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The National Portfolio  
Investment Programme

2018-22 and 2022-23



# Monitoring prompts for Band 3 organisations

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# Introduction

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Over the 2022 – 2023 extension year, National Portfolio Organisations are expected to transition from delivery against the Goals of *Great Art and Culture for Everyone* towards adopting the Outcomes and Investment Principles of our new Strategy *Let's Create*. We have updated the monitoring prompts in light of this change. Goals prompts have been replaced with the set of Activity/Programme prompts on page 4. Our new Inclusion & Relevance Investment Principle considers equality and diversity in relation to communities, workforce, leadership and governance as well as to the Creative Case for Diversity<sup>1</sup>. To reflect this shift we have replaced Creative Case for Diversity prompts with broader equality, diversity and Investment Principle prompts under Activity/Programme.

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.

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<sup>1</sup> National Portfolio Organisations rated 'not met' for the Creative Case for Diversity for 2019/20 and band 2 and 3 NPOs that didn't achieve a rating of at least 'strong' are required to have made sufficient progress against their plans for Inclusivity & Relevance by October 2021 before we confirm their extension funding for 2022/23. Evidence for rating contribution and Creative Case for Diversity rating prompts for 2019/20 can be viewed [here](#).

# Activity/Programme monitoring prompts

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Our Strategy strives to achieve our vision of a country in which the creativity of each of us is valued and given the chance to flourish, and where every one of us has access to a remarkable range of high-quality cultural experiences.

In monitoring organisations' progress against their plans, we will consider the expectations we have set out for business plans for 2021/22 and 2022/23 including, but not limited to, plans for reaching audiences and participants and, where relevant, work for by and with children and young people, and plans for touring.

- a). How does the organisation/consortium demonstrate a commitment to artistic/cultural development and quality and are its plans realistic and achievable?
- b). To what extent does the organisation/consortium demonstrate progress against its plans and use available data and resources to revise plans proactively and responsively, including adjusting its business model and/or types and levels of activity as appropriate in response to Covid-19 financial pressures and planning uncertainty?

- c). How does the organisation demonstrate commitment to embedding the Investment Principles (and Outcomes where relevant and possible) and, in particular, to making itself more inclusive and relevant?
  - d). To what extent does the organisation/consortium evidence a continued commitment to equality, diversity and inclusion in programming, planning, and delivery?
  - e). How clear are board papers and plans in providing evidence of oversight of the organisation/consortium, in particular in reflecting a shared commitment to embedding the Investment Principles?
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# 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 6-9.

- poor financial and other information submitted both to the board<sup>2</sup> and the 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

<sup>2</sup> 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

## All organisations

- a). Is the organisation aware of the **risks** to stability and successful programme delivery, including considerations of external threats? Is there evidence that 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 is 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 there clear plans in place for **recruitment, induction, development and training of board members**?
- g). Are **decision making processes effective**? How is success measured?
- h). How appropriate are the **partnerships** and how effective are they?
- i). Does the organisation have appropriate **ethical policies**, including consideration of reputational damage?
- j). Is there evidence of **fair and open recruitment** processes for key officers and board members?

- k). Is the **planning** for future **replacement** of key officers/board members suitable?
- l). Does the organisation hold **regular performance reviews**, for both the board and staff at all levels? Is there evidence of strategies to support staff development and wellbeing?
- m). How convincing is the **Environmental Sustainability policy and Action Plan** and is it integrated into organisational strategy?

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?
  - f). Is there a clear process for **collecting information** from partners and **compiling consolidated reports**?
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# 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**<sup>3</sup>? 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 appropriate is the **business model** in relation to the organisation's aims and objectives?
  - i). Is the organisation actively **improving sustainability**, both financial and organisational?
  - j). 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 Fund grants or loans the organisation may have received?
- <sup>3</sup> 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.



- k). Is the organisation **sharing assets** effectively? This may include, for example, shared services, identifying economies of scale or using assets (intellectual, human and physical) to develop sources of income

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

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



## QUESTIONS? GET IN TOUCH — WE'RE HAPPY TO HELP

Reach our Customer Services team here:

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