

Governance

Arts Council England



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Key Fact

This document is intended for people in governance positions of cultural organisations. It will be most useful when read and discussed together with those in leadership roles.

This is a reference guide, it is not a list of expectations. It is necessarily broad ranging, and that is because we want it to be useful to the many and varied models of governance that exist in the cultural sector. When reading it, focus on drawing out the most useful parts for your organisation, not how you should directly address every bullet point.

Context

When we published ‘Let’s Create’ last year, we set out the following vision:

By 2030, we want England to be 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 order to deliver that vision for Let’s Create, we need to work together to embed our four Investment Principles. Their use marks a culture change for both the sector and us.

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 to help us make our investment decisions. We will start this journey with our NPOs but will eventually roll it out to all our funding.

To drive this culture change, we will look to the boards and equivalents of funded organisations to ensure that the principles are applied to drive positive change. This will require close working between boards and senior leaders to develop strong plans.

The next section sets out the Investment Principles and a detailed definition of each of them, set out as three elements. The most useful thing for any trustee, committee member or advisor can do as a first step is get familiar with these definitions. If you've digested these, you'll have a good foundation from which to support your organisation to adopt them.

From there, this guide goes on to set out the **role of governing bodies** (page 3) in relation to the Investment Principles, does a **deep dive** (page 5) in to each one from a governance perspective, and then helps you think about **how you might adopt them** (page 19). It's a reference tool, not a checklist, and will hopefully be something you can refer to over time, as your group develops and changes.

Your role

Firstly, and most important, readers of this document who hold governance or advisory positions are more than likely giving their time on a voluntary unpaid basis. For this, you have our thanks and respect. We understand that the information in this document may present change to your group to a greater or lesser extent, depending on your situation. This is not change you are expected to perfect overnight or in isolation, we will work to support you as you develop your approach.

Secondly, we recognise that governance comes in many forms. You may be part of a small advisory group for a small rural touring company, on a steering committee for a museum or library service within a local authority, or on the board of a parent company of a large venue group. For this guide we take ‘governance’ and ‘governing bodies’ to mean all the groups of people involved in the strategic direction of an organisation, working with the executive leadership and providing challenge and support, and importantly holding accountability.

So to reassure, some of this content may feel like it’s less suited the way your governing body interacts with the business it supports. All organisations are different, and their boards, governing bodies, and steering committees will be at different stages of development. That’s fine, as long as the principles are upheld, the way in which you apply them can be tailored to fit your context.

Key Fact

But we do need to be clear, if you are in receipt of regular funding, or keen to develop toward that goal, the strength of governance and the way it evidences progress against the Investment Principles will be increasingly important to the Arts Council, and we will look to provide extensive material and resource to advance this critical part of our ecology.

Finally, this is about change and we believe everyone involved in governance of the cultural sector will want to make a collective commitment to the Investment Principles. Reading this guide is a good first step from which you can deepen your understanding, begin those conversations with your counterparts, and start to determine the role that you and your organisation can play in shaping an exciting and vibrant future for arts and culture in this country.

Governance

Inclusivity and relevance

England's diversity is fully reflected in the individuals and organisations we support and the culture they produce.

The elements of Inclusivity and Relevance

- **Communities**
You are actively listening to, and taking account of, the views of the local community, children and young people, artists, practitioners, and stakeholders you work with. You actively form relationships with your underserved communities. As a result you matter more to more people.
- **Workforce, Leadership and Governance**
You have a workforce, leadership and governance which fully reflects and represents the communities you are serving. You have an inclusive organisational culture which values and develops the talent of all the people you work with. You foster a safe workplace where harassment and discrimination can be challenged and eliminated.
- **Creative Case for Diversity**
Your programmes and activities reflect the culture and talent of creative practitioners and cultural workers drawn from all backgrounds.

Through the Inclusivity and Relevance Principle we believe we will achieve a fair and accessible cultural sector, which is better placed to realise its creative ambition by drawing on talent from all our communities. Achieving this will not be possible without governing bodies being committed to:

- Fostering safer and more inclusive workplaces, creating the conditions for staff, trustees, volunteers and visitors to feel valued and respected, with an increased sense of belonging, where harassment and discrimination are challenged and eliminated.
- Ensuring their leadership, governance and workforce becomes representative of the diversity of the communities they serve.
- Supporting the presentation of programmes that reflect the talent and stories of creatives from all backgrounds.
- Actively involving and engaging with local communities, particularly those that have historically been underserved by cultural organisations.
- Collaborating with cultural organisations and creative practitioners that have strong track records of advancing inclusion and diversity and forging constructive, reciprocal and equal partnerships.

Governing bodies are in a strong position to create change by identifying and addressing underrepresentation across the three elements of our Inclusivity and Relevance principle, whether that relates to disability, race, sex or other under-represented protected characteristic groups, as well as socio-economic background.

So, what are the practical actions you can take to bring about the change you want to see? Some of the following can be early actions in your planning:

- Identify where the skill sets and knowledge are on the board that could contribute to supporting your executive to make change e.g. planning, community engagement and organisational change.
- Make some decisions on who will lead on this work and how they will report back to the wider governance structure.

- Spend some time with the executive deciding the outcomes you want to achieve, setting their objectives and holding them to account to lead the change.
- Agree as a group how this work will fit with your risk management and what the risks are to your organisation if you do not make progress.

We really encourage governing bodies and cultural leaders to use the resources we have developed to work collaboratively with their staff, independent creatives, partner organisations and their local communities to identify actions and targets that will drive meaningful change.

There will be further resources on our website from Summer 2021 for those wishing to explore this principle further.

Governance

Ambition and quality

Cultural organisations and individuals are ambitious and committed to improving the quality of their work.

The elements of Ambition and Quality

- **Understanding Perceptions**

You develop your creative ambitions and improve the quality of your work by listening to the views of people inside and outside your organisation and immediate circle. You engage with them about your mission and the quality of your creative and cultural programmes.

- **Progression**

Your plans for your creative and cultural work clearly contribute to your aims and ambitions. You are committed to professional development and work with appropriate creatives and partners to refine and improve your creative and cultural practice.

- **Measuring Performance**

You establish appropriate bespoke indicators to help you measure and express what good looks like for you, demonstrate your ambition, identify scope for improvement, and track progress. You use these indicators to shape your work and future plans.

We want the cultural sector to be ambitious and determined to continually improve the quality of output. This principle builds a shared understanding of setting ambitions and achieving quality.

We are asking you to think about Ambition and Quality as being made up of two components:

- **Ambition:** the formulation and articulation of what you want to achieve and how you plan to achieve it.
- **Quality:** the delivery of your activity and the evaluation of it against your ambitions.

These two components are stages on a journey. The journey begins with setting Ambition that has been tested through different lenses, then progresses through the development process that results in quality delivery of those ambitions. This route is supported by evaluation that finally feeds back into setting ambition once again. This journey is set out in this principle as three elements which will guide you in developing a robust approach that is suited to you and your work.

To contribute to this principle, good practice would result in an accountable governing body:

- Being attuned to how the organisation is perceived and understanding the gap between external and internal perceptions.
- Regularly reflecting on who is the organisation for, how it responds to what people think of it and whose opinion it listens to and values.
- Agreeing stretching but realistic ambitions across all parts of the business.
- Ensuring everyone understands their contribution to the ambitions and is striving for the same high level of quality.
- Validating the progression from stretching ambitions to quality delivery, by valuing and resourcing the professional and talent development of your organisation's staff, collaborators and creative partners.

- Overseeing a continual improvement cycle where a transparent review of progress is regular and impacts on delivery at every part of the journey.

Used well, this Investment Principle will introduce a structured but intuitive approach to capturing ideas and development work and translating them in to plans and board papers as ambitions and actions. At its core is the need to develop a system for evaluating quality, but what is critical is that the system suits the scale, scope and type of organisation adopting it.

In practical terms, this is how boards and accountable bodies might look to action this principle:

- Run board (or equivalent) development days to consider research on user perceptions and quality evaluation processes and use this to agree future ambitions.
- Set targets with the leadership and agree how individual members of the governing body can support and advise.
- Use an agreed quality framework to test and monitor progress and have a process to review it at board meetings.
- Ensure all strands of work are contributing to the overall mission of the organisation.
- Ask the leadership to articulate the talent development pathways across the public and non-public aspects of the business within their executive reports.
- Invite regular input to meetings from members of the public, creatives and staff who are involved in, or able to enhance, the organisations work around Ambition and Quality.
- Build in a meeting structure which feeds the main governance meeting but supports and suits the scale of the organisation's operation, such as subgroups, advisory panels, and peer-review networks.

Taking actions like this will give you a structure that will help you evidence progress within your meetings and papers.

There will be further resources on our website from Summer 2021 for those wishing to explore this principle further.

Governance Dynamism

Cultural organisations and individuals are dynamic and able to respond to the challenges of the next decade.

The elements of Dynamism

- **Mission and Business Model**

You ensure that your creative and cultural mission – and the business model that supports it – can adapt to the changing environment around you and the needs of the communities you serve. You demonstrate this by regularly examining how you operate and developing an understanding of the value you create for your customers and your community, seeking out practical ways to improve and develop.

- **People and Skills**

You invest in robust, committed governance and skilled, ethical and resilient leadership from your senior team. You recognise leaders come in many forms and back those who inspire positive change. You support the development and wellbeing of all your workforce, including freelancers, so they can deliver your mission effectively.

- **Using Tech and Data**

You are committed to using data and appropriate technology to move your business forward. You prioritise developing digital skills and literacy across your business and your decision making is informed by accurate up-to-date data.

This Investment Principle encourages entrepreneurialism – both social and commercial. In embracing its characteristics, you will open up conversations that allow you to be innovative, self-reflective and creative. It's not about having a check list of actions or a toolkit that can be easily quantified.

Rather, it's about examining organisational behaviours and cultures and applying a creative mindset to all aspects of your business, including across your approach to the other Investment Principles.

The role of governing bodies in this principle are key to its success. This is because whether you are an advisory group, a steering committee or board of trustees, this is a principle that asks you to find space for innovation and new approaches in guiding the strategic direction of your organisation.

Ways in which governing bodies can engage with Dynamism include:

- Exploring how the organisation creates value, who for, and how you evidence it. For example, one part of the business may successfully create financial returns, another might measurably impact on a societal issue, or others attract partnerships with potential value like sponsorship or brand association.
- Continually reflecting on and refining the business model of the organisation, meaning you are alive to the changing external environment and quick to respond to new opportunities.
- Valuing your own learning and development as a board and of your workforce – investing in and nurturing talent and leadership from right across the staff/volunteer body, at all levels.
- Ensuring you have the skills and capabilities to embrace new technologies that can create opportunities for the business.
- Embedding data-driven decision making into your processes.

Governing bodies can use the elements of this principle to develop dynamic approaches to all aspects of their business. By creating space to explore Dynamism at the governance and executive level, leadership can role-model an approach that grants permission to fail in order to grow and learn.

The practical actions you can take to embed this principle could include:

- Building space for exploration and experimentation into your governance and strategy development days and considering your skillsets and whether you need further insight as part of your group.
- Adopting a learning mindset looking to sector peers, external sectors, academic thinking, think tanks etc. for inspiration.
- Including budgetary lines for innovation projects, staff development and technology updates and training.
- Requiring that data and evidence is included and clearly indexed in meeting papers, in order to support the decisions you are being asked to make.
- Establishing and communicating risk appetite and building an environment that tolerates and welcomes risk in a transparent and managed way.
- Developing a system to meet and support individuals and teams from across the staff body, appropriate to the scale of the organisation, to get a feel for the organisational culture.
- Ask the executive for evidence of how they are building a strong working culture, through staff surveys or feedback from managers, peers and direct reports.
- Designating a member of your group to support the performance management process.
- Using budgets and resourcing decisions to demonstrate how you value innovation and developing talent.

This is not an exhaustive list of actions, but it does give a sense of the way your usual meetings and papers might capture the way that you are interacting with and valuing this Investment Principle.

There will be further resources on our website from Summer 2021 for those wishing to explore this principle further.

Cultural organisations and individuals lead the way in their approach to environmental responsibility.

The elements of Environmental Responsibility

- **Understand the Data**

You use good quality data to understand your environmental impact and to develop a strategy to mitigate that impact.

- **Plan, Action and Change**

Your environmental strategy is a core part of your business planning. It is supported by an action plan with relevant actions and targets that reflect your commitment to Environmental Responsibility. You are able to demonstrate positive change via the actions in your strategy.

- **Influence, Education and Advocacy**

You consider the way that the work you commission and present can help support your commitment to environmental responsibility and provoke debate. You share the experiences and outcomes of your environmental journey with your team, partners, stakeholders and the public as part of your advocacy.

The climate crisis and environmental degradation is one of the most significant challenges facing us all. The cultural sector has already taken major steps to reduce its carbon footprint and the Arts Council has supported this with a **range of initiatives** (<https://www.artscouncil.org.uk/resilience-and-sustainability/environmental-programme>)

The Environmental Responsibility Investment Principle is not a new commitment, it's rather an evolution of our existing policy. We are no longer asking you to be merely 'sustainable' but to be 'responsible' across all your practices.

This principle is based on three elements that, if well used, will mean your business is playing its part in a fair and equitable green recovery for the sector.

Planning features strongly in Environmental Responsibility so it falls to those in governance to test whether the core plans of the business are ambitious enough. But also, like Dynamism, there is room to be innovative and demonstrate leadership in your field, looking beyond your carbon footprint and harnessing the creativity of those working with and for your organisation.

For governing bodies, you will find value in considering:

- The way your organisation is capturing and analysing its data and valuing its importance in understanding the environmental impact of the business.
- How environmental data capture and analysis is used in business planning activities and influencing programming and operational decisions.
- Including environmental action plans as a core component of the business planning process and not just an add on.
- The advocacy role your organisation has and how it uses its public-facing activity to promote, educate and influence public dialogue and understanding.
- The leadership role your organisation takes through its networks and commitment to training and development.

We want governing bodies to understand and foreground environmental issues. Their role is to test that strategic plans respond to a detailed understanding of the data, and that the public facing activity reflects the organisation's commitment and beliefs.

In the same way a responsible governing body considers stakeholder management, reputational impact and financial stability, we want to see that Environmental Responsibility becomes central to the way you operate in your strategic oversight role.

Practical actions you can take to demonstrate this include:

- Undertaking a review of existing data and commissioning research to fill any gaps in your understanding.
- Undergoing some board development or training to enable a strong understanding of the actions you could take that are appropriate to the size and type of your organisation.
- Connecting a member of your group to the key staff driving this agenda within the organisation.
- Establishing reporting requirements and building them into the meetings and agendas.
- Inviting peers and role models to visit your meetings to explore how they have achieved their goals.
- Allowing time for ideas generation to take place, with those who are interested invited to contribute potential actions and targets.
- When reviewing business plans, check and challenge the leadership has put this principle at the heart of strategic plans and built actions on the data and evidence available.

This principle will benefit from champions sitting on boards and advisory groups who are passionate and committed to change. If you are particularly interested in becoming more informed on the detailed thinking underpinning this principle and would like to find out more, you can access our work on this, along with resources from our partnership with **Julie's Bicycle** (<https://juliesbicycle.com/ace>).

There will be further resources on our website from Summer 2021 for those wishing to explore this principle further.

Taking action

Planning cycle

Skills development

The provision you put in place to make sure the skills of the governing body are up to date and the opportunities you create to explore research, data and evidence, new thinking and new perspectives.

People and representation

The way the governing body is set up to represent each Investment Principle. For example, as named individuals (a data or environmental champion, or community representative) or reflected in your structure of subgroups or advisory committees.

Planning and monitoring

The business planning process you go through, how targets are set, and what plans are put in place to support the ongoing monitoring of those targets. Following on from this, how performance against targets is considered in your risk management.

Accessing tools and resources

The way the organisation utilises tools and resources to support the first three categories. From exploring materials during development days, to allocating appropriate capacity to each principle, and adopting the right tools for ensuring targets are stretching and progress is made.

Producing ‘fit for purpose’ board papers

The use of board or management papers as the central repository for the actions outlined above. Testing that they include clear reporting which helps those both in attendance or just reviewing the papers.

Key Fact

Bringing Actions Together

The actions you take, or rather probably already do but may need to adapt to support the Investment Principles, can be broadly grouped in to 5 categories. If you would like regular funding from the Arts Council, being able to describe and evidence these actions will be a fundamental part of our relationship with you.

Taking action

Mapping it out

The list below sets out some specific actions drawn from this guide and locates them across all four Investment Principles.

Key Fact

You may wish to use this approach in your planning but you should adapt it to the way you run things currently, not make it additional. For example:

- Do you have sub groups or named leads that you could adapt?
- What tools do you currently use that you could utilise for reporting?
- How might the policies that already exist be incorporated in your thinking?

- **Actions: Provide development sessions/days**
Inclusivity and Relevance

Focus on:

- Skills and experience review
- Understanding data
- Training on key issues

- **Ambition and Quality**

Focus on:

- Reflecting on perceptions
- Training on quality measurement
- Strategic ambitions

- **Dynamism**

Focus on:

- Experimenting with ideas
- Visiting speakers
- Horizon scanning and visioning exercise

Environmental Responsibility

Focus on:

- Commissioning research
- Understanding data
- Defining environmental ambitions

• **Actions: Consider people and representation**

Inclusivity and Relevance

- Select representatives to monitor progress
- Recruit diverse board members
- Invite external voices
- Connect with staff body

Ambition and Quality

- Establish sub-groups to review and feedback
- Connect with peer review networks
- Invite external voices

Dynamism

- Appoint people with new skill sets around data, technology and innovation
- Invest in skills development for existing staff

Environmental Responsibility

- Select a representative to work with the staff body
- Invite external voices and expertise

• **Actions: Embed in planning and monitoring**

Inclusivity and Relevance

- Targets for workforce, leadership and governance and reaching new communities
- Include lack of progress against targets in risk management

Ambition and Quality

- Adopt a quality framework that suits the business
- Set ambitions and delivery targets

Dynamism

- Consider income stream diversification

- Seek out collaborations
- Embed a data strategy that supports all the Investment Principles

Environmental Responsibility

- Review data and set appropriate targets
- Ensure business plans reflect the data and ambitions

- **Actions: Access Useful Tools** (These are just examples, it's up to you what tools are the best fit for your organisation)

Inclusivity and Relevance

- Relevance tools and exercises
- Inclusivity tools and exercises

Ambition and Quality

- Impact and Insight Toolkit

Dynamism

- Digital Culture Compass
- Digital Culture Network

Environmental Responsibility

- Julie's Bicycle

- **Actions: Produce fit for purpose Board Papers**

Inclusivity and Relevance

- Progress on targets
- Reports from appointed representatives
- Programme review
- HR updates evidencing workplace issues and satisfaction ratings

Ambition and Quality

- Share peer reviews
- Progress on quality targets
- Responding to progress and feedback

Dynamism

- Budgets for learning and development
- Resourcing new technology

- Reviewing performance management results
- Data sets to support decision making

Environmental Responsibility

- Progress on targets
- Reports from representatives
- Reference to relevant data and strategy in all decision making

Taking action Over to you ...

Key Fact

We must reiterate here that you should adopt the Investment Principles in a way that is relevant to your scope and scale. Utilise your existing structures and papers and find ways to adopt and adapt rather than set up brand new processes.

For example, if you are a small advisory panel, you might add agenda items across the year that cover off each target you set yourself. If you are part of a University or a Local Authority run service, you might want to consider how you best use the formal structures that exist or whether you need to create something different to take on this oversight. And of course if you are new to this, well you can draw from this guide some best practice principles that will put you in a great position to develop a resilient and well-run organisation. You will know what is right for your organisation and your actions should be driven by your context.

1. Know Your Potential

Access a good internal analysis tool, such as a SWOT (note 1) or similar, to help you understand your current position. It's just as important that you deal with your weaknesses as how you capitalise on strengths and opportunities.

You may want to access the business planning guidance published by the Arts Council for the last NPO investment round as a starting point for this exercise (specifically pages 17-19) (<https://www.artscouncil.org.uk/sites/default/files/download-file/Business%20Planning%20Guidance%20for%20arts%20and%20cultural%20organisations.pdf>).

2. Skills Review

Look through the three elements of all four Investment Principles, consider the skill sets and experiences needed to support your adoption of this work. Conduct a skills audit of your governing body and consider where you have gaps, and also where you have strengths and could show leadership.

3. Address Development Needs

Having an action plan for the gaps in your skills and understanding will be really important. Identify which voices you can invite in to help you and the realistic steps you can take to develop. Our resource hub will have plenty of content to help you explore these areas further, so pick your battles and test your progress regularly.

4. Evidence Progress

Do some detailed thinking on how you will evidence change and monitor progress. Your board papers are central to this, alongside the way you run your business and go about strategic planning at governance level.

Note 1: A SWOT analysis (or SWOT matrix) is a strategic planning technique used to help an organisation identify strengths, weaknesses, opportunities, and threats in relation to a particular context. There are many templates for these and other strategic analysis tools available for free online

Key fact recap

This is a reference guide, not a list of expectations, its for a broad range of models and is therefore an extensive document.

If you would like to apply for regular funding, the strength of governance and the adoption of the Investment Principles will play an important part.

Ongoing skills development, clear link roles and monitoring (supported by the right tools), alongside good meeting papers, will provide a strong foundation for this work.

Do what is right for your organisation, its scale, scope and type. We are not prescribing a set formula, but are looking to you to make it relevant to your work. This signals a change but is not about additional meetings, people or tasks. It's development, adaption and evolution. Use what you already have, and build on it.

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