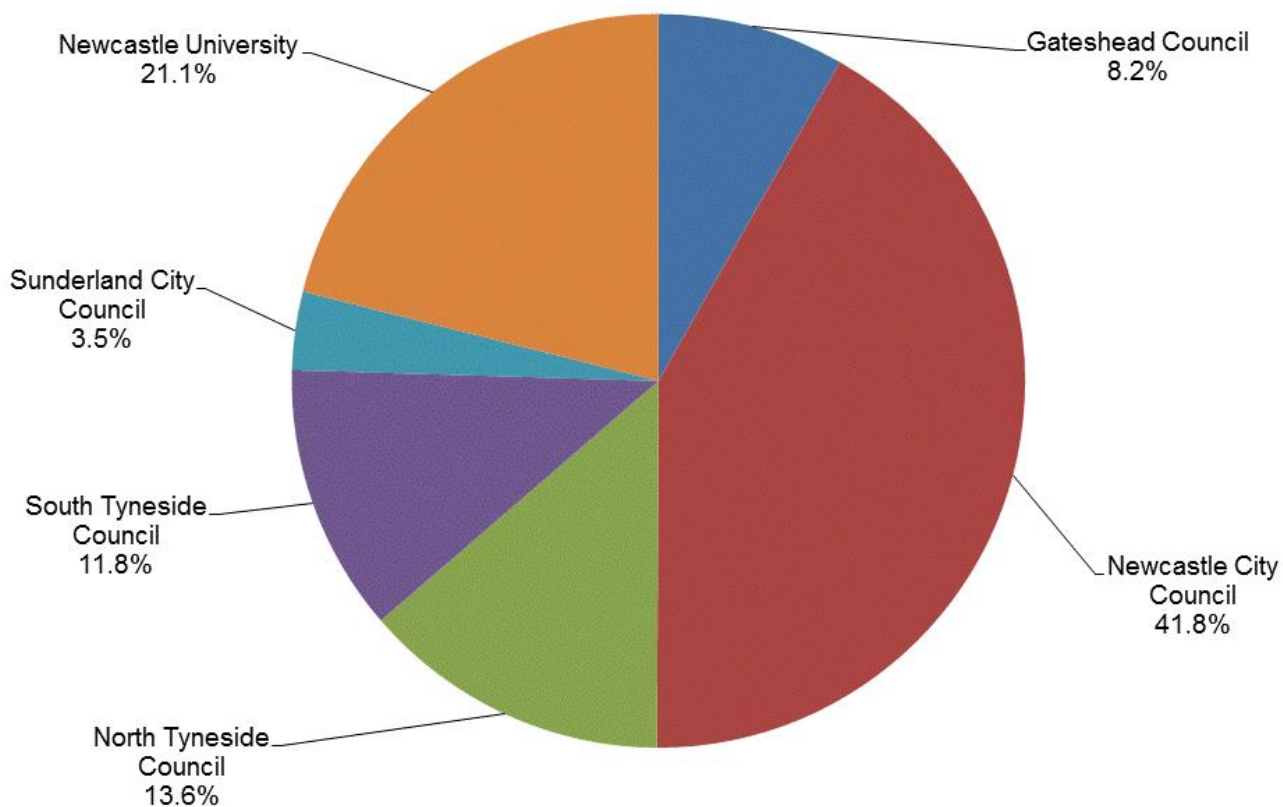


Table 3 provides an analysis of individual client contributions:

Table 3: Analysis of Client Contributions			
2012/13	2013/14		Change
£000	£000		£000
(£409) Gateshead Council	(£347)	8.2%	£62
(£2,121) Newcastle City Council	(£1,759)	41.8%	£362
(£660) North Tyneside Council	(£572)	13.6%	£88
(£538) South Tyneside Council	(£497)	11.8%	£41
(£1,324) Sunderland City Council	(£145)	3.5%	£1,179
(£730) Newcastle University	(£887)	21.1%	(£157)
(£5,782)	(£4,207)	100%	£1,575

Analysis of Client Contributions 2013/14



5. Budget Comparison

The Joint Committee's budget for core activities in 2013/14 was £4,017,220. The table below compares client contributions to the original budget. The primary reason for the increase of £189,981(4.7%) was the additional contribution required to fund the severance costs associated with the workforce planning proposals to meet the 2014/15 budget reductions. Gateshead achieved savings in the directly controlled expenditure which is also reflected in the results reported below. With regards to Newcastle University, as the University financial year runs from 1 August to 31 July, this is a mid-year position. It is anticipated that the outturn at 31 July 2014 will be close to the budget estimate.

Client Contributions	Estimate £	Actual £	Variance £
Gateshead Council	340,520	347,041	6,521
Newcastle City Council	1,714,310	1,759,310	45,000
North Tyneside Council	531,990	572,191	40,201
South Tyneside Council	474,360	496,887	22,527
Sunderland City Council	113,220	145,063	31,843
Newcastle University	842,820	886,709	43,889
Total	4,017,220	4,207,201	189,981

6. Comparison with 2012/13

The decrease in TWAM's total gross expenditure of £1,893,867 (15.4%) between years is primarily due to:

- The cost reduction programme;
- The decision by Sunderland City Council to take on the direct management of museums in Sunderland from 1 April 2013, and
- The completion of a number of major projects.

7. Capital Expenditure

Generally TWAM's capital programme and the museums' capital schemes are approved and controlled by the relevant constituent council or the University as part of its own capital programme, as they are the owners of the assets. However, since 2005/06 TWAM has received a capital grant allocation as part of its core funding from ACE (previously DCMS). TWAM manages this funding on behalf of the four councils and the University. The funding has been utilised towards the costs of refurbishment and renewal of buildings, plant and equipment, digitisation programmes, new joint storage schemes and the purchase of other relevant capital items. The allocation in 2013/14 of £550,000 was earmarked to deliver a capital strategy to generate cashable and non-cashable efficiencies. Of this allocation £50,000 has been carried forward with the approval of the Arts Council for a planned project that was delayed to 2014/15.

The table below summarises the actual expenditure by project category:

Category	Actual 2013/14 £
Access	27,816
Acquisition	2,222
Collections Management	69,413
Energy Efficiency	127,837
Gallery Redevelopment	137,434
Health & Safety	5,476
Information Technology	90,510
Income Generation	39,292
Total	500,000

8. Directors Review of 2013/14 and Looking Ahead

TWAM remains committed to its vision as articulated in its Corporate Plan.

Mission, Vision and Commitment: our mission is to help people determine their place in the world and define their identities, so enhancing their self-respect and their respect for others.

Priorities

TWAM, through its Joint Committee and its officers, delivers programmes which support its five priorities. These are aligned with the aims of TWAM's key funding stakeholders. For reporting purposes TWAM reports against the five Arts Council goals. These are:

- **Goal 1:** *Excellence is thriving and celebrated in the arts, museums and libraries*
- **Goal 2:** *Everyone has the opportunity to experience and to be inspired by the arts, museums and libraries*
- **Goal 3:** *The arts, museums and libraries are resilient and environmentally sustainable*
- **Goal 4:** *The leadership and workforce in the arts, museums and libraries are diverse and appropriately skilled*
- **Goal 5:** *Every child and young person has the opportunity to experience the richness of the arts, museums and libraries*

Recent Performance

Level of usage and activity

TWAM's performance in 2013/14 has remained very strong with 1,383,026 in-person visits, 1,430,243 virtual visits, over 169,000 learners of all ages and over 70,000 children in organised education parties. 773 volunteers contributed 34,012 hours' time to TWAM. 88% of audiences indicated high levels of satisfaction from experiencing our exhibitions, a 1% increase on 2012/13. We received 612 positive media comments about those exhibitions, a significant

increase on 525 in the previous year. 99% of teachers rated their experience highly, a 45% increase on the previous year. 70 young people participated in Arts Award Programmes managed by TWAM.

Our audience continued to be very diverse, with over 50% of visitors from socio economic groups C2, D and E and 12% of visitors considering themselves to be disabled. TWAM saw a very significant increase in the re-use of online material, with views of such material online increasing from 1.5 million in 2012/13 to 4.3 million – most of this activity happened via Flickr.

TWAM's Core Museum Skills Programme continued to be popular, with 65 individuals from the region benefiting from this programme in 2013/14. Alongside this, TWAM engaged with every museum in the region. The success of the Boxes of Delight schools loan programme continued with an increase from 20,279 uses to 23,923 in 2013/14.

Sunderland Museums and Heritage

On 1 April 2013 Sunderland City Council took on direct management of museums in Sunderland. Throughout 2013/14 TWAM continued to provide specialist museum services to Sunderland, funded by Arts Council through a Core Museums Grant. This work has supported the provision of major exhibitions in Sunderland, such as Grayson Perry, alongside continuing work on collections management, conservation and a variety of other specialist areas. Sunderland continued to be part of the joint archives service, and archives have been actively involved with developing a mapping exhibition for Sunderland as well as organising outreach events in the City.

TWAM, TWAM Review and LA7

Following the TWAM Review of 2012 and the request by the Tyneside Chief Executives to use 2013/14 as a transitional year, significant work was carried out to explore future governance options for TWAM and to explore potential relationships with the other LA7 authorities. This revealed a significant interest in closer working around archives in particular and will also lead to the commissioning of a detailed review of TWAM's governance in 2014/15.

Pressures on the Joint Committee budgets

Following four consecutive years of efficiency savings, further significant reductions have been made in local authority revenue contributions to the Joint Committee for 2014/15. There have also been reductions in both MPM and Core Museum funding from ACE (in line with national funding settlements). These have been addressed by TWAM via a programme of efficiency savings, income generation, workforce planning and, where unavoidable, in some areas, reduction in opening hours. The cost of redundancies associated with these savings have been addressed and funded by the constituent local authorities and where possible from TWAM reserves.

Current forecasts for the remainder of this spending round and beyond suggest the requirement for ongoing year on year budget reductions will continue and TWAM will seek to work with constituent authorities to plan these strategically, to reshape service delivery and to achieve an extended planning period by securing longer term funding allocations.

A Museum Rapid Enterprise Assessment

Black Radley Consulting, who carried out the TWAM Review in 2012, suggested there was scope for improvement in TWAM's income generation. Black Radley was therefore asked to return to TWAM in 2013/14 and work with the Museum Enterprise Team to increase income. A new programme of performance monitoring meetings has been established, along with a rigorous approach to business planning and the development of business cases for all significant new activity. This has led to a measurable increase in income against a challenging commercial environment. Of particular note is the financial success of charging exhibitions which have been introduced to the Laing Art Gallery. The first of these, Laura Knight, generated admissions income of over £46,000 during 2013/14. During 2014/15 TWAM will roll out the enterprise work more widely across the organisation.

Front of House Review

In order to support the enterprise work the Director has instituted an increased focus on customer service and as a result has begun a Front of House Review process to examine closely the role of Front of House staff who are the key point of interaction with visitors and ensure that the system for operating and managing TWAM's Front of House operation is fit for purpose. Consultation with staff on a new Front of House structure and new job descriptions began in 2013/14 and will complete early in 2014/15.

External funding prospects

The world recession has impacted on every aspect of our business. The depth and length of the recession is critical here. There will continue to be challenges in terms of raising funds from corporate and charitable sources. Similarly, commercial activity will be increasingly hard won and TWAM's success in increasing these figures is notable.

The Trustees of the TWAM Development Trust continue to be strong advocates for TWAM's fund raising activity, using their skills and knowledge to support the work of TWAM's Development Team. TWAM is working closely with Newcastle University to raise funding as part of the Catalyst Arts Project supporting the Hatton Art Gallery. This funding will be matched on a one to one basis in the first year by government funding as part of an initiative to stimulate philanthropy.

The importance of maintaining reserves

As in previous years it is increasingly important to establish and maintain realistic reserves and maintain the abilities to earmark these for future developments and challenges.

Notable successes in 2013/14:

- Award of a grant of £205,700 from Heritage Lottery Fund (HLF) in March 2014 for 'Wor Life' a programme of seven exhibitions commemorating the 100th Anniversary of the Great War.
- Successful hosting of the Backworth Hoard Exhibition at Segedunum, on loan from the British Museum.

- Opening of the Destination Tyneside Gallery at Discovery Museum by Barbara Roche, former Minister for Immigration, and subsequent launch, by Ram Gidoomal CBE, of the My Tyneside Project and fundraising wall.
- Holding of a conference at Great North Museum: Hancock as a celebration of the life and work of Professor Brian Shefton.
- Management and coordination of the Heritage strand of the Festival of the North East, marking the loan of the Lindisfarne Gospels to the region, and management and launch of the History of the North East in 100 Objects website.
- Delivery of an activity programme linked to the West End Stories Exhibition in the West End of Newcastle.
- An outreach programme including over 2,000 engagements with individuals from hard to reach communities as part of engagement with over 30 community organisations across Tyneside.
- Delivery of a new programme of adult education and lifelong learning.
- Launch of new online giving platforms for the Be a Late Shows Angel Campaign and My Tyneside.
- Delivery of donations weeks at seven sites raising nearly £11,500.
- Archives became one of the first six archives in the UK to be fully Accredited.
- Coordination of the NewcastleGateshead Late Shows which attracted 33,000 visits, a 10% increase in audience figures on the previous year.
- Posting of events for the British Science Festival at Discovery Museum and the Great North Museum: Hancock.
- Delivery of a Learning Quality Framework and establishment of Aiming for Excellence Panel to ensure high quality learning is provided at all TWAM venues.
- Delivery of an outstanding Dare to Enquire programme at the Shipley Art Gallery with a video of this work published on You Tube.
- Extensive co-production work with young people, in particular at the Laing Art Gallery and in South Tyneside.
- In partnership with the National Gallery and the Art Fund the delivery of the Divine Bodies Exhibition at the Laing Art Gallery, featuring Old Master paintings from the Laing, Shipley and Hatton collections.
- Launch of the Kirkpatrick, Local Hero video at South Shields Museum.
- Completion of the 'Arcs and Sparks' project at Discovery Museum and launch of public tours of electrical collections.
- Contributions to a number of international conferences and journals including papers delivered in Copenhagen, Amsterdam and Stockholm as well as coordination of a major theme for the National Museums Association Conference in Liverpool.

- Research and development of a new subscription based reminiscence service to be delivered to Care Homes.
- Delivery of year one of the Culture Track Project working with unemployed young people through cultural volunteering.
- Implementation of new Health and Safety management scheme.
- Submission of bids for 2015-18 Major Partner Museum Funding and a bid to be the Bridge Organisation (ensuring children and young people have access to the cultural offer) for the North East for 2015-18.
- Completion of consultancy work for Bailiffgate Museum, and Tynemouth Volunteer Life Brigade and Northumberland Fusiliers Museum.
- Achievement of 2 star rating in the Industry Green Standard managed by Julie's Bicycle.

Key activity for 2014/15

- Develop work on TWAM governance and report to Joint Committee and Chief Executives.
- Complete Front of House review.
- Sign Memorandum of Understanding with Northumbria University and launch partnership including Henry Rothschild/Northumbria University Bursary scheme.
- Research, prepare and submit Museum Development application.
- Complete DCMS/Wolfson capital work, Segedunum.
- Implement Treasures programme in South Tyneside in partnership with South Tyneside Council and Bede's World.
- Complete development phase of Hatton Gallery Capital project.
- Complete year 1 of ACE/ National Endowment for Science, Technology & the Arts (NESTA) Past Paths project.
- Develop and implement, regional, national and international relationships and programmes driven by our goals and needs, including:
 - BEyond the LimiT (BELT) Culture Europe;
 - Exhibition partnership with Norwich and Sheffield;
 - Basic Design partnership with Tate;
 - Science Museum – First Time Out;
 - British Museum – Roman Empire (Segedunum) and Roman collections (GNM);
 - Complete year 1 of Erasmus+ programme with Lille and Hamburg (subject to funding);
 - Complete year 2 of Grundtvig programme;
 - Contribute to University College London Museum Training school;

- Contribute to British Museum – International Training Programme
 - Contribute to national and international conferences (Museums Australia; Museum Association (MA) Conference, Liverpool; International Council of Museums (ICOM) Goteborg; Helsinki, Finland; University of Brighton);
 - Enterprise benchmarking with Bristol and Birmingham;
 - Develop Wallface programme;
 - Great North Run Culture (GNRC) Powerhouse project.
- Deliver The Late Shows.
 - Complete year 1 of WW1 commemoration programme.
 - Implement ‘care homes’ programme piloted in 2013/14.
 - Deliver GNM 5th Birthday event, 130th anniversary event Hancock Museum.
 - Complete year 1 of Fusiliers consultancy.
 - Develop year 2 of Museum Rapid Enterprise Assessment including review of ongoing consultancy work and development of Business to Business (B2B) model.
 - Publish Laing & GNM: Hancock guidebooks.
 - Establish new Boxes of Delight offer, enhance online schools resources & research membership scheme for school online resources.
 - Support the development of opportunities to deliver Arts Award through TWAM venues.
 - Complete Cultural Learning Peer review with Leeds Museums including taking part in testing ACE Quality Principles.
 - Develop our schools offer in line with curriculum changes.

TWAM Governance

Following the TWAM review of 2012 and a financial assessment of potential savings which could be achieved by changes in governance, an options appraisal of alternative governance options is to be commissioned by TWAM in 2014/15. This will consider financial, operational, risk and stakeholder issues associated with governance change and make recommendations to the Joint Committee. The four Tyneside authorities, Newcastle University and Arts Council are all engaged with this process.

South Tyneside Council

South Tyneside Council have indicated that they are considering new options for cultural services in the Borough and that they will ‘probably’ leave the joint service at 31 March 2015. The Director is working with officers in South Tyneside Council and they are also engaged, along with the other Tyneside authorities, in the review of TWAM governance.

9. Changes in Accounting Policies

There are no significant changes in Accounting Policies in respect of the 2013/14 Financial Statements other than:

Post-employment Benefits (IAS19): the revised standard implements a change to the expected return on the asset component of the pension cost. The change means that the expected return on assets is calculated at the discount rate, instead of an expected rate of return based on actual plan assets held. However, as the Joint Committee's staff are employed by Newcastle City Council the impact of this change is reflected in the City Council's accounts rather than the Joint Committee's.

10. Main Statements within the Accounts and their Purpose

The Joint Committee's final accounts for 2013/14 are set out in the following pages and comprise:

Core Financial Statements

Movement in Reserves Statement (Page 23)

This statement shows the total movement in the year into and out of Reserves. Reserves are of two kinds, Usable and Unusable Reserves.

Usable Reserves are where the Joint Committee has in previous years made a reserve for certain eventualities that were quantifiable and likely to happen. They may also be made up of Grants received but not spent in the current year. When the expenditure occurs then a transfer is made from reserves to match that expenditure so that there will be nil impact on the Income/Expenditure Statement in that financial year. Similarly, the Joint Committee may wish to increase a reserve on the basis of what is likely to happen in the next year and that will be a charge on the current Income/ Expenditure Account. Unusable Reserves are usually 'accounting entry related' such as revaluation reserves and restatement reserves.

Comprehensive Income and Expenditure Statement (Page 24)

This Statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices.

Balance Sheet (Page 25)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee. The reserves are reported in two categories as outlined above, Usable Reserves and Unusable Reserves.

Cash Flow Statement (Page 26)

The Cash Flow statement shows the movement in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how cash was generated or utilised by the organisation's activities and the net effect of this on cash/cash equivalents held by the Joint Committee.

The amount of net cash flow is a key indicator of the extent to which Joint Committee's operations have been funded by either grant income or earned income.

Notes to the Core Financial Statements (Page 27)

This section provides the reader of the accounts with more details on the financial transactions of the Joint Committee and also includes Accounting Policies significant to the understanding of the annual accounts.

Statement of Responsibilities for the Statement of Accounts (Page 63)

This statement explains both the Joint Committee's and the Treasurer to the Joint Committee's responsibilities in respect of the Statement of Accounts.

Annual Governance Statement (Page 65)

This sets out the Joint Committee's approach to both corporate governance and internal control.

Independent Auditors' Report (Page 81)

Glossary (Page 85)

These pages provide a glossary of terms used throughout the Treasurer's Report and Accounts.

11. Further Information

Interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press. When the accounts are published copies are available for consultation in the Customer Service Centre located on the ground floor at Newcastle Civic Centre, Newcastle upon Tyne, NE1 8QH and on the Tyne & Wear Archives & Museums website at <http://www.twmuseums.org.uk/about-us/corporate-publications-amp-policies/impact-report-amp-accounts.html>

If, however, you wish to purchase a copy of this printed booklet, a nominal charge of £5.00 is usually made to cover printing costs. If this information is needed in another format or language please contact the Finance Department at finance@twmuseums.org.uk

Enquiries on the accounts, or other general financial matters, should be addressed in the first instance to Jackie Reynolds, Head of Finance, Governance & Resources, Tyne & Wear Archives & Museums on 0191 277 2158 or e-mail jackie.reynolds@twmuseums.org.uk

As part of a programme of continuous improvement we are striving to improve our system of reporting back to users of services. If you have any problems understanding this publication, or have any suggestions on how it may be improved, please contact either:-

Tony Kirkham
Treasurer to the Joint Committee

Civic Centre
Newcastle upon Tyne
NE1 8QH

Iain Watson
Director,
Tyne & Wear Archives & Museums
Discovery Museum
Newcastle upon Tyne
NE1 4JA

This page has been left intentionally blank.

Core Financial Statements

This page has been left intentionally blank.

Movement in Reserves Statement as at 31 March 2014

	General Fund £	Earmarked General Fund (Note 7) £	Grants Unapplied Earmarked Reserve [Note 7] £	Total Usable Reserves £	Unusable Reserves [Note 19] £	Total Reserves £
Balance at 31 March 2012 carried forward	0	(1,205,155)	(279,917)	(1,485,072)	52,456	(1,432,616)
<u>Movement in Reserves during 2012/13</u>						
(Surplus) or deficit on the provision of services	213,030	0	0	213,030	0	213,030
Other Comprehensive income and expenditure	0	0	0	0	0	0
Total Comprehensive Income and Expenditure	213,030	0	0	213,030	0	213,030
Adjustments between accounting basis & funding basis under regulations (Note 4)	(10,889)	0	0	(10,889)	10,889	0
Net (Increase)/Decrease before transfers to Earmarked Reserves	202,141	0	0	202,141	10,889	213,030
Transfers (to)/from Earmarked Reserves	(202,141)	197,183	4,958	0	0	0
(Increase)/Decrease in 2012/13	0	197,183	4,958	202,141	10,889	213,030
Balance at 31 March 2013 carried forward	0	(1,007,972)	(274,959)	(1,282,931)	63,345	(1,219,586)
<u>Movement in Reserves during 2013/14</u>						
(Surplus) or deficit on the provision of services	45,420	0	0	45,420	0	45,420
Other Comprehensive income and expenditure	0	0	0	0	0	0
Total Comprehensive Income and Expenditure	45,420	0	0	45,420	0	45,420
Adjustments between accounting basis & funding basis under regulations (Note 4)	(10,355)	0	0	(10,355)	10,355	0
Net (Increase)/Decrease before transfers to Earmarked Reserves	35,065	0	0	35,065	10,355	45,420
Transfers (to)/from Earmarked Reserves	(35,065)	(113,589)	148,654	0	0	0
(Increase)/Decrease in 2013/14	0	(113,589)	148,654	35,065	10,355	45,420
Balance at 31 March 2014 carried forward	0	(1,121,561)	(126,305)	(1,247,866)	73,700	(1,174,166)

Comprehensive Income & Expenditure Statement for the year ended 31 March 2014

2012/13				2013/14		
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £
11,454,666	(5,240,182)	6,214,484	Museums, Galleries & Archives ¹	9,841,496	(4,980,548)	4,860,948
11,454,666	(5,240,182)	6,214,484	Cost of Services	9,841,496	(4,980,548)	4,860,948
860,586	(1,060,153)	(199,567)	Other Operating Expenditure (Note 8 & Note 22)	579,889	(1,180,301)	(600,412)
0	(20,131)	(20,131)	Financing & Investment Income and Expenditure (Note 9)	0	(7,915)	(7,915)
0	(5,781,756)	(5,781,756)	Non-Specific Grant Income (Note 10 & Note 25)	0	(4,207,201)	(4,207,201)
12,315,252	(12,102,222)	213,030	Deficit on Provision of Services	10,421,385	(10,375,965)	45,420
0	0	0	Other Comprehensive Income and Expenditure	0	0	0
12,315,252	(12,102,222)	213,030	Total Comprehensive Income and Expenditure	10,421,385	(10,375,965)	45,420

¹ Under SeRCOP Museums, Galleries & Archives would be classed as Cultural, Environmental, Regulatory and Planning Services.

Balance Sheet as at 31 March 2014

31 March 2013 £		31 March 2014 £	Notes
81,095	Intangible Assets	54,063	13
81,095	Long Term Assets	54,063	
238,560	Inventories	241,653	14
873,313	Short Term Debtors	1,580,838	15
948,494	Cash and Cash Equivalents	140,543	16
2,060,367	Current Assets	1,963,034	
(921,876)	Short Term Creditors	(842,931)	17
(921,876)	Current Liabilities	(842,931)	
0	Long Term Liabilities	0	
1,219,586	Net Assets	1,174,166	
(1,282,931)	Usable Reserves	(1,247,866)	7
63,345	Unusable Reserves	73,700	19
(1,219,586)	Total Reserves	(1,174,166)	

Treasurer to the Joint Committee Certificate

I certify that the accounts set out on pages 21 to 62 give a true and fair view of the financial position of the Joint Committee as at 31 March 2014.

Signed Tony Kirkham
Treasurer to the Joint Committee
Date 24 September 2014

Cash Flow Statement as at 31 March 2014

2012/13 £		2013/14 £
(213,030)	Net (deficit) on the provision of services	(45,420)
(14,809)	Adjustments to net (deficit) on the provision of services for non cash movements	(762,531)
0	Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	0
(227,839)	Net cash flows (to) / from Operating Activities (Note 20)	(807,951)
(8,000)	Investing Activities (Note 13 and Note 20)	0
0	Financing Activities	0
(235,839)	Net (decrease) / Increase in cash and cash equivalents	(807,951)
1,184,333	Cash and cash equivalents at the beginning of the reporting period	948,494
948,494	Cash and cash equivalents at the end of the reporting period (Note 16)	140,543

Notes to the Core Financial Statements

This page has been left intentionally blank.

1. Heritage Assets

The Code requires heritage assets, to be disclosed separately in the Balance Sheet. The Joint Committee's legal status does not allow ownership of assets, therefore, heritage assets will be included in the balance sheet of the relevant local authority rather than in the Joint Committee's, alongside any other appropriate disclosures required under FRS 30. Assets have been allocated to the local authorities based on the methodology laid out in the Joint Agreement. TWAM manages the assets and asset register on behalf of each of those local authorities.

The standard requires the Joint Committee to clearly set out their policy for acquisition, preservation, management and disposal of heritage assets. This information is provided in full and can be referenced on the Tyne & Wear Archives & Museum website¹.

Heritage Assets are assets that are managed by the Joint Committee 'principally for their contribution to knowledge or culture'. The heritage assets held and managed by the Joint Committee are the collections of assets and artefacts either exhibited or stored in:

- Shipley Art Gallery (founded 1915)
- Discovery Museum (founded 1934)
- Tyne and Wear Archives (based at Discovery Museum, est. 1974)
- Great North Museum: Hancock (founded 1829)
- Great North Museum: Resource Centre (based at Discovery Museum, est 2009)
- Hatton Gallery: Great North Museum (founded 1926)
- Laing Art Gallery (founded 1901)
- Segedunum Roman Fort, Baths & Museum (founded 2000)
- Stephenson Railway Museum (founded 1986)
- Arbeia Roman Fort & Museum (founded 1953)
- South Shields Museum & Art Gallery (founded 1876)
- Regional Museums Store and Regional Resource Centre (in partnership with and based at Beamish Open Air Museum (est. 2002))

In addition, under the terms of the Partnership Agreement and contract for the provision of Archive Services between Sunderland City Council and Newcastle City Council on behalf of TWAM, TWAM manages the asset register relating to the collections of assets and artefacts either exhibited or stored in:

- Monkwearmouth Station Museum (founded 1973)
- Sunderland Museum & Winter Gardens (founded 1846)
- Washington F Pit (founded 1976)

¹. <http://www.twmuseums.org.uk/geisha/assets/files/TWAM%20Acquisitions%20and%20Disposals%20Policy%202013.pdf>

The collections held or managed by the Joint Committee are diverse, covering six principal fields. The collection ranges in medium and materials, and includes objects, specimens, documents, digital media and film. The total collection size is estimated at approximately 1.1m museum objects and approximately 1.6k cubic meters of archive material. It reflects a period of collecting of over 200 years by the archives, museums and their predecessor bodies. The definition of numbers in the collection follows museum and archive best practice but, in terms of valuing the asset, is fairly arbitrary as single items accessioned may comprise a wide range of objects, artefacts, components or supporting papers. However, the following table indicates the estimated number of objects/records held within each field:

Category	Estimated number of objects/records as at 31 March 2013	Number of objects accessioned in the year	Estimated number of objects/records as at 31 March 2014
Art (including fine art, decorative art, contemporary craft and design)	41,692	1,822	43,514
Archaeology	226,652	45	226,697
Ethnography	7,109	0	7,109
History (including social history, costume, maritime history and engineering, science and industry)	194,797	2,496	197,293
Natural Sciences (including geology and biology)	640,852	1,505	642,357
Total	1,111,102	5,868	1,116,970
	Cubic Metres		Cubic Metres
Archives	1,579		1,579

These collections are not currently valued in their entirety with only the Art collection recognised in the financial statements for 2013/14. This is due to a number of factors such as the lack of information on purchase price, the unavailability of comparable market values, the diverse nature of the objects and the volume of objects held. The collections are held in the asset register of the Joint Committee.

The value of the art collection shown in the five local authority Balance Sheets is based on detailed insurance valuations (based on market values). Items in the Art collection estimated to be worth in excess of £10k are identified separately for insurance purposes. From these records the valuation of this collection as at 1 April 2014 is £127 million.

We believe it is not practicable to value the remaining collections as this would incur a disproportionate cost, even if it were possible, and that cost would not be commensurate with any benefits to the organisation or its users. This exemption is permitted by the Code.

The Joint Committee considers that the heritage assets will have indeterminate lives and a high residual value; hence it is not considered appropriate to charge depreciation on these assets.

The following table sets out the statement of heritage assets as per the requirements of the Code. The increase in Assets in the Balance Sheet is offset by an increase in the Revaluation Reserve. All valuations were carried out internally by qualified Tyne & Wear Archives & Museum staff.

Local Authority	Estimated number of Art objects valued at £10k or above as at 1 April 2013	Additional Objects recognised in the year	Estimated number of Art objects valued at £10k or above as at 31 March 2014	Heritage Assets recognised at valuation as at 1 April 2013	Revaluation of Art objects	Carrying Value as at 31 March 2014
Gateshead	166	1	167	£13.85m	£0.01m	£13.86m
Newcastle	717	-3	714	£103.15m	£0.03m	£103.18m
North Tyneside	0	0	0	£0m	£0m	£0m
South Tyneside	13	0	13	£0.49m	£0m	£0.49m
Sunderland	134	-1	133	£9.14m	£-0.01m	£9.13m
Total	1,030	-3	1,027	£126.63m	£0.03m	£126.66m

A five year summary of transactions relating to Heritage Assets is provided in the table below.

	Five year financial summary of Heritage assets transactions				
	2009/10 £	2010/11 £	2011/12 £	2012/13 £	2013/14 £
Additions					
Art Purchases					
Gateshead	58,864	14,989	15,260	7,700	19,071
Newcastle	47,481	28,932	12,000	58,500	2,678
North Tyneside	-	-	-	-	-
South Tyneside	900	-	-	-	115
Sunderland	4,030	14,719	6,800	-	-
Total	111,275	58,640	34,060	66,200	21,864
Other Purchases					
Gateshead	972	4,147	461	719	-
Newcastle	1,167	6,581	972	1,047	-
North Tyneside	13	2,359	6,364	-	19
South Tyneside	148	8,473	120	454	56
Sunderland	3,310	7,879	-	2,713	-
Total	5,610	29,439	7,917	4,933	75
Donations					
Gateshead	1,944	-	-	-	-
Newcastle	9,000	2,470	28,000	-	65,000
North Tyneside	-	-	-	-	-
South Tyneside	-	300	-	-	-
Sunderland	-	-	-	-	-
Total	10,944	2,770	28,000	-	65,000
Disposals					
Gateshead	-	-	-	-	-
Newcastle	-	-	-	-	-
North Tyneside	-	-	-	-	-
South Tyneside	-	-	-	-	-
Sunderland	-	-	-	-	-
Total	-	-	-	-	-

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 33, the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Influences on going concern, such as future levels of funding from local government. The concept of a going concern assumes that the Joint Committee and its services will continue in operational existence for the foreseeable future. Although contributions from the four local authorities in Tyneside will be cut significantly in 2014/15 and future years, this decision will have no effect on the Joint Committee being a going concern. In addition, whilst South Tyneside Council has submitted notice that it will 'probably' leave TWAM at 31 March 2015, again there is no evidence that this will prevent the Joint Committee continuing to be a going concern;
- Possible impairment of investments. Note 12, Nature & Extent of Risks Arising from Financial Instruments, details the Joint Committee's arrangements for investments and the Lead Authority's strategy and approach to managing risk. None of the Lead Authority's investments are impaired;
- Whether other entities with which the Joint Committee has a relationship are subsidiaries, associates or jointly controlled entities. The Joint Committee's relationships have been assessed and judged to be a joint venture and a jointly controlled entity. Group Accounts have not been prepared on the grounds of materiality;
- Whether contracts need to be accounted for as service concessions or with embedded leases. The Joint Committee's significant contracts have been reviewed and no embedded finance leases or service concessions found;
- The potential outcome of legal claims by or against the Joint Committee. There are no material outstanding legal claims against the Joint Committee.

3. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Joint Committee's Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Intangible Assets	The Joint Committee owns software to manage and provide access to museums collections, Ke-EMU. Intangible assets are depreciated over their useful life which for software is assessed to be five years. If the underlying assumptions surrounding this assessment of the useful life for Ke-EMU are incorrect, the level of depreciation would vary and affect the carrying value of the asset in the balance sheet.	Depending on whether this was an extension to or reduction in the useful life the impact could be positive or negative. The software Ke-EMU replaced had been in use for 20 years, so it is unlikely that impairment losses will arise from a shortening of the useful life of Ke-EMU.
Inventories	The Joint Committee holds stock for later sale in the museum's shops. This stock includes jewellery, gifts, toys, stationery, printed materials and books. The value of this stock at 31 March 2014 was £242k. If the underlying assumptions surrounding the future saleability of this stock were incorrect it would affect the profitability of trading activities.	If 5% of the stock were to be assessed as obsolete this would require a write-down to the trading activities of £12k.
Arrears	At 31 March 2014, the Joint Committee had a balance of sundry debtors of £1.581m. A review of significant balances suggested that an impairment of doubtful debts of £1.1k was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £1.1k to be set aside as an allowance.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

4. Adjustments between Accounting Basis and Funding Basis under Regulations

This note represents the Movement in Reserves required to account for the accrual at the end of March 2014 for accrued but not taken holiday pay and amounts set aside to fund intangible assets.

2012/13	←----- Usable Reserves ----->				Total Usable Reserves £	Movement in Unusable Reserves £
	General Fund £	Museums Earmarked Reserve £	Grants Unapplied Earmarked Reserve £			
Adjustment involving the Capital Adjustment Account:						
Amortisation of intangible assets	(27,032)	0	0	(27,032)	27,032	
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Grants and contributions applied	8,000	0	0	8,000	(8,000)	
Adjustment involving the Accumulated Absences Account						
Difference between officer remuneration charged to Comprehensive Income & Expenditure Statement and that accrued but not taken	8,143	0	0	8,143	(8,143)	
Total Adjustments	(10,889)	0	0	(10,889)	10,889	

2013/14	←----- Usable Reserves ----->				Total Usable Reserves £	Movement in Unusable Reserves £
	General Fund £	Museums Earmarked Reserve £	Grants Unapplied Earmarked Reserve £			
Adjustment involving the Capital Adjustment Account:						
Amortisation of intangible assets	(27,032)	0	0	(27,032)	27,032	
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Grants and contributions applied	0	0	0	0	0	
Adjustment involving the Accumulated Absences Account						
Difference between officer remuneration charged to Comprehensive Income & Expenditure Statement and that accrued but not taken	16,677	0	0	16,677	(16,677)	
Total Adjustments	(10,355)	0	0	(10,355)	10,355	

5. Events after the Balance Sheet date

Events happening between the balance sheet date and the date the accounts are authorised for issue are classified as post balance sheet events. There have been no such events requiring disclosure since the balance sheet date.

6. Contingent Liabilities

Claims under the Equal Pay Act: six claims remain which have been issued under the Equal Pay Act and/or the Equality Act 2010. As the Respondent to the six claims is Newcastle City Council, the claims are included by the Employment Tribunal in a much larger group of equal pay claims that have been issued against Newcastle City Council. These claims are progressing through the tribunal system although settlement negotiations are being broached with the firm of solicitors that represents the majority of claimants. It would prejudice negotiations to disclose at this stage what the Council considers to be the potential total liability relating to these claims.

7. Usable Reserves

The health of the Joint Committee's finances is determined by more than the in-year performance. The various provisions and balances within the Joint Committee's balance sheet are also of vital importance to TWAM. It is the existence of these provisions and balances which help TWAM maintain stability and withstand unexpected financial events.

	Balance at 1 April 2013 £	Reserve Applied £	Contribution to Reserves £	Balance at 31 March 2014 £
Acquisitions Reserve	(232,742)	39,886	(290)	(193,146)
Renewals Reserve	(33,895)	23,283	(1,000)	(11,612)
Business Partners Reserve	(78,739)	0	(1,755)	(80,494)
Museums Earmarked Balances	(554,710)	83,736	(257,449)	(728,423)
Future Repairs & Maintenance Reserve	(107,886)	0	0	(107,886)
Earmarked General Fund	(1,007,972)	146,905	(260,494)	(1,121,561)
Grants Unapplied Earmarked Reserve	(274,959)	163,324	(14,670)	(126,305)
Total	(1,282,931)	310,229	(275,164)	(1,247,866)

Acquisitions Reserve: A reserve to acquire objects for the collections.

Renewals Reserve - Regional Museums Store Sinking Fund: the Agreement in respect of the Regional Museum Store (RMS) of 4 June 2001 between Beamish and TWAM obliged each partner to establish a sinking fund for periodic major repairs.

Business Partners Reserve: Funds generated by businesses that support TWAM's work through the Connecting through Culture programme.

Museums Earmarked Balances: The funds within this reserve have been earmarked to support revenue expenditure and projects in future years. It should be emphasised, that balances sit within the budgets of individual stakeholders and there is, of course, no transfer between budgets of separate stakeholders. Equally, balances on central funds are allocated centrally.

Future Repairs and Maintenance Reserve: This reserve holds sums required to carry out essential repairs to museums.

Grants Unapplied Earmarked Reserve: This reserve holds grants received either with no conditions attached or the conditions have been satisfied so will not be clawed back by the Grant funder.

8. Other Operating Expenditure

The other operating expenditure shown in the Comprehensive Income & Expenditure Statement (CIES) consists of:

2012/13 £		2013/14 £
256,081	Trading - Archaeology	47,823
(455,648)	Other Trading Operations	(648,235)
(199,567)	Net Income	(600,412)

9. Financing and Investment Income and Expenditure

The financing and investment income & expenditure shown in the CIES consists of:

2012/13 £		2013/14 £
	Interest receivable and similar income	
(2,310)	Revenue operations	(217)
(17,821)	Cash held Reserves	(7,698)
(20,131)	Total	(7,915)

10. Non Specific Grant Income

The non-specific grant income shown in the CIES consists of:

2012/13 £		2013/14 £
(5,781,756)	Client contributions	(4,207,201)
(5,781,756)	Total	(4,207,201)

Further detail is provided in Note 25.

11. Financial Instruments

The following categories of financial instrument are carried in the balance sheet:

	31 March 2013	31 March 2014
	£	£
Debtors:		
Current debtors	865,464	1,543,410
Total debtors	865,464	1,543,410
Creditors:		
Financial liabilities carried at contract amount	(642,549)	(697,586)
Total creditors	(642,549)	(697,586)

Income, Expense, Gains and Losses

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- The fair value of liabilities and other payables is taken to be the invoiced or billed amount; and
- The fair value of assets and other receivables is the debt due to the Joint Committee minus the provision for doubtful debts.

The fair values are calculated as follows:

Financial Liabilities

	31 March 2013		31 March 2014	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
Creditors	(642,549)	(642,549)	(697,586)	(697,586)
	(642,549)	(642,549)	(697,586)	(697,586)

Financial Assets

	31 March 2013		31 March 2014	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
Debtors	865,464	865,464	1,543,410	1,543,410
	865,464	865,464	1,543,410	1,543,410

12. Nature & Extent of Risks Arising from Financial Instruments

The Joint Committee's activities expose it to a variety of financial risks:

- **Credit risk:** the possibility that other parties might fail to pay amounts due to the Joint Committee;
- **Liquidity risk:** the possibility that the Joint Committee might not have funds available to meet its commitments to make payments; and
- **Market risk:** the possibility that financial loss might arise for the Joint Committee as a result of changes in such measures as interest rates, market prices, foreign currency exchange rates etc.

The Joint Committee has a SLA with the Lead Authority for its treasury management. The Lead Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Lead Authority in the Annual Treasury Management Strategy Statement. This Statement provides written principles for overall financial risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk - arises from deposits with banks and financial institutions, as well as credit exposure to the Joint Committee's customers. Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings and parameters set by the Joint Committee. Deposits are not made with banks and financial institutions unless they meet the relevant criteria as adopted within the Lead Authority's Treasury Management Strategy. The Lead Authority's investment priorities are the security of capital and the liquidity of its investments. The Lead Authority will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

The following analysis summarises the Joint Committee's potential maximum exposure to credit risk on other financial assets, which for the Joint Committee is comprised of short-term debtors only, based on experience of default and recovery history over the last five financial years, adjusted to reflect current market conditions.

Amount at 31 March 2014	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2014	Estimated maximum exposure to default & uncollectibility at 31 March 2014	Estimated maximum exposure at 31 March 2013
£ 1,581,904	0.117%	0.037%	£ 582	£ 499

However, as stated in Note 3, a review of significant balances suggested that an impairment of doubtful debts of £1.1k was more appropriate.

Liquidity risk - as the Joint Committee has ready access to its investments, there is no significant risk that it will be unable to access finance to meet its commitments under financial instruments.

Market risk - the Joint Committee is exposed to risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the Joint Committee. For instance a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the Income & Expenditure Account would rise;
- investments at fixed rates – the fair value of the assets would fall.

Treasury Management officers in the Lead Authority, in conjunction with external advisers, continually monitor both the prevailing interest rates and market forecasts and adopt the following responses to changes:

- if it were felt there was a significant risk of a sharp rise in long and short term rates then the portfolio position would be re-appraised with the likely action that fixed rate funding would be drawn whilst interest rates were still relatively cheap.
- if it were felt that there was a significant risk of a sharp fall in long and short term rates then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.

Sensitivity to market interest rates: Changes in market interest rates affecting the fair value of financial assets and liabilities would have no impact on their carrying values as the Joint Committee currently has no financial instruments carried at fair value. However, the Joint Committee is required to disclose the impact that a hypothetical change in market interest rates during the year would have had on its recognised gains and losses. The extent to which the Joint Committee's interest receivable would have been different had market interest rates during the year been 0.5% lower than they actually were, calculated based on the investments that the Joint Committee held during the year is as follows:

Interest Rate Sensitivity

	Actual Interest Recognised in Comprehensive I&E Account at 31 March 2014	Interest receivable assuming 0.5% decrease in interest rates	Change
Interest receivable on investments	(7,915)	(1,319)	6,596

Foreign Exchange Risk

The Joint Committee has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

13. Intangible Assets

The Joint Committee accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible asset relates to purchased licenses and installation charges and will be written-off over a period of five years. The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation charge in 2013/14 is equivalent to one fifth of the total cost of the software and was charged to the Cost of Service in the CIES.

The Movement on Intangible Asset balances during the year is as follows:

	2012/13	2013/14
	Purchased	Purchased
	Licences	Licences
	£	£
Net carrying amount at start of year	100,127	81,095
Additions: Purchases	8,000	0
Amortisation for the period	(27,032)	(27,032)
Net carrying amount at end of	81,095	54,063
Comprising:		
Gross carrying amounts	133,159	133,159
Accumulated amortisation	(52,064)	(79,096)
	81,095	54,063

14. Inventories

Inventories represent the value of stock held in respect of the museums' shops.

31 March 2013 Central & Council £		31 March 2014 £
226,571	Balance outstanding at start of year	198,871
193,401	Purchases	264,274
(221,101)	Recognised as an expense in the year	(233,265)
0	Stock relating to Sunderland City Council	(20,434)
198,871	Balance outstanding at year end	209,446

31 March 2013 University £		31 March 2014 £
49,625	Balance outstanding at start of year	39,689
48,078	Purchases	29,017
(58,014)	Recognised as an expense in the year	(36,499)
39,689	Balance outstanding at year end	32,207

31 March 2013 Total £		31 March 2014 £
276,196	Balance outstanding at start of year	238,560
241,479	Purchases	293,291
(279,115)	Recognised as an expense in the year	(269,764)
0	Stock relating to Sunderland City Council	(20,434)
238,560	Balance outstanding at year end	241,653

Following Sunderland City Council's withdrawal from the Joint Agreement at 31 March 2013, the stock relating to Sunderland was purchased by Sunderland.

15. Short-term Debtors

31 March 2013 £		31 March 2014 £
281,775	Central government bodies	141,221
206,616	Other local authorities	183,883
378,881	Other entities and individuals	1,219,372
<u>(1,808)</u>	Bad Debt provision	<u>(1,066)</u>
865,464		1,543,410
7,849	Payments in advance	37,428
873,313		1,580,838

16. Cash and Cash Equivalents

31 March 2013 £		31 March 2014 £
7,910	Cash and Bank Balances	8,170
	Cash Investment - regarded as:	
1,007,972	cash equivalents	1,121,562
<u>(67,388)</u>	Bank Overdraft	<u>(989,189)</u>
948,494		140,543

17. Short-Term Creditors

31 March 2013 £		31 March 2014 £
(261,925)	Other local authorities	(109,915)
(16,276)	Other public bodies	(25,727)
<u>(364,348)</u>	Other entities and individuals	<u>(561,944)</u>
(642,549)		(697,586)
(279,327)	Grants received in advance (Note 25)	(145,345)
(921,876)		(842,931)

18. Provisions

At 31 March 2014, the Joint Committee had no other provisions with the exception of the provision for doubtful debts.

19. Unusable Reserves

31 March 2013 £		31 March 2014 £
144,440	Accumulated Absences Account	127,763
(81,095)	Capital Adjustment Account	(54,063)
63,345		73,700

19.1 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March.

2012/13 £		2013/14 £
152,583	Balance at 1 April	144,440
(8,143)	Difference between officer remuneration charged to CIES and that accrued but not taken	(16,677)
144,440	Balance at 31 March	127,763

19.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is charged with the cost of the acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES. The account is also reduced by the amounts set aside by the Joint Committee as finance for the costs of acquisition, construction and enhancement.

2012/13 £		2013/14 £
(100,127)	Balance at 1 April	(81,095)
27,032	Amortisation on intangible assets	27,032
(8,000)	Capital financing applied in the year: Capital grants and contributions credited to the CIES that have been applied to capital financing	0
(81,095)	Balance at 31 March	(54,063)

20. Cash Flow Statement

Adjustments to net surplus or deficit on the provision of services for non-cash movements

2012/13		2013/14
£		£
(213,030)	Net Surplus or (Deficit) on the Provision of Services	(45,420)
	Adjustments to Surplus/(Deficit) on Provision of Services for Non-Cash Movements	
27,032	Amortisation	27,032
(346,723)	Increase / (Decrease) in Creditors	(78,945)
267,246	(Increase) / Decrease in Debtors	(707,525)
37,636	(Increase) / Decrease in Inventories	(3,093)
(227,839)		(807,951)

Operating Activities: The cash flows for operating activities include the following items:

2012/13		2013/14
£		£
(20,131)	Interest received	(7,915)

Investing Activities

2012/13		2013/14
£		£
(8,000)	Purchase of property, plant and equipment, investment property and intangible assets	0
(8,000)	Net Cash flows from investing activities	0

There were no finance activities in the year.

21. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service expenditure for the year is as follows:

2012/13	Core Activity £	MPM / MD £	Projects £	Total £
Income				
Government grants and contributions				
Arts Council England	(1,377,605)	(1,686,921)	(732,783)	(3,797,309)
Other Grants/Contributions	(143,889)	(20,847)	(978,930)	(1,143,666)
Other Income	(160,977)	(1,513)	(136,717)	(299,207)
Total Income	(1,682,471)	(1,709,281)	(1,848,430)	(5,240,182)
Expenditure				
Employee expenses	5,236,502	1,302,826	547,404	7,086,732
Other service expenses	2,333,396	364,816	1,296,773	3,994,985
Central Support Services	286,461	21,640	3,690	311,791
Recharges	61,158	0	0	61,158
Total Expenditure	7,917,517	1,689,282	1,847,867	11,454,666
Net Cost of Service	6,235,046	(19,999)	(563)	6,214,484

2013/14	Core Activity £	MPM / MD £	Projects £	Total £
Income				
Government grants and contributions				
Arts Council England	(1,322,000)	(1,782,589)	(622,392)	(3,726,981)
Other Grants/Contributions	(113,632)	(13,367)	(841,467)	(968,466)
Other Income	(82,397)	(388)	(202,316)	(285,101)
Total Income	(1,518,029)	(1,796,344)	(1,666,175)	(4,980,548)
Expenditure				
Employee expenses	4,342,628	1,365,673	591,267	6,299,568
Other service expenses	1,755,608	387,937	1,123,612	3,267,157
Central Support Services	164,109	32,287	21,382	217,778
Recharges	56,993	0	0	56,993
Total Expenditure	6,319,338	1,785,897	1,736,261	9,841,496
Net Cost of Service	4,801,309	(10,447)	70,086	4,860,948

Reconciliation of Museums Income and Expenditure to Cost of Services in the CIES.

All items included in the Segmental Income and Expenditure statements are included in the CIES.

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Archives and Museums income and expenditure relate to a subjective analysis of the (Surplus) or Deficit on the Provision of Services included in the CIES.

2012/13	Segmental Analysis £	Trading activities outside the Joint Committee £	Interest and investment income £	Contributions from Constituent Bodies £	Total £
Income					
Fees, charges & other service income	0	(552,213)	0	0	(552,213)
Interest and investment income	0	0	(20,131)	0	(20,131)
Government grants and contributions:					
Arts Council England	(3,797,309)				(3,797,309)
Other Grants/Contributions	(1,143,666)	(24,169)	0	(5,781,756)	(6,949,591)
Other Income	(299,207)	(483,771)	0	0	(782,978)
Total Income	(5,240,182)	(1,060,153)	(20,131)	(5,781,756)	(12,102,222)
Expenditure					
Employee expenses	7,086,732	454,457	0	0	7,541,189
Other service expenses	3,994,985	390,579	0	0	4,385,564
Central Support Services	311,791	15,550	0	0	327,341
Recharges	61,158	0	0	0	61,158
Total Expenditure	11,454,666	860,586	0	0	12,315,252
(Surplus) or deficit on the provision of services	6,214,484	(199,567)	(20,131)	(5,781,756)	213,030

2013/14	Segmental Analysis £	Trading activities outside the Joint Committee £	Interest and investment income £	Contributions from Constituent Bodies £	Total £
Income					
Fees, charges & other service income	0	(583,360)	0	0	(583,360)
Interest and investment income	0	0	(7,915)	0	(7,915)
Government grants and contributions:					
Arts Council England	(3,726,981)	0	0	0	(3,726,981)
Other Grants/Contributions	(968,466)	(33,020)	0	(4,207,201)	(5,208,687)
Other Income	(285,101)	(563,921)	0	0	(849,022)
Total Income	(4,980,548)	(1,180,301)	(7,915)	(4,207,201)	(10,375,965)
Expenditure					
Employee expenses	6,299,568	216,742	0	0	6,516,310
Other service expenses	3,267,157	354,282	0	0	3,621,439
Central Support Services	217,778	8,865	0	0	226,643
Recharges	56,993	0	0	0	56,993
Total Expenditure	9,841,496	579,889	0	0	10,421,385
(Surplus) or deficit on the provision of services	4,860,948	(600,412)	(7,915)	(4,207,201)	45,420

22. Trading Operations

TWAM has established trading units where the service is required to operate in a commercial environment and generate income from other organisations or service users. Trading operations are incorporated into the CIES as Other Operating Expenditure.

		2012/13	2013/14	Change
		£	£	£
TWM Archaeology	Turnover	(156,042)	(54,331)	101,711
	Expenditure	412,123	102,154	(309,969)
	Deficit	256,081	47,823	(208,258)
Other trading operations	Turnover	(904,111)	(1,125,970)	(221,859)
	Expenditure	448,463	477,735	29,272
	Surplus	(455,648)	(648,235)	(192,587)
Net deficit/(surplus) on external trading		(199,567)	(600,412)	(400,845)

TWM Archaeology: In March 2013, the Joint Committee agreed to close TWM Archaeology on 30 June 2013. The net deficit following closure was financed from reserves.

Other Trading Operations: Trading units include museum shops, archives activity, venue hire and café franchises.

23. Officers' Remuneration

The remuneration paid to the Joint Committee's senior officer was as follows:

	Employment Period	Salary	Taxable Expenses	Employers Pension Contributions	Total Remuneration
		£	£	£	£
Director of TWAM	2012/13	84,531	126	12,342	96,999
Director of TWAM	2013/14	84,531	105	12,342	96,978

Other employees: The table below shows the number of staff whose total remuneration exceeded £50,000 in bands of £5,000. To aid transparency the bracketed figures under 'Other employees' indicates those whose total remuneration was affected by receipt of a redundancy payment. It should be noted that the individuals reported in this table for each year may not be the same.

Remuneration Band	Number of Officers	
	2012/13	2013/14
£50,000 - £54,999	1	4 (1)
£55,000 - £59,999	1	1 (1)
£60,000 - £64,999	0	1
£110,000 - £115,000	1 (1)	0
	3 (1)	6 (2)

24. External Audit Costs

The Joint Committee has incurred the following costs in relation to the audit of the Statement of Accounts.

2012/13 £		2013/14 £
14,564	Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year.	14,564
(1,300)	Rebate of fees received from the Audit Commission	(1,993)
13,264		12,571

25. Grant Income

The Joint Committee credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

Credited to Non Specific Grant Income:	2012/13 £	2013/14 £
Contributions from:		
Gateshead Council	(409,508)	(347,041)
Newcastle City Council	(2,120,817)	(1,759,310)
North Tyneside Council	(659,791)	(572,191)
South Tyneside Council	(537,614)	(496,887)
Sunderland City Council	(1,323,773)	(145,063)
Newcastle University	(730,253)	(886,709)
Total	(5,781,756)	(4,207,201)

Credited to Services:	2012/13 £	2013/14 £
Arts Council England	(3,797,309)	(3,726,981)
Heritage Lottery Fund	(474,346)	(488,182)
Other Grants	(102,277)	(188,458)
Trust Funds	(121,743)	(146,371)
Newcastle University	0	(50,082)
Sponsorship	(42,472)	(39,224)
Other Council Contributions	(12,159)	(30,518)
Acquisitions Grants	(67,736)	(15,225)
Donations	(72,933)	(10,406)
DCMS Wolfson	(250,000)	0
Total	(4,940,975)	(4,695,447)

The Joint Committee has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the funder. These balances are included within short-term creditors (Note 17). The balances at the year-end are as follows:

Revenue Grant Receipts In Advance	2012/13	2013/14
	£	£
Heritage Lottery Fund	(104,122)	(72,294)
Paul Hamlyn Foundation	(28,416)	(53,457)
Other Grants	(72,217)	(11,950)
North Music Trust	(24,490)	(5,944)
Newcastle University	(50,082)	(1,700)
	(279,327)	(145,345)

26. Related Parties

The Joint Committee is required to disclose material transactions with related parties – those are bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have constrained another party's ability to bargain freely with the Joint Committee.

Central government has effective control over the general operations of the Joint Committee – it is responsible for providing the statutory framework within which the Joint Committee operates, provides significant funding in the form of grants and prescribes the terms of many transactions which the Joint Committee has with other parties. The four Tyneside councils provide significant funding in the form of contributions and appoint members to the Joint Committee. Details of income received from government departments and the councils are set out in Note 25.

Members of the Joint Committee have direct control over the Joint Committee's financial and operating policies. During 2013/14, works and services to the value of £43,442 (£41,586 in 2012/13) and income totalling £59,029 (£793,448 in 2012/13) were received from organisations in which members had an interest.

Officers of the Joint Committee declared pecuniary interest in accordance with section 117 of the Local Government Act 1972 in transactions with 13 organisations. The value of works and services was £25,648 (£75,912 in 2012/13) and income totalling £826,753 (£28,528 in 2012/13) was received.

Contracts were entered into in full compliance with the Joint Committee's standing orders. Grants were received with proper consideration of the declarations of interest. The relevant members did not take part in any discussion or decision relating to these transactions.

The tables below summarises the value of any related party transactions greater than £5,000.

2012/13			
	Receipts	Expenditure	Total
	£	£	£
Newcastle University	(782,991)	15,256	(767,735)
Newcastle Gateshead Initiative	(6,998)	2,966	(4,032)
Durham University	(568)	52,806	52,238
Beamish Museum	(117)	5,685	5,568
Northern Stage	0	11,323	11,323
Museums Association	0	5,299	5,299
The National Trust	(102)	5,086	4,984
Total	(790,776)	98,421	(692,355)

2013/14			
	Receipts	Expenditure	Total
	£	£	£
Beamish Museum	(134)	16,492	16,358
Gateshead Council	(21,511)	9,686	(11,825)
Newcastle Citizens Advice Bureau	(7,418)	0	(7,418)
Newcastle University	(824,226)	11,624	(812,602)
Northern Stage	0	7,959	7,959
Northumbrian Water Ltd	(13,055)	313	(12,742)
The Hadrian's Wall Trust	0	7,446	7,446
Newcastle Gateshead Initiative	(7,973)	8,379	406
Tyne & Wear Fire & Rescue Service	(6,408)	0	(6,408)
Total	(880,725)	61,899	(818,826)

Amounts owed to the Joint Committee or by the Joint Committee to related parties at 31 March 2014 are shown in the table below.

Amounts owed to the Joint Committee as at 31 March 2013 £		Amounts owed to the Joint Committee as at 31 March 2014 £
0	Gateshead Council	(24,084)
(60,624)	Newcastle University	(144,397)
0	Newcastle Gateshead Initiative	(5,568)
(60,624)		(174,049)

Amounts owed by the Joint Committee as at 31 March 2013 £		Amounts owed by the Joint Committee as at 31 March 2014 £
12,443	Beamish Museum	12,443
747	Newcastle University	746
0	Northumbrian Water	6,458
13,190		19,647

27. Capital Expenditure and Capital Financing

Capital expenditure on intangible assets incurred in the year is shown in the table below, together with the resources that have been used to finance it.

	2012/13 £	2013/14 £
Opening Capital Financing Requirement:	0	0
Capital Investment:		
Intangible assets	8,000	0
Sources of Finance:		
Arts Council Grant	(6,571)	0
Esmée Fairbairn Foundation	(1,429)	0
Closing Capital Financing Requirement:	0	0

28. Leases

Joint Committee as Lessee:

Finance Leases

TWAM does not hold any material finance leases.

Operating Leases

The Joint Committee has entered into operating leases for equipment.

The future minimum lease payments due under non-cancellable leases in future years are:

2012/13 £		2013/14 £
2,333	Not later than one year	1,735
402	Later than one year and not later than five years	6,080
2,735		7,815

The expenditure charged to the CIES during the year in relation to these leases was:

2012/13 £		2013/14 £
7,824	Minimum lease payments	3,066
7,824		3,066

29. Termination Benefits

The Joint Committee terminated the contracts of 11 employees in 2013/14 (14 in 2012/13), incurring liabilities of £236,810 including £61,388 Strain on the Fund payments (Liabilities of £238,813 including £51,204 Strain on the Fund in 2012/13). This was payable to employees who were made redundant as part of the Joint Committee's rationalisation of services or the result of the ending of grant funded projects. Strain on the Fund payments are charged to the CIES over three years.

The table below includes costs for employees whose contracts have been terminated and contracts of those the Joint Committee are demonstrably committed to terminate.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit Package cost band (including Special payments)	Number of Compulsory Redundancies		Number of Other Departures agreed		Total number of Exit Packages agreed		Total cost of Exit Packages agreed	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13 £	2013/14 £
£0 - £20,000	8	2	1	4	9	6	64,900	73,779
£20,001 - £40,000	1	0	3	4	4	4	117,732	97,740
£40,001 - £60,000	1	0	0	0	1	0	56,181	0
£60,001 - £80,000	0	0	0	1	0	1	0	65,291
	10	2	4	9	14	11	238,813	236,810

In some cases the exit packages, in the table above, have been agreed, accrued for in 2013/14 but the payment to the recipient actually occurred in 2014/15.

30. Defined Benefit Pension

Newcastle City Council employs all the Joint Committee's staff. The IAS19 liabilities relating to these staff are therefore included in Newcastle City Council's accounts and it is not practical to identify the liability relating to staff working for the Joint Committee separately. As a result, although the pension scheme is a defined benefit scheme, it has been accounted for in the Joint Committee's accounts as a defined contribution scheme. The details of the recharges are set out below:

	2012/13	2013/14	Change
Ordinary employers contributions (payable to the Tyne and Wear Superannuation Fund)	£714,716	£581,326	(£133,390)
being percentage of pensionable pay	14.6%	14.6%	0.0%
Added years benefits and related increases	£77,342	£64,255	(£13,087)
being percentage of pensionable pay	1.6%	1.6%	0.0%
Number of employees in scheme	267	230	(37)

- The contribution rate in 2013/14 was determined by the Fund's actuary based on the latest valuation as at 31 March 2013.
- The above figures have been provided by the actuaries to the Tyne & Wear Pension Fund using information provided by the scheme and assumptions determined by Newcastle City Council in conjunction with the actuary.
- Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values.
- Further information can be found in the Tyne and Wear Pension Fund Annual Report which is available upon request from South Tyneside Council, Town Hall and Civic Offices, Westoe Road, South Shields, NE33 2RL.

31. Central Support Services

Newcastle City Council as the 'lead' authority provides the Joint Committee with support services principally in the areas of internal audit, ICT, human resources, health and safety, democratic and legal services. The charges are allocated on the basis of SLA. The amounts payable in 2013/14 were £195,314 (2012/13 £298,526). The reduction reflects the inclusion of accountancy staff directly within the TWAM payroll, reductions in a number of SLAs offset in part by a new SLA for procurement services related to the electronic ordering and payments system.

32. Impact of the adoption of the new accounting standards on the 2013/14 financial statements

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) has introduced changes in accounting policy in relation to the following IFRS (International Financial Reporting Standard) statements:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates & Joint Ventures
- IAS 32 Financial Instruments

The standards detailed above relate to the consolidation of financial statements and the publication of group accounts. The amendments to the accounting policies have been reviewed and it has been concluded that the changes do not impact on the requirement for the Joint Committee to produce group accounts.

The Joint Committee is not affected by the amendments to the Comprehensive Income and Expenditure Statement introduced by the 2013/14 Code resulting from the June 2011 amendments to IAS 1.

33. Accounting Policies

General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Joint Committee is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011. The Regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost.

Reserves and Provisions

Reserves

The Joint Committee sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate revenue account in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Movement in Reserves Statement so that there is no net charge against current year contributions for the expenditure.

Certain reserves are kept to manage the accounting processes for financial instruments, retirement and employee benefits and do not represent usable resources for the Joint Committee. These reserves are explained in the relevant notes.

Provisions

Provisions are made where an event has taken place that gives the Joint Committee a legal or constructive obligation that probably requires settlement and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Joint Committee becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a settlement will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only

recognised as income if it is virtually certain that reimbursement will be received.

Accruals of Income & Expenditure

Activity is accounted for in the year in which it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser and it is probable that consideration will flow to the Joint Committee;
- Revenue from the provision of services is recognised when the Joint Committee can measure reliably the percentage completion of the transaction and it is probable that consideration will flow to the Joint Committee;
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the balance sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. The Joint Committee has adopted a *de minimis* level of £500 for creditors which means that they are not included in the accounting statements below this level. Generally a full year's charge is included in the accounts for those supplies and services used continuously and charged on a periodic basis (e.g. gas, electricity and water), but the period covered by the payments does not always coincide with the financial year.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Joint Committee's financial performance.

Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Joint Committee when there is reasonable assurance that:

- The Joint Committee will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Joint Committee are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to

the grant or contribution have been satisfied. A condition exists where there are stipulations that grant money can be clawed back by the funder if the terms of the grant are not adhered to.

Monies advanced as grants and contributions for which conditions have not yet been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Joint Committee as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Joint Committee.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Joint Committee can be determined by reference to an active market. In practice, no intangible asset held by the Joint Committee meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

The only category of intangible assets for the Joint Committee is software; the asset life used for software is 5 years.

Fixed Assets

The buildings in which the Archives and Museums are housed are the property of the stakeholders, and are therefore excluded from TWAM's balance sheet.

Museum exhibits purchased before local government re-organisation in 1974 are the property of the constituent authority, which succeeded the local authority owning the exhibit prior to re-organisation. Exhibits purchased by the former Tyne and Wear Metropolitan County Council and the Joint Committee are held by Newcastle City Council and are placed at the disposal of the Joint Committee in the interests of all the constituent authorities.

All records and archives acquired on behalf of the Joint Committee together with the records and archives acquired by the former Tyne and Wear Metropolitan County Council and the Joint Committee are held by Newcastle

City Council as Trustee for the joint use and benefit of all of the Constituent Councils.

The value of records, archives and exhibits is excluded from the balance sheet because the Joint Committee's legal status does not allow ownership.

Heritage Assets

Heritage assets are assets that are held 'principally for their contribution to knowledge or culture'. The collections are not currently valued in their entirety with only the Art collection being valued within the Joint Committee's financial statements for 2013/14. This is due to a number of factors such as the lack of information on purchase price, the unavailability of comparable market values, the diverse nature of the objects and the volume of objects held. The collections are held in the asset register of the Joint Committee.

The standard requires that a separate class of asset, heritage assets, is disclosed in an entity's balance sheet. The Joint Committee's legal status does not allow ownership of 'assets', therefore, heritage assets will be included in the balance sheets of the local authorities, alongside any other appropriate disclosures required under FRS 30. Assets have been allocated to the local authorities based on the methodology laid out in the Joint Agreement.

Although TWAM does not own these assets, and therefore does not include them in its balance sheet, it does hold these heritage assets and consequently these accounts make the disclosures required of FRS30.

The Joint Committee considers that the heritage assets it holds will have indeterminate lives and a high residual value, hence the Joint Committee does not consider it appropriate to charge depreciation on heritage assets.

It is not practicable to value the remaining collections as, even if it were possible, this would incur a disproportionate cost, and that cost would not be commensurate with any benefits to the organisation or its users. This exemption is permitted by the Code.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Finance Leases

The Joint Committee does not hold any material finance leases.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Employee Costs

The Joint Committee employees are employed by the Lead Authority, Newcastle City Council. Employee costs in the Comprehensive Income and Expenditure Statement include all direct salaries and wages, employers' contributions for National Insurance and pension costs. The Joint Committee's employees consist of curators, archivists, officers, drivers, and visitor services personnel. The costs of certain technical and professional staff are charged initially to various holding accounts from which a recharge is made to the appropriate service such as transport or premises, to capital projects or to an outside agency.

Benefits Payable during Employment

Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Joint Committee to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Cost of Service line in the Comprehensive Income and Expenditure Statement when the Joint Committee is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Local Government Pension Scheme

Employees of TWAM are admitted to the Tyne and Wear Pension Fund, which is administered by South Tyneside Council under the Local Government Pension Regulations 1997. The scheme is a defined benefit type whereby benefits are based on employee pensionable remuneration and length of

service. The scheme's assets are held within the Tyne and Wear County Pension Fund. Contributions to the scheme are set by an independent actuary at a rate designed to eliminate any surplus or deficit in the fund, based on a three yearly valuation. The funds website may be visited at www.twpf.info

The Code requires that the cost of services should bear the current service cost of employees. However, as stated above, the Joint Committee employees are employed by the Lead Authority, Newcastle City Council, therefore, current service cost of these employees is borne by Newcastle City Council and disclosed in Newcastle City Council's accounts.

Recharges

As the buildings in which the Archives and Museums are housed are the property of the constituent authorities, any financing charges due in respect of the Archives and Museums are paid by the individual authorities and appear as recharges to the Joint Committee.

Inventories and Work in Progress

Inventories and work in progress are valued at the lower of cost or net realisable value. Cost is based on 'latest invoice price' and issues have been charged into the accounts on the same basis.

Cost of Support Services

The costs of central support e.g. Human Resources and Legal Services, have been allocated to the Joint Committee on the basis of SLAs in accordance with the guidance given by CIPFA Service Reporting Code of Practice 2013/14 (SeRCOP). In line with CIPFA guidance, the cost of corporate management is not charged to services.

Insurance

The insurance for the Joint Committee is arranged through Newcastle City Council, and is a separate bespoke policy. All premiums relating to the cover are charged to the Joint Committee's revenue account.

Deficit/Surplus for the year

The deficit/surplus represents the position before transfers to and from reserves, which are required to meet commitments. Under the Joint Committee's current budgetary framework, which has been in place for many years, the opportunity exists to carry forward surpluses and deficits into the following year. It is considered prudent to allow surpluses to be carried forward in this way as it promotes planned spending of resources rather than forced spending within the constraints of any given financial year.

Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenue & Customs. VAT receivable is excluded from income.

Former Tyne and Wear County Council Debt

The Joint Committee's revenue accounts include a recharge from the constituent authorities for the share of the debt of the former County Council

relating to Archives and Museums. Principal, interest and debt management expenses are recharged to the successor districts on a population basis.

Investments

Investments are limited to approved investments in accordance with Department for Communities & Local Government Guidance on Local Government Investment and CIPFA's Treasury Management Code. Such investments are shown in the Balance Sheet at fair value.

Interest

Interest is earned by the Joint Committee in respect of the investment of reserves which are invested in the money market until required.

Doubtful Debts

The write-off of debt is part of the normal accounting process. Write-off can occur in circumstances where the debts are unlikely to be collected for a number of reasons, e.g. the death of the debtor, uneconomical to collect, on legal advice or where the debtor is untraceable. Although it is good accounting practice for debts to be written off in the accounts to reflect a more accurate view of the fair value of trade debtors, they will still be pursued and recovered if the opportunity arises.

The Treasurer to the Joint Committee may write-off amounts under £2,000 using delegated powers. A report is submitted annually to the Audit Committee summarising the items written-off under delegated powers. Accounts written off in excess of £2,000 are submitted to the Joint Committee for approval once TWAM is satisfied that all appropriate measures have been taken to try to recover the debt. The cost of the write-off is met from the provision for doubtful debts.

Financial Instruments

Financial Assets

The financial assets of the Joint Committee are all held at fair value and are:

- Sundry Debtors
- Cash and Cash Equivalents

Financial Liabilities

The financial liabilities of the Joint Committee are all held at fair value and are:

- Sundry Creditors

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Joint Committee a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that a settlement of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period– the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less than three from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Joint Committee's cash management.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Joint Committee's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Carbon Reduction Commitment Scheme

The Joint Committee is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase. The four local authorities for whom the Joint Committee manages archives, museums and art galleries are required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted, a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Joint Committee is recognised and reported in the costs of the Joint Committee's services and is apportioned to services on the basis of energy consumption.

Statement of Responsibilities for the Statement of Accounts

The Joint Committee's Responsibilities

The Joint Committee is required:

- 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. In TWAM, that officer is the Treasurer to the Joint Committee;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the Statement of Accounts.

The Treasurer to the Joint Committee's Responsibilities

The Treasurer to the Joint Committee is responsible for the preparation of TWAM's Statement of Accounts in accordance with proper practices as set out in the CIPFA (Chartered Institute of Public Finance & Accountancy) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Treasurer to the Joint Committee has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

The Treasurer to the Joint Committee has also:

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

Certification of the Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Joint Committee at 31 March 2014 and its income and expenditure for the year ended 31 March 2014.

Signed:

Tony Kirkham
Treasurer to the Joint Committee
24 September 2014

This page has been left intentionally blank.

Annual Governance Statement

This page has been left intentionally blank.

1. **Scope of responsibility**

Tyne & Wear Archives & Museums (TWAM) has approved and adopted a Code of Corporate Governance (the Code), which is consistent with the principles of the CIPFA/ SOLACE Framework *Delivering Good Governance in Local Government*.

A copy of the code can be viewed on TWAM's website at

<http://www.twmuseums.org.uk/geisha/assets/files/Annual%20Governance%20Statement%202012-13%20vFinal.pdf>. or can be obtained from the Head of Finance,

Governance and Resources, Tyne & Wear Archives & Museums, Discovery Museum, Blandford Square, Newcastle upon Tyne, NE1 4JA. The Code evidences our commitment to achieving good governance and demonstrates how we comply with the governance standards recommended by CIPFA. TWAM is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. It must ensure that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. TWAM 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 due regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility TWAM is responsible for putting in place proper arrangements for the governance of its affairs, including arrangements for the management of risk to a reasonable level, thereby facilitating the effective exercise of its functions. 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.

This statement explains how TWAM has complied with the Code and how it meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control. It builds on last year's Annual Governance Statement (AGS); changes outlined within this statement have been made to enhance, not replace, existing arrangements for governance.

2. **The purpose of the governance framework**

The governance framework comprises the systems and processes, culture and values by which TWAM is governed and managed. It also covers the ways in which TWAM engages with communities and is held accountable by users. It enables TWAM 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 an acceptable level.

The quality of governance arrangements underpins the levels of trust in public services and is therefore a fundamental building block upon which the organisation can build its commitment to users and stakeholders. Trust in public services is also influenced by the quality of services received, and also by how open and honest an organisation is about its performance. Good governance, and a framework for its implementation allows the Joint Committee to be clear about its approach to discharging its responsibilities as outlined above and to promote this widely both internally, to officers and members, and externally to partners, stakeholders and most importantly the users of our services.

The arrangements required for gathering assurances for the preparation of the AGS provide an opportunity for the Joint Committee to consider the robustness of the governance arrangements in place and to consider this as a corporate issue that affects all parts of the organisation. It also helps to highlight those areas where improvement is required.

This governance framework has been in place at TWAM for the year ended 31 March 2014 and up to the date of approval of the Accounts.

3. The Governance Framework

The key elements of the systems and processes that comprise TWAM's governance arrangements are described in the Code and are summarised below.

3.1 Identifying and communicating TWAM's vision of its purpose and intended outcomes for citizens and service users

TWAM has a commitment to maximise engagement with audiences. This is articulated through its mission, which has been generated through wide consultation amongst stakeholders and staff and is endorsed by the Joint Committee.

Mission Statement

Our mission is to help people determine their place in the world and define their identities, so enhancing their self-respect and their respect for others.

3.2 Reviewing TWAM's mission and its implications for TWAM's governance arrangements

TWAM reviews its mission through the review of its Corporate Plan produced in consultation with key stakeholders and staff. The Plan sets out approaches to delivering excellent services and demonstrates key strategic objectives.

There is continual review through 'Action Plan for Improvement' reports to Audit Committee, internal and external audits, close working relationships with key partners and stakeholders and the risk review and monitoring process.

TWAM conducts an annual review of the effectiveness of its system of internal control and governance arrangements and publishes the results in the AGS.

3.3 Measuring the quality of services for users, ensuring they are delivered in accordance with TWAM's objectives and ensuring that they represent the best use of resources

TWAM continued to perform strongly, delivering corporate priorities and maintaining service quality despite having delivered a £787k cost reduction programme in response to funding reductions in 2013/14 and undergoing unprecedented levels of organisational change. This has not been an easy task and has been achieved by focussing on modernising, streamlining, consolidating, and specific reductions in some functions no longer considered essential. External endorsement of the value for money provided by the Joint Committee was contained in the external auditor's Annual Audit Letter.

Service quality is a TWAM-wide priority. Measures of service quality include the Annual Residents' Survey, benchmarking of visitors, performance indicators, Visitor Attraction Quality Assurance Service (VAQAS), mystery shoppers and Customer Comments, Compliments and Complaints.

Progress towards the achievement of objectives is monitored regularly by the Senior Management Team (SMT) and by regular meetings with client officers. An annual review is reported to the Joint Committee and included in the Annual Report.

The annual budget process includes an efficiency review, considers the impact on service users of all proposals, compares costs through benchmarking with our peers and identifies specific actions required to improve Value for Money (VFM) which are then built into our budget.

During 2013/14, TWAM reviewed, updated and strengthened its VFM Strategy, building on:

- continual improvement to service effectiveness;
- responsibility to buy goods and services in the most efficient way;
- monitoring of performance;

to ensure that TWAM's commitment to promoting VFM throughout the organisation is embedded and that the appropriate mechanisms to support the VFM process are in place and regularly reviewed.

TWAM's Procurement Strategy ensures we procure goods and services in the most efficient and effective way. In 2013/14 performance measurement and management information included targets set in association with Activity Plans agreed with ACE and the Joint Committee for Core Activity and MPM Activity. These were monitored by ACE on a quarterly and annual basis through the use of management performance indicators. Target setting for all indicators includes analysis of past and current performance, comparative performance and priorities identified through consultation with stakeholders, users and staff and checks applied to ensure achievability.

TWAM also reviewed its approach to enterprise during 2013/14, carrying out the Museum Rapid Enterprise Assessment (MREA) in partnership with consultants Black Radley. This process involved a high intensity review of the organisation's potential for generating income and it provided a thorough assessment of current income streams. The MREA looked at a number of key areas including *Directly Enterprising Functions* (shops, cafés, etc.) and *Enterprise Supporting Functions* (Front of house, Education support, Exhibitions Programming etc.).

The assessment resulted in a core team being put in place to help deliver the next stage of the process, which was the introduction of monthly performance meetings and helping the venue teams to focus on commercial activities and income streams. The project has had a substantial impact on the way in which TWAM operates and has resulted in a noticeable change in culture.

Building managers are now taking a far more 'hands on' approach to income generation and this has manifested itself in a number of different ways. Firstly,

they are far more involved in the product selection process, working in partnership with the Trading department, to ensure that product ranges reflect on the collections and also match the venue visitor profile. They are also monitoring actively the day to day performance of their commercial functions, such as shops and cafes, to ensure that they maximise income as well as considering the income generating potential of all activities.

3.4 Defining and documenting the roles and responsibilities of the Joint Committee, Audit Committee and officer functions, with clear delegation arrangements and protocols for effective communication

Following Sunderland City Council's decision to leave the Joint Archives and Museums Service, a new joint agreement has been agreed by the four Tyneside councils of: North Tyneside, South Tyneside, Gateshead and Newcastle. This agreement is based on the previous agreement developed in 2009 when the former Archives and Museums Services were merged.

This agreement has been prepared on the basis that 2013/14 is a transitional year in which management and governance arrangements will be reviewed. A Service Specification has been prepared for Archives Services and these will be provided on payment of an agreed fee by Sunderland City Council. Museum specialist and strategic services have also been agreed with Sunderland and agreement has been reached with Arts Council that provision of these services will be funded as part of the Core Funding awarded to TWAM. No direct funding will pass to Sunderland City Council as a result of these arrangements.

Separately, TWAM and Sunderland City Council have signed two year agreements setting out museum and archives services respectively to be delivered to Sunderland Museums and Heritage.

TWAM has a separate management agreement with Newcastle University, to manage the Great North Museum.

During 2013/14, TWAM managed nine museums and galleries on behalf of the four Tyneside Councils and Newcastle University and the archives for Tyne & Wear, on behalf of its clients; however, it is an autonomous body, client-centred but with its own management committee of elected members from the four councils.

TWAM also receives funding from the ACE MPM Programme. This funding supports TWAM in delivering excellence in every aspect of its work, using its collections, venues and staff resources to ensure that the communities of Tyne and Wear, and indeed the wider North East, continue to benefit from excellent museum provision. The funding also allows TWAM to achieve its commitment to innovation and development across all areas of its work. A separate funding arrangement with ACE, under the Museums Development Programme, funds TWAM to work with and support those museums in the North East which are not funded through MPM.

Policy and decision making is undertaken by the Joint Committee and an

approved plan of objectives for the forthcoming year is outlined in the Corporate Plan. Extensive consultation with stakeholders on priorities and options shapes the budget decisions that are made.

The Joint Committee has delegated certain responsibilities to the Director which are set out in the Financial Handbook.

Decisions taken under delegated powers are reported on a regular basis to the Chair of the Joint Committee.

3.5 Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

The standards of conduct and behaviour expected of members and officers is set out in the Code of Conduct provided by Newcastle City Council, TWAM's lead body, and is supported by training programmes for both members and staff.

Employees contracts of employment, Induction Plans, Appraisals, Members Training Programmes, Trustee induction programmes (for members of TWAM's Development Trust) and the Dignity at Work Policy further support high standards of behaviour.

To prevent members and employees from being influenced by prejudice, bias or conflicts of interest, we maintain and perform regular checks on our Register of Interests and Register of Gifts and Hospitality for both members and officers. This is supplemented by a Confidential Reporting Policy, an Ethics Policy and a Counter Fraud Policy.

The roles of the Joint Committee and the members of the SMT are published on the TWAM website.

The Financial Regulations set out procedures to ensure objectivity, fairness and probity in the procurement process.

3.6 Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

In order to ensure that decision makers have followed a proper process, all decisions are documented and taken with regard to all relevant considerations. Members and officers have all relevant information before decisions are made, including the outcome of thorough scrutiny and a detailed assessment of the risks to ensure that resources are used legally and efficiently.

The system is based on a framework of annual budgeting and accounting, regular management information, financial regulations and procedure notes, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

TWAM has adopted a Risk Management Strategy in order to help provide assurance that aims will be met, resources are effectively used and areas of weakness are highlighted at an early stage. This is subject to regular review and requires the consideration of risks in relation to the achievement of delivery priorities (whether through services, projects or partnerships). TWAM maintains a Strategic Risk Register which contains the most significant risks that may affect the future strategic direction of TWAM as encapsulated in the corporate vision, objectives and priorities. This is a dynamic document and as such it is subject to structured regular review. Regular updates on individual risks identified in the Strategic Risk Register are considered by Audit Committee.

TWAM purchases appropriate levels of insurance cover from the insurance market, and participates in the Government Indemnity Scheme.

3.7 Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Councils

The Audit Committee is embedded within TWAM's overall governance framework. Membership includes an independent chair, vice-chair and another independent member in addition to the local council members nominated by the Joint Committee. The Audit Committee's key responsibility is to seek evidence and obtain independent assurance on behalf of the Joint Committee that a comprehensive, coordinated and effective framework of internal control and corporate governance is maintained across the organisation.

During 2013/14, the Audit Committee has considered the Head of Audit and Strategic Risk's annual report and opinion. It has received regular updates on internal audit activity (actual and proposed), and kept up to date with the progress made against the Action Plan for Improvement. In respect of the Statement of Accounts 2013/14 it considered whether appropriate accounting policies have been followed. It also considered whether there are concerns arising from the financial statements or from the external audit that need to be brought to the attention of the Joint Committee.

The Audit Committee undertakes regular self-assessments of its effectiveness and reports on the outcome to the Joint Committee. In 2013/14 the self-assessment concluded that there is considerable compliance with best practice guidance as advocated by CIPFA.

Regular training is provided for members to support the effective implementation of their *Terms of Reference*. The work of the Audit Committee is demonstrated through its agendas and minutes which are available on TWAM's website.

3.8 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Director has primary responsibility for ensuring compliance with established policies and procedures, breach of which could lead to legal challenge and loss for TWAM.

TWAM has a service level agreement with Newcastle City Council's Legal Services department which advises managers to ensure the lawfulness and fairness of decision making. Advice is also provided to members and officers on the likely impact of new legislation affecting TWAM and the legal implications of key decisions are highlighted.

TWAM is subject to internal and external audit and inspection regimes. The Audit Committee's role is to give oversight to standards of conduct throughout TWAM and it oversees issues relating to governance and internal control.

The Joint Committee's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The Director of Resources at Newcastle City Council is the designated Chief Financial Officer (CFO) for the Joint Committee. He has seconded an officer, the Head of Finance, Governance & Resources, to the Joint Committee. She is a key member of the SMT and is responsible for ensuring the proper administration of the Joint Committee's financial arrangements. She leads a fully resourced and suitably qualified Finance Function. The CFO is actively involved in and able to bring influence to bear on all material business decisions to ensure immediate and long term implications, opportunities and risks, are fully considered and in alignment with the Corporate Plan. The CFO is also responsible for ensuring compliance with the requirements of the Accounts and Audit (England) Regulations 2011 relating to accounting records, control systems and audit.

TWAM has an SLA with Newcastle City Council's internal audit service. The Joint Committee's internal audit arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit in Local Government. The Head of Audit and Strategic Risk (HoA&SR), at Newcastle City Council, works with key members of the TWAM SMT to give advice and promote good governance throughout TWAM. The HoA&SR leads and directs the Internal Audit provision so that it makes a full contribution to and meets the needs of the Joint Committee and external stakeholders, escalating any concerns and giving assurance on the Joint Committee's control environment.

TWAM's financial regulations (and detailed financial procedure notes) set out the key features of TWAM's system of internal financial control. Bi-monthly budget and performance monitoring reports are submitted to the Joint Committee setting out any significant decisions that require approval.

The Director is the Accounting Officer in respect of the annual grant provided by ACE.

3.9 Whistle-blowing and receiving / investigating complaints from the public

TWAM has a Confidential Reporting Policy enabling anyone, who may have serious concerns about TWAM operations, to voice those concerns with the knowledge that they will be addressed fairly and in confidence. The Policy is available on the website and provides advice on how to raise concerns.

TWAM has a Counter Fraud and Corruption Policy approved by the Joint Committee. In addition to providing advice, information and support to officers, a Fraud Response Plan is included, clearly detailing how concerns regarding suspected instances of fraud and corruption can be reported, and how investigations into suspicions will be conducted and concluded.

TWAM has a Customer Comments, Compliments and Complaints Procedure. Matters raised through this process are reviewed regularly by the SMT.

TWAM also has a Staff Suggestions Scheme allowing staff to comment and make suggestions. Staff are aware that all comments are discussed at SMT meetings. Where appropriate, a written response is provided for staff via monthly updates.

3.10 Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

TWAM values its staff as one of its greatest assets and is committed to identifying and fulfilling the learning and development needs of officers, volunteers and members.

TWAM has been awarded Silver Status under the Investors in People assessment. TWAM has produced a Workforce Development Plan to ensure both staff and volunteers have the necessary skills and knowledge to be effective in carrying out their responsibilities. For new staff, there is a formal induction and training programme.

TWAM has established an appraisal system designed to ensure each member of staff understands their role and how they fit into the wider organisation, making sure that staff know what they are responsible for, how they are expected to deliver this and what resources or support are needed to enable staff to carry out their work effectively.

Whilst elected members are supported via their individual council through an induction programme, training needs assessments, mentoring and their own Learning and Development Plans, TWAM also provides specific induction and ongoing development opportunities.

The Audit Committee carries out an annual self-assessment of its effectiveness and agrees an action plan which includes addressing training needs.

3.11 Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

TWAM has a long history of community consultation and participation. Our work with users and other stakeholders has assisted with the design of services and informed programme development. Methods of communication with the public and stakeholders include:

- The annual Corporate Plan which sets out TWAM's strategic objectives.
- The Annual Report provides a record of activities and achievements in the previous year.
- Regular review meetings with the four Tyneside councils, Newcastle University, ACE, Sunderland City Council and other stakeholders.
- Established consultation frameworks including: The Museums and Galleries Disabled Access Group: a group of disabled people serving as an advisory body and critical friend to TWAM; young peoples' groups informing programme development; gathering customer satisfaction data through surveys, comments and mystery shopping.
- Publication of Joint Committee and Audit Committee agendas and papers on the website in advance of meetings, which are held in public unless there are specific reasons for confidentiality.
- Project specific consultation and evaluation.

In 2013/14 TWAM completed year 1 of 'Our Museum', a three year programme, funded by the Paul Hamlyn Foundation to develop organisational change within museums and galleries that are committed to active partnership with their communities, with the ambition of affecting the museum sector more widely. The programme is led by a Core Engagement Team made up of equal numbers of staff and community members.

TWAM maintains a close working relationship with key partners. Stakeholders also ensure that TWAM continues to reflect upon its priorities and its governance arrangements.

3.12 Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in TWAM's overall governance arrangements.

TWAM is working in partnership with a wide range of other organisations and has compiled a partnership register to record all significant partnerships in which it is involved.

Our partnership working is governed by a Significant Partnerships Code of Practice. This Code of Practice aims to provide advice and guidance for partnership arrangements in which TWAM is involved. Its purpose is to ensure that good practice is embedded and practised throughout our partnership working.

The most significant funding partnerships during 2013/14 were with:

- The four councils in Tyneside which provided core funding;
- ACE, which provided Core Museums Funding and MPM funding;
- Newcastle University which core funded the Great North Museum.

In addition key partners included:

- The National Archives;
- National Portrait Gallery;
- British Museum;
- Tate;
- National Gallery;
- Northumbria University;
- Nelson Mandela Bay Metropolitan Municipality, South Africa;
- Sunderland Museums & Heritage;
- TWAM Business Partners.

4. Review of effectiveness

TWAM 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 effectiveness is informed by the work of the senior managers within TWAM who have responsibility for the development and maintenance of the governance environment, the HoA&SR's annual report, and also by comments made by the Audit Committee, external auditors and other review agencies and inspectorates.

The review process includes:

- The Archives & Museums Joint Committee as the primary source of scrutiny.
- Annual reviews of TWAM's financial accounts and supporting systems by external auditors leading to their opinion as published in the year-end statements.
- The Annual Audit letter from the external auditor, reported to the Joint Committee in November 2013.
- Views and comments from the Audit Committee, which oversees internal control arrangements and helps to secure improvements in these systems.
- The Annual Internal Audit Opinion, informed by the work of the Internal Audit Section operating under the requirements and standards of the Public Sector Internal Audit Standards (2013) and a risk-based audit plan which is informed by the Joint Committee's risk management strategy. The plan is approved by the Audit Committee annually. The HoA&SR has carried out an independent review of the internal control environment, which is reported to the Audit Committee. He has concluded that the state of the internal control environment is 'satisfactory'.
- The Value for Money conclusion issued by external auditors.
- The annual assurance statements confirming the adequacy of governance arrangements within service areas completed by TWAM SMT.
- TWAM's Strategic Risk Register, which identifies the most significant risks to TWAM's objectives.
- The Review of the Joint Committee's arrangements on Internal Audit. This

review, required by the Accounts and Audit (England) Regulations 2011 requires the Joint Committee to review the effectiveness of its system of Internal Audit once a year. The 2013/14 Review concluded that Internal Audit complies with all the organisational standards set out in the Public Sector Internal Audit Standards (2013).

- VAQAS assessment.
- Regular surveys of visitors by TWAM; and visitors to British Archives carried out by the Public Services Quality Group.

A working group comprising members of the Audit Committee and TWAM officers reviewed the sources of assurance in place during 2013/14, considered the effectiveness of the current governance framework and highlighted improvement areas for 2014/15 designed to ensure that continuous improvement of the system is in place.

5. Significant governance issues

The system of governance (including the system of internal control) can only provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of TWAM's objectives have been mitigated. The 2013/14 review has not identified any items which are considered to represent a significant internal control issue and therefore require disclosure in the 2013/14 Annual Governance Statement. The most significant governance issue in 2013/14 was notification from South Tyneside Council that it is considering all options for the future of cultural services in South Tyneside, including the possibility of a Cultural Trust. One option is for South Tyneside Council to withdraw from TWAM. No decisions have been made at this stage.

6. Continual improvement in the governance and internal control environment

In order to develop and maintain an effective governance and control environment, there is a need for continuous review, reflection and improvement in an environment that is constantly changing and presenting new risks. The annual review of effectiveness in 2012/13 highlighted the following improvement areas which were the focus of the action plan during 2013/14. Progress against these specific improvement areas is summarised below.

Improvement Area & Action	Improvements Implemented
<p>Wider Joint Working: Work with LA7 and ACE to develop new sustainable model for TWAM including continuing implementation of TWAM review, developing re-engineered partnership and seeking further opportunities for joint working with new Joint Authority.</p>	<ul style="list-style-type: none"> • Four Tyneside Councils agreed an interim Joint Agreement pending a further governance review. • Two year partnership Agreement signed with Sunderland City Council. • LA7 agreed to consider options for closer Archives working. • TWAM Joint Committee approved report to be commissioned in 2014/15 on opportunity for governance change.

<p>Governance and sustainability: Consider a more efficient way of working whilst maintaining transparency and accountability including a review of TWAM reporting processes to ensure they are streamlined and avoid unnecessary repetition.</p>	<ul style="list-style-type: none"> • A new exhibition planning process has been implemented as a first phase of improving the reporting processes and removal of duplication. • A new independent member was appointed to the Audit Committee. The term of office runs from March 2014 – March 2018.
<p>TWAM Review 2012: Implement recommendations from the TWAM Review:</p> <ul style="list-style-type: none"> • Process improvements re customer priorities and information flows; • Strengthen relationship management of Council stakeholders; • Develop new way of working for Joint Committee to ensure officers and members from 4 councils fully engage with decision making; • Demonstrate how TWAM activity has impacted on individual Council priorities. 	<ul style="list-style-type: none"> • Improved format has been established for Local Authority Officer Advisory Group meeting. • Monthly performance meetings are embedded with the Director taking the lead for these meetings. • A new schedule of management meetings has been established for 2014/15 to allow for improved monitoring. This work has informed the 2014/15 Corporate Plan. • Improved liaison with local councils and new format SLAs instituted. • Redesigned Joint Committee reports were submitted to June 2013 meeting with emphasis on 'looking forward' rather than retrospective reporting. • The format for the Core Activity Plan was revised to show clear links between TWAM objectives and delivery to Arts Council Goals. • Regular liaison meetings take place with each Council and the Director. • Director and SMT engagement with all client officers. • TWAM Communications Team has an enhanced role in preparing info for partner councils. • Year-end review meetings set with Director, TWAM lead officer and cabinet member for each LA.
<p>Archives Accreditation: Achieve Accreditation for Archives.</p>	<p>In November 2013 Tyne & Wear Archives' application to become an Accredited Archive was passed by the Archives Accreditation Committee, making it one of the first six archives in the country to achieve 'Accredited' status.</p>

<p>Charging Policy: Development of a charging policy which will create a clear framework for income generation while supporting the delivery of TWAM's mission.</p>	<p>The 'Guidance on charging for public events and activities' was presented to TWAM Audit Committee meeting in November before being circulated to officers. The guidance has now been implemented.</p>
<p>Establishment of Aiming for Excellence Panel: The panel will be formed predominately from learning specialists external to TWAM, to support ongoing development and delivery of TWAM learning programmes.</p>	<p>An Aiming for Excellence panel is in place and the first meeting took place in September. The pattern of meetings has been integrated into the timetable for the Learning Quality Framework.</p>

During 2013/14 TWAM also implemented the following actions to strengthen its corporate governance environment:

- Reviewed, updated and strengthened its VFM Strategy to ensure that TWAM's commitment to promoting VFM throughout the organisation is embedded and that the appropriate mechanisms to support the VFM process are in place and regularly reviewed.
- TWAM achieved a 2 star Industry Green award in October. The increased rating is due to improvements made, from the previous year, in how we communicate our commitment to environmental sustainability and reductions in our total emissions (energy, water and business travel).
- TWAM migrated to the Newcastle City Council Purchase Order Processing (POPs) system on 1 April 2013, leading to improved VFM in the procurement process.
- Significant improvements have been made in IT management including the development of an IT Asset Management Policy.
- Introduced a TWAM Recognition Strategy to recognise that it is not always enough to produce outstanding results or satisfy outstanding performers; there needs to be a culture of recognition and valuing staff in the workplace. Any member of TWAM staff (not just managers) can nominate an individual whom they believe deserves to be recognised for their efforts at work. Formal recognition of sustained good performance will be recognised by a personal, signed letter from the Director of TWAM to the individual/team nominated.

The annual review of effectiveness has highlighted the following additional improvement areas to further enhance our governance arrangements which will be the focus of the organisation's improvement plan for 2014/15.

Improvement Area	Action	Responsible Officer
Review of TWAM governance model	The Joint committee have authorised TWAM to conduct a study into alternative governance models for TWAM following the initial financial appraisal of a move to trust status carried out last year.	Iain Watson
Staff Survey	The aim of the survey is to provide a snapshot of the thoughts, feelings and opinions of staff in order to help identify areas where attention is required as we move forward. The survey will also explore the issues important to staff and the impact of these issues on their working life.	Jackie Reynolds
Council Partnerships	Developing relationships with Local Council Cultural Leads and Cabinet Members through the exploration of more effective means of communication.	Iain Watson
Audit Committee	Encourage more active participation by all committee members and investigate improvements to communication of key issues to members between meetings.	Jackie Reynolds

7. Conclusion

The governance and internal control environment operating during 2013/14 is considered to have provided reasonable and objective assurance that any significant risks impacting on the achievement of TWAM's principal objectives were identified and actions taken to avoid or mitigate their impact.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

 Tony Kirkham
 Treasurer to the Joint
 Archives & Museums
 Committee
 24 September 2014

 Iain Watson
 Director of
 Tyne & Wear Archives
 & Museums
 24 September 2014

 Cllr. Ged Bell
 Chair of the
 Joint Archives &
 Museums Committee
 24 September 2014

**To be inserted
following
completion of
the audit**

**To be inserted
following
completion of
the audit**

**To be inserted
following
completion of
the audit**

This page has been left intentionally blank.

Glossary of Terms

Abbreviations	The symbol “k” following a figure represents thousand. The symbol “m” following a figure represents million.
Accruals	Income and expenditure is recognised as it is earned or incurred, not as money is received or paid.
Accounting policies	Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements.
ACE	Arts Council England.
Actuarial gains or losses (Pensions)	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise either because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or the actuarial assumptions themselves have changed.
AGS	Annual Governance Statement.
AHRC	Arts & Humanities Research Council.
Assets	Items of worth which are measurable in terms of money as at 31 March.
Balances	The total level of surplus funds the Joint Committee has accumulated over the years as at 31 March.
Budgets	A statement of the Joint Committee’s forecast expenditure, that is, net revenue expenditure for the year.
Capital Adjustment Account	An account that reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.
Capital Expenditure	Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.
Cash and Cash Equivalents	Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
CIPFA Code of Practice (The Code)	The Code sets out the accounting concepts and accounting principles which underpin the Statement of Accounts.
Comprehensive Income &	This account summarises the resources that have been generated and consumed in providing services and

Expenditure Account (CIES)	managing the Joint Committee during the financial year.
Consistency	The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.
Core Activity	Income and expenditure incurred in the day to day running of the archives, museums and galleries, including exhibitions, learning, collections care, building costs and the corporate centre. It is primarily funded by the four councils, ACE and Newcastle University.
Core Museums Grant	Grant from ACE.
Creditors	An amount owed by the Joint Committee for work completed, goods received or services rendered, but for which payment has not been made at the balance sheet date of the 31 March.
Current Service Cost (Pensions)	The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.
Debtors	Monies owed to the Joint Committee but not received at the balance sheet date of the 31 March.
Defined Benefit Scheme (Pensions)	A pension or other retirement scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.
DCMS	Department for Culture, Media & Sport.
Earmarked Reserve	A sum set aside for a specific purpose.
Emoluments	Payments received in cash and benefits for employment.
Events after the Balance Sheet Date	Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.
Expected Rate of Return on Pensions Assets	This is an actuarially calculated estimate of the return on the scheme's investment assets during the year.
Fair Value	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction (a transaction between two related or affiliated parties that is conducted as

if they were unrelated, so that there is no question of a conflict of interest) less, where applicable, any grants receivable towards the purchase or use of the assets.

Fees and Charges	Income arising from the provision of services, for example, charges for research enquiries or group tours.
Financial Handbook	Practical guide to the Financial Regulations for officers of TWAM.
Financial Instrument	Document (such as a cheque, draft, bond, share, bill of exchange, futures or options contract) that has a monetary value or evidences a legally enforceable (binding) agreement between two or more parties regarding a right to payment of money.
Financial Regulations	Procedures ensuring objectivity, fairness and probity in financial systems and transactions.
FRS	Financial Reporting Standard issued by the Accounting Standards Board.
Going Concern	The concept that the Joint Committee will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.
Heritage Assets	Assets held and managed by the Joint Committee principally for their contribution to knowledge or culture.
IFRS	International Financial Reporting Standard issued by the International Accounting Standards Board.
Impairment	The loss of value in a fixed asset arising from physical damage, deterioration in the quality of service provided by the asset or from a general fall in prices.
KE-EMu	Collections management software.
KPI	Key Performance Indicators.
LA7	The LA7 comprises Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland Councils.
Liabilities	Any amounts owed to individuals or organisations, as at 31 March, which will have to be paid at some time in the future.
Liquid Resources	Current asset investments that are readily disposable by the Joint Committee without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

MPM	Major Partners Museums.
MD	Museums Development Programme.
Materiality	An item is material if its omission, non-disclosure or mis-statement in the financial statements could be expected to lead to a distortion of the view given by the financial statements.
Movement in Reserves Statement	Shows the movement of reserves held by the Joint Committee analysed into Usable and Unusable reserves.
MREA	Museums Rapid Enterprise Assessment.
Provisions	These are sums set aside to meet liabilities or losses which have been incurred but where the amount and/ or timing of such costs are uncertain.
Prudence	This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in the light of information available.
Related Party Transactions	A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. An example could be the purchase, sale, lease, rental or hire of assets between related parties. A related party indicates two parties who are joined by a special relationship prior to the transaction or deal.
Reserves	These represent specific amounts set aside for future policy purposes or to cover contingencies.
Revenue Expenditure	Expenditure on providing day-to-day services, for example employees' costs and premises costs.
SeRCOP	Service Reporting Code of Practice issued by CIPFA.
SLA	Service Level Agreement.
SMT	Senior Management Team.
SOLACE	Society of Local Authority Chief Executives.
Strain on the Fund	Pension strain is a concept for the management of the pension fund finances arising from an employee retiring early, without actuarial reduction of pension. This causes lost contribution income and creates an interest cost arising from the associated earlier, increased cash flow.

Tax Incremental Financing	Financing for infrastructure projects.
TUPE	Transfer of Undertakings (Protection of Employment).
TWAM	Tyne & Wear Archives & Museums.
Usable Reserves	A reserve that can be applied to fund expenditure, e.g. Earmarked Reserves.
Useful Life	This is the period over which the Joint Committee derives benefit from the use of a fixed asset.
Unusable Reserves	A reserve that cannot be applied to fund expenditure, e.g. Accumulating Absences Account.
Use of Brackets	Brackets are used to indicate income, decreases in assets or decreases in liabilities or increases in the reserves.
VAQAS	Visitor Attraction Quality Assurance Scheme.