



The Museums, Libraries and Archives Council

**Combined annual report and financial statements
for the year ended 31 March 2008**

A company limited by guarantee

Company Number 03888251

Registered Charity Number 1079666

The Museums, Libraries and Archives Council
Grosvenor House
14 Bennetts Hill
Birmingham
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The Museums, Libraries and Archives Council (MLA) is the lead strategic agency for museums, libraries and archives. The MLA promotes best practice in museums, libraries and archives, to inspire innovative, integrated and sustainable services for all.

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Introduction

We are very pleased to introduce the MLA Annual Report and Financial Statements for 2007-2008, a companion publication to the illustrated Annual Review, available on the MLA website.

Although the report highlights some of our past achievements, MLA is very far from being in reflective mode. Instead our focus is firmly on the future as we work to shape a more unified and integrated organisation.

The DCMS funding settlement for 2008-2011 was the catalyst for a comprehensive review of our priorities. The objective was to target our resources where they mattered most in order to achieve optimum outcomes from our activity, and that of our sector.

The first stage has been to transform our own way of working. MLA's organisational structure now reflects the need to engage stakeholders at a more strategic regional and national level while still maintaining a regular and fruitful dialogue with sector practitioners on all fronts.

An important part of our vision is to highlight what is best from our sector, looking at the similarities between museums, libraries and archives. For this reason the report is structured according to themes, not just specific programmes or work strands.

There has probably never been a more exciting time to be involved in the cultural sector, but neither has it been more challenging. The MLA's role now is to identify best practice, to strive for excellence and encourage innovation. We support our sector in the contribution it makes to learning and fostering communities so that museums, libraries and archives can continue to play a vital role in the lives of everyone.

We would like to pay a heartfelt tribute to our departing chair Mark Wood who has done such a tremendous job in steering the organisation in recent years.

We would also like to thank all MLA staff who have worked so diligently to help transform the MLA. We are particularly grateful to staff who are moving on as a result of the restructure but who nonetheless have contributed with enormous professionalism and dignity at such a challenging time.

Andrew Motion
MLA Chair

Roy Clare
MLA Chief Executive

Review of the year

Improving communities

Museums, libraries and archives help foster a sense of community, place and identity for people of all ages, backgrounds and cultures. Together with other forms of culture, the arts, sport and local services our sector plays a vital role in making communities inspiring and enjoyable places to live, work and visit.

Community Libraries Programme

MLA helped to deliver the Big Lottery Fund's Community Libraries Programme, an £80million programme to renovate, extend or build new libraries. The central theme of the programme is community engagement. All projects will demonstrate how involving local people in decision making strengthens the bonds between libraries and their communities. Grants of between £250,000 and £2million have been awarded to 58 library authorities across England.

MLA is working with BIG to evaluate projects in the Community Libraries programme. We have set up a three year research project with six authorities to examine the impact the BIG Lottery investment has on users and the way in which library services work with and engage communities.

Living Places

This year MLA became the lead agency for Living Places, an alliance of cultural and sporting bodies helping to create thriving, vibrant communities through culture and sport. Living Places has three aims:

- To provide those people who are shaping communities with information, advice and support on the use of culture and sport to create better places.
- To align investment from the sporting and cultural sector with sustainable communities funding across organisational boundaries so it works harder for people.
- To empower communities to make cultural and sporting activity and infrastructure a part of their lives.

What should young people expect libraries to offer?

A coalition of high level strategic partners including the Reading Agency and chaired by the MLA, the National Youth Libraries Board, has identified what young people should be able to expect their local library service to offer. This offer was developed in the context of the government's ten year Youth Strategy and represents a national aspiration. It is based on extensive research, consultation and best practice of many library services. It was launched in January 2008 and covers:

- Participation in shaping the future of library services.
- Volunteering opportunities with younger or older library users.
- A place to develop citizenship skills and community engagement.
- Free, safe and welcoming spaces in the local community.
- Formal and informal learning support for educational attainment.
- Inspiring books and reading materials, supported by positive activities.
- Information on education, training and careers opportunities

Promoting best practice

Our vision is of a sector that is the best it can be, delivering outcomes that people want and value and performing to the highest levels. The MLA is a source of expertise, advice and knowledge. We promote best practice by developing and upholding standards through supporting the delivery of the National Improvement Strategy. Through the MLA's Accreditation and Designation Schemes we support excellence through expert management, care and sharing of collections and the application of knowledge and information.

Performance and improvement framework

MLA has worked with IDeA's Cultural Services Improvement Unit (CSIU), DCMS, Arts Council England, Sport England and English Heritage to deliver a new performance and improvement framework for local authority cultural services. The framework's objectives are to:

- Improve the quality and efficiency of services delivered by local authorities.
- Improve the quality and breadth of application of self improvement.
- Increase the capacity in the sector to support self improvement.

There are four essential elements in enabling improvement: monitoring, challenge, support and leadership. Implementation began this year, requiring roll-out of products, support and improvement tools that have been developed by CSIU over the past three years.

Accreditation

MLA's Museum Accreditation Scheme sets nationally agreed standards for UK museums, helping them identify areas for further improvement. More than 1800 museums participate in the scheme and during the year 322 applications were considered. The value of the Accreditation Scheme in supporting higher standards is confirmed by MLA research showing improvements in areas such as emergency planning, security arrangements, documentation and care of collections.

Designating collections of national significance

The MLA's Designation Scheme identifies the pre-eminent collections of national and international importance held in England's non-national museums, libraries and archives. These inspiring collections represent a vital part of our national cultural and artistic heritage and help raise standards across the sector.

This year five exceptional collections were awarded Designated status to acknowledge their significance and quality:

- The D H Lawrence collection at the University of Nottingham's King's Meadow Campus.
- The Museum of Domestic Design & Architecture's Silver Studio collection, at Middlesex University.
- The Egyptology and Chinese collections held by Durham University's Oriental Museum.
- The National Co-operative Archive.
- The Library and Museum of Freemasonry.

Improving learning opportunities

MLA encourages museums, libraries and archives to deepen access to information and resources. Our sector plays a key role in supporting learning at all levels – helping adults improve their skills and encouraging children and young people to be creative and enterprising. By offering engaging and enjoyable places to visit, our sector motivates and inspires people to fulfil their potential.

Renaissance

2007/08 was the fifth full year of Renaissance, the programme designed to transform regional museums by changing how they work, care for collections and interact with their audiences. It has helped ensure more schools than ever are using museums to inspire children to learn. Over the past four years school visits by children in the 5-16 year age group increased by 19.7%. And Renaissance is successfully taking museums to the people. In 2007/08 there were 487,022 instances of 5-16 year olds taking part in outreach activities organised by Hub museums off site, an 11 fold increase since the programme began.

Find Your Talent

In February 2008 the government announced its 'Find Your Talent' project, designed to give young people the opportunity to experience at least five hours of high quality arts and culture every week. The new scheme is co-funded by MLA and Arts Council England through the financial support they receive from the DCMS and the Department for Children Schools and Families.

£25 million has been allocated over the next three years to support 10 pilot projects. The aim is to explore the best methods of helping young people discover and develop their creative talents and personal skills through direct exposure to high quality arts and culture.

Book Ahead

This year MLA brokered a partnership between the Department for Children, Schools and Families (DCSF) and the public library sector, leading to the development of the Book Ahead programme. Book Ahead is a £4.5million DCSF funded drive to encourage more under fives, especially boys, into reading early. The programme recognises the expertise of library services in supporting early literacy.

Their Past Your Future 2

Their Past Your Future 2 is the second phase of a hugely successful programme. It offers funding for the sector to explore innovative and creative ways of increasing community learning and young people's knowledge and understanding of the impact and contemporary significance of conflict. Supported by the Big Lottery Fund and managed by MLA, a total of 28 projects were funded in 2007-08. These encompassed themes of remembrance and commemoration, identity and reconciliation, citizenship, diversity, asylum, conflict resolution and peacekeeping

Improving skills

MLA is committed to continuous professional development and transforming sector work practices to support improvement and innovation. We collaborate locally, nationally and internationally to advance the professional standards of the sector and its workforce.

Working with children and young people

MLA is helping museum, library and archive staff work in new ways to support the 'Every Child Matters' agenda – the government's approach to the wellbeing of children and young people. We have developed a self assessment framework that is mapped directly against the 'Every Child Matters' areas of expertise such as skills in effective communication, multi-agency working and sharing information. The framework can be used by anyone working directly with children, young people and families in a museum, gallery, library or archive. It is a tool both for staff induction tool and Continual Professional Development.

Subject Specialist Networks – sharing knowledge

In a new round of grants, 14 Subject Specialist Networks this year received more than £250,000 from the MLA's regional museum programme, Renaissance. Subject Specialist Networks are a way for the cultural sector to share knowledge, expertise and collections. The awards also support partnership working across the sector – pooling professional expertise and resources between museums, libraries and archives.

Inspiring innovation

MLA aims to embed excellence, scholarship, creativity and diversity. We challenge traditional thinking to improve the delivery of services and raise standards. Our aim is to inspire innovation to enhance every aspect of the sector including the adoption of new and sustainable working methods and integrated partnerships.

Library action plan

An Action Plan designed to set the course for Libraries over the next five years was developed. The plan follows extensive consultation and engagement with stakeholders and sets out the aspiration of making every public library a great public library. Alongside work to highlight and promote best practice, the plan examines options for governance, funding, management and delivery structures.

It envisages faster broadband connections in libraries with greater bandwidth, and a further extension of free or low cost reference materials, with the promotion of 'Libraries Online' to deliver 21st century learning, information and creative digital environments to people where ever they may be.

2012

Setting the Pace is MLA's programme for the Cultural Olympiad for the 2012 Olympic and Paralympic Games. Our ambition is that the sector's engagement with the Cultural Olympiad will transform the way people experience the inspiration, learning and creativity generated by museums, libraries and archives.

A key objective of Setting the Pace is to increase participation by new audiences – particularly young people, black and minority ethnic communities and people with disabilities.

The 2012 programme strands are:

Stories of the World – to reinterpret selected collections through engagement with a diverse and inclusive range of children, young people, and communities.

The People's Record – a national community archive project of people's experiences of the Cultural Olympiad and hosting the Games.

Literature & Storytelling – a festival of reading, writing and storytelling inspired by the Olympic and Paralympic values, using poetry as the core theme.

The Record – ensuring a comprehensive record of London 2012 is created, preserved and made accessible to the key bodies responsible for delivery of the Games.

Information Hubs – to profile libraries as information destinations for communities, learners, business and visiting journalists. We are also exploring how library information networks can showcase our sector's activities and events throughout the Cultural Olympiad.

Research and evidence

The MLA believes that museums, libraries and archives make a measurable and substantial contribution to everyone's quality of life. We use research to monitor outcomes, shape policy and support evidence-based decision making. We track socio-economic and demographic trends among visitors and users, anticipating new markets and opportunities.

This year MLA developed a set of research resources to help inform strategy, support policy-making, and assess the contribution of our sector and measure outcomes. These resources include:

- A database of research and evaluation documents relevant to the sector.
- Case studies on how the sector supports learning and other social agendas.
- A Dataset Analyser to provide access to our largest datasets to enable effective data interrogation, manipulation and comparison.

Acquisitions, Export & Loans Unit

The Acquisitions, Export and Loans Unit continued to effectively implement the statutory functions that facilitate access to the most important cultural objects in the UK. Its work covers the Export Review System, the Government Indemnity Scheme, the Acceptance in Lieu Scheme and the arrangements for Conditional Exemption.

The unit also has responsibility for administering the MLA PRISM Fund to support the acquisition and conservation of material relating to all fields of science, technology, industry and medicine.

Plans for the future

Following a comprehensive review of the MLA Partnership, involving consultation with key stakeholders, the MLA has developed a new way of working that will be implemented during the second half of 2008/09. This way of working will lead to the cessation of the MLA Regional Agencies and the MLA Partnership by March 2009.

The MLA has defined, and agreed with DCMS, a clear role for the future as the agency responsible for promoting best practice and inspiring innovative, integrated and sustainable museum, library and archive services for all. This role will be undertaken by a smaller, unified, national organisation designed to engage effectively with both central and local government. Whilst a presence will be maintained in London, the majority of functions will be relocated to Birmingham with field staff located throughout England's regions. This structure will achieve increased efficiency and cost effectiveness and enable the MLA to function well within the reductions in funding arising from the CSR settlement announced in October 2007.

In addition, the substantial reduction in operating costs resulting from the changes described above will enable the MLA to develop the capacity for an annual fund for promoting improvement and innovation in the sector, supporting the National Improvement Strategy launched by Andy Burnham earlier this year. In the first instance, the MLA's Improvement Fund is being allocated to support investment in the ten pilots for Find Your Talent, a programme that aims to bring culture to young people. Thereafter it will be used to support the achievement of MLA's strategic objectives.

Leading strategically, the MLA will promote best practice in museums, libraries and archives, to inspire innovative, integrated and sustainable services for all. In order to assist it in pursuing this role the MLA has identified three strategic themes that we will highlight in all that we do:

Learning and skills – we will work with the sector to increase opportunities for learners to progress and achieve their creativity and unlock their potential.

Communities – we will ensure museums, libraries and archives are inclusive and support sustainable communities, particularly in their work with young people.

Excellence – we will strengthen capacity in the sector to innovate and continually improve across workforce, collections, services, funding and partnerships. We will also make the MLA an excellent and efficient organisation.

Report of the Council

Legal status

The Museums, Libraries and Archives Council (MLA) is the lead strategic agency for museums, libraries and archives in England. It is a Non-Departmental Body (NDPB), sponsored by the Department for Culture, Media and Sport (DCMS).

The MLA is a company limited by guarantee (number 03888251) and also a registered charity (1079666). MLA's registered office is at Grosvenor House, 14 Bennetts Hill, Birmingham, B2 5RS. MLA's governing instrument is its Memorandum and Articles of Association. A joint Management Statement and Financial Memorandum sets out the framework for the accountability relationship with the DCMS. A Funding Agreement between DCMS and MLA sets out agreed priorities and targets over a several year period. Activities during 2007/08 fell within the scope of the Funding Agreement for the two years 2006/07 to 2007/08.

Our vision

MLA's vision is to be a strategic leader; a source of expert advice; and to promote best practice, encourage innovation and broker partnerships that build a confident and sustainable sector.

Our purpose is to:

- Be a bridge between the sector and government; leading 'business-to-business'; and helping to shape the environment in which the sector can flourish, grow and meet its strategic goals.
- Carry out research and analysis; track socio-economic and demographic trends among visitors and users; anticipate new markets and opportunities; support innovation; and promote decision-making based on evidence.
- Advocate best practice, developing and maintaining a data base of case-studies and helping local government and other funding bodies to make the most of their investment in the sector; encouraging the improvement of standards and services for visitors and users.
- Encourage innovation and the adoption of new methods, including the development of efficient working practices, new and improved skills and integrated partnerships; identifying and reporting barriers to development and working towards sustainable solutions.
- Be a source of expertise, advice and knowledge; drawing on best practice and experience across the UK and abroad.
- Collaborate locally, nationally and internationally to advance the professional standards of the sector and its workforce; and help to ensure sustainable growth to meet the needs of people of all ages and backgrounds.

Objectives

Our objectives for 2007/08 were to:

- Increase and sustain participation - users come first in everything the Partnership develops and delivers; the sector engages people who use its services and those who do not; the sector involves communities and gives the public greater access.
- Put museums, libraries and archives at the heart of national, regional and local life - the Partnership speaks up for the sector's contribution to a successful, creative and cohesive society; the Partnership champions the sector; the Partnership has an important role in shaping and supporting government initiatives and others' agendas in all arenas, from local to international.
- Establish a world class and sustainable sector and put it on the best footing for the future - the Partnership promotes innovation and modernisation to build the sector for the future; the Partnership has more access to funding to increase the sector's capacity to provide quality services that users want.

- lead sector strategy and policy development - the Partnership works with government and others to develop plans and priorities; the Partnership provides authoritative evidence that informs policy and demonstrates impact

Our funding and how we spend it

Most of our funding comes from DCMS in the form of Grant in Aid or grants to support specific programmes. We also receive specific grants from other government departments and agencies. We manage Lottery Fund supported programmes and administer awards from other charitable bodies. The money is spent supporting activities by other bodies and institutions through grant awards, on research, advocacy and programme management. During 2007/08 expenditure on these activities totalled £67.4million, split between the principal objectives for the year as follows:

	£ million
Increasing and sustaining participation	35.8
Putting museums, libraries and archives at the heart of national, regional & local life	7.0
Establishing a world class and sustainable sector	19.8
Leading sector strategy and policy development.	4.8

Further information is available in the Financial Statements on pages 12 to 41.

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 grants awards are for activities specifically commissioned by MLA under approved programmes.

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

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

Spending the taxpayer's money effectively

There has been no indexation of Baseline Grant in Aid since 2000. Increases since then have been to fund new responsibilities. The cost effective management of this funding and the national programmes *Renaissance in the Regions* (the regeneration of England's regional museums) and *Framework for the Future* (a strategy for public libraries in the 21st Century) have been achieved by constantly seeking efficiency gains and focussing on the achievement of value for money.

How we are held to account

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

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

Councillors and officers

MLA's Councillors are the statutory directors of the company and trustees of the charity. There can be a maximum of fifteen Councillors. The following Councillors served during the year.

Geoffrey	Bond		
Sarah	Carthew		
Roy	Clare	Resigned 25 July 2007	
Alex	Cunningham		
Nick	Dodd		
Yinnon	Ezra		
Dr Helen	Forde		
John	Hicks		
Sir Geoffrey	Holland		
Glen(ville)	Lawes		
Sara	Selwood	Resigned 10 June 2008	
Professor John	Tarrant		
Mike	Walsh	Resigned 1 October 2007	
Robert	Wand		
Mark	Wood	Chair	Contract ended 3 July 2007

The majority of the Councillors and the Chairman are appointed by the Secretary of State for Culture, Media and Sport. Following an amendment to the Council's Articles of Association on 24 January 2008 the Mayor of London has the right to appoint the Chair of MLA London who automatically becomes a Councillor of the MLA.

Roy Clare resigned in order that he could take up the full time post of Chief Executive and Mark Wood left the Board as he had reached the end of his fixed term contract. On 3 July 2008 Andrew Motion was appointed as a Councillor and Chair.

The Council met six times during the year. Individual Councillors also made a number of visits to museums, galleries, libraries and archives in the UK and beyond. New Councillors are given induction training when they join the MLA. The composition of the Council and the format and content of further Councillor training will all be considered in the Autumn of 2008 as part of a review of Governance, the scope of which is being agreed with DCMS.

The Council determines MLA's strategy and considers and approves proposals for new policies or variations in existing policies. Annual budgets and business plans and the corporate plan are subject to Board approval. The Council appoints the Chief Executive and the Company Secretary. Chris Batt resigned from the office of Chief Executive on 31 August 2007. Roy Clare was appointed to that position on 1 September 2007. Jane Harwood was the Company Secretary throughout the period. She resigned from that position on 3 April 2008 and Paul Lander was appointed in her place on the same day.

The MLA establishment at 31 March 2008 comprised 66 full time equivalents (ftes) including vacant posts. In addition a further 21 ftes were employed in posts funded by programme funding that is in addition to the DCMS baseline grant. This establishment was structured into 4 divisions, led by the Directors of Policy, Operations, Marketing & Communications and the Head of Corporate Services. For the majority of the year, these four executives, together with the Chief Executive and Deputy Chief Executive comprised the Executive Board. During the last quarter of the year the Executive Board developed a revised organisation structure based upon an establishment of 75 ftes that is being implemented as part of the restructuring and relocation of the Programme Delivery and Corporate Services functions to new offices in Birmingham. See note 12 for details of the costs arising from these changes.

Staffing matters

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

The structural review and relocation of functions to Birmingham has resulted in a total of 30 redundancies (12 compulsory, 18 voluntary) that have been implemented after thorough consultation with staff and the recognised trade union Prospect.

Remuneration report

During the year the MLA simplified its committee structure and the Human Resources and Remuneration Committee (which had met once in the year) was replaced by the Remuneration Committee. The Remuneration Committee has three members, The Chair, Geoffrey Bond and one other councillor (formerly Sara Selwood). It met once during the year and will meet at least twice per annum in future years in order to consider staff remuneration issues.

The remuneration of the CEO and senior managers is fixed on an annual basis by the Sub-Committee after taking full account of recommendations made by the Senior Salaries Review Body together with movements in market remuneration rates and any other factors that it considers to be timely and relevant. In addition it considers the performance of each individual senior manager as documented in their annual appraisal. Senior manager's appraisals are conducted by the CEO and consider the manager's performance against personal objectives and organisational values. The CEO's appraisal is conducted by the Chairman.

Details of the senior manager's contracts and remuneration are set out in note 11 to the accounts.

Register of Interests

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

Sector and professional bodies

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

Relationships between MLA and related parties

The Council 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 25 to the accounts.

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 2007/08 or prior years, and has made no reports to the Information Commissioners's office.

DCMS Performance indicators

DCMS sets a number of performance targets for MLA to meet by the end of March 2008. Achievements against these are set out below.

Target	Progress to 31 March 2008
Increase by at least 2% the number of visits to hub museums above the 2003/04 baseline	Actual number of visits to Hub Museums in 2007/08 (all venues) = 14,863,018 This represents a 13.4% increase on 2003/4 baseline (using a constant sample)
Increase by 350,000 the number of visits by people from priority groups to hub museums above the 2003/04 baseline	Actual number of visits by people from priority groups in 2007/08 (all venues) = 3,212,890. This represents 445,049 additional visits. This represents a 16.1% increase on the 2003/04 baseline (using a constant sample)
Increase by 25% the number of contacts between school age children and regional museums above the 2003/04 baseline	Actual number of contacts between school age children and Hub museums in 2007/08 = 1,315,650 This represents a 42.5% increase on the 2003/04 baseline (using a constant sample)

During 2007/08 the MLA pursued the third year of the Efficiency Delivery Plan that it had agreed with DCMS following the 2004 Spending Review. MLA achieved efficiency savings totalling £2.0 million, 3.2% of its budget, across the full range of its activities, including MLA Regional Councils and Renaissance Hubs. This exceeds the target set at 2.5%.

These savings have been redeployed to support the delivery of frontline services to users.

Financial results for the year

These are set out in the financial statements which comply with the accounting requirements set out in the Statement of Recommended Practice on Accounting by Charities (2005).

Total incoming resources for the year were £67.9m (2007: £52.7m), £15.7m (2007: £14.2) of which was in unrestricted funds. The balance of £52.2m (2005 £38.5m) 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 totalled £54.9 m (2007: £42.1m).

The cost of charitable activities, excluding grants payable, amounted to £11.2m (2007: £9.2m). Included in this figure was £2.8m of exceptional costs. These costs were incurred as a result of the restructuring of the organisation and its relocation to smaller offices in London and Birmingham and include the costs of staff redundancies (£2.3m) and relocation costs (£0.5m). Governance costs were £0.1m (2007: £0.1m) - 0.2% of total resources expended (2007: 0.2%).

The surplus for the year was £1.6m (2007: £1.2m). This comprises a surplus on unrestricted funds of £0.6m (2007 surplus £1.1m) and a surplus on restricted funds of £1.0m (2007 surplus £0.1m). The Council decided to generate a surplus on its unrestricted funds in order that it may be carried forward and used to part fund the further substantial restructuring costs that will arise in 2008/09. See notes 18 and 20 for further information.

Reserves policy

Under the reserves policy funds are designated for specific purposes to further the specific objectives of MLA. One such designated fund is a base reserve set aside to meet exceptional unforeseen expenditure or protect the organisation in the event of a downturn in earned income. This fund was established at a level of £0.3m in 2006/7 with the intention that it should be increased in future years. However in the year under review, there have been exceptional costs as noted above of £4m. This has resulted in this fund being exhausted as at 31 March 2008, leaving total unrestricted reserves of £0.2m. It is the trustee's intention to rebuild the base reserve to at least £0.5 million during 2008/9. Thereafter the Trustees will review the level of reserves held, in accordance with the policy, and ensure that appropriate actions are taken.

MLA is substantially funded by Grant in Aid which is awarded for the current and between one and three forward years. The Council is thus not seriously exposed to sudden fluctuations in income. No long term investments are held.

The reserves policy is reviewed each year by the Audit Committee in the light of a re-evaluation of the risks and uncertainties to which the charity is exposed. The results of this review are reported to and considered by the Council.

Risk management

The risks facing MLA are detailed in its risk register and cover financial, operational, regulatory and external risk. All identified risks have plans which mitigate those risks and are regularly reviewed and monitored by the audit committee. The most significant risks currently faced are:

Business Continuity

Delivery of key business priorities during the transitional period, and managing expectations.

Creating the 'new MLA'

Including the recruitment of new staff, establishing new ways of working and creating the new regional footprint.

Stakeholder Confidence

Maintaining the confidence of the sector and key stakeholders during the change process.

Closure of Regional Agencies

Timing and funding of closure, management of pension liabilities and ensuring appropriate co-operation and support.

Knowledge Management

Including the loss of knowledge and expertise as staff leave MLA and regional agencies are closed down.

The Council's comprehensive risk management strategy and internal risk management procedures were the subject of an independent review by MLA's internal auditors in 2004 which concluded that the established arrangements represented a satisfactory framework for mitigating risks to the Council's performance, reputation and resources. During 2007/08 the Council further improved its procedures, with assistance from its internal auditors, as part of its commitment to continuous improvement. The Council is accordingly satisfied that existing internal controls adequately counter the risks of financial loss by fraud, waste or error and that the strategy adopted provides a sound basis for effective risk management.

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 the prescribed payment terms.

Advisers

Key advisers to the Council are:

Bankers	Lloyds TSB plc Lloyds TSB Corporate – Public & Community Sector 3 rd Floor, 25 Gresham Street London EC2V 7HN	Solicitors	Bates Wells and Braithwaite 2-6 Cannon Street London EC4M 6YH
External auditors	Baker Tilly UK Audit LLP Registered Auditor Chartered Accountants 1 st Floor 46 Clarendon Road Watford WD17 1JJ	Internal auditors	AHL Limited Chartwell House 292-294 Hale Lane Edgware Middlesex HA8 8NP

Auditors

We understand that the Comptroller & Auditor General will be appointed as the statutory auditor for the year ending 31 March 2009 under the Government Resources and Accounts Act 2000, but this has not yet been passed by Parliament. Baker Tilly UK Audit LLP will step down as auditors when the Comptroller & Auditor General is appointed.

Statement as to disclosure of information to auditors

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

Roy Clare
Accounting Officer

Andrew Motion
Chair

The Museums, Libraries and Archives Council
24 July 2008

Statement of Councillors' and Chief Executive's responsibilities

The Councillors are required by company law and the Secretary of State for Culture, 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 Council and of the surplus or deficit for that year. In preparing that statement of accounts the Councillors 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 Council will continue in operation.

The Accounting Officer for the Department of Culture, Media and Sport has designated the Chief Executive of MLA as the Accounting Officer for the Council. 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 "Government Accounting".

Roy Clare
Accounting Officer

Andrew Motion
Chair

The Museums, Libraries and Archives Council
24 July 2008

Statement on Internal Control

As Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of MLA's objectives whilst safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me in Government Accounting. The system of internal control also serves to ensure compliance with the requirements of MLA's Financial Memorandum which together with the Management Statement and Funding Agreement set out the MLA's accountability relationship with the DCMS.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks to the achievement of MLA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically. This system of internal control has been in place for the year ended 31 March 2008 and up to the date of approval of the annual report and financial statements and accords with Treasury guidance.

MLA's risk management strategy is considered and approved by the Council and its implementation is led by me as Accounting Officer. All staff have an explicit responsibility to plan and manage their activities with proper regard for the strategy and they are made aware of the broad principles of risk management and how these are applied within the organisation. Risk registers have been prepared and are subject to periodic review and updating. The business planning model adopted by MLA requires the early identification and evaluation of key risks associated with each planned activity and the processes by which these will be managed.

As Accounting Officer I have responsibility for continually reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within MLA who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in any management letter or other reports. I have advised the Audit Committee on the results of my review of the system of internal control and the plans that are in place to address weaknesses and ensure continuous improvement.

MLA has established the following processes:

- the Executive Board develops policy proposals and makes key decisions on operational management;
- regular reports to the Audit Committee by the Executive Board with summary briefings to the full Council on internal control and risk management;
- annual reports to the Audit Committee by MLA's internal auditors who work in compliance with Government Internal Audit Standards, these reports including a statement on the adequacy and effectiveness of the system of internal control and recommendations for improvement;
- regular progress reports from the Chief Executive and Executive Board to the full Council on performance against key objectives;
- the risk evaluation of new initiatives and projects and the ongoing review of arrangements for managing of risks more generally;
- an organisation-wide risk register which allocates responsibility for the management of specific risks to specific staff.

Roy Clare
Accounting Officer

The Museums, Libraries and Archives Council
24 July 2008

Independent Auditor's Report to the Members of The Museums, Libraries and Archives Council

We have audited the financial statements on pages 22 to 41.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Councillors and Auditors

The responsibilities of the councillors (who are also the directors of the Museums, Libraries and Archives Council for the purposes of company law) for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Councillors' and Chief Executive's Responsibilities.

Our responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Councillors'/Directors' Report is consistent with the financial statements. We also report whether in all material respects the expenditure, income and resources funded by grant in aid have been applied to the purposes intended by Parliament and the financial transactions confirm to the authorities which govern them. In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding remuneration and other transactions is not disclosed.

We review whether the Statement on Internal Control reflects the charitable company's compliance with HM Treasury's guidance, and we report if it does not. We are not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the charitable company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Councillors'/Directors Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Annual Report and the Report of the Council. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error and that in all material respects the expenditure, income and resources funded by grant in aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Councillors'/Directors' Report is consistent with the financial statements.

Audit Opinion on Regularity

In our opinion, in all material respects, the expenditure and income funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

1st Floor, 46 Clarendon Road

Watford

WD17 1JJ

24 July 2008

Summary Income and Expenditure Account for the year ended 31 March 2008

	2008	2007
	£'000	£'000
Total income	67,926	52,674
Operating expenditure	66,311	51,438
Total surplus(deficit)	<u>1,615</u>	<u>1,236</u>

The Museums, Libraries and Archives Council received Grant in Aid in the year ended 31 March 2008 which included the sum of £50,000 (2007: £6,000) which was applied on capital expenditure.

The fluctuation in and between annual deficits and surpluses is a product of differences in the timing of the receipt of Grant in Aid and other grants and the recognition of expenditure on charitable activities by way of grant awards to other bodies and other costs.

The surplus for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Statement of Financial Activities.

The notes on pages 26 to 41 form an integral part to these Accounts.

Statement of Financial Activities for the year ended 31 March 2008

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2008 £'000	Total 2007 £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Grant in Aid	2	14,893	49,285	64,178	51,981
Investment income	3	855	4	859	407
Incoming resources from charitable activities	4,5		2,889	2,889	286
Total incoming resources		<u>15,748</u>	<u>52,178</u>	<u>67,926</u>	<u>52,674</u>
Resources expended					
Cost of charitable activities:					
Increasing and sustaining participation	6,7	4,474	30,668	35,142	16,288
Putting museums, libraries and archives at the heart of national, regional and local life		2,394	4,527	6,921	3,222
Establishing a world class and sustainable sector		6,887	12,535	19,422	26,048
Leading sector strategy and policy development		2,443	2,275	4,718	5,755
		<u>16,198</u>	<u>50,005</u>	<u>66,203</u>	<u>51,313</u>
Governance costs	8	108	-	108	125
Total resources expended		<u>16,306</u>	<u>50,005</u>	<u>66,311</u>	<u>51,438</u>
Notional costs: cost of capital		20	68	88	95
Net incoming/(outgoing) resources after notional costs		<u>(578)</u>	<u>2,105</u>	<u>1,527</u>	<u>1,141</u>
Reversal of notional costs		20	68	88	95
Net incoming/(outgoing) resources before transfers between funds	13	<u>(558)</u>	<u>2,173</u>	<u>1,615</u>	<u>1,236</u>
Transfers between funds		<u>1,117</u>	<u>(1,117)</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources after transfers between funds		<u>559</u>	<u>1,056</u>	<u>1,615</u>	<u>1,236</u>
Fund balances brought forward at 01 April 2007 (2006)		817	987	1,804	568
Fund balances carried forward at 31 March 2008 (2007)	20	<u>1,376</u>	<u>2,043</u>	<u>3,419</u>	<u>1,804</u>

The notes on pages 26 to 41 form an integral part to these Accounts.

Balance Sheet as at 31 March 2008

	Notes	2008		2007	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		83		58
Current assets					
Debtors	15	1,093		819	
Cash at bank and in hand		11,736		8,554	
		<u>12,829</u>		<u>9,373</u>	
Less: current liabilities					
Creditors: amounts falling due within one year	16	7,440		7,217	
			<u>5,389</u>		<u>2,156</u>
Net current assets					
			<u>5,472</u>		<u>2,214</u>
Total assets less current liabilities					
Creditors: amounts falling due after one year	17		(333)		(410)
Provisions for liabilities and charges	18		(1,720)		-
			<u>3,419</u>		<u>1,804</u>
Net assets					
			<u>3,419</u>		<u>1,804</u>
Represented by capital and reserves:					
Restricted funds	20		2,043		987
Unrestricted funds:					
Designated funds	20	1,200		698	
General funds	20	176		119	
			<u>1,376</u>		<u>817</u>
			<u>3,419</u>		<u>1,804</u>

The notes on pages 26 to 41 form an integral part to these Accounts.

Approved and authorised for issue by the Council and signed on their behalf:

Roy Clare
Accounting Officer

Andrew Motion
Chairman

The Museums, Libraries and Archives Council
24 July 2008

Cash Flow Statement for the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Net cash inflow /(outflow) from operating activities	24a	2,405	(475)
Return on investments and servicing of finance	24b	859	407
Capital expenditure and financial investment	24b	(82)	(6)
Increase/(decrease) in cash in the year	24d	<u>3,182</u>	<u>(74)</u>

The notes on pages 26 to 41 form an integral part to these Accounts.

Notes to the Accounts

1 Accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention. The Accounts meet the requirements of the Companies Act 1985 and the Statement of Recommended Practice on Accounting and Reporting by Charities (2005) and applicable accounting standards.

(b) Incoming resources

Grant in Aid from the DCMS is taken to the Statement of Financial Activities in the year in which it is received. Other income is accounted for on a receivable basis.

(c) Outgoing resources

These are analysed against MLA's strategic aims of increasing and sustaining participation (participation); putting museums, libraries and archives at the heart of national, regional and local life (advocacy); establishing a world class and sustainable sector (excellence); and leading strategy and policy development (leadership). An analysis by type of expense is included in the notes to the Accounts. 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.

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 the Accounts in the year in which the grants are paid. Adoption of this treatment, as opposed to recognising the grants on award, does not affect the figures reported in any significant way.

All other costs are charged to the Statement of Financial Activities on an accruals basis. Where an exceptional event has occurred which creates a liability which will crystallise in the ensuing year, the amount is charged to the Statement of Financial Activities in the year in which the event occurs and a provision created until such time as the actual liability can be determined.

(d) 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 Councillors in furtherance of MLA's objects. Designated funds are made up of monies set aside from general funds for specific purposes at the discretion of the Councillors. The purpose and any application of designated funds are set out in the notes to the Accounts. Unrestricted funds are MLA's reserves and are managed in accordance with the Council'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.

(e) Tangible fixed assets

Fixed assets are stated at historic cost. Items with a value of less than £750 are expensed in the year of acquisition. Depreciation is charged on all tangible fixed assets at rates calculated to write down the cost of these assets to their estimated net residual value if any at the end of their expected useful lives. The expected useful lives of key groups of tangible fixed assets are:

Office equipment, fixture and fittings	Five years
Computer equipment	Three years
Software	Five years

(f) Leases

MLA has no finance leases. The cost of operating leases is charged to the Statement of Financial Activities over their terms.

(g) Pension costs

Members of staff are eligible to join the Principal Civil Service Pension Scheme. This is an unfunded multi-employer defined benefit scheme. 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 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.UK).

For 2007/08 employer's contributions of £605,000 (2007: £582,000) 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 during to be paid when the member retires, and not the benefits paid during this period to existing pensioners. The rates in force during 2007/08 were:

Staff pay within range	Employer contribution rate
£19,000 and under	17.1%
£19,001 to £39,000	19.5%
£39,001 to £66,500	23.2%
£66,501 and over	25.5%

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. One employee has preferred to maintain their own personal pension arrangement and the MLA makes contributions at the rate of 6.9% of their basic salary. During 2007/08 the total cost of these contributions was £1,400 (2006/7 nil).

2 Voluntary income – DCMS Grant in Aid

	Unrestricted funds 2008 £'000	Restricted funds 2008 £'000	Total 2008 £'000	Total 2007 £'000
Base Grant received for:				
Planned activities	14,893		14,893	14,853
Restructuring				900
Sub – total	14,893		14,893	15,753
Additional Grant in Aid funding for:				
Renaissance in the Regions		45,000	45,000	32,000
Framework for the Future		2,000	2,000	1,890
Strategic Commissioning		2,285	2,285	2,338
	14,893	49,285	64,178	51,981

Notes to the Accounts**3 Investment income**

	Unrestricted funds 2008 £'000	Restricted funds 2008 £'000	Total 2008 £'000	Total 2007 £'000
Interest receivable on short term bank deposits	855	4	859	407

The restricted fund interest was earned on the balance of a gift from the Gates Foundation that has not yet been disbursed.

4 Incoming resources from charitable activities

	Unrestricted funds 2008 £'000	Restricted funds 2008 £'000	Total 2008 £'000	Total 2007 £'000
Sales of publications and royalties	-	-	-	1
Sponsorship activities	-	23	23	
Specific grants				
Arts Council England – Literature Matters	-	-	-	5
Arts Council England – Strategic Commissioning	-	33	33	13
The Big Lottery Fund (New Opportunities) – The People's Network	-	-	-	24
The Big Lottery Fund – Their Past, Your Future Phase Two	-	376	376	-
The Big Lottery Fund – Community Libraries	-	109	109	47
Cymal – Welsh Inspiring Learning for All website	-	-	-	10
DCMS – website on illicit trade in cultural objects	-	-	-	18
DCSF – Book Ahead	-	2,000	2,000	-
DfES - Videoconferencing	-	32	32	25
European Commission – international cultural initiatives	-	186	184	133
ILFA - Welsh Inspiring Learning for All website	-	-	-	10
Living Places	-	130	130	-
	-	2,889	2,889	286

Notes to the Accounts**5 Incoming resources from charitable activities (continued)**

Analysed by charitable activity	Unrestricted funds 2008 £'000	Restricted funds 2008 £'000	Total 2008 £'000	Total 2007 £'000
Increasing and sustaining participation	-	2,595	2,595	1
Putting museums, libraries and archives at the heart of national, regional and local life	-	87	87	234
Establishing a world class and sustainable sector	-	196	196	31
Leading sector strategy and policy development	-	11	11	20
	-	2,889	2,889	286
Identification of specific grants received and deferred	Unrestricted funds 2008 £'000	Restricted funds 2008 £'000	Total 2008 £'000	Total 2007 £'000
Income from sales of publications and royalties received in year	-	-	-	1
Specific grants receivable in year	-	3,015	3,015	493
Deferred income released from previous years	-	187	187	86
Income deferred to future years	-	(313)	(313)	(294)
	-	2,889	2,889	286

These specific grants are subject to conditions which closely specify the service to be performed by MLA. Entitlement to the incoming resources derived from these specific grants is conditional on the delivery of specific services and to the extent that the delivery of these specific services has not been completed at the year end recognition as incoming resources is deferred until future years.

Notes to the Accounts**6 Cost of charitable activities - grants payable**

	Unrestricted funds 2008 £'000	Restricted funds 2008 £'000	Total 2008 £'000	Total 2007 £'000
Regional museum hubs	-	27,786	27,786	18,531
Museums Education Strategy	-	8,677	8,677	5,570
Museums and Galleries Month	-	-	-	65
Museums, Libraries and Archives Councils	4,999	3,507	8,506	8,508
Designation Challenge Fund	-	883	883	1,299
Social inclusion initiatives	23	228	251	257
Other Renaissance in the Regions initiatives	-	776	776	1,107
Framework for the Future	-	35	35	863
Learning and skills initiatives	(13)	2,074	2,061	2,156
24 Hour Museum	173	-	173	173
Portable Antiquities Scheme	1,210	-	1,210	1,272
PRISM Purchase Grant Fund	136	-	136	211
V&A Purchase Grant Fund	983	-	983	1,002
MDA revenue grant	237	-	237	237
Workforce development & People's Network initiatives	433	-	433	332
Archive sector development	83	-	83	91
Research initiatives	(34)	-	(34)	388
Collections management	5	-	5	50
Information and communications technology initiatives	272	64	336	16
Big Lottery Fund (Their Past Your Future II)	-	337	337	-
DCSF Book Ahead	-	2,000	2,000	-
2012 Initiatives	13	-	13	-
Sustainable Communities	20	-	20	-
	8,540	46,367	54,907	42,128

No grants have been made to individuals.

During the year and in the light of the recent growth in MLA activities, a review was initiated to ensure that liabilities were correct and not overstated. During this review, which is continuing in the current year, some liabilities were found to be based on original requests which had been over-estimated, or for requests which did not ultimately meet the required objectives. These amounts are not considered to be material, and have been credited back to the funds from which the originating grants were originally made.

Notes to the Accounts**7 Cost of charitable activities**

For 2008	Participation £'000	Advocacy £'000	Excellence £'000	Leadership £'000	Total £'000
Staff costs	1,353	815	1,799	671	4,638
Consultancies, other professional fees and international subscriptions	217	166	967	310	1,660
Other costs excluding depreciation and exceptional items	400	704	638	377	2,119
Depreciation	30	6	17	5	58
Exceptional items (note 12)	1,304	426	803	287	2,820
	3,304	2,117	4,224	1,650	11,295
Grants payable (note 6)	31,838	4,804	15,198	3,068	54,908
	35,142	6,921	19,422	4,718	66,203
For 2007	Participation £'000	Advocacy £'000	Excellence £'000	Leadership £'000	Total £'000
Staff costs	374	653	1,591	1,272	3,890
Consultancies, other professional fees and international subscriptions	499	315	1,080	688	2,582
Other costs excluding depreciation and exceptional items	353	521	717	562	2,153
Depreciation	6	10	23	19	58
Exceptional items (note 12)	-	-	502	-	502
	1,232	1,499	3,913	2,541	9,185
Grants payable (note 6)	15,056	1,723	22,134	3,215	42,128
	16,288	3,222	26,047	5,756	51,313

8 Governance costs

	2008 £'000	2007 £'000
Staff costs (including remuneration of Chair)	38	41
Audit and legal fees	58	72
Other costs	12	12
Total	108	125

9 VAT Recoverable

Vat amounting to £24,000 (2007 £nil) was recovered during the year. This has been offset against relevant expenditure.

Notes to the Accounts**10 Staff costs**

	2008 £'000	2007 £'000
Wages and salaries	3,004	2,714
Social security costs	268	232
Pension costs	606	582
Temporary staff	760	335
	<hr/>	<hr/>
Total	4,638	3,890

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

	2008	2007
£130,000 to £139,999	1	-
£110,000 to £119,999	1	1
£90,000 to £99,999	1	-
£80,000 to £89,999	3	2
£70,000 to £79,999	1	-
£60,000 to £69,999	5	2

The average number of employees, analysed by function, was:

	2008	2007
Chief Executive's/Chairman's unit	5	6
Collections, Archives, Workforce and Standards	28	25
Corporate Services	10	9
Digital Futures	6	9
External Relations	8	5
Learning, Access, Audience Development, Renaissance, Regions and International	20	17
	<hr/>	<hr/>
	77	71

Of these employees 72 (2007 68) are accruing benefits under the defined benefits pension scheme described in note 1g.

Notes to the Accounts

11 Chairman's and senior managers' emoluments and contracts

The Chairman received emoluments of £34,225 (2007: £34,225) in the year. Other Board Members neither received nor waived any remuneration for their services during the year. Travel and subsistence expenses reimbursed to 12 Board Members (2007: 10) amounted to £5,841 (2007: £2,587).

The current senior managers and their roles are:

		Date of appointment	Nature of contract	Notice period
Andrew Motion	Chairman	3 July 2008	Appointed until 2 July 2012	1 month
Roy Clare	Chief Executive	1 September 2007	Open ended	3 months
Paul Lander	Director of Corporate Services	19 March 2007	Open ended	3 months
Hedley Swain	Director of Programme Delivery	7 June 2007	Open ended	3 months
Sue Wilkinson	Director of Policy & Sustainability	21 June 1999	Open ended	3 months

The following senior managers either left after the year end or served for only part of the year:

		Date of appointment	Date of cessation	Notice period
Mark Wood	Chairman	1 December 2002	3 July 2008	1 month
Jane Harwood	Deputy Chief Executive	2 October 2007	3 April 2008	3 months
Chris Batt	Chief Executive	16 August 1999	31 August 2007	3 months
Gina Lane	Director of Operations	27 November 2000	12 October 2007	3 months
Lynda Scott	Director of Marketing & Communications	16 April 2007	15 February 2008	3 months

The Chairman's terms of appointment and salary are fixed by the Secretary of State for Culture Media and Sport. He is not entitled to any compensation for loss of office, any pension benefits or performance related pay.

Senior managers are entitled to compensation for loss employment under the terms of the Civil Service Compensation Scheme; full details are available from the Government Actuary's Department. In addition to basic salary, their contracts provide for payment of an annual performance related bonus of up to 10% of their basic salary (CEO 15%). The remuneration set out in the following table includes any bonus payments made. Senior managers are not entitled to any other allowances or benefits whether cash or otherwise.

Senior managers except for Roy Clare are members of the Principal Civil Service Pension Scheme. This is a defined benefit scheme under which members accrue pension benefits related to their length of service and final salary. The table below discloses the pension which each senior manager would receive if 31 March 2008 were her or his 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 2008 and 2007 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 is an assessment of what it costs the scheme to provide these pension benefits.

Notes to the Accounts

11 Chairman's and senior managers' emoluments (continued)

Roy Clare has preferred to maintain an existing personal pension arrangement to which the MLA contributes at the rate of 6.9% of his basic salary. During 2007/08 the total cost of these contributions was 1,400 (2006/7 nil)

The emoluments and pension entitlements of these senior managers were:

Name	2008 Emoluments within range £'0000	2007 Emoluments within range £'000	Real increase in pension £'000	Real increase in lump sum £'000
M Wood	35 - 40	30 - 35	n/a	n/a
C Batt	110 - 115	110 - 115	0 - 2.5	0 - 2.5
R Clare	80-85	-	n/a	n/a
J Harwood	135 - 140	40 - 45	2.5 - 5	-
S Wilkinson	85 - 90	70 - 75	0 - 2.5	2.5 - 5
L Scott	75 - 80	-	0 - 2.5	-
G Lane	50 - 55	65 - 70	0 - 2.5	0 - 2.5
P Lander	90 - 95	-	0 - 2.5	-

Name	Pension at 31 March 2008 £'000	Lump sum at 31 March 2008 £'000	Cash equivalent transfer value at 31 March 2007 £'000	Cash equivalent transfer value at 31 March 2008 £'000	Real increase in cash equivalent transfer value as funded by employer £'000
M Wood	n/a	n/a	n/a	n/a	n/a
C Batt	55 - 60	165 - 170	1,301	1,395	14
R Clare	n/a	n/a	n/a	n/a	n/a
J Harwood	5 - 10	-	60	109	35
S Wilkinson	20 - 25	70 - 75	358	434	18
L Scott	0 - 5	-	-	15	13
G Lane	25 - 30	60 - 65	503	531	29
P Lander	0 - 5	-	1	30	26

No senior managers received compensation for loss of office in the year under review

12 Exceptional items

	2008 £'000	2007 £'000
Redundancy costs	2,254	-
Restructuring and relocation costs	566	502
	2,820	502

Redundancy costs consist of redundancy and severance payments made to employees who have either accepted voluntary redundancy as at 31 March 2008, or who will be made redundant during 2008/9. Restructuring and relocation costs relate to costs incurred prior to 31 March 2008 in restructuring the organisation and preparing for the relocation of the MLA to new offices in London and Birmingham including payments to professional advisers and interim managers and staff. In 2006/7 DCMS provided an additional £900,000 of Baseline Grant in order to fund these costs. In 2007/08 they have been funded from reserves brought forward and annual Grant in Aid. Note 20 explains how funds have been designated to cover the further costs that will arise in 2008/09.

Notes to the Accounts

13 Net outgoing resources before transfers

The increase in resources of £1,615,000 (2007: £1,236,000) is stated after charging:

	2008 £'000	2007 £'000
Depreciation charged – owned assets	57	58
Auditors' remuneration – fees for external audit services	34	24
– fees for internal audit services	13	13
Property rentals	353	361

14 Tangible fixed assets

Cost	Fixtures and equipment £'000
At 01 April 2007	392
Additions	82
Disposals	(17)
At 31 March 2008	<u>457</u>
Accumulated depreciation	
At 01 April 2007	334
Charge for the year	57
Disposals	(17)
At 31 March 2008	<u>374</u>
Net book value at 31 March 2008	<u>83</u>
Net book value at 31 March 2007	58

The net book value at 31 March 2008 represents fixed assets used for charitable activities.

15 Debtors

	2008 £'000	2007 £'000
Trade debtors	18	114
Other central government bodies	112	88
Regional Museums, Libraries and Archives Councils	744	469
Prepayments and accrued income	204	127
Other debtors including taxation and social security	15	21
	<u>1,093</u>	<u>819</u>

16 Creditors – amounts falling due within one year

	2008 £'000	2007 £'000
Grant and other accruals	6,503	6,520
Deferred income (see note 5)	313	294
Trade creditors	489	346
Other creditors including tax and social security	135	57
	<u>7,440</u>	<u>7,217</u>

17 Creditors – amounts falling due after one year

	2008 £'000	2007 £'000
Payments to the Civil Service Compensation Scheme in respect of 8 employees made redundant in 2006/07. This liability extends until 31 March 2017.	333	410

Notes to the Accounts**18 Provisions for liabilities and charges – Restructuring costs**

	2008 £'000	2007 £'000
Balance at 31 March 2008, 2007	-	1,350
Transferred to income and expenditure account	1,720	(1,350)
Balance at 31 March 2008, 2007	1,720	-

In 2007/08 a provision of £1.72m has been made in respect of redundancy, relocation and restructuring costs. This includes £1.64m for the early retirement and early severance costs in respect of staff leaving the organisation during 2008/09 as part of the relocation of many functions to Birmingham and the reduction of the staff complement in line with the restructuring proposals. All redundancies are now confirmed but as individuals may choose to take their entitlement in different ways, according to their own personal circumstances, it is not possible to accurately quantify the resulting total liability. This provision has therefore been calculated using the most up to date information available and based on length of service and individual contracts. The balance of the provision, £0.08 million, relates to the cost of relocating the MLA to new offices in London and Birmingham and providing outplacement services for staff being made redundant.

19 Financial commitments

At 31 March 2008 the Museums, Libraries and Archives Council had annual commitments under operating leases as follows:

	2008 Land and buildings £'000	2007 Land and buildings £'000
Expiry date: within one year	353	353

Notes to the Accounts**20 Statement of funds**

	01 April 2007 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2008 £'000
Restricted Funds					
Renaissance in the Regions	681	45,000	44,071	-	1,610
Framework for the Future	(67)	2,000	873	(1,060)	-
Strategic Commissions	86	2,285	2,236	-	135
24 Hour Museum	-	-	-	-	-
Conditional exemption	-	-	-	-	-
Portable Antiquities Scheme	-	-	-	-	-
V&A Purchase Grant Fund	36	-	-	(36)	-
PRISM Purchase Grant Fund	47	-	-	(47)	-
Education Challenge Fund	18	-	-	-	18
Information Technology Challenge Fund	1	-	-	-	1
LASSI	21	-	-	-	21
Gates Foundation	79	4	-	-	83
University for Industry	14	-	-	-	14
Cultural Property Website	-	-	-	-	-
NOF Project 247	-	-	-	-	-
DFES Video-conferencing	-	32	32	-	-
ACE	13	33	46	-	-
BIG Lottery Fund TPYF	-	377	377	-	-
BIG Lottery Fund Community Libraries	-	109	109	-	-
Living Places	-	130	52	-	78
DFSC Book Ahead	-	2000	2,000	-	-
European Union	-	187	187	-	-
Sponsored activities	-	21	21	-	-
Fixed asset reserve	58	-	-	25	83
Total restricted funds	987	52,178	50,005	(1,117)	2,043
Unrestricted funds					
Designated fund – base reserve	300	-	-	(300)	-
Designated fund – restructuring	398	-	-	802	1,200
General funds	119	15,747	16,305	615	176
Total unrestricted funds	817	15,747	16,305	1,117	1,376
Total all funds	1,804	67,925	66,310	-	3,419

Funds received from DCMS, other Government Departments, Lottery Funds, the European Union and charitable trusts are accounted as 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 awarded but 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.

DCMS has agreed that, subject to Treasury approval, £1 million of the Renaissance funds carried forward shall be used to fund the Portable Antiquities Scheme in 2008/09.

The transfer of £1,117,000 restricted funds to unrestricted funds represents the cessation of the restriction on funds received from DCMS.

The base reserve which was set at £300,000 has been used as a contribution towards the restructuring and relocation costs incurred in the year. The designated restructuring reserve has been increased to £1,200,000 in order to cover the balance of the restructuring costs that will be incurred in 2008/09. The Trustees consider that the General Fund balance of £176,000 is adequate for the time being and will reconsider an appropriate ongoing level of reserves when restructuring and relocation activities are completed.

21 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	2008 Total £'000	2007 Total £'000
Fund balances at 31 March 2008 are represented by:				
Tangible fixed assets	-	83	83	58
Current assets	7,967	4,862	12,829	9,373
Current liabilities	(4,898)	(2,542)	(7,440)	(7,217)
Long term liabilities	(333)	-	(333)	(410)
Provisions for liabilities and charges	(1,360)	(360)	(1,720)	-
Total net assets	1,376	2,043	3,419	1,804

22 Notional cost of capital

This is based on notional interest costs as calculated by DCMS and charged in their funding agreement with MLA for 2006/7 to 2007/8.

23 VAT, Income and Corporation Taxes

MLA is VAT registered. The Council 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 Accounts**24 Cash flow information**

a) Reconciliation of changes in resources to net inflow from operating activities	2008 £'000	2007 £'000
Net incoming resources	1,615	1,236
Interest received	(859)	(407)
Depreciation	57	57
(Increase)/decrease in debtors	(273)	1,604
Increase/(decrease) in creditors	145	(1,615)
(Increase)/decrease in provisions for liabilities and charges	1,720	(1,350)
Net cash (outflow)/inflow from operating activities	<u>2,405</u>	<u>(475)</u>

b) Analysis of cash flows

	2008 £'000	2007 £'000
Capital expenditure		
Payments to acquire tangible fixed assets	<u>82</u>	<u>6</u>

	2008 £'000	2007 £'000
Returns on investments		
Interest received	<u>859</u>	<u>407</u>

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

	2008 £'000	2007 £'000
Increase/(decrease) in cash and movement in net funds	3,182	(74)
Net funds at 01 April 2007/2005	<u>8,554</u>	<u>8,628</u>
Net funds at 31 March 2008/2007	<u>11,736</u>	<u>8,554</u>

d) Movement in cash

	At 01 April 2007 £'000	Cash flow £'000	At 31 March 2008 £'000
Cash at bank and in hand and net funds	<u>8,554</u>	<u>3,182</u>	<u>11,736</u>

25 Related party transactions

The Council is an executive Non-Departmental Public Body sponsored by the DCMS. DCMS is regarded as a related party and details of all funding provided by DCMS are disclosed in notes 2 and 5.

During the year the Council 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.

Arts Council England and The Big Lottery Fund awarded grants to the Council details of which are included in note 5.

Notes to the Accounts

Note 25 (continued)

The following bodies were awarded grants by the Council:

British Museum	Museum of London	National Portrait Gallery
Geffrye Museum	Museum of Science and Industry in Manchester	Victoria & Albert Museum
Horniman Museum	National Maritime Museum	

Eleven Councillors are involved in organisations which were awarded grants by MLA as listed below. MLA has procedures in place to ensure that Councillors play no part in decisions on the award of grants to organisations in which they are involved.

Councillor	Position	Organisation	Grant £'000
Geoffrey Bond	Chairman	MLA London	1,447
Sarah Carthew	Chair	MLA East of England	1,170
Alex Cunningham	Chairman	MLA North East	1,004
Nick Dodd	Chief Executive	Sheffield Galleries and Museums Trust	1,524
Yinnon Ezra	Director of Recreation and Heritage	Hampshire County Council	1,940
Helen Forde	Chair	MLA East Midlands	934
John Hicks	Chairman	MLA South East	1,657
Sir Geoffrey Holland	Chairman	MLA South West	1,219
Glenville Laws	Chairman	MLA West Midlands	1,158
Professor John Tarrant	Chairman	MLA Yorkshire	1,274
Robert Wand	Chairman	MLA North West	1,403

26 Grants payable

A full list of all grants paid in the year ended 31 March 2008 can be found on the MLA website at www.mla.gov.uk

27 Financial instruments

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the year, in creating or changing the risks MLA faces in undertaking its activities.

As permitted by FRS13, debtors and creditors which mature or become payable within twelve months of the balance sheet date have been omitted from this note.

Liquidity Risk

MLA does not make use of long-term debt or borrowing facilities. The creditors greater than one year at the balance sheet date represent payments due to the Civil Service Compensation Scheme as outlined in note 17 to these accounts. As a result the MLA is not exposed to significant liquidity risk.

Notes to the Accounts

Interest Rate Risk

As at 31 March 2008, MLA held £11,736,000 (2006/07: £8,554,000) in cash and bank deposits, of which £11,736,000 (2006/07: £8,553,000) 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.