



2024-25 Music Hub programme:

# Financial Guidance

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**ARTS COUNCIL  
ENGLAND**

## Contents

<b>Music Hubs: Financial guidance.....</b>	<b>1</b>
<b>About this Guidance .....</b>	<b>3</b>
<b>Using the Financial Information template .....</b>	<b>5</b>
What is the Financial Information template and why are we using it? .....	5
Budget and management accounts.....	5
Eligible Capital Expenditure.....	7
Revenue Grant Expenditure .....	8
Year-to-Date.....	9
Projection/revised budget .....	10
Restricted reserves.....	10
Uploading your Financial Information Template.....	10
Cashflow for non-local authority-based HLOs only .....	10
Uploading your Financial Information Template .....	13
<b>Approach to budgeting .....</b>	<b>14</b>
Allocation of funding .....	14
Grant expenditure (i.e. the 80/20 split) .....	14
<b>Financial resilience of the HLO or Hub .....</b>	<b>15</b>
Approach to reserves .....	15
<b>Approach to financial management and planning .....</b>	<b>16</b>
Gathering Financial Information from Hub Partners.....	16
Certified statement of final expenditure .....	16
Annual Survey .....	17
<b>Glossary of financial terms .....</b>	<b>18</b>

## About this Guidance

This Financial guidance should be read in conjunction with section 11 of the [additional conditions](#) and the [Financial Information template](#).

This guidance will outline:

- our financial requirements, and why they are important
- the functions of the Financial Information template and what you need to tell us when you complete it
- how you submit or update the Financial Information template
- key points to consider when reporting on Hub finances

We have worked with members of the Hub financial reporting group and other Hub leaders to inform the development of this guidance.

We have used some commonly occurring terms and acronyms throughout:

- we refer to the whole partnership as 'Music Hub' or 'Hub'
- 'HLO' is the Hub Lead Organisation, or 'you' when referencing specific responsibility of the HLO. In the case of consortia, this will be the lead organisation who we issue the funding agreement to
- by 'Hub partner' we mean any other organisation that is not the HLO but is involved in Hub activity
- 'Hub board' refers to the Hub board or equivalent oversight group for the Hub
- 'DfE' is the Department for Education
- 'LPME' is Local Plan for Music Education
- 'NPME' refers to the 2022 National Plan for Music Education
- 'SEND' is special educational needs and disabilities

A reminder that the information in this document is specifically related to the **core revenue grant**. All references to 'grant' herein therefore refer to the revenue grant, unless otherwise indicated. Essential information regarding the Music Hub capital grant for musical instruments, equipment and technology ('capital grant') will be available [here](#).

The Arts Council is not able to provide legal advice to your organisations and this guidance does not contain legal advice. Arts Council England does not accept any liability as to the use of this guidance.

We reserve the right to make changes to the guidance after its initial publication. We will communicate any changes as quickly and as clearly as we can.

Accessible versions of this document will be made available in July 2024.

For more information about the Music Hub Programme, please visit our [website](#)

## Using the Financial Information template

### What is the Financial Information template and why are we using it?

As set out in section 11 of the [additional conditions](#), we require all HLOs to submit the budget and management accounts for the Hub and all non-local authority-based HLOs to submit a 12-month cash flow, using our mandatory [Financial Information template](#).

The Financial Information template is a tool for all HLOs to tell us about the following for the period 1 September 2024 to 31 August 2025:

- their proposed plans for the Hub through a detailed budget, submitted in September 2024
- their Hub's income and expenditure, any significant variances, and how plans might change as a result (via projections/revised budget). This should be shown through management accounts submitted in January and April 2025

For non-local authority HLOs, the Financial Information template should also be used to provide:

- a 12-month cash flow for the period 1 September 2024 to 31 August 2025, submitted in September 2024, January 2025 and April 2025. This will provide us with a view of the financial health of the organisation.

We understand that many organisations will have their own ways of monitoring and reporting on the Hub's financial activity and progress, and that reporting formats can vary greatly. It is for this reason that we have provided a template for this information. The purpose of the template, is to make sure the financial information you provide us with, is consistent and comparable with other Hubs. The DfE requires clear reporting of how the grant is spent across all areas of Hub activity.

### Budget and management accounts

You will need to provide your Hub budget as part of your September 2024, and management accounts as part of your January 2025 and April 2025 payment conditions.

The 'Budget and Management Accounts' tab will look as shown in the image below. You can zoom in to get a clearer view of the text in each cell.

Hub Name		Academic Year			Period										
		1 September 2024 - 31 August 2025													
MUSIC HUB INCOME		Year-to-date			Annual Budget	Projection/Revised Budget	Notes								
		Actual	Budget	Variance											
	ACE/DfE Hub Grant	£	-	£	-	£	-	Notes here							
	Core Revenue Grant	£	-	£	-	£	-								
	Activity in and out of schools/other formal education settings	£	-	£	-	£	-								
	Income from Schools (e.g. Classroom Instrumental Lessons, Individual/Small Group Lessons, Ensembles, Concerts/Performances)	£	-	£	-	£	-								
	Income from Parents (e.g. Music Centre Income, Individual/Small Group Lessons, Ensembles, Concerts/Performances)	£	-	£	-	£	-								
	Workforce Development Opportunities	£	-	£	-	£	-								
	Continued Professional Development	£	-	£	-	£	-								
	Access to Instruments	£	-	£	-	£	-								
	Instrument Loan Scheme	£	-	£	-	£	-								
	Other Income Sources	£	-	£	-	£	-								
	Partner Earned Income	£	-	£	-	£	-								
	Partner Grant Income	£	-	£	-	£	-								
	Partner Trust and Foundations Income	£	-	£	-	£	-								
	Local Authority Income	£	-	£	-	£	-								
	Trusts and Foundations	£	-	£	-	£	-								
	Other ACE Grants	£	-	£	-	£	-								
	Donations	£	-	£	-	£	-								
	Sponsorship	£	-	£	-	£	-								
	Other Earned/Generated Income	£	-	£	-	£	-								
	Other Income	£	-	£	-	£	-								
	Total Income (autosum of subtotals above)	£	-	£	-	£	-								
MUSIC HUB EXPENDITURE	Programme of Activity (Delivery)				Year-to-date		Annual Budget	Projection/Revised Budget	Notes	DfE Hub grant contribution towards YTD Actuals	% Hub Grant	DfE Hub grant contribution towards Annual Budget	% Hub Grant		
					Actual	Budget								Variance	
	Delivery Costs					£	-	£	-	£	-	£	-	£	-
	Activity in and out of schools/other formal education settings					£	-	£	-	£	-	£	-	£	-
	Classroom Instrumental Lessons					£	-	£	-	£	-	£	-	£	-
	Lessons					£	-	£	-	£	-	£	-	£	-
	Ensembles					£	-	£	-	£	-	£	-	£	-
	Concerts/Performances					£	-	£	-	£	-	£	-	£	-
	Projects					£	-	£	-	£	-	£	-	£	-
	Other					£	-	£	-	£	-	£	-	£	-
	Workforce Development					£	-	£	-	£	-	£	-	£	-
	Continued Professional Development					£	-	£	-	£	-	£	-	£	-
	Access to Instruments					£	-	£	-	£	-	£	-	£	-
	Instrument Loan Scheme					£	-	£	-	£	-	£	-	£	-
	Instrument Purchases					£	-	£	-	£	-	£	-	£	-
	Instrument Repair					£	-	£	-	£	-	£	-	£	-
	Instrument Storage Costs					£	-	£	-	£	-	£	-	£	-
	Instrument Stock Management					£	-	£	-	£	-	£	-	£	-
	Other Instrument Costs					£	-	£	-	£	-	£	-	£	-
	Other Programme of Activity (Delivery) Costs					£	-	£	-	£	-	£	-	£	-
	Total Programme of Activity (Delivery) Costs (autosum of subtotals above)					£	-	£	-	£	-	£	-	£	-
	Overheads					£	-	£	-	£	-	£	-	£	-
	Admin and Management Staff Costs					£	-	£	-	£	-	£	-	£	-
	Commutaration					£	-	£	-	£	-	£	-	£	-
	Storage, Premises and Running Costs (including IT/Utilities/Insurance)					£	-	£	-	£	-	£	-	£	-
	Access Costs					£	-	£	-	£	-	£	-	£	-
	Governance/Support					£	-	£	-	£	-	£	-	£	-
	Corporate Services					£	-	£	-	£	-	£	-	£	-
	Other Overheads					£	-	£	-	£	-	£	-	£	-
	Total Overheads (autosum of subtotals above)					£	-	£	-	£	-	£	-	£	-
	TOTAL EXPENDITURE					£	-	£	-	£	-	£	-	£	-
	Operating Surplus/Deficit					£	-	£	-	£	-	£	-	£	-
	Restricted Reserves (income generated by activity funded through the 2022-24 year), carried forward					£	-	£	-	£	-	£	-	£	-

You can enter text in the cells that are white. You will not be able to make changes to any cells which are highlighted yellow.

You should include your budgeted income and expenditure for the Hub under the following headings provided in the template:

MUSIC HUB INCOME	
	<b>ACE/DfE Hub Grant</b>
	Core Revenue Grant
	<b>Activity in and out of schools/other formal education settings</b>
	Income from Schools (e.g. Classroom Instrumental Lessons, Individual/Small Group Lessons, Ensembles, Concerts/Performances)
	Income from Parents (e.g. Music Centre Income, Individual/Small Group Lessons, Ensembles, Concerts/Performances)
	<b>Workforce Development Opportunities</b>
	Continued Professional Development
	<b>Access to Instruments</b>
	Instrument Loan Scheme
	<b>Other Income Sources</b>
	Partner Earned Income
	Partner Grant Income
	Partner Trust and Foundations Income
	Local Authority Income
	Trusts and Foundations
	Other ACE Grants
	Donations
	Sponsorship
	Other Earned/Generated Income
	<b>Other Income</b>
	<b>Total Income (autosum of subtotals above)</b>

MUSIC HUB EXPENDITURE	Programme of Activity (Delivery)	
	Delivery costs	
	Activity in and out of schools/other formal education settings	
	Classroom Instrumental Lessons	
	Lessons	
	Ensembles	
	Concerts/Performances	
	Projects	
	Other	
	Workforce Development	
	Continued Professional Development	
	Access to Instruments	
	Instrument Loan Scheme	
	Instrument Purchases	
	Instrument Repairs	
	Instrument Storage Costs	
	Instrument Stock Management	
	Other Instrument Costs	
	Other Programme of Activity (Delivery) Costs	
	Total Programme of Activity (Delivery) Costs (autosum of subtotals above)	
	Overheads	
	Admin and Management Staff Costs	
	Communications	
	Storage, Premises and Running Costs (including IT/Utilities/Insurance)	
	Access Costs	
	Corporate Services	
	Other Overheads	
	Total Overheads (autosum of subtotals above)	
	TOTAL EXPENDITURE	
	Operating Surplus/(Deficit)	

When completing your Hub budget, you should begin by entering the Hub revenue grant figure in **cell H10**, so that it is reflective of the total revenue grant amount for your Hub area, as set out in our [Music Hub areas and grant allocations essential document](#).

You are required to complete the annual budget column within the template (**Column H**) as part of your September payment condition. Your annual budget **should not change** throughout the year.

Please remember that all Hubs are required to generate income beyond the revenue grant. Income from sources other than the revenue grant must equal or exceed a minimum of 50 per cent of the Hub's total income, exclusive of any capital grant received, by the end of the 2024-25 funding period (i.e. 31 August 2025).

We understand that some organisations may intend to budget and report on the Hub's finances in a different format than is set out. This might mean you'll need to group types of income or expenditure together within the headings provided.

As an example, programme of activity (delivery) costs may include fees for freelance practitioners and costs such as materials and resources, where relevant. Please use the notes column to provide further information, where this is applicable.

## Eligible Capital Expenditure

Please do not include any income or expenditure (i.e. purchases) relating to the capital grant in your annual budget for the revenue grant. Any expenditure you do include in your budget submission relating to the purchase of instruments must be for purchases made using the revenue grant or other funding or income sources.

As HLOs are expected to administer the capital grant on behalf of their Hub, you should include whether you are intending to use the revenue grant to support and fund any costs associated with the administration of the capital grant within your revenue budget. For more information about the capital grant, please read the Essential information document on our [website](#).

In all circumstances, you should ensure that you adhere to the grant expenditure rules as outlined within our [additional conditions, and standard terms and conditions for 2024-25](#).

## Revenue Grant Expenditure

You need to specify how much of the revenue grant is being spent on each expenditure line, within **Column P, 'DfE Hub grant contribution towards Annual Budget'**.

MUSIC HUB EXPENDITURE	Programme of Activity (Delivery)	DfE Hub grant contribution towards Annual Budget
	<b>Delivery costs</b>	
	<b>Activity in and out of schools/other formal education settings</b>	
	Classroom Instrumental Lessons	£ -
	Lessons	£ -
	Ensembles	£ -
	Concerts/Performances	£ -
	Projects	£ -
	Other	£ -
	<b>Workforce Development</b>	
	Continuing Professional Development	£ -
	<b>Access to Instruments</b>	
	Instrument Loan Scheme	£ -
	Instrument Purchases	£ -
	Instrument Repairs	£ -
	Instrument Storage Costs	£ -
	Instrument Stock Management	£ -
	Other Instrument Costs	£ -
	<b>Other Programme of Activity (Delivery) Costs</b>	£ -
	<b>Total Programme of Activity (Delivery) Costs (autosum of subtotals above)</b>	£ -
	<b>Overheads</b>	
	<b>DfE Hub grant contribution towards Annual Budget</b>	
	Admin and Management Staff Costs	£ -
	Communications	£ -
	Storage, Premises and Running Costs (including IT/Utilities/Insurance)	£ -
	Access Costs	£ -
	Corporate Services	£ -
	<b>Other Overheads</b>	£ -
	<b>Total Overheads (autosum of subtotals above)</b>	£ -



HLOs are required to direct a minimum of 80 per cent of the grant towards frontline activity, services and support delivered by or through the Hub partnership. Equally, a maximum of 20 per cent of the grant can be spent on strategic and/or administrative costs associated with the coordination and leadership of the Hub. You can find more information about the 80/20 split in this [section](#) of the financial guidance.

If you enter a figure to show an amount of the revenue grant being spent on an expenditure item, the template will automatically convert that amount to a percentage of the overall grant in the adjacent cell (**Column Q**). This cell cannot be edited.

**Cell Q73** automatically calculates the proportion of your Hub's total grant (i.e. the figure recorded in **Cell H10** that has been accounted for in your proposed budget.

**Cell Q73** will turn green if it matches the exact grant value figure provided in your proposed budget (i.e. the value recorded in **Cell H10**).

However, due to rounding, **Cell Q73** may display '100%', but will be highlighted in red if the grant value does not exactly match the same figure provided within the income section (i.e. in **Cell H10**).

It is therefore important to ensure that the value entered in **Cell H10** is the same as the figure displayed in **Cell P73**.

If your overall budget has an operating surplus or deficit, this will be reflected in **Cell H75**

### Year-to-Date

- For your January and April 2025 payment conditions, please update the year-to-date section (**columns D - E**) so that it incorporates income and expenditure from 1 September 2024 up to the end of the reporting period in question. As set out in section 11.3 of the [additional conditions](#), management accounts must have been updated within the last four months of the payment submission due date.
- HLOs must report on their income and expenditure and all partners' expenditure in relation to the grant, as well as income they raise through the Agreed Activity. You can find more information on how to collect relevant financial information from partners in this [section](#) of the financial guidance.
- You may include brief, explanatory notes on grouped together or exceptional items in the relevant cell of the notes column in the template (**Column L**).
- You will also need to report on the amounts that the grant is contributing to expenditure in the Year-to-Date section in **Column N**, where available.
- **Column O** will show the year-to-date percentage split of the total grant.

## Projection/revised budget

The 'Projection/revised budget' column (**Column J**) should show projections for the end of the year i.e. 31 August 2025. It can be revised throughout the year based on year-to-date Actuals, to take account of any major changes.

## Restricted reserves

As set out in clause 3.8 and 3.9 of the [standard terms and conditions](#), any additional income generated by the grant, must be retained and ringfenced for music education activity only. You are required to report on any income generated from activity funded through the 2023-2024 grant and/or previous year's grants (in **Cell H80**).

## Uploading your Financial Information Template

Once you have completed the template, please upload the document as part of your payment conditions, in Excel format only, to the attachments page of your Grantium submission.

For further information, please read the 'Grantium: How to claim a payment' document on our [website](#).

## Cashflow for non-local authority-based HLOs only

Non-local authority-based HLOs will need to provide a 12-month organisational cash flow as part of the September 2024, January 2025 and April 2025 payment conditions.

For Hubs led by a consortium, the cash flow should be for the organisation we issue the funding agreement to.

A cash flow estimates the flow of cash coming in and out of your organisation. The cash flow will enable the Arts Council to identify any financial challenges in the year ahead and manage risks associated with low balance or deficit. As financial viability is a critical factor in determining overall risk, submitting a cash flow is essential for understanding the liquidity and long-term financial health of the organisation.

The 'non-local authority cash flow' tab will look as shown in the image below, you can zoom in to get a clearer view of the text in each cell.

Hub Name														Mandatory for non-LA led Hub Lead Organisations only	
Academic Year		1 September 2024 - 31 August 2025												Required from September 2024	
Period															

  

Cashflow Forecast															
ACE/DME Hub Grant	Period 1	Period 2	Period 3	Period 4	Period 5	Period 6	Period 7	Period 8	Period 9	Period 10	Period 11	Period 12	Annual Total	Notes	
Hub Grant (i.e. ACE/DME)	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>INCOME</b>															
<b>Direct Activity</b>															
Income from Schools (e.g. Classroom Instrumental Lessons, Individual/Small Group Lessons, Ensembles, Concerts/Performances)	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Income from Parents (e.g. Music Centre Income, Individual/Small Group Lessons, Ensembles, Concerts/Performances)	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Workforce Development Opportunities</b>															
Income from Continued Professional Development	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Access to Instrumental Equipment</b>															
Income from Instrument Loan Schemes	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Other Income Sources</b>															
Local Authority Income	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Trusts and Foundations	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Other ACE Grants	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Donations	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Sponsorship	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Other Earned/Generated Income	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Other Income</b>	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Total Income (autosum of subtotals above)</b>	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>EXPENDITURE</b>															
<b>Delivery Costs</b>															
<b>Direct Activity</b>															
Classroom Instrumental Lessons	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Lessons	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Ensembles	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Concerts/Performances	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Projects	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Other	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Workforce Development</b>															
Continued Professional Development	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Access to Instrumental Equipment</b>															
Instrument Loan Scheme	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Instrument Purchases	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Instrument Repairs	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Instrument Storage Costs	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Instrument Stock Management	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Other Instrument Costs	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Other Delivery Costs</b>	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Total Delivery Costs (autosum of subtotals above)</b>	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Overheads</b>															
Admin and Management Staff Costs	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Communications	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Storage, Premises and Running Costs (including IT/Utilities/insurance)	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Access costs	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Corporate Services	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Other Overheads</b>	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Total Overheads (autosum of subtotals above)</b>	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>TOTAL EXPENDITURE</b>	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Balance Brought Forward</b>	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Operating Surplus/(Deficit)</b>	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Balance Carried Forward</b>	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Breakdown by Fund</b>															
<b>Fund Balances</b>															
Restricted fund/balances	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Unrestricted designated funds	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
Unrestricted general funds	£	-	£	-	£	-	£	-	£	-	£	-	£	-	
<b>Total funds</b>	£	-	£	-	£	-	£	-	£	-	£	-	£	-	

Your organisation's cash flow should indicate the anticipated sources of cash income and expenditure for each month, showing the impact on the cash position. The cash flow should be a summary of all cash transactions for 12-months for the period 1 September 2024 to 31 August 2025.

Please only include income generated by and/or held in the HLO's account. You do not need to include any partner income because the cash flow focuses only on the financial health of the HLO.

You should include your projected cash income and expenditure within the headings provided in the template:

INCOME	Cashflow Forecast	
	ACE/DfE Hub Grant	
	Hub Grant (i.e. ACE/DfE)	
	Direct Activity	
	Income from Schools (e.g. Classroom Instrumental Lessons, Individual/Small Group Lessons, Ensembles, Concerts/Performances)	
	Income from Parents (e.g. Music Centre Income, Individual/Small Group Lessons, Ensembles, Concerts/Performances)	
	Workforce Development Opportunities	
	Income from Continued Professional Development	
	Access to Instruments/Equipment	
	Income from Instrument Loan Schemes	
	Other Income Sources	
	Local Authority Income	
	Trusts and Foundations	
	Other ACE Grants	
	Donations	
Sponsorship		
Other Earned/Generated Income		
Other Income		
EXPENDITURE	Delivery Costs	
	Direct Activity	
	Classroom Instrumental Lessons	
	Lessons	
	Ensembles	
	Concerts/Performances	
	Projects	
	Other	
	Workforce Development	
	Continued Professional Development	
	Access to Instruments/Equipment	
	Instrument Loan Scheme	
	Instrument Purchases	
	Instrument Repairs	
	Instrument Storage Costs	
	Instrument Stock Management	
	Other Instrument Costs	
	Other Delivery Costs	
	Total Delivery Costs (autosum of subtotals above)	
	Overheads	
	Admin and Management Staff Costs	
	Communications	
	Storage, Premises and Running Costs (including IT/Utilities/Insurance)	
Access costs		
Corporate Services		
Other Overheads		
Total Overheads (autosum of subtotals above)		
TOTAL EXPENDITURE		

For the September 2024 payment condition, HLOs will need to enter their balance brought forward figure from the end of the previous year, i.e. your 2023-24 closing cash balance as the opening cash balance in cell **D69** as highlighted in red in the image below:

This figure should include all cash held by your organisation at 31 August 2024, for example all cash in your bank account (whether positive or negative) and petty cash accounts held by different members of your team. For consortiums, the opening cash balance entered should be that of the organisation which receives the grant from us. The balance brought forward figure can remain the same for the period 1 September 2024 to 31 August 2025 as the balance carried forward will be calculated automatically.

It is best practice to compare and reconcile your forecasts with your actuals on a regular basis (at least monthly). This allows you to understand how much cash is coming in and going out of the organisation. For January and April 2025 payment conditions, HLOs must therefore submit an updated cash flow which reconciles (updates) previous and future forecasts with all known actuals. In this way, your cash flow becomes a dynamic document which improves forecasting reliability. The closing cash balance for each period should be broken down in the section of the template headed 'breakdown by fund' into the following types:

- Restricted funds/endowments
- Unrestricted designated funds
- Unrestricted general funds

Within the cells pictured below:

Breakdown by Fund																
Fund Balances																
Restricted funds/endowments																£ -
Unrestricted designated funds																£ -
Unrestricted general funds																£ -
<b>Total funds</b>	£	-	£	-	£	-	£	-	£	-	£	-	£	-	£	-

This is to make clear whether the sources of the monthly cash balance are restricted, meaning you cannot use it for general purposes.

Please see the [glossary of financial terms](#) to help you with these definitions.

## Uploading your Financial Information Template

Once you have completed the template, please upload the document as part of your payment conditions, in Excel format only, to the attachments page of your Grantium submission.

For further information, please read the 'Grantium: How to claim a payment' document on our [website](#).

## **Approach to budgeting**

### **Allocation of funding**

In the [Music Hub areas and grant allocations essential document](#), there is a breakdown of grant funding allocations by local authority area to show how the Hub funding is calculated only. The document is not intended to indicate how the grant funding allocation should be distributed across the Hub's geographic area. As set out in section 11.1 of the [additional conditions](#), HLOs must ensure the grant is appropriately distributed to partners using the Hub's needs analysis to respond to local contexts and the specific needs of all children and young people, schools and other recipients and stakeholders in each local authority area, covered by the Hub.

HLOs can sub-grant to partner organisations as long as the sub-grant is supported by a legally binding agreement that has been approved by the Arts Council. This agreement must, as a minimum, state how the partner(s) will meet all our terms and conditions of the revenue and/or capital grant, including all necessary financial reporting and monitoring requirements.

As set out in section 6.17 of the [standard terms and conditions](#), HLOs must not transfer any part of the grant or the funding agreement or any rights under it to any other organisation or individual without the prior written agreement of the Arts Council. HLOs will be responsible for making payments to the partner organisation(s) and will be accountable for ensuring compliance with the terms and conditions of funding.

### **Grant expenditure (i.e. the 80/20 split)**

As set out in section 11.1 of the [additional conditions](#), HLOs are required to direct a minimum of 80 per cent of the grant towards frontline activity, services and support delivered by or through the Hub partnership. Equally, a maximum of 20 per cent of the revenue grant can be spent on strategic and/or administrative costs associated with the coordination and leadership of the Hub. For example, if partners have been commissioned to coordinate and lead aspects of the Hub management, for example central communications, policy development or corporate services, this should be captured within the overheads section. However, the grant monies distributed via each partnership agreement may, individually, use more than 20 per cent of the HLO's allocation towards strategic and/or administrative costs, provided this meets the requirements set out in section 9.3 of the [additional conditions](#).

Programme of activity or delivery costs are those associated with the delivery of the Hub's programme of activity or instrument loans service, and can include salaries, on-costs and fees for permanent/temporary/freelance staff involved in direct delivery and planning of the programme of activity. These costs need to be broken down into aggregated spend on types of activity (e.g. ensembles, lessons, Continuous Professional Development) as set out in our Financial Information template headings.

During the commissioning process, the Arts Council would expect to see partners breaking down costs against headings for the HLO, showing value for money. As set out in section 9.3 of the [additional conditions](#) the partnership agreement (s) should set out how the grant is being used and require any necessary data and reporting to be shared to ensure funding is being used in accordance with the terms and conditions of the grant.

HLOs should ensure equitable and transparent pay and support for creative and cultural practitioners. Further guidance on fair pay has been produced by the Musicians' Union (MU) and you should refer to the latest information on the MU's website [here](#). The Arts Council has also published guidance on fair and equal pay in the governance and management arrangements for Music Hubs guidance on our [website](#).

## **Financial resilience of the HLO or Hub**

### **Approach to reserves**

We expect non-local authority-based HLOs to have an appropriate reserves policy. We look for evidence in your annual financial statements that you are delivering against your own policy, effectively maintaining and building organisational reserves – typically at least three months' worth of operating costs. The Charity Commission has published some useful general advice on reserves [here](#).

All HLOs must demonstrate financial viability and must ringfence any income generated by activity funded through the grant and retain these within a restricted fund under the description of 'Arts Council Funding'. This income can only be used for the purposes of music education activity. Where income is carried forward beyond the financial year it is generated, these reserves should be included in your Financial Information template.

We expect a clear rationale to be set out in your reserves policy or LPME, in the case of large amounts of reserves accumulating. For example, these may be intended for use at a large-scale project or to fund website development.



The HLO's policy on reserves should be set by your organisation and will be contingent upon a range of factors such as staffing, turnover, any future planned projects and stability of income, for example. The Arts Council will not provide an amount. The revenue grant cannot be used to generate reserves or surpluses.

If you were an HLO in 2023-24, we require you to carry over reserves generated by activity funded through the 2023-24 grant into your 2024-25 Hub budget. For further information on reserves generated by activity funded through the 2023-24 grant, please read the section on 'Financial reserves generated by music education activity' in the transfer guidance on our [website](#).

## **Approach to financial management and planning**

### **Gathering Financial Information from Hub Partners**

HLOs should work with consortium members and/or key Hub partners to obtain accurate financial reporting, to inform their Hub budget and management accounts reporting to the Arts Council and consider how any key agreements put in place by the HLO, reflect the need for gathering this information in an accurate and timely manner.

The Arts Council recognises that there is likely to be a delay between the end of the reporting period and being able to accurately produce a set of consolidated management accounts. Therefore, as part of the 2024-25 payment conditions, we are asking that management accounts have been updated within the last four months of the payment submission due date.

As set out in section 11.1 of the [additional conditions](#), HLOs must have a strong oversight of earned income across the partnership and what monies need to be ringfenced for the purposes of music education and for use across the wider Hub area. The Arts Council recommends HLOs take a pragmatic approach to gathering additional income figures. HLOs should prioritise reporting on income from those partners who will receive a large proportion of the grant, to help you demonstrate you are achieving the 50 per cent match income from other sources. Having a clear understanding of a Hub finances will help the Arts Council to advocate for the overall impact of the investment with Government.

### **Certified statement of final expenditure**

As set out in section 11.5 of the [additional conditions](#), HLOs are required to provide a Certified Statement of Final Expenditure of the revenue grant i.e. the bottom line (a single figure) so that the Arts Council can identify any underspends. The Arts Council does not require HLOs to certify partners' income and expenditure, though you may choose to do so, as part of your own organisational policy.



## Annual Survey

As set out in section 16.3 of the [additional conditions](#), HLOs must collect and compile data to demonstrate the activity and impact of the Hub during the 1 September 2024 to 31 August 2025 funding period. Hubs must report on their income and expenditure, relating to all Hub activity for the 1 September 2024 to 31 August 2025 funding period.

The headings within the annual survey align with the Financial Information template. Where possible, Hubs should allocate funds to the same categories that you have throughout the year within your submitted Financial Information template. Similarly, figures should represent the HLO and Hub partners' income and expenditure combined. Your submission as part of the annual survey is expected to represent an accurate final financial summary.

The exact timeline, template and guidance for submitting this data to us will be confirmed to you in writing and published on our [website](#).

## **Glossary of financial terms**

### **Budget**

A plan of income and expenditure for a future period.

### **Cash flow**

Report on the estimated sources of an organisation's income, how it plans to spend cash, when it will receive and spend cash, and the resulting change in the organisation's cash balance.

### **Management accounts**

Management accounts are an internal monitoring tool and present information for planning and control in the most helpful form for management and boards.

### **Overheads**

Overheads refer to the ongoing strategic and administrative costs associated to the coordination and leadership of the Hub. Overheads should not include costs that are directly related to the delivery of the Hub's programme of activity.

### **Programme of activity (delivery) costs**

Programme of activity (delivery) costs are costs associated to the delivery of the Hub's programme of activity. They can include salaries (and on-costs) and fees for permanent, temporary and freelance staff involved in the direct delivery of the programme activity, as well as other associated delivery costs (e.g. materials, resources).

### **Staff costs**

Staff costs, within the overheads section, are for those not directly working on the Hub's programme of activity. Salaries are incurred regardless of the Hub's programme of activity. Examples: general management/administration staff.

### **Restricted funds**

Restricted funds are those funds that are donated or granted for specific purposes stated by the funder. Restricted funds can only be used for the purposes for which they were given.

### **Endowment funds**

Endowments are restricted assets held to benefit an organisation long-term. Endowments are property, cash or other investments that are held by a charity in the long term. These assets do not have to be spent on delivering your purpose but can be held to generate income. The income can be spent in line with the purpose of endowment. They can include heritage buildings, general endowments to support ongoing costs, endowments to support bursaries, scholarships or specific posts.

### **Unrestricted designated funds**

Designated funds are unrestricted funds that the trustees have set aside for a particular purpose. Such funds can be undesignated or re-designated. They can include funds set aside for a major project in the next one or two years, a development fund set aside to provide seed corn or match funding for projects or a fund to support innovation within the organisation.

### **Unrestricted general funds**

Unrestricted general funds are funds which are available for general use to spend on charitable objects at the trustee's discretion. They can include core grants from public funders, trading income, interest on main bank accounts.