

**TYNE & WEAR ARCHIVES & MUSEUMS  
JOINT COMMITTEE**



**ANNUAL GOVERNANCE STATEMENT**

**2014/15**

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## **Tyne & Wear Archives & Museums' Annual Governance Statement 2014/15**

Tyne & Wear Archives & Museums (TWAM) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Annual Governance Statement (AGS) is a public report which accompanies the Annual Statement of Accounts and details the extent to which TWAM complies with its own local governance code. This includes how TWAM has monitored the effectiveness of the governance arrangements in the year 2014/15 and sets out actions for any improvements required for the coming year. This Statement provides an assurance to the Joint Committee and its stakeholders that good governance arrangements are in place.

The AGS relies on several assurance mechanisms including the internal audit annual review, internal audit reports throughout the year, the work of the Audit Committee, and external audit. It is a positive statement for the financial year 2014/15 with no significant governance issues to report.

External audit is undertaken by Deloitte LLP and provides assurance on the controls that TWAM has in place. If the auditor identifies weaknesses in TWAM's arrangements, these are highlighted in the Annual Audit Letter. TWAM received an unqualified audit opinion on its 2013/14 accounts, the latest published.

In 2014/15 TWAM continued to perform strongly, delivering corporate priorities and maintaining service quality. This has been achieved whilst implementing significant financial savings as a result of public sector funding reductions. Wherever possible these have been mitigated by increased income generation.

During 2014/15 TWAM implemented the following actions to strengthen its corporate governance environment:

- Reviewed the TWAM governance model;
- Introduced an annual staff survey;
- Introduced annual review meetings with Council partners;
- Encouraged more active participation by all audit committee members;
- Reviewed and updated the Ethics Policy.

Good governance also involves looking at ongoing and emerging issues and ensuring the framework is in place to manage them effectively.

Since 2009/10 TWAM has experienced a reduction of 36% in local authority revenue and an equivalent reduction of 18% in total public 'core' funding. A further reduction in public funding of 7% will be implemented in 2015/16. This is compounded by cost pressures. In common with other publicly funded archives and museums, TWAM faces a challenging year in 2015/16 as it seeks to manage the implications of these budget reductions.

The annual review of effectiveness has highlighted the following improvement areas to further enhance our governance arrangements which will be the focus of the organisation's improvement plan for 2015/16.

- Consider the implications for TWAM of the Local Audit and Accountability Act 2014 and agree a new external scrutiny regime and AGS framework;
- Document as simply as possible what 'Governance' is and circulate to staff and stakeholders with key briefings for each group;
- Develop and implement the recommendations of the governance review to strengthen TWAM's governance;
- Work with Arts Council (ACE) and the Culture Bridge North East Strategic Board to establish procedures and processes to ensure effective delivery of the Bridge Programme;
- Analyse the recommendations of the liP assessment and the feedback from the staff survey to identify opportunities for development.

The AGS shows TWAM has a strong system of internal control and action plans are in place to address the 2015/16 priorities for improvement.

## 1. **Scope of responsibility**

Tyne & Wear Archives & Museums (TWAM) has approved and adopted a Code of Corporate Governance (the Code), which is consistent with the principles of the CIPFA/ SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code can be viewed on TWAM's website at <http://www.twmuseums.org.uk/geisha/assets/files/Local%20Code%20of%20Governance%20TWAM%20Update%202011-12.pdf> or can be obtained from the Head of Finance, Governance and Resources, Tyne & Wear Archives & Museums, Discovery Museum, Blandford Square, Newcastle upon Tyne, NE1 4JA. The Code evidences our commitment to achieving good governance and demonstrates how we comply with the governance standards recommended by CIPFA.

TWAM also has a duty, under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having due regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility TWAM is responsible for putting in place proper arrangements for the governance of its affairs, including arrangements for the management of risk to a reasonable level, thereby facilitating the effective exercise of its functions. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

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

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

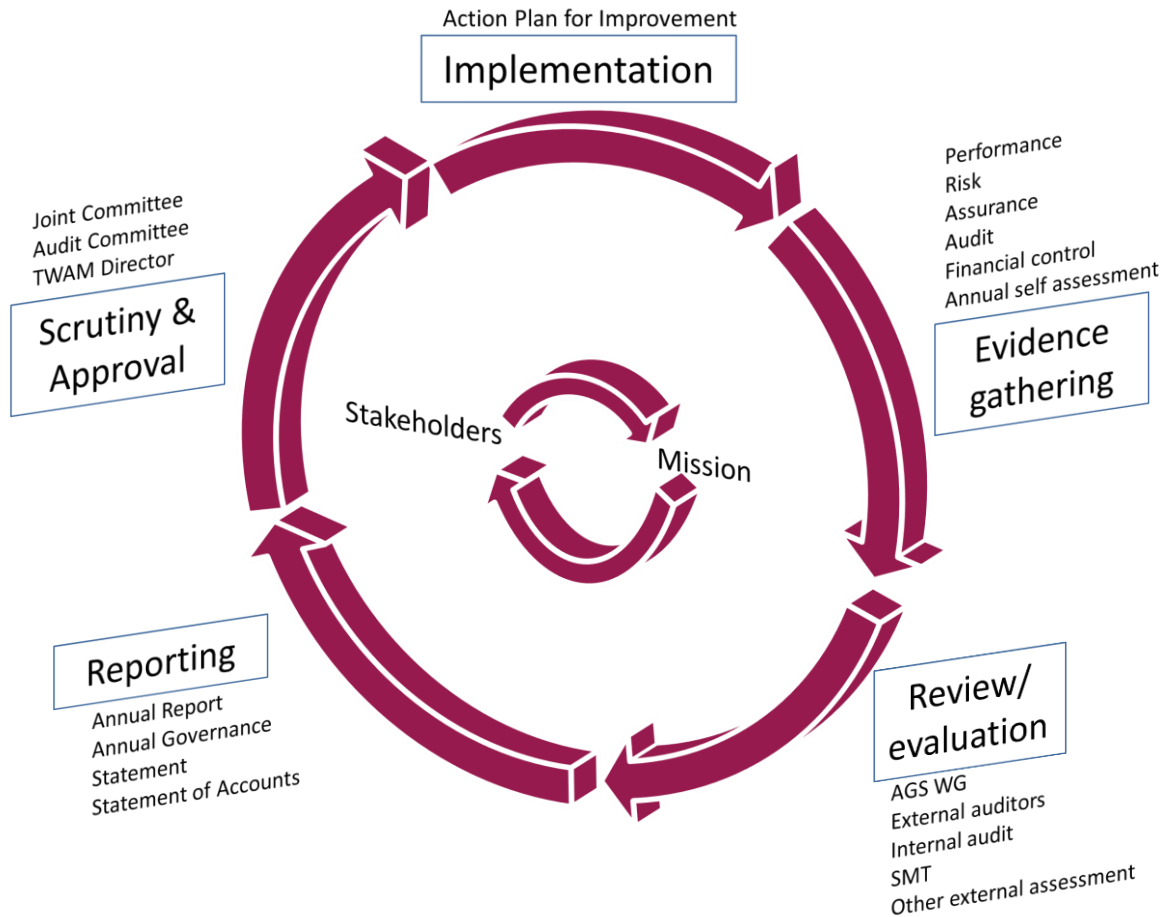
The governance framework comprises the systems and processes, culture and values by which TWAM is governed and managed. It also covers the ways in which TWAM engages with communities and is held accountable by users. It enables TWAM to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level.

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

The arrangements required for gathering assurances for the preparation of the

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

The governance framework and relationships for TWAM are summarised in the following diagram:



This governance framework has been in place at TWAM for the year ended 31 March 2015 and up to the date of approval of the Accounts.

### 3. The Governance Framework

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

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

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

Committee.

### **Mission Statement**

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

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

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

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

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

In 2015/16, as part of the national 'Our Museum' programme funded by the Paul Hamlyn Foundation, TWAM will review how its mission is understood and implemented by staff.

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

TWAM continued to perform strongly, delivering corporate priorities and maintaining service quality despite having delivered a £452k cost reduction programme in response to funding reductions in 2014/15 and undergoing significant levels of organisational change. This has not been an easy task and has been achieved by focussing on modernising, streamlining, consolidating, and specific reductions in some functions no longer considered essential. External endorsement of the value for money provided by the Joint Committee was contained in the external auditor's Annual Audit Letter.

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

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

The annual budget process includes an efficiency review, considers the impact on service users of all proposals and identifies specific actions required to

improve Value for Money (VFM) which are then built into our budget. TWAM benchmarks costs and income through a partnership with two peer services.

By adopting a formal VFM Strategy, TWAM made a commitment to:

- Promote VFM throughout the organisation; and
- Ensure that the appropriate mechanisms to support the VFM process are in place and regularly reviewed.

Successful delivery of these commitments required clarity throughout the organisation about the:

- Aims and objectives of the VFM Strategy
- Tools for embedding and delivering the strategy
- Allocation of responsibilities and the management of the process
- Engagement of TWAM staff, volunteers, Members and service users in the delivery of the VFM Strategy

As part of the Regional Museums Development Programme which TWAM manages on behalf of Arts Council, TWAM has conducted an Economic Impact Study of museums in the North East. This has found that the sector supports 1,218 jobs with an associated Gross Value Added (GVA) impact of £45.4m. For every £1 invested there is a return of £4.12.

TWAM's Procurement Strategy ensures we procure goods and services in the most efficient and effective way. In 2014/15 performance measurement and management information included targets set in association with Activity Plans agreed with ACE and the Joint Committee for Core Activity and MPM Activity. These were monitored by ACE on a quarterly and annual basis through the use of management performance indicators. Target setting for all indicators includes analysis of past and current performance, comparative performance and priorities identified through consultation with stakeholders, users and staff and checks applied to ensure achievability.

In April 2013, TWAM implemented, in partnership with Black Radley Consulting, a Museum Rapid Enterprise project and established a Performance Group, led by the Director. Monthly meetings are held to review and challenge performance in service usage and income generation. This was further improved in 2014/15 to include monthly profit and loss accounting for major income centres and ensure greater efficiency in service delivery.

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

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



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

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

During 2014/15, TWAM managed nine museums and galleries on behalf of the four Tyneside Councils and Newcastle University and the archives for Tyne & Wear, on behalf of its clients; however, it is an autonomous body, client-centred but with its own management committee of elected members from the four councils.

TWAM receives funding from the ACE MPM Programme as well as Core funding from ACE. This funding recognises TWAM's regional and national role, supports free admission (at 8 sites) and supports TWAM in delivering excellence in every aspect of its work, using its collections, venues and staff resources to ensure that the communities of Tyne and Wear, and indeed the wider North East, continue to benefit from excellent museum provision. The funding also allows TWAM to achieve its commitment to innovation and development across all areas of its work. A separate funding arrangement with ACE, under the Museums Development Programme, funds TWAM to work with and support those museums in the North East which are not funded through MPM.

Policy and decision making is undertaken by the Joint Committee and an approved plan of objectives for the forthcoming year is outlined in the Corporate Plan. Extensive consultation with stakeholders on priorities and options shapes the budget decisions that are made.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Audit Committee is embedded within TWAM's overall governance framework. Membership includes an independent chair, vice-chair and another independent member in addition to the local council members nominated by the Joint Committee. The Audit Committee's key responsibility is to seek

evidence and obtain independent assurance on behalf of the Joint Committee that a comprehensive, coordinated and effective framework of internal control and corporate governance is maintained across the organisation.

During 2014/15, the Audit Committee has considered the Head of Audit and Strategic Risk's annual report and opinion. It has received regular updates on internal audit activity and kept up to date with the progress made against the Action Plan for Improvement. In respect of the Statement of Accounts 2014/15 it considered whether appropriate accounting policies have been followed. It also considered whether there are concerns arising from the financial statements or from the external audit that need to be brought to the attention of the Joint Committee.

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

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

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

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

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

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

The Joint Committee's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The Director of Resources at Newcastle City Council is the designated Chief Financial Officer (CFO) for the Joint Committee. He has seconded an officer, the Head of Finance, Governance & Resources, to the Joint Committee. She is a key member of the SMT and is responsible for ensuring the proper administration of the Joint Committee's financial arrangements. She leads a fully resourced and suitably qualified Finance Function. The CFO is actively involved in and able to bring influence

to bear on all material business decisions to ensure immediate and long term implications, opportunities and risks, are fully considered and in alignment with the Corporate Plan. The CFO is also responsible for ensuring compliance with the requirements of the Accounts and Audit (England) Regulations 2011 relating to accounting records, control systems and audit.

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

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

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

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

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

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

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

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

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

TWAM values its staff as one of its greatest assets and is committed to

identifying and fulfilling the learning and development needs of officers, volunteers and members.

In October 2014 TWAM achieved re-accreditation at Silver Standard under the Investors in People assessment. TWAM's Workforce Development Plan is continually monitored to ensure both staff (and volunteers) develop their skills and knowledge to be effective in carrying out their responsibilities. For new staff, there is a corporate induction by the TWAM Training Officer in addition to the local induction with the line manager.

Feedback from the staff survey revealed that 68% believed their job makes good use of their skills and abilities and 52% felt encouraged to develop their skills at work.

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

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

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

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

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

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

- Project specific consultation and evaluation.

In 2014/15 TWAM completed year 2 of 'Our Museum', a three year programme, funded by the Paul Hamlyn Foundation to develop organisational change within museums and galleries that are committed to active partnership with their communities, with the ambition of affecting the museum sector more widely. The programme at TWAM is led by a Core Engagement Team made up of equal numbers of staff and community members and has established an 'Alternative Management Team' for TWAM made up of non-senior staff, community members and volunteers whose remit is to consider and make recommendations on issues facing the organisation. Year 3 of the programme, in 2015/16, includes clarifying and embedding the mechanisms by which the Alternative Management Team can influence TWAM's policies and practice, and also developing and making publicly available a Community Engagement Framework that will make explicit how individuals and communities can engage with TWAM on a variety of different levels.

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

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

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

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

The most significant funding partnerships during 2014/15 were with:

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

In addition key partners included:

- The National Archives;
- National Portrait Gallery;
- British Museum;
- Tate;
- National Gallery;
- Northumbria University;

- Sunderland Museums & Heritage;
- TWAM Business Partners;
- Science Museum Group

#### 4. Review of effectiveness

TWAM has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within TWAM who have responsibility for the development and maintenance of the governance environment, the HoA&SR's annual report, and also by comments made by the Audit Committee, external auditors and other review agencies and inspectorates.

The review process includes:

- The Archives & Museums Joint Committee as the primary source of scrutiny.
- Annual reviews of TWAM's financial accounts and supporting systems by external auditors leading to their opinion as published in the year-end statements.
- The Annual Audit letter from the external auditor, reported to the Joint Committee in November 2014.
- Views and comments from the Audit Committee, which oversees internal control arrangements and helps to secure improvements in these systems.
- The Annual Internal Audit Opinion, informed by the work of the Internal Audit Section operating under the requirements and standards of the Public Sector Internal Audit Standards (2013) and a risk-based audit plan which is informed by the Joint Committee's risk management strategy. The plan is approved by the Audit Committee annually. The HoA&SR has carried out an independent review of the internal control environment, which is reported to the Audit Committee. He has concluded that the state of the internal control environment is 'satisfactory'.
- The Value for Money conclusion issued by external auditors – in 2013/14 Deloitte LLP issued an unqualified VFM conclusion.
- The annual assurance statements confirming the adequacy of governance arrangements within service areas completed by TWAM SMT.
- TWAM's Strategic Risk Register, which identifies the most significant risks to TWAM's objectives.
- The Review of the Joint Committee's arrangements on Internal Audit. This review, required by the Accounts and Audit (England) Regulations 2011 requires the Joint Committee to review the effectiveness of its system of Internal Audit once a year. The 2014/15 Review concluded that Internal Audit complies with all the organisational standards set out in the Public Sector Internal Audit Standards (2013).
- VAQAS assessment.
- Investors in People assessment 2014.
- Regular surveys of visitors by TWAM; and visitors to British Archives carried out by the Public Services Quality Group.

A working group comprising members of the Audit Committee and TWAM officers reviewed the sources of assurance in place during 2014/15, considered the effectiveness of the current governance framework and highlighted improvement areas for 2015/16 designed to ensure that continuous improvement of the system is in place.

#### **5. Significant governance issues**

The system of governance (including the system of internal control) can only provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of TWAM's objectives have been mitigated. The 2014/15 review has not identified any items which are considered to represent a significant internal control issue and therefore require disclosure in the 2014/15 Annual Governance Statement.

The only significant governance issue raised in the 2013/14 AGS was the notification from South Tyneside Council that it is considering all options for the future of cultural services in South Tyneside, including the possibility of a Cultural Trust. During 2014/15 South Tyneside Council confirmed that it would remain part of the Joint Arrangements until 31 March 2016. No decisions on the position post 1 April 2016 have been notified at this stage.

#### **6. Continual improvement in the governance and internal control environment**

In order to develop and maintain an effective governance and control environment, there is a need for continuous review, reflection and improvement in an environment that is constantly changing and presenting new risks. The annual review of effectiveness in 2013/14 highlighted the following improvement areas which were the focus of the action plan during 2014/15. Progress against these specific improvement areas is summarised below.



Improvement Area & Action	Improvements Implemented
<p><b>Review of TWAM governance model:</b> The Joint committee have authorised TWAM to conduct a study into alternative governance models for TWAM following the initial financial appraisal of a move to trust status carried out last year.</p>	<ul style="list-style-type: none"> <li>• Bond Dickinson appointed to carry out the governance review.</li> <li>• The Consultants recommended two preferred options: <ul style="list-style-type: none"> <li>○ Option 2(b) – retaining the status quo but with a developed governance structure and the creation of a trading arm.</li> <li>○ Option 3 – the transfer of the TWAM operation and undertaking in its entirety into a separate legal entity.</li> </ul> </li> <li>• Additional costs associated with pension liabilities and VAT mean that, ‘in the short term at least’ option 3 would result in significant additional costs and therefore the consultants' recommendation is to pursue option 2b.</li> <li>• The Director has met with all Chief Executives and is working with Lead Authority solicitors to confirm information around pension position before a final decision is made.</li> </ul>
<p><b>Staff Survey:</b> The aim of the survey is to provide a snapshot of the thoughts, feelings and opinions of staff in order to help identify areas where attention is required as we move forward. The survey will also explore the issues important to staff and the impact of these issues on their working life.</p>	<ul style="list-style-type: none"> <li>• The staff survey was circulated in March and included questions on the following areas: <ul style="list-style-type: none"> <li>• Your Job</li> <li>• Your Team</li> <li>• Communication</li> <li>• Leadership</li> <li>• Learning &amp; Development</li> <li>• Diversity</li> <li>• Mission &amp; Beliefs</li> <li>• Overall perception of TWAM</li> <li>• Carbon Awareness</li> <li>• Travel</li> </ul> </li> <li>• In total 125 members of staff (60%) responded to the survey.</li> <li>• The results are now being analysed and feedback sessions led by the Director will take place in summer 2015.</li> </ul>

<p><b>Council Partnerships:</b> Developing relationships with Local Council Cultural Leads and Cabinet Members through the exploration of more effective means of communication.</p>	<ul style="list-style-type: none"> <li>• Annual review meetings were held with Cabinet members and the lead officer from each council in April &amp; May 2014.</li> <li>• The new approach has received very positive feedback.</li> <li>• Briefing seminars were delivered to each council partner.</li> </ul>
<p><b>Audit Committee:</b> Encourage more active participation by all committee members and investigate improvements to communication of key issues to members between meetings.</p>	<ul style="list-style-type: none"> <li>• All members have been contacted to ascertain current &amp; future training needs.</li> <li>• Attendance at meetings has increased.</li> </ul>

During 2014/15 TWAM also implemented the following actions to strengthen its corporate governance environment:

- Reviewed and updated the Ethics Policy;
- Retained its Museums Accreditation status and the Archives is now one of the first fully accredited Archives Services in the country. The Accreditation panel reported: 'Tyne & Wear Archives are an outward-looking service which seizes opportunities as they arise. They have maximized the benefits of their position integrated with museums services to offer an admirable range of ways to access archives'. However, they also noted the physical limitations of the current building, adding 'without [the] supporting measures and evidence of constant proactive preservation management, it would not have been possible to accredit the service';
- Retained the Creative Industry Green Standard, an environmental certification scheme for the creative sector;
- TWAM has won a Green Apple Award for work supporting regional museums to achieve a greater level of environmental sustainability as part of the Make Carbon History initiative.

The annual review of effectiveness has highlighted the following additional improvement areas to further enhance our governance arrangements which will be the focus of the organisation's improvement plan for 2015/16.

<b>Improvement Area</b>	<b>Action</b>	<b>Responsible Officer</b>
Changes to audit requirements	Consider the implications of the Local Audit and Accountability Act 2014 and agree a new external scrutiny regime and appoint a suitable auditor.	Jackie Reynolds
What is Governance?	Document as simply as possible what 'Governance' is and circulate to staff and stakeholders with key briefings for each group.	Jackie Reynolds
Annual Governance Statement	The removal of the requirement to undertake a statutory audit affords the opportunity to review the AGS and develop a document that is tailored to best help TWAM improve its governance.	Jackie Reynolds
Governance Review	Develop and implement the recommendations of the governance review to strengthen TWAM's governance	Iain Watson
Bridge Programme	Work with ACE and the Culture Bridge North East Strategic Board to establish procedures and processes to ensure effective delivery of the Bridge Programme	Bill Griffiths
liP Assessment and Staff survey	Analyse the recommendations of the liP assessment and the feedback from the staff survey to identify opportunities for development	Iain Watson

## 7. Conclusion

The governance and internal control environment operating during 2014/15 is considered to have provided reasonable and objective assurance that any significant risks impacting on the achievement of TWAM's principal objectives were identified and actions taken to avoid or mitigate their impact.

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

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Tony Kirkham  
Treasurer to the Joint  
Archives & Museums  
Committee  
30 June 2015

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Iain Watson  
Director of  
Tyne & Wear Archives  
& Museums  
30 June 2015

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Chair of the  
Joint Archives &  
Museums Committee  
  
30 June 2015