Information Sheet

Governance

Introduction

This document aims to provide some additional information about governance, why it's important to us, and how we use governance in *Arts Grants for Organisations.*

It has been written as a general guide only and should not be regarded as constituting legal or business advice.

What is governance?

Governance can be described as:

"*the systems and processes concerned with ensuring the overall direction, supervision and accountability of the organisation*"[1].

Or in other words, it can be thought about as everything involved in making sure that an organisation is run effectively and appropriately as it works to achieve its goals. This ranges from compliance with legal and regulatory requirements to day to day operations.

What is a governing document?

Your governing document sets out how your organisation works. It tells us what your organisation is set up to do and how it does it.

We use "governing document" as a general term. Your governing document might be called one of a number of names, (for example a constitution, trust deed or articles of association); it depends on the legal form of your organisation.

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[1] *National Occupational Standards for Trustees and Management Committee Members in the Voluntary and Community Sector.*

Your governing document is your organisation's rule book. It sets out all the practical steps that relate to how an organisation is run. As a guide, this should include:

- Your organisation's name and what it is set up to do (its "objects")

- How it will do those things / achieve its objectives (its "powers")

- Who runs your organisation and how to become a member

- How your governing body is elected or appointed, how often it meets and how it makes decisions

- How your organisation manages its finances

- What happens if changes need to be made to your governing document

- What happens to your assets if your organisation ceases to exist (a dissolution clause)

Both the Charity Commission and Companies House provide advice on governing documents, including model documents and templates, and we have provided links to these organisations below.

What is a governing body?

Your governing body is the group of people who have legal and financial responsibility for your organisation. It is a general term; again the name given to your governing body will depend on the legal form of your organisation.

Governing bodies should be transparent, accountable and operate with integrity. There are several codes of best practice available that set out the roles and responsibilities of governing bodies and could help your organisation operate to its best ability. Further information on these documents is set out below.

Why is governance important to us?

We take the responsibility of distributing public funding very seriously. We need to be sure that your organisation is properly set up and able to manage a grant appropriately. We will not award a grant if we identify a risk that public funds will not be well managed.

We know that good governance is essential for the success of any organisation. We also know that good governance is an excellent foundation for delivering successful projects: if your organisation is well run then there is a greater chance that any project we support will be well run.

This is why understanding the way you run your organisation is important to us. Making sure you meet our eligibility requirements is one of the ways we do this. Our *Getting Started* document sets out how we use governance in this way. We may also consider the way you run your organisation during the assessment process.

What do we look for?

We expect all the information you give us to be as accurate and up to date as possible. If we identify any cause for concern we will investigate this thoroughly.

We may check that the information given in your application is consistent with any other information you've given us, or information which is in the public domain, such as:

- information on your website or your social media

- information we can find by searching the internet, or

- information held by regulatory bodies such as the Charity Commission and Companies House.

We may look for evidence that you follow your own governance requirements as set out in your governing document. For example, are you implementing your own financial policies and your policies regarding frequency of meetings and democratic decision making? Are you operating within the powers of your organisation? How closely do you adhere to your organisation's objectives?

Your application may be rejected if we are not satisfied with the outcomes of our investigations. If we have already awarded you a grant you may be required to repay the money you have received from us.

Bands applying to the Music Industry Development Strand of *Arts Grants for Organisations*

We understand that for bands our governance requirements may seem unsuitable. It is however recognised best practice for bands to have in place a written partnership agreement that sets out how your run your band. For eligibility purposes we consider your partnership agreement to be your governing document.

You can read more about partnership agreements in our Music Industry Development strand document.

The Musicians Union provides information about partnership agreements. Their details can be found below.

Useful Organisations and Publications

The following organisations and publications can provide further information on various aspects of governance.

We are providing these details for information only. By doing so we are not endorsing any of these organisations and we are not responsible for the content of external websites, publications produced by other organisations, or for the advice you may receive from them. They are not intended as a substitute for obtaining specific legal and / or business advice from a competent professional.

Charity Commission for England and Wales

The Hallmarks of an Effective Charity (CC10)
https://www.gov.uk/government/publications/the-hallmarks-of-an-effective-charity-cc10

Find out how charity trustees can set standards to improve the effectiveness of their charity's work.

Charity types: how to choose a structure (CC22a)
https://www.gov.uk/guidance/charity-types-how-to-choose-a-structure

This document helps organisations decide whether to set up a charitable incorporated organisation (CIO), a charitable company or an unincorporated association or trust.

How to write your charity's governing document (CC22b)
https://www.gov.uk/guidance/how-to-write-your-charitys-governing-document

Here the Charity Commission explains how to set out your charity's purposes and rules in its governing document, how to start using it and how to change it. It also provides model governing document templates for organisations ranging from unincorporated associations to CIOs and charitable companies.

Charity trustee: what's involved (CC3a)
https://www.gov.uk/guidance/charity-trustee-whats-involved

Find out what being a charity trustee involves, if you can claim expenses and where to get help and advice.

Companies House
https://www.gov.uk/topic/company-registration-filing/starting-company

Companies House provides a wealth of information about setting up and running a company, including model templates for company articles of association.

Musicians' Union

http://www.musiciansunion.org.uk/Home/Advice/Your-Career/Legal/Specimen-Agreements

The Musicians' Union provides a range of specimen agreements and accompanying guidance notes, including partnership agreements.

Wales Council for Voluntary Action (WCVA)

The Wales Council for Voluntary Action (WCVA) provides a wide range of information on all aspects of running a third sector organisation, including:

Good Governance: A Code for the third sector in Wales

http://www.wcva.org.uk/advice-guidance/trustees-and-governance/publications

The purpose of the 6 key principles set out in the Code is to assist board members to provide strong leadership, enhance their decision making and demonstrate their accountability.

Governance Health Check

http://www.wcva.org.uk/advice-guidance/trustees-and-governance/tools-to-help-you

This is a self-assessment toolkit for voluntary organisations

Faith and Hope don't run charities (trustees do)

http://www.wcva.org.uk/advice-guidance/trustees-and-governance/publications

This handbook aims to help trustees deal with their management responsibilities including strategic planning, being accountable for the development of the organisation, managing people and finances, and making decisions in the interest of the voluntary organisation.

WCVA Information Sheets

http://www.wcva.org.uk/advice-guidance/trustees-and-governance/information-sheets

The WCVA has produced information sheets on the following topics:

- Principles of Governance

- Trustees' duties and responsibilities

- Governing body structures and honorary officers

- Training and development for trustees

- Liability of trustees and governing body members

Disclaimer

We have tried to make sure the information we give is correct. We do not assume and hereby disclaim any liability to anyone for loss or damage caused by mistakes or omissions in the information we provide, whether these mistakes or omissions are caused by negligence, accident or any other reason.