

Updated July 2017

Hub Governance: Guidance for Music Education Hubs

As part of the funding agreement for Music Education Hubs (MEHs) we expect the Hub lead organisation to demonstrate that appropriate governance structures are in place to ensure effective management of the organisation. All Hub lead organisations are expected to have a governing document, and business plans should describe the management and governance arrangements in place to oversee the funded activity.

This document is intended to help and support existing MEHs' management committees, executive committees, boards of directors, boards of trustees or any other type of governing body, which for the purposes of this document we will call the board.

Why do we want to see evidence of effective governance?

Effective governance is essential for the success of any organisation and boards play a vital role in serving their organisations and their communities. As the Good Governance Code says "they bring passion and commitment as well as skills and experience to the organisations they lead".¹

We want to make sure that the organisations we fund have appropriate governance in place to support the work that they do. As well as being a requirement of all funding distributed through Arts Council, the importance of partnership working and the nature of the strategic role of Hub lead organisations makes it particularly important for there to be clear oversight and strong leadership from a Hub board.

In the original prospectus provided for applicants for MEH funding, it read: The Music Education Hub leads will be accountable for the funding and we expect them to have appropriate governance processes in place, particularly in cases

¹ *Good Governance: A code for the voluntary and community sector*, summary, 2nd edition, October 2010. The Code Steering Group provides stewardship for the Code. It is made up of representatives of the original founders, the Association of Chief Executive Officers of Voluntary Organisations (ACEVO), Charity Trustee Networks (CTN), Institute of Chartered Secretaries and Administrators (ICSA) and the National Council for Voluntary Organisations (NCVO) with support from the Charity Commission and an independent Chair.

where the Hub is led by a partnership, or where they are in formal contractual relationships with delivery partners. We will also look for governance that demonstrates how a Hub partnership reflects local needs... leadership of the Hub needs to be clear, and to demonstrate the appropriate range of skills and experience. Within your proposed partnership, collaborative or any other joint working arrangements please tell us about arrangements to ensure quality, accountability and reporting. As part of the MEH grant terms and conditions Hubs are expected to comply with best practice in governance.

What is the role of a board?

Boards agree the strategic vision and oversee the values, objectives and policy direction their organisation takes. Depending on the legal structure of your organisation, a board's legal duties may vary. The board should be familiar with their legal duties and ensure compliance with the law. There should be formal terms of reference that detail the board's roles and responsibilities and to ensure the group adopts effective governance practices.

To be effective, board members should demonstrate strong leadership. They should be familiar with the work, financial systems and management and staff involved at an organisation, as well as being familiar with the background and role of other board members, so that they can work effectively together. Board members exercise their independent judgement, work in the best interests of the organisation, act within the organisational constitution and act in a way that supports and ensures the success of the organisation.

A board's chair plays a vital role in ensuring the effective use of the board. Good practice entails that a chair should be independent from the chief executive/senior management of the Hub lead organisation.

Hub lead organisation board vs Hub board?

The Hub lead organisation will likely have a different and/or larger remit than the core and extension roles set out in the funded activity of the funding agreement. As such the skills and/or representation of board members most suited to oversee Hub activity could be different to that of the Hub lead organisation. A separate board, specifically for the Hub, would support effective and appropriate governance to oversee the funded activity, and would avoid potential conflicts of interest with the Hub lead organisation.

Given the partnership nature of a Hub, involving partners in setting up the governance arrangements for the Hub – including scoping its remit and decision making – would demonstrate best practice.

By choosing to establish a separate Hub board to that of the Hub lead organisation board, it could help ensure clear delineation between the interests of the Hub lead organisation and the wider Hub remit. A separate Hub board can focus its time and attention to oversee only the Hub activity. Where one board represents both interests it is expected that the group contains the broad representation and independence to manage the funded activity and strategic vision with the appropriate objectivity. Appropriate judgement should be exercised in assessing the most effective board set up needed for each Hub and your Relationship Manager can help with this.

What we expect to see as good and effective Hub governance?

A number of guides set out the principles and practice of good governance and some of these are referenced in the further reading list at the end of this document. One of the most recently published is the [guide produced by the Clore Leadership Programme, supported by Arts Council England](#). Such guidance should always be considered within your own particular context, and can be applied to both the Hub governance and the Hub lead organisation's governance.

On understanding governance, Clore's guide writes:

There is no one universal definition of governance, but it is a word used to mean the management of processes for making, implementing and reviewing decisions. In no particular order, good governance is:

- Accountable – so that that an organisation is able to report, explain and be responsible for the consequences of its decisions
- Transparent – so that its processes are easy to identify and understand
- Compliant – with internal procedures, the organisation's constitution (as set out in its governing document such as Articles of Association or trust deed) and the relevant laws
- Responsive – to the relevant needs of the organisation over time, making the most of limited resources in a timely and appropriate way
- Participatory – so that relevant people can be involved in decision making processes
- Predictable – so that the same situations result in the same decisions
- Efficient – to avoid misuse of resources

(Governance in the arts and museums: A practical guide, 2017,page 12)

The Good Governance Code states that an effective board can will provide:

- an effective board will provide good governance and leadership by understanding their role
- an effective board will provide good governance and leadership by ensuring delivery of organisational purpose.
- an effective board will provide good governance and leadership by working effectively both as individuals and as a team
- an effective board will provide good governance and leadership by exercising effective control
- an effective board will provide good governance and leadership by behaving with integrity
- an effective board will provide good governance and leadership by being open and accountable

These guides and others provide useful understanding of organisational structures, roles and responsibilities and boards.

Hub board characteristics

The size, commitment and make-up of the Hub's board should support the group to undertake its roles and responsibilities. This may vary depending on the needs of the organisation. Arts Council England expects a broad and diverse representation on Hub boards, which will allow the group to demonstrate a range of perspectives and skills, for example, strategic partners, workforce representatives, in and out of school music education provision representatives and youth voice. Hub boards should also consider what role members and/or guests might play in reflecting and supporting the community the Music Education Hub has been set up to benefit. Other Stakeholder and advisory groups that do not have decision-making powers can be useful in providing insight that will help the board in its decision-making and oversight.

Further guidance on best practice for how boards should operate can be found in the guides listed in the [further reading section](#) at the end of this document.

What we will check

Hub lead organisations' governing documents were checked at the time of applying to take on the funded activity. Organisations are required to notify the Arts Council of any changes in those documents and circumstances.

All funded organisations should ensure that their governing document allows them to carry out the activities set out in the funding agreement. The Arts Council may choose to conduct more in-depth checks on a sample of the governing documents at any stage. This will include checking company registrations with Companies House and the Charity Commission, and other checks to establish the validity of the governing document.

The Arts Council's ongoing monitoring of the Music Education Hub grant includes considering various factors to determine the degree of risk to the delivery of the funding agreement and our investment. In doing so we also need to consider the overall resilience of the organisation or programme. In terms of governance and management this might mean asking:

- is there a robust business plan?
- is it being delivered?
- is self-evaluation well-used?
- is there effective leadership and is this being held to account by strong governance?

Not only do Hub boards have a responsibility to ensure all funding agreement obligations to the Arts Council are met, but the Arts Council, through its Relationship Managers, has a responsibility to review board papers and will attend at least one board meeting per financial year. Boards meet regularly, usually no less than quarterly, with meetings managed as best meets the group's needs. Formal board papers should be shared with your Relationship Manager in line with the agreed schedule set out in the funding agreement.

What is a governing document?

This is a legal document which represents the rule book for the way in which an organisation (or group) will operate.

A governing document usually contains information about:

- an organisation's purpose and goals
- how decisions are made and by whom

- who controls the organisation's finances
- the appointment, retirement and removal of members
- what happens if the organisation wishes to wind up

Different types of governing document include:

- including a constitution for an association
- a trust deed for a trust
- a will for a will trust
- articles of association for a company
- rules for an Industrial and Provident Society

Legally required documents

There are legal requirements for the governing documents for charities, registered companies, Community Interest Companies (CIC), and other formal organisational structures. Guidance on these legally-required documents can be obtained from the relevant regulatory body.

For other types of organisation (for example, unincorporated groups or associations) governing documents are not required by law, but it is good practice to have a document that sets out clearly what the group exists to achieve and how it operates. We still require this document, even if it is not required by law. Both www.gov.uk and [National Council for Voluntary Organisations](#) provide guidance on how to create a governing document for an unincorporated group.

If you are a local authority or other public sector organisation your governance and record keeping should be in accordance with the relevant statute and guidance issued by the relevant regulatory bodies.

Useful questions to help evaluate your governance

The following questions are not intended as a substitute for a full and proper review of a board, which should have an ongoing process for ensuring it is fit for purpose. Clore's Governance guide includes checklists at the end of each chapter which Hubs may also find useful.

- What are the terms of reference for the board and, where relevant, sub-committees?
- How much authority does the board have? Are the decisions they make being implemented? Are decision-making processes clear and effective? Do

the board and management committee set and/or approve overall strategy and priorities, as well as approving the organisation's programme?

- Is the board or equivalent appropriately skilled, diverse and representative of your local context?
- Is the board or equivalent able to monitor financial management and approve overall strategy, priorities, and budgets?
- Does the board review its aims and objectives each year and set these out in an annual business plan with related financial projections?
- How are board and management committee members appointed? Is there a clear rationale for the appointments?
- Do members of the board champion the interests of the organisation with existing and potential stakeholders?
- How effective and constructive is the relationship between the executive leadership team and the board and in particular between the Chief Executive Officer (or equivalent) and the chair?
- Do board members fully understand their roles and their levels of accountability? Do they understand their personal liabilities?
- Where the organisation has a complex legal structure (eg as with local authorities), is there a clear and transparent monitoring and reporting framework in place for the funded organisation/department or programme?
- For consortia, is the accountability of the lead organisation, as well as roles of partner organisations, clear?
- Does the board ever invite independent commentators to meetings, away days or retreats to hear different views?

Further reading and useful websites

Clore Leadership programme, *Governance in the Arts and Museums: A practical guide*, supported by Arts Council England, May 2017:

www.cloreleadership.org/userfiles/documents/630_toolkit_final.pdf

Arts Council England, *Governing Documents and Grants for the Arts*, 2016:

www.artscouncil.org.uk/sites/default/files/download-file/Governing_documents_and_Grants_for_the_Arts_Feb2016.docx

Arts Council England, *Ensuring Quality for Music Education Hubs*, 2014:

www.artscouncil.org.uk/sites/default/files/download-file/Music-education-hubs_Ensuring-quality_November-2014.pdf

Arts Council of Northern Ireland, Governance Toolkit:
<http://artscouncil-ni.org/research-and-development/business-support/governance-toolkit>

[Archived] Scottish Arts Council, *Care, Diligence & Skill* (PDF), 6th edition published by Scottish Arts Council in 2008, now known as Creative Scotland:
www.scottisharts.org.uk/1/information/publications/1000877.aspx

Australia Council for the Arts, *Essential Governance Practices for Arts Organisations*, 2015:
<http://www.australiacouncil.gov.au/workspace/uploads/files/essentialgovernancepractice-5670a3c071a23.pdf>

Good Governance Code: www.governancecode.org/code_versions/

The International Federation of Accountants (IFAC) and the Chartered Institute of Public Finance and Accountancy (CIPFA), *International Framework: Good governance in the public sector*, July 2014:
www.cipfa.org/policy-and-guidance/standards/international-framework-good-governance-in-the-public-sector

The Charity Commission (For England and Wales):
www.charity-commission.gov.uk

Companies House: www.companies-house.gov.uk

Inland Revenue/Financial Intermediaries and Claims Office:
www.inlandrevenue.gov.uk

Information Commissioner (Data Protection – whole of UK): www.ico.gov.uk

Office of Public Sector Information: www.opsi.gov.uk (Copies of all legislative acts and associated documents can be obtained)