

The Museums, Libraries and Archives Council

**(a company limited by guarantee)
Annual Report and Financial Statements
For the year ended 31 March 2012**

Company Number 03888251

Registered Charity Number 1079666

The Museums, Libraries and Archives Council

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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 5 July 2012

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

Until 1 October 2011 the MLA was the government's agency for developing and improving England's museums, libraries and archives. We enabled them to provide more and more people with high quality experiences that enriched their lives. Leading strategically, the Museums, Libraries and Archives Council promoted best practice in museums, libraries and archives, to inspire innovative, integrated and sustainable services for all.

Since 1 October 2011 the MLA has been engaged in completing its contractual responsibilities and preparing for closure. It ceased operating on 31 May 2012 and will commence a Members' Voluntary Liquidation shortly after publication of this Annual Report and Financial Statements.

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This publication is available for download at www.official-documents.gov.uk

ISBN: 9780102978513

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

ID 2493691 07/12 22007 19585

Printed on paper containing 75% recycled fibre content minimum

Contents

Annual Report of the Board of Trustees

Introduction	4
Review of the year	7
Statement of Trustees' and Acting Chief Executive's responsibilities	14
Governance Statement	15
Remuneration Report	19
Advisers to the MLA	22
Financial Review of the Year	23
The Certificate and Report of the Comptroller and Auditor General to the Members of The Museums, Libraries and Archives Council	24
Financial Statements	26

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 2011/2012, the last year of MLA operations. Shortly after this report is presented to Parliament the MLA will commence a members' voluntary liquidation.

The decision, in July 2010, to wind up the MLA came as a great disappointment to the MLA Board and its staff but we accepted that, in the current economic climate, it was an important part of the Government's drive to cut costs. We have therefore worked hard throughout 2011/12 to ensure that the Secretary of State's decision has been implemented on time, on budget and with minimum disruption to our stakeholders. We have been assisted in this exercise by our colleagues in the Department for Culture Media and Sport (DCMS), Arts Council England (ACE) and The National Archives (TNA) but the greatest contribution has been made by the MLA staff whose professionalism and commitment throughout this demanding period have been outstanding. Fortunately one third of them have been able to secure new positions with ACE and TNA, greatly assisting the transfer of knowledge and expertise, but the remaining two thirds have been made redundant. We extend our sincere gratitude to all the members of MLA staff who have played a part in this process and the volunteers on the MLA Board who have provided unstinting support during this period.

The MLA commenced operations in April 2000 and operated for 12 years. Looking back we can see that those years have been a period of significant political, economic and social change largely driven by rapidly developing technologies. During its first 8 years the MLA saw its funding grow by almost 300% as Government provided substantial funds to support regional museums. Unfortunately the country's period of sustained economic growth came to a sudden end in 2008 when the UK entered its first recession for nearly two decades and since then the MLA has been required to play its part in reducing public spending by driving down operating costs and increasing efficiency. However, during this period Government has demonstrated its strong support for regional museums by minimising the cuts in funding for *Renaissance in the Regions*.

In 2000 internet usage was in its infancy and the MLA was using £100 million of lottery funding to establish the *People's Network*, which would ensure that all libraries in the UK provided easy and free access to the internet. Twelve years later advances in digital technology have ensured that the internet is now the prime communication method for most individuals and businesses and almost half the population regularly use "*smartphones*"; devices that few could even imagine in 2000.

The MLA was established as the Government's agency for developing and improving England's museums, libraries and archives; by providing the sector with strategic leadership, acting as an authoritative advocate and champion, advising stakeholders on best practice and assisting DCMS with the delivery of specific initiatives. Our considerable success in this role has been well documented in our published annual reports and our many publications which will continue to be available via TNA. Whilst it is not possible to summarise all that the MLA has achieved in the last 12 years there are a number of achievements that deserve to be highlighted.

In the autumn of 2001 the *Regional Museums Task Force*, led by the MLA's Chairman, presented its recommendations for *Renaissance in the Regions* to Government. The recommendations won considerable support and substantial funding was allocated to the initiative enabling the programme to be launched in 2003. Since that time the MLA has spent over £300 million on targeted investment and the cultivation of local, regional and national partnerships. This has enabled more than 50 key regional museums to strive for excellence and realise the sector's potential to make a real difference to people's lives. Full details of the programme's substantial achievements are set out in the independent review of *Renaissance in the Regions*, published in July 2009, but one startling statistic is that during this time the number of visits to supported museums grew by 50%.

Between 2004 and 2011 the MLA utilised £15.8 million of *Strategic Commissioning* funding from DCMS and the Department for Education (DfE) to enhance the contribution that museums and archives make to education. In addition to rolling out national initiatives such as *Take One Picture*, *Design for Life* and *Campaign*, there was a major focus on building links between professionals and developing their capacity to work together. Over 7,500 teachers learned how to work more effectively with museums and archives and more than 5,500 museum and archive staff developed their ability to work with teachers, schools and young people.

The MLA was pleased to work with the Heritage Lottery Fund (HLF) and the British Museum (BM) to develop a programme to record the numbers of small finds of archaeological interest found by members of the public – *The Portable Antiquities Scheme*. Since 2006 the MLA has provided funding to enable the BM to manage this increasingly successful scheme; a scheme that saw the number of recorded finds double in the three years to 2010/11. The scheme played a crucial part in securing the Staffordshire Hoard for the nation in 2009 complemented by the use of *Renaissance* funding to help retain this important treasure in the West Midlands, displayed by the region's major museums.

One aspect of the MLA's work that we feel particularly proud of has been our support for Archives in the regions; initially by our regional agencies and later by our field team. With our support archives have responded positively to the opportunities for increased cooperation with museums and libraries. In 2009 MLA worked with TNA and CyMAL (Museums, Libraries and Archives Wales) to provide a response to the Government's policy on publicly funded archive services, the first such policy to be developed in 10 years. After it was laid before parliament we continued working with TNA to develop and publish *'Archives for the 21st Century in action'*. Created for leaders of local authorities and universities, the publication was a tool to enable senior archives professionals to engage with funders, showcase the potential of archives, and demonstrate their vital contribution to the public sector. *'Archives for the 21st Century in action'* offered clear and practical advice about how to get the most out of archive services, ensuring better value for money for those who run and fund them, plus a higher standard of services for users.

It is interesting to reflect on the changing demands faced by public libraries over the last twelve years and how the MLA and DCMS have sought to support them. In 2007/08 the MLA assisted the Big Lottery Fund to deliver its *Community Libraries Programme*, an £80 million initiative that provided grants to 58 library authorities to help them renovate, extend and build new libraries. This was followed in May 2008 with the publication of a five year Action Plan for Libraries, *'Towards 2013'*. Building on the results of DCMS' £9 million *'Framework for the Future'* programme and extensive consultation with stakeholders, *'Towards 2013'* set out the aspiration of making every public library a great public library. In addition to highlighting and promoting best practice, the plan examined options for governance, funding, management and delivery structures. Over the next three years the MLA took forward the plan including national initiatives such as *Reference Online*, which secured savings for libraries of £7.7 million, and *'Boys into Books'*, using £5 million from the Department for Children, Schools and Families (DCSF) to encourage more boys aged 5 to 11 to enjoy reading. Simultaneously, its newly created field team worked with library authorities at a local level providing practical assistance, access to consultancy support, conducting peer reviews and promoting best practice. Finally, in 2010, the MLA and the Local Government Group (LGG), launched the *Future Libraries Programme*, an initiative designed to support innovation and pilot imaginative solutions in selected local authorities. In Phase One, ten change projects, involving 36 councils, have been supported. They have proved to be an excellent test bed for developing and assessing innovative approaches and the lessons learnt have been disseminated widely across the sector.

Whilst the funding available to aid the development of collections has always been limited, we are extremely pleased that the MLA has been able to support two important purchase grant funds. The *V&A Purchase Grant Fund*, which has been managed by the V&A since 1881, supports the purchase of a wide range of material for the permanent collections of non-nationally funded organisations in England and Wales. Demand for support is always strong and each year the fund considers well over two hundred applications. During the last twelve years the MLA has provided just under £12 million which has supported the funding of 2,033 acquisitions by almost 400 collections.

We have complemented this work by providing £2.4 million for the *Preservation of Industrial and Scientific Material (PRISM) fund*. This has enabled the fund to award more than 350 grants towards the costs of acquiring and conserving items which are important in the history and development of science, technology and industry. Whilst these grants have been relatively small, they have been widely distributed, often to small and volunteer led museums and trusts, enabling the preservation of many objects that reflect England's rich industrial heritage.

In partnership with *CyMAL: Museum, Archives, Libraries Wales; Museums Galleries Scotland* and the *Northern Ireland Museum Council*, the MLA has administered the UK's *Museum Accreditation Scheme* which sets nationally agreed standards for museums in the UK. The scheme enables museums to benchmark their own performance, identify areas for development and strive for higher standards. The scheme is widely regarded as one of the most innovative and effective developments in the museum sector and has been used as a model and source of inspiration for similar schemes overseas. By the autumn of 2011 just under 1,800 museums, half of which are independently owned, had achieved this demanding standard and demonstrated their commitment to continuous improvement. To support them in this ambition the MLA and its key stakeholders developed a revised standard which reflected the increasing expectations of visitors, which ACE was able to launch in October 2011.

In 1997 the MLA's forerunner, *the Museums and Galleries Commission (MGC)*, launched a scheme to identify and celebrate pre-eminent collections of national and international importance held by non-national institutions; *The Designation Scheme*. We have been proud to take forward and develop this scheme which in 2005 was extended to include libraries and archives. When we handed responsibility over to ACE in the autumn of 2011 there were 140 Designated Collections held in organisations across the whole of England; all world class collections that are a lasting source of inspiration and enjoyment for generations to come.

But now the time for reflecting and celebrating the MLA's achievements has passed. Now is the time to look to the future and wish ACE and TNA well with their new responsibilities. We look to you to build on the achievements of the last twelve years, learn from the MLA's experiences and provide the vigorous, imaginative leadership that museums, libraries and archives require and deserve.

We live at a challenging time when public and private finances are not sufficient to meet our individual or collective expectations. When communities are fragmenting and social structures struggle to respond well to increasing diversity. When the worlds of work and leisure are rapidly changing and younger generations' views of both are largely shaped by digital technology. But whilst this time is challenging it is also one of great opportunity for museums, libraries and archives.

We develop our lives to the fullest extent by social interaction; by sharing stories and experiences; by developing tolerance, understanding and empathy. Museums, libraries and archives are crucial to this development. They are treasure troves of knowledge and inspiration, providing interpretation and understanding of the world around us. Together with drama and music they help us explore our emotions and understand what makes us human. Communities cannot thrive without these cultural experiences that help us to gain a deeper sense of our selves and our shared heritage.

The mission must be for museums, libraries and archives to ensure that culture and creativity, knowledge and understanding, are embedded in every community, available to all.



Paul Lander
Accounting Officer and
Acting Chief Executive



Sir Andrew Motion
Chair of the Board of Trustees

REVIEW OF THE YEAR

Introduction

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 and 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. 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.

During 2011/12 the MLA has worked to implement these decisions. In the first half of the year the emphasis was upon managing the smooth transfer of responsibilities, knowledge and capability to ACE and TNA during the course of which 35 members of staff transferred their employment to ACE and one to TNA. That this transition has been achieved seamlessly on time and on budget is a tribute to the leadership, staff and Trustees of the MLA. It is also testament to the energy invested by colleagues within ACE and TNA, who have welcomed the broadening of their responsibilities and who see synergies with other aspects of their work. Looking to the future, the sector has the continuing strategic leadership and expertise it needs, coupled with ongoing investment in its improvement.

Since 1 October 2011 the MLA has been engaged in completing its contractual responsibilities and preparing for closure. It ceased operating on 31 May 2012 and will commence a Members' Voluntary Liquidation shortly after publication of this Annual Report and Financial Statements. The most substantial contractual responsibility has been the management of the existing Renaissance programme and the payment of awards to regional museums throughout 2011-12. This arrangement has enabled a clear separation between "old" Renaissance and the new model for regional museum improvement that ACE has implemented from 1 April 2012.

Against this challenging background, MLA priorities for 2011-12 were focused on:

- Working with DCMS, ACE and TNA to develop a shared understanding of the needs of the sector and the resources required to meet them after 1 October 2011;
- Meeting the MLA's obligations as set out in the formal Transfer Agreement signed by DCMS, MLA and ACE in August 2011;
- Preserving the knowledge base of the MLA, including its research base, and facilitating its transfer to ACE and TNA;
- Ensuring that staff transfers and redundancies were dealt with fairly and in line with Civil Service protocols;
- Managing the Renaissance programme;
- Supporting local government in the period up to October 2011, especially in respect of library reviews; and
- Ensuring business continuity in respect of cultural property functions such as Export Licensing and the Government Indemnity Scheme.

Whilst operational activity undertaken in 2011-12 was less than in previous years, and with the exception of Renaissance, ceased almost entirely in October 2011, there remain a number of practical achievements to highlight. These are outlined below. This is followed by a short narrative setting out details of the work carried out to ensure the orderly closure of the MLA together with important information concerning the structure and operation of the MLA.

Renaissance

During the year we agreed with ACE and DCMS that it would be beneficial for the MLA to manage the existing Renaissance programme for the whole of its final year. This enabled ACE to focus its resources on the development of a new major grants programme for museums to be operational from 1 April 2012. Drawing from the MLA vision for New Renaissance which had been endorsed by the Minister in 2010, ACE has developed an exciting new programme incorporating “core” funding for a relatively small number of institutions, a “challenge” fund, a series of national programmes and funding for museum development.

Meanwhile, the MLA agreed detailed Renaissance operational plans with 45 museum services and entered into funding agreements totalling £38 million. A key feature of these plans was that they should assist the participating organisations in improving their sustainability and preparing for the new funding model that ACE was developing. As the year proceeded services made excellent progress against their objectives and, where appropriate agreed revisions to their plans in order to ensure that the activities undertaken accorded with the new priorities emerging from ACE.

Over 230 individual projects have been completed with the vast majority of objectives and milestones being achieved. All museum services were set objectives for increasing:

- The overall number of visits to Renaissance funded museums
- The number of visits by adults from priority groups
- The number of participation contacts with school age children in years 1-11
- The number of adult and child visitors participating in on-site activities

At the time of writing this report, the full results for the year are not yet available. They will be published on the ACE website in August 2012. Interim results show that achieving these objectives has been very challenging with performance varying noticeably between institutions. We believe that this is a reflection of the difficult economic circumstances faced by many families and the pressures upon schools’ resources and finances.

Throughout the year the MLA has worked closely with staff within individual museum services in order to ensure that all spending has been in line with the agreed operational plans and that the claims agreed and settled met the regularity standards agreed with the National Audit Office.

The MLA Field Team

MLA’s staff working in the regions in the first half of the year found that the pressure on local authority budgets was beginning to become evident as many Councils put in place cost reduction measures. In some cases, cultural services appeared to be bearing a disproportionate share of the cuts and substantial service reductions were being contemplated. The MLA engaged with these authorities to ensure that plans for cost reduction were based upon sound local strategies. In particular, there were high levels of media coverage accompanying some proposals for library closures and although these were very much local decisions, the MLA worked consistently to obtain the best outcomes possible in the current economic climate, even though its own resources were being reduced over this period.

The remaining capacity of the Field Team was focused upon working with regional museums to assist them with the delivery of their 2011/12 Renaissance operational plans and managing the funding agreements with museum services. Alongside this, there were Director level discussions with ACE colleagues to define the shape of Renaissance for the period beyond April 2012.

During the period leading up to October 2011 the Field Team devoted considerable energy to concluding its engagement work with individual local authorities and closing locally based projects. It also collaborated with ACE and TNA to ensure that its substantial regional knowledge (at both an informal and formal level) was captured and transferred before staff left. This ensured that ACE and TNA received the information they required to carry out their new responsibilities at a local level.

Other operational milestones in the period to 1 October 2011

The first phase of the Future Libraries Programme (FLP) was completed in May 2011 and the lessons learnt disseminated widely across the sector. The 10 FLP pilots provided many learning points for local authority library services and ACE has now built on this experience and is working with the Local Government Group to launch the second phase.

Another significant operational milestone achieved was the handover of an electronic Export Licensing Application System to ACE. The MLA had made a significant investment in this project and it was transferred to ACE for user acceptance testing and fine tuning. It is anticipated that ACE will deploy the system during 2012-13.

The revised Accreditation Standard, developed by the MLA, was launched by ACE at the Museums Association Conference in October. The new Standard was very well received and was the result of considerable MLA investment in improvement tools for use by the sector.

Designation Panel meetings were held through 2011 and interest in the Scheme continued to increase with over 30 expressions of interest as at May 2011. Discussions with ACE confirmed that the Designation scheme fitted well with its own strategic aims and the drive for artistic excellence. The scheme will therefore continue under ACE management, building upon the base established by earlier MLA investment.

Preparations for closure of the MLA

Staffing Issues

Dealing with staff equitably, complying with the relevant legislation and Cabinet Office protocols has proved to be one of the most challenging areas of work associated with the closure of the MLA. At the time of the announcement that the MLA would close it employed 105 FTE's. By the 1 October 2011 36 members of staff had transferred to ACE and TNA and the MLA workforce had reduced to 38 FTE's. By 31 May only 5 members of staff remained, all of whom will be redundant on 30 June 2012.

The MLA ensured that sufficient capacity was retained throughout the transition period in order to maintain all vital functions. Fortnightly Joint Consultation and Negotiation Committee meetings provided a forum for MLA management to meet with representatives from its recognised trade union *Prospect*. At every stage during the process, the MLA engaged in meaningful consultation with its staff and complied with the relevant Cabinet Office protocols and guidelines. It also provided a comprehensive outplacement support programme for staff facing redundancy.

MLA property interests

During 2011-12 the MLA held leasehold interests in offices at the Wellcome Wolfson Building in London and on two floors of Grosvenor House in Birmingham. Following discussions with the Department for Culture, Media & Sport and the Government Property Unit, all three of the offices were marketed to both commercial interests and other Government Agencies. As a result of this exercise the lease of one floor of the MLA offices in Birmingham has been assigned to the Department for Culture Media and Sport in order that it may be occupied by two other NDPB's.

It has not been possible to find occupiers for either of the other two offices. DCMS has therefore authorised the MLA to surrender both leases and provided the funds necessary to make capital payments to the respective landlords. The surrender of the lease for the floor at the Wellcome Wolfson Building in London was committed to in March and completed in April 2012. The surrender of the lease for the second floor of Grosvenor House in Birmingham was completed in June 2012.

Knowledge Transfer

MLA worked closely with ACE to design and implement a strategically focused knowledge transfer programme which ensured that relevant hard copy and electronic files migrated to ACE and that tacit knowledge was shared. A joint ACE-MLA Programme Board oversaw the development of a knowledge asset register and all knowledge transfers were subject to protocols to ensure that clear lines of accountability and sign-off were observed.

A similar approach was adopted with TNA and an agreement has been signed to transfer any remaining MLA Intellectual Property Rights to The Crown. There has also been a transfer of material of historic significance to TNA.

This work has ensured that the MLA's Research and Evidence database has been preserved and that the investment it represents is not lost to the sector. The MLA website was closed on 31 March, but its content has been made available to both ACE and TNA for re-use. TNA has also preserved the MLA site as part of its work in capturing electronic copies of all Government websites. The MLA's statutory records will transfer to DCMS at the point of closure.

Legal status

The Museums, Libraries and Archives Council (MLA) 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 then 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. It changed its name to "*The Museums, Libraries and Archives Council*" in February 2004 and operated as Government's lead strategic agency for museums, libraries and archives in England until 30 September 2011.

The MLA is a company limited by guarantee (number 03888251) and also a registered charity (1079666). Its governing instrument is its Memorandum and Articles of Association. A joint Management Statement and Financial Memorandum sets out the framework for the accountability relationship with the DCMS and a Funding Agreement between DCMS and MLA set out the agreed priorities and objectives for 2011/12.

Since 1 October 2011 the MLA has been engaged in completing its contractual responsibilities and preparing for closure. It ceased operating on 31 May 2012 and will commence a Members' Voluntary Liquidation shortly after publication of this Annual Report and Financial Statements.

Between 1 April 2011 and 16 March 2012 the MLA exercised dominant influence over the nine dormant organisations listed below. All of these organisations had ceased operating by 1 April 2010 and during the dormant period they had only engaged in transferring activities to the MLA and settling residual liabilities in preparation for the commencement of members' voluntary winding up procedures. MLA ceased to have dominant influence on 16 March 2012 when Sean Croston of Grant Thornton was appointed by each of them as liquidator.

	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.

Our funding and how we spend it

Most of MLA's funding comes from DCMS as Grant in Aid and grants for specific programmes. MLA also received grants from other government agencies; managed Lottery Fund supported programmes and administered awards from other charitable bodies. The money was spent providing grant awards to other bodies for research, advocacy and programme management.

During 2011/12 expenditure on these activities totalled £41.6 million, split between the principal objectives for the year as follows:

	£ million
Assist the sector's leaders to oversee constant improvement and respond to local needs	20.7
Enable the sector to increase its contribution to learning and skills development	4.3
Enable the sector to increase its contribution to local economies and communities	8.4
Provide clear leadership and strong advocacy for the sector	8.2

Further information is available in the Financial Statements on pages 26 to 49.

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, criteria for the awards are agreed with those bodies and applied by MLA. Where grant schemes are operated at MLA's 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.

How we are held to account

We account to DCMS against a Funding Agreement which sets 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 have been published with other management documents and regular updates on our activities and plans on our website. This has now been preserved by TNA as part of its work in capturing electronic copies of all Government websites. As a public authority we actively comply with the provisions of the Freedom of Information Act.

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 on page 48.

Register of Interests

The MLA has maintained a register of financial interests of its Trustees and made it available for public inspection at its registered office. After 29 June 2012 this information will be held by DCMS.

Registered Office

Until 25 June 2012 it was at Grosvenor House, 14 Bennetts Hill, Birmingham, B2 5RS. On 25 June 2012 it was changed to Grant Thornton, 1 Dorset Street, Southampton, Hampshire, SO15 2DP.

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.

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.

Staff Establishment and Organisation Structure

The MLA establishment at 31 March 2012 comprised 11 full time equivalents (FTEs) including vacant posts (2010/11: 98). A further 3 FTEs (2010/11: 19) were employed in posts funded by programme funding that is in addition to the DCMS baseline grant. Prior to 1 October 2011 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 Acting Chief Executive comprised the Executive Board. Since 1 October 2011 all staff have been working on residual financial and contract management, including Renaissance, and preparing for the formal winding up in July 2012. A structure with two divisions, Renaissance and Corporate Services, has been adopted and the Executive Board has comprised the Acting Chief Executive, Director for Renaissance (until February 2012), Head of Finance, Head of Human Resources and Head of Planning.

Other staffing matters

Although the MLA's accreditation as an Investor in People was allowed to lapse in 2010 it has remained committed to that standard's principles, including development of its employees and effective communication. Teams have regular meetings and major policy and operational issues are discussed at all staff meetings. 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 and when 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.

This approach was particularly beneficial as the MLA implemented arrangements that resulted 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 May 2011 and June 2012.

During 2011/12 there were 419 (2010/11:615) staff sickness absence days, analysed as follows:

	2011/12	2010/11
Programme Delivery*	139	215
Field Team	83	79.5
Corporate Services*	61	226.5
Policy and Sustainability	27	91
Communications & External Relations*	108	0
Chief Executive's/Chairman's unit	1	3
Total	419	615
Average days per employee	8.2	6.6

The substantial changes between years for the two departments marked * arose as a result of two employees being absent for extended periods in 2010/11 and one in 2011/12.

The remuneration report can be found on page 19.

DCMS Performance Objectives

DCMS decided that instead of setting performance objectives for 2011/12 in a manner similar to previous years, it would place specific requirements on the MLA through the Annual Funding Agreement. The Funding Agreement for the period specified that:

"The MLA should ensure that its core functions are continued until programmes are transferred to Arts Council England and The National Archives. The MLA should work closely with these organisations over the course of this year to ensure a smooth transition of the archives functions, the Renaissance in the Regions programme, museums and libraries development work and cultural property functions, as agreed in the relevant letters from the Minister for Culture over the course of 2010/11".

The MLA has fully complied with these requirements.



Paul Lander
Accounting Officer and
Acting Chief Executive
The Museums, Libraries and Archives Council
27 June 2012



Sir Andrew Motion
Chair of the Board of Trustees

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.

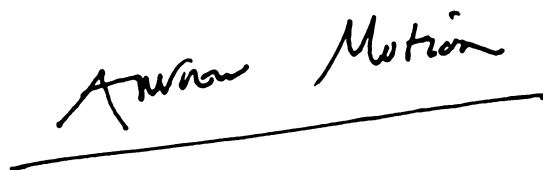
The Accounting Officer for the Department for Culture, Media and Sport has designated the Acting Chief Executive of the MLA as the Accounting Officer for the MLA. His relevant responsibilities as Accounting Officer including his responsibility for the propriety and regularity of the public finances for 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"*.

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
The Museums, Libraries and Archives Council
27 June 2012



Sir Andrew Motion
Chair of the Board of Trustees

GOVERNANCE STATEMENT

Trustees and officers

The MLA's Trustees are the statutory directors of the company and trustees of the charity. They are appointed by the Secretary of State for Culture, Olympics, Media and Sport in order to ensure that the Board has a wide range of experience and skills, not only of museums, libraries and archives, but also local government, corporate governance and academia. The Mayor of London has used his right to nominate one trustee to enable the appointment of Ms Nancy Bell. Whilst the Articles of Association provide that there can be a maximum of fifteen trustees the Board decided during 2009/10 that it would operate with a smaller Board comprising no more than twelve trustees.

The Trustees who served during the year, together with details of their attendance at Board and Subcommittee meetings, are listed below:

Trustees	Board		Audit		Finance		Transition	
	no.	%	no.	%	no.	%	no.	%
Sir Andrew Motion (Chair)	4	100%	5	100%	3	75%	6	100%
Nancy Bell	3	75%	n/a		n/a		n/a	
Geoffrey Bond	4	100%	n/a		4	100%	6	100%
Angela Dean	4	100%	2	100%	3	75%	6	100%
Dr Helen Forde	4	100%	5	100%	n/a		6	100%
Glen(ville) Lawes	4	100%	5	100%	n/a		n/a	
Karen Tyerman	0	0%	1	20%	n/a		n/a	
Robert Wand	4	100%	n/a		4	100%	n/a	
Patricia Cullen (resigned 15 February 2012)	2	50%	n/a		n/a		n/a	
Yinnon Ezra (resigned 26 April 2012)	1	25%	n/a		n/a		n/a	
Nick Dodd resigned on 5 April 2011 and did not attend any meetings								

The Board operates in a manner that is compliant with the *Corporate Governance Code*. All Trustees receive an induction briefing when they are appointed during the course of which the code and its importance is explained. During the year the Board informally reviewed its composition and performance during the course of its Board meetings. In order to ensure that the *Audit and Risk Committee* would always be quorate, and to take advantage of a trustee's specific skills, Angela Dean was appointed as an additional member of the committee in December 2011.

Trustees are unremunerated, with the exception of the Chairman, Sir Andrew Motion. Details of his remuneration can be found in the Remuneration Report on page 18. Details of Board Members travel and subsistence expenses can be found at note 11 to the financial statements on page 40.

Roy Clare was Chief Executive of the MLA from 1 September 2007 until 20 May 2011 when he left by way of voluntary redundancy. Paul Lander has served as Company Secretary since 3 April 2008. On 23 May 2011 the Board appointed Paul Lander, who had been Director of Corporate Services since March 2007 as Acting Chief Executive and he was appointed as Accounting Officer by DCMS on 3 July 2011. Paul had been leading for the MLA's on transition activities since July 2010 and he had previous experience of winding up a similar organisation. His appointment therefore enabled the MLA to maintain a stable leadership and consistency control during the period of transition and winding down.

Responsibility for internal control

The Chairman of the Audit and Risk Committee and the Accounting Officer have been responsible for ensuring that the MLA maintained a sound system of internal control that supported the achievement of MLA's objectives whilst safeguarding the public funds and assets for which the Accounting Officer was personally responsible in accordance with the responsibilities assigned in "*Managing Public Money*".

The system of internal control also served 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 has been designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve its aims and objectives. As such it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control was based on an ongoing process designed to identify and prioritise the principal risks to the achievement of MLA's aims and objectives, to evaluate the likelihood of those risks materialising and to manage them efficiently, effectively and economically.

Capacity to handle risk

Three Board subcommittees gave strong support to the Executive and ensured that appropriate scrutiny was exercised by Trustees; the *Finance and Performance Committee*, the *Audit and Risk Committee* and the *Transition Governance Committee* which maintained an overview of HR matters, including remuneration and any special measures required, during the transition and wind down period.

For 2011/12 the MLA adopted a planning process appropriate to its circumstances and prepared a Transition and Closure Plan with the following objectives;

- To efficiently transfer continuing functions in order that core services provided to the museums, libraries and archives sector were maintained;
- To ensure the MLA knowledge and research base was not lost to the sector;
- To manage redundancies and any opportunities for redeployment in a fair, consistent and supportive way in line with the relevant legislation and guidance;
- To ensure the efficient closure of the MLA in accordance with charity and company law, minimising costs and meeting Government requirements.

The Strategic Risk register was revised in order to be consistent with this plan and performance was reviewed on a regular basis by the Executive. This enabled the Strategic Risk register to be updated bi-monthly by the Executive and presented to Trustees for scrutiny.

The risk and control framework

During the previous three financial years the MLA had progressively refined its Risk and Control Framework. For 2011/12 it was further developed in order to be appropriate to a period of transition and winding down during which objectives would change, new risks would emerge and staff resources would progressively reduce. The framework can be summarised as follows:

- The role of the Board of Trustees was to determine the MLA's strategy and approve policies, annual plans, budgets and reports. During 2011/12 it performed this role cognisant of DCMS' wish that the MLA should work closely with ACE and TNA to ensure a smooth transfer of responsibilities to these organisations. Moreover, DCMS required the MLA to ensure that its core functions were continued until the responsibilities were transferred to ACE and TNA.
- Informed by reports from the Executive Board, Trustees decided upon the 'risk appetite' of the organisation at a strategic level. During 2011/12 the MLA was prepared to experience a moderate level of risk in order to ensure that its objectives were met, providing that its staff, physical and financial assets were not placed at risk and the transfer of responsibilities, within the agreed timescale, was not jeopardised.
- A risk register which identified strategic risks and allocated responsibility for their management to members of the Executive Board was maintained and presented to the *Audit and Risk Committee* with appropriate reports made to the Board of Trustees as described below.
- The Executive Board developed plans, budgets and policy proposals and made key decisions on operational management after considering relevant factors including risk.
- The Executive presented regular reports to the *Audit and Risk Committee* on internal control and risk management.

- Reports were submitted to the *Audit and Risk Committee* by MLA's internal and external auditors who attended all meetings of the committee during 2011/12.
- During 2011/12 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 as to the effectiveness of the MLA's risk management, control and governance processes for 2011/12.
- Bi-monthly progress reports were submitted to the *Finance and Performance Committee* by the Head of Finance covering the MLA's current financial position, the likelihood that financial plans would be achieved and the risks attached. Committee members had the opportunity to discuss these reports and challenge the Executive before reporting to the full Board of Trustees.
- Bi-monthly progress reports from the Acting Chief Executive were presented to the full Board of Trustees covering performance against key objectives, the likelihood that planned outcomes would be achieved and the risks attached. These reports were discussed at Board meetings in order that Trustees had the opportunity to probe and challenge all members of the Executive.

Risk management

Following the announcement by the Secretary of State on 26 July 2010 that the MLA would cease operating and that key functions would be transferred to other organisations, the Trustees and Executive substantially revised the schedule of risks in order to focus on those relating to transition and closure. In addition the schedule was revised during the year in order to reflect the changes in risk as the transition proceeded. In consultation with DCMS, the Internal Audit plan was revised and extended to take account of the MLA wind down and focus on areas of greatest risk. The MLA identified the following as the major risks facing the organisation:

1 April to 30 September

- 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;
- The inability to manage the complex HR processes associated with redundancy and staff transfers could mean that the MLA is exposed to the risk of tribunal claims and industrial action;
- 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 required standard;
- The transfer of staff, knowledge and data to ACE and TNA is not wholly effective resulting in weaknesses in future operations.

1 October to 31 March

- The failure to effectively manage the Renaissance programme throughout 2011-12 could result in diminished financial control and reduced outcomes for the sector;
- The inability to manage the complex HR processes associated with redundancy and staff transfers could mean that the MLA is exposed to the risk of tribunal claims and industrial action;
- Failure to ensure continuing sound systems of financial and accounting control in the period leading up to the closure of the MLA could result in increased risk of fraud, qualification of accounts, inability to meet the agreed closure timetable and a weakened regularity regime;
- Weaknesses in data control and asset disposal processes could increase the risk of losses of confidential or sensitive data.

The MLA put in place a wide range of mitigating actions to counter these risks included creating a suitably experienced team to manage the transition and wind down process, strengthening Renaissance controls, working closely with ACE, DCMS and the Cabinet Office on HR matters and increasing the frequency and scope of internal audits. These actions enabled Trustees and the Executive to actively manage risks whilst ensuring that operational effectiveness was maintained.

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"

At the same time the MLA worked closely with ACE and DCMS to develop and implement plans for the transfer of functions and progression towards closure of the MLA. Between January and September 2011 progress against these plans was monitored on a regular basis by the “*Transition Liaison Group*”. The objective of this group was to agree the transfer plan and timetable, monitor progress and keep DCMS abreast of the future of funding programmes. The group was chaired by the Chief Executive of ACE and consisted of relevant senior managers from all three organisations. The MLA’s Transition Lead was a member of the group and he ensured that regular summaries of the group’s activities were reported to the MLA management and Trustees.

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 2011/12 or prior years, and has made no reports to the Information Commissioners’ office.

Management of Information Risk

The MLA has adopted 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.

During 2010 the MLA, with support from the Head of Information Management and Assurance at DCMS, 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 were applicable, the MLA was already fully compliant with 33 of them. During 2011 the MLA maintained its level of compliance but made limited progress towards achieving compliance with balance of the recommendations in the light of the impending closure of the organisation. 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.

Review of the Effectiveness of the systems of Risk Management and Internal control

During May 2011 the MLA’s internal auditors conducted a review of the organisation’s Transition Planning and Risk Management. Following this exercise the MLA implemented four recommendations designed to improve risk management within three months. In September 2011 the internal auditors repeated this review and extended the scope of their work to reflect the MLA’s priorities in the second half of the year. They provided a satisfactory level of assurance concerning Transition Planning and Preparations for Closure and reported favourably on the risk management process. In addition, the MLA’s internal auditors reviewed six other aspects of internal control during the period April 2011 and February 2012. All of the reports were satisfactory.

The Board of Trustees, having considered the reports provided by the Executive, Internal and External Auditors, is satisfied that the risk management and internal controls operated during 2011/12 were appropriate to the circumstances in which the MLA was operating and effective. They adequately countered the risks of financial loss by fraud, waste or error and the approach adopted provided a sound basis for effective risk management. The system of internal control that has been in place for the year ended 31 March 2012 and up to the date of approval of the Annual Report and Financial Statements accords with Treasury guidance.



Paul Lander
Accounting Officer and
Acting Chief Executive
The Museums, Libraries and Archives Council
27 June 2012



Glenville Lawes
Chair of the Audit Committee
and Trustee

REMUNERATION REPORT

Transition Governance Committee

In February 2011 the Remuneration Committee was renamed and its remit extended to include a strategic overview of all HR matters including any measures required during the transition and wind down period. The Committee met twice in the year and held four “virtual” meetings by email. It was responsible for reviewing the salary of the CEO, ACEO and all senior managers employed by MLA. During the year this amounted to 8. The Committee has four members: Sir Andrew Motion (Chair of MLA), Geoffrey Bond (Trustee), Helen Forde (Trustee) and Angela Dean (Trustee). The Chief Executive attends committee meetings except when his own pay and performance are being considered. The Committee is supported by the Head of HR.

Remuneration Policy for 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.

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. They are not entitled to any other allowances or benefits, cash or otherwise. During 2011/12 the MLA fully complied with Public Sector Pay Policy and no bonuses were paid. 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 1(h) on page 32 for details.

Performance Assessment

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

Senior Managers’ contracts

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

		Date of appointment	Date of leaving	Notice period
Sir Andrew Motion	Chairman	3 July 2008	See note below	1 month
Paul Lander	Director of Corporate Services Acting Chief Executive	19 March 2007 23 May 2011	See note below	3 months**
Sam Bestwick	Director of Engagement East	1 January 2009	17 May 2012	3 months*
Roy Clare	Chief Executive	1 September 2007	20 May 2011	6 months
Sue Wilkinson	Director of Policy & Sustainability	21 June 1999	31 January 2012	3 months*
Hedley Swain	Director of Programme Delivery	7 June 2007	30 September 2011	3 months*
Jon Finch	Director of Engagement West	1 January 2009	31 December 2011	3 months*
Keith Bartlett	Director of Engagement North	9 February 2009	31 August 2011	3 months*
Andrew Holden	Director of Engagement London	1 April 2010	30 June 2011	3 months*

* & ** In accordance with the Civil Service Management code the notice period is increased to 6 months* or 12 months** if the employee is made compulsorily redundant.

The Chair of the Board of Trustees is appointed on a fixed term contract that expires on 6 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. Paul Lander will leave on 29 June 2012 when his post is redundant.

All senior managers other than the Chair 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 at <http://www.civilservice.gov.uk/pensions/compensation-scheme> or from the Cabinet Office.

Senior Managers' Salaries and Pensions

The table below discloses the senior managers' salaries in bands of £5,000, together with the pension that each senior manager would receive if 31 March 2012 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 2012 and 2011 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. Previous year's salary figures are in brackets. No bonuses were earned or paid in the year. There were no non-cash benefits received for 2011/12 or 2010/11. There were no elements of remuneration paid other than in cash.

This disclosure has been subject to audit.	Actual salary for the period employed 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 2012 (& related lump sum) £'000	Cash equivalent transfer value at 31 March 2011 *** £'000	Cash equivalent transfer value at 31 March 2012 *** £'000	Real increase in CETV as funded by MLA £'000
Sir Andrew Motion	25-30 (25-30)	N/A	N/A	N/A	N/A	N/A	N/A
Paul Lander	100-105 (90-95)	0 (0)	0-5	5-10	117	155	21
Sam Bestwick	70-75 (70-75))	0 (0-5)	0-5	0-5	32	49	11
Hedley Swain *	35-40 (70-75)	0 (0)	0-5	5-10	67	77	8
Roy Clare * **	35-40 (125-130)	0 (0)	N/A	N/A	N/A	N/A	N/A
Sue Wilkinson *	110-115 (80-85)	0 (0-5)	0 (& 0)	30-35 (& 90-95)	523	554	0
Jon Finch *	75-80 (70-75)	0 (0-5)	0-5	0-5	31	43	8
Keith Bartlett *	45-50 (70-75))	0 (0-5)	0-5 (& 0-5)	10-15 (& 35-40)	207	213	2
Andrew Holden *	35-40 (70-75)	0 (0)	0-5	0-5	12	15	2

* For the six senior managers that left during the year the salaries shown are for the part year only. Their annual full time equivalent salaries during the period are shown in the table below. For five of these managers, Roy Clare, Sue Wilkinson, Jon Finch, Keith Bartlett, and Andrew Holden the salary includes payments in respect of Compensation in Lieu of Notice (CILON) and accrued holiday entitlement.

** 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 2011/12 the total cost of the MLA's contributions was £2,914 (2010/11: £11,363).

*** The actuarial factors used to calculate CETVs were changed in 2011/12. The CETVs at 31/3/11 and 31/3/12 have both been calculated using the new factors. The CETV at 31/3/11 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Annual full time equivalent salaries for Senior Managers that left during the year

This disclosure has been subject to audit	Full time equivalent salary for the period employed in bands of £5,000 2011/12 £'000	Full time equivalent salary for the period employed in bands of £5,000 2010/11 £'000
Hedley Swain	70-75	70-75
Roy Clare	125-130	125-130
Sue Wilkinson	80-85	80-85
Jon Finch	70-75	70-75
Keith Bartlett	70-75	70-75
Andrew Holden	70-75	70-75

Senior Managers' Compensation Payments

This disclosure has been subject to audit.	Compensation in bands of £5,000
Roy Clare left under Voluntary Exit terms on 20 May 2011	35-40
Sue Wilkinson left under Compulsory Redundancy terms on 31 January 2012	80-85
Jon Finch left under Compulsory Redundancy terms on 31 December 2011	45-50
Keith Bartlett left under Voluntary Exit terms on 31 August 2011	70-75
Andrew Holden left under Voluntary Exit terms on 30 June 2011	20-25

Ratio of Highest Paid Director to Median Earnings

This disclosure has been subject to audit.	2011/12	2010/11
Salary of highest paid director (excluding CILON and accrued holiday pay)	£100,000 to £105,000	£125,000 to £130,000
Median earnings	£37,080	£37,622
Ratio	2.7	3.4

The salary of the highest paid director decreased between 10/11 and 11/12 as a result of the Chief Executive leaving and the Director of Corporate Services being appointed as Acting Chief Executive.



Paul Lander
Accounting Officer and Acting Chief Executive
The Museums, Libraries and Archives Council
27 June 2012

ADVISERS TO THE MLA

Key advisers to the MLA are:

External Auditors	The Comptroller and Auditor General National Audit Office 157 - 197 Buckingham Palace Road Victoria London SW1W 9SP
Internal Auditors	Moore Stephens 150 Aldersgate Street London EC1A 4Ab
Consulting Actuaries	Atkin & Co Cornwall House Blythe Gate, Blythe Valley Park Solihull B90 8AF
Solicitors	Bates Wells and Braithwaite 2-6 Cannon Street London EC4M 6YH Pinsent Masons 1 Park Row Leeds LS1 5AB
Bankers	Lloyds TSB plc 3 rd Floor, 25 Gresham Street London EC2V 7HN
Property Advisers	DTZ Debenham Tie Leung Limited No.1 Colmore Square Birmingham B4 6AJ
Liquidator	Sean Croston Grant Thornton UK LLP Enterprise House 115 Edmund Street Birmingham B3 2HJ
For the former subsidiaries from 16 March 2012	
For the MLA from July 2012	

Auditors

The Comptroller & Auditor General was appointed in 2009 to audit the 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 2011/12 was £68k. The auditors did not perform any non-audit work.

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 £56.8 million (2010/11: £68.4 million). Of these funds, £7.8 million 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 organisations that, at the time, were subsidiaries, totalled £36.2 million (2010/11: £49.1 million).

The cost of charitable activities, excluding grants payable, amounted to £5.4 million (2010/11: £11.6 million). 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. The decision to prepare the financial statements on the basis that the MLA is no longer a going concern (see note 1(a) on page 30) gives rise to exceptional costs of £0.2 million (2010/11: £2.4 million).

The surplus for the year arises as a result of DCMS providing the Grant in Aid required to settle a major part of the provisions and accruals made in the previous year. After accounting for exceptional items it was £14.5 million (2010/11: £9.5 million). The balances held at the year end are a deficit of £5.1 million (2010/11: deficit £17.9 million) for restricted reserves and £2.0 million (2010/11: deficit £3.8 million) for unrestricted reserves.

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.

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, 2011 and 2012. During 2011/12 the level of negative reserves has reduced significantly as DCMS has advanced additional Grant in Aid in order that a major part of the outstanding liabilities can be settled. During the period from 1 April 2012 to 27 June 2012 DCMS has provided sufficient funds to enable the MLA to discharge all liabilities in preparation for a members' voluntary liquidation in early July 2012.

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 financial statements of The Museums, Libraries and Archives Council for the year ended 31 March 2012 under the Government Resources and Accounts Act 2000. The Financial Statements comprise the Summary Income and Expenditure Account, the Statement of Financial Activities, the Balance Sheet, and the 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.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects, the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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's state of affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Museums, Libraries and Archives Council will commence voluntary solvent liquidation in July 2012. As a consequence, the financial statements have been prepared on a basis other than going concern.

Opinion on other matters

In my opinion:

- the information given in the Review of the Year and Financial Review of the Year, for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- 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 which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; 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 Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
3 July 2012

Summary Income and Expenditure Account for the year ended 31 March 2012

	2011/12	2010/11
	£'000	£'000
Total income	56,757	68,380
Operating expenditure	(41,697)	(60,845)
Exceptional items (note 18)	(540)	1,982
Total surplus	<u>14,520</u>	<u>9,517</u>

The notes on pages 30 to 49 form an integral part to these financial statements.

Statement of Financial Activities for the year ended 31 March 2012

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2011/12 £'000	Total 2010/11 £'000
Incoming resources					
Incoming resources from					
Voluntary Income					
- Grant in Aid	2	7,763	48,732	56,495	65,554
Investment income	3	2	7	9	12
Incoming resources from charitable activities	4,5	38	215	253	2,414
Restricted Income from Regional MLAs		0	0	0	400
Total incoming resources		7,803	48,954	56,757	68,380
Resources expended					
Cost of charitable activities:					
Assist the sector's leaders to oversee constant improvement and responsiveness to local needs		1,885	18,786	20,671	28,098
Enable the sector to increase its contribution to learning and skills development		387	3,864	4,251	8,502
Enable the sector to make an increasing contribution to local economies and communities		768	7,662	8,430	12,667
Provide clear leadership and strong advocacy for the sector		747	7,449	8,196	11,414
	7	3,787	37,761	41,548	60,681
Governance costs	8	149		149	164
Exceptional costs	18	540		540	(1,982)
Total resources expended		4,476	37,761	42,237	58,863
Net incoming resources before transfers		3,327	11,193	14,520	9,517
Transfers between funds	21	(1,582)	1,582	0	0
Net incoming resources after transfers between funds		1,745	12,775	14,520	9,517
Net movement in funds		1,745	12,775	14,520	9,517
Total Funds brought forward at 01 April 2011		(3,780)	(17,920)	(21,700)	(31,217)
Total Funds carried forward at 31 March 2012	21	(2,035)	(5,145)	(7,180)	(21,700)

There are no recognised gains or losses other than those those above.

All activities are discontinued activities as the MLA ceased operating on 31 May 2012

The notes on pages 30 to 49 form an integral part to these financial statements.

Balance Sheet as at 31 March 2012

	Notes	2012		2011	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		0		270
Current assets					
Debtors	15	76		1,551	
Cash at bank and in hand		<u>495</u>		<u>382</u>	
		571		1,933	
Liabilities					
Creditors: amounts falling due within one year	16	<u>(5,746)</u>		<u>(20,631)</u>	
Net current (liabilities)			<u>(5,175)</u>		<u>(18,698)</u>
Total assets less current liabilities			(5,175)		(18,428)
Provisions for liabilities and charges	19		(2,005)		(3,272)
Net (liabilities)			<u>(7,180)</u>		<u>(21,700)</u>
Represented by reserves:					
Restricted funds	21		(5,145)		(17,920)
Unrestricted funds:	21		(2,035)		(3,780)
Total charity funds			<u>(7,180)</u>		<u>(21,700)</u>

The notes on pages 30 to 49 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
The Museums, Libraries and Archives Council
27 June 2012



Sir Andrew Motion
Chair of the Board of Trustees

Cash Flow Statement for the Year ended 31 March 2012

	Notes	2011/12 £000	2010/11 £000
Net cash inflow/(outflow) from operating activities	23a	104	(3,850)
Return on investments and servicing of finance	23b	9	12
Increase/(decrease) in cash and short term deposits		<u>113</u>	<u>(3,838)</u>

The notes on pages 30 to 49 from 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, subject to MLA not being a going concern. They meet the requirements of the Companies Act 2006 and the Statement of Recommended Practice on Accounting and Reporting by Charities (2005) (SORP) 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 2011/12 for it to maintain core activities until 30 September 2011, maintain the Renaissance programme until 31 March 2012, transfer key functions and staff to Arts Council England and The National Archives and commence the winding up of the MLA's affairs. DCMS will provide sufficient Grant in Aid in 2012/13 for the MLA to complete the winding up of its affairs and settlement of outstanding liabilities in order that it can commence a member's voluntary liquidation in July 2012.

The MLA has prepared its Financial Statements for 2011/12 on the basis that it is no longer a going concern. The useful lives of fixed assets have been adjusted in order that they have no value at 31 March 2012 – see note 1(f) on page 32. All other assets are stated at their net realisable value at the balance sheet date. In addition, as MLA is no longer a going concern, provisions have been recognised for closure costs in accordance with FRS 12 (see note 18 on page 43).

(b) Consolidated accounts

During 2009/10 and 2010/11 the MLA exerted dominant control over the companies listed on page 10 and prepared consolidated accounts. Between 1 April 2011 and 16 March 2012 the MLA continued to exercise control but they were dormant and only engaged in settling residual liabilities. MLA ceased to have dominant influence on 16 March 2012 when each of them commenced members' voluntary liquidation procedures.

The MLA has not prepared consolidated accounts for 2011/12 on the basis that;

- The companies are not subsidiaries at 31 March 2012
- The transactions undertaken during the year were not material (in accordance with the Charities SORP; Paragraph 383(c) that consolidated accounts are not required in these circumstances).

(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

Notes to the financial statements

(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.

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

Notes to the financial statements

(f) Tangible and Intangible Fixed assets

The MLA's policy had been to state Fixed assets at historic cost with items costing less than £1,000 being charged to expenses in the year of acquisition. Depreciation was charged on all fixed assets on a straight line basis at rates calculated to write down the cost of those 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 were:

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

In accordance with note 1(a) on page 30, as the MLA is no longer a going concern, the useful lives of all fixed assets were determined in 2010/11 to end at the MLA's operational closure date of 31 March 2012. The assets therefore show a £nil net realisable value at 31 March 2012. Some assets will continue to be used up to the date of voluntary solvent liquidation (expected 6th July 2012), but there is no value to these assets.

(g) Leases

MLA has no finance leases. The MLA has leased operational space in properties in London and Birmingham. The cost of operating leases is charged to the Statement of Financial Activities with adjustments to reflect the cost of assignment or surrender.

(h) Pension costs

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.

(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 appropriate advice from suitably qualified professionals, with allowance made for inflation if material. In addition, as the MLA is no longer a going concern, provisions have been recognised for outstanding property lease liabilities including surrender costs and costs arising from the admittance of TUPE transferees into the Civil Service Pension Scheme.

(j) Transfer of Income and Expenditure to Arts Council England

As part of its preparations for closure, MLA agreed with DCMS and ACE to transfer specific activities to ACE on 1st October 2011. Where contractual relationships existed for these activities, the related contracts, including grant awards, were novated (in whole or in part, depending upon the stage of delivery) to ACE (categories A to C below).

Where no contractual relationship existed, MLA transferred the relevant unused budgets to ACE and the transfers were effected by DCMS making a reduction in MLA's GIA allocation and a corresponding increase in ACE's GIA allocation.

The accounting treatment of the transfer of these contractual relationships is set out in the table below:

Notes to the financial statements

j) Transfer of Income and Expenditure to Arts Council England (continued)

Category	Circumstances	Accounting Treatment	
		Statement of Financial Activities	Balance Sheet
A	Existing grants funded by Grant In Aid (on commitment basis)	Reduction in grant cost	Reduction in grant commitment
B	Existing grants funded by other restricted funds (on commitment basis)	Reduction in income Reduction in grant cost	Reduction in cash Reduction in grant commitment
C	Existing Contracts (on accruals basis)	No effect	No effect

Note 6 on page 37 sets out the financial effect of the transfer to ACE on these financial statements for 2011/12, analysed by the above categories.

2 Voluntary income

	Unrestricted funds 2011/12 £'000	Restricted funds 2011/12 £'000	Total funds 2011/12 £'000	Total funds 2010/11 £'000
DCMS Grant in Aid for:				
Core activities	7,763	4,466	12,229	19,218
Renaissance		44,267	44,267	46,336
Total voluntary income	7,763	48,732	56,495	65,554

3 Investment Income

	Unrestricted funds 2011/12 £'000	Restricted funds 2011/12 £'000	Total funds 2011/12 £'000	Total funds 2010/11 £'000
Interest receivable on short term bank deposits		2	7	9
Total investment income	2	7	9	12

Notes to the financial statements

4 Incoming resources from charitable activities

	Unrestricted funds 2011/12 £'000	Restricted funds 2011/12 £'000	Total funds 2011/12 £'000	Total funds 2010/11 £'000
Big Lottery Fund: Their Past Your Future			0	30
Big Lottery Fund: Revenue Funding		16	16	0
DCMS Strategic Commissioning			0	1,970
National Museum Project	30	6	36	0
Designing Libraries			0	10
Entitle			0	3
European Funding : Minerva		15	15	0
Gates Foundation		(32)	(32)	0
Find Your Talent - West			0	(46)
Living Places Partnership			0	228
LCIP		181	181	303
Their Past your Future		4	4	(105)
Other revenue Funding		14	14	0
Royalties	8		8	0
New Ways of Curating		11	11	21
Total Incoming resources from charitable activities	38	215	253	2,414

Incoming resources from charitable activities includes European Union funding of £19k (10/11: £15k).

5 Incoming resources from charitable activities analysed by charitable activity

	Unrestricted funds 2011/12 £'000	Restricted funds 2011/12 £'000	Total funds 2011/12 £'000	Total funds 2010/11 £'000
Assist the sector's leaders to oversee constant improvement and responsiveness to local needs	10	11	21	455
Enable the sector to increase its contribution to learning and skills development	10	5	15	896
Enable the sector to make an increasing contribution to local economies and communities	9	192	201	728
Provide clear leadership and strong advocacy for the sector	9	7	16	335
	38	215	253	2,414

Notes to the financial statements**6 Cost of charitable activities – grants payable**

	Unrestricted funds 2011/12 £'000	Restricted funds 2011/12 £'000	Total funds 2011/12 £'000	Total funds 2010/11 £'000
2012 Initiatives	7		7	186
24 Hour Museum			0	170
Acceptance in Lieu			0	11
ACE Nat'l Indicators			0	11
Action for Archives	40		40	67
ALMA Leadership Project			0	11
Big Lottery Fund: Their Past Your Future			0	(26)
BMAG Capacity Building Pilot			0	31
Book Ahead		(19)	(19)	0
Building Schools for the Future			0	14
Campaigns – Make an Impact			0	56
Children's Laureate	8		8	0
Clore Foundation	(9)		(9)	82
Collections Trust	65	75	140	331
Community Engagement			0	18
Communities of Practice	4		4	0
Creative & Culture Skills			0	72
Creative Apprentices in Museums		(20)	(20)	51
Culture & Sport Improvement Toolkit		15	15	0
Delivering outcomes for Communities			0	79
Designation Challenge Fund		(26)	(26)	1,685
Designing Libraries	(6)		(6)	0
Developing Governance			0	8
Digital Programme			0	312
Diversity		(0)	(0)	(7)
Engage – Watch this Space			0	79
Find Your Talent			0	592
Foundation Degrees			0	9
Future Libraries	(4)		(4)	338
Improving Fundraising Capability		5	5	30
Innovative Project Development		(10)	(10)	0
Joint Organisation Data Initiative	8		8	8
Kids at Museums		14	14	64
Leadership Learning Programme			0	10

(table is continued on next page)

Notes to the financial statements

6 Cost of charitable activities – grants payable (Continued)

	Unrestricted funds 2011/12 £'000	Restricted funds 2011/12 £'000	Total funds 2011/12 £'000	Total funds 2010/11 £'000
Learning and skills initiatives			0	134
Learning and skills Advocacy	(5)		(5)	0
Library Active Information Offer		(17)	(17)	0
Lifelong Learning			0	40
Light Touch Peer Review			0	12
London Library Change Programme		149	149	0
Living Places		5	5	52
MLAC Closing Down Costs	(2)		(2)	0
Mighty Creatives			0	7
National Centre for Stoneage Man			0	10
National CPD Programme			0	16
National Council Archives	30		30	58
National Culture Forum-Leading Learning			0	10
New Ways of Curating	(11)	10	(1)	70
Notts - October Fest		(3)	(3)	0
Other Restricted		(4)	(4)	0
Other Renaissance Initiatives		2	2	63
Our Sporting Life		9	9	0
Portable Antiquities Scheme (PAS)		136	136	1,412
PRISM	(1)	(17)	(18)	129
Reading Agency			0	158
Regional MLA Councils			0	(673)
Renaissance funding for Hub Museums		33,492	33,492	40,471
Renaissance Innovation Fund		(10)	(10)	363
Renaissance Museum Development		1,969	1,969	948
Regional Project Activities	(1)		(1)	352
Science Network			0	56
Sundry small grants	(1)		(1)	19
Take one Picture			0	40
Teaching outside the Classroom			0	54
Transforming Community Relationships	(5)		(5)	81
The British Council			0	5
Visit Britain			0	8
V&A Purchase Grant Fund		297	297	905
Working with Children's Services		25	25	30
Total Grants Payable	117	36,075	36,192	49,122

Notes to the financial Statements

6 Cost of charitable activities – grants payable (continued)

Grants movement summary for 2011/12

	2011/12	2011/12
	£000	£000
Commitment balances and accruals at 1 April 2011		(11,574)
Grant de-commitments		
Upon transfer to ACE	514	
Grant funding disallowed or not claimed	194	
New grant commitments	(36,900)	
Grants charged to Income and Expenditure Account		(36,192)
Grants paid		43,021
Accruals at 31 March 2012		(4,745)

At 31 March 2012 there were no Commitment balances

No grants have been made to individuals.

Transfer of Income and Expenditure to Arts Council England

Note 1(j) on pages 32 and 33 sets out the background to the transfer of activities to Arts Council England at 1st October 2011. The table below summarises the financial effect of this transfer upon these financial statements, analysed in accordance with categories of transfer described in note 1(j).

Category	Circumstances	Statement of Financial Activities		Balance Sheet	
			(£000)		(£000)
B	Existing grants funded by other restricted funds (on commitment basis)	Reduction in income	52	Reduction in cash	52
Total reductions in income arising from the transfer to ACE			52		52
A	Existing grants funded by Grant In Aid (on commitment basis)	Reduction in grant cost	(462)	Reduction in grant commitment	(462)
B	Existing grants funded by other restricted funds (on commitment basis)	Reduction in grant cost	(52)	Reduction in grant commitment	(52)
Total reductions in grant costs arising from the transfer to ACE			(514)		(514)

Notes to the financial Statements**7 Cost of charitable activities (total resources expended)**

					2011/12
	Improvement	Learning	Communities	Leadership	Total
	£'000	£'000	£'000	£'000	£'000
Staff costs (note 10)	1,721	350	705	680	3,456
Consultancies, professional fees and subscriptions	231	48	95	90	464
Other costs	581	119	236	230	1,166
Depreciation (note 14)	134	28	55	53	270
Grants payable (note 6)	18,005	3,703	7,344	7,140	36,192
Total	20,672	4,248	8,435	8,193	41,548

					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 14)	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

8 Governance costs

	2011/12	2010/11
	£'000	£'000
Staff costs (incl' remuneration of Chair)	61	45
Audit fee (see page 22)	68	75
Internal audit	16	25
Other costs	4	19
Total Governance Costs	149	164

9 VAT Recoverable

VAT amounting to £6,094 (2010/11: £1,810) was recovered during the period. This has been offset against relevant expenditure.

Notes to the financial Statements

10 Staff costs

Wages and salaries	2,426	4,568
Social security costs	275	335
Pension costs	476	903
Temporary staff	279	928
Total Staff Costs	3,456	6,734

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

	2011/12	2010/11
£120,000 to £129,000	0	1
£100,000 to £109,999	1	0
£90,000 to £99,999	0	1
£80,000 to £89,999	1	1
£70,000 to £79,999	3	5
£60,000 to £69,999	3	6

Pension contributions for these employees amounted to £132,792 (2010/11: £201,084).

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

	2011/12	2010/11
Programme Delivery	14	29.5
Field Team	17	39.1
Corporate Services	23	17.9
Policy and Sustainability	7	15.7
Communications & External Relations	2	6
Chief Executive's/Chairman's unit	2	3
Total	65	111.2

Temporary staff included in the full time equivalents 14 17.7

In both 2011/12 and the prior year all but two 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 2011/12 employer's contributions of £449,643 (2010/11: £1,018,748) 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 2011/12 were:

Staff pay within range	Employer contribution rate
Up to £21,000	16.7%
£20,001 to £43,500	18.8%
£43,501 to £74,500	21.8%
Over £74,500	24.3%

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Two employees (2010/11: 2) 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 2011/12 the total cost of these contributions was £15,913 (2010/11 £27,463).

Exit packages paid to employees leaving

Redundancy compensation by band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
0 - £10,000	18 (0)	9 (1)	27 (1)
£10,000 - £25,000	9 (0)	7 (0)	16 (0)
£25,000 - £50,000	4 (0)	2 (1)	6 (1)
£50,000 - £100,000	3 (0)	1 (0)	4 (0)
Total Number	34 (0)	19 (2)	53 (2)

Total resource cost	£559k (0)	£278k (£37k)	£837k (£37k)
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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 18. Travel and subsistence expenses reimbursed to 12 Board Members (2010/11: 11) amounted to £2,765 (2010/11: £4,568).

12 Net incoming/(outgoing) resources before transfers

The increase in company resources £14,520K (2010/11: increase £9,517k) is stated after charging:

	2011/12 £'000	2010/11 £'000
Depreciation charged – owned assets (note 14)	270	217
Auditors' remuneration – external audit fees	68	75
– internal audit fees	16	25
Operating Lease Rentals (other)	314	279
Loss/(profit) on disposal of Fixed Assets	(5)	0

Notes to the financial statements

13 Subsidiary companies and their activities

Between 1 April 2011 and 16 March 2012, MLA Council controlled nine companies (the former regional agencies listed on page 10) as part of the major restructuring initiative of national activities for Museums Libraries and Archives which commenced in April 2008.

MLA Council ceased to control these companies when they entered members' voluntary liquidations on 16 March 2012. As these organisations were not under the control of MLA Council and as they were dormant during the period 1 April 2011 to 16 March 2012, in accordance with para 383(c) of the Charities SORP they have not been consolidated.

14 Tangible Assets

	Software (Intangible)	Fixtures & Equipment	Leasehold Improvements	Total
Cost	£'000	£'000	£'000	£'000
At 1 April 2011	190	55	434	679
Additions	0	0	0	0
Disposals	(7)	(29)	0	(36)
At 31 March 2012	183	26	434	643
Accumulated depreciation				
At 1 April 2011	(168)	(39)	(202)	(409)
Re-classification				
Charge for the year	(22)	(16)	(232)	(270)
Disposals	7	29	0	36
At 31 March 2012	(183)	(26)	(434)	(643)
Net book value at 31 March 2012	0	0	0	0
Net book value at 1 April 2011	22	16	232	270

The net book value at 31 March 2012 represents fixed assets used for charitable activities

Notes to the financial statements**15 Debtors**

	2011/12	2010/11
	£'000	£'000
Trade debtors	16	91
Regional Museums, Libraries and Archives	0	155
Prepayments and accrued income	60	228
Other debtors including taxation and social	0	1,077
	76	1,551

16 Creditors – amounts falling due within one year

	2011/12	2010/11
	£'000	£'000
Grant accruals	4,745	11,964
Other accruals	68	0
Grant retentions	401	0
Deferred income (see note 17)	-	81
Grant and trade creditors	23	3,475
Re-classification from provisions	495	0
Other creditors including tax and social security	7	11
Amounts due to Regional MLAs: Pension Schemes	-	5,100
Amounts due to Regional MLAs upon their liquidation	7	0
	5,746	20,631

The amounts due to Regional MLAs: Pension Schemes, totalling £Nil (2010/11 £51,00k), related 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. These liabilities were settled prior to the liquidation of the regional agencies.

Notes to the financial statements**17 Deferred income**

	2011/12 £'000	2010/11 £'000
Opening balance as at 1 April 2011	81	81
Deferred in current year	0	0
Released from previous years	(81)	0
Closing balance as at 31 March 2012	<u>0</u>	<u>81</u>

18 Exceptional items

	2011/12 £'000	2010/11 £'000
Net movement in creditors for pension scheme exit charges		
Decrease in creditors due to Regional MLAs	(4,100)	(4,356)
Pension Scheme settlement costs	4,466	0
Movements in provisions		
Provision for early retirements	213	0
Provision for redundancies	448	1,144
Provision for lease costs (note 19)	(487)	1,230
Total Exceptional Costs	<u>540</u>	<u>(1,982)</u>

Regional agency pension scheme exit charges

The creditors from 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. All pension scheme liabilities were settled by 31 March 2012 with the exception of costs arising from the admittance of TUPE transferees into the Civil Service Pension Scheme. See notes 1(h), 13, and 19 on pages 32, 41 and 44 respectively, for details.

Redundancy and CILON

As part of MLA's closure process (see note 1(a)), at risk notices were issued to all employees in December 2010. Redundancy notices were then issued to all employees on a range of dates prior to 31 March 2012. The redundancy and CILON costs of these departures have been accrued for in these financial statements.

Notes to the financial statements

19 Provisions for liabilities and charges

	2011/12					Total
	Exceptional Items			Ordinary Costs		
	Lease costs	TUPE tfrs to CSPS	Early Retirees	Redundancy	Redundancy	
	£'000	£'000	£'000	£'000	£'000	£'000
Balance brought forward at 1 April 2011	1,230		598	1144	300	3,272
Charged during the year		1,000	213	448		1,661
Released during the year	(487)				(162)	(649)
Utilised during the year	(401)		(148)	(1,097)	(138)	(1,784)
Re-classified as accruals				(495)		(495)
Balance carried forward at 31 March 2012	342	1,000	663	0	0	2,005

	2010/11					Total
	Exceptional Items			Ordinary Costs		
	Lease costs	TUPE tfrs to CSPS	Early Retirees	Redundancy	Redundancy	
	£'000	£'000	£'000	£'000	£'000	£'000
Balance brought forward at 1 April 2010	0		872			872
Charged during the year	1,230			1,144	284	2,658
Released during the year						0
Utilised during the year			(274)		16	(258)
Re-classified as accruals						0
Balance carried forward at 31 March 2011	1,230	0	598	1,144	300	3,272

Leases

At the balance sheet date the MLA had committed to the surrender of the lease for its London offices and the transaction was completed on 5 April 2012. In addition the lease for one its two floors of the Birmingham offices had been assigned to the Department for Culture Media and Sport. The costs of both these transactions have been included in these financial statements.

The remaining floor of the offices in Birmingham will be occupied until 29 June 2012 when the lease will be surrendered. See note 20 for further information.

20 Financial Commitments

At 31 March 2012, the MLA had a commitment relating to the lease for the second floor of the offices in Birmingham which will be occupied until it is surrendered on 29 June 2012. A contract was entered into on 25 June 2012 for the surrender of this lease with a completion date of 29 June.

The total commitment at the year-end was £326k of which £21k is the rent and service charge due for the three months to 29 June 2012. The remaining £305k is the cost of surrendering the lease early, which has been recorded as a provision.

Notes to the financial statements

21 Statement of funds

	Note	1 April 2011	Income	Expenditure	Transfers	31 March 2012
	re	£'000	£'000	£'000	£'000	£'000
	Tfrs					
Restricted Funds						
Book Ahead	c	53	0	19	(72)	0
Bricks	c	28	0	0	(28)	0
Community Libraries	c	(9)	0	0	9	0
Controversial Stock	c	4	0	(5)	1	0
Regional MLAs' Pensions	b	0	4,466	0	(4,466)	0
Education Challenge Fund	c	18	0	0	(18)	0
Entitle	c	14	0	0	(14)	0
Festival of Learning	c	(40)	0	3	37	0
Fixed asset reserve	d	269	0	0	(269)	0
Gates Foundation	c	16	(32)	17	(1)	0
LASSI	c	22	0	0	(22)	0
LCIP		16	181	(199)	2	0
Living Places		42	0	(32)	(1)	9
Michael Plus	c	0	0	4	(4)	0
Minerva	c	0	15	0	(15)	0
New Ways of curating		0	11	(17)	(2)	(8)
Renaissance	a	(19,115)	44,273	(37,353)	7,049	(5,146)
Revenue Funding	c	0	36	0	(36)	0
Strategic Commissioning	a	709	0	(182)	(527)	0
Their Past Your Future	c	39	4	(16)	(27)	0
University for Industry	c	14	0	0	(14)	0
Total restricted funds		(17,920)	48,954	(37,761)	1,582	(5,145)
Unrestricted funds:						
General funds		(3,780)	7,803	(4,476)	(1,582)	(2,035)
Total all funds		(21,700)	56,757	(42,237)	0	(7,180)

The MLA has reviewed the balances on restricted funds and made transfers as described below:

- a To correct the analysis of Grant-In-Aid which had been drawn down in advance of need which MLA repaid to DCMS during 2009/10 and 2010/11
- b To transfer funds provided specifically by DCMS to enable MLA to make contributions to the exit charges of the Regional Agencies' pension schemes of MLA's (see Note 13 on page 41)
- c To transfer various small legacy balances which have been utilised over several years but not set against the costs incurred in completing the specified activities
- d To match the decrease in net book value of fixed assets during the year

Notes to the financial statements

21 Statement of funds - continued

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.

Analysis of net assets between funds

	Unrestricted funds 2011/12 £'000	Restricted funds 2011/12 £'000	Total funds 2011/12 £'000	Total funds 2010/11 £'000
Fund balances at 31 March 2012 are represented by:				
Tangible fixed assets	0	0	0	270
Current assets	570	1	571	1,932
Current liabilities	(600)	(5,146)	(5,746)	(20,630)
Provisions for liabilities and charges	(2,005)	0	(2,005)	(3,272)
Total net assets	<u>(2,035)</u>	<u>(5,145)</u>	<u>(7,180)</u>	<u>(21,700)</u>

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 inflow/(outflow) from operating activities

	2011/12	2010/11
	£'000	£'000
Net incoming resources	14,520	9,517
Interest received (note 3)	(9)	(12)
Depreciation (note 14)	270	217
Decrease in debtors	1,475	1,455
(Decrease) in creditors	(14,885)	(17,427)
(Decrease)/increase in provisions for liabilities and charges	(1,267)	2,400
Net cash inflow/(outflow) from operating activities	104	(3,850)

b) Returns on investments:

Interest received	9	12
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c) Reconciliation of net cash flow to movement in net funds and analysis of net funds

	2011/12	2010/11
	£'000	£'000
Increase/(decrease) in cash and movement in net funds	113	(3,838)
Net funds at 01 April 2011	382	4,220
Net funds at 31 March 2012	495	382

d) Movement in cash

	At 01	Cash flow	At 31
	April	in year	March
	2011	£'000	2012
	£'000	£'000	£'000
Cash at bank	382	113	495

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 on pages 33 and 34 respectively.

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:

Arts Council England
 Geffrye Museum
 Horniman Museum

During the year, the MLA entered into a limited number transactions with organisations which were at the time 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.

Related Party transactions for the year ended 31 March 2012

Trustee	Position	Organisation	Grant £'000	Creditors £'000	Debtors £'000
Nancy Bell	Head of Collections	The National Archives	118	0	0
Patricia Cullen	Fellow	CILIP	15	0	0
Nicholas Dodd	Chief Executive	Sheffield Galleries and Museums Trust	615	58	0
Senior Manager	Position	Name, Relationship & related party entity	Grant £'000	Creditors £'000	Debtors £'000
Jon Finch	Director of Engagement Team - West	Mrs Julie Finch(wife) Head of Museums and Archives for Bristol City Museum & Art Gallery	1,798	292	0

Nicholas Dodd was a related party for five days only, as he resigned on 5 April 2011. However, the figure for the grant above relates to the whole 12 month period from 1 April 2011 to 31 March 2012.

Notes to the financial statements

26 Financial instruments

MLA's use of Financial Instruments is as described below.

Liquidity Risk

The MLA is almost wholly - 99.5% (2010/11: 96%) 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 2012, MLA held £495k (2010/11: £382k) in cash and bank deposits, of which £495k (2010/11: £382k) was held at floating rates, and the remainder in cash.

MLA is therefore not exposed to significant interest rate risk.

Foreign Currency Risk

MLA is not exposed to foreign currency risk.

27 Contingent Liabilities

A contingent liability exists for 5 employees who have taken up employment with ACE as part of the transfer of responsibilities. These employees' probationary periods have been delayed as a consequence of them taking maternity leave. If their employment is not confirmed at the end of these periods they will be made redundant in accordance with CSPA regulations, with the liability for such redundancy falling upon the MLA or DCMS.

As DCMS has guaranteed to cover MLA's closure costs this potential liability has not been provided for in these financial statements.

28 Post Balance Sheet Events

Between 1 April 2012 and 31 May 2012 DCMS provided the MLA with sufficient Grant in Aid to settle the majority of its liabilities and substantially reduce the deficit on its reserves, as shown in the schedule below. The MLA will return all remaining cash balances to DCMS on 29 June 2012 and after that date DCMS will assume responsibility for settling the remaining liabilities. This will enable the MLA to commence a Members' Voluntary Liquidation shortly after the publication of this Annual Report and Financial Statements.

	£'000	£'000
Balance Sheet net deficit at 31 March 2012		(7,180)
DCMS Grant in Aid 1 April to 29 June 2012	6,702	
Other income	11	
Expenditure between 1 April and 29 June 2012	(217)	
	<hr/>	6,496
Estimated balance sheet net deficit at date of liquidation		<hr/> <hr/> (684)

The financial statements were authorised for issue by the Accounting Officer on behalf of the Board of Trustees on 3 July 2012.



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ISBN 978-0-10-297851-3



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