



# Relationship framework

## How Arts Council England works with National Portfolio Organisations

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## Welcome to the 2018–22 National Portfolio

Arts Council England believes that everyone should have the chance to enjoy and to become involved with the best of art and culture, wherever they live and whatever their background.

We want to promote excellence and reach communities that currently have little cultural provision. We want to promote greater diversity among our workforce, practitioners and audiences, and we want to ensure that every child and young person can begin a lifelong relationship with art and culture.

Informed by the views of our sector, we have made changes to the way we will be investing from 2018. These changes will help us build on the progress we're making towards fulfilling our strategic goals. They will ensure that our investment has a greater impact, that we support a wider range of organisations and artists, and that we do more to develop talent, encourage ambition and champion the creativity of our nation.

For the first time, arts organisations, museums and libraries will be part of the same Arts Council investment portfolio. Funding agreements for National Portfolio Organisations will be lengthened from three to four years to give organisations more stability and to allow them more time to put their business plans into action. The National Portfolio will also be made up of three bands (plus a category of Sector Support Organisations). Those who receive lower levels of investment will see their administrative burden reduced, while those who receive the most will be required to contribute more to all five of our goals set out in our 10-year strategy, [\*Great Art and Culture for Everyone\*](#)<sup>1</sup>.

This framework sets out the parameters of our relationship with National Portfolio Organisations. It describes what we expect from the organisations in which we invest and what they can expect from us. This Relationship Framework is now more detailed about our expectations of National Portfolio Organisations – it has an increased emphasis on strong business plans, the Creative Case for Diversity, equality action and audience and engagement plans, governance, and self-evaluation and risk mitigation practices.

We look forward to working with you throughout the 2018–22 investment period.

Darren Henley OBE  
Chief Executive  
Arts Council England

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<sup>1</sup> <http://www.artscouncil.org.uk/NPO/docs>

## Why we invest in National Portfolio Organisations

We (Arts Council England) will invest more than £1.5 billion in our National Portfolio programme from 2018/19–2021/22. The portfolio will be key to helping us achieve the goals set out in our 10-year strategy, [Great Art and Culture for Everyone](#)<sup>2</sup>, and we expect all organisations within it to support us in delivering these goals.

National Portfolio Organisations are leaders in their areas, with a collective responsibility to develop our national arts and cultural ecology. Public investment brings public accountability, for us and for the organisations we invest in, and this is reflected in our expectations.

## How we invest in National Portfolio Organisations

From 2018/19, there will be one integrated National Portfolio programme of organisations supporting delivery of the goals set out in [Great Art and Culture for Everyone](#). Our expectation of how organisations will help achieve these goals was set out in the applicant guidance and is included in Appendix 1.

The National Portfolio is organised into three bands, with a separate category for Sector Support Organisations<sup>3</sup>. We have introduced bands to reduce the administrative burden on organisations receiving lower levels of public investment, while making clear what we expect from those receiving the highest levels of public investment. The introduction of bands does not mean there is a hierarchy or progression route from one band to the next.

Information about the bands, and the specific requirements for each of them, including the separate category of Sector Support Organisations, is set out in Appendix 2.

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<sup>2</sup> <http://www.artscouncil.org.uk/NPO/docs>

<sup>3</sup> Including Bridge Organisations, Museum Development Providers, umbrella and networking organisations, strategic library and museum partnership bodies, and other organisations that support the arts, museums and libraries sectors

## **How the Arts Council will approach the relationship with National Portfolio Organisations**

We expect that each organisation we invest in should contribute to the delivery of our goals, using mutually agreed specific, measurable, actionable, realistic and time-based (SMART) objectives (see Business Planning Guidance for more information) that are embedded in organisations' business and associated plans<sup>4</sup>. These SMART objectives are unique to each organisation and will be based on the activity set out in each organisation's application. We will use your objectives to monitor and provide feedback on your performance over the four-year investment period.

We will have similar approaches to relationships with all organisations, with ongoing dialogue and monitoring subject to the differences set out for each of the bands and the category of Sector Support Organisations.

We will look to organisations and their boards to take responsibility for managing performance and undertaking self-evaluation.

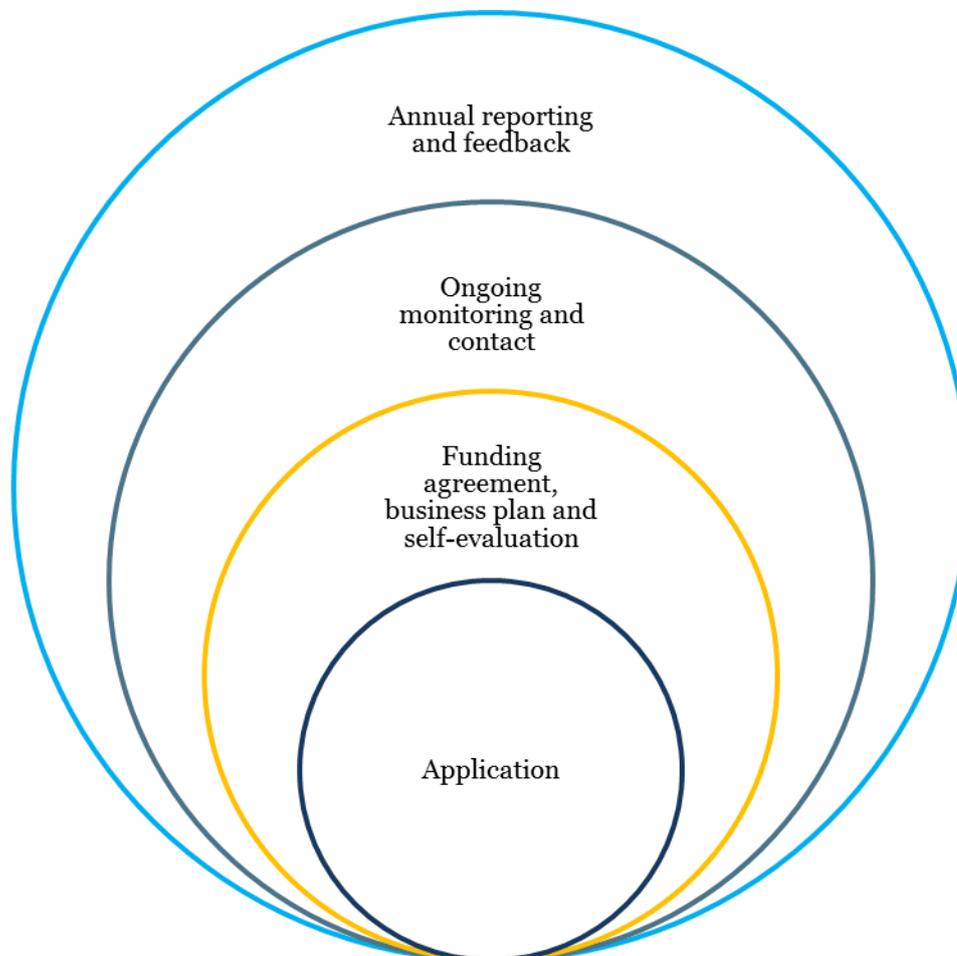
We will shape our relationships according to the risk to our investment in each organisation, giving ongoing feedback on risk, progress, achievements and best practice. This will be summarised in an annual letter.

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<sup>4</sup> Including equality action, audience and engagement, digital and environmental, as appropriate to the organisation's band

## The elements of the relationship

A number of stages and elements are integral to our relationship with National Portfolio Organisations.



### The application

Our investment process begins with the applications. In these, organisations set out what they intend to achieve with our investment. They also show how they will manage themselves and their activity successfully and how their activity will remain financially viable.

A successful application will lead to a conditional offer of investment. This is dependent on receipt of a satisfactory business plan and associated plans and policies that may cover areas such as audience and engagement, digital,

environmental action, equal opportunities and equality action. Our minimum expectations for each of the bands and for Sector Support Organisations are set out in Appendix 2.

## **The funding agreement**

For successful applicants, the final funding agreement will be at the heart of your relationship with us. It sets out the investment you will receive for each year of the agreement. In addition, because your business plan is embedded into the funding agreement, it includes your own objectives showing how you will contribute to achieving the goals set out in our 10-year strategy, [\*Great Art and Culture for Everyone\*](#)<sup>5</sup>.

The funding agreement also contains our standard terms and conditions, including the requirement that you deliver in accordance with the expectations for bands and Sector Support Organisations set out in Appendix 2.

Many of our standard terms and conditions are explained in this document. It is possible that these may need to be changed during the course of the four-year investment period. We would aim to give at least six months' notice of any change.

We will occasionally place additional requirements or conditions in funding agreements at the start of, or during, the investment period. Such alterations will always be made in writing with sufficient notice. We may also agree to adjust funding agreements where circumstances require it.

## **Business plans**

National Portfolio Organisations are required to provide business plans for one, three or four years, depending on the level of investment (see the relevant band or Sector Support Organisation information outlined in Appendix 2). We expect your business plan to show how your organisation will realise the activity set out in the application, on which the offer of investment was based.

Business plans are owned by organisations and should be approved and monitored at board level. While we do not approve business plans, we will provide feedback to you if we believe it to be necessary to make sure that the plan reflects the activity

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<sup>5</sup> <http://www.artscouncil.org.uk/NPO/docs>

and aspirations set out in the application and to make sure that it is realistic and achievable. We also expect to receive any relevant monitoring reports or updates.

Your business plan should include the activity, detailed income and expenditure budgets for the first year. It should describe management and governance arrangements. It should also include associated plans as described in the requirements for each of the bands and for Sector Support Organisations as set out in Appendix 2.

It is vital that your business plan and supporting documents demonstrate clearly how your organisation will work with us to help achieve our goals (including the Creative Case for Diversity). This should be done through SMART objectives agreed with your Relationship Manager.

We have commissioned guidance to help organisations use good practice in business planning so that they can [develop robust business plans](#). We would strongly encourage all organisations to read this guidance.

Your funding agreement will reflect the aims and objectives set out in your business plan and any supporting documents that describe how you will deliver, and develop, your business.

We will ask to see a new or refreshed business plan annually (depending on the band in which your organisation sits), no later than January each year. While we would not necessarily expect the business plan to be completely rewritten every year, detailed income and expenditure budgets should be submitted, accompanied by as much information as possible regarding the planned activity.

## **Current and future investment**

Our funding agreement with National Portfolio Organisations will state that the amounts offered for 2018/19 to 2021/22 are indicative.

**This is because we can only guarantee future instalments of National Portfolio Organisation investment as long as sufficient funds from the Government and/or the National Lottery are available to us. It is possible that any indicative amounts may be reduced.**

In the funding agreement, we make it clear that National Portfolio Organisations should not assume investment beyond their current agreement.

We expect that National Portfolio investment beyond 2021/22 will involve a further investment and application process.

The timing of our investment process is dependent on Government budget announcements. We will provide as much notice as possible about when applications will be welcomed, along with details of other information we will need.

Our future investment decisions may be influenced by factors that are additional to the specific merits of individual applications. For example, we will look at how organisations have delivered on previous funding agreements, taking into account feedback they have received.

We will also look to achieve a balanced portfolio across diversity, artforms, disciplines and geography, introducing new organisations into the National Portfolio to support this aim.

## **Other funding: factors to consider**

### **Local government**

We work closely with local authorities with the shared aim of increasing public engagement in art and culture and providing quality and excellence in local provision. We often reach joint decisions on investment, share our thinking and assessments of work, and advocate together for investment.

We recognise that local authorities face significant challenges and understand the problems this may bring for many organisations. We will work with local authorities that demonstrate a commitment to art and culture to see how we can sustain our cultural institutions. However, we cannot replace local authority funding and would be unwilling to become the sole public funder or strategic partner for a range of major cultural institutions in a local authority area.

Where there is total withdrawal of local authority funding and support, we would need to review our investment in the affected National Portfolio Organisations.

### **Arts Council strategic funding**

Strategic funding is used to target key areas and to take advantage of opportunities that will help us deliver our goals. We use strategic funds flexibly, through grant programmes and commissions, to complement the fixed investment we have made in the National Portfolio.

National Portfolio Organisations may apply for strategic funds if they meet the relevant eligibility requirements. Strategic funding must be for additional activity and outcomes – for this reason we will monitor it separately.

When we assess applications for strategic funds from National Portfolio Organisations, we will consider whether there is sufficient capacity to deliver this additional activity. This may result in an application being rejected. We will make a National Portfolio Organisation ineligible for strategic funds if it has broken the terms and conditions of its National Portfolio funding agreement.

## **Self-evaluation and monitoring**

### **The significance of self-evaluation**

We expect all organisations to carry out regular self-evaluation. This provides the opportunity to identify ways to improve performance. It is a valuable process, enabling your organisation to decide where it has succeeded and how it wants to do things differently. The outcomes of self-evaluation should help your business planning.

We suggest that you use the [self-evaluation toolkit](#)<sup>6</sup> we have published. This is currently being reviewed, with a revised version due to be published in 2017. You are not obliged to use our toolkit, but it is considered good practice to demonstrate at least one form of regular self-evaluation.

### **Contact with the Arts Council**

Our Relationship Managers are the main point of contact between us and National Portfolio Organisations. As well as maintaining communication, they lead our monitoring of organisations and make judgments that inform our funding decisions.

Relationship Managers are critical friends, providing feedback on an organisation's performance and suggesting other sources of advice and support. However, they cannot provide legal, financial or other professional advice, nor should they be expected to provide feedback on draft applications.

It is the responsibility of the directors, other officers, or those directing an organisation's affairs to ensure that it properly fulfils its legal duties under the laws of England at all times.

Your organisation can expect to have formal contact with your Relationship Manager in line with what is described in the guidelines for bands and Sector Support Organisations set out in Appendix 2. Frequency would increase in proportion to the risk rating.

The Relationship Manager will determine the nature of the contact and monitoring.

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<sup>6</sup> <http://www.artscouncil.org.uk/advice-and-guidance-library/toolkits>

Contact may include:

- a scheduled telephone conversation
- observing a board meeting
- a meeting for a specific purpose
- experiencing an organisation's work
- attending a joint meeting with other stakeholders
- email correspondence

We expect that organisations will still have ongoing informal 'development' contact with Relationship Managers. This may take various forms and will be based on proposed artistic, cultural and business developments, as well as challenges, as we move through the four-year investment period.

As part of the monitoring process, we also expect to receive your board papers and financial reports on a regular basis, as set out in the guidelines for bands and Sector Support Organisations in Appendix 2.

### **Our relationship with your staff and board**

Our main contact with your organisation will be through the Chief Executive (or equivalent). Where there is a separate Chief Executive and Artistic or Programmes Director, we would expect to have a dialogue with both about the programme and quality of work. We would also expect to communicate directly with Finance Directors, particularly if you have a major risk rating.

We have the right to attend board meetings as observers. This helps us to gain a clearer picture of the way your organisation runs, what issues are important to you, how you monitor your business plan, how business is conducted and the manner in which decisions are reached. We may also attend board meetings to provide our feedback.

We expect that your board will be interested in your organisation's relationship and funding agreement with us. We therefore expect boards to receive, as a minimum, copies of this Relationship Framework, the funding agreement and the annual feedback letter. We may also hold discussions directly with the Chair and/or the board and sub-committees, for example, about your organisation's performance. We will also arrange an induction session for new Chairs, with the

organisation's Relationship Manager, with a view to making sure that the Chair fully understands our expectations of your organisation and the role that it plays in contributing to the achievement of our strategy, [\*Great Art and Culture for Everyone\*](#)<sup>7</sup>.

We recognise that the board is ultimately accountable for the performance of the organisation and we will not interfere in the board's decision-making process.

## **Appointments**

We require organisations to inform us of their proposed process for appointing the Chair of the board, Chief Executive (or equivalent), Artistic or Programmes Director and other similar posts. For band 2 and 3 organisations and Sector Support Organisations, we expect to be involved in any recruitment process, so that we can reassure the wider public of its fairness and transparency. We also see this as a way of monitoring and protecting our investment and promoting public accountability. Strong and transparent recruitment processes for senior arts leaders are crucial to this.

We expect all organisations to have appropriate processes in place for the regular review of officers appointed by the board, for example, Chief Executive or Artistic Director. For those organisations receiving the highest levels of investment (band 3), we would expect our views to be sought.

The role we play in recruitment may vary, from commenting on job descriptions and being involved in shortlisting to observing on interview panels and being involved in succession planning. We may contribute information and comments for boards to consider in reaching their decisions, but we will not vote on such decisions.

## **Quality Evaluation Framework**

During 2018/19–2021/22, we will support all organisations to sign up to a specific quality evaluation framework that uses a set of metrics developed by the sector. This is a requirement for organisations in bands 2 and 3 of the portfolio, although we encourage all organisations to adopt it.

The quality evaluation framework aligns quality metrics with artistic and quality assessment programmes in order to support you to improve your understanding of

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<sup>7</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

how well your intentions for your work aligns with the perceptions of your public and peers. We believe this data and intelligence will help you to improve your performance as well as provide you with valuable additional evidence in making your case to current and potential funders.

The programme supports you to access and broker relationships with peers who will assess individual pieces of your work and complete quality metrics surveys and/or written reports to help evaluate quality.

Peers will be a combination of artistic and quality assessors and individuals nominated by National Portfolio Organisations. We recruit assessors through an open application process and serve fixed terms. We aim to ensure peers and assessors are drawn from across the arts and cultural sector, and have knowledge of, and expertise in, a wide range of artforms and cultural disciplines.

Band 2 and 3 organisations are required to use a specified system to complete an agreed number of evaluations each year and support each other by providing peer reviews. Peers can also be nominated by band 1 organisations, although there is no requirement for these organisations to act as peers themselves.

We ask that you provide peers and assessors with free tickets, programmes and catalogues where necessary.

These assessments feed into our continuous evaluation of the quality of work produced and promoted by organisations and help inform our investment decisions. Relationship Managers may also assess work and discuss with you their impressions of its quality.

By using this information, along with other public evidence of quality and our ongoing monitoring, we can come to a balanced view of an organisation's work.

## **Organisational risk ratings**

When monitoring your organisation, we consider various factors to determine the degree of risk to the delivery of the funding agreement, our investment and our goals. In doing so, we also consider the overall resilience of your organisation. Specifically, we look at:

- goals
  - are our strategic goals being delivered as agreed and is the quality of your work in line with your own (relevant) objectives?
- governance and management

- 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?
- financial viability
  - does your organisation assess risk?
  - is the projected income realistic, and does your organisation produce accurate financial information?
- reputational risk to Arts Council England

We reach a conclusion about the level of risk for each organisation based upon a number of factors, including, for example:

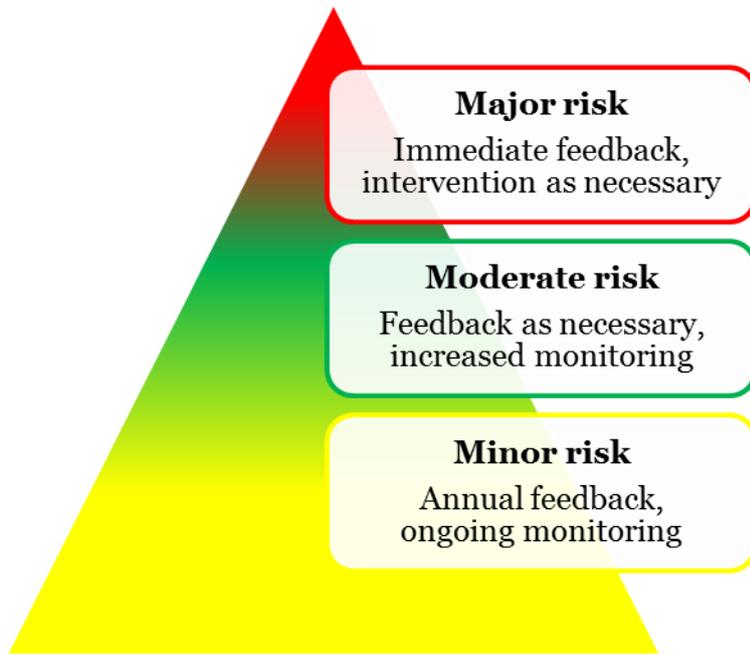
- contact with Relationship Managers
- self-evaluation
- board papers
- financial accounts, for example, management accounts and cash flow statements
- annual reporting
- evidence of excellence, including, for example, press coverage, stakeholder feedback, artistic assessments and feedback through the quality evaluation framework

We record risks at least every three months or as they arise.

We expect the majority of our National Portfolio Organisations to present minor risks to our investment. We will use the risk level to determine whether any change in our relationship, further intervention or additional funding agreement conditions are required.

Our Relationship Managers will prioritise their time to focus on those organisations we consider carry a major degree of risk to our investment.

This diagram illustrates categories of risk and our consequent levels of engagement.



# Annual reporting and feedback

## Annual survey

Because we need to provide our stakeholders (including Government) with an increasingly accurate picture of the benefits of our investment, all National Portfolio Organisations must complete an annual survey that provides comprehensive details about audiences, staffing statistics, activities (including touring, income and expenditure) and digital content. To indicate how your organisation delivers against goal 5 of our strategy [Great Art and Culture for Everyone](#)<sup>8</sup>, it will also include the number of children and young people that you reach each year (if this applies).

This annual survey will take place in the first quarter of the financial year and will also require a written report from your organisation on the previous year's activity and achievements, focusing on the contribution to our goals.

For the annual survey to be effective, it is important that it is completed accurately and fairly, and that it is understood to be a vital means of monitoring the realities of the sector. It is not an advocacy tool for individual organisations.

We will check the accuracy of the data before it is published as an official statistic under Office for National Statistics guidelines. All organisations should be committed to ensuring their data reporting is accurate and verifiable, that it meets our standards for data capture and analysis, and that it is acknowledged by the board.

We have committed to improving our monitoring and reporting on diversity, and, as part of this, we will be publishing the annual survey data on a company-by-company basis (this will also include information on Creative Case for Diversity ratings). This data will be protected so that individual staff members cannot be identified.

We hope that data from the annual survey will be used by your organisation to compare your activity with that of your peers, and that it will be useful as a tool for self-evaluation.

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<sup>8</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

You will be able to access the draft annual survey for 2018–22 on our website from 1 July 2017. Please note that some questions may change, so you should access the new survey as soon as it is available.

Outside annual reporting, you should keep us informed of any relevant changes to your activity or business.

### **Annual feedback**

We will provide written feedback to all organisations at least annually. This will take place in the second quarter of every financial year and will be based upon our ongoing monitoring, as well as your annual survey and report.

We may provide more urgent and frequent feedback, dependent on the degree of organisational risk.

Our feedback letter will highlight good practice, recognise success and encourage organisations to share such practice with peers and the sector. It will also identify any concerns. We will provide feedback on each organisation’s contribution to our goals based on its progress against objectives in its business plan. We want feedback to be constructive and a tool for continuous improvement.

The feedback letter will be developed by your Relationship Manager and will contain the following elements:

<p>Strengths, areas for development and contribution to the Arts Council’s goals</p>	<p>A statement highlighting your:</p> <ul style="list-style-type: none"><li>• achievements and best practice</li><li>• contribution to our goals as set out in the business plan</li><li>• any areas for development</li></ul> <p>Prompts will be used to support the monitoring relationship between us and your organisation throughout the year (these will be based on the applicant guidance and the conditions in your funding agreement, and will be published no later than June 2017). These are used as a reminder of our expectations and to provide context for giving annual feedback on</p>
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	performance against goals.
Areas of risk	An overall risk rating of ‘minor’, ‘moderate’ or ‘major’, based on four areas of risk: goals (including the Creative Case for Diversity); governance and management; financial viability, and reputational risk (to the Arts Council). Prompts will be used to provide context for undertaking risk assessment and monitoring of your organisation’s contribution to our goals (these will be based on the applicant guidance and the conditions in your funding agreement, and will be published no later than June 2017).
Monitoring plan	The proposed monitoring plan for the coming year based on the level of risk. Where relevant, this will highlight any concerns and the monitoring and intervention proposed.
Creative Case for Diversity rating	Your organisation will be given an annual word score rating of ‘not met’, ‘met’, ‘strong’ or ‘outstanding’ to reflect how well you have contributed to the <a href="http://www.artscouncil.org.uk/diversity-and-equality/creative-case-diversity">Creative Case for Diversity</a> <sup>9</sup> during the previous financial year. The rating will be based on your organisation’s progress against the relevant objectives in your business and associated plans, focusing on the work you produce, present and distribute, your programming or collections, and by demonstrating how your work is accessible and relevant to your local communities. Prompts will be used to review the evidence and arrive at a rating (these will be based on the applicant guidance and will be published no later than June 2017). You will be given a rating from the category in which the evidence provided aligns with the majority of prompts outlined. We will publish a statistical analysis of Creative Case for Diversity ratings that shows the picture nationally and we will also publish data regarding individual organisations’ ratings.

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<sup>9</sup> <http://www.artscouncil.org.uk/diversity-and-equality/creative-case-diversity>

## Keeping to the terms and conditions of the funding agreement

The funding agreement between us and your organisation sets out the investment you will receive for each year of the agreement.

The funding agreement contains your business plan, including your own objectives, setting out how you will support achieving the goals in our 10-year strategy, [Great Art and Culture for Everyone](#)<sup>10</sup>.

The funding agreement also contains our standard terms and conditions, including the requirement that you meet the expectations for bands and Sector Support Organisations.

If your organisation is not meeting the requirements set out in the funding agreement, our first step will be to give you appropriate feedback (usually through the Relationship Manager) and discuss this with you, so we can all understand and agree what the problems may be.

We expect your organisation's board to be informed about any concerns we express, either in discussion at a meeting or in writing. We also expect that the board, working with your organisation's executive officers, will deal with the relevant issues and provide prompt and constructive advice on how you can meet the requirements set out in the funding agreement.

There are two specific conditions within the funding agreement where we will take prescribed action:

- Creative Case for Diversity (for current National Portfolio Organisations): if the 2016/17 annual feedback process considers your organisation to have a Creative Case for Diversity rating of 'not met', we may not finalise a conditional offer to the 2018/19–2021/22 portfolio until you have taken the appropriate action to achieve a 'met' rating
- collecting and reporting on audience data, and data-sharing agreements (unless your organisation is exempt from these conditions): if you fail to sign up to the prescribed data-reporting service and principles or enter into

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<sup>10</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

data-sharing agreements with other organisations we invest in, we will withhold payments until you do so

### **We will take action if you break any of the terms and conditions of the funding agreement**

If your organisation breaks either of the terms mentioned above, or any other terms of the funding agreement, we may take further action. In addition to the feedback and discussion outlined above (which would always be a first-stage measure), we can initiate one or more of the following measures:

- **action plans:** we may ask for and agree an action plan for improvement in response to concerns. Within this plan, you might want to consider changing your key officers, both executive and non-executive. You will be responsible for this plan and we will monitor its effect
- **increased monitoring and reporting:** we may ask that your executive officers or chair (or both) meet with our senior officers to confirm that areas of concern we identified are being dealt with, for instance if requirements relating to goals are not being met. We can also ask for reports in writing more frequently on certain issues
- **strategic funds:** if we have not received and agreed clear and credible plans to deal with issues, we will make your organisation ineligible for any new application to strategic funds (including capital)
- **payment conditions:** we may place extra conditions on our grant payments if you have not met the terms and conditions set out in the funding agreement
- **consultants:** we may ask consultants to provide us with detailed information on areas of concern. This may be because we need more information, because we need specialist input, or because we want to support you to develop and improve
- **stakeholder review:** we may hold a joint review meeting with other investment partners and discuss areas that can be improved or developed
- **withholding payment:** if your organisation has not met the conditions of our funding agreement within an appropriate period, we may decide to withhold payment of a grant instalment (or part of a payment) until you have met the conditions

- withdrawing investment: in extreme cases, where you have broken the terms and conditions of the funding agreement over a significant period, we may decide that continued investment is not a proper use of public funds, and will discontinue it. We would take into account the evidence available, interventions we have made and the progress you have made against your action plan
- repayment: in cases where you have clearly continued not to keep to the terms and conditions, we may ask you to repay our investment

If we decide to do any of the above, we will tell you beforehand. **We will take appropriate action if your organisation breaks the terms and conditions of the funding agreement (which includes your business plan and objectives).** We will take one or more of the measures outlined above in all cases.

## **When organisations are in difficulty**

We know that some organisations will experience significant difficulty over the funding period due to financial pressures, changes in leadership or other factors. In each case, our risk assessment process is a key part of identifying organisations in difficulty as early as possible, reviewing the individual circumstances and weighing up the risk to our investment.

We will be as understanding of the situation as possible.

If you alert us to difficulties, or we assess that your organisation is not delivering on its funding agreement, we will always look to your board and senior officers to take responsibility for the situation. Accountability rests ultimately with the board. We will emphasise the need for strong leadership and look for a plan from you to show how you can manage the situation.

In some circumstances, we may agree to alter our expectations while your organisation restructures. We may temporarily advance payments or agree to accept a variation to your SMART objectives or other aspects of the funding agreement. We may also ask consultants to undertake a preliminary 'health check' or a more detailed investigation into aspects of your organisation's management, governance or activity.

National Portfolio Organisations<sup>11</sup> may very occasionally apply for additional support (Financial Intervention funding) from us to improve financial resilience.

Financial Intervention funding is for those organisations facing acute financial difficulties, such that without additional financial support they will likely cease trading or will need to curtail their activities substantially. To be eligible to apply, organisations must, in our view, have strategic significance and must first have explored all other means of stabilising their financial position. Further information can be [found on our website](#)<sup>12</sup>.

Financial Intervention funding is not awarded automatically. It is possible that, depending on the circumstances, we may decide to withdraw funding from an organisation and so terminate our funding agreement.

From time to time, we recognise that organisations could be affected by [exceptional circumstances](#)<sup>13</sup>, or force majeure<sup>14</sup> events, which might include flooding or riots. Depending on the nature and scale of the event, there could be a range of impacts on an organisation's ability to function at the anticipated level. These could include:

- damage to buildings
- damage to fixtures, fittings or contents
- reduction in earned income
- additional staffing costs

Consideration can be given to supporting organisations in such circumstances. We would always be a funder of last resort and would not consider providing additional financial support unless it was clear that all other options had been exhausted.

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<sup>11</sup> It is unlikely that Financial Intervention funding would be agreed for Sector Support Organisations

<sup>12</sup> <http://www.artscouncil.org.uk/npompm-funding-relationships-2015-18/financial-intervention>

<sup>13</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

<sup>14</sup> "Force majeure" is defined as an unexpected event that crucially affects an organisation's ability to do something and can be used in law as an excuse for not having carried out the terms of an agreement

## **Novation process**

Organisations may, in very rare occasions, find themselves in the position where it is felt necessary or desirable to transfer their funding agreement to another organisation ('novation process').

In these cases, the existing grant can be transferred from the funded organisation to another organisation if all parties, including Arts Council England, are in agreement.

We will ask for the submission of mandatory core documents in order to satisfy us (in our absolute discretion) that the novation is necessary and suitable for the funding project/activity. Such documents may include, for example, a business and associated plans with acceptable SMART objectives for the remaining investment period, subject to band (or Sector Support Organisation) requirements.

The new National Portfolio Organisation must accept the terms and conditions of the original funding agreement (and any existing liabilities).

Your Relationship Manager will guide you through the process, if you feel this would be appropriate for your organisation.

While we aim to work quickly in these circumstances (the usual turnaround time from start to finish is approximately 10 weeks), we cannot guarantee a set timeline for completion.

There are a number of factors that will affect how long the process takes – including the varying complexity of each situation, the speed with which organisations provide relevant information and the scheduled dates of the appropriate Arts Council England decision-making body.

We therefore encourage organisations to inform us as soon as issues or difficulties within the current funding agreement and/or the wider situation are known.

## **Appendix 1: Expectations of National Portfolio Organisations in relation to Arts Council goals**

Public funding entails public accountability, both for Arts Council England and for the organisations in which it invests public money. It follows that we have certain expectations of organisations in which we invest.

This section summarises our expectations of the National Portfolio. All our investment is made to help us achieve our 10-year strategy, [Great Art and Culture for Everyone](#)<sup>15</sup>. Our expectations should be understood in light of this strategy, its five goals and its mission.

These are the goals in brief:

**Goal 1: Excellence is thriving and celebrated in the arts, museums and libraries**

**Goal 2: Everyone has the opportunity to experience and be inspired by the arts, museums and libraries**

**Goal 3: The arts, museums and libraries are resilient and environmentally sustainable**

**Goal 4: The leadership and workforce in the arts, museums and libraries are diverse and appropriately skilled**

**Goal 5: Every child and young person has the opportunity to experience the richness of the arts, museums and libraries**

Our investment in National Portfolio Organisations helps us achieve these five goals.

Goals 1 and 2 set out the central part of our mission – we want excellent culture to thrive, and we want as many people as possible to engage with it.

We expect organisations to contribute to our goals as follows:

- band 1 and 2 organisations will be expected to contribute to goals 1 and 2 and, where appropriate, goal 5
- band 3 organisations will be expected to contribute to all five goals

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<sup>15</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

- requirements for contributions from Sector Support Organisations will depend on the type of organisation and the nature of your activity, although all Sector Support Organisations will need to contribute to at least one of the goals

More detail about our expectations of organisations' contribution to our goals is provided in the specific guidance for each of the bands and for Sector Support Organisations set out in Appendix 2.

## **Goal 1**

Goal 1 in our strategy [\*Great Art and Culture for Everyone\*](#)<sup>16</sup>, shows our determination to support the arts and cultural sector to achieve excellence in all it does. By this, we mean the creation of work of artistic and cultural excellence and the way this work engages with audiences. We want museums to show excellence in the way that they use their collections to enrich people's lives. We want to support libraries to develop a range of excellent services to help people to deepen their knowledge, widen their appreciation of culture, and gain the skills and information they need.

National Portfolio Organisations are critical to our delivery of goal 1.

### *Creative Case for Diversity*

The Creative Case for Diversity is based on the principle that diversity<sup>17</sup>, in the broadest sense, is a major part of the creative process and of cultural experience. It is important in driving practice forward, creating opportunities for working together, innovation and risk-taking through embracing a wide range of influences and practices.

As part of goal 1, all National Portfolio Organisations<sup>18</sup> will need to show how they will contribute to the Creative Case for Diversity through the work they produce, present and distribute, through their programming or collections, and by demonstrating how their work is accessible and relevant to their local communities (where applicable).

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<sup>16</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

<sup>17</sup> Our definition of diversity covers responding to issues around race, ethnicity, faith, disability, age, gender, sexuality, class and economic disadvantage, as well as any social or institutional barriers that prevent people from creating, taking part in or enjoying the arts and culture

<sup>18</sup> This does not include Sector Support Organisations

This culture-driven idea of diversity as opportunity represents a shift in perspective, from seeing diversity as an obligatory aspect of equality legislation to understanding its creative potential and the ways in which it can promote excellence and nurture talent.

Although many museums are positively engaged with the Creative Case for Diversity, they have not previously had to show how they contribute to it in order to be able to receive investment. With an integrated National Portfolio, we feel it is important to reinforce the contribution that all cultural organisations can make by putting diversity at the centre of their programming or work with collections and the experience they offer to audiences.

We will rate organisations each year on their performance against the Creative Case for Diversity and publish this information in our annual diversity report.

#### *Creative media*

We encourage all National Portfolio Organisations to develop a strong, planned approach to creative media, increasing the quality, amount and reach of digital content and experiences available to audiences, and supporting the achievement of [\*Great Art and Culture for Everyone\*](#) [\*digitally\*](#)<sup>19</sup>. Our focus is on the following priority areas:

- *Creative content*, where digital media and technologies are a central part of the creation of new artworks and cultural experiences
- *Captured content*, where existing works of art and culture, including performances and cultural collections, are produced and distributed digitally to engage and reach wider audiences
- *Cultural learning content* about arts and culture that is produced, distributed and experienced digitally to increase cultural knowledge and encourage people to take part

As part of your business planning process, we expect all band 2 and 3 organisations to develop a digital policy and plan, showing how you will use digital technologies to help meet your mission and make a contribution across our goals. These plans

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<sup>19</sup> [www.artscouncil.org.uk/creativemedia](http://www.artscouncil.org.uk/creativemedia)

should include commitments around creative media. We have commissioned [Digital policy and plan guidelines](#)<sup>20</sup> to support you.

### *Quality and evaluation*

During 2018/19–2021/22, we will support all organisations to sign up to a specific quality evaluation framework that uses a set of metrics developed by the sector, and this will be a requirement for bands 2 and 3. Through this framework, feedback will be offered that will help your organisation to evaluate the quality of the work it is producing or presenting. We will announce further details of what this will mean in due course. Meanwhile, [you can find out more information here](#)<sup>21</sup>.

### *Artist development*

Without living artists, there is no new art. If a main part of your programme is working with independent artists, we will be asking you to tell us how you will contribute to supporting artists who are developing their creative practice and skill, and how you will provide the space, time and resources to allow artists to develop their talent, for instance through commissioning new work, hosting residencies and providing mentoring opportunities. The outcomes of these activities are about personal artistic development, so your relationship with artists and attention to their needs is important.

### *Museum practice development*

Excellent museums challenge traditional ways of thinking and develop new and innovative ways of working with collections, interpretation and programming. We will be asking museum applicants to provide evidence of the excellence of their collections, as well as tell us how they will achieve excellence in developing, researching, interpreting and sharing collections, and supporting new programming and working with others.

### *International*

Goal 1 includes a commitment to demonstrating England's status as a world centre for cultural excellence. In practice, this means that artists, arts organisations and museums based in England are sharing work internationally, and that visitors give arts and culture as a main reason they visited England.

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<sup>20</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

<sup>21</sup> <http://www.artscouncil.org.uk/quality-metrics/quality-metrics>

We also want to support cultural exchange. The public should have regular opportunities to enjoy the best of international arts and culture, and we want the best of our arts and culture to find new audiences overseas.

We welcome activity across borders within the UK, but when we talk about international working, our main focus is on activity from outside the UK that will be taking place in England, or activity from England taking place beyond the UK in line with our investment.

We ask National Portfolio Organisations to tell us about their international activity, if relevant.

## **Goal 2**

In our strategy [\*Great Art and Culture for Everyone\*](#)<sup>22</sup>, we talk about how arts and culture enrich our lives. They fire our imagination, challenge, inspire, educate and entertain us. Everyone should be able to visit or experience a high-quality museum, library or live performance, or participate in cultural activity, including through digital media. These experiences open us to reflection, encourage debate and critical thinking, and deepen our understanding of the world.

We want to invest in arts and cultural organisations that reach large and diverse audiences with high quality work. We believe that increasing the number of people who experience and contribute to the arts, to museums and to libraries is good for society.

Sharing cultural experiences brings communities together and we will work to better understand the social impact of art and culture. We acknowledge that, despite public investment, there are still significant differences in the level of arts and cultural opportunities and engagement across the country. Those who are most actively involved with art and culture that we invest in tend to be from the most privileged parts of society. How far people are engaged is heavily influenced by levels of education, by socio-economic background and by where people live. Low levels of engagement can sometimes be explained by a lack of appropriate opportunities or by a failure to offer communities something that is relevant to them.

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<sup>22</sup> <http://www.artscouncil.org.uk/NPO/docs>

Your organisation will demonstrate (including by referring to your plans for digital media) how you are sharing your work with as large and wide an audience as possible, including those who are currently least engaged with arts and culture, and how far you are reaching out to, and increasing access for, young people from disadvantaged backgrounds (where appropriate). You should increase the public's appetite for work that is of a high quality, and work with partners to increase the number, range and diversity of people experiencing and participating in great art and culture. We expect you to make the most of opportunities, including digital technologies, to increase the depth and quality of experience among those accessing your work.

Your organisation will need to have objectives or plans that cover one or more of the following audience and engagement outcomes, depending on your band (see Appendix 2):

- more people have the opportunity to experience and take part in great art, museums and libraries
- the number, range and diversity of people experiencing great art, museums and libraries has increased
- levels of engagement have increased among those currently least involved in arts and culture
- you can demonstrate an increase in the depth and quality of people's cultural experience

The following resources give further guidance on developing audience and engagement plans. ([Audience Agency](#)<sup>23</sup> and [CultureHive](#)<sup>24</sup>)

### *Sharing audience data*

All our evidence suggests that the really successful businesses in the creative industries are those that know most about their customers, which is why we are committed to making sure that publicly funded arts and cultural organisations work together and share data (information) about audiences.

We will expect all National Portfolio Organisations to look for opportunities to share their insights about their audience and to work together to reach more

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<sup>23</sup> <https://www.theaudienceagency.org/insight/getting-started-with-the-audience-development-planner-tool>

<sup>24</sup> <http://www.culturehive.co.uk/NPO>

people. You will show a commitment to developing a bigger and more informed audience for arts and culture as a whole. To help achieve this, you must commit to combining with others (across arts, museums and libraries) to collect, share and report audience data.

We require National Portfolio Organisations<sup>25</sup> to sign up and regularly contribute to an audience data insight and support platform (currently [Audience Finder](#)<sup>26</sup>) and, if you are already signed up, to continue to do so.

Also, if a National Portfolio Organisation works in partnership with other organisations we invest in to create, present or distribute art or cultural activities, it will need to enter into data-sharing agreements with these organisations and introduce or maintain an ‘opt-in’ option to allow customers’ data to be shared with touring companies. This is to encourage a collaborative approach between visiting or touring companies and presenting venues, which aims to increase audiences for the arts and culture. A new online resource has been developed to help arts and cultural organisations draw up data-sharing agreements with partner organisations – see [www.audience-datasharing.org](http://www.audience-datasharing.org). This resource has been commissioned specifically to support National Portfolio Organisations that need to have data-sharing agreements in place with other organisations we invest in as a condition of their investment.

### **Goal 3**

In our strategy [Great Art and Culture for Everyone](#), we recognise that public investment in art and culture is under considerable pressure and is likely to remain so over the lifetime of this strategy (2010–20). This pressure will come at both national and local levels. Local authorities’ budgets are increasingly stretched and we will continue to work with them to make the case for adequate levels of public investment in art and culture, and to make sure that our support makes an emphatic difference. We believe that having a ‘single conversation’ – across the arts, museums and libraries – will help us to develop productive partnerships with local authorities and other public funders. We also recognise the importance of the

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<sup>25</sup> Some smaller and non-public-facing organisations (including Sector Support Organisations) may be exempt from this requirement

<sup>26</sup> Audience Finder is helping organisations to understand how far they reach into their communities, and allows them to compare their audiences with those of other funded and non-funded cultural organisations. Uniquely, Audience Finder also allows organisations to gain insight into the communities that they are not currently reaching: <https://audiencefinder.org/>

arts and cultural sector's relationship with the private sector, and the partnerships and shared learning that can result from these links.

Our goals 1, 2 and 5 are built on the foundations of goals 3 and 4. Goals 3 and 4 are both about organisational or sector-led improvements and having organisations that are fit for purpose – achieving these goals supports us to achieve our overall mission. They are fundamental to all National Portfolio Organisations.

We will expect National Portfolio Organisations to demonstrate their resilience. Resilience is the vision and ability of organisations to anticipate and adapt to economic, technological, environmental and social change by taking opportunities, identifying and reducing risks, and using resources effectively to continue delivering quality work in line with their mission. Within the 2018/19–2021/22 National Portfolio, we want to see 'model' providers of culture that are financially and environmentally sustainable.

This includes thinking about and planning for your own organisational performance and financial and environmental sustainability. We believe long-term thinking and planning, supported by strong leadership and good governance, are important in increasing resilience. For many organisations, the results of this thinking are outlined and embedded within a business plan. Resilient organisations regularly review and reflect on their thinking and their plans.

We have commissioned guidance to help organisations use good practice in business planning so that they can [develop robust business plans](#)<sup>27</sup>. We would strongly encourage all organisations to read this guidance.

As part of the application process, we will have carried out a risk assessment of your ability for effective planning, management, governance, leadership and financial viability.

During the funding agreement negotiation stage, which will take place between July 2017 and February 2018, applicants that have successfully progressed to a conditional offer will have to provide a clear business plan setting out how their organisation will strengthen its resilience. We will also require clear action plans for equality and environmental sustainability from all funded organisations. Go to

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<sup>27</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

our website for more information about [our environmental programme<sup>28</sup>](#). Additionally, band 2 and 3 organisations must show within their digital policy and plans how they will use digital technologies to meet our goals during the investment period. We have commissioned [Digital policy and plan guidelines<sup>29</sup>](#) to support you (LINK).

We also expect all organisations to carry out regular self-evaluation. This provides the opportunity to identify ways to improve performance. It is a valuable process, enabling your organisation to decide where it has succeeded and how it wants to do things differently. The outcomes of self-evaluation should help your business planning.

We suggest that you use [the self-evaluation toolkit<sup>30</sup>](#) we have published. This is currently being reviewed and a revised version will be published in 2017. You are not obliged to use our toolkit, but it is considered good practice to demonstrate at least one form of regular self-evaluation.

#### **Goal 4**

Our strategy [Great Art and Culture for Everyone<sup>31</sup>](#) puts people at the heart of the arts and cultural sector – the artists and curators, librarians and technicians, producers and administrators, educators and archivists, and board members. It is one of our priorities to support these people to maintain and develop the skills they will need to achieve our shared mission. Importantly, this is about recognising and respecting the hard-earned specialist skills that are essential to so much of what the cultural sector does.

Through goal 4 we want to see an appropriately skilled workforce and leadership that is truly diverse and reflects contemporary England. This is separate from developing specialist artistic or museums practice. Your organisation will need to collect and report on information about the diversity of your workforce and leadership. Organisations in each of the bands will also demonstrate leadership within their artform or discipline and geographic area. This will take many and

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<sup>28</sup> <http://www.artscouncil.org.uk/what-we-do/our-priorities-2011-15/environmental-sustainability/>

<sup>29</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

<sup>30</sup> <http://www.artscouncil.org.uk/advice-and-guidance-library/toolkits>

<sup>31</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

different forms, including facilitating and creating networks across the arts and cultural landscape.

We expect all organisations to adopt good practice in developing and managing their workforce, for example, undertaking regular performance reviews of senior staff members, developing succession plans (for boards and staff) and having transparent recruitment processes.

## **Goal 5**

Our strategy, [Great Art and Culture for Everyone](#)<sup>32</sup>, talks about how arts, museums and libraries fuel children's curiosity and critical ability. They are about expression and imaginative escape as much as they are about learning and development, helping children and young people to explore, understand and challenge the world, as well as their place in it. They inspire future audiences, and through work produced by and with children and young people, encourage the next creative generation. We believe it is every child's birth-right to develop their own creativity, experience the arts, access the knowledge in our libraries, and see the wonderful objects within our museums and learn about the stories behind them.

It is important that children and young people are able to experience and participate in arts and culture and can continue to do so throughout their lives. We expect that many organisations will also want to demonstrate their contribution to goal 5 and how they will work with others to fulfil their aims and objectives.

To meet goal 5, you must meet specific expectations. If you do not meet these expectations, your organisation will not be considered to be contributing to goal 5.

All National Portfolio Organisations contributing to the achievement of goal 5 will need to:

- support the delivery of the [Cultural Education Challenge](#)<sup>33</sup>
- work within strategic partnerships (such as [Cultural Education Partnerships](#)<sup>34</sup>)
- work within the [Quality Principles](#)<sup>35</sup>

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<sup>32</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

<sup>33</sup> <http://www.artscouncil.org.uk/children-and-young-people/cultural-education-challenge>

<sup>34</sup> <http://www.artscouncil.org.uk/children-and-young-people/working-partnership>

<sup>35</sup> <http://www.artscouncil.org.uk/quality-metrics/quality-principles>

### *Cultural Education Challenge*

Our research shows that access to cultural education still varies considerably across the country, and is often restricted by socio-economic factors – by income, class, geography, ethnicity, faith and disability. To deal with these differences of opportunity, we launched the [Cultural Education Challenge](#)<sup>36</sup> in October 2015. This is a call to action for all of us with an interest in cultural education to work together to reach the widest number of children and young people. The Challenge asks organisations to share resources and create locally targeted ‘Cultural Education Partnerships’. We are working closely with our Bridge Organisations<sup>37</sup> to develop partnerships in a number of priority areas around the country.

All organisations contributing to goal 5 will be expected to work actively in their area to deliver the [Cultural Education Challenge](#)<sup>38</sup>.

### *Cultural Education Partnerships*

We recognise that organisations contributing to goal 5 are likely to deliver activities through many different types of partnership and that these may be local, regional or national. In your application, you should provide information about any established, emerging or planned partnerships that support your organisation to deliver opportunities for children and young people, targeted to need and responding the [Creative Case for Diversity](#)<sup>39</sup>. Cultural Education Partnerships should support your organisation to focus resources towards under-served groups of children and young people, including those who are less engaged, have protected characteristics, are less advantaged, or are under five years old, or in specifically targeted geographical areas where access to arts and cultural opportunity is limited. Working in partnership can produce a more consistent cultural offer. It supports better planning, better use of resources and creates a comprehensive understanding of the needs of children and young people.

### *Quality Principles for children and young people*

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<sup>36</sup> <http://www.artscouncil.org.uk/children-and-young-people/cultural-education-challenge>

<sup>37</sup> We invest in a nationwide network of 10 Bridge Organisations to connect the cultural and education sectors so that children and young people can have access to great arts and cultural opportunities

<sup>38</sup> <http://www.artscouncil.org.uk/children-and-young-people/cultural-education-challenge>

<sup>39</sup> <http://www.artscouncil.org.uk/diversity-and-equality/creative-case-diversity>

All organisations contributing to goal 5 will also be expected to work within the [Quality Principles](#)<sup>40</sup> for children and young people. These principles are:

- striving for excellence and innovation
- being authentic
- being exciting, inspiring and engaging
- providing a positive and inclusive experience
- actively involving children and young people
- helping personal progression, and developing belonging and ownership

The Quality Principles form part of our wider quality framework. They support development across the sector, provide evidence of the impact of activity, support Youth Voice, encourage more opportunities for children and young people to participate and create their own work, and make sure that programmes contribute towards the Creative Case for Diversity. They can support day-to-day practice to develop evaluation methods, tools or frameworks, review an existing project, programme or area of work, plan new work, and take part in self-reflection, staff development and peer learning.

#### *Participatory metrics*

We are continuing to support the sector to develop a set of participatory metrics which align with our Quality Principles and are suitable for work produced by, with and for children and young people. The participatory metrics can be used to help organisations understand and measure the quality of participatory work and to measure progress against the Quality Principles.

In addition, all National Portfolio Organisations contributing to the achievement of goal 5 will need to have objectives or plans that cover one or more of the following three priorities, depending on your band (see the separate band guidance):

#### *Artsmark Award*

[Artsmark](#)<sup>41</sup> is our award scheme that encourages schools to celebrate, evaluate, strengthen and fully integrate cultural education. Artsmark provides a framework

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<sup>40</sup> <http://www.artscouncil.org.uk/quality-metrics/quality-principles>

<sup>41</sup> <http://www.artsmark.org.uk/>

for schools to deliver high-quality opportunities for their pupils to create, compose, perform, visit, experience, know, understand and review in the classroom, across arts and culture.

### *Arts Award*

[Arts Award](http://www.artsaward.org.uk/)<sup>42</sup> supports young people who want to become more involved with arts and culture to build creative and leadership skills and achieve a national qualification. Arts Award is delivered by Trinity College London in partnership with Arts Council England.

Through Arts Award's five levels, children and young people aged up to 25 can explore any artform, including performing arts, visual arts, literature, media and multimedia. The Award is run in schools and colleges across the country, as well as art centres, community projects, libraries, museums and galleries, local authorities, theatres, youth clubs and youth justice settings. The Award is sufficiently flexible to be delivered through all arts and cultural organisations.

### *Digital technology*

Digital technology is an effective way of reaching children and young people by developing digital creative content, captured content or cultural learning content made specifically to appeal to these audiences. For arts and cultural organisations to be relevant to the next generation of audiences, they need to think about how they might include digital content, experiences and opportunities in what they are offering young people.

## **Appendix 2: Requirements for bands and Sector Support Organisations**

### **Band 1**

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<sup>42</sup> <http://www.artsaward.org.uk/>

Band 1 organisations receive a minimum (average) of £40,000 per year and a maximum (average) of £249,999 per year. These organisations are required to contribute to the Arts Council's goals 1, 2 and, where appropriate, 5.

Band 1 organisations are required to submit a one-year business plan, with a brief statement on years two to four of the investment period (2019/20, 2020/21 and 2021/22). The plan must include SMART objectives for the following:

- the core programme
- contribution to the Creative Case for Diversity
- audience and engagement, covering at least one of the following goal 2 outcomes:
  - more people have the opportunity to experience and participate in great art, museums and libraries
  - the number and range of people experiencing great art, museums and libraries has increased
  - engagement levels have increased amongst those currently least engaged in arts and culture
  - you can demonstrate an increase in the depth and quality of people's cultural experiences
- where appropriate, an agreed touring plan, showing whether the work is new or a remount, its scale, and the minimum number of dates
- equality action, including showing how you will:
  - make sure your board reflects the diversity of the audiences and communities you are working with and working to reach
  - plan to diversify your workforce
- if contributing to goal 5, at least one of the three goal 5 priorities (Artsmark, Arts Award or digital) and taking part in the Cultural Education Challenge

Business plans should also include objectives relating to the following, where this is part of the organisation's main programme:

- artist development
- international activity
- creative media

Within your plan, you should highlight any key risks to the delivery of the proposed activity and to your organisation's resilience.

You may want to make it clear within your business plan which of your SMART objectives support the Arts Council in achieving the goals set out in our 10-year strategy, [\*Great Art and Culture for Everyone\*](#).

The funding agreement also includes conditions that set out our monitoring, reporting and delivery requirements for the investment period, including:

- recognising that we use external assessors to review samples of your work and report on its quality (assessors are recruited by open application and serve fixed terms)
- using a specific tool for collecting, sharing and reporting data about audiences<sup>43</sup>. This will include sharing data with us
- where relevant, having data-sharing agreements in place with other organisations we invest in and introducing or maintaining an ‘opt-in’ option to allow customers’ data to be shared with visiting or other partner organisations
- providing an environmental policy and action plan
- collecting and submitting data in relation to improving environmental performance and reducing carbon emissions
- making sure artists/practitioners and those who work in the creative industries and heritage organisations are properly and fairly paid
- submitting management accounts and cash flow statements every three months (we may ask organisations rated as being at major risk to submit information more often)
- submitting board papers every six months
- submitting an annual survey with statistics on your organisation and the previous year’s activity
- submitting a basic annual report on the progress you are making against your business plan
- providing a refreshed one-year business plan<sup>44</sup> each year that sets out the planned activity for the next financial year. This should include a budget, cash flow and any other information we might request from time to time
- acknowledging that we have a right to attend board meetings as an observer.

Band 1 organisations will have a minimum of one formal direct contact with one of our Relationship Managers each year and must be willing to accept constructive feedback as a way of helping them to improve. We may increase the level of formal contact if your organisation is assessed as being at major risk.

We expect organisations will still have ongoing informal ‘development’ contact with Relationship Managers. This will take many forms and will be based on proposed artistic, cultural and business developments, as well as challenges, as we move through the four-year investment period.

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<sup>43</sup> There may be organisations where it would be inappropriate to use such a tool. Exemptions would be considered on a case by case basis

<sup>44</sup> You may find the published Business Planning Guidance helpful:  
[www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

## **Band 2**

Band 2 organisations receive a minimum (average) of £250,000 per year and a maximum (average) of £999,999 per year. These organisations are required to contribute to our goals 1, 2 and, where appropriate, 5.

Band 2 organisations are required to submit a three-year business plan, with a brief statement on their plans for year four of the investment period (2021/22). The business plan must include SMART objectives for the following:

- the core programme
- contribution to the Creative Case for Diversity
- if a main part of your programme includes working with independent artists, plans for developing artists
- international activity (where appropriate)
- if contributing to goal 5, at least two of the three goal 5 priorities (Artsmark, Arts Award or digital), as well as Quality Principles, strategic partnership working and the Cultural Education Challenge

You must also provide, within your business plan or as appendices:

- a digital policy and plan for how you will use digital technologies to meet our goals and priorities for creative media during the investment period
- an audience and engagement plan which covers at least two of the following goal 2 outcomes:
  - more people have the opportunity to experience and participate in great art, museums and libraries
  - the number and range of people experiencing great art, museums and libraries has increased
  - engagement levels have increased among those currently least engaged in arts and culture
  - you can demonstrate an increase in the depth and quality of people's cultural experiences
- where appropriate, an agreed touring plan for at least the first year, showing whether the proposed work is new or a remount, its scale, and the minimum number of dates – this should be updated in refreshed business plans submitted annually
- an equality action plan, including showing how you will:
  - make sure that your board:
    - has the necessary skills and experiences to meet your aims around diversity
    - by December 2021, reflects the diversity of the audiences and communities you are working with and working to reach, including membership from protected characteristic groups (for example, ethnicity, disability and gender, and across

socio-economic backgrounds). You and your Relationship Manager will decide together what your diversity objectives will be

- plan to diversify your workforce

SMART objectives must be included in each of these plans.

You must also provide a risk register within your business plan.

You may want to make it clear within your business plan which of your SMART objectives helps us to achieve the goals set out in our 10-year strategy, [Great Art and Culture for Everyone](#)<sup>45</sup>.

The funding agreement also includes conditions that set out our monitoring, reporting and delivery requirements for the investment period, including:

- recognising that we use external assessors to review samples of your work and report on its quality (assessors are recruited by open application and serve fixed terms)
- using a specific quality evaluation framework to improve your understanding of how well your intentions for your work align with the perceptions of your public and peers, as well as supporting this programme by providing peer reviews. This will include sharing data with us
- having a Creative Case for Diversity rating of 'strong' by October 2021
- using a specific tool for collecting, sharing and reporting data about audiences<sup>46</sup>. This will include sharing information with us
- develop an in-depth knowledge of your audiences, using audience segmentation tools<sup>47</sup>
- where relevant, having data-sharing agreements in place with other organisations we invest in and introducing or maintaining an 'opt-in' option to allow customers' data to be shared with visiting or other partner organisations
- providing an environmental policy and action plan
- collecting and submitting data in relation to improving environmental performance and reducing carbon emissions
- making sure artists, practitioners and those who work in the creative industries and heritage organisations are properly and fairly paid

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<sup>45</sup> <http://www.artscouncil.org.uk/NPO/docs>

<sup>46</sup> There may be organisations where it would be inappropriate to use such a tool. Exemptions would be considered on a case by case basis

<sup>47</sup> If you don't already have these, you may consider using the Audience Spectrum segments (<https://www.theaudienceagency.org/audience-spectrum>). You will make effective use of this data to inform targets and strategies for audience development within your business plan

- submitting management accounts and cash flow statements every three months (we may ask organisations rated as being at major risk to submit information more often)
- submitting board papers every three months
- submitting an annual survey with statistics on your organisation and the previous year's activity (this should include further information about your audience profile, particularly gender, age, ethnicity, disability and long-standing illness)
- submitting a detailed annual report on the progress you are making against goals-related SMART objectives in business and other plans
- providing a refreshed business plan each year that sets out the planned activity for the rest of the investment period. This should include a budget, cash flow and any other information we might ask for from time to time
- acknowledging that we have a right to attend board meetings as an observer
- making sure that we have the opportunity to be involved when you recruit for senior appointments (including directors and trustees) – for example, commenting on job descriptions, being involved in shortlisting, observing on interview panels and taking part in succession planning

In addition, we may negotiate bespoke conditions with organisations in band 2, for example, any further requirements that are linked to the level of investment we offer.

Band 2 organisations will have a minimum of two formal direct contacts with one of our Relationship Managers each year and must be willing to accept constructive feedback as a way of helping them to improve. One of these meetings will include a formal review of your progress against the SMART objectives set out in your business plan. We may increase the level of formal contact if your organisation is assessed as being at moderate or major risk.

We expect organisations will still have ongoing informal 'development' contact with Relationship Managers. This will take many forms and will be based on proposed artistic, cultural and business developments, as well as challenges, as we move through the four-year investment period.

### **Band 3**

Band 3 organisations receive a minimum (average) of £1,000,000 per year. These organisations are required to contribute to all five of our goals and play a key role in supporting the wider sector.

Band 3 organisations are required to submit a four-year business plan, which must include SMART objectives for the following:

- the core programme
- contribution to the Creative Case for Diversity
- if a main part of your programme includes working with independent artists, plans for developing artists
- international activity (where appropriate)
- at least two of the three goal 5 priorities (Artsmark, Arts Award or digital), as well as Quality Principles, strategic partnership working and the Cultural Education Challenge

You must also provide, included in the business plan or as appendices:

- a digital policy and plan for how you will use digital technologies to meet our goals and priorities for creative media during the investment period
- an audience and engagement plan which covers the following goal 2 outcomes:
  - more people have the opportunity to experience and participate in great art, museums and libraries
  - the number and range of people experiencing great art, museums and libraries has increased
  - engagement levels have increased among those currently least engaged in arts and culture
  - you can demonstrate an increase in the depth and quality of people's cultural experiences
- where appropriate, an agreed touring plan for at least the first year, showing whether the proposed work is new or a remount, its scale, and the minimum number of dates – this should be updated in refreshed business plans submitted annually
- an equality action plan, including showing how you will:
  - make sure that your board:
    - has the necessary skills and experiences to meet your aims around diversity
    - by December 2021, reflects the diversity of the audiences and communities you are working with and working to reach, including membership from protected characteristic groups (for example, ethnicity, disability and gender, and across socio-economic backgrounds). You and your Relationship Manager will decide together what your diversity objectives will be

- plan to diversify your workforce

SMART objectives must be included in each of these plans.

You must also provide a risk register within your business plan.

You may want to make it clear within your business plan which of your SMART objectives help us to achieve the goals set out in our 10-year strategy, [\*Great Art and Culture for Everyone\*](#)<sup>48</sup>.

The funding agreement also includes conditions that set out our monitoring, reporting and delivery requirements for the investment period, including:

- recognising that we use external assessors to review samples of your work and report on its quality (assessors are recruited by open application and serve fixed terms)
- using a specific quality evaluation framework to improve your understanding of how well your intentions for your work align with the perceptions of your public and peers, as well as supporting this programme by providing peer reviews. This will include sharing data with us
- having a Creative Case for Diversity rating of ‘strong’ by October 2021
- using a specific tool for collecting, sharing and reporting data about audiences. This will include sharing information with us
- developing an in-depth knowledge of your audiences, using audience segmentation tools<sup>49</sup>
- where relevant, having data-sharing agreements in place with other organisations we invest in and introducing or maintaining an ‘opt-in’ option to allow customers’ information to be shared with visiting and other partner organisations
- providing an environmental policy and action plan
- collecting and submitting data relating to improving environmental performance and reducing carbon emissions
- making sure artists, practitioners and those who work in the creative industries and heritage organisations are properly and fairly paid
- submitting management accounts and cash flow statements every month

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<sup>48</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

<sup>49</sup> If you don’t already have these, you may consider using the Audience Spectrum segments (<https://www.theaudienceagency.org/audience-spectrum>). You must use this information effectively to support targets and strategies for audience development within your business plan

- submitting board papers every three months
- submitting an annual survey with statistics on your organisation and the previous year's activity (this should include further information about your audience profile, particularly gender, age, ethnicity, disability and long-standing illness)
- submitting a detailed annual report on the progress you are making against goals-related SMART objectives in your business plan and other plans
- providing a refreshed business plan each year that sets out the planned activity for the rest of the investment period. This should include a budget, cash flow and any other information we might ask for from time to time
- acknowledging that we have a right to attend board meetings as an observer
- making sure that we have the opportunity to be involved when you recruit for senior appointments (including directors and trustees) – for example, commenting on job descriptions, being involved in shortlisting, observing on interview panels and taking part in succession planning
- making sure that our views are sought when the performance of officers appointed by the board is reviewed
- demonstrating an area or sector support role through some or all of the following:
  - senior leaders becoming members of boards of other arts and cultural organisations
  - formal mentoring programmes, surgeries and so on to support emerging leaders and other organisations
  - playing an active part in co-ordinating and leading sector or sub-sector discussions and networks
  - taking an active role in geographic area development initiatives such as Local Enterprise Partnerships, local authority working groups and our area councils

We may also negotiate other, specific conditions with organisations in band 3, for example, any further requirements that are linked to the level of investment we offer.

Band 3 organisations will have direct contact with us at least four times a year and must be willing to accept constructive feedback as a way of helping them to improve. One of these meetings will include a formal review of your progress against the SMART objectives set out in your business plan. We may increase the level of formal contact if your organisation is assessed as being at moderate or major risk.

We expect organisations will still have ongoing informal ‘development’ contact with Relationship Managers. This will take many forms and will be based on proposed artistic, cultural and business developments, as well as challenges, as we move through the four-year investment period.

## **Sector Support Organisations**

Requirements for Sector Support Organisations’ contribution to our goals depends on the type of organisation and the nature of its activity, although all are required to contribute to at least one of our goals.

Sector Support Organisations are required to submit a three-year business plan, with a brief statement on their plans for year four of the investment period (2021/22). The business plan must include SMART objectives for the following:

- a plan of activity
- the specific type of sector support activity (your funding agreement will specify the SMART objectives you must include relating to the type of sector support activity you are funded to deliver)

You must also provide, included in the business plan or as an appendix, an equality action plan, including showing how you will:

- make sure that your board:
  - has the necessary skills and experiences to meet your aims around diversity
  - by December 2021, reflects the diversity of the audiences and communities you are working with and working to reach, including membership from protected characteristic groups (for example, ethnicity, disability and gender, and across socio-economic backgrounds). You and your Relationship Manager will decide together what your diversity objectives will be
- plan to diversify your workforce

SMART objectives must be included in each of these plans.

You must also provide a risk register within your business plan.

You may want to make it clear within your business plan which of your SMART objectives supports us in achieving the goals set out in our 10-year strategy, [\*Great Art and Culture for Everyone\*](#)<sup>50</sup>.

The funding agreement also includes conditions that set out our monitoring, reporting and delivery requirements for the investment period, including:

- providing an environmental policy and action plan
- collecting and submitting data relating to improving environmental performance and reducing carbon emissions
- making sure artists, practitioners and those who work in the creative industries and heritage organisations are properly and fairly paid
- submitting management accounts and cash flow statements every three months (we may ask organisations rated as being at major risk to submit information more often)
- submitting board papers every three months
- submitting an annual survey with statistics on your organisation and the previous year's activity
- submitting a detailed annual report on the progress you are making against goals-related SMART objectives in your business plan and other plans
- providing a refreshed business plan each year that sets out the planned activity for the rest of the investment period. This should include a budget, cash flow and any other information we might ask for from time to time
- acknowledging that we have a right to attend board meetings as an observer
- making sure that we have the opportunity to be involved when you recruit for senior appointments (including directors and trustees) – for example, commenting on job descriptions, being involved in shortlisting, observing on interview panels and taking part in succession planning

Sector Support Organisations will have a minimum of two formal direct contacts with one of our Relationship Managers each year and must be willing to accept constructive feedback as a way of helping them to improve. One of these meetings will include a formal review of your progress against the SMART objectives set out in your business plan. We may increase the level of formal contact if your organisation is assessed as being at moderate or major risk.

We expect organisations will still have ongoing informal 'development' contact with Relationship Managers. This will take many forms and will be based on

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<sup>50</sup> [www.artscouncil.org.uk/NPO/docs](http://www.artscouncil.org.uk/NPO/docs)

proposed artistic, cultural and business developments, as well as challenges, as we move through the four-year investment period.