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The National Portfolio
Investment Programme

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2018-22 and 2022-23



Sector Support Organisations' Monitoring Prompts

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Introduction

Throughout the lifespan of your grant, we will monitor your performance against the Arts Council's Strategy¹, as well as management and governance and financial viability. We have published this set of monitoring prompts so that so that you can understand how we will monitor our investment in your organisation.

These prompts set out the questions your Relationship Manager will consider whilst reviewing your progress on an ongoing basis, as well as examples of the types of evidence and indicators of success we will look for.

You may also find it helpful to consider these monitoring prompts whilst refreshing your business plans and supporting documents annually.

¹ Over the 2022 – 2023 extension year, National Portfolio Organisations are expected to transition from delivery against the Goals of *Great Art and Culture for Everybody* towards adopting the Outcomes and Investment Principles of our new Strategy *Let's Create*.

Finance and management

All National Portfolio Organisations are expected to demonstrate effective management, governance and leadership and financial viability.

However, we know that some organisations will experience significant difficulty over the funding period due to financial pressures, changes in leadership or other factors. We will be as understanding of the situation as possible.

In each case, we aim to identify organisations in difficulty as early as possible. Some of the early warning signs that we look out for are listed on this page.

The more detailed prompts that your Relationship Manager will consider whilst reviewing the effectiveness of your management, governance and leadership, as well as financial viability, are set out on pages 5-7.

- poor financial and other information submitted both to the board² and Arts Council (including weak agendas)
- adverse financial trends, eg declining sales or reserves
- poor business plans and planning
- lack of forward planning, future focus and external environmental factors
- poor risk management, eg lack of risk register or risk register is not maintained/updated
- stagnant board or difficulty retaining or attracting trustees
- ambition outstripping resources
- focus on historic performance rather than future planning

² Throughout this guidance, by 'board' we mean a board of directors or trustees, or any equivalent management committee or group.

Management and governance monitoring prompts

- a). Is the organisation aware of the **risks** to stability and successful programme delivery, including considerations of external threats? Is there evidence the organisation has identified appropriate **ways of reducing these risks** and is regularly considering and taking action to implement these?
 - b). Are the organisation's **management structure, governance arrangements, planning processes and monitoring and reporting** suitable, including scheduled meetings and details of succession planning for key officers and board members?
 - c). Is there evidence that the organisation carries out **regular and effective self-evaluation** across finance and all of its objectives?
 - d). Is there evidence of clear plans to develop the organisation's **sustainability** and **resilience**, this could include but not limited to reducing impacts, operations, strategy, stakeholders, partnerships?
 - e). Is the board appropriately structured or constituted (this should include information about the diversity of its members) with a clear rationale for its choice of **board structure**?
 - f). Are the **board members' skills** suitable in relation to your organisation's mission, activity and management, including responsibilities for diversity and resilience and sustainability? Are their clear plans in place for **recruitment, induction, development and training of board members**?
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For **consortiums**, we will also take into account:

- a). Is the consortium's **structure** effective?
- b). Is the **role of the lead organisation** clear and effective?
- c). Are **collective decision-making and communication processes** are effective?
- d). Is there a suitable procedure for **resolving disputes** between partners?
- e). Are levels of **shared and delegated responsibility** appropriate?
- d). Is there a clear process for **collecting information** from partners and **compiling consolidated reports**?

Financial viability monitoring prompts

- a). Is the organisation successfully **building on existing earned/contributed income** and actively looking for **new sources of income**? This could include maximising existing income streams and building new sources where appropriate. Are future plans for raising earned/contributed income appropriate and realistic? Are cost assumptions regularly considered?
- b). Is the organisation developing their **resilience**³? Are plans for financial resilience convincing and are they consistent with wider organisational resilience? Are future plans convincing?
- c). Is the organisation **paying artists and practitioners fairly**, following industry guidelines?
- d). Are **financial controls, monitoring and reporting** suitable? Is the quality of financial documents submitted to the board appropriate? Is **progress monitored** against plans and are adverse trends factored into decision-making and planning?
- e). Is the organisation effective at maintaining and building **reserves**? Does the organisation have an appropriate **reserves policy** that is adhered to? If not, does it have clear plans in place to rectify this?
- f). Is **overall financial health** considered within monitoring reporting, including key indicators such as sufficient current assets to cover current liabilities, cash flow position and unrestricted reserves levels?
- g). Is the organisation actively maximising their efficiency? For example, seeking competitive quotes for services?
- h). How has Covid-19 impacted on the organisation's financial and operating model and its financial viability and sustainability, including its reserves position? How has the organisation responded to any financial challenges it has faced, and what are the impacts of any Culture Recovery grants or loans the organisation may have received?

For **consortiums** we will also take into account:

- a). Is the financial relationship open and clear between consortium members?

³ 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 to deliver quality work in line with their mission.



QUESTIONS? GET IN TOUCH – WE'RE HAPPY TO HELP

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