

Company Number 03888251

Registered Charity Number 1079666

The Museums, Libraries and Archives Council

(a company limited by guarantee)

Annual Report and Financial Statements For the year ended 31 March 2011

Presented to Parliament pursuant to Article 6(2)(b) of The Government Resources and
Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009 - SI 2009 No 476

Ordered by the House of Commons to be printed 18 July 2011



The Museums, Libraries and Archives Council
Grosvenor House
14 Bennetts Hill
Birmingham
B2 5RS

The MLA is the government's agency for developing and improving England's museums, libraries and archives. We enable them to provide more and more people with high quality experiences that enrich their lives.

Leading strategically, the Museums, Libraries and Archives Council promotes best practice in museums, libraries and archives, to inspire innovative, integrated and sustainable services for all.

© Museums, Libraries and Archives Council 2011

The text of this document (this excludes, where present, the Royal Arms and all departmental and agency logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as Museums, Libraries and Archives Council copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

This publication is also for download at www.official-documents.gov.uk
Or the MLA's website at www.mla.gov.uk

ISBN 9780102974461

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2441151 07/11

Printed on paper containing 75% recycled fibre content minimum

The MLA is not responsible for views expressed by consultants or those cited from other sources

Contents

Annual Report of the Board of Trustees

| | |
|--|----|
| Introduction | 4 |
| Review of the year | 5 |
| Structure and Governance | 18 |
| Remuneration Report | 24 |
| Financial Review of the Year | 26 |
| Statement of Trustees' and Acting Chief Executive's responsibilities | 28 |
| Statement on Internal Control | 29 |

| | |
|--|-----------|
| The Certificate and Report of the Comptroller and Auditor General to the Members of The Museums, Libraries and Archives Council | 32 |
|--|-----------|

| | |
|-----------------------------|-----------|
| Financial Statements | 34 |
|-----------------------------|-----------|

ANNUAL REPORT OF THE BOARD OF TRUSTEES

INTRODUCTION

We are pleased to introduce the Museums, Libraries and Archives Council's Annual Report and Financial Statements for 2010/2011. A year of unprecedented and unwelcome change for the MLA.

On 26 July 2010 the Secretary of State for Culture, Olympics, Media & Sport announced that as part of the review of public bodies, the MLA was to be wound up and its functions transferred to other organisations by 2012. In the months that followed, DCMS held discussions with a number of sector bodies, including the MLA and Arts Council England (ACE), to secure the best possible arrangements for continuing essential functions and maintaining future strategic leadership for the museums, libraries and archives sectors. In November 2010, the Minister for Culture announced that responsibility for regional museums, libraries and cultural property would transfer to Arts Council England (ACE) following the abolition of the MLA. This was subsequently endorsed by Arts Council England's National Council in December 2010. In April 2011, DCMS announced that support and leadership for the UK's archives sector would transfer to The National Archives (TNA) from April 2012.

Through many uncertain months, the MLA has continued to deliver its diverse range of responsibilities, while also planning for the transfer of key functions and ultimately its closure. In December 2010, MLA commenced formal consultations with staff, all of whom were at risk of redundancy. A detailed plan was agreed with the ACE for the redeployment of some MLA staff and consultations with staff on this began in March 2011. Since that date we have made good progress with this plan and as a consequence we currently expect around one third of MLA's staff to transfer to ACE in October 2011 with the remainder being made redundant in 2011 or 2012.

The decision to wind up the MLA came as a great disappointment to the MLA Board and its staff. In July 2010 we had just completed our transformation programme and created an organisation with greatly reduced operating costs, increased effectiveness and the expertise needed to help our sectors' turn their ambitions into reality. However, we were heartened when the Secretary of State wrote to us explaining that whilst it had been a hard decision to make, it was an important part of the Government's drive to cut costs and increase transparency, accountability and efficiency and that it was "no reflection on the professionalism and ability of your staff and management who have been outstanding".

You will see from this report that even in such difficult and uncertain times MLA has continued to be highly effective and attained a wide range of notable achievements. Our staff have indeed been outstanding. We extend our most sincere gratitude to all members of the MLA staff whose exemplary professionalism and commitment have been so crucial to all that we have achieved. Together with the volunteers on the MLA Board they have ensured that, for another year at least, MLA has made a real difference.



Paul Lander
Accounting Officer and
Acting Chief Executive



Andrew Motion
Chair of the Board of Trustees

REVIEW OF THE YEAR

The MLA is the Government's agency for developing and improving England's museums, libraries and archives. We believe that such development and improvement will enable more and more people to enjoy high quality experiences that will enrich their lives. We pursue this vision by providing strategic leadership that seeks to promote best practice in museums, libraries and archives to inspire integrated, innovative and sustainable services for all.

Although 2010/11 was our last full year of operation we continued to invest in a wide range of activities which ensured that limited resources were effectively targeted so as to support the improvement agenda. Working across Government, and with 150 local authorities, 3000 public libraries, 300 archives and 1200 museums, we have underpinned the development of targeted services for communities.

By pursuing our four strategic priorities, namely continuous improvement, learning and skills, sustainable communities, and effective leadership and strong advocacy, we believe that we have successfully empowered museums, libraries and archives to make measurable and substantial improvements to the quality of life of local people.

Key achievements for each area of work during the period under review are outlined below.

Sharper Investment for Changing Times

Our work was carried out against the backdrop of the fallout from the difficult economic climate and under the shadow of the severe spending cuts that were expected across the public sector. The MLA responded proactively to the challenges posed by this political climate by publishing *Sharper Investment for Changing Times*. This was a prospectus setting out how the museums, libraries and archives sector, and local government in particular, might adapt positively to the difficult times ahead. By working extensively at a grass roots level, MLA regional staff were able to help local authorities and stakeholders grapple with balancing considerable budgetary restraints with the duty to deliver a comprehensive and efficient library service. Under the spotlight of media interest, the MLA publicly emphasised that responsibility for shaping local library services rested squarely with local elected government. By embarking on a period of intensive engagement with councils to offer best practice advice and support, the MLA sought to ensure that councils fulfilled their responsibility to consult with local people so that future provision was based upon a comprehensive analysis of local needs and designed to contribute to wider local authority strategies.

Renaissance – museums for changing lives

This was the second year that saw regional Hub museums successfully implement the business plans that MLA had endorsed. As a result, the Renaissance programme was able to demonstrate its huge value to regional museums and to the people who use them. Visitor numbers and overall use continued to grow while evaluation of community engagement and sustainability projects showed how the programme contributed to the overall capacities and capabilities of the sector. At a national level, Renaissance once again lent support to the very successful *Museums at Night* national campaign as well as facilitating the work of the Subject Specialist Networks of professionals and Designated Collections. Amongst other innovative investments, Renaissance funding supported the *Our Pictures* project which is now being led by the BBC. This project is working towards making all of the UK's 200,000 publicly owned oil paintings available on-line. Renaissance funding also provided support for a project initiated by the Open University that aims to create podcasts of some of its teaching seminars at regional art galleries.

This year also witnessed the new vision for Renaissance translated into an operational model. This vision, which was born out of an independent review (chaired by Professor Sara Selwood in 2009), coupled with external consultation and MLA expert input, has culminated in the creation of a completely new Renaissance structure. As a result, the current regional hub architecture will be dismantled and replaced with an innovative new way of delivering funding. This model will involve identifying a small number of major institutions with large audiences and important collections that will be selected for 'core' museum status on the grounds that they have demonstrated their ambition to embody true excellence. Other smaller, regional museums will also have the opportunity to receive Renaissance money through the 'challenge funding' element of this new model.

The MLA's new Renaissance programme was publicly endorsed by the Government at the Museums Association conference in October 2010 when Culture Minister, Ed Vaizey, outlined the MLA vision for the first time. The fact that the Government recognises the value of the Renaissance programme was made manifest by the CSR settlement. Although reduced by 15% in real terms (in line with funding cuts for all national museums), Renaissance funding will be provided for at least the next four years which covers the period of the current funding settlement.

Responsibility for the Renaissance programme will start moving from the MLA to Arts Council England (ACE) in October 2011 and its new approach, based on the model outlined above, will be introduced in April 2012.

The funding settlement was not able to protect all the programmes outside of Renaissance and as a result of this, DCMS, ACE and the MLA made a decision to transfer some of the priority programmes into Renaissance from 2011/12 onwards. These programmes include Accreditation, Designation, national security advice, the V&A Purchase Grant fund and the PRISM fund. Although this will have some impact on the resources available for regional museums, the MLA believes that providing such funding under the Renaissance banner will promote a more holistic approach to regional museum improvement. The current arrangement for The Portable Antiquities Scheme will continue to be funded primarily by Renaissance whilst being directly managed by the British Museum.

Future Libraries Programme (FLP)

It was in response to the economic challenges faced by local government across the country that the Future Libraries Programme was announced by Ed Vaizey in the summer of 2010. Managed jointly between MLA and the Local Government Group (LGG), this initiative invited local councils, either individually or in collaboration, to apply to participate in a transformation programme designed to support innovation and ensure that libraries are well equipped to deliver their services into the 21st century. In Phase One, ten change projects, involving 36 councils, were selected on the basis they had demonstrated a strong track record in delivery and shared learning, and were seeking to deliver imaginative solutions to the many challenges facing the sector. The projects have proved to be an excellent test bed for developing and assessing innovative approaches with several now progressing to implementation.

The solutions fell into four categories, namely sharing services across council boundaries, reviewing the location and distribution of service points, providing new models of delivery, and divesting library assets into community management and ownership. Lessons learned from these activities have been disseminated widely across local government and the library sector by way of seminars and an online community of practice, as well as publications on community libraries and digital opportunities and, of course, the reports of the change projects themselves. As a result, FLP has established itself as a major programme which has located the library sector at the forefront of public service reform.

Supporting best practice and improvement across the country

Much of the MLA's improvement and best practice work is done in the field, through its small regional teams which are divided into four geographical Areas: North (North West, North East and Yorkshire), West (West Midlands and South West), East (East Midlands, East of England, and South East) and London. As well as ensuring accountability for the successful delivery of Renaissance investment regionally, the teams spend a significant proportion of their time engaging with local government and other stakeholders to ensure that an integrated and joined-up approach is adopted when thinking about service delivery.

Team East

As the impact of budget cuts within local authorities made itself evident, Team East experienced increased demand for its expertise and support. In responding to these demands, the team sought to achieve a balance in its work. On the one hand it offered support for the review of structures and governance in order to mitigate financial pressures, whilst on the other it continued to work with organisations that expressed an appetite to innovate and develop excellent services.

In addition to the specific interventions described below, the team provided extensive support for the 14 Renaissance partners across three regional Hubs as well as to the Strategic Commissioning programmes and other core activities, such as the Designation Development Fund, Museum Development, regional sector representative groups and regional cultural partnerships.

The Team conducted peer reviews of museums services at Maidstone and Canterbury, and, for the first time, with an archive service at Bedford. It contributed expertise via the Cambridgeshire Review Programme Board, and supported Colchester and Ipswich with the museums element of their wider-ranging fundamental service review. Staff time, rather than funding, has been used to good effect to support Peterborough and Southend in examining aspects of their museums services. In Leicestershire the Team's input ensured that a complex, high profile review of Libraries, Heritage and Arts services resulted in a report that enabled the council to make sound decisions, while in Derby it provided post-peer review support that is leading to an exciting new vision for the museum service. Team East also worked closely with the area's three Future Libraries Programme projects, offering dedicated support, coordinating access to consultants and collating feedback and evidence of good practice.

In terms of development and innovation, MLA funded The Derbyshire Culture Theme Partnership for a project to identify outcomes that tangibly influenced the Culture and Sport Outcomes Framework. In Brighton the Team East worked with the library team to introduce and apply Systems Thinking to service development, and with sector and school delivery partners in SEWS and Hampshire to embed museums in Sussex University's Widening Participation programme.

By bringing together representatives from Southend's Further and Higher Education services with public library partners, Team East was able to promote a collaborative way of shaping the content strategy for Southend's proposed shared-service central library. This involved devising a workshop for the area's museum leaders to develop creative approaches to future planning.

The area's cultural improvement networks were supported and advised to ensure maximum benefit for the sector which assisted them in gaining an additional £150k for the East of England's library SPINE project.

Portsmouth's Heritage Lottery Fund bid was supplemented to ensure that libraries played a significant role in the town's Dickens festival and MLA offered a small grant (£5k) to help Medway develop its community hub concept.

In Milton Keynes and the South Midlands, the team worked with Milton Keynes, Corby and Luton to develop and pilot a framework to embed young people in the plan for culture through a pan-regional youth engagement framework.

Team East also used its engagement with networks and individual institutions to alert them to emerging opportunities and issues. A commitment to systematic intelligence gathering meant that the Team was able to identify potential problems and risks so that support could be provided and discussions initiated at the earliest possible opportunity. Indeed, over the year MLA saw a steady increase in such pro-active approaches, particularly from library services.

Team West

Requests for MLA engagement reached a peak in the West during 2010/2011 and, whilst the fundamental driver for this was the reduction in public sector funding, it also reflected the strength of the relationships built up by the team in recent times and the quality of the MLA tools, products and best practice that have been developed.

In view of this high level of demand, the team were forced to make some difficult decisions about how best to target intervention. In a number of cases, the Team had to prioritise those local authorities and organisations facing fundamental change caused by the reduction in public sector finance. Nevertheless, the team was also able to undertake a range of projects with those stakeholders and parts of the sector looking to innovate and develop best practice.

In terms of such Innovation and Best Practice, Team West worked with the Society of Chief Librarians (SCL) and local authority partnerships in both the West Midlands and South West regions as well as with clusters of local authority groups to explore the possibilities of creating more efficient and effective library service delivery through joint working. Reports in these two regions are now being presented to the council Chief Executives and politicians and are being utilised in a number of sub regions.

Team West also worked with such partners as South West Screen, Audiences Central and the University of Birmingham to encourage sector innovation within the context of the digital agenda, audience development and knowledge transfer respectively. The ground breaking *New Ways of Curating* programme, funded by, and in close partnership with the ACE, continues to deliver a series of projects encouraging the arts sector to work in tandem with museums and archives.

By conducting Peer Reviews on Library Services in Herefordshire and Bristol, Team West has made a positive contribution to service improvement. Similarly, in Swindon, at the request of the Borough Council, it has engaged with other agency partners to deliver a successful Culture and Sport Strategic Dialogue.

Team West also worked effectively with local authorities where radical changes to the museums sector were being considered. In particular, it continued to support the efforts in Worcestershire to rationalise the delivery of museums services in the county. It also initiated a similar process in Staffordshire. In the South West, the Team facilitated the successful transfer of the North Somerset Museum to Weston Super Mare Town Council. In so doing, the Museum was saved from closure.

In addition, the Team engaged with County Councils such as Warwickshire, Gloucestershire, Somerset and Dorset to address significant budget challenges and service re-design. The team also engaged with a large number of other authorities, including Swindon and Stoke, to support the development of new library strategies, as well as contributing to member reviews and scrutiny processes in Walsall, Birmingham and Cornwall councils.

Building on the professional respect it has generated in recent times, Team West utilised its extensive range of relationships to ensure that the MLA has been effectively represented at the right level across a wide range of professional networks. By participating in Culture Boards at Birmingham, Cornwall, Plymouth, Swindon and Taunton, the Team was able to maintain an up-to-date and thorough understanding of key local and regional sectoral challenges.

With the announcement of the closure of the MLA, Team West worked intensively with the main sector groupings to ensure their sustainability during the transition period and beyond. With the aid of financial support, both the West Midlands Policy Forum and the Archives Forum were able to embark on programme of strategic development, which will increase their capacity to respond to the changing political and economic context.

Team West was also called upon to assist a number of independent organisations during the course of 2010/2011, again, often as a result of the pressure on public finances. Amongst others, the Team provided valuable support to the Royal Cornwall Museum, National Maritime Museum Cornwall, British Empire and Commonwealth Museum and the Wedgwood Museum.

Team North

During 2010/11 Team North worked with the 50 top tier authorities in Northern England as well as with a wide range of delivery partners and cultural agencies. In so doing, Team North successfully delivered over 60 projects and interventions, created opportunities for the sector, lead the development of good practice, brokered partnerships and acted as a catalyst of change to ensure that the sector adapted and retained its relevance. This was in addition to managing the Renaissance and Strategic Commissioning programmes.

Team North also promoted debate on shared services, supported studies including the RIEP-funded study across NW libraries, Yorkshire & Humberside mobile services, Tees Valley museums and Tyne and Wear libraries. It facilitated and provided a 'critical friend' role to the three diverse Future Library Programme projects across the area, thereby shaping outcomes, facilitating new delivery models and promoting the dissemination of learning. Additionally, Team North supported service reviews, challenged ways of working, championed services with both partners and stakeholders and developed best practice in stakeholder consultation.

With regard to horizon scanning and maximising opportunities, Team North used its expertise to broker opportunities and make partners in the sector aware of emerging developments. Armed with this intelligence, museums, libraries and archives were well positioned to demonstrate relevance and value. Projects included developing strategic commissioning readiness, working with individual authorities and Renaissance NW, contributing to the *Rethinking Museums Challenge*, embedding the sector in MAA delivery and developing understanding and practice in community engagement.

The challenges of the Spending Review focused debate on the value and funding of cultural services. Team North actively contributed to this debate by engaging with authorities across the area to champion the benefits of the sector and encourage a strategic service review approach, as opposed to ad hoc serial cuts. Against a backdrop of continually changing local authority plans during the budget setting process, Team North offered information, advice and guidance on meeting C&E obligations. This demonstrably influenced the processes followed by local authorities and provided an opportunity for communities to both influence the shape of future delivery and voice the significance of the service to them.

One particular area of activity of which Team North is particularly proud is the creation of a comprehensive intelligence base, developed from grass roots relationships, which enabled queries and issues to be resolved efficiently and ensured prompt responses to DCMS queries.

Team London

During the course of the year, Team London carried out Light Touch Peer Reviews with Barnet, Barking and Harrow as well as supporting a revision of Croydon's library strategy. In addition, the Team worked with the Future Libraries Programme pilot sites in London, the Tri-borough partnership of RB Kensington and Chelsea, Hammersmith and Fulham and City of Westminster, and the SE London group (SELPiG) of Croydon, Bexley, Bromley, Greenwich, Lewisham, Southwark and Lambeth.

Additionally, Team London continued to host the London Cultural Improvement Programme on behalf of the London Cultural Improvement Group. Since 2007 this body has supported all 33 London boroughs by leveraging in external funding from Capital Ambition, (the London Regional Improvement and Efficiency Partnership), as well as substantial partnership contributions. The year saw the completion of the majority of its projects which have produced a range of tools that will be made available to boroughs in the future. Valuable peer support networks, providing a range of training to officers and members, have also been established. Training projects included E-Marketing, Measuring Social Outcomes, Working with Children's Services, Film App, and Heritage Change.

The London Library Change Programme has also produced a set of tools based on a 'Strategic Options Framework' for boroughs to use in revising their library strategies in response to public spending cuts. At the end of 2010/11, seven partnerships covering 25 boroughs had been identified to receive further funding to implement the next stage of their projects. These will embrace shared services, outsourcing and integration with other local services.

Team London was active in taking the lead to pilot a number of commissioning clusters which enabled the sector to participate in broader consortia to access funding opportunities through the new commissioning model in public services

The London Living Places Partnership, chaired by the London Field Team, supported LB Havering's regeneration strategy in Rainham and South Hornchurch, and a further regeneration project at the Whitechapel Gallery and Toynbee Hall

The Knowledge Transfer Programme, which develops the MLA role in supporting business innovation within the sector, published its final report of essays by participants in the four pilot projects which were co-funded with the London Development Agency

With funding from the European Union Gruntvig Partnership, the Team also led an international partnership including a number of national museums, the Historic Royal Palaces and Birmingham University, to progress the Challenging History initiative

Advancing the Library Action Plan

As well as delivering the Future Libraries Programme, MLA has taken forward a number of other library related initiatives. It worked closely with LLUK, the Sector Skills Council for the lifelong learning workforce, to ensure standards and coherence in qualifications for the library workforce. This included the development of National Occupational Standards and Apprenticeship frameworks. LLUK closed in April 2011 when responsibility for library workforce development transferred to LSIS (Learning and Skills Improvement Service)

The current framework agreement for Reference Online, the consortia approach to the purchase of online reference materials led by MLA, will expire in March 2012. The value of this initiative is demonstrated by the fact that by 2010 efficiency savings of £7.7m had been secured for public libraries. MLA is currently working with ACE, the Society of Chief Librarians and a range of publishers to renew the framework agreement.

MLA is also working with the Chartered Institute of Library and Information Professionals (CILIP) and the Society of College, National and University Libraries (SCONUL) to maintain and develop the Designing Libraries website. This website provides a web based resource for sharing best practice in library planning and design. It is anticipated the website will be financed from sponsorship from 2011.

Once again, the MLA granted an annual funding agreement to the Reading Agency to deliver reader and literature development work in public libraries. In 2010 the Reading Agency maintained the work of the Youth Board which draws together government departments, local authorities and national organisations, such as Booktrust, to support young peoples' engagement with public libraries. It also developed a health toolkit to measure the impact of reading and to assess the impact of public libraries on the health and well being of individuals. In addition, it maintained a database of reader groups in England.

MLA also gave financial support to the Children's Laureate, Anthony Browne, to enthuse children and young people to enjoy books and reading.

Living Places

MLA continued to act as the lead agency for the Living Places partnership, which includes ACE, the Commission for Architecture and the Built Environment (CABE), English Heritage, Sport England, DCMS and Communities and Local Government (CLG). Living Places was initiated in 2006 to help create thriving and vibrant communities in places where regeneration and growth was being experienced. The programme concluded in 2010/2011. Its major successes included

- Developing the Culture and Sport Planning Toolkit which enables planners and culture and sport professionals to collaborate when planning appropriate culture and sport infrastructure,

- Leading a partnership of regional NDPBs working with the five Priority Places (Corby, the South West, Urban South Hampshire, Pennine Lancashire and the Thames Gateway) This work involved defining how Living Places would support participating places to use culture and sport as a tool to build sustainable communities, and to ensure that this experience informed national policy making One important aspect of this initiative was the way in which the MLA promoted collaborative working between these Priority Places,
- Pioneering the *Our Place* project, where creative and learning centres were established in empty shops in Taunton and Blackburn's high streets to help to introduce informal adult learning to a broader audience,
- Leading Living Places engagement with CLG to facilitate integration between culture and sport within the plans for Eco towns,
- Securing the legacy of the Programme through commissioning research into the characteristics of success in Priority Places, and by developing a partnership to maintain the CSPT into the future

Acquisitions, Exports & Loans Unit (AELU)

MLA's AELU team has four main programmes which facilitate greater public access to the UK's most important cultural objects In 2010/2011

- The Acceptance in Lieu scheme, which accepts important cultural objects in payment of Inheritance Tax, completed 29 cases with a total value of £8.3m
- The Export Licensing Unit issued 11,966 licences for material with a total value of £9,799m It met its obligation to issue licences within five working days in 99.7% of cases
- The Government Indemnity Scheme, which provides insurance cover at no cost for loans to UK museums and galleries, provided certificates for loans valued at £10,485m This represents a saving for borrowers of £25m in commercial insurance costs
- The team continued to deliver a highly effective and well respected Secretariat function for the Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest

Accreditation

The MLA's Accreditation Scheme sets nationally agreed standards for museums in the UK and supports museums in identifying opportunities for continuous improvement and development During the year, the Accreditation Team, in consultation with the sector, completed an in-depth review of the scheme This was designed to make Accreditation more streamlined and less bureaucratic for participating museums, and to enable the scheme to better serve its purpose of developing and improving museums

During 2010/11 the implementation of the 2004 Accreditation Standard was completed in preparation for the introduction of the revised Standard All museums registered under the previous scheme (between 2004 and 2009) were invited to apply and, in addition, a further 120 museums applied for the first time As of February 2011 there were 1,792 museums participating in the scheme, with 91 museums working towards a first time application Of the 1,792 participants, 91.9% succeeded in gaining the Full award, while 8% achieved Provisional status

By the end of the financial year, the Advisory Panel of key UK stakeholders had agreed the requirements and draft format for the new standard The launch of the revised standard is planned for October 2011, which will underline the ACE commitment to the museum sector

Designation

The MLA's Designation Scheme identifies the pre-eminent collections of national and international importance held in England's non-national museums, libraries and archives. These inspiring collections represent a vital part of our national cultural and artistic heritage and help raise standards across the sector. During 2010/11, three significant collections were added to the register: Chetham's Library, the Royal Horticultural Society's Lindley Library and The Joseph Wright collection at Derby Museum & Art Gallery.

The Designation Development Fund, financed from the Renaissance budget, supports improvements to the management and accessibility of designated collections in museums. A total of 25 projects, involving designated collections with a value of £1.55m, were completed during the year. In addition to this, an initial round of funding was offered to designated collections held in libraries and archives and this resulted in four awards being made to the value of £0.16m.

National Security Advice

The provision of National Security Advice to contractors and staff at cultural venues is an essential contribution to ensuring the safety and security of objects on loan. In addition, MLA's advisers contribute to the planning and design of new-build facilities and refurbishments. During the past year the number of major exhibitions thought the UK continued to accelerate despite the economic downturn. Loans from national institutions, and under the Government Indemnity Scheme, increased in both number and value. By conducting pro-active risk assessments, exhibitions were able to proceed to the benefit of the nation. Floods, natural disasters and political issues all presented new dimensions in the need to balance the demands of lenders and borrowers, both around the UK and internationally, with the importance of ensuring the security of collections.

Two losses have been reported to the MLA in this period. One was in England, where the object was successfully recovered and the offender apprehended whilst the other was a loan overseas, where two pieces of a larger set of small images were stolen. Whilst not directly involved in the recovery of stolen works of art, it is pleasing to note that MLA co-operation with the Metropolitan Police Arts and Antiques Unit assisted in the recovery of a number of objects stolen from National venues some years ago.

Funding for the Preservation of Industrial and Scientific Material (PRISM)

The MLA's PRISM Fund distributed £250,000 of grants to further the acquisition and conservation of important objects within the fields of scientific and industrial heritage. Notable awards were made to the Tank Museum in support of the conservation of the Tiger Tank, Leeds Museums & Galleries towards the conservation of paper documents relating to a Harrison clock, and to Tyne & Wear Museums for the acquisition of the HMS Kelly Bell.

Archives Strategy

The MLA continued to work in partnership with The National Archives (TNA) and CyMAL (Museums, Libraries and Archives Wales) on the delivery of the Government policy embodied in *Archives for the 21st Century*.

Working jointly with the National Archives, the MLA facilitated a series of workshops entitled *Archives for 21st Century in your region*. These workshops were targeted at culture and archives professionals and took place in York, Birmingham and at Kew. The aim was to provide leadership and practical guidance on how best to deliver Government policy within a local authority and university archive context. Particular focus was placed on implementing one of the five recommendations articulated in *Archives for the 21st Century*, namely to 'develop bigger and better services in partnership – working towards increased sustainability within the sector'. The presentations and information provided on the day were recorded and made available on the TNA website and a full evaluation of these events has helped to shape future activity and set priorities on delivering the strategy for the upcoming year.

With funding from the Heritage Lottery Fund, MLA and TNA worked together on the *Opening Up Archives* programme which provided 13 traineeships to bring new people into the sector from diverse personal, professional or academic backgrounds.

MLA and TNA have also collaborated to fund and create a UK partnership to scope the UK Archives Accreditation scheme in partnership with CyMAL, the National Records of Scotland, the Public Record Office of Northern Ireland, and the Archives and Records Association

Notwithstanding, the announcement on 20 April 2011 that support and leadership for the UK's archive sector will ultimately transfer to The National Archives, the MLA has continued to work closely with TNA to ensure that policy delivery to the archives sector is maintained. The MLA, TNA and ACE are now discussing how to maintain current relationships and momentum so that opportunities for archives within arts and culture are maximised

2012 Cultural Olympiad

This marked the third year of MLA's 2012 programme which seeks to use the London 2012 Olympic and Paralympic Games and the Cultural Olympiad as a springboard to increase participation amongst new audiences. It also aims to transform the way in which people experience the inspiration, learning and creativity generated by museums, libraries and archives

Nine projects were finally approved for the flagship *Stories of the World Programme*, totalling 60 participating museums across eight English regions and Scotland. Over 2000 young people are already recruited onto the programme's youth panels to lead the projects, develop creative reinterpretations and gain skills and experience. All participating museums have either established youth panels for the first time, or expanded and developed the remit of their existing panels

Two years of training and support from the National Youth Agency concluded successfully in March 2011. The impact of the training was demonstrated when 11 museums applied for the National Youth Agency award to recognise excellence in youth participation. A national Youth Steering Group was established to represent young people from across the programme and to ensure that youth participation has a permanent legacy. The Group's first activity has been to work on a Youth manifesto and to develop guidance on innovation in exhibition design. In London, over 150 young people contributed 4,000 hours of work to achieve their V50 award, and six young people were employed as paid interns

The first wave of exhibitions and accompanying events programmes was delivered during 2010/11. These included exhibitions at 11 museums across London including the Courtauld Gallery, Orleans House, and the Foundling Museum as well as exhibitions at museums across the country, including Barnsley, Durham and Luton. Other projects presented online resources, audio guides, films and interactive installations in gallery spaces, such as the stethoscope audio tour at Florence Nightingale Museum and poetry slams at Keats House

Elsewhere, as part of its contribution to the Cultural Olympiad, the MLA further developed the *People's Record* project, which aims to both capture the public's response to hosting the Games and to support museums, libraries and archives to develop community engagement initiatives. Nineteen projects were funded with small grants (circa £3,000 each) involving around 7500 participants and 152 volunteers who collectively contributed nearly 1,000 hours of time. The MLA launched the *People's Record* website as the online archive to collect, showcase and, most crucially, to preserve the records beyond 2012

MLA also provided significant funding for the *Our Sporting Life* (OSL) project which was led by the River and Rowing Museums and the Sports Heritage Network. OSL seeks to develop a "nationwide network of community exhibitions leading up to 2012, to bring together from objects, stories and photographs that tell the story of Great British Sport". OSL was launched in March 2010 and, over the course of the year, it delivered 17 exhibitions in venues across the country. The standard exhibition kit enabled the story of sport in the UK to be showcased whilst simultaneously providing space for the exploration of local traditions and experiences

MLA is committed to using the inspiration of the Paralympic games to drive forward disability equality in the museums, libraries and archives sector and to this end two key projects, Paralympic Region and Culturelink, have been championed. The Paralympic Region project aims to ensure that the South East's role as the birthplace of the Paralympic movement at Stoke Mandeville is recognised by the world. Culturelink, which

was delivered in partnership with the RNIB at pilot projects in 7 West Midlands museums, sought to enhance cultural access for blind and visually impaired people by developing the skills of the museums and challenging attitudes. RNIB produced a 'legacy pack' of advice, case studies and practical guidance which will be rolled out to museums in the South East.

Finally, MLA worked with London 2012 to involve the UK-wide public library network in the recruitment drive for 'Games Maker' and 'London Ambassador' volunteers in 2012.

Research & Evidence

The MLA research team, working closely with researchers in Government and other agencies, supports the MLA's improvement work by gathering and sharing evidence of the impact made by museums, libraries and archives, and by identifying the most effective elements in the programmes and projects which MLA funds.

MLA's research website continues to grow in popularity with an approximate 75% combined increase in publication downloads and case study views from 2009/10. The site provides a database of case studies, research and evaluation documents, briefings, and statistical reports. A new set of web pages were created to showcase key sector statistics and to provide a link through to related publications and case studies. This new feature has proved very popular and has helped to increase website activity. The number of research page views has increased by 49 per cent between 2009/10 and 2010/11.

Library user and non-user research involved an evidence review to assess the current evidence base and to identify gaps. By surveying over 1,000 individuals, use and attitudes towards public libraries was explored. This research has provided a baseline which local authorities are able to use to assess their provision.

As part of the Renaissance programme, MLA conducts research to help museums understand their visitors and the visitor experience, as well as assessing the delivery of programmes and their contribution to the lives of these visitors and participants. Work completed includes an evaluation of sustainability at Hub museums. The project applied the Social Return on Investment technique and identified examples of positive cost-benefits in a number of economic sustainability implementation projects.

An evaluation of the BIG Lottery Fund Community Libraries Programme has been completed. This discovered that the inclusion of different spaces to support community activity has resulted in libraries becoming hubs of community activity in a way that was not previously possible, and that the approach to volunteering has become more strategic.

Strategic Commissioning

The Strategic Commissioning programme, which links professionals to enhance the contribution made by museums and archives to education, concluded in March 2011. The MLA received funding from this programme as part of the overall DCMS and the Department for Education Strategic Commissioning Programme between 2009 and 2011. The MLA's programme contributed to some impressive outcomes and outputs as follows:

- Over 50,000 children and young people visited a museum, archive or gallery, either as part of their formal school curriculum or as part of their out of school, informal learning,
- Over 7,400 teachers and trainee teachers learned how to work more effectively with a museum, archive or gallery through an initial teacher training placement, Learning Links exchange, CPD course or taking part in a national programme, such as *Take One* or *Campaign! Make an Impact*,
- More than 1,350 schools worked in partnership with a museum, archive or gallery to develop learning activities for children and young people,
- More than 5,400 museum, archive and gallery staff participated in CPD to support more effective working with teachers, schools and young people,

- 18 regional 'champion' museums and archives were trained to deliver the *Take One and Campaign! Make an Impact* programmes,
- Five regional science networks support museums and archives to deliver science learning opportunities,
- Nearly 1,000 new and updated learning resources were created by project participants, grant holders and partner organisations for use by schools, initial teacher training organisations and cultural organisations,

This activity built on the achievements of the Strategic Commissioning programme in its earlier phase. Major developmental work over this period included

- Rolling out, as national programmes, initiatives such as *Take One Picture*, *Design for Life* and *Campaign! Make an Impact*, supported by 'champion' museums and archives and online resources,
- Further development of the Teaching Outside the Classroom website and partnership with Creativity, Culture & Education (CCE) to which responsibility of the website will transfer,
- Testing and evaluation of workforce skills development models, including a commissioning model for the delivery of CPD programmes,
- Establishing a suite of web-based learning resources for museum, gallery and archive educators, initial teacher training students and teachers,

External evaluation of the models developed by Strategic Commissioning has shown that they are highly effective and make a positive contribution to children's and young people's learning. In view of this, it is expected that ACE will embrace them as it takes forward its new responsibilities. The networks and museums that have participated have all expressed an interest in continuing to deliver this type of programme and it is to be hoped that further funding will be made available from DfE to enable ACE, the National Museums and other partners to continue this good work.

Digital initiatives

Following a review of key areas of digital activity, which was informed by consultation with stakeholders and the wider sector, MLA refocused its activities so that they fully aligned with its objectives for the use of digital technologies as well as its wider strategic aims. Activities have subsequently been based on two initiatives, namely the Sector Improvement Programme and the Data Aggregation Programme.

The Sector Improvement Programme, which aims to improve collections care and management, as well as securing efficiencies, has been delivered through Collections Link's support for Accreditation, Subject Specialist Networks, Museum Development Officer networks and standards. Evidence shows that there are over 1,600 users of Collections Link.

The Data Aggregation Programme, which has been delivered through Culture Grid and Culture 24's system for collating 'What's On' data and educational resources, enables maximum value to be derived by automating digital content upload to a range of platforms. There are now 1.13m digital assets in Culture Grid and these are being used to drive new platforms for audience development, such as *Exploring 20th Century London* and *Find a Library* sites. Culture24's data aggregation programme is used to drive national campaigns such as Museums at Night. A partnership forged between Culture24 and the BBC will enable cultural content to be delivered onto the BBC's *Things to do* website.

Helping secure a networked nation

MLA brokered the public library partnership with the Race Online 2012 campaign which was spearheaded by UK Digital Champion, Martha Lane Fox. Race Online now has 1,000 partners across the public, corporate and charity sectors who are working to support the 9 million people in the UK who have never

gone online take their first steps into the digital domain. The public library promise to support 500,000 people to get online represents the most ambitious partner promise to date.

MLA has also funded Birmingham and Devon home library services to trial a new approach to supporting older people to go online for the first time. Supported by Microsoft and the BBC, the staff and volunteers who deliver this service are trusted intermediaries and who are able to play a key role in encouraging their users to access the benefits of being online. Given that the average age of home library service users is 80 plus, many of whom have limited mobility, this service provides a way by which people within this section of the community are able to develop the skills necessary to take full advantage of the IT resources available. If shown to be successful, this model could be used as a template for national application thereby extending digital participation across the nation.

Informal Learning

MLA funded 20 innovative projects, ranging from performing poetry to making ancient Egyptian socks, to encourage museums, libraries and archives to open up their spaces and resources for groups of self-organised informal learners. Showcased in the MLA's publication *Opening Up Spaces* (June 2010), these projects provide a useful starting point for museums, libraries and archives seeking to advocate their contribution to the Big Society.

School Library Commission

The School Library Commission, jointly established by MLA and the National Literacy Trust and chaired by Baroness Estelle Morris, published its report *School Libraries: A plan for improvement* in September 2010. The key findings led to a number of recommendations to governors, head teachers and sector bodies.

Creative Apprentices Scheme

Apprenticeship posts numbering 56 have now been established in museums through the partnership between MLA and Creative & Cultural Skills. These posts have been created in local authority, independent and some national museums up and down the country, with employers ranging from large to small organisations in both urban and rural areas.

Museums such as Tate Liverpool, Ryedale Folk Museum, Orleans House Gallery, Richmond, London and Thinktank, Birmingham Science Museum continue to benefit from the injection of new sets of skills and capacity, coupled with the fresh perspective that apprentices bring. Evaluation has shown that the Scheme is being used to train staff in line with job needs, forge stronger links with local communities, and to help to change the internal culture of the organisation and the way it is perceived by the public.

From the perspective of the apprentice, the Scheme is not only offers access to employment, but it also provides a qualification, which many apprentices did not previously have. Through formal training, apprentices are able to develop their understanding of both the creative and cultural sector and of how businesses operate. Hands-on experience within the environment of a host museum refines skills in project and event management, promotes team working, provides an insight into how information is recorded and stored, gives apprentices the opportunity to work with financial systems and provides an understanding of the application of health and safety regulations. The MLA has been encouraged by findings from evaluations which reveal that a significant number of apprentices are being retained at the end of the Scheme by their host museum. In view of this, the MLA very much hopes that the sector will be able to continue to operate the Scheme independently in the future and to this end case studies, together with relevant resources, are being prepared.

Sustainability

The MLA has continued to work towards becoming more sustainable as an organisation. It has done this by enforcing tight controls on consumption, particularly around travel, increasing recycling, developing a sustainable procurement policy, and embedding behavioural change in its processes and procedures.

Whilst MLA programmes continue to prioritise carbon base lining, volunteering and income generation as the key themes in developing a more sustainable sector, the strategic focus has centred on promoting financially sustainable activity. This has resulted in the publication of a series of online guidance papers and best practice case studies exploring how different delivery models offer opportunities for financial sustainability and innovation.

Equality and Diversity

Fully committed to increasing levels of equality and diversity in all aspects of its work, in 2010/11 the MLA developed and implemented a comprehensive Single Equalities Scheme. It is also proud of having pioneered the Board secondment scheme which successfully widened diversity at the highest level of the organisation, to the benefit of the secondees involved and, ultimately, to the sector which it serves.

To find out more about MLA visit www.mla.gov.uk

STRUCTURE AND GOVERNANCE

Legal status

The Museums, Libraries and Archives Council (MLA) is Government's lead strategic agency for museums, libraries and archives in England. It is a Non-Departmental Body (NDPB), sponsored by the Department for Culture, Media and Sport (DCMS). This Annual Report and Financial Statements has been prepared at the direction of DCMS and will be presented to Parliament pursuant to the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009.

The MLA was incorporated in November 1999 on the instruction of the Secretary of State for Culture, Media and Sport. It commenced operating in April 2000 under the name "Resource: The Council for Museums, Archives and Libraries" and took responsibility for functions previously undertaken by the Museums and Galleries Commission and the Libraries Information Commission. At the same time its remit was extended to cover Archives in order that DCMS had a single strategic body covering all three sectors, tapping into the potential for collaboration between them. It changed its name to "The Museums, Libraries and Archives Council" in February 2004.

The MLA is a company limited by guarantee (number 03888251) and also a registered charity (1079666). MLA's registered office is at Grosvenor House, 14 Bennetts Hill, Birmingham, B2 5RS. MLA's governing instrument is its Memorandum and Articles of Association. A joint Management Statement and Financial Memorandum set out the framework for the accountability relationship with the DCMS. A Funding Agreement between DCMS and MLA set out agreed priorities and targets for the three years from 2008/09 to 2010/11. Activities during 2010/11 fell within the scope of this Agreement. A similar Funding Agreement is in place in respect of 2011/12.

Since 1 April 2008 the MLA has exercised dominant influence over the first eight regional agencies listed below. The ninth regional agency, Museum, Libraries and Archives London came under MLA's control on 24 March 2010. Prior to these dates they all operated as independent "arms length" organisations with the MLA providing the majority of their funding. At 1 April 2010 all of these organisations had ceased operating activities and during the period to 31 March 2011 they were engaged in transferring activities to the MLA and settling residual liabilities with a view to commencing members' voluntary winding up procedures in due course.

| | Company | Charity |
|---|----------|---------|
| Museums, Libraries and Archives Council, East of England | 04148021 | 1085036 |
| Museums, Libraries and Archives East Midlands | 04401317 | 1092956 |
| Museums, Libraries and Archives North East | 04159174 | 1085565 |
| Museums, Libraries and Archives North West | 01554226 | 511412 |
| Museums, Libraries and Archives South East | 04131121 | 1086030 |
| Museums, Libraries and Archives South West | 01626497 | 284996 |
| MLA West Midlands: The Regional Council for Museums, Libraries and Archives | 01688880 | 513708 |
| Museums, Libraries and Archives Yorkshire | 01593054 | 512249 |
| Museum, Libraries and Archives London | 04936620 | 1101920 |

Vision and Purpose

Following its restructuring the MLA redefined its Vision and Purpose and identified four priority areas for its work in 2009/10 and beyond. They can be summarised as follows:

Vision

Leading strategically, the MLA promotes best practice in museums, libraries and archives, to inspire innovative, integrated and sustainable services for all.

Purpose

To enable museums, libraries and archives to provide more and more people in England with high quality experiences that enrich their lives

Priority 1

To assist those responsible for funding and leading museums, libraries and archives to oversee constant improvement and increased responsiveness to local needs

Priority 2

To enable museums, libraries and archives to increase their contribution to learning and skills development in order that individuals have improved life and employment opportunities

Priority 3

To enable museums, libraries and archives to make an increasing contribution to their local economies and communities

Priority 4

To be a highly effective organisation providing clear leadership and strong advocacy for the sector, respected and valued by all that we work with

Charity Commission Guidance and Statement of Public Benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to guidance published by the Charity Commission including the Commission's general guidance on public benefit when reviewing the charity's aims and objectives as demonstrated in the Vision, Purpose and Priorities set out above

Our funding and how we spend it

Most of our funding comes from DCMS as Grant in Aid and grants for specific programmes. MLA also receives grants from other government departments and agencies. We manage Lottery Fund supported programmes and administer awards from other charitable bodies. The money is spent providing grant awards to other bodies for research, advocacy and programme management.

During 2010/11 expenditure on these activities totalled £61.8 million for the consolidation and £60.7 million for the company, split between the principal objectives for the year as follows

| | Consolidation £ million | Company £ million |
|---|------------------------------------|------------------------------|
| Assist the sector's leaders to oversee constant improvement and responsiveness to local needs | 28.5 | 28.1 |
| Enable the sector to increase its contribution to learning and skills development | 8.8 | 8.5 |
| Enable the sector to make an increasing contribution to local economies and communities | 13.0 | 12.7 |
| Provide clear leadership and strong advocacy for the sector | 11.6 | 11.4 |

Further information is available in the Financial Statements on pages 34 to 67

Grant in Aid Funding

Prior to 2008/09 MLA had, in each year, drawn down all of the annual Grant in Aid it had been awarded by the Secretary of State in its funding agreement. This allowed MLA to hold cash reserves sufficient to meet its contractual obligations as they fell due and comply with Charity and Company law. During the early months of 2010 DCMS advised that in order to comply with government accounting rules, MLA should not draw down funds in advance of need for the financial year 2009/10 and subsequent years. Accordingly an adjustment was made to Grant in Aid for funds drawn down in advance of need for £3,700k in the financial statements for 2009/10. No adjustment has been necessary for 2010/11.

Grant making policy

It is not MLA's general policy to award grants to individuals, except in the context of specific schemes managed on behalf of other funding bodies. Grants are awarded to non-profit making bodies to further MLA's charitable objectives. The Purchase Grant Funds are open to applications from eligible institutions, as are a number of externally funded grant programmes. Other grant awards are for activities specifically commissioned by MLA under approved programmes.

Where grant schemes are administered on behalf of other funding bodies, broad criteria for the awards are agreed with those bodies and applied by MLA. Where major grant schemes are operated at MLA's full discretion, criteria are determined by the MLA. Grant awards are subject to conditions as to accountability and the demonstration of a commitment to inclusive employment and procurement practices.

Further details of grants and awards made by MLA can be found on the MLA Website www.mla.gov.uk

How we are held to account

We account to DCMS against Funding Agreements which set out how we will help the Department deliver on its strategic objectives. We comply with Companies House and Charity Commission filing and reporting requirements.

Board minutes and papers are published with other management documents and regular updates on our activities and plans on our website www.mla.gov.uk. As a public authority we are bound by and actively comply with the provisions of the Freedom of Information Act.

Sector and professional bodies

The MLA has continued its successful and close collaboration with sector and professional bodies such as the Chartered Institute of Library and Information Professionals, the Society of Chief Librarians, the Museums Association, the National Museums Directors Conference, the National Council on Archives and the Society of Archivists.

Relationships between MLA and related parties

The MLA is one of a number of councils and institutions active in the cultural and related sectors which are sponsored by DCMS. MLA makes grants to and receives services from several of these bodies. All transactions are conducted on an arm's length basis and on terms no more favourable than those offered to or by other unrelated parties. Full details are set out in note 24 to the financial statements.

Trustees and officers

MLA's Trustees are the statutory directors of the company and trustees of the charity. The following Trustees served during the year:

| | | |
|--------------------|---------|-----------------------|
| Nancy | Bell | Appointed 1 May 2010 |
| Geoffrey | Bond | |
| Professor Patricia | Cullen | |
| Angela | Dean | |
| Nick | Dodd | Resigned 5 April 2011 |
| Yinnon | Ezra | |
| Dr Helen | Forde | |
| Glen(ville) | Lawes | |
| Sir Andrew | Motion | Chair |
| Karen | Tyerman | |
| Robert | Wand | |

The majority of Trustees and the Chairman are appointed by the Secretary of State for Culture, Olympics, Media and Sport. Following an amendment to the MLA's Articles of Association on 24 January 2008 the Mayor of London has the right to appoint the Chair of MLA London who automatically becomes a Trustee of the MLA. The Mayor of London has used this right to enable the appointment of Ms Nancy Bell.

The composition of the Board of Trustees has changed considerably following the wind down of the regional agencies. Whilst the Articles of Association provide that there can be a maximum of fifteen Trustees the Board has decided that it is beneficial to operate with a smaller Board with no more than twelve Trustees.

The Board of Trustees met 6 times during the year. Individual Trustees also made a number of visits to museums, galleries, libraries and archives in the UK and beyond. New Trustees are given induction training when they join the MLA.

The Board of Trustees determines MLA's strategy and considers and approves proposals for new policies or variations in existing policies. Annual budgets, Business Plans and the Corporate Plan are subject to Board approval. The Board of Trustees appointed Roy Clare as Chief Executive on 1 September 2007 and Paul Lander as Company Secretary on 3 April 2008. Roy Clare resigned from his post on 20 May 2011 and Paul Lander was appointed as Acting Chief Executive on the 23 May 2011.

Trustees are unremunerated, with the exception of the Chairman, Andrew Motion. Details of his remuneration can be found in the Remuneration Report on page 24. Details of Board Members travel and subsistence expenses can be found at note 11 to the financial statements.

Register of Interests

The MLA maintains a register of financial interests of its Trustees which is published on MLA's website and is available for public inspection by appointment at its registered office, Grosvenor House, 14 Bennetts Hill, Birmingham, B2 5RS. Copies can also be provided by post.

Staff Establishment and Organisation Structure

The MLA establishment at 31 March 2011 comprised 98 full time equivalents (FTEs) including vacant posts (2009/10 108). A further 19 FTEs (2009/10 19) were also employed in posts funded by programme funding that is in addition to the DCMS baseline grant. This establishment was structured into six divisions, led by the Head of Communications and Directors of Policy and Sustainability, Programme Delivery, Corporate Services, Engagement East, Engagement West, Engagement North, Engagement London. These eight executives (seven after 20 May 2011), together with the Chief Executive comprise the Executive Board. The four Directors of Engagement lead area teams that take forward the MLA's work in the English Regions replacing the nine Regional Agencies that have closed down.

Other staffing matters

MLA is accredited as an Investor in People and is committed to that standard's principles, including development of its people and effective communication. Teams have regular meetings and major policy and operational issues are presented for discussion at all staff meetings as appropriate. MLA recognises the trade union, Prospect, for the purpose of collective bargaining. The Joint Consultation and Negotiation Committee meets regularly with additional ad hoc meetings as required. MLA is committed to a policy of diversity and equality of opportunity and has introduced an interim single equality scheme that takes account of recent structural changes and emulates best practice.

Following the announcement by the Secretary of State on 26 July 2010 that the MLA would cease operating by 2012 and that key functions would be transferred to other organisations, MLA has spent many months discussing the details of these proposals with DCMS, Arts Council England (ACE) and other organisations and developing and implementing appropriate plans. As part of this process, on 1 December 2010, MLA advised all of its employees that they were at risk of their employment ceasing by virtue of redundancy during 2011 or 2012 and commenced a period of formal staff consultations.

Staff consultations were completed on 20 May 2011 and MLA is now implementing arrangements that will result in around one third of its employees transferring to ACE during October 2011 and the balance leaving as a result of resignation or redundancy between June 2011 and August 2012.

During 2010/11 there were 615 staff sickness absence days which can be analysed as follows

| | 2010/11 | 2009/10 |
|-------------------------------------|---------|---------|
| Programme Delivery | 215 | 226 |
| Field Team | 79 5 | 72 5 |
| Corporate Services | 226 5 | 79 |
| Policy and Sustainability | 91 | 48 |
| Communications & External Relations | 0 | 0 |
| Chief Executive's/Chairman's unit | 3 | 0 |
| Total | 615 | 425 5 |
| Average days per employee | 6 6 | 4 3 |

The remuneration report can be found on page 24

Public sector payment policy

MLA adheres to the Better Payment Practice code. This means that payment terms are agreed at the outset of a contract and explained to suppliers and all payments are made in accordance with those terms. In the year under review, all undisputed invoices were paid within twenty one days of receipt unless the organisation was entitled to earlier settlement.

DCMS Performance indicators

DCMS set a number of performance indicators for MLA to report on by the end of March 2011

| Performance Indicator | Achievement for 2010/11 |
|--|---|
| Increase the overall number of visits to Renaissance hub museums above the 2008-09 baseline | Achievement 18,654,699 Baseline 15,801,894 Increase of 18.05% |
| Increase the number of participation contacts between school age children in years 1-11 and Renaissance hub museums above the 2008-09 baseline | Achievement 1,510,929 Baseline 1,486,003 Increase of 1.68% |
| Increase the number of instances of adults and child visitors to Renaissance hub museums participating in on-site activity above the 2008-09 baseline | Achievement 1,573,353 Baseline 1,266,216 Increase of 24.26% |
| Increase the number of visits from priority groups (Black minority ethnic, Lower socio-economic groups and Disabled) to Renaissance hub museums above the 2008-09 baseline | Achievement 3,612,864 Baseline 3,310,007 Increase of 9.15% |
| Encourage the voluntary reporting of finds recorded through the Portable Antiquities Scheme to be maintained at a similar level to that achieved in 2007/08 | Achievement 133,683 Baseline 61,732 Increase 116.6% |

Risk management

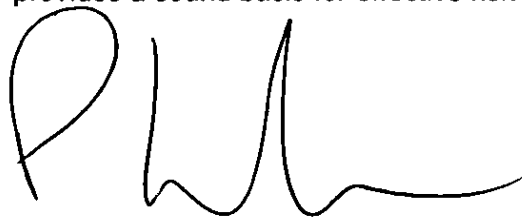
The risks facing MLA are detailed in its risk register and cover External, Operational and Major Change events, each being assessed for Impact and Likelihood. All identified risks have plans which mitigate those risks and are regularly reviewed and monitored by the audit committee. During April and May 2010 the MLA's Risk Management Strategy and management process were subject to extensive review and improvements were implemented in order to ensure that they met the organisation's changing needs. At that time the major risks were identified as

- The new Government may reduce support for the MLA sector,
- The MLA Field team resources prove to be inadequate to cope with the growing demands for support from Local government,
- New Government Ministers do not support the reshaping of Renaissance and funding is significantly reduced
- The economic and political challenges faced by Local Authorities restrict their ability to work with MLA to accelerate reform and achieve 'sharper investment' in museum, library and archive services, making the case for 'sharper investment',
- The relocation of the Acquisitions, Export and Loans Unit to Birmingham, as agreed with Government, experiences unforeseen challenges and the service provided to stakeholders falls below the standard that is required

Following the announcement by the Secretary of State on 26 July 2010 that the MLA would cease operating by 2012 and that key functions would be transferred to other organisations, the trustees and executive regularly reviewed the risks faced by the organisation. In addition the Internal Audit plan, after consultation with DCMS, was revised to take account of the changing circumstances. These actions enabled trustees and management to actively manage risks and ensure that operational effectiveness was maintained whilst MLA worked with ACE and DCMS to develop and implement plans for the transfer of functions and progression towards closure of the organisation in 2012. At the balance sheet date MLA had identified the following as the major risks facing the organisation and put in place appropriate mitigating actions

- The loss of key skills as employees leave MLA places critical functions at risk and impedes ACE's ability to satisfactorily undertake its new responsibilities,
- Deteriorating relationships with key stakeholders as the MLA progresses towards closure mean that MLA is not able to sufficiently influence future policy and articulate the MLA sector's interests and needs,
- The transfer of staff, knowledge and data to ACE is not wholly effective resulting in weaknesses in future operations,
- Changes to the location and operation of the Acquisitions, Export and Loans Unit jeopardise effectiveness and result in the service provided to stakeholders falling below the standard that is required

The Board of Trustees is satisfied that its existing internal controls, which are reviewed annually by its internal auditors, adequately counter the risks of financial loss by fraud, waste or error and that the strategy adopted provides a sound basis for effective risk management



Paul Lander
Accounting Officer and
Acting Chief Executive
The Museums, Libraries and Archives Council
12 July 2011



Andrew Motion
Chair of the Board of Trustees

REMUNERATION REPORT

Remuneration Committee

The Remuneration Committee of the MLA Board meets twice each year and is responsible for reviewing the salary of the CEO and all senior managers employed by MLA. During the year this amounted to 8. The Committee has three members: Andrew Motion (Chair of MLA), Geoffrey Bond (Trustee), Helen Forde (Trustee). The Chief Executive attends committee meetings except when matters relating to his own pay and performance are being considered. The Committee is supported by Frances Morris, Head of HR and Alan Hurst, an independent specialist in public sector remuneration.

Remuneration policy of senior managers

The committee pursues a remuneration policy based on principles which aim to ensure that

- Remuneration is closely tied to the strategic aims of the MLA
- Remuneration compares appropriately with similar organisations
- Individual development is allowed for
- Gender and peer equality principles are embedded

Senior managers are entitled to membership of the Principal Civil Service Pension Scheme (as are all permanent employees) subject to the PCSPS eligibility criteria. See note 1h on page 42 for details.

Performance assessment

Assessment of performance of senior managers is carried out during the year in individual sessions with the Chief Executive, and is fully analysed and appraised at the annual appraisal at the end of the financial year. The Chief Executive is similarly assessed by the Chairman of the MLA.

Performance related remuneration

In addition to their basic salary, senior managers' contracts provide for payment of an annual performance related bonus which is up to 10% of their basic salary (15% for the CEO) of which up to 2% may be consolidated. Senior managers are not entitled to any other allowances or benefits, cash or otherwise. The remuneration set out in the following table includes bonuses paid in the year which were in respect of performance in the previous year. During 2010/11 the MLA fully complied with Public Sector Pay Policy.

Senior managers' contractual policy

The Chair of the Board of Trustees is appointed on a fixed term contract that expires on 2 July 2012. His terms of appointment and salary are fixed by the Secretary of State for Culture, Olympics, Media and Sport. He is not entitled to any compensation for loss of office, any pension benefits or performance related pay. All other senior managers have open-ended contracts of employment and are entitled to compensation for loss of employment under the terms of the Civil Service Compensation Scheme, details are available from the Cabinet Office or at <http://www.civilservice.gov.uk/pensions/compensation-scheme>.

The senior managers who served during the year and their roles are

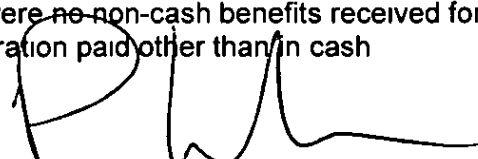
| | | Date of appointment | Notice period |
|----------------|--|---------------------|---------------|
| Andrew Motion | Chairman | 3 July 2008 | 1 month |
| Roy Clare | Chief Executive until 20 May 2011 | 1 September 2007 | 6 months |
| Paul Lander | Director of Corporate Services | | |
| | Acting Chief Executive from 23 May 2011 | 19 March 2007 | 3 months |
| Sue Wilkinson | Director of Policy & Sustainability | 21 June 1999 | 3 months |
| Hedley Swain | Director of Programme Delivery | 7 June 2007 | 3 months |
| Jon Finch | Director of Engagement West | 1 January 2009 | 3 months |
| Sam Bestwick | Director of Engagement East | 1 January 2009 | 3 months |
| Keith Bartlett | Director of Engagement North | 9 February 2009 | 3 months |
| Andrew Holden | Director of Engagement London until 30 June 2011 | 1 April 2010 | 3 months |

The table below discloses the senior managers' salaries in bands, together with the pension that each senior manager would receive if 31 March 2011 were his or her last day of service, the real increases in value of pension and lump sum over the year after considering the impact of inflation, and the cash equivalent transfer value as at 31 March 2011 and 2010 and the real increase in the year after the effects of inflation and member contributions have been taken into account. The cash equivalent transfer value (CETV) is an assessment of what it costs the scheme to provide these pension benefits after allowing for inflation and changes in market investment factors. The previous year's salary and bonus figures are in brackets.

| This disclosure has been subject to audit. | Salary in bands of £5,000 £'000 | Bonus in bands of £5,000 £'000 | Real increase in pension (& related lump sum) at age 60 £'000 | Total accrued pension at age 60 at 31 March 2011 (& related lump sum) £'000 | Cash equivalent transfer value at 31 March 2010 * £'000 | Cash equivalent transfer value at 31 March 2011 £'000 | Real increase in CETV as funded by MLA £'000 |
|--|--|---------------------------------------|--|---|--|--|---|
| Andrew Motion | 25 - 30 (25 - 30) | n/a | n/a | n/a | n/a | n/a | n/a |
| Roy Clare | 125 - 130 (125 - 130) | 0 (15-20) | n/a | n/a | n/a | n/a | n/a |
| Paul Lander | 90 - 95 (90 - 95) | 0 (5-10) | 0 - 2.5 | 5 - 10 | 88 | 117 | 24 |
| Sue Wilkinson | 80 - 85 (80 - 85) | 0 - 5 (5-10) | 0 - 2.5 (0 - 2.5) | 25 - 30 (85 - 90) | 458 | 506 | 8 |
| Hedley Swain | 70 - 75 (70 - 75) | 0 (0-5) | 0 - 2.5 | 0 - 5 | 43 | 62 | 13 |
| Jon Finch | 70 - 75 (70 - 75) | 0 - 5 (0) | 0 - 2.5 | 0 - 5 | 13 | 26 | 9 |
| Sam Bestwick | 70 - 75 (70 - 75) | 0 - 5 (0) | 0 - 2.5 | 0 - 5 | 14 | 27 | 9 |
| Keith Bartlett | 70 - 75 (65 - 70) | 0 - 5 (0) | 0 - 2.5 (0 - 2.5) | 10 - 15 (35 - 40) | 170 | 196 | 10 |
| Andrew Holden (from 1 April 2010) | 70 - 75 (n/a) | 0 (n/a) | 0 - 2.5 | 0 - 5 | n/a | 10 | 8 |

*The cash equivalent transfer values (CETV) at 31 March 2010 are based upon revised actuarial assumptions adopted by PCSPS during 2010 (mainly to account for the change from the use of RPI to CPI to calculate future pensions increase). The opening CETV values shown in this year's report are therefore different to the closing CETV values quoted in the previous year's report. Roy Clare, was a member of a personal pension scheme to which the MLA contributed at the rate of 8.9% of his basic salary, which is the total liability falling on MLA in respect of these arrangements. During 2010/11 the total cost of the MLA's contributions was £11,363 (2009/10 £11,363).

There were no payments made, or payable, in respect of compensation on early retirement or loss of office. There were no non-cash benefits received for 2010/11 (2009/10 £nil). There were no elements of remuneration paid other than in cash.


Paul Lander
Accounting Officer and Acting Chief Executive
The Museums, Libraries and Archives Council
12 July 2011

FINANCIAL REVIEW OF THE YEAR

Introduction

The financial results are set out in the financial statements which comply with the requirements of the Companies Act 2006, the Statement of Recommended Practice on Accounting and Reporting by Charities (2005) and applicable accounting standards. The financial statements also provide additional information in order to comply with the disclosure requirements of the Government Financial Reporting Manual (FReM)

Total incoming resources for the year were £68.1m for the consolidation (2009/10 £45.4m) and £68.4m for the company (2009/10 £45.3m). Of these funds, £16.1m for both the consolidation and the company was from unrestricted funds. The remainder was made up of the restricted element of DCMS Grant in Aid and grant income from other sources towards various grant aided schemes and projects. The analysis of resources expended is set out under each of MLA's four strategic objectives for the year (which align with its charitable activities) and under governance costs. Incoming resources from charitable activities have been similarly analysed. Grants awarded in the year, excluding those paid to subsidiaries, totalled £49.8m for the consolidation (2009/10 £48.3m) and £49.1m (2009/10 £48.2m) for the company.

The cost of charitable activities, excluding grants payable, amounted to £12.0m for the consolidation (2009/10 £10.8m) and £11.6m for the company (2009/10 £10.7m). The provisions made in previous years for pension scheme exit charges arising from the closure of the regional agencies in 2009 and 2010 have been revised to take account of actual settlements and changes in the financial market conditions. This results in an exceptional item for a reduction of provision of £5.1m (2009/10 £nil) for the consolidation and £4.4m (2009/10 £nil) for the company (see notes 1h, 13, 18 and 19 for details). The decision to prepare the financial statements on the basis that the MLA is no longer a going concern (see note 1a) gives rise to exceptional costs of £2.4m for both the consolidation (2009/10 £nil) and the company (2009/10 £nil).

The surplus for the year arises substantially as a result of the reduction in provisions described above. After accounting for exceptional items it was £8.8m for the consolidation (2009/10 deficit £13.9m) and £9.5m for the company (2009/10 £13.8m deficit). The balances held at the year end are deficits on unrestricted funds of £3.2m (2009/10 £13.9m) for the consolidation and £3.8m (2009/10 £13.9m) for the company, and deficits on restricted funds of £18.3m (2009/10 deficit £16.4m) for the consolidation and £17.9m (2009/10 deficit £17.3m) for the company.

Reserves policy

The Trustees' reserves policy has consistently been that MLA should hold sufficient reserves in order to

- 1 Provide the MLA with adequate working capital and maintain solvency,
- 2 Enable the MLA, within reason, to be able to meet any exceptional unforeseen expenditure that might arise, and
- 3 Provide some resources for the MLA in the event of a short term downturn in non GIA income.

In order to pursue this policy Trustees established a base reserve in 2006/07 of £0.3m with the intention that it should be increased to at least £0.5 million during 2008/09 and reviewed thereafter in the light of the risks and uncertainties to which the MLA was exposed. As DCMS provides Grant in Aid to the MLA each month in order to meet actual cash flow need, on the basis that, at the end of each month, MLA will hold a minimal cash balance, it is not possible to hold a base reserve in excess of £0.5 million.

The substantial costs incurred during 2008/09 and 2009/10 restructuring the MLA and closing its regional agencies, and the impact of changes to the timing of Renaissance payments to museums have resulted in the MLA holding negative reserves at 31 March 2009, 2010 and 2011. DCMS has advised Trustees that at the time of the Spending Review, the Department made budgetary provision for the orderly closure of the MLA and that the Department will continue to support the MLA financially through its wind-down and to ensure a solvent liquidation. The Trustees' current expectation is that MLA should commence liquidation during 2012 but the timetable for this has not yet been agreed with DCMS.

Advisers

Key advisers to the MLA are

| | | | |
|--|--|----------------------|--|
| External Auditors (for MLA Council and Consolidation only) | The Comptroller and Auditor General National Audit Office 157 - 197 Buckingham Palace Road Victoria London SW1W 9SP | Solicitors | Bates Wells and Braithwaite 2-6 Cannon Street London EC4M 6YH Pinsent Masons 1 Park Row Leeds LS1 5AB |
| Internal Auditors | Moore Stephens St Paul's House Warwick Lane London EC4M 7BP | Consulting Actuaries | Atkin & Co Oakslade Station Road Hatton Warwickshire CV35 7LH |
| Bankers | Lloyds TSB plc Lloyds TSB Corporate Public & Community Sector 3 rd Floor, 25 Gresham Street London EC2V 7HN | | |

External Auditors for the subsidiaries

| | |
|--|-----------------|
| Museums, Libraries and Archives Council, East of England | Sayer Vincent |
| Museums, Libraries and Archives East Midlands | 8 Angel Gate |
| Museums, Libraries and Archives North East | City Road |
| Museums, Libraries and Archives North West | London EC1V 2SJ |
| Museums, Libraries and Archives South East | |
| Museums, Libraries and Archives South West | |
| MLA West Midlands The Regional Council for Museums, Libraries and Archives | |
| Museums, Libraries and Archives Yorkshire | |
| Museum, Libraries and Archives London | |

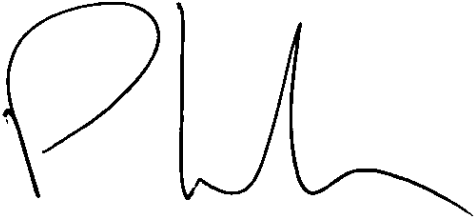
Auditors

The Comptroller & Auditor General was appointed in 2009 to audit the consolidation and company accounts of the Museums, Libraries and Archives Council pursuant to the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009. The audit fee for this work in 2010/11 was £75k. Non-audit work was not performed by the auditors.

Sayer Vincent have been appointed by the Trustees of the subsidiaries to audit the subsidiary accounts at a cost of £17k. They have not provided any accounting advice to the MLA in respect of the accounts for 2010/11.

Statement as to disclosure of information to auditors

The Trustees who were in office on the date of approval of these financial statements, and the Accounting Officer, have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees, and the Accounting Officer, have confirmed that they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.



Paul Lander
Accounting Officer and
Acting Chief Executive



Andrew Motion
Chair of the Board of Trustees

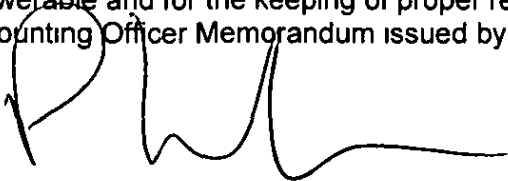
The Museums, Libraries and Archives Council
12 July 2011

STATEMENT OF TRUSTEES' AND ACTING CHIEF EXECUTIVE'S RESPONSIBILITIES

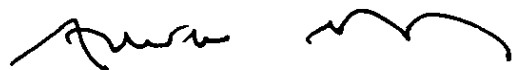
The Trustees are required by company law and the Secretary of State for Culture, Olympics, Media and Sport, with the approval of the Treasury, to prepare a statement of accounts for each financial year which gives a true and fair view of the state of affairs of the MLA and of the surplus or deficit for that year. In preparing that statement of accounts the Trustees are required to

- observe the accounts directions issued by the Secretary of State including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis (a copy of these directions is available on application in writing to the Accounting Officer at MLA),
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards and statements of recommended practice have been followed and disclose and explain any material departures in the statement of accounts, and
- prepare the statement of accounts on the going concern basis unless it is inappropriate to presume that the MLA will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Acting Chief Executive of the MLA as the Accounting Officer for the MLA. His relevant responsibilities as Accounting Officer including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records are set out in the Non-Departmental Public Bodies Accounting Officer Memorandum issued by HM Treasury and published in "Managing Public Money".



Paul Lander
Accounting Officer and
Acting Chief Executive



Andrew Motion
Chair of the Board of Trustees

The Museums, Libraries and Archives Council
12 July 2011

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Chairman of the Audit and Risk Committee and representative of the Board of Trustees and as Accounting Officer, we are responsible for maintaining a sound system of internal control that supports the achievement of MLA's objectives whilst safeguarding the public funds and assets for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned in "Managing Public Money". The system of internal control also serves to ensure compliance with the requirements of MLA's Funding Agreement which together with the Financial Memorandum and Management Statement set out the MLA's accountability relationship with the DCMS.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of MLA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

Capacity to handle risk

Three Board subcommittees give strong support to the Executive and ensure that appropriate scrutiny is exercised by Trustees - the Finance and Performance Committee, the Audit and Risk Committee and the Remuneration Committee. In February 2011 the third of these subcommittees had its remit extended to include a strategic overview of all HR matters including any special measures required during the transition and wind down period. It was therefore renamed as the Transition Governance Committee.

Managers use a standard template that encourages them to consider all relevant risks when preparing their contributions to the MLA's annual business plan. These are reviewed by the relevant Director during completion of the plan and on a bi-monthly basis as part of the review of performance considered by the Executive and reported to the Trustees. This process informs Directors' contributions to the Strategic Risk register that is updated bi-monthly by the Executive and presented to Trustees for scrutiny.

Roy Clare was Chief Executive and Accounting Officer for the whole of 2010/11. When he left in May 2011, by way of resignation, the Board of Trustees decided to appoint Paul Lander who had been the Director of Corporate Services since March 2007 as Acting Chief Executive in order to maintain a stable leadership and consistency of control during the period of transition and wind down. This move was supported by DCMS and therefore Paul Lander was appointed as Accounting Officer on 3 July 2011.

A summary of the significant risks currently faced by the MLA is set out in the Report of the Trustees on page 23.

The risk and control framework

- The Board of Trustees determines MLA's strategy and considers and approves proposals for new policies or variations in existing policies. Annual budgets, business plans, corporate plans and annual reports are subject to approval by the Board of Trustees.
- Informed by reports from the Executive Board, Trustees decide upon 'risk appetite' of the organisation at a strategic level. At present the MLA is prepared to experience a moderate level of risk in order to ensure that it operates as a small highly effective improvement agency and leader for its sector, providing that its staff, physical and financial assets are not placed at risk.
- The Executive Board develops plans, budgets and policy proposals and makes key decisions on operational management after considering relevant factors including risk.

- Regular reports are received by the Audit and Risk Committee on internal control and risk management. These reports are discussed in detail in order that Committee members have the opportunity to probe and challenge the Director of Corporate Services and Chief Executive before summary briefings are made to the full Board of Trustees
- Reports are submitted to the Audit and Risk Committee by MLA's internal and external auditors who have attended all Audit Committee meetings since March 2009
- During 2010/11 the internal auditors completed a programme of work that had been tailored to MLA's changed circumstances, agreed with DCMS and the Audit and Risk Committee and complied with Government Internal Audit Standards. This has enabled them to issue a report providing the Accounting Officer with reasonable¹ assurance on the effectiveness of the MLA's risk management, control and governance processes for 2010/11
- Bi-monthly progress reports are submitted to the Finance and Performance Committee by the Director of Corporate Services covering the MLA's current financial position, the likelihood that financial plans will be achieved and the risks attached. These reports are discussed in detail in order that Committee members have the opportunity to probe and challenge the Director of Corporate Services and Chief Executive before summary briefings are made to the full Board of Trustees
- Bi-monthly progress reports from the Chief Executive and Executive Board are presented to the full Board of Trustees covering performance against key objectives, the likelihood that planned outcomes will be achieved and the risks attached. These reports are discussed in detail at Board meetings in order that Trustees have the opportunity to probe and challenge members of the Executive,
- A risk register which identifies strategic risks and allocates responsibility for their management to members of the Executive Board is maintained and presented to the Audit and Risk Committee with appropriate reports made to the Board of Trustees. During April and May 2010 the MLA's Risk Management Strategy and management process were reviewed and improvements were implemented in order to ensure that they meet the organisation's needs and identified weaknesses are addressed

Security of Personal Data

The MLA only holds personal data relating to its employees and a small number of self employed sub-contractors. Procedures are in place to ensure that high levels of security and limited access are in place. The MLA has suffered no protected personal data incidents during 2010/11 or prior years, and has made no reports to the Information Commissioners' office

Management of Information Risk

The MLA has an approach to managing information risk based upon industry standard security processes. All mobile computing devices use an encrypted format and central data files are held simultaneously at two secure locations. Access to both its premises is controlled by appropriate security systems in order that unauthorised persons do not have access to data or equipment

The MLA, with support from the Head of Information Management and Assurance at DCMS, has completed a self assessment against the Cabinet Office Security Policy Framework. This identified that 21 of the 70 recommendations in the Framework were not applicable to the MLA. Of the 49 that are applicable, the MLA is already fully compliant with 33 of them. The MLA has worked towards achieving compliance with balance of the recommendations in a manner that is appropriate to its changed circumstances. During the autumn of 2010 the MLA's approach to managing information risk was reviewed by its internal auditors who concluded that they could give reasonable assurance as to MLA's performance

¹ Reasonable assurance is given based on completion of a reasonable and representative amount of audit work and the internal auditor's inherent knowledge of the organisation in terms of risk, controls and governance. The assurance provided can only be reasonable rather than absolute as only two categories of assurance are available for an annual audit opinion: "reasonable assurance" and "no assurance"

Review of effectiveness

As Chairman of the Audit and Risk Committee and Accounting Officer, we have responsibility for continually reviewing the effectiveness of the system of internal control. Our review is informed by the work of the internal auditors, the executive managers within MLA who have responsibility for the development and maintenance of the internal control framework with regular reports to the Accounting Officer, and comments made by the external auditors in any management letter or other reports. In addition we have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Board and the Audit and Risk Committee.

During 2008/09 and 2009/10 the MLA experienced a period of major change as it restructured, relocated and substantially reduced its operating costs and a number of weaknesses in the system of internal control were identified. The most significant of these weaknesses were in the following areas:

- Monitoring of grants awarded to third parties
- Manual journal entries in the accounting system
- Drawing down grant in aid from DCMS
- Operating outside delegated authority
- Accounting for commitments
- Timeliness of financial reporting

We are confident that as a result of the programme of improvements implemented by the MLA's Executive, with support from the NAO and its internal auditors, these weaknesses have been satisfactorily addressed and as a consequence we believe that the system of control is now effective.

This system of internal control has been in place for the year ended 31 March 2011 and up to the date of approval of the annual report and financial statements and accords with Treasury guidance.



Paul Lander
Accounting Officer and
Acting Chief Executive



Glenville Lawes
Chair of the Audit Committee
and Trustee

The Museums, Libraries and Archives Council
12 July 2011

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE MUSEUMS, LIBRARIES AND ARCHIVES COUNCIL

I certify that I have audited the group and parent company's financial statements of The Museums, Libraries and Archives Council for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Summary Consolidated and Company Income and Expenditure Account, Consolidated and Company Statement of Financial Activities, the Consolidated and Company Balance Sheets, and the Consolidated and Company Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the trustees and auditors

As explained more fully in the Statement of Trustees' and Acting Chief Executive's Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to The Museums, Libraries and Archives Council's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report of the Board of Trustees to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects, the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion the financial statements

- give a true and fair view of The Museums, Libraries and Archives Council group's and parent company's state of affairs as at 31 March 2011 and of their incoming resources and application of resources, including their income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the Companies Act 2006

Emphasis of Matter

Without qualifying my opinion, I draw attention to Note 1(a) of the financial statements. The Trustees' intention is that The Museum, Libraries and Archives Council will be wound up and its functions transferred to other organisations in 2012. As a consequence, the financial statements have been prepared on a basis other than going concern. Details of the impact of this on the financial statements are provided in Note 18 to the financial statements.

Opinion on other matter prescribed by the Companies Act 2006

In my opinion the information given in the Review of the Year, Structure and Governance, and Financial Review of the Year, for which the financial statements are prepared, is consistent with the financial statements.

Opinion on other matters

In my opinion the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual.

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept, or
- the financial statements, and the part of the Remuneration Report to be audited, are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- I have not received all the information and explanations I require for my audit, or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.



Amyas E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
4 July 2011

Summary Consolidated and Company Income and Expenditure Account for the year ended 31 March 2011

| | 2010/11 Consolidation | 2010/11 Company | 2009/10 Consolidation | 2009/10 Company |
|-----------------------------|----------------------------------|----------------------------|----------------------------------|----------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Total income | 68,091 | 68,380 | 45,354 | 45,337 |
| Operating expenditure | (62,039) | (60,845) | (59,344) | (59,119) |
| Exceptional items (note 18) | 2,736 | 1,982 | 112 | - |
| Total surplus / (deficit) | 8,788 | 9,517 | (13,878) | (13,782) |

The Museums, Libraries and Archives Council received Grant in Aid in the year ended 31 March 2011 which included the sum of £ Nil (2009/10 £Nil) which was applied on capital expenditure

The operating surplus for the year arises from the company's, and its consolidated subsidiaries', continuing operations

The notes on pages 40 to 66 form an integral part to these financial statements

Consolidated Statement of Financial Activities for the year ended 31 March 2011

| | Note | Unrestricted funds £'000 | Restricted funds £'000 | Total 2010/11 £'000 | Total 2009/10 £'000 |
|--|-----------|--------------------------------|------------------------------|---------------------------|---------------------------|
| Incoming resources | | | | | |
| Incoming resources from | | | | | |
| Voluntary Income | | | | | |
| - Grant in Aid | 2 | 15,971 | 49,583 | 65,554 | 42,265 |
| Investment income | 3 | 9 | 26 | 35 | 79 |
| Incoming resources from charitable activities | 4,5 | 75 | 2,427 | 2,502 | 3,010 |
| Total incoming resources | | 16,055 | 52,036 | 68,091 | 45,354 |
| Resources expended | | | | | |
| Cost of charitable activities | | | | | |
| Assist the sector's leaders to oversee constant improvement and responsiveness to local needs | | 4,766 | 23,765 | 28,531 | 25,505 |
| Enable the sector to increase its contribution to learning and skills development | | 2,304 | 6,453 | 8,757 | 9,986 |
| Enable the sector to make an increasing contribution to local economies and communities | | 2,000 | 10,963 | 12,963 | 13,623 |
| Provide clear leadership and strong advocacy for the sector | | 1,773 | 9,815 | 11,588 | 10,013 |
| | 7 | 10,843 | 50,996 | 61,839 | 59,127 |
| Governance costs | 8 | 165 | 35 | 200 | 217 |
| Exceptional costs | 18 | (2,736) | 0 | (2,736) | (112) |
| Total resources expended | | 8,272 | 51,031 | 59,303 | 59,232 |
| Net incoming/(outgoing) resources before transfers | | | | | |
| | | 7,783 | 1,005 | 8,788 | (13,878) |
| Transfers between funds | 21 | 2,935 | (2,935) | 0 | 0 |
| Net incoming/(outgoing) resources after transfers between funds | | | | | |
| | | 10,718 | (1,930) | 8,788 | (13,878) |
| Incoming subsidiaries' funds | | 0 | 0 | 0 | 235 |
| Net movement in funds | | 10,718 | (1,930) | 8,788 | (13,643) |
| Total Funds brought forward at 01 April 2010 | | (13,945) | (16,387) | (30,332) | (16,688) |
| Total Funds carried forward at 31 March 2011 | 21 | (3,227) | (18,317) | (21,544) | (30,331) |

All activities are continuing operations. There are no recognised gains or losses other than those those above.

The notes on pages 40 to 66 form an integral part to these financial statements.

Company Statement of Financial Activities for the year ended 31 March 2011

| | Note | Unrestricted funds £'000 | Restricted funds £'000 | Total 2010/11 £'000 | Total 2009/10 £'000 |
|--|------|--------------------------------|------------------------------|---------------------------|---------------------------|
| Incoming resources | | | | | |
| Incoming resources from | | | | | |
| Voluntary Income | | | | | |
| - Grant in Aid | 2 | 15,971 | 49,583 | 65,554 | 42,265 |
| Investment income | 3 | 9 | 3 | 12 | 62 |
| Incoming resources from charitable activities | 4,5 | 75 | 2,339 | 2,414 | 3,010 |
| Restricted Income from Regional MLAs | | 0 | 400 | 400 | 0 |
| Total incoming resources | | 16,055 | 52,325 | 68,380 | 45,337 |
| Resources expended | | | | | |
| Cost of charitable activities | | | | | |
| Assist the sector's leaders to oversee constant improvement and responsiveness to local needs | | 4,680 | 23,418 | 28,098 | 25,459 |
| Enable the sector to increase its contribution to learning and skills development | | 2,270 | 6,232 | 8,502 | 9,931 |
| Enable the sector to make an increasing contribution to local economies and communities | | 1,954 | 10,713 | 12,667 | 13,553 |
| Provide clear leadership and strong advocacy for the sector | | 1,739 | 9,675 | 11,414 | 9,993 |
| | 7 | <u>10,643</u> | <u>50,038</u> | <u>60,681</u> | <u>58,936</u> |
| Governance costs | 8 | 164 | 0 | 164 | 183 |
| Exceptional costs | 18 | <u>(1,982)</u> | <u>0</u> | <u>(1,982)</u> | <u>0</u> |
| Total resources expended | | <u>8,825</u> | <u>50,038</u> | <u>58,863</u> | <u>59,119</u> |
| Net incoming/(outgoing) resources before transfers | | | | | |
| | | 7,230 | 2,287 | 9,517 | (13,782) |
| Transfers between funds | 21 | <u>2,935</u> | <u>(2,935)</u> | <u>0</u> | <u>0</u> |
| Net incoming /(outgoing) resources after transfers between funds | | | | | |
| | | <u>10,165</u> | <u>(648)</u> | <u>9,517</u> | <u>(13,782)</u> |
| Net movement in funds | | <u>10,165</u> | <u>(648)</u> | <u>9,517</u> | <u>(13,782)</u> |
| Total Funds brought forward at 01 April 2010 | | <u>(13,945)</u> | <u>(17,272)</u> | <u>(31,217)</u> | <u>(17,435)</u> |
| Total Funds carried forward at 31 March 2011 | 21 | <u>(3,780)</u> | <u>(17,920)</u> | <u>(21,700)</u> | <u>(31,217)</u> |

All activities are continuing operations. There are no recognised gains or losses other than those those above.

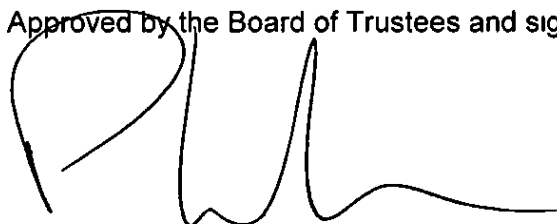
The notes on pages 40 to 66 form an integral part to these financial statements.

Consolidated Balance Sheet as at 31 March 2011

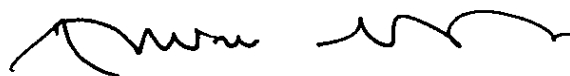
| | | 2011 | | 2010 | |
|---|-------|---------------|-----------------|---------------|-----------------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible assets | 14a | | 270 | | 485 |
| Current assets | | | | | |
| Debtors | 15 | 1,413 | | 2,633 | |
| Cash at bank and in hand | | 1,660 | | 8,184 | |
| Short term deposits | | <u>699</u> | | <u>1,362</u> | |
| | | 3,772 | | 12,179 | |
| Liabilities | | | | | |
| Creditors amounts falling due within one year | 16 | <u>15,550</u> | | <u>26,472</u> | |
| Net current (liabilities) | | | <u>(11,778)</u> | | <u>(14,293)</u> |
| Total assets less current liabilities | | | (11,508) | | (13,808) |
| Provisions for liabilities and charges | 19 | | (10,036) | | (16,522) |
| Net (liabilities) | | | <u>(21,544)</u> | | <u>(30,330)</u> |
| Represented by reserves: | | | | | |
| Restricted funds | 21 | | (18,317) | | (16,385) |
| Unrestricted funds: | | | | | |
| General funds | 21 | | (3,227) | | (13,945) |
| Total charity funds | | | <u>(21,544)</u> | | <u>(30,330)</u> |

The notes on pages 40 to 66 form an integral part to these financial statements

Approved by the Board of Trustees and signed on their behalf



Paul Lander
Accounting Officer and Acting Chief Executive



Andrew Motion
Chair of the Board of Trustees

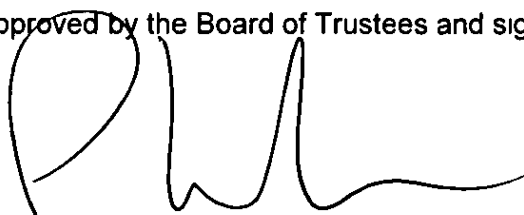
The Museums, Libraries and Archives Council
12 July 2011

Company Balance Sheet as at 31 March 2011

| | | 2011 | | 2010 | |
|---|-------|---------------|-----------------|---------------|-----------------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible assets | 14b | | 270 | | 485 |
| Current assets | | | | | |
| Debtors | 15 | 1,551 | | 3,007 | |
| Cash at bank and in hand | | <u>382</u> | | <u>4,220</u> | |
| | | 1,933 | | 7,227 | |
| Liabilities | | | | | |
| Creditors amounts falling due within one year | 16 | <u>20,631</u> | | <u>38,057</u> | |
| Net current (liabilities) | | | <u>(18,698)</u> | | <u>(30,830)</u> |
| Total assets less current liabilities | | | (18,428) | | (30,345) |
| Provisions for liabilities and charges | 19 | | (3,272) | | (872) |
| Net (liabilities) | | | <u>(21,700)</u> | | <u>(31,217)</u> |
| Represented by reserves: | | | | | |
| Restricted funds | 21 | | (17,920) | | (17,272) |
| Unrestricted funds: | | | | | |
| General funds | 21 | | (3,780) | | (13,945) |
| Total charity funds | | | <u>(21,700)</u> | | <u>(31,217)</u> |

The notes on pages 40 to 66 form an integral part to these financial statements

Approved by the Board of Trustees and signed on their behalf



Paul Lander
Accounting Officer and Acting Chief Executive



Andrew Motion
Chair of the Board of Trustees

The Museums, Libraries and Archives Council
12 July 2011

Consolidated and Company Cash Flow Statement for the year ended 31 March 2011

| | Notes | Consolidation 2010/11 £'000 | Company 2010/11 £'000 | Consolidation 2009/10 £'000 | Company 2009/10 £'000 |
|--|-------|--|--------------------------------------|--|--------------------------------------|
| Net cash (outflow) from operating activities | 23a | (7,222) | (3,850) | (16,448) | (16,517) |
| Return on investments and servicing of finance | 23b | 35 | 12 | 80 | 62 |
| Capital expenditure and financial investment | 23b | 0 | 0 | (45) | (45) |
| (Decrease) in cash & short term deposits | 23c,d | (7,187) | (3,838) | (16,413) | (16,500) |

The notes on pages 40 to 66 form an integral part to these financial statements

Notes to the financial statements

1 Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention. They meet the requirements of the Companies Act 2006 and the Statement of Recommended Practice on Accounting and Reporting by Charities (2005) and applicable accounting standards. The financial statements also provide additional information in order to comply with the disclosure requirements of the Government Financial Reporting Manual (FReM).

On 26th July 2010 the Secretary of State for Culture, Olympics, Media and Sport announced that the MLA would be wound up and its functions transferred to other organisations by 2012. MLA received sufficient Grant in Aid in 2010/11 for it to carry out a full programme of activity and during 2011/12 it will receive sufficient Grant in Aid to enable it to progressively reduce its activities, transfer key functions and staff to Arts Council England and then commence winding up. Management and Trustees' current expectation is that operations will cease by March 2012 with MLA commencing voluntary liquidation during 2012 but the timetable for this has not yet been agreed with DCMS. DCMS has advised Trustees that at the time of the Spending Review, the Department made budgetary provision for the orderly closure of the MLA and that the Department will continue to support the MLA financially through its wind-down and to ensure a solvent liquidation.

After consideration of the circumstances described above, MLA has decided that it is no longer appropriate to adopt the going concern basis in preparing its annual report and financial statements. Whilst Trustees can rely upon the assurances given by DCMS with regards to future funding, the MLA will only continue in operational existence for approximately 9 months after the date of this report.

In order to reflect this change in the basis upon which the financial statements are being prepared, the expected useful lives of fixed assets have been reduced as they will have no value after 31 March 2012 – see note 1f. In addition, as MLA is no longer a going concern, provisions have been recognised for outstanding property lease liabilities and the cost of severance payments to staff leaving by redundancy, as disclosed in note 18.

(b) Consolidated accounts

During 2007/08, the MLA undertook a complete review of all its operations, including those of the regional agencies for which it provided significant funding. This review concluded that the existing structure of regional agencies was not efficient and a new structure was developed which continued the regional reach but did not necessitate the maintenance of separately constituted regional agencies. As a consequence of this decision, the first eight of the regional agencies ceased operations by 31 March 2009 and the ninth, Museum, Libraries and Archives London, by 31 March 2010.

The Trustees consider that MLA has exercised dominant influence over the first eight regional agencies since 31 March 2009 and the ninth agency since 24 March 2010. Therefore the results for the first eight agencies detailed below, have been consolidated on a line-by-line basis in the Statement of Financial Activities and Balance Sheet for both the current and previous years. In the previous year the results for the ninth agency, MLA London, were only consolidated in the Balance Sheet.

Museums, Libraries and Archives Council, East of England
 Museums, Libraries and Archives East Midlands
 Museums, Libraries and Archives North East
 Museums, Libraries and Archives North West
 Museums, Libraries and Archives South East
 Museums, Libraries and Archives South West
 MLA West Midlands The Regional Council for Museums, Libraries and Archives
 Museums, Libraries and Archives Yorkshire
 Museum, Libraries and Archives London

Notes to the financial statements

(c) Incoming resources

MLA accounts for all Grant in Aid income on a cash received basis. All other income from DCMS or other sources is accounted for on a receivable basis when all conditions within the relevant funding agreement have been met. If funding is received in order that it may be used to finance activities undertaken in a future period it is shown as deferred income.

MLA and DCMS agreed that the cash held by MLA at 31 March 2010 (£4,220k) was in excess of that required by the MLA for its immediate cash flow needs by £3,700k and that for a Non Departmental Public Body to hold cash reserves of this magnitude is not consistent with Treasury guidance for managing public money. This excess (£3,700k) was repaid to DCMS in May 2010 by offsetting it against Grant in Aid drawn down.

(d) Resources expended

Grant awards are charged to the Statement of Financial Activities in the year in which the award is made (unless payment of the award is conditional on some uncertain future event). The exception to this is the V&A Purchase Grant Fund which is administered on MLA's behalf by the Victoria and Albert Museum. Grants awarded from this fund are charged to expenditure in the year in which the grants are paid. All other resources expended are charged to the Statement of Financial Activities on an accruals basis.

Resources expended, excluding governance costs and exceptional items are analysed against MLA's four strategic aims:

- To assist those responsible for funding and leading museums, libraries and archives to oversee constant improvement and increased responsiveness to local needs
- To enable museums, libraries and archives to increase their contribution to learning and skills development in order that individuals have improved life and employment opportunities
- To enable museums, libraries and archives to make an increasing contribution to their local economies and communities
- To be a highly effective organisation providing clear leadership and strong advocacy for the sector, respected and valued by all that we work with

An analysis by type of expense is included in the notes to the financial statements. Costs are directly attributed to the activity on which they are incurred whenever possible.

When this is not possible they are allocated on the basis of informed estimates. Costs grouped under the heading governance relate to the Board of Trustees and legal advice and internal and external audit services procured to ensure that the Board is properly able to satisfy its statutory obligations. Support costs incurred on the management and administration of grant programmes are allocated pro-rata to the value of grant awards attributed to each activity. Other support costs are allocated pro-rata to the value of other direct expenditure attributed to each activity.

All costs charged to the Statement of Financial Activities include VAT, where appropriate. Any VAT recovered is credited back to operating activities when received.

(e) Fund accounting

Funds are classified as either unrestricted or restricted.

(i) Unrestricted funds

General funds are made up of accumulated surpluses and deficits on financial activities. They are available for use at the discretion of the Trustees in furtherance of MLA's objectives. Designated funds are monies set aside from general funds for specific purposes at the discretion of the Trustees.

Notes to the financial statements

The purpose and any application of designated funds are set out in the notes to the financial statements. Unrestricted funds are MLA's reserves and are managed in accordance with the MLA's reserves policy.

(ii) Restricted funds

These are funds subject to specific constraints on their use imposed at the time that the funds were awarded to MLA or subsequently effectively constrained by their application on investment in operational fixed assets. Funds arising from the acquisition of subsidiaries have been treated as follows:

- Funds common to the subsidiaries and MLA have been consolidated in the consolidated financial statements
- Funds created from income received other than from MLA have been separately maintained and will be disbursed in accordance with the original terms specified by the funding provider, reimbursed to the funding provider or redeployed to similar activities with the agreement of the funding provider,
- Funds which were specific to a geographical area have been separately maintained

(f) Tangible and Intangible Fixed assets

Fixed assets are stated at historic cost. Items with a value of less than £1,000 are charged to expenses in the year of acquisition. Depreciation is charged on all fixed assets on a straight line basis at rates calculated to write down the cost of these assets to their estimated net residual value, if any, at the end of their expected useful lives. Leasehold improvements are capitalised and depreciated over the period of the lease. The expected useful lives of key groups of tangible fixed assets are:

| | |
|--|-----------------------|
| Software (Intangible) | Three years |
| Computer equipment | Three years |
| Office equipment, fixture and fittings | Five years |
| Leasehold Improvements | Terms of the lease(s) |

Expected useful lives and anticipated residual values are reviewed on an annual basis and revised if there is any change in operating circumstances or market values. In accordance with note 1a, the remaining useful lives of all assets have therefore been determined to cease at 31 March 2012.

(g) Leases

MLA has no finance leases. The cost of operating leases is charged to the Statement of Financial Activities relating to the term of the lease remaining until break clauses, a provision made in accordance with note 1a.

(h) Pension costs

Company Scheme Members of MLA staff are eligible to join the Principal Civil Service Pension Scheme. This is an unfunded multi-employer defined benefit scheme and MLA is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Hewitt Bacon Woodrow) valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office and at www.civilservice.gov.uk/pensions.

Subsidiary company pension arrangements Staff members of the subsidiary companies were entitled to join defined benefit pension schemes as follows:

Museums, Libraries and Archives Council, East of England Oxfordshire County Council Pension Fund
 Museums, Libraries and Archives East Midlands Nottinghamshire County Council Local Government Superannuation Scheme
 Museums, Libraries and Archives North East Tyne & Wear Pension Fund,
 Museums, Libraries and Archives North West Greater Manchester Pension Fund
 Museums, Libraries and Archives South East Oxfordshire County Council Pension Fund
 Museums, Libraries and Archives South West Avon Pension Fund
 Museums, Libraries and Archives West Midlands West Midlands Pension Fund
 Museums, Libraries and Archives Yorkshire West Yorkshire Pension Fund
 Museum, Libraries and Archives London Oxfordshire County Council Pension Fund

Notes to the financial statements

These subsidiaries have all ceased trading and all employees who did not transfer to MLA have been made redundant or transferred to third parties. Provision for the liabilities arising from the cessation of membership of these schemes has been made in the accounts of the subsidiaries. As each subsidiary is engaged in withdrawing from membership of their pension arrangements it is not appropriate to base these provisions on FRS 17 valuations. The provisions are therefore based upon actuarial advice as to the exit charges likely to be levied by the individual pension schemes which are significantly higher than the deficits arising from previous FRS 17 valuations. Further details are included in notes 13 and 19 of these financial statements and the accounts of the subsidiaries.

(i) Provisions

Provision is made for liabilities which the Trustees know will arise in future periods but for which there is uncertainty about the amount or timing. The amount provided is based on the best information available as to the likely cost, including when appropriate advice from suitably qualified professionals, with allowance made for inflation, where material. In addition, as MLA is no longer a going concern, provisions have been recognised for outstanding property lease liabilities and the cost of severance payments to staff leaving by redundancy, as disclosed in note 18.

2 Voluntary income

| | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|--|---|---|------------------------------------|------------------------------------|
| Company: | | | | |
| DCMS Grant in Aid for: | | | | |
| Core activities | 15,971 | 3,247 | 19,218 | 11,500 |
| Renaissance | 0 | 46,336 | 46,336 | 30,765 |
| Total Company voluntary income | 15,971 | 49,583 | 65,554 | 42,265 |
| Subsidiaries' income | 0 | 0 | 0 | 0 |
| Total Consolidated voluntary income | 15,971 | 49,583 | 65,554 | 42,265 |

3 Investment Income

| | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|---|---|---|------------------------------------|---------------------------------|
| Company | | | | |
| Interest receivable on short term bank deposits | 9 | 3 | 12 | 62 |
| Subsidiaries | | | | |
| Interest receivable on short term bank deposits | 0 | 23 | 23 | 17 |
| Total Consolidated investment income | 9 | 26 | 35 | 79 |

The Company restricted fund interest was earned on the balances of Renaissance, Strategic Commissioning and Gates Foundation funds.

Notes to the financial statements

4 Consolidated & Company Incoming resources from charitable activities

| | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|--|---|---|------------------------------------|------------------------------------|
| Specific grants | | | | |
| Big Lottery Fund – Community Libraries | 0 | 0 | 0 | (9) |
| Big Lottery Fund Their Past Your Future | 0 | 30 | 30 | 366 |
| BIS Festival of Learning | 0 | 0 | 0 | 500 |
| Controversial Stock | 0 | 0 | 0 | 9 |
| DCMS Framework for the Future | 0 | 0 | 0 | 12 |
| DCMS Kids in Museums | 0 | 0 | 0 | 30 |
| DCMS Strategic Commissioning | 0 | 1,970 | 1,970 | 1,792 |
| Designing Libraries | 10 | 0 | 10 | 0 |
| Entitle | 0 | 3 | 3 | 10 |
| Find Your Talent - West | 0 | (46) | (46) | 65 |
| Living Places External | 0 | 0 | 0 | 159 |
| Living Places Partnership | 0 | 228 | 228 | 75 |
| LCIP | 0 | 303 | 303 | 0 |
| Their Past your Future | 0 | (105) | (105) | 0 |
| New Ways of Curating | 21 | 0 | 21 | 0 |
| Other | 44 | (44) | 0 | 1 |
| Total Company Incoming resources from charitable activities | 75 | 2,339 | 2,414 | 3,010 |
| Grants and rental income received by subsidiaries | 0 | 87 | 87 | 0 |
| Total Consolidated incoming resources | 75 | 2,426 | 2,501 | 3,010 |

Notes to the financial statements

5 Incoming resources from charitable activities analysed by charitable activity

| Consolidation | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|---|---|---|--|------------------------------------|
| Assist the sector's leaders to oversee constant improvement and responsiveness to local needs | 2 | 477 | 479 | 417 |
| Enable the sector to increase its contribution to learning and skills development | 33 | 870 | 903 | 1,195 |
| Enable the sector to make an increasing contribution to local economies and communities | 37 | 741 | 778 | 847 |
| Provide clear leadership and strong advocacy for the sector | 3 | 339 | 342 | 551 |
| | 75 | 2,427 | 2,502 | 3,010 |

| Company | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|---|---|---|--|------------------------------------|
| Assist the sector's leaders to oversee constant improvement and responsiveness to local needs | 2 | 453 | 455 | 417 |
| Enable the sector to increase its contribution to learning and skills development | 33 | 863 | 896 | 1,195 |
| Enable the sector to make an increasing contribution to local economies and communities | 37 | 691 | 728 | 847 |
| Provide clear leadership and strong advocacy for the sector | 3 | 332 | 335 | 551 |
| | 75 | 2,339 | 2,414 | 3,010 |

Notes to the financial statements

6 Consolidated Cost of charitable activities – grants payable

| | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|---|---|---|------------------------------------|------------------------------------|
| 2012 Initiatives | 186 | 0 | 186 | 126 |
| 24 Hour Museum | 170 | 0 | 170 | 207 |
| Acceptance in Lieu | 11 | 0 | 11 | 0 |
| ACE National Indicators | 11 | 0 | 11 | 0 |
| Action for Archives | 67 | 0 | 67 | 75 |
| ALMA Leadership Project | 11 | 0 | 11 | 0 |
| Archive Sector Improvement | 0 | 0 | 0 | 35 |
| Army Museum Ogilby Trust | 0 | 0 | 0 | (40) |
| Big Lottery Fund Their Past Your Future | 0 | (26) | (26) | 397 |
| BMAG Capacity Building Pilot | 0 | 31 | 31 | 38 |
| Book Ahead | 0 | 0 | 0 | (48) |
| Building Schools for the Future | 14 | 0 | 14 | 15 |
| Campaigns – Make an Impact | 0 | 56 | 56 | 61 |
| Clore Foundation | 82 | 0 | 82 | 120 |
| Collections Management | 0 | 0 | 0 | 225 |
| Collections Trust | 166 | 165 | 331 | 165 |
| Community Engagement | 18 | 0 | 18 | 0 |
| Corporate Subscriptions | 0 | 0 | 0 | 118 |
| Creative & Culture Skills | 72 | 0 | 72 | 79 |
| Creative Apprentices in Museums | 0 | 51 | 51 | 184 |
| Culture & Sport Improvement Toolkit | 0 | 0 | 0 | 37 |
| Culture Unlimited | 0 | 0 | 0 | 37 |
| Delivering outcomes for Communities | 0 | 79 | 79 | 0 |
| Designation Challenge Fund | 192 | 1,493 | 1,685 | (63) |
| Developing Governance | 8 | 0 | 8 | 0 |
| Digital Programme | 70 | 242 | 312 | 14 |
| Diversity | (7) | 0 | (7) | 0 |
| Engage – Watch this Space | 0 | 79 | 79 | 93 |
| Family Learning | 0 | 0 | 0 | 30 |
| Festival of Learning | 0 | 0 | 0 | 780 |
| Find Your Talent | 296 | 296 | 592 | 2,000 |
| Foundation Degrees | 9 | 0 | 9 | 0 |
| Framework for the Future | 0 | 0 | 0 | (123) |
| Future Libraries | 273 | 65 | 338 | 38 |
| Get it Loud Libraries | 0 | 0 | 0 | 24 |
| Grants paid by subsidiaries | 0 | 0 | 0 | (8) |
| IDEA | 0 | 0 | 0 | 6 |
| Improvement & Performance | 0 | 0 | 0 | 10 |
| Improving Fundraising Capability | 0 | 30 | 30 | 0 |

(table is continued on next page)

Notes to the financial statements

6 Consolidated Cost of charitable activities – grants payable (Continued)

| | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|---|---|---|------------------------------------|------------------------------------|
| Information Technology Initiatives | 0 | 0 | 0 | 128 |
| Informal Learning Support Fund | 0 | 0 | 0 | 65 |
| Inspiring Learning for All | 0 | 0 | 0 | 9 |
| Joint Organisation Data Initiative | 8 | 0 | 8 | 0 |
| Kids at Museums | 0 | 64 | 64 | 30 |
| Legal Deposit Advisory Panel | 0 | 0 | 0 | 50 |
| Leadership Learning Programme | 0 | 10 | 10 | 52 |
| Learning and skills initiatives | 0 | 134 | 134 | 1,027 |
| Lifelong Learning | 40 | 0 | 40 | 30 |
| Light Touch Peer Review | 12 | 0 | 12 | 2 |
| Living Places | 0 | 52 | 52 | 228 |
| Local Authority Museum Programme | 0 | 0 | 0 | 32 |
| Local Government | 0 | 0 | 0 | 10 |
| Making Sense | 0 | 0 | 0 | 20 |
| Michael and Michael Plus | 0 | 0 | 0 | 13 |
| Mighty Creatives | 0 | 7 | 7 | 0 |
| Monitoring & Auditing | 0 | 0 | 0 | 25 |
| Museums at Night | 0 | 0 | 0 | 75 |
| National Centre for Stoneage Man | 10 | 0 | 10 | 0 |
| National CPD Programme | 0 | 16 | 16 | 0 |
| National Council Archives | 58 | 0 | 58 | 15 |
| National Culture Forum-Leading Learning | 10 | 0 | 10 | 0 |
| National library membership | 0 | 0 | 0 | 5 |
| New Ways of Curating | 70 | 0 | 70 | 0 |
| Other Renaissance Initiatives | 7 | 56 | 63 | 116 |
| Other Restricted | 0 | 0 | 0 | 50 |
| Our Sporting Life | 0 | 0 | 0 | 120 |
| Portable Antiquities Scheme | 344 | 1,068 | 1,412 | 1,380 |
| Positive Steps | 0 | 10 | 10 | 0 |
| PRISM | 129 | 0 | 129 | 213 |
| Public Catalogue Foundation | 0 | 0 | 0 | 200 |
| Reading Agency | 158 | 0 | 158 | 0 |
| Regional MLAs | 0 | 0 | 0 | 622 |
| Renaissance funding for Hub Museums | 0 | 40,471 | 40,471 | 36,211 |
| Renaissance Innovation Fund | 0 | 363 | 363 | 340 |
| Renaissance Museum Development | 0 | 948 | 948 | 860 |
| Regional Project Activities | 178 | 174 | 352 | 75 |
| Schools Participation Database | 0 | 0 | 0 | 64 |
| Science Network | 0 | 56 | 56 | 64 |

(table is continued on next page)

Notes to the financial statements

6 Consolidated Cost of charitable activities – grants payable (Continued)

| | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|--|---|---|------------------------------------|------------------------------------|
| Security | 0 | 0 | 0 | 2 |
| Sundry small grants | 24 | 0 | 24 | 76 |
| Supporting Excellence | 0 | 0 | 0 | 12 |
| Surveys and Evaluations | 0 | 0 | 0 | 216 |
| Take one Picture | 0 | 40 | 40 | 37 |
| Teaching outside the Classroom | 0 | 54 | 54 | 90 |
| Transforming Community Relationships | 81 | 0 | 81 | 0 |
| The British Council | 5 | 0 | 5 | 7 |
| UK Joint Forum | 0 | 0 | 0 | 10 |
| University of Wolverhampton | 0 | 6 | 6 | 0 |
| Visit Britain | 8 | 0 | 8 | 0 |
| V&A Purchase Grant Fund | 905 | 0 | 905 | 881 |
| Wedgewood Museum | 0 | 0 | 0 | 200 |
| Working with Children's Services | 0 | 30 | 30 | 0 |
| Total Consolidated - Grants Payable | 3,696 | 46,121 | 49,817 | 48,294 |

Notes to the financial statements

6 Company Cost of charitable activities – grants payable

| | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|---|---|---|------------------------------------|------------------------------------|
| 2012 Initiatives | 186 | 0 | 186 | 126 |
| 24 Hour Museum | 170 | 0 | 170 | 207 |
| Acceptance in Lieu | 11 | 0 | 11 | 0 |
| ACE Nat'l Indicators | 11 | 0 | 11 | 0 |
| Action for Archives | 67 | 0 | 67 | 75 |
| ALMA Leadership Project | 11 | 0 | 11 | 0 |
| Archive Sector Improvement | 0 | 0 | 0 | 35 |
| Army Museum Ogilby Trust | 0 | 0 | 0 | (40) |
| Big Lottery Fund Their Past Your Future | 0 | (26) | (26) | 346 |
| BMAG Capacity Building Pilot | 0 | 31 | 31 | 38 |
| Book Ahead | 0 | 0 | 0 | (48) |
| Building Schools for the Future | 14 | 0 | 14 | 15 |
| Campaigns – Make an Impact | 0 | 56 | 56 | 61 |
| Clore Foundation | 82 | 0 | 82 | 120 |
| Collections Management | 0 | 0 | 0 | 225 |
| Collections Trust | 166 | 165 | 331 | 165 |
| Community Engagement | 18 | 0 | 18 | 0 |
| Corporate Subscriptions | 0 | 0 | 0 | 118 |
| Creative & Culture Skills | 72 | 0 | 72 | 79 |
| Creative Apprentices in Museums | 0 | 51 | 51 | 184 |
| Culture & Sport Improvement Toolkit | 0 | 0 | 0 | 37 |
| Culture Unlimited | 0 | 0 | 0 | 37 |
| Delivering outcomes for Communities | 0 | 79 | 79 | 0 |
| Designation Challenge Fund | 192 | 1,493 | 1,685 | (63) |
| Developing Governance | 8 | 0 | 8 | 0 |
| Digital Programme | 70 | 242 | 312 | 14 |
| Diversity | (7) | 0 | (7) | 0 |
| Engage – Watch this Space | 0 | 79 | 79 | 93 |
| Family Learning | 0 | 0 | 0 | 30 |
| Festival of Learning | 0 | 0 | 0 | 780 |
| Find Your Talent | 296 | 296 | 592 | 2,000 |
| Foundation Degrees | 9 | 0 | 9 | 0 |
| Framework for the Future | 0 | 0 | 0 | (123) |
| Future Libraries | 273 | 65 | 338 | 38 |
| Get it Loud Libraries | 0 | 0 | 0 | 24 |
| Grants paid by subsidiaries | 0 | 0 | 0 | (4) |
| IDEA | 0 | 0 | 0 | 6 |
| Improvement & Performance | 0 | 0 | 0 | 10 |
| Improving Fundraising Capability | 0 | 30 | 30 | 0 |

(table is continued on next page)

Notes to the financial statements

6 Company Cost of charitable activities – grants payable (Continued)

| | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|---|---|---|------------------------------------|------------------------------------|
| Information Technology Initiatives | 0 | 0 | 0 | 128 |
| Informal Learning Support Fund | 0 | 0 | 0 | 65 |
| Inspiring Learning for All | 0 | 0 | 0 | 9 |
| Joint Organisation Data Initiative | 8 | 0 | 8 | 0 |
| Kids at Museums | 0 | 64 | 64 | 30 |
| Legal Deposit Advisory Panel | 0 | 0 | 0 | 50 |
| Leadership Learning Programme | 0 | 10 | 10 | 52 |
| Learning and skills initiatives | 0 | 134 | 134 | 1,027 |
| Lifelong Learning | 40 | 0 | 40 | 30 |
| Light Touch Peer Review | 12 | 0 | 12 | 2 |
| Living Places | 0 | 52 | 52 | 187 |
| Local Authority Museum Programme | 0 | 0 | 0 | 32 |
| Local Government | 0 | 0 | 0 | 10 |
| Making Sense | 0 | 0 | 0 | 20 |
| Michael and Michael Plus | 0 | 0 | 0 | 13 |
| Mighty Creatives | 0 | 7 | 7 | 0 |
| Monitoring & Auditing | 0 | 0 | 0 | 25 |
| Museums at night | 0 | 0 | 0 | 75 |
| National Centre for Stoneage Man | 10 | 0 | 10 | 0 |
| National CPD Programme | 0 | 16 | 16 | 0 |
| National Council Archives | 58 | 0 | 58 | 15 |
| National Culture Forum-Leading Learning | 10 | 0 | 10 | 0 |
| National library membership | 0 | 0 | 0 | 5 |
| New Ways of Curating | 70 | 0 | 70 | 0 |
| Other Renaissance Initiatives | 7 | 56 | 63 | 116 |
| Other Restricted | 0 | 0 | 0 | 50 |
| Our Sporting Life | 0 | 0 | 0 | 120 |
| Portable Antiquities Scheme (PAS) | 344 | 1,068 | 1,412 | 1,380 |
| PRISM | 129 | 0 | 129 | 213 |
| Public Catalogue Foundation | 0 | 0 | 0 | 200 |
| Reading Agency | 158 | 0 | 158 | 0 |
| Regional MLA Councils | (200) | (473) | (673) | 622 |
| Renaissance funding for Hub Museums | 0 | 40,471 | 40,471 | 36,211 |
| Renaissance Innovation Fund | 0 | 363 | 363 | 340 |
| Renaissance Museum Development | 0 | 948 | 948 | 860 |
| Regional Project Activities | 178 | 174 | 352 | 75 |
| Schools Participation Database | 0 | 0 | 0 | 64 |
| Science Network | 0 | 56 | 56 | 64 |

(table is continued on next page)

Notes to the financial statements**6 Company Cost of charitable activities – grants payable (Continued)**

| | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|---------------------------------------|---|---|------------------------------------|------------------------------------|
| Security | 0 | 0 | 0 | 2 |
| Social inclusion initiatives | 0 | 0 | 0 | 0 |
| Sundry small grants | 19 | 0 | 19 | 76 |
| Supporting Excellence | 0 | 0 | 0 | 12 |
| Surveys and Evaluations | 0 | 0 | 0 | 216 |
| Take one Picture | 0 | 40 | 40 | 37 |
| Teaching outside the Classroom | 0 | 54 | 54 | 90 |
| Transforming Community Relationships | 81 | 0 | 81 | 0 |
| The British Council | 5 | 0 | 5 | 7 |
| UK Joint Forum | 0 | 0 | 0 | 10 |
| University of Wolverhampton | 0 | 0 | 0 | 0 |
| Visit Britain | 8 | 0 | 8 | 0 |
| V&A Purchase Grant Fund | 905 | 0 | 905 | 881 |
| Wedgewood Museum | 0 | 0 | 0 | 200 |
| Working with Children's Services | 0 | 30 | 30 | 0 |
| Total Company - Grants Payable | 3,491 | 45,631 | 49,122 | 48,206 |

Company grants movement summary for 2010/11

| | 2010/11 £000 | 2010/11 £000 |
|--|-----------------|-----------------|
| Commitment balances and accruals at 1 April 2010 | | (19,415) |
| Grant de-commitments | 1,064 | |
| New grant commitments | (50,186) | |
| Grants charged to income and Expenditure Account | | (49,122) |
| Grants paid | | 56,963 |
| Commitment balances and accruals at 31 March 2011 | | (11,574) |

No grants have been made to individuals

Notes to the financial statements

7 Cost of charitable activities (total resources expended)

| Consolidated for 2010/11 | Improvement | Learning | Communities | Leadership | Total |
|--|--------------------|-----------------|--------------------|-------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Staff costs (note 10) | 3,299 | 1,016 | 1,503 | 1,339 | 7,157 |
| Consultancies, professional fees and subscriptions | 155 | 46 | 70 | 63 | 334 |
| Other costs | 1,996 | 606 | 901 | 811 | 4,314 |
| Depreciation (note 14a) | 100 | 30 | 46 | 41 | 217 |
| Grants payable (note 6) | 22,981 | 7,059 | 10,443 | 9,334 | 49,817 |
| Total | 28,531 | 8,757 | 12,963 | 11,588 | 61,839 |

| Company for 2010/11 | Improvement | Learning | Communities | Leadership | Total |
|--|--------------------|-----------------|--------------------|-------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Staff costs (note 10) | 3,117 | 944 | 1,406 | 1,267 | 6,734 |
| Consultancies, professional fees and subscriptions | 157 | 47 | 71 | 64 | 339 |
| Other costs | 1,977 | 598 | 891 | 803 | 4,269 |
| Depreciation (note 14b) | 101 | 30 | 45 | 41 | 217 |
| Grants payable (note 6) | 22,746 | 6,883 | 10,254 | 9,239 | 49,122 |
| Total | 28,098 | 8,502 | 12,667 | 11,414 | 60,681 |

Notes to the financial statements**7 Cost of charitable activities (total resources expended) – continued****Consolidated for 2009/10**

| | Improvement | Learning | Communities | Leadership | Total |
|--|---------------|--------------|---------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Staff costs (note 10) | 2,682 | 1,382 | 1,949 | 853 | 6,866 |
| Consultancies, professional fees and subscriptions | 541 | 252 | 496 | 237 | 1,526 |
| Other costs | 816 | 414 | 613 | 494 | 2,337 |
| Depreciation (note 12) | 42 | 21 | 31 | 10 | 104 |
| Grants payable (note 6) | 21,624 | 7,913 | 10,296 | 8,461 | 48,294 |
| Total | 25,705 | 9,982 | 13,385 | 10,055 | 59,127 |

Company for 2009/10

| | Improvement | Learning | Communities | Leadership | Total |
|--|---------------|--------------|---------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Staff costs (note 10) | 2,640 | 1,340 | 1,907 | 839 | 6,726 |
| Consultancies, professional fees and subscriptions | 540 | 252 | 495 | 236 | 1,523 |
| Other costs | 828 | 426 | 625 | 498 | 2,377 |
| Depreciation (note 12) | 42 | 21 | 31 | 10 | 104 |
| Grants payable (note 6) | 21,609 | 7,889 | 10,256 | 8,452 | 48,206 |
| Total | 25,659 | 9,928 | 13,314 | 10,035 | 58,936 |

8 Governance costs

| | Consolidation | Company | Consolidation | Company |
|----------------------------------|---------------|------------|---------------|------------|
| | 2011 | 2011 | 2010 | 2010 |
| | £'000 | £'000 | £'000 | £'000 |
| Staff costs (incl' remuneration) | 45 | 45 | 61 | 61 |
| Audit and legal fees | 111 | 75 | 96 | 63 |
| Internal audit | 25 | 25 | 32 | 32 |
| Other costs | 19 | 19 | 28 | 27 |
| Total Governance Costs | 200 | 164 | 217 | 183 |

9 VAT Recoverable

VAT amounting to £1,810 (2009/10 £4,083) was recovered during the year
This has been offset against relevant expenditure

Notes to the financial statements**10 Staff costs**

| | Consolidation | Company | Consolidation | Company |
|--------------------------|----------------------|----------------|----------------------|----------------|
| | 2010/11 | 2010/11 | 2009/10 | 2009/10 |
| | £'000 | £'000 | £'000 | £'000 |
| Wages and salaries | 4,568 | 4,568 | 4,151 | 4,045 |
| Social security costs | 335 | 335 | 352 | 352 |
| Pension costs | 1,326 | 903 | 853 | 829 |
| Temporary staff | 928 | 928 | 1,510 | 1,500 |
| Total Staff Costs | 7,157 | 6,734 | 6,866 | 6,726 |

The following numbers of employees (including the Chief Executive) received remuneration excluding pension contributions within the following ranges

| | Consolidation | Company | Consolidation | Company |
|----------------------|----------------------|----------------|----------------------|----------------|
| | 2010/11 | 2010/11 | 2009/10 | 2009/10 |
| £140,000 to £149,999 | 0 | 0 | 1 | 1 |
| £120,000 to £129,000 | 1 | 1 | 0 | 0 |
| £90,000 to £99,999 | 1 | 1 | 1 | 1 |
| £80,000 to £89,999 | 1 | 1 | 1 | 1 |
| £70,000 to £79,999 | 5 | 5 | 3 | 3 |
| £60,000 to £69,999 | 6 | 6 | 4 | 4 |

Pension contributions for these employees amounted to £ 201,084 (2009/10 £162,372)

The average number of full time equivalent company employees, analysed by function, was

| | 2010/11 | 2009/10 |
|-------------------------------------|----------------|----------------|
| Programme Delivery | 29.5 | 36.7 |
| Field Team | 39.1 | 30.9 |
| Corporate Services | 17.9 | 25.2 |
| Policy and Sustainability | 15.7 | 16.4 |
| Communications & External Relations | 6 | 7.3 |
| Chief Executive's/Chairman's unit | 3 | 3.5 |
| Total | 111.2 | 120 |

Temporary staff included in the full time equivalents 17.7 21.2

In both 2009/10 and the prior year all but one of the company employees was accruing benefits under the defined benefits pension scheme described in note 1h

Notes to the financial statements

10 Staff costs (continued)

For 2009/10 employer's contributions of £1,018,748 (2009/10 £793,895) were paid to HM Paymaster General or reimbursed to organisations seconding staff to MLA. The schemes' Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing to be paid when the member retires, and not the benefits paid during this period to existing pensioners. The rates in force during 2010/11 were

| Staff pay within range | Employer contribution rate |
|------------------------|----------------------------|
| £20,500 and under | 16.7% |
| £20,501 to £42,000 | 18.8% |
| £42,001 to £72,000 | 21.8% |
| £72,001 and over | 24.3% |

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Two employees (2009/10 1) preferred to maintain their own personal pension arrangements and the MLA makes contributions at the rate of 8.9% and 20% respectively of their basic salary. During 2010/11 the total cost of these contributions was £27,463 (2009/10 £11,363).

Exit packages paid to employees leaving

| Exit package costs band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages |
|---------------------------|-----------------------------------|-----------------------------------|-------------------------------|
| 0 - £10,000 | 0 (0) | 1 (0) | 1 (0) |
| £25,000 - £50,000 | 0 (0) | 1 (0) | 1 (0) |
| Total Number | 0 (0) | 2 (0) | 2 (0) |
| Total resource cost £'000 | 0 (0) | 37 (0) | 37 (0) |

Figures in brackets are prior year comparatives

11 Chairman's and senior managers' emoluments, Board Members expenses

Full details of the Chairman's senior managers' remuneration are included in the Remuneration Report on page 24. Travel and subsistence expenses reimbursed to 11 Board Members (2009/10 10) amounted to £4,566 (2009/10 £5,858).

12 Net incoming/(outgoing) resources before transfers

The increase in consolidated resources of £8,788k (2010 decrease £13,878k) and company resources £9,517k (2010 decrease £13,782k) are stated after charging

| | Consolidation 2010/11 £'000 | Company 2010/11 £'000 | Consolidation 2009/10 £'000 | Company 2009/10 £'000 |
|---|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| Depreciation charged – owned assets (note 14) | 217 | 217 | 104 | 104 |
| Auditors' remuneration – external audit fees | 111 | 75 | 96 | 63 |
| – internal audit fees | 25 | 25 | 32 | 32 |

13 Subsidiary companies and their activities

During the year MLA controlled the nine companies listed on page 40 as part of the major restructuring initiative of national activities for Museums Libraries and Archives which commenced in April 2008.

Notes to the financial statements**13 Subsidiary companies and their activities – continued**

These companies' summarised results and balance sheets are shown below

| Income and Expenditure for 2010/11 | Income | Expenditure | Net | Funds b/f | Funds c/f |
|---|----------------|--------------------|--------------|----------------------|----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| MLA East of England | (21) | 21 | 0 | 7 | 7 |
| MLA East Midlands | 17 | (27) | (10) | 19 | 9 |
| MLA North East | 64 | (205) | (141) | 150 | 9 |
| MLA North West | (2,589) | 2,613 | 24 | 5 | 29 |
| MLA South East | 271 | (531) | (260) | 277 | 17 |
| MLA South West | (2,074) | 2,031 | (43) | 67 | 24 |
| MLA West Midlands | (586) | 474 | (112) | 124 | 12 |
| MLA Yorkshire | 43 | (31) | 12 | 3 | 15 |
| MLA London | 141 | (340) | (199) | 235 | 36 |
| Totals | (4,734) | 4,005 | (729) | 887 | 158 |

| Balance Sheets at 31 March 2011 | Current assets | Current liabilities | Provisions for pension exit charges | Provisions for other closure costs | Net |
|--|---------------------------|--------------------------------|--|---|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| MLA East of England | 589 | (2) | (580) | 0 | 7 |
| MLA East Midlands | 1,741 | (2) | (1,710) | (20) | 9 |
| MLA North East | 894 | (155) | (730) | - | 9 |
| MLA North West | 591 | (2) | (560) | 0 | 29 |
| MLA South East | 1,837 | (6) | (1,800) | (14) | 17 |
| MLA South West | 46 | (2) | (20) | 0 | 24 |
| MLA West Midlands | 53 | (1) | (40) | 0 | 12 |
| MLA Yorkshire | 156 | (1) | (140) | 0 | 15 |
| MLA London | 1,192 | (6) | (1,150) | 0 | 36 |
| Totals | 7,099 | (177) | (6,730) | (34) | 158 |

Financial support provided by the MLA

The MLA has given undertakings to each of the subsidiaries that it will provide financial support by way of additional grant funding in order to enable them to fully discharge their outstanding liabilities. This will enable the subsidiaries to commence members' voluntary winding up processes in due course. At the 31 March 2011 the value of these undertakings has been established as that necessary to ensure that each subsidiary has positive unrestricted reserves and included as a debtor within current assets.

The debtors at 31 March 2011 in each subsidiary reflecting this financial support are as follows

| | £'000 |
|---------------------|--------------|
| MLA East of England | 280 |
| MLA East Midlands | 1,410 |
| MLA North East | 860 |
| MLA North West | 390 |
| MLA South East | 1,110 |
| MLA South West | 20 |
| MLA West Midlands | 40 |
| MLA Yorkshire | 40 |
| MLA London | 950 |
| Total | 5,100 |

Notes to the financial statements

14 Tangible Assets

14a Consolidation – Tangible fixed assets

| | Software (Intangible) | Fixtures & Equipment | Leasehold Improvements | Total Consolidation |
|---------------------------------|--------------------------|-------------------------|---------------------------|------------------------|
| Cost | £'000 | £'000 | £'000 | £'000 |
| At 1 April 2010 | 190 | 55 | 434 | 679 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| At 31 March 2011 | 190 | 55 | 434 | 679 |
| Accumulated depreciation | | | | |
| At 1 April 2010 | 76 | 48 | 70 | 194 |
| Re-classification | 31 | (33) | 0 | (2) |
| Charge for the year | 61 | 24 | 132 | 217 |
| Disposals | 0 | 0 | 0 | 0 |
| At 31 March 2011 | 168 | 39 | 202 | 409 |
| Net book value at 31 March 2011 | 22 | 16 | 232 | 270 |
| Net book value at 31 March 2010 | 114 | 7 | 364 | 485 |

The net book value at 31 March 2011 represents fixed assets used for charitable activities

14b Company – Tangible fixed assets

| | Software (Intangible) | Fixtures & Equipment | Leasehold Improvements | Total Company |
|---------------------------------|--------------------------|-------------------------|---------------------------|------------------|
| Cost | £'000 | £'000 | £'000 | £'000 |
| At 1 April 2010 | 190 | 55 | 434 | 679 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| At 31 March 2011 | 190 | 55 | 434 | 679 |
| Accumulated depreciation | | | | |
| At 1 April 2010 | 76 | 48 | 70 | 194 |
| Re-classification | 31 | (33) | 0 | (2) |
| Charge for the year | 61 | 24 | 132 | 217 |
| Disposals | 0 | 0 | 0 | 0 |
| At 31 March 2011 | 168 | 39 | 202 | 409 |
| Net book value at 31 March 2011 | 22 | 16 | 232 | 270 |
| Net book value at 31 March 2010 | 114 | 7 | 364 | 485 |

The net book value at 31 March 2011 represents fixed assets used for charitable activities

Notes to the financial statements

15 Debtors

| | Consolidation | Company | Consolidation | Company |
|---|---------------|--------------|---------------|--------------|
| | 2010/11 | 2010/11 | 2009/10 | 2009/10 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade debtors | 108 | 91 | 696 | 627 |
| Regional Museums, Libraries and Archives | 0 | 155 | 0 | 826 |
| Prepayments and accrued income | 228 | 228 | 473 | 144 |
| Other debtors including taxation and social | 1,077 | 1,077 | 1,464 | 1,410 |
| | 1,413 | 1,551 | 2,633 | 3,007 |

16 Creditors – amounts falling due within one year

| | Consolidation | Company | Consolidation | Company |
|---|---------------|---------------|---------------|---------------|
| | 2010/11 | 2010/11 | 2009/10 | 2009/10 |
| | £'000 | £'000 | £'000 | £'000 |
| Grant and other accruals | 11,983 | 11,964 | 20,008 | 19,988 |
| Deferred income (see note 17) | 81 | 81 | 81 | 81 |
| Grant and trade creditors | 3,475 | 3,475 | 899 | 774 |
| Other creditors including tax and social security | 11 | 11 | 1,784 | 811 |
| Amounts due to Regional MLAs (see note below) | 0 | 5,100 | 0 | 12,703 |
| Amounts due to DCMS relating to Grant-in-aid | 0 | 0 | 3,700 | 3,700 |
| | 15,550 | 20,631 | 26,472 | 38,057 |

The amounts due to Regional MLAs, totalling £ 5,100k (2009/10 £12,703k), relate to the commitments given by MLA to each of the subsidiaries to provide additional financial support in order for them to settle their pension liabilities. The overall liability is based on the pension liability provisions recognised in the subsidiary accounts. The reduction in the liability has arisen as follows

| | £'000 |
|--|--------------|
| Creditor at 1 April 2010 | 12,703 |
| MLA's contribution to settlements made in the year | (3,247) |
| Decrease in creditors arising from settlements made and revised valuations to reflect changes in financial markets | (4,356) |
| Closing balance as at 31 March 2011 | 5,100 |

Notes to the financial statements

17 Deferred income

| | Consolidation 2010/11 £'000 | Company 2010/11 £'000 | Consolidation 2009/10 £'000 | Company 2009/10 £'000 |
|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| Opening balance as at 1 April 2010 | 81 | 81 | 104 | 104 |
| Deferred in current year | 0 | 0 | 0 | 0 |
| Released from previous year | 0 | 0 | (23) | (23) |
| Closing balance as at 31 March 2011 | 81 | 81 | 81 | 81 |

18 Exceptional items

| | Consolidation 2010/11 £'000 | Company 2010/11 £'000 | Consolidation 2009/10 £'000 | Company 2009/10 £'000 |
|---|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| Net movement in creditors and provisions for pension scheme exit charges | | | | |
| Decrease in creditors due to Regional MLAs (note 16) | 0 | (4,356) | 0 | 0 |
| Decrease in provisions for exit charges (note 19) | (5,110) | 0 | (112) | 0 |
| MLA not a going concern adjustments | | | | |
| Provision for redundancies (note 19) | 1,144 | 1,144 | 0 | 0 |
| Provision for lease costs (note 19) | 1,230 | 1,230 | 0 | 0 |
| Total Exceptional Costs | (2,736) | (1,982) | (112) | 0 |

The provisions made in previous years for pension scheme exit charges arising from the closure of the regional agencies in 2009 and 2010 have been revised to take account of actual settlements and changes in the financial market conditions. This results in the exceptional item for a decrease in the provision (see notes 1h, 13, and 19 for details)

MLA is closing down (see note 1a) and this gives rise to the provisions for redundancies and lease costs

Notes to the financial statements

19 Provisions for liabilities and charges – Consolidation

| | Restructuring and lease costs £'000 | Redundancy/ early retirement £'000 | Pension Liabilities £'000 | Total £'000 |
|--|--|--|---------------------------------|----------------------|
| Balance brought forward at 1 April 2010 | 80 | 892 | 15,550 | 16,522 |
| Balances transferred from subsidiaries | 0 | 0 | 0 | 0 |
| Charged/(released) during the year | 1,223 | 1,428 | (5,118) | (2,467) |
| Utilised during the year | (59) | (258) | (3,702) | (4,019) |
| Balance carried forward at 31 March 2011 | <u>1,244</u> | <u>2,062</u> | <u>6,730</u> | <u>10,036</u> |

Provisions for liabilities and charges – Company

| | Restructuring and lease costs £'000 | Redundancy/ early retirement £'000 | Pension Liabilities £'000 | Total £'000 |
|--|--|--|---------------------------------|---------------------|
| Balance brought forward at 1 April 2010 | 0 | 872 | 0 | 872 |
| Charged/(released) during the year | 1,230 | 1,428 | 0 | 2,658 |
| Utilised during the year | 0 | (258) | 0 | (258) |
| Balance carried forward at 31 March 2011 | <u>1,230</u> | <u>2,042</u> | <u>0</u> | <u>3,272</u> |

The restructuring provision brought forward relates to the closure of the regional agencies. The charge for the year relates to the change of the basis upon which the financial statements are being prepared.

The redundancy and early retirement provision brought forward relates to contributions that will be made to the civil service pension scheme in respect of past employees until their retirement date. During the year it has been increased by the provision for redundancy costs arising from the change of the basis upon which the financial statements are being prepared. Of the £1,428k charged in the year, £1,144k is classified as exceptional expenditure (note 18). The remaining £284k relates to staff redundancies which would have occurred irrespective of the closure of the MLA.

The pension liabilities provision relates to the estimated exit charges for the subsidiaries to leave their local government association pension schemes. The provisions are based upon actuarial advice but the timing and exact amount of the settlement will depend upon discussions that are currently ongoing with the individual pension schemes.

20 Financial commitments

At 31 March 2011 the Museums, Libraries and Archives Council had annual commitments under operating leases for Land and Buildings as follows:

| | Consolidation 2010/11 £'000 | Company 2010/11 £'000 | Consolidation 2009/10 £'000 | Company 2009/10 £'000 |
|--|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| Expiring in under one year | 3 | 3 | 0 | 0 |
| Expiring in over one year and less than five years | 183 | 183 | 13 | 13 |
| Expiring in more than 5 years | 0 | 0 | 263 | 263 |
| Total | <u>186</u> | <u>186</u> | <u>276</u> | <u>276</u> |

Notes to the financial statements

21 Statement of funds

Consolidated Statement of funds

| | 1 April 2010 £'000 | Income £'000 | Expenditure £'000 | Transfers £'000 | Transfer from subsidiary £'000 | 31 March 2011 £'000 |
|-------------------------------|-----------------------------|-----------------|----------------------|--------------------|---|------------------------------|
| Restricted Funds | | | | | | |
| National funds | | | | | | |
| 2012 | (223) | 0 | 0 | 223 | 0 | 0 |
| Book Ahead | 53 | 0 | 0 | 0 | 0 | 53 |
| Bricks | 29 | 0 | 0 | 0 | 0 | 29 |
| Community Libraries | (9) | 0 | 0 | 0 | 0 | (9) |
| Controversial Stock | 4 | 0 | 0 | 0 | 0 | 4 |
| Regional MLAs' Pensions | 0 | 3,247 | 0 | (3,247) | 0 | 0 |
| Education Challenge Fund | 18 | 0 | 0 | 0 | 0 | 18 |
| Entitle | 10 | 2 | 0 | 0 | 0 | 12 |
| Festival of Learning | 0 | 0 | (40) | 0 | 0 | (40) |
| Find Your Talent – West | 47 | (47) | 0 | 0 | 0 | 0 |
| Fixed asset reserve | 485 | 0 | 0 | (215) | 0 | 270 |
| Gates Foundation | 87 | 0 | (71) | 0 | 0 | 16 |
| LASSI | 22 | 0 | 0 | 0 | 0 | 22 |
| LCIP | 0 | 414 | (440) | 0 | 0 | (26) |
| Living Places | (61) | 230 | (173) | 0 | 0 | (4) |
| Michael | (299) | 0 | 0 | 299 | 0 | 0 |
| Michael Plus | 6 | 0 | 0 | (6) | 0 | 0 |
| Renaissance | (17,640) | 45,817 | (47,499) | 11 | 0 | (19,311) |
| Strategic Commissioning | 580 | 1,170 | (1,441) | 0 | 0 | 309 |
| Their Past Your Future | 114 | (82) | 7 | 0 | 0 | 39 |
| University for Industry | 14 | 0 | 0 | 0 | 0 | 14 |
| Held by subsidiaries | 377 | 1,286 | (1,376) | 0 | 0 | 287 |
| Total restricted funds | (16,386) | 52,037 | (51,033) | (2,935) | 0 | (18,317) |
| General funds | (13,945) | 16,055 | (8,272) | 2,935 | | (3,227) |
| Total all funds | (30,331) | 68,092 | (59,305) | 0 | 0 | (21,544) |

Transfers between Unrestricted and Restricted funds arise from the MLA providing support to subsidiary companies in order that they have the resources to meet their liabilities. Further information is provided at Note 13.

21 Statement of funds – continued
Company Statement of funds

| | 1 April 2010 | Income | Expenditure | Transfers | 31 March 2011 |
|-------------------------------|---------------------|---------------|--------------------|------------------|----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Restricted Funds | | | | | |
| 2012 | (224) | 0 | 0 | 224 | 0 |
| Book Ahead | 53 | 0 | 0 | 0 | 53 |
| Bricks | 28 | 0 | 0 | 0 | 28 |
| Community Libraries | (9) | 0 | 0 | 0 | (9) |
| Controversial Stock | 4 | 0 | 0 | 0 | 4 |
| Regional MLAs' Pensions | 0 | 3,247 | 0 | (3,247) | 0 |
| Education Challenge Fund | 18 | 0 | 0 | 0 | 18 |
| Entitle | 11 | 3 | 0 | 0 | 14 |
| Festival of Learning | 0 | 0 | (40) | 0 | (40) |
| Find Your Talent - West | 47 | (47) | 0 | 0 | 0 |
| Fixed asset reserve | 485 | 0 | 0 | (216) | 269 |
| Gates Foundation | 87 | 0 | (71) | 0 | 16 |
| LASSI | 22 | 0 | 0 | 0 | 22 |
| LCIP | 0 | 456 | (440) | 0 | 16 |
| Living Places External | (5) | 0 | 0 | 0 | (5) |
| Living Places Partnership | (58) | 278 | (173) | 0 | 47 |
| Michael | (301) | 0 | 0 | 301 | 0 |
| Michael Plus | 6 | 0 | 0 | (6) | 0 |
| Renaissance | (17,728) | 46,493 | (47,889) | 9 | (19,115) |
| Strategic Commissioning | 172 | 1,970 | (1,433) | 0 | 709 |
| Their Past Your Future | 106 | (75) | 8 | 0 | 39 |
| University for Industry | 14 | 0 | 0 | 0 | 14 |
| Total restricted funds | (17,272) | 52,325 | (50,038) | (2,935) | (17,920) |
| Unrestricted funds: | | | | | |
| General funds | (13,945) | 16,055 | (8,825) | 2,935 | (3,780) |
| Total all funds | (31,217) | 68,380 | (58,863) | 0 | (21,700) |

Funds received from DCMS, other Government Departments, Lottery Funds, the European Union and charitable trusts are restricted by the terms of the award to specific purposes. These elements are accounted for within individual restricted funds named to reflect the purposes to which they have been dedicated. Such incoming resources continue to be accounted for in restricted funds until they have been fully applied in accordance with the terms of their award, repaid to the donor or the donor explicitly withdraws the restriction on the use of the funds not yet applied.

Incoming resources which are applied on the acquisition or improvement of fixed assets are accounted for in the restricted fund, fixed asset reserve. The depreciation and any losses on disposal of fixed assets are charged to unrestricted funds but a transfer is made each year from the fixed asset reserve to unrestricted funds in the amount of the depreciation and losses on disposal charged. The fixed asset reserve thus matches the net book value of fixed assets.

The funds described as "Regional MLAs' Pensions" are being provided by DCMS specifically to enable MLA to make contributions to Regional MLA's in order that they have the funds required to settle their pension scheme exit charges.

Notes to the financial statements**21 Statement of funds - continued****Analysis of Consolidated net assets between funds**

| | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|---|---|---|------------------------------------|------------------------------------|
| Fund balances at 31 March 2011 are represented by | | | | |
| Tangible fixed assets | 0 | 270 | 270 | 485 |
| Current assets | 7,039 | (3,267) | 3,772 | 12,179 |
| Current liabilities | (6,960) | (8,590) | (15,550) | (26,472) |
| Provisions for liabilities and charges | (3,306) | (6,730) | (10,036) | (16,522) |
| Total net assets | (3,227) | (18,317) | (21,544) | (30,330) |

Analysis of Company net assets between funds

| | Unrestricted funds 2010/11 £'000 | Restricted funds 2010/11 £'000 | Total funds 2010/11 £'000 | Total funds 2009/10 £'000 |
|---|---|---|------------------------------------|------------------------------------|
| Fund balances at 31 March 2011 are represented by | | | | |
| Tangible fixed assets | 0 | 270 | 270 | 485 |
| Current assets | 5,650 | (3,718) | 1,932 | 7,227 |
| Current liabilities | (6,158) | (14,472) | (20,630) | (38,057) |
| Provisions for liabilities and charges | (3,272) | 0 | (3,272) | (872) |
| Total net assets | (3,780) | (17,920) | (21,700) | (31,217) |

22 VAT, Income and Corporation Taxes

MLA is VAT registered but is only able to recover VAT incurred on or attributable to its very limited business activities using apportionment methods agreed with HMRC. VAT inclusive costs are charged against the relevant charitable activity. MLA is accepted by the HM Revenue and Customs as a charity for tax purposes and is accordingly exempt from Income and Corporation Tax.

Notes to the financial statements**23 Cash flow information****a) Reconciliation of changes in resources to net (outflow)/inflow from operating activities**

| | Consolidation | Company | Consolidation | Company |
|---|----------------------|----------------|----------------------|-----------------|
| | 2010/11 | 2010/11 | 2009/10 | 2009/10 |
| | £'000 | £'000 | £'000 | £'000 |
| Net incoming/(outgoing) resources | 8,788 | 9,517 | (13,878) | (13,782) |
| Reserves on acquisition of subsidiaries | 0 | 0 | 235 | 0 |
| Interest received (note 3) | (35) | (12) | (79) | (62) |
| Depreciation (note 14) | 217 | 217 | 105 | 105 |
| Decrease/(increase) in debtors | 1,218 | 1,455 | (1,629) | (1,969) |
| Loss on disposal of assets | 0 | 0 | 133 | 133 |
| (Decrease) in creditors | (10,923) | (17,427) | (336) | (868) |
| (Decrease)/increase in provisions for liabilities and charges | (6,487) | 2,400 | (999) | (74) |
| Net cash (outflow) from operating activities | (7,222) | (3,850) | (16,448) | (16,517) |

b) Analysis of cash flows**Capital expenditure**

| | Consolidation | Company | Consolidation | Company |
|---|----------------------|----------------|----------------------|----------------|
| | 2010/11 | 2010/11 | 2009/10 | 2009/10 |
| | £'000 | £'000 | £'000 | £'000 |
| Payments to acquire tangible fixed assets | 0 | 0 | (45) | (45) |
| | 0 | 0 | (45) | (45) |

Returns on investments

| | | | | |
|-------------------|-----------|-----------|-----------|-----------|
| Interest received | 35 | 12 | 80 | 62 |
|-------------------|-----------|-----------|-----------|-----------|

c) Reconciliation of net cash flow to movement in net funds and analysis of net funds

| | Consolidation | Company | Consolidation | Company |
|---|----------------------|----------------|----------------------|----------------|
| | 2010/11 | 2010/11 | 2009/10 | 2009/10 |
| | £'000 | £'000 | £'000 | £'000 |
| (Decrease)/increase in cash and movement in net funds | (7,187) | (3,838) | (16,413) | (16,500) |
| Net funds at 01 April 2010 | 9,546 | 4,220 | 25,959 | 20,720 |
| Net funds at 31 March 2011 | 2,359 | 382 | 9,546 | 4,220 |

d) Movement in cash

| | At 01 April | Cash flow | At 31 March |
|--|--------------------|------------------|--------------------|
| | 2010 | in year | 2011 |
| | £'000 | £'000 | £'000 |
| Consolidation - Cash at bank and short term deposits | 9,546 | (7,187) | 2,359 |
| Company - Cash at bank | 4,220 | (3,838) | 382 |

Notes to the financial statements

24 Related party transactions

The MLA is an executive Non-Departmental Public Body sponsored by the Department for Culture, Media and Sport (DCMS). DCMS is regarded as a related party and details of all funding provided by DCMS are disclosed in notes 2 and 4.

During the year, the MLA had a number of material transactions with other bodies sponsored by DCMS. All these transactions were conducted in the normal course of business and at full arm's length. The following DCMS sponsored bodies were awarded grants by the MLA:

| | |
|-----------------|--|
| British Museum | Museum of London |
| Geffrye Museum | Museum of Science and Industry in Manchester |
| Horniman Museum | |

The Big Lottery Fund awarded grants to the MLA details of which are included in note 4.

During the year, the MLA entered into transactions with wholly owned subsidiaries, the MLA is taking advantage of the exemption for disclosing transactions between group members in FRS8 (paragraph 3C).

The following Trustees and key managerial staff are involved in organisations which were awarded grants by the MLA as listed below. The MLA has procedures in place to ensure that Trustees and key managerial staff play no part in decisions on the award of grants to organisations with which they are involved.

| Trustee | Position | Organisation | Grant £'000 | Creditors £'000 | Debtors £'000 |
|----------------|------------------------------------|--|----------------|--------------------|------------------|
| Nick Dodd | Chief Executive | Sheffield Galleries and Museums Trust | 1,600 | 342 | 240 |
| Yinnon Ezra | Director of Recreation | Hampshire County Council | 3,937 | 651 | 0 |
| Helen Forde | Trustee | National Postal Museum | 40 | 0 | 0 |
| Nancy Bell | Head of Collections | The National Archive | 105 | 39 | 0 |
| Senior Manager | Position | Name, relationship & related party entity | Grant £'000 | Creditors £'000 | Debtors £'000 |
| Andrew Holden | Director of Engagement Team London | National Postal Museum | 40 | 0 | 0 |
| Jon Finch | Director of Engagement Team West | Mrs Julie Finch (wife) Head of Museums and Archives for Bristol City Museum & Art Gallery | 3,515 | 629 | 0 |

25 Grants payable

A full list of all grants paid in the year ended 31 March 2011 can be found on the MLA website at www.mla.gov.uk

Notes to the financial statements

26 Financial instruments

MLA's use of Financial Instruments is as described below

Liquidity Risk

The MLA is substantially 81% (2009/10 93%) funded by Grant in Aid from the Department for Culture, Media and Sport which is awarded for the current and up to three forward years. Funding is provided on a monthly basis in order to meet actual cash flow need with MLA being permitted to holding a cash balance of not more than £500k at the end of any month. As a result MLA is not seriously exposed to any liquidity risks.

Long Term Investments

No long term investments are held

Interest Rate Risk

As at 31 March 2011, MLA held £382k (2009/10 £4,220k) in cash and bank deposits, of which £382k (2009/10 £4,220k) was held at floating rates, and the remainder in cash. The Group also held £699k (2009/10 £1,362k) in short term deposits. MLA is therefore not exposed to significant interest rate risk.

Foreign Currency Risk

MLA is not exposed to foreign currency risk

27 Post Balance Sheet Events

Roy Clare stepped down as Chief Executive and Accounting Officer on 20 May 2011. Paul Lander was appointed Acting Chief Executive on 23 May 2011 and Accounting Officer on 3 July 2011.

The financial statements were authorised for issue by the Accounting Officer on behalf of the Board of Trustees on 4 July 2011.