Introduction

As part of the funding agreement for Music Education Hubs (Hubs) we expect the Hub lead organisation to demonstrate that appropriate governance structures are in place to ensure effective management of the organisation. All Hub lead organisations are expected to have a governing document, and business plans should describe the management and governance arrangements in place to oversee the funded activity.

This document is intended to help and support existing Hubs’ management committees, executive committees, boards of directors, boards of trustees or any other type of governing body and in particular, the Hub advisory board.

Why do we want to see evidence of effective governance?

Effective governance is essential for the success of any organisation and boards play a vital role in serving their organisations and their communities. As the Charity Governance Code says “A charity is best placed to achieve its ambitions and aims if it has effective governance and the right leadership structures’.”.

We want to make sure that the organisations we fund have appropriate governance in place to support the work that they do. As well as being a requirement of all funding distributed through Arts Council, the importance of partnership working and the nature of the strategic role of Hub lead organisations makes it particularly important for there to be clear oversight and strong leadership from a Hub board.

In the original prospectus provided for applicants for Hub funding, it read: “The Music Education Hub leads will be accountable for the funding and we expect them to have appropriate governance processes in place, particularly in cases where the Hub is led by a partnership, or where they are in formal contractual relationships with delivery partners. We will also look for governance that
demonstrates how a Hub partnership reflects local needs [...]. Leadership of the Hub needs to be clear, and to demonstrate the appropriate range of skills and experience. Within your proposed partnership, collaborative or any other joint working arrangements please tell us about arrangements to ensure quality, accountability and reporting."

As part of our Terms and Conditions Hubs are expected to comply with best practice in governance.

**What is the role of a board?**
Boards agree the strategic vision and oversee the values, objectives and policy direction their organisation takes. Depending on the legal structure of your organisation, a board’s legal duties may vary. The board should be familiar with their legal duties and ensure compliance with the law. There should be formal terms of reference that detail the board’s roles and responsibilities and to ensure the group adopts effective governance practices.

To be effective, board members should demonstrate strong leadership. They should be familiar with the work, financial systems and management and staff involved at an organisation, as well as being familiar with the background and role of other board members, so that they can work effectively together. Board members exercise their independent judgement, work in the best interests of the organisation, act within the organisational constitution and act in a way that supports and ensures the success of the organisation.

A board’s chair plays a vital role in ensuring the effective use of the board. Good practice entails that a chair should be independent from the chief executive/senior management of the Hub lead organisation.

**Hub lead organisation board vs Hub board?**
The Hub lead organisation will likely have a different and/or larger remit than the core and extension roles set out in the funded activity of the funding agreement. As such the skills and/or representation of board members most suited to oversee Hub activity could be different to that of the Hub lead organisation.

Our Terms and Conditions require that each Hub has a separate advisory board or steering group specifically for the Hub work:

6.2 The Organisation must ensure that the Hub governance model is transparent and addresses any potential conflicts of interest:
6.2.1 The Organisation must implement a Hub advisory board (or equivalent) which supports and challenges strategic decisions, for example on expenditure, focus areas, needs analysis and development of the business plan.

6.2.2 The relationship between the Organisation and advisory board must be clearly defined within its terms of reference, ensuring the purpose of the group is clearly communicated internally and externally.

6.2.2.1 The Organisation must implement robust processes to manage conflicts of interest between the advisory board and senior leadership team. The Arts Council may request that an independent chair is appointed.

6.2.2.2 Advisory board representation should reflect key stakeholders in the area and beyond, including representatives from the wider arts/cultural, youth and music industry/sector, not just education.

Establishing a separate Hub advisory board to that of the Hub lead organisation board, should help ensure clear delineation between the interests of the Hub lead organisation and the wider Hub remit. A separate Hub board can focus its time and attention to oversee only the Hub activity. It should ensure that each Hub will effectively support and oversee the funded activity, enabling:

- objective, evidence-based decisions
- strong insight that will help the Hub lead board in its oversight and effectiveness
- impartiality
- management of potential conflicts of interest with the Hub lead organisation
- fair and transparent procurement and other tendering processes
- robust and transparent quality assurance processes

**What do we expect to see as good and effective Hub governance?**
The size, commitment and make-up of the Hub’s advisory board or steering group should support the Hub to undertake its roles and responsibilities. Appropriate judgement should be exercised in assessing the most effective board set up needed for each Hub and your Relationship Manager can help with this.

The Arts Council expects broad and diverse representation on Hub boards, demonstrating a range of perspectives, skills and protected characteristics. Hub
advisory boards should consider what role representatives might play in reflecting and supporting the community the Music Education Hub has been set up to benefit. Representation should reflect key stakeholders in the area and beyond, including for example:

- youth voice
- strategic partners
- the wider arts/cultural, youth and music industry/sector, not just education

Given the partnership nature of a Hub, involving partners in setting up the governance arrangements for the Hub – including scoping its remit and decision making – would demonstrate best practice.

Several guides set out the wider principles and practice of good governance and some of these are referenced in the further reading list at the end of this document. One of the most recently published (2017) is the guide produced by the Clore Leadership Programme, supported by Arts Council England¹. Such guidance should always be considered within your own context and can be applied to both the Hub governance and the Hub lead organisation’s governance.

On understanding governance, Clore’s guide writes²:

There is no one universal definition of governance, but it is a word used to mean the management of processes for making, implementing and reviewing decisions. In no particular order, good governance is:

- Accountable – so that an organisation can report, explain and be responsible for the consequences of its decisions
- Transparent – so that its processes are easy to identify and understand
- Compliant – with internal procedures, the organisation’s constitution (as set out in its governing document such as Articles of Association or trust deed) and the relevant laws
- Responsive – to the relevant needs of the organisation over time, making the most of limited resources in a timely and appropriate way
- Participatory – so that relevant people can be involved in decision making processes
- Predictable – so that the same situations result in the same decisions
- Efficient – to avoid misuse of resources

² Clore Leadership programme, Governance in the arts and museums: A practical guide, 2017, page 12
The Good Governance Code states that an effective board can will provide:

- an effective board will provide good governance and leadership by understanding their role
- an effective board will provide good governance and leadership by ensuring delivery of organisational purpose.
- an effective board will provide good governance and leadership by working effectively both as individuals and as a team
- an effective board will provide good governance and leadership by exercising effective control
- an effective board will provide good governance and leadership by behaving with integrity
- an effective board will provide good governance and leadership by being open and accountable

Further published guidance on best practice for how boards should operate is listed in the further reading section at the end of this document.

**What we will check**

Hub lead organisations’ governing documents were checked at the time of applying to take on the funded activity or during a novation process. Organisations are required to notify the Arts Council of any changes in those documents and circumstances.

All Hubs should ensure that their governing document allows them to carry out the activities set out in the funding agreement. The Arts Council may choose to conduct more in-depth checks on a sample of the governing documents at any stage. This will include checking company registrations with Companies House and the Charity Commission, and other checks to establish the validity of the governing document.

The Arts Council’s ongoing monitoring of the Music Education Hub grant includes considering various factors to determine the degree of risk to the delivery of the funding agreement and our investment. In doing so we also need to consider the overall resilience of the organisation or programme. In terms of governance and management this might mean asking, for example:

- 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? Is **self-evaluation well-used**?
- are **conflicts of interest** managed between the advisory board and senior leadership team?
• does the advisory board/steering group effectively **support and challenge strategic decisions**, for example on expenditure, focus areas, needs analysis and development of the business plan?

• are **decision making processes effective**?

• is the relationship between the Hub lead organisation and advisory board clearly defined within its **terms of reference**, ensuring the purpose of the group is clearly communicated internally and externally?

• does the board include **broad and diverse representation**, demonstrating a range of perspectives, skills, experience and protected characteristics?

Not only do Hub boards have a responsibility to ensure all funding agreement obligations to the Arts Council are met, but the Arts Council, through its Relationship Managers, has a responsibility to review board papers and will attend at least one board meeting per financial year. Boards meet regularly, usually no less than quarterly, with meetings managed as best meets the group’s needs. Formal board papers should be shared with your Relationship Manager in line with the agreed schedule set out in the funding agreement.

**What is a governing document?**
This is a legal document which represents the rule book for the way in which an organisation (or group) will operate.

A governing document usually contains information about:

• an organisation’s purpose and goals
• how decisions are made and by whom
• who controls the organisation’s finances
• the appointment, retirement and removal of members
• what happens if the organisation wishes to wind up

Different types of governing document include:

• including a constitution for an association
• a trust deed for a trust
• a will for a will trust
• articles of association for a company
• rules for an Industrial and Provident Society

**Legally required documents**
There are legal requirements for the governing documents for charities, registered companies, Community Interest Companies (CIC), and other formal organisational structures. Guidance on these legally-required documents can be obtained from the relevant regulatory body.
For other types of organisation (for example, unincorporated groups or associations) governing documents are not required by law, but it is good practice to have a document that sets out clearly what the group exists to achieve and how it operates. We still require this document, even if it is not required by law. There is guidance at www.gov.uk on how to create a governing document for an unincorporated group.

If you are a local authority or other public sector organisation your governance and record keeping should be in accordance with the relevant statute and guidance issued by the relevant regulatory bodies.

**Useful questions to help evaluate your governance**

The following questions are not intended as a substitute for a full and proper review of a board, which should have an ongoing process for ensuring it is fit for purpose. Clore’s Governance Guide includes checklists at the end of each chapter which Hubs may also find useful.

- What are the terms of reference for the board and, where relevant, sub-committees?
- How much authority does the board have? Are the decisions they make being implemented? Are decision-making processes clear and effective? Do the board and management committee set and/or approve overall strategy and priorities, as well as approving the organisation’s programme?
- Is the board or equivalent appropriately skilled, diverse and representative of your local context?
- Is the board or equivalent able to monitor financial management and approve overall strategy, priorities, and budgets?
- Does the board review its aims and objectives each year and set these out in an annual business plan with related financial projections?
- How are board and management committee members appointed? Is there a clear rationale for the appointments?
- Do members of the board champion the interests of the organisation with existing and potential stakeholders?
- How effective and constructive is the relationship between the executive leadership team and the board and in particular between the Chief Executive Officer (or equivalent) and the chair?
- Do board members fully understand their roles and their levels of accountability? Do they understand their personal liabilities?
- Where the organisation has a complex legal structure (eg as with local authorities), is there a clear and transparent monitoring and reporting framework in place for the funded organisation/department or programme?
• For consortia, is the accountability of the lead organisation, as well as roles of partner organisations, clear?
• Does the board ever invite independent commentators to meetings, away days or retreats to hear different views?

Further reading and useful websites

Clore Leadership programme, Governance in the Arts and Museums: A practical guide, supported by Arts Council England, May 2017:
https://www.cloreleadership.org/resources/governance-arts-and-museums-practical-guide

Arts Council of Northern Ireland, Governance Toolkit:

Scottish Arts Council, Care, Diligence & Skill (PDF), 6th edition published by Scottish Arts Council [Creative Scotland] in 2008:

The Charity Commission (For England and Wales):
www.charity-commission.gov.uk

Charity Governance Code: https://www.charitygovernancecode.org/en/front-page