

# 2023-26 Investment Programme Information Sheet

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## The Importance of Good Governance

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Awarding funds from

**THE NATIONAL LOTTERY®**

For arts organisations, libraries and museums planning to apply to our 2023-26 National Portfolio Organisation and Investment Principles Support Organisation programmes to provide the backbone of creative and cultural provision across the country.

## What's inside

This information sheet relates to Arts Council England's 2023-26 Investment Programme. It can be used alongside the Guidance for Applicants to support you to make your application.

See our **website** for more information about the 2023-26 Investment Programme.

- **Website:** <https://www.artscouncil.org.uk/get-funding/national-portfolio-2023-onwards>

In this information sheet, we will talk about the following:

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This information is also available in audio, BSL, Easy Read and large print formats. If you require it in an alternative format, like Braille, please **get in touch**.

- **Get in touch:**  
<https://www.artscouncil.org.uk/about-us/contact-us>

# The Importance of Good Governance

Arts Council England has a responsibility as stewards of public funding to ensure that all the organisations and individuals we support use our investment for the purposes it was intended. We also expect our grant recipients to use their grants efficiently and effectively to maximise benefits to the public. Given the scale of public funding we are putting into National Portfolio Organisations (NPOs) and Investment Principles Support Organisations (IPSOs), it is especially important we are confident that they we are investing in ‘well run’ organisations.

For the Arts Council, one of the characteristics of a ‘well run’ organisation is that it has a board or oversight group that is independent of the executive and can take responsibility for ensuring the efficient and effective delivery of the organisation’s funding agreement with us. This responsibility will include ensuring that the organisation’s executive officers are being held to account for progress against the targets and success measures that are mutually agreed as part of the funding agreement, and that the Arts Council receives regular reports on that progress.

Our 2023-26 Investment Programme will see an increased focus on the governance arrangements that National Portfolio Organisations and Investment Principles Support Organisations have in place. Find out more about **the types of organisations eligible to become an NPO or IPSO**.

- **The types of organisations eligible to become an NPO or IPSO:** <https://www.artscouncil.org.uk/2023-26-investment-programme/MakingYourApplication#section-1>

It is important to clarify that we will enter into a funding agreement with the legally constituted entity that meets the eligibility criteria. This information sheet focuses on the governance arrangements you have in place to ensure your organisation is 'well run'.

## **What type of governance arrangements are acceptable to the Arts Council?**

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For 2023-26, National Portfolio Organisations and Investment Principles Support Organisations will need to have some form of 'oversight group' in place by the time their funding agreement comes into effect on 1 April 2023.

That oversight group may take the form of a small advisory group for a rural touring company, or a steering committee for a museum or library service within a local authority or university, or a subcommittee of the board of a parent company of a large venue group. We will be open to consider whatever suggestions you wish to make that you believe are appropriate for your organisation.

The group will consist of suitably qualified directors or trustees to oversee the mission of the organisation and provide governance oversight. The group will be independent of the executive and capable of taking responsibility for ensuring that the organisation's funding agreement with the Arts Council is implemented.

We will expect consortium applicants to set out how they will ensure appropriate independent oversight of the funded activity across the consortium. This could be through the existing governance structure of the lead organisation or a separate oversight or advisory group for the consortium.

Whatever its form, the oversight group must have the following minimum responsibilities and authority:

- be independent of the executive leadership of the organisation
- have (in either direct or delegated form) responsibility for oversight of the Arts Council funding agreement
- meet regularly (at least four times a year) with the executive leadership in order to review progress on the funding agreement
- receive and review regular reports on progress against the funding agreement and ensure that those reports are forwarded to the Arts Council on a timely basis
- meet and communicate directly with the Arts Council, independent of the executive if required

## **What we expect of boards/oversight groups?**

We will require that the governance arrangements for all organisations seeking National Portfolio Organisation or Investment Principles Support Organisation investment have the following characteristics and behaviours:

- The relationship between the board/oversight group and the executive team is clearly set out and understood by all parties. This will include having in place a delegation document that details the levels of decision-making authority across the executive, the board and any associated committees
- The board/oversight group has formally adopted:
  - Terms of Reference, setting out the respective roles and responsibilities of the board/oversight group and the executive
  - A written Conflict of Interests Policy
  - A Partnership Agreement in the case of consortiums

- The board/oversight group members should all be independent of the executive. Where that is not immediately achievable, independent members will form a clear majority of the board/oversight group
- There must be a transparent, regular and recorded meeting structure
  - The group should meet at least 4 times a year
- All meetings are recorded (as minutes in a document) and available to stakeholders for example funders
- The board/oversight group is refreshed on a regular basis
  - The recruitment policy for the board/oversight group should be transparent and open
- A robust decision-making process is in place and adhered to
- Processes are in place to ensure external and internal complaints
  - Enquiries and information requests can be dealt with efficiently and in line with good practice
- The board/oversight group ensures that legally required policies are regularly reviewed to ensure compliance
- A risk register is maintained and reviewed at least annually

We believe the above requirements are a set of reasonable actions and behaviours which any group that has aligned itself with a recognised code of good practice will be able to demonstrate. For more information, we recommend starting with the **Charity Governance Code**.

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| <ul style="list-style-type: none"> <li>• <b>Charity Governance Code:</b><br/> <a href="https://www.charitygovernancecode.org/en">https://www.charitygovernancecode.org/en</a> </li> </ul> |
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In addition, we expect boards/oversight groups to take an active role in ensuring that our four Investment Principles are embedded in the culture and working practices of the organisation. The Investment Principles represent for the Arts Council what a well-run modern cultural organisation looks like.

We intend to use evidence of their adoption within your organisation to help us make more and more of our investment decisions. We will start this journey with our NPOs and IPSOs but will eventually roll it out to all our funding. You can read more about Governance and the Investment Principles as part of your application preparation on **our Resource Hub**.

- **Our Resource Hub:** <https://www.artscouncil.org.uk/explore-investment-principles/applying-investment-principles>

The NPO and IPSO application process 2023 onwards application process will test the strength of the current and planned governance arrangements for individual applicants. Unless we are confident that the applicant is going to have effective governance and oversight arrangements in place by 1 April 2023, the applicant is unlikely to be successful.

## Contact us

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