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2023-24 MUSIC EDUCATION HUBS

# Relationship Framework

How Arts Council England works with Music Education Hubs

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# Access Support

We are committed to being open and accessible. We recognise that some people may encounter barriers to meeting the requirements of the funding agreement, as set out in this Relationship Framework.

## Do you need this information in another format?

You can also find the following versions of this guidance on our [website](#):

- audio
- Easy Read
- large print

If you require this guidance in a different format, or if you experience, or expect there to be, any barriers in meeting the requirements set out in the Relationship Framework and/or in your funding agreement and any of our guidance documents, then please let us know:

**Email:** [enquiries@arts council.org.uk](mailto:enquiries@arts council.org.uk)

**Web:** [arts council.org.uk/access-support](https://arts council.org.uk/access-support)

**Post:** Arts Council England – MEH  
The Hive, 49 Lever Street  
Manchester  
M1 1FN

**Telephone:** 0161 934 4317

You can also **Livechat** with us by visiting our website: [arts council.org.uk](https://arts council.org.uk)

We will be as flexible as possible and consider and respond to requests on an individual basis.

# Welcome to the 2023-24 Music Education Hub portfolio

In June 2022, the Department for Education and the Department for Culture, Media and Sport published '[The power of music to change lives: a national plan for music education](#)', which sets out the government's priorities until 2030 for music education for children and young people. The refreshed National Plan for Music Education responds to education and music policy priorities, changes in the way children and young people make and access music, the needs of an evolving music industry, and learning over the last decade. We are delighted that inclusion and supporting equitable progression is a clear priority within the National Plan for Music Education, alongside acknowledgement of the importance of music in the early years.

The refreshed National Plan for Music Education retains the Department for Education's commitment to Music Education Hubs and sets out a new vision, aims and strategic functions for them. It asks Music Education Hubs to provide a clear, accessible and inclusive structure, which builds on existing good practice, and supports continual improvement in provision. It also looks to them to further improve the experiences and opportunities available to children and young people.

The Arts Council engages with the music education sector as an important way of delivering against the priorities, Investment Principles and Outcomes we have described in our strategy: [Let's Create](#), and in our 2021-24 [delivery plans](#). We believe that a connected infrastructure of opportunity – both within education and beyond it as part of the wider arts and cultural sector – will best support the musical lives of children and young people and that we all have a role to play in making this happen.

We hope that our new portfolio of National Portfolio Organisations, the projects we fund through National Lottery Project Grants, via Youth Music and other place-based activity the Arts Council invests in, will all support the vision for music education outlined in the National Plan for Music Education. We want to change lives by funding innovative, creative work that has a lasting impact, enabling young people to further their interests and potential, including into a creative career. We want them to be able to connect to opportunities in ways which are relevant and authentic to their needs, perspectives, and interests.

We are delighted to continue as fund holder for Music Education Hubs on behalf of the Department for Education. This Relationship Framework sets out the parameters of our relationship with Music Education Hubs. It describes what we expect from the organisations in which we invest and what in turn they can expect from us. It has been updated to respond to the new requirements for Music Education Hubs set out in the National Plan for Music Education and to show how our performance management of the programme continues to evolve. We have taken care to ensure our expectations remain manageable for what we know will be a busy year ahead.

We look forward to working with you throughout the 2023-24 investment period, to ensure that every child can access high quality musical experiences and take their interests as far as they would like them to go.

**Hannah Fouracre**  
**Director, Music Education**  
**Arts Council England**

# About Music Education Hubs

Arts Council England delivers Music Education Hub funding through a ring-fenced grant from, and on behalf of, the Department for Education (DfE). As fund holder, we are responsible for providing advice, assessment, decision-making and the monitoring of performance for Music Education Hubs (Hubs) against agreed delivery plans.

This Relationship Framework covers the period 1 September 2023 to 31 August 2024, recognising the move to an academic year funding period, in line with funding allocations to schools and academic year cycles of activity. This affords Hub Lead Organisations (HLOs) and their partners a longer lead in time between the DfE's confirmation of future funding and the start of each academic year. We hope this will assist you in your planning.

Funding is aligned to pupil populations and covers all the children aged five to 18 within one or more local authority area(s). These allocations have been calculated by the DfE according to a national funding formula based on the total number of pupils.

Each HLO will receive a proportion of the overall funding amount based on their share of the overall number of eligible pupils in their local authority area(s). Ninety per cent of the funding is distributed based on each local authority's share of the total number of pupils registered on roll and the remaining 10 per cent is distributed based on their share of the numbers of pupils eligible for free school meals (FSM). More detail about the funding formula can be found in our Allocations FAQs [here](#).

The Arts Council usually releases equal payments to Hubs on a quarterly basis subject to payment conditions being met. However, 2023-24 is an exceptional year as it is the final year of the current Hub programme structure. Funding agreements are also aligning to an academic year cycle for the first time. Therefore, for 2023-24 your funding will be made available across six payments:

- Payments one (September 2023), two (December 2023) and five (June 2024) are equal instalments of approximately 24% of your total grant.
- Payments three (10.3% in March 2024) and four (13.7% in April 2024) combined also represent 24% of your annual grant. These payments are split in this way to ensure that we distribute the allocated proportion of funding received from the DfE according to their financial years. The April 2024 payment does not have standard payment conditions attached and can be released if you have met all your March 2024 payment conditions.
- The final four per cent payment is at the beginning of August 2024. This will be subject to submission of annual data and (where applicable)

knowledge and asset transfer to ensure continuous delivery of activity by the cohort of HLOs appointed for the new Music Hub structure from 1 September 2024.

More information about our payment conditions can be found in the 'Schedule of payment conditions for 2023-24' (Appendix 1).

## About the National Plan for Music Education

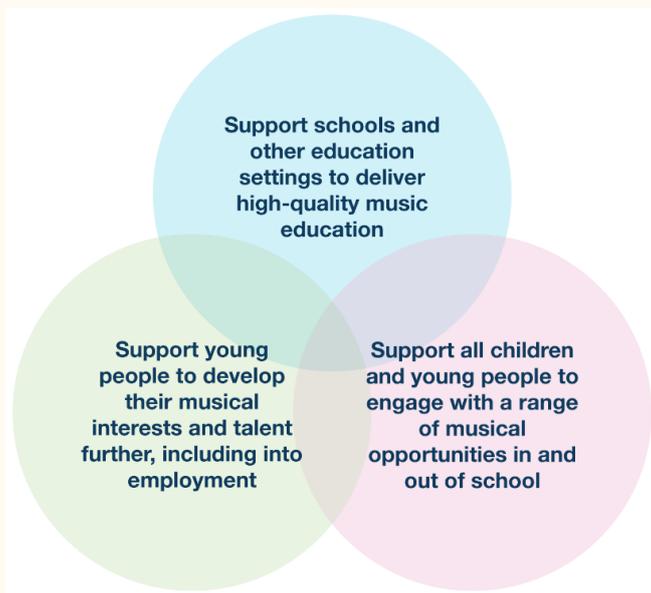
For 2023-24, the DfE has confirmed that Hubs will be required to start delivering against the **vision, three aims** and **five strategic functions** outlined in the National Plan for Music Education '[The power of music to change lives: a national plan for music education](#)' (NPME, 2022).

The NPME articulates a refreshed **vision** for music education which is:

All children and young people should be able to learn to sing, play an instrument and create music together, and have the opportunity to progress their musical interests and talent, including into a professional creative career.

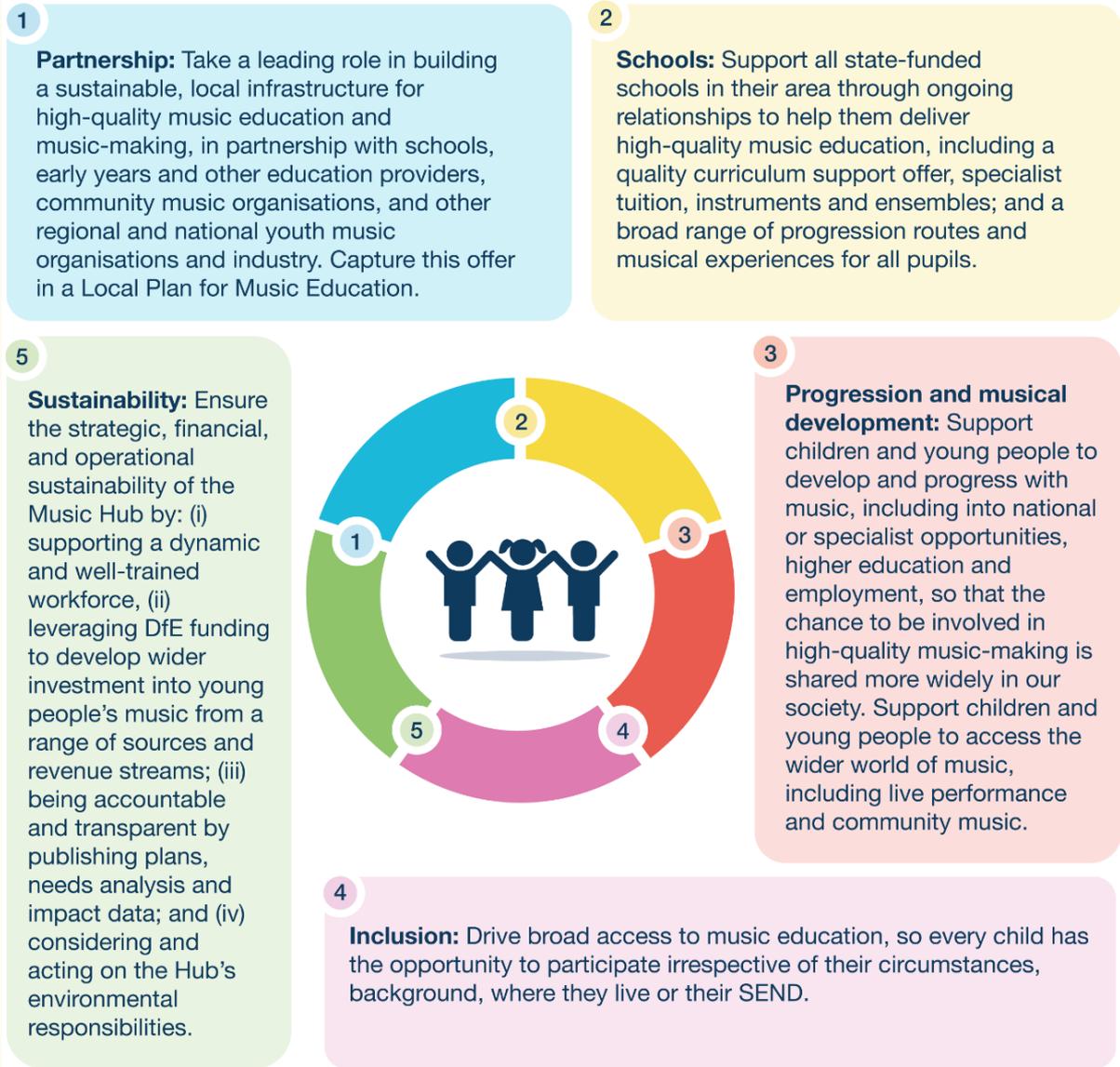
Every Hub is expected to deliver against **three aims** in a Local Plan for Music Education:

1. To support schools and other education settings to deliver high quality music education
2. To support young people to further develop their musical interests and talent, including into employment
3. To support all children and young people to engage with a range of musical opportunities in and out of school



Infographic source: [The power of music to change lives: A National Plan for Music Education](#), page 48

HLOs will have responsibility for **five strategic functions**, which describe how the HLO operates and delivers its Local Plan for Music Education:



Infographic source: [The power of music to change lives: A National Plan for Music Education](#), page 49

## Local Plan for Music Education

For 2023-24, Hubs will begin to develop a Local Plan for Music Education (LPME) which should describe how the Hub will deliver against the **three aims for Hubs** outlined above. It should:

- be **developed, implemented and communicated** by the HLO in **collaboration** with its Hub partners
- be flexible, evidence-led and informed by the Hub's **collective understanding and analysis of local needs and circumstances** in all local authority areas covered by the Hub
- connect to the **five strategic functions** outlined for HLOs and set out the **strategic and operational arrangements** for the Hub
- incorporate **all relevant plans and strategies** associated to the Hub

For further details on this, please see our ['Additional Conditions for 2023-24'](#) (Appendix 2) and [LPME guidance](#).

# Introducing the Performance Framework

In 2022-23, we introduced some changes to the way we monitored Hubs, with a stronger focus on performance management, recognising that risk monitoring does not tell the complete story of a Hub's ability to respond to the funding requirements. The DfE has asked the Arts Council to build on this further in 2023-24.

A Hub's performance is defined as how well it is performing against the aims for Hubs set out in the NPME. HLOs are held to account for their Hub's performance via the funding agreement terms and conditions. HLOs demonstrate how their Hub is performing primarily through their LPME, associated SMART objectives, payment submissions, and annual data return.

A high performing Hub network ultimately helps us to collectively ensure more equitable access to consistently high-quality music education for children and young people. To achieve this, we need a better understanding of the performance of Hubs and a constructive mechanism for highlighting, supporting and improving performance.

With this in mind, we have created a new Performance Framework – a self-assessment and monitoring tool which reviews performance holistically across all aspects of the Hub's activity and operations.

Drawing on our role as a development agency, we want to empower you to identify your strengths, articulate your ambitions and address areas for development. The Performance Framework will enable a more balanced, constructive relationship between us as funder and the Hubs the government invests in. It will also enable more sharing of good practice and peer-to-peer support within the Hub network.

2023-24 will be a period of change for the Hub programme with the [Music Hub Investment Programme](#) taking place. It will therefore be a pilot year for the Performance Framework, with space for testing and evaluation with Hubs, the Arts Council and the DfE.

Further details about the Performance Framework can be found within [this section](#) and in Appendix 3 [here](#).

# Our relationship with Music Education Hubs

## The elements of the relationship

The funding agreement comprises of four key elements:

1. Funding offer letter
2. Standard terms and conditions
3. Additional conditions
4. Payment conditions

When a HLO accepts their grant via our grant-making system, [Grantium](#), they are agreeing to abide by all of these components of the funding agreement. These documents are also used by Relationship Managers as key reference points in overseeing relationships, guiding their interactions with HLOs. It is therefore essential that all HLOs and their Hub boards read and adhere to the requirements of these key documents.

As per our standard terms and conditions for Music Education Hubs, we have the right to make changes to the Relationship Framework and/or funding agreement once they are published. For example, if the Department for Education and the Department for Culture, Media and Sport revise the National Plan for Music Education, strategic functions and/or delivery requirements for Hubs. We would aim to give you reasonable notice of any changes.

## Funding offer letter

The funding offer letter (available to view within Grantium) sets out the investment the HLO will receive for each year of the agreement. You must spend your allocated funds within the fixed term specified in the funding agreement. Any underspends must be returned to the DfE via the Arts Council. Please notify the Arts Council as soon as you can (in advance where possible) if you think you will not spend your grant in full by 31 August 2024.

Our funding offer letter states that the amounts offered are indicative. The Arts Council can only guarantee future instalments of the grant as long as sufficient funds from the government are available to us. Instalments are also dependent on the HLO's performance and ability to meet the terms and conditions of the grant. Indicative amounts may therefore be reduced for future instalments.

## Standard terms and conditions

Standard terms and conditions outline the legal rights and obligations of both the Arts Council and HLOs. A copy of the standard terms and conditions for Music Education Hubs 2023-24 can be found [here](#).

## Additional conditions

Additional conditions form a part of the funding agreement, providing essential further detail about meeting our funding requirements and how the grant will be monitored. A copy of the additional conditions for Music Education Hubs 2023-24 can be found [here](#).

## Payment conditions

Payment conditions are used to ensure that:

- public money is being spent according to our funding agreement
- HLOs are working effectively
- we are knowledgeable and able to assist in our ongoing monitoring and supportive role

We will usually be unable to release a payment until the relevant payment conditions have been met. We are looking for evidence as to how effectively a Hub is being managed, delivering activity, and managing risk.

We may occasionally place extra requirements or conditions in funding agreements as part of our monitoring responsibilities, either at the start or during the fixed term specified in the funding agreement. Such changes will always be made in writing with sufficient notice. We may also agree to change payment conditions or funding agreements where circumstances require it.

You can view all of your specific payment conditions on Grantium. A copy of our standard payment conditions can be found in [Appendix 1](#).

If you have any questions regarding payment conditions or if you cannot provide a particular payment condition, you should speak to your Relationship Manager.

## Working with the Arts Council

Relationship Managers are the main point of contact between the Arts Council and HLOs. As well as maintaining communication, they lead our monitoring of Hubs and make judgements regarding performance and the depth and breadth of your work, based on DfE policy and expectations.

The relationship between the Arts Council and the HLO aims to:

- be **developmental and supportive**, varying according to the performance of the Hub and the evidenced risks to the DfE's investment
- provide **ongoing dialogue** and **monitoring of performance** against the funding agreement, with a commitment to quarterly contact with every Hub
- produce **quarterly feedback** to Hubs on their progress, performance (achievements and areas for development) and risks
- **develop and broker relationships** in the music education sector and beyond

Relationship Managers are critical friends, providing feedback on performance and suggesting other sources of advice and support. However, they cannot provide legal, financial or other specialist professional advice.

Relationship Managers will contribute information and comments for you to consider in decision-making but will not take part in the decision itself.

While the Arts Council might raise concerns with HLOs regarding its policies and procedures, it cannot give legal advice about the lawfulness of such policies and procedures and expects HLOs to form their own view by seeking suitable independent expert and legal advice where any concerns have been raised. The absence of any expression of concern on the part of the Arts Council as to the appropriateness or adequacy of any policies or procedures cannot be taken to indicate such appropriateness or adequacy.

The Arts Council must be consulted in the process of recruitment, including timelines and job descriptions, and invited to attend interviews when the HLO is making a new senior appointment, whether replacing an existing staff member or Hub board member or creating a new Hub/HLO staff role.

The DfE also reserves the right to contact and visit any Hub from time to time as part of its oversight of the Music Education Hub programme. Any contact will always be arranged with the Arts Council in advance, and Hubs should expect to be given reasonable notice ahead of any planned contact or visit.

## Support and guidance

The Arts Council has developed [guidance notes and templates](#) to support Hubs with many of their plans, processes and ways of working, including:

- business and strategic planning
- governance and management
- needs analysis and programming
- financial reporting

These demonstrate the Arts Council's minimum expectations. All Hubs should strive for excellence in these areas and use all tools necessary to pursue that objective. To support this ambition, Hubs are able to access support from the Arts Council's network of Investment Principles Support Organisations (IPSOs) and our [Investment Principles Resource Hub](#), which shares more information about our Investment Principles and how you could begin to embed them into your Hub, organisation and activity.

[Music Mark](#) is funded as an IPSO and provides a programme of support for the music education sector which includes peer networking, training and resources across a number of key areas.

# Governance arrangements for Music Education Hubs

The Arts Council has a responsibility to ensure that public funding is used for the purposes it was intended. Given the scale of public funding we are investing on behalf of the DfE, we need to be confident that Hubs are well governed and well managed by the HLO, with the HLO using their grant efficiently and effectively to maximise benefits to children and young people. As part of the funding agreement, we therefore expect HLOs to demonstrate that appropriate governance is in place.

Hubs are, by definition, partnerships of organisations working together to create and deliver joined-up music education provision. How a Hub creates those partnerships is not defined, but the Hub must be well governed to help address conflicts of interest that are inherent in partnership working.

We require that all Hubs must be governed by a Hub board (or equivalent oversight group – herein referred to as a ‘Hub board’), which will check that the Hub uses impartial, evidenced-based decision-making to allocate resources and oversee activities in a transparent manner.

If the HLO only delivers Music Hub activity, then the HLO’s board may also be the Hub board.

If the HLO’s activity is broader than the delivery of Music Hub activity, it may be necessary for the HLO to create a sub-committee or steering group as the Hub board with terms of reference that address our Hub governance requirements.

One Hub board may serve more than one Hub, provided that terms of reference are agreed with each Hub. We expect that most Hubs will operate with a separate Hub board to their organisational board. If any Hub wishes to use a different Hub governance arrangement, it must explain how all conflicts of interest and conflicts of loyalty will be identified and managed.

In all Hub governance arrangements, HLOs must demonstrate to the Arts Council that they are ensuring:

1. Objective, consistent evidence-based decision-making
2. Strong insight that will help the Hub in its efficient strategic delivery
3. Independence and impartiality for appropriate accountability, having a clear conflicts of interest policy and terms of reference for the Hub board
4. A breadth of perspectives to ensure the Hub is responsive, participatory and inclusive of all key stakeholders' voices including young people, schools, parents/carers, partners, and the wider arts/cultural, youth and music industry/sector
5. Robust and transparent quality assurance processes

We suggest that HLOs will be able to fulfil our Hub governance requirements if they follow one of the many widely adopted governance codes or frameworks (eg the [Charity Governance Code](#)).

For further details on Hub governance requirements, please see the mandatory requirements set out in the Additional conditions and standard terms and conditions [here](#). We have also updated our [governance guidance](#) which is intended to support Hubs to align our requirements with generally accepted best practices for good governance.

# Reporting and monitoring requirements

Through our relationship with you, the Arts Council will review your payment submissions and engage in regular contact to monitor progress against the agreed activity within your LPME, as set out in the funding agreement. This contact and our feedback will take place as a minimum every quarter and we define the quarterly periods as:

- Quarter 1: September – November 2023
- Quarter 2: December 2023 – February 2024
- Quarter 3: March – May 2024
- Quarter 4: June – August 2024

## Payment submissions

Across the 2023-24 funding period there will be six payment instalments, with a sixth and final four per cent payment at the beginning of August 2024 to ensure smooth transition to the new Music Hub programme from 1 September 2024.

A core component of the payment conditions at the start of each quarter in September and December 2023 and March and June 2024 is the submission of:

### 1) A completed SMART objectives template

Your **SMART objectives** should be based upon your LPME and informed by appropriate data, evidence and national and comparative averages for delivery. You can find our Hub data dashboard [here](#). You must use the **mandatory template** provided on our [website](#) to report on progress against your SMART objectives each quarter based on your LPME.

### 2) Hub board papers (or equivalent)

We expect to be sent a full set of Hub board papers quarterly, which as a minimum must include:

- an agenda for the board meeting
- minutes from the previous board meeting
- papers submitted to the board meeting

- up-to-date financial information, including your most recent management accounts (using the Arts Council's mandatory financial reporting template)
- your updated risk register/s
- an updated SMART objectives template, which includes your latest self-assessment performance ratings and demonstrates progress against your SMART objectives based on your LPME. Each update
- should identify any areas of activity where insufficient progress is being made, with appropriate actions that increase progress and performance and/or mitigate risks
- evidence of the Hub board having reviewed and discussed any feedback from the Arts Council

A full list of all payment conditions can be found [here](#).

## Performance Framework

As part of quarterly monitoring, the Arts Council will consider your Hub's performance against a new Performance Framework. This will be in addition to regular risk assessments (see [here](#) for more detail on risk).

The Performance Framework reflects the key expectations of Hubs and centres on **seven performance areas** which cover the five strategic functions of the NPME, as well as quality and the programme of activity set out in the Hub's LPME. Further information on the Performance Framework, including the criteria and prompts for each area and how ratings should be considered, can be found in Appendix 3 [here](#).

All Hubs must set SMART objectives for their LPME which:

- align to and reflect your ratings against each of the seven performance areas
- identify at least one objective per performance area
- outline your priorities and ambitions for your Hub, including how you will deliver the three aims for Hubs
- embed the five strategic functions in how your Hub operates

## Performance Framework



### Partnerships

- Varied, diverse and representative strategic and delivery partnerships at local, regional and national level
- Partnerships support the Hub's work across all strategic functions
- Shared ambitions, policy, programmes, communications and fundraising



### Schools

- Clear, well-considered approach to engaging all schools, with ambitious targets
- Diverse offer of activity and support for all schools based on need, including support with School Music Development Plans, CPD, curriculum (including Model Music Curriculum), provision of music lessons and ensembles, and links between in and out of school provision



### Progression and musical development

- Clear, well-considered, holistic approach to progression, demonstrating a range of opportunities and activities to progress and advance musical learning
- Bespoke and individualised opportunities or interventions are used to support progression
- Actions are taken to identify and address barriers



### Quality

- Quality framework and robust, well-defined quality assurance processes
- Continuous improvement, feedback and self-evaluation support a consistently high-quality approach
- Strong understanding of Hub policy and quality definitions across the Hub partnership and workforce



### Inclusion

- Inclusion strategy embeds inclusion across all activity, plans and policies, leadership, workforce, and governance, supported by inclusion lead
- Initiatives in place to address and remove barriers to access and participation, including through remissions/bursary scheme
- Increasing participating with children and young people from disadvantaged backgrounds



### Programme of activity

- Vision, needs analysis and self-evaluation inform programme design and development
- Diversity of genres and range of activity respond to need
- Access to a range of affordable musical instruments and equipment
- Communications and engagement with children and young people, parents/carers, schools and local stakeholders



### Sustainability

- Effective governance, leadership and management ensuring clear accountability, visibility and efficiency, and support for the wider workforce
- Well-considered fundraising strategy that is successfully leveraging other sources of income beyond the Hub grant
- Environmental sustainability policy and action plan in place or in development

## Performance ratings

At the start of the funding period, you will self-assess your Hub's current performance in each of the seven areas and apply one of four ratings:

### DEVELOPING

There is a limited range of activity and/or activity is in development stages, not yet meeting the requirements and standards of the funding agreement.

### EMERGING

Meets most of the key requirements and standards of the funding agreement, with some identified areas of improvement.

### ENGAGING

Meets all key requirements and standards as part of the funding agreement.

### STRETCHING

Makes best use of resources and demonstrates exemplary practice to go above the key requirements of the funding agreement in some areas.

You will enter your self-assessment ratings on a dedicated tab within the [SMART Objectives template](#) each quarter and submit this as a payment condition on Grantium.

Performance ratings should be seen as markers which support your Hub on its developmental journey. As much as being about development, use of this Performance Framework is an opportunity to recognise and celebrate good practice and encourage Hubs to grow and share such practice with peers and the wider sector.

All Hubs should be aiming to perform at the 'Engaging' level across all performance areas, demonstrating that they meet all key requirements and standards as part of the funding agreement. However, as the Performance Framework is being introduced at the same time as the new NPME is being implemented, we recognise that there will be some areas which are new to Hubs, and as such we expect that many Hubs are likely to be in the 'Emerging' ratings and some in the 'Developing' ratings. For areas which have been rated as 'Emerging' or 'Developing', we expect Hubs to specifically address these in their LPME and SMART objectives, setting out clear actions, targets and timeframes to improve performance to the required standard.

While it remains important to both the Arts Council and the DfE that there is a consistent, high-quality, accessible offer available in every Hub area, we also want to encourage Hubs to truly self-evaluate their offer and whether it is fulfilling the aims and ambitions set out in the NPME and where it can be developed further. An honest reflection of where your Hub is on this journey, with proactive plans and clear, realistic timeframes to address any areas considered 'Emerging' or 'Developing', will be supported and enabled via the Performance Framework and in conversation with your Relationship Manager.

Briefings and support will be provided on how to use the Performance Framework, and during 2023-24 we will also provide opportunities to feed back on the framework and support its future development and improvement. Further information on the Performance Framework, including the criteria and prompts for each area and rating, can be found in Appendix 3 [here](#).

### **Quarterly contact meetings**

Each quarter, your Relationship Manager will arrange a contact meeting with you. These meetings will take the form of:

- a scheduled meeting (eg face-to-face or online). This could also include observing a quarterly Hub board meeting (Relationship Managers will attend at least one board meeting per year coupled with a short catch up with the Hub lead before/after the meeting); and/or
- observing Hub activity in action

Contact meetings enable honest and robust conversations, reviewing your performance within the context of the Performance Framework, and focusing on how you are progressing against your SMART objectives. Where objectives may not be making sufficient progress or if you are experiencing challenges, discussions will focus on what practical steps you will take to improve the

situation. Where you are reaching your aims, discussions could be used to explore further, more ambitious objectives and how best practice, resources and learning can be shared with the Hub network.

The **performance ratings** you submit via your SMART objectives as part of the September 2023 payment conditions will be reviewed and discussed at your first quarterly contact meeting. Your Relationship Manager will reflect openly upon your performance ratings with you.

Your SMART objectives template is only one of the key pieces of evidence that your Relationship Manager will use to inform their assessment of your Hub's delivery. It is not reviewed in isolation. The Relationship Manager will also review your LPME, trends within your annual data return, financial documentation, board papers and other payment submissions.

Your Relationship Manager may have a different view of your self-assessment rating, based upon their judgement of the evidence provided and knowledge of performance on a regional and national basis from comparative Hubs. We will also consider individual contexts, geography and operational structures. Where there is a difference, your Relationship Manager will discuss this with you and seek to agree a rating. Occasionally there may be an ongoing difference, and in these cases the Arts Council's view will be final.

You will have an opportunity to revise your performance ratings each quarter when you submit evidence of progress against your SMART objectives. If there has been a substantial change and/or progress made against objectives (either positive or negative) then the performance rating will be reviewed by your Relationship Manager. As above, the Arts Council's decision regarding performance ratings will be final.

## Quarterly feedback

For 2023-24, we will be introducing written quarterly feedback on your Hub's progress and performance which will be issued by your Relationship Manager via Grantium. This feedback will summarise progress against the current funding agreement based on documents submitted as payment conditions, your most recent quarterly contact and any other evidence received within that quarter. The feedback will include your latest:

- performance ratings
- feedback on progress and achievements
- areas for development and any agreed actions
- risk summary and rating

This quarterly feedback should be shared with your Hub board and should inform their review of progress against SMART objectives and your LPME at Hub board meetings.

## Financial reporting

The DfE has very specific requirements for Hubs, including consistent reporting of how the grant is spent across all areas of Hub activity. This information is used to monitor spend of the DfE's funding and the financial health of the Hub.

We understand that many HLOs (and wider Hub partnerships) have their own ways of monitoring and reporting financial activity and progress, and that reporting formats can vary greatly.

We have therefore developed an updated [financial reporting template](#). This is a mandatory tool for you to use to tell us about your Hub's financial information through an annual budget, and ongoing management accounts (to be submitted as part of your payment conditions).

We have worked with the Hub Financial Reporting Group, including representatives from across the Hub network, to inform the development of this template.

Further guidance on how to use the template can be found [here](#).

## The role of data

We expect all Hubs to use data to help inform their needs analysis, programme of activity, understanding of performance and to support ongoing development. Data provides an important way for evidencing reach and performance.

The Arts Council reports formally to the DfE on an annual basis. To inform this reporting, the HLO will be asked to complete an **annual data return** containing statistical data and written information relating to the activity of the Hub. This will be submitted in the autumn of each year with information about the preceding academic year.

The annual data return questions will be confirmed as early as possible each year. A Hub Data Group, including representatives from across the Hub network, works with the Arts Council to comment on changes and provide insights into the data collected.

The annual data return templates and guidance notes are available [here](#). Please read them carefully as it is vital that Hubs, via the HLO, provide an accurate representation of their activities. Please note that there have been new questions added to the survey for 2022-23 data collection taking place in autumn 2023.

We will review this data to help us determine the impact of investment in Hubs and to inform our reporting to the DfE and other stakeholders.

We will publish Music Education Hubs' annual return data, via our bespoke data dashboard, following approval from the DfE. The dashboard can be viewed [here](#), and the raw data requested by emailing [meh.data@artscouncil.org.uk](mailto:meh.data@artscouncil.org.uk).

## Risk monitoring

Your Relationship Manager will complete regular risk assessments which help identify the degree of risk to the delivery of the funding agreement. In doing so, we also consider the overall resilience of your organisation, including in relation to issues caused by the Covid-19 pandemic as well as other external factors.

Your Relationship Manager will update your risk monitoring factors and summary as and when changes arise and **at least every 13 weeks**.

In assessing risk, we will specifically look at the following categories:

### Delivery

- Is the activity/programme set out in the Hub's LPME being delivered as set out in the additional conditions and funding agreement?
- Are there any current significant risks to the achievement of the Hub's SMART objectives?
- Are there any significant concerns regarding performance (eg multiple performance areas rated as 'developing'), and/or are there any plans to improve performance being met within an agreed timeframe?

**Governance and management**

- Are there any current risks to meeting the additional conditions around governance and management?
- Is the HLO aware of the risks to successful programme delivery, including considerations of external threats? Is there evidence that the HLO has identified appropriate ways of reducing these risks and is regularly considering and taking action to implement these?
- Is the HLO and wider Hub partnership capacity, management and staffing structure (where appropriate) sufficient to deliver against the requirements of the funding agreement?
- Is succession planning in place for key HLO officers and Hub board members?
- Are there plans to change the Hub business model or governance structure? If so, has the Relationship Manager been fully informed and has the change been confirmed as acceptable to the Arts Council, in writing?

**Financial management and resilience**

- Is the HLO successfully building on existing earned/contributed income and actively looking for new sources of income?
- Is the HLO actively maximising its efficiency? For example, seeking competitive quotes for services, sharing assets and resources or achieving back-office cost savings?
- Do overheads, management fees, administrative costs and any other recharges relate directly to the amount of time spent on the agreed activity? Does the HLO clearly show how these have been calculated?
- Is the HLO spending at least 80 per cent of DfE funding on frontline activity, services and support delivered by or through the Hub partnership?
- Are financial controls, monitoring and reporting suitable and using the published mandatory templates correctly? Is progress monitored against plans and are adverse trends factored into decision making and planning?
- For non-local authority-based HLOs only, do financial statements indicate that they are effectively maintaining and building organisational reserves (typically three months' worth of operating costs)? Does the HLO have an appropriate reserves policy that is adhered to? If not, does it have clear plans in place to rectify this? Are reserves clearly shown within financial statements?

**Reputational risk**

- Are there any risks or allegations of fraud or corruption?
- Are conflicts of interest managed appropriately?
- Has there been any damaging press and/or social media coverage about the HLO, Hub and/or Hub partners?
- Has there been any failures to comply with policies and procedures, for example in respect of equality and diversity and safeguarding?
- Is there potential for reputational risk to the Arts Council, government or other stakeholders?
- Are there regular discussions at the Hub board about actual or potential reputational risks?

**Transitional risk**

- Does the HLO address all practical considerations associated with the transition to the new Music Hub programme which comes into place 1 September 2024? For example, data, knowledge and asset transfer to a new HLO, or preparations required to meet the new requirements of the 2024-25 funding period?
- If applicable, has the HLO provided written confirmation by 1 August 2024 that they have completed a knowledge and asset transfer to a new HLO, to enable continuous activity from 1 September 2024?

For each identified risk, we judge the impact this could have on the HLO's ability to deliver the funding agreement and the likelihood of the risk occurring, taking into account actions and mitigations in place.

We recognise that this will be a challenging period due to the Music Hub Investment Programme. We have included payment conditions related to this transition period and added a new area to our risk assessment – 'transitional risks'.

**HLOs must carry out their own risk assessments** with regards to delivering the funding agreement and are required to include a risk register within their LPME and evidence discussion at Hub board meetings. HLOs should also consider their own risks that may arise from a change in their role and responsibilities following the investment process.

### How do we calculate risk?

A scoring system which combines a score for impact (from 1 to 5) with a score for likelihood (from 1 to 6) to determine the overall risk rating and severity of risk:

- minor (2-6)
- moderate (7-8)
- major (9-11)

Each organisation’s overall risk rating is the **highest** combined impact and likelihood rating that has been applied to an individual risk factor.

Impact	5	Minor	Moderate	Moderate	Major	Major	Major
	4	Minor	Minor	Moderate	Moderate	Major	Major
	3	Minor	Minor	Minor	Moderate	Moderate	Major
	2	Minor	Minor	Minor	Minor	Moderate	Moderate
	1	Minor	Minor	Minor	Minor	Minor	Moderate
		1	2	3	4	5	6
Likelihood							

Risk rating = Impact + Likelihood

### How we use Hub ratings and data

The information we receive from HLOs via payment submissions and the annual data return, along with the quarterly feedback we produce, is used to inform our reporting within the Arts Council and to the DfE. This includes:

- providing regular programme reports to the DfE and sharing information on moderate and major risk Hubs and any Hubs that are rated as ‘developing’ or ‘emerging’ across one or more performance areas and their plans for improvement. The information we share is also used to evidence the effectiveness of the Hub programme

- analysing your performance and risk ratings and data to identify national trends and elements which may require further intervention, support and guidance
- sharing performance ratings with our Area teams quarterly, celebrating successes and ensuring we are prioritising and tailoring our support for those who most need it
- sharing risk snapshots with our Area teams fortnightly, focusing on Hubs which have moved to a risk rating of eight and above, ensuring we are prioritising and tailoring our support for those who most need it
- analysing the risk profile of the Hub network and sharing this quarterly with our Executive Board

# Keeping to the terms of the funding agreement

The Arts Council is a public body and accountable to Parliament and the DfE for the way in which we distribute and monitor public funds. We expect all HLOs to closely monitor their own Hub's performance. We expect any significant changes or challenges for the Hub to be shared with us at the earliest opportunity.

HLOs and their Hub boards are required to make early intervention where delivery falls short of the agreed targets and standards set out in the SMART objectives, LPME and terms and conditions of the funding agreement. We expect you to implement and record new SMART objectives in your template as soon as issues arise. You will be responsible for these objectives, and we will monitor their effect.

If your organisation is not meeting the requirements set out in the funding agreement, our first step will usually be to give you appropriate feedback and discuss this with you, so we can collectively understand and agree what the problems may be. We expect your Hub board to be informed about any concerns we express, either in discussion at a meeting or in writing.

We shape our relationships with HLOs according to their performance and risk ratings. Relationship Managers will arrange more frequent meetings or contact with HLOs where there are concerns around performance and/or risk.

## Prevention and intervention

If you breach, or are at risk of breaching, any terms of the funding agreement, we will take further action in addition to the feedback and discussion outlined above.

We use a variety of approaches to prevention and intervention including:

- **Increased monitoring and reporting:** executive officers or chair (or both) to meet with our senior colleagues to confirm that areas of concern we identified are being dealt with. We can also ask for contact or reports in writing more frequently on certain issues.
- **Stakeholder review:** a joint review meeting with other Hub partners, openly discussing areas that can be improved or developed.

- **Additional payment conditions:** extra conditions placed on our grant payments to address areas of development and/or if you have not met the terms and conditions set out in the funding agreement.
- **Eligibility for development funds:** if we have not received and agreed clear and credible plans to deal with issues, we will make you ineligible for other Arts Council funding programmes (for instance National Lottery Project Grants or Capital).
- **Withhold payment:** if the HLO 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.
- **Demand repayment:** in cases where you have clearly continued not to keep to the terms and conditions, we may ask you to repay the investment.
- **Withdraw the investment:** we have a right to withdraw our grant if you make significant changes to the agreed activity or partnership arrangements or transfer any part of the grant, or the funded activity, to someone else without first getting our prior written approval. In extreme cases we may decide that continued investment is not in the best interest of public funds and we will discontinue funding. We would not take such a decision lightly and would base it upon the evidence available, interventions we have made and the progress against the HLO's action plan.

These measures should not be seen as a step-by-step process. We will approach each instance individually and determine the appropriate intervention or combination of interventions. If we decide to do any of the above, we will discuss this with you beforehand.

There may be situations where a breach of terms and conditions could lead to an immediate withdrawal of funding, for example if you:

- misuse the grant
- work with a proscribed organisation under the Terrorism Act 2000 (see [here](#) for further information)
- fail to, or are unable to, comply with the terms and conditions
- act negligently in delivering the project
- obtain duplicate funding
- provide us with misleading information
- commit fraud or bribery
- cease to operate

## Transfer of leadership

If, after all possible interventions have been exhausted, a HLO remains unable to overcome the serious concerns that have been identified, then the Arts Council will:

- initiate a 'transfer of leadership', ie the leadership function will be withdrawn from the HLO and transferred to another organisation. (It is important to note that in some cases the current HLO could still be a delivery partner in the Hub, but it would not administer the grant)
- hold an open application process to secure a new HLO for the area
- where the new HLO is an existing Hub lead for another Hub area, carefully consider the approach to Hub governance to ensure that stakeholders in the 'new' area are actively engaged, governance structures are appropriate for both Hub areas, and partnership agreements to support the delivery of funded activity cover the new area. We expect the new HLO to work towards a single entity covering both/all geographical areas. However, we are aware that this may take some time to fully achieve

In the case of a 'transfer of leadership', it is advisable that both the existing and new HLO seek appropriate independent specialist advice on the applicability and liabilities under the Transfer of Undertakings (Protection of Employment) Regulations. It is our expectation that the new HLO, as the current employer, will work through a planned programme of potential redundancies and have a financial plan to meet these costs as well as any associated costs, such as legal fees. The new HLO, as employer, should seek appropriate independent specialist advice on liability for redundancies.

While we aim to work quickly in these circumstances, we cannot guarantee a set timeline to secure a new HLO. There are a number of factors that will affect how long the process takes, including the varying complexity of each situation and the speed with which organisations provide relevant information.

## Change of Hub Lead Organisation

Occasionally, HLOs may find themselves in the position where they wish to formally withdraw from delivery of the funding agreement, change legal status or merge with another HLO. The Arts Council will consider two options:

1. Deliver an open competition to secure a new HLO; or
2. Transfer the funding agreement to the new legal entity or another organisation via a 'novation process'.

The Arts Council will consider a range of factors in deciding which route to take, including the timescale within which the HLO wishes to withdraw or change legal status, the various assets that need to be protected, continuity of provision and the most efficient use of public funds.

In the case of a novation, we will ask for the submission of mandatory core documents for assessment in order to satisfy us (in our absolute discretion) that the novation is necessary and suitable. Such documents may include, for example, your LPME and associated plans with acceptable SMART objectives for the remaining investment period. The Arts Council will only transfer the existing grant from the current HLO to another organisation if the documents provided are acceptable and all parties, including the DfE, are in agreement. The new HLO must accept the terms and conditions of the original funding agreement (and any existing liabilities).

Your Relationship Manager will guide the HLO through our preferred process.

While we aim to work quickly in these circumstances, we cannot guarantee a set timeline for completion. We therefore encourage HLOs to inform us as soon as issues or difficulties within the current funding agreement and/or the wider situation are known.

## Other organisational requirements and expectations

In addition to the reporting and monitoring requirements set out in this document, we also expect all HLOs to support and comply with the following policies and procedures. If we believe that the terms and conditions of our funding agreement have been breached in relation to any of the issues set out below, we will take appropriate action:

- **Counter fraud:** the Arts Council takes a zero tolerance approach to grant applicants who commit fraud or bribery. In the event that such activity occurs, we will seek to undertake appropriate actions and sanctions that prevent, detect, act and recover funds, as applicable. This may include, but not be limited to:
  - a) Taking civil action in matters where fraud is an issue, but it is unlikely to lead to a criminal investigation
  - b) Taking civil action where there has been an irremediable and substantive breach of the terms and conditions of grant
  - c) Taking action, as is considered fit, in cases of minor or inadvertent breaches
  - d) Withdrawing a live grant or offer letter following the conclusion of an investigation based on breaches of our terms and conditions or identified illegal activity as per the Grant Withdrawal Process 2019
  - e) Marking applicants as ineligible for the funding programme, as per the 'Ineligible applications criteria'
  - f) Seeking recovery, as the prime consideration, in cases of fraud
  - g) Prosecuting offenders, and using the Proceeds of Crime Act 2002 to recover funds, in cases where money laundering is proven
  - h) Considering and using all relevant legislation, either through criminal or civil action when fraud, bribery or corruption are identified following legal advice

For further information please read our [Counter Fraud Strategy and Policy](#) or email [fraud@artscouncil.org.uk](mailto:fraud@artscouncil.org.uk).

- **Equality and fair pay:** The Arts Council has a duty to ensure we meet the Public Sector Equality Duty 2011 and the protected characteristics as defined in the Equality Act 2010. We are also committed to promoting equality of opportunity, regardless of socio-economic background, and we want all of our funded organisations to deliver their programme/s in a sustainable way – for their staff, for freelancers, and for the long-term health of the sector.

Our current Delivery Plan sets out our [four Equality Objectives](#), which explain how we will put our legal duty into action.

Our Delivery Plan also sets out our commitment to funding organisations that provide improved access and opportunity, including offering more equitable and transparent support for creative and cultural practitioners and clearer progression routes into the industry.

We expect all HLOs to share and uphold these commitments and we have published further information about [Equality and Fair Pay](#) and [Supporting Practitioners](#) to support you to meet these expectations. We also expect all organisations we fund to take all reasonable steps to ensure the safety of the children and at-risk adults that they will work with.

- **Modern slavery:** Modern slavery encompasses a wide range of horrendous crimes such as human trafficking, slavery, servitude and forced labour – Arts Council England has zero tolerance of modern slavery, as outlined in our [Modern Slavery Statement](#).

We are committed to improving our practices to prevent modern slavery within our own business, our supply chains and within the organisations we fund.

Our terms and conditions require funded organisations to comply with all relevant laws and government requirements, including the Modern Slavery Act 2015 where it applies. We would also encourage organisations that fall outside of the scope of the legislation to be aware of modern slavery and its implications. In addition, our terms and conditions also require recipients of funding to have appropriate policies and procedures in place and to act in accordance with them at all times to help them comply with any relevant law, government requirements or best practice.

- **Working with proscribed terrorist groups or organisations:** All our funded organisations are required to operate to appropriate legislation for tackling terrorism and extremism. This includes the Prevent Duty (ie the Counter-Terrorism and Security Act 2015) and the Terrorism Act 2000, as appropriate.

Under the Terrorism Act 2000, the Home Secretary may proscribe an organisation if they believe it is concerned in terrorism, and it is proportionate to do. For the purposes of the Act, this means that the organisation:

- commits or participates in acts of terrorism
- prepares for terrorism
- promotes or encourages terrorism (including the unlawful glorification of terrorism)
- is otherwise concerned in terrorism

HLOs found to be working with and/or supporting any groups or organisations banned under UK law will be in breach of their funding agreement (see [here](#) for further information). This will lead to an immediate withdrawal of funding.

The Charity Commission also requires charities to report serious incidents, including incidents relating to terrorism or extremism. If a serious incident takes place within your charity, it is important that there is prompt, full and frank disclosure to the Commission, as well as to the Arts Council. For further information, please read the [guidance on how to report a serious incident in your charity](#).

- **Workplace disputes:** We expect all Hubs to have an open and inclusive workplace culture, where employees and workers can speak up about issues or concerns they (or their co-workers) may be experiencing. Employees and workers should be confident they'll be heard and have their problems addressed by the organisation in an appropriate way.

We expect Hubs to follow full and fair procedures to try and resolve any workplace issues that arise and, where possible, avoid the use of non-disclosure agreements (NDAs) as a mechanism for dispute resolution. For further information on the use of NDAs, please visit the [ACAS website](#).

- **Raising a concern:** The Arts Council published a revised [Raising a Concern](#) policy in January 2022. All those receiving funding from us should be aware that when concerns are raised with us by third parties (or when we are made aware of concerns through press or social media), we will investigate and will contact the named organisation/s to seek assurance that our terms and conditions of funding have not been breached. Organisations in receipt of Arts Council funding are required to cooperate fully and promptly with our investigation.

## Contact us

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