



Department
for Culture,
Media & Sport



Framework Document 2025-28

The Department for Culture, Media,
and Sport

and

The Arts Council of England

This Framework Document is taking effect in August 2025 and replacing all previous versions from that date. The latest date for review and updating of this document is 31 August 2028.

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Contents

Contents	3
Introduction and background	5
1. Purpose of document	5
2. Objectives	5
3. Classification	6
Purposes, duties and aims	7
4. Purposes	7
5. Powers and Duties	7
6. Aims	8
Governance and accountability	10
7. Governance and accountability	10
Role of the department	11
8. The responsible Minister	11
Appointments to the Board	12
Other Ministerial powers and responsibilities	12
9. The Principal Accounting Officer	12
PAO's specific accountabilities and responsibilities	12
10. The role of the sponsorship team	13
11. Resolution of disputes between the Arts Council of England and department	14
12. Freedom of Information and Other Data Requests	14
13. Reporting on legal risk and litigation	14
Arts Council England governance structure	16
14. The Chief Executive	16
Responsibilities of Arts Council England's chief executive as accounting officer	16
Responsibilities for accounting to Parliament and the public	16
Responsibilities to the Department for Culture, Media and Sport	17
Responsibilities to the Board	17
Managing conflicts	17
15. Arts Council England's Non-Executive Board (The National Council)	18
Composition of National Council	18
National Council Committees	18
Duties of the National Council	19
16. The Chair's role and responsibilities	21
17. Individual board members' responsibilities	22
Management and financial responsibilities and controls	24
18. Delegated authorities	24
19. Spending authority	24
20. Banking and managing cash	25
21. Procurement	25
22. Risk management	26
23. Counter fraud and theft	26

24. Arts Council England Staff	27
Broad responsibilities for staff	27
Staff costs	27
Pay and conditions of service	27
Pensions, redundancy and compensation	28
Business plans, financial reporting and management information	29
25. Corporate and business plans	29
26. Budgeting procedures	30
27. Grant-in-aid and any ring-fenced grants	30
28. Annual report and accounts	30
29. Reporting performance to the department	31
30. Information sharing	32
31. Management and technical information	33
32. Communications	33
Audit	34
33. Internal audit	34
34. External audit	34
Reviews and winding up arrangements	36
35. Review of Arts Council England's status	36
36. Arrangements in the event that Arts Council England is wound up	36
Annex A: Guidance	39
A1. Corporate governance	39
A2. Financial management and reporting	40
A3. Management of risk	40
A4. Commercial management	40
A5. Public appointments	41
A6. Staff and remuneration	41
A7. General	41
A8. Charity Law	42
Annex B: Financial and Commercial Responsibilities and Management Information	43
B1. Financial Information	43
Delegated Financial Limits	43
B2. Commercial Information	49
B3. Management Information and Compliance	51

Introduction and background

1. Purpose of document

- 1.1. This framework document (the “framework document”) has been agreed between the Department for Culture, Media and Sport (the “department”) and The Arts Council of England (“Arts Council England”) in accordance with HM Treasury’s handbook Managing Public Money¹ (“MPM”) (as updated from time to time) and has been approved by HM Treasury.
- 1.2. The framework document sets out the broad governance framework within which Arts Council England and the department operate. It sets out Arts Council England’s core responsibilities, describes the governance and accountability framework that applies between the roles of the department and Arts Council England and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.
- 1.3. The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms.
- 1.4. References to Arts Council England include all its subsidiaries and joint ventures that are classified to the public sector and central government for national accounts purposes. If Arts Council England establishes a subsidiary or joint venture, there shall be a document setting out the arrangements between it and Arts Council England, agreed with the department.
- 1.5. Copies of the document and any subsequent amendments have been placed in the libraries of both Houses of Parliament and made available to members of the public on [gov.uk](https://www.gov.uk).
- 1.6. This framework document should be reviewed and updated at least every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer of the sponsor department. The latest day for review and updating of this document is 31 August 2028.

2. Objectives

- 2.1. The department and Arts Council England share the common objectives (as set out in Arts Council England’s Royal Charter) in the public interest to:
 - i. develop and improve the knowledge, understanding and practice of the arts;
 - ii. increase accessibility of the arts to the public in England;
 - iii. advance the education of the public; and to further any other charitable purpose which relates:

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1000670/MPM_Spring_21_with_annexes_080721.pdf

- to the establishment, maintenance and operation of museums and libraries (which are either public or from which the public may benefit); and to
 - the protection of cultural property.
- 2.2. To achieve this, Arts Council England and the department will work together in recognition of each other's roles and areas of expertise, providing an effective environment for Arts Council England to achieve its charitable objectives through the promotion of partnership and trust and ensuring that Arts Council England also supports the strategic aims and objectives of the department and wider government as a whole within its charitable purposes.
- 2.3. The Secretary of State outlined her most recent priorities in the latest Chair's letter sent to Arts Council England. These priorities are to be delivered alongside the Arts Council's Ten-year Strategy [Let's Create](#). 'Key performance indicators' will be reflected by Arts Council England in the relevant published materials - specifically Arts Council England will reflect these in its "Delivery Plans" or in addenda thereto, updated as necessary.
- 2.4. The Secretary of State will clearly communicate to Arts Council England any further priorities for the period of the agreement, and Arts Council England will ensure that its activities and strategy are aligned with these priorities. The priorities align with and help to support objectives and work programmes set out in the DCMS Outcome Delivery Plan.
- 2.5. The department and Arts Council England have agreed that, consistent with its Royal Charter objects, Arts Council England should act as a development agency for the sectors it supports. An agreed articulation of Arts Council England's role as a development agency will be developed by Arts Council England and the department.

3. Classification

- 3.1. Arts Council England has been classified as a central government organisation by the ONS/HM Treasury Classifications Team.
- 3.2. It has been administratively classified by the Cabinet Office as a non-departmental public body (NDPB).
- 3.3. Arts Council England is a registered charity in England and Wales (charity number 1036733).

Purposes, duties and aims

4. Purposes

- 4.1. Arts Council England was established under Royal Charter on 30 March 1994, as amended by Supplemental Charters in 2002, 2008, 2011, and 2013. Its charitable purposes are set out in section 4 of that Supplemental Charter, as follows:
 - i. develop and improve the knowledge, understanding and practice of the arts;
 - ii. increase accessibility of the arts to the public in England;
 - iii. advance the education of the public and to further any other charitable purpose which relates to the establishment, maintenance and operation of museums and libraries (which are either public or from which the public may benefit) and to the protection of cultural property; and
 - iv. advise and co-operate, where it is appropriate to do so, with the Departments of Our Government, Our Scottish Administration, the Northern Ireland Executive and the Welsh Ministers, local authorities, the Arts Councils and equivalent organisations in the museums and libraries sector for Scotland, Wales, and Northern Ireland (or their successors) and other bodies on any matter related to the objects.
- 4.2. The department typically provides funding to Arts Council England through section 70 of the Charities Act 2006. This funding is typically provided as grant-in-aid.
- 4.3. Arts Council England may also deliver specific programmes in partnership with, or on behalf of the government - such as its partnership role in the ongoing management of the Culture Recovery Fund Loanbook. The specific priorities and conditions linked to these programmes will be set out in writing, for example in a letter, contract or memorandum of understanding. However these should not contravene Arts Council England's objects as described in the Royal Charter.

5. Powers and Duties

- 5.1. Arts Council England's legal origins of powers and duties are as follows:
 - i. The powers and objects of Arts Council England derive from its Royal Charter.
 - ii. Arts Council England is identified as a distribution body for the National Lottery Distribution fund, per section 23(1)(a) of the National Lottery etc. Act 1993.
 - iii. Arts Council England is also a registered charity and must comply with the relevant regulations.
 - iv. This agreement complements Arts Council England's Financial Directions and Statement of Financial Requirements (SFR) and its provisions, unless otherwise stated in the SFR, apply to the administration of National Lottery proceeds. It should also be read

alongside Arts Council England's Policy and Accounts Directions issued under section 26 of the National Lottery etc. Act 1993.

- 5.2. Arts Council England carries out administrative functions in connection with a number of statutory functions of the Secretary of State, and in some cases exercises statutory functions on behalf of the Secretary of State under a formal delegation. In particular, Arts Council England:
- i. Operates and maintains the Acceptance in Lieu Panel ("the AILP") in accordance with the instructions of the Secretary of State, and any guidance published by the department and/or HMRC.
 - ii. Administers the Cultural Gifts Scheme in accordance with Schedule 14 of the Finance Act 2012 and the guidance published by the department.
 - iii. Administers the Government Indemnity Scheme in accordance with sections 16 and 16A of the National Heritage Act 1980, and in accordance with any guidance published by the department.
 - iv. Approves and monitors the performance of institutions that have been approved under section 136 of the Tribunals Courts and Enforcement Act 2007 (on immunity from seizure) and informs the department if an institution is failing to maintain the standards of due diligence which lead to it obtaining approval under section 136.
 - v. Processes applications for licences under the Export of Objects of Cultural Interest (Control) Order 2003 ("the 2003 Order").
 - vi. Provides the Secretariat and administrative support to the Reviewing Committee on the Export of Works of Art.
- 5.3. Arts Council England also issues export licenses in its role as the competent authority under Council Regulation (EC) No 116/2009 on the export of cultural goods (as relevant EU legislation continues to apply to Northern Ireland by virtue of its inclusion in the Ireland/Northern Ireland Protocol).

6. Aims

- 6.1. Arts Council England has been set up as a Non-Departmental Public Body, which enables it to operate at arm's-length from the rest of central government.
- 6.2. Arts Council England has therefore developed its own long-term strategy for 2020-2030 ('Let's Create'), and mid-term Delivery Plans for how to realise that strategy, which it monitors and reports against.
- 6.3. Let's Create sets out 3 outcomes which Arts Council England will work to deliver up until 2030:
- i. **Creative People:** Everyone can develop and express creativity throughout their life.
 - ii. **Cultural Communities:** Villages, towns and cities thrive through a collaborative approach to culture.
 - iii. **A creative and cultural country:** England's cultural sector is innovative, collaborative and international.
- 6.4. These outcomes are underpinned by four investment principles:
- i. Ambition & Quality

- ii. Dynamism
- iii. Environmental Responsibility
- iv. Inclusivity & Relevance

6.5. 'Let's Create' exists alongside the priorities set by the department and largely reflects, complements, and expands upon them rather than contradicting or outweighing them in respect of the delivery of public funding.

Governance and accountability

7. Governance and accountability

- 7.1. Arts Council England shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this framework document, its charitable status, or otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.
- 7.2. In particular (but without limitation), Arts Council England should:
- i. comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice² (as amended and updated from time to time) to the extent appropriate and in line with its statutory duties or specify and explain any non-compliance in its annual report.
 - ii. comply with MPM.
 - iii. in line with MPM have regard to the relevant Functional Standards³ as appropriate and in particular those concerning Finance, Commercial and Counter Fraud.
 - iv. take into account the codes of good practice and guidance set out in Annex A of this framework document, as they apply to arm's length bodies.
 - v. comply with its duties under charity law.
- 7.3. In line with MPM Annex 3.1 and the Charities Statement of Recommended Practice⁴ Arts Council England shall provide an account of corporate governance in its annual governance statement including the Board's assessment of its compliance with the Code with explanations of any material departures. To the extent that Arts Council England does intend to materially depart from the Code, the department should be notified in advance.

²<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

³ <https://www.gov.uk/government/collections/functional-standards>

⁴ <https://www.gov.uk/government/publications/charities-sorp-2005>

Role of the department

8. The responsible Minister

- 8.1. The Secretary of State for the department, and other members of the Ministerial team, are accountable to Parliament for all matters concerning Arts Council England.
- 8.2. The Ministers' powers in respect of Arts Council England are set out in:
 - i. its Royal Charter.
 - ii. National Lottery etc. Act 1993 s. 26; and, in respect of the typical funding route,
 - iii. Charities Act 2006 s.70.
- 8.3. In summary, such powers include (but are not limited to) the following:
 - i. The Royal Charter reserves the following powers to the Secretary of State:
 - Direct the National Council in respect of consultations on the establishment and dissolution of, and delegation of powers (including the power to make grants) and functions to, Area Councils.
 - Direct the National Council in respect of consultations on the establishment of arrangements with Area Councils for the funding of activities in each geographical area from time to time covered by an Area Council.
 - From time to time determine remuneration and other benefits to the Chair and Chairs of Area Councils in consultation with the Chair of Arts Council England.
 - Appoint or remove (with cause): the Chair or a Chair of any Area Council, or an appointed member of the National Council (the exception being the London Area Chair, who is appointed by the Mayor of London, subject to the approval of the Secretary of State).
 - Approval of the appointment of the Chief Executive of Arts Council England.
 - Approval of the establishment of Area Councils.
 - ii. from the National Lottery etc. Act 1993 to:
 - Give directions as to the matters to be taken into account in determining the persons to whom, the purposes for which and the conditions subject to which, the body distributes any money.
 - By order prohibit a body from distributing money to a person specified in the order.
 - iii. from the Charities Act 2006 to:
 - Give financial assistance to any charitable, benevolent or philanthropic institution in respect of any of the institution's activities which directly or indirectly benefit the whole or any part of England (whether or not they also benefit any other area).

Appointments to the Board

- 8.4. The Chief Executive of Arts Council England is appointed by the National Council under Article 10 of the Arts Council England Royal Charter subject to the approval of the Secretary of State.
- 8.5. The Minister shall have the following appointment and approval rights in relation to Arts Council England's Board (National Council):
- i. The Chair is appointed by the Secretary of State. This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.
 - ii. All non-executive members (apart from the London Area Chair) are appointed by the Secretary of State under Article 7 of the Arts Council England Royal Charter. These appointments are subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.
 - iii. One non-executive member is appointed by the Mayor of London, subject to approval from the Secretary of State, under Article 7 of the Arts Council England Royal Charter.
 - iv. All such appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint boards which include a balance of skills and backgrounds.

Other Ministerial powers and responsibilities

- 8.6. The Minister is also responsible for:
- i. the government policy framework, and government priorities, within which Arts Council England operates (National Council is responsible for establishing and taking forward the strategic aims and objectives of Arts Council England within this framework).
 - ii. setting targets for and overseeing performance of Arts Council England, including endorsing Arts Council England's Strategy and Delivery Plan, and holding it to account on this framework.
 - iii. matters regarding spending approvals, acquisitions, disposals, and joint ventures in line with delegations as set out in the delegation letter.
 - iv. such other matters as may be appropriate and proportionate in the interests of the charity.

9. The Principal Accounting Officer

- 9.1. The Principal Accounting Officer (PAO) is the Permanent Secretary of the department.

PAO's specific accountabilities and responsibilities

- 9.2. The PAO of the department designates the Chief Executive as Arts Council England Accounting Officer (AO) and ensures that they are fully aware of their responsibilities. The PAO issues a letter appointing the AO, setting out their responsibilities and delegated authorities.

- 9.3. The respective responsibilities of the PAO and AOs for arm's length bodies are set out in Chapter 3 of MPM.
- 9.4. The PAO is accountable to Parliament for the issue of any grant-in-aid to Arts Council England.
- 9.5. The PAO is also responsible, usually via the sponsorship team, for advising the responsible Minister on:
- i. an appropriate framework of objectives and targets for Arts Council England in light of the department's wider strategic aims and priorities.
 - ii. an appropriate budget for Arts Council England in light of the department's overall public expenditure priorities.
 - iii. how well Arts Council England is achieving its strategic objectives and whether it is delivering value for money.
 - iv. the exercise of the Ministers' statutory responsibilities concerning Arts Council England as outlined above.
- 9.6. The PAO via the sponsorship team is also responsible for ensuring arrangements are in place in order to:
- i. monitor Arts Council England's activities and performance.
 - ii. address significant problems in Arts Council England, making such interventions as are judged necessary.
 - iii. periodically and at such frequency as is proportionate to the level of risk, carry out an assessment of the risks both to the department and Arts Council England's objectives and activities in line with the wider departmental risk assessment process.
 - iv. inform Arts Council England of relevant government policy in a timely manner.
 - v. bring ministerial or departmental concerns about the activities of Arts Council England to National Council, and, as appropriate to the departmental Board, requiring explanations and assurances that appropriate action has been taken.

10. The role of the sponsorship team

- 10.1. The Arts Council England sponsorship team, within the Arts and Libraries team in the department, is the primary contact for Arts Council England. The responsible senior civil servant for this relationship is the Director(s) for the Culture Directorate. They are the main source of advice to the responsible Minister on the discharge of their responsibilities in respect of Arts Council England. They also support the PAO on their responsibilities toward Arts Council England.
- 10.2. Officials of the Arts Council England sponsorship team will liaise regularly with Arts Council England officials to review performance against plans, achievement against targets, and expenditure against its DEL and AME allocations. The Arts Council England sponsorship team will also take the opportunity to explain wider policy developments that might have an impact on Arts Council England.

- 10.3. Departmental sponsors are responsible, on behalf of Ministers and the PAO, for holding arm's length bodies to account and gaining assurance concerning the proper discharge of their functions. The correct balance between such oversight and operational freedom will vary for each sponsored body and as such sponsorship arrangements may vary. The Arts Council England sponsorship team, and Arts Council England, will adhere to the expectations and relationship standards as set out in the Sponsorship Code of Good Practice⁵.
- 10.4. The exact expectations and parameters of the relationship between the Arts Council England sponsorship team and Arts Council England will be laid out in a Liaison Protocol document, to be shared and maintained between the two organisations.

11. Resolution of disputes between the Arts Council of England and department

- 11.1. Any disputes between the department and Arts Council England will be resolved in as timely a manner as possible. The department and Arts Council England will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the senior sponsor, will be used to resolve the issue. Failing this, the senior sponsor will ask the relevant policy Director General to oversee the dispute. They may then choose to ask the Permanent Secretary to nominate a non-executive member of the department's Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

12. Freedom of Information and Other Data Requests

- 12.1. Where a request for information is received by either party under the Freedom of Information Act 2000, or the Data Protection Act 1998 or 2018, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities.

13. Reporting on legal risk and litigation

- 13.1. Arts Council England shall provide a quarterly update to the sponsorship team on the existence of any active litigation and any threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the sponsorship team in a timely manner.
- 13.2. In respect of each substantial piece of litigation involving Arts Council England, the parties will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information

⁵ <https://www.gov.uk/government/publications/arms-length-body-sponsorship-code-of-good-practice>

transmitted to the sponsorship team to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:

- i. material developments in the litigation are communicated to the sponsorship team in an appropriate and timely manner.
- ii. legally privileged documents and information are clearly marked as such.
- iii. individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege.
- iv. circulation of privileged information within government occurs only as necessary.

Arts Council England governance structure

14. The Chief Executive

Responsibilities of Arts Council England's chief executive as accounting officer

14.1. The Chief Executive as AO is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of Arts Council England. In addition, they should ensure that Arts Council England as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of MPM. These responsibilities include the below and those that are set in the AO appointment letter issued by the PAO of the sponsor department.

Responsibilities for accounting to Parliament and the public

14.2. Responsibilities to Parliament and the public include:

- i. signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State.
- ii. preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts.
- iii. ensuring that effective procedures for handling complaints about Arts Council England in accordance with Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling are established and made widely known within Arts Council England and published on Arts Council England's website:
<https://www.artscouncil.org.uk>.
- iv. acting in accordance with the terms of MPM and other instructions and guidance issued from time to time by the department, HM Treasury and the Cabinet Office.
- v. ensuring that as part of the above compliance they are familiar with and act in accordance with:
 - any governing legislation.
 - this framework document.
 - any delegation letter issued to the body.
 - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of Arts Council England.
 - any separate settlement letter that is issued to Arts Council England from the sponsor department.
 - Arts Council England's other governing documents.

- vi. ensuring they have appropriate internal mechanisms for monitoring, governance, and external reporting regarding non-compliance, with any conditions arising from the above documents.
- vii. giving evidence, normally with the PAO, when summoned before the Public Accounts Committee on Arts Council England's stewardship of public funds.

Responsibilities to the Department for Culture, Media and Sport

14.3. Responsibilities to the Department for Culture, Media and Sport include:

- i. establishing, in agreement with the department, Arts Council England's corporate and business plans in the light of the department's wider strategic aims, agreed priorities and Arts Council England's charitable purposes.
- ii. informing the department of progress in helping to achieve the department's policy objectives which coincide with Arts Council England's charitable purposes and in demonstrating how resources are being used to achieve those objectives.
- iii. ensuring that timely forecasts and monitoring information on performance and finance are provided to the department; that the department is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the department in a timely fashion.

Responsibilities to the Board

14.4. The Chief Executive is responsible for:

- i. advising the Board on the discharge of their responsibilities as set out in this document, in charity law and in compliance with Arts Council England's governing document, the founding legislation and in any other relevant instructions and guidance that may be issued from time to time.
- ii. advising the Board on Arts Council England's performance compared with its aims and objectives.
- iii. ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed.

Managing conflicts

14.5. The Chief Executive should follow the advice and direction of the Board, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so.

14.6. If the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical, the Chief Executive in their role as AO should reject that course of action and ensure that the Board have a full opportunity to discuss the rationale for that rejection.

- 14.7. If the Chair or Board of Arts Council England is minded to instruct its AO to carry out a course inconsistent with their duties as AO, then the AO should make their reservations clear, preferably in writing. If the Board is still minded to proceed, the AO should then:
- i. ask the PAO of the sponsor department to consider intervening to resolve the difference of view, preferably in writing.
 - ii. if the Board's decision stands, seek its written direction to carry it out, asking the sponsor department to inform HM Treasury.
 - iii. proceed to implement without delay.
 - iv. follow the routine in paragraph 3.6.6 of MPM.

15. Arts Council England's Non-Executive Board (The National Council)

Composition of National Council

- 15.1. Arts Council England will have a Board in line with good standards of corporate governance and as set out in its establishing statute and in guidance as set out in Annex A. The role of the National Council shall be to run Arts Council England, and to deliver the charitable objectives, in accordance with the purposes as set out above, their statutory, regulatory, charity law and common law duties and their responsibilities under this framework document and Arts Council England's framework and any other governing documents. Detailed responsibilities of the Board shall be set out in the Board terms of reference. Remuneration of the Board will be disclosed in line with the guidance in the Government Financial Reporting manual (FReM).
- 15.2. In line with the founding legislation or documents and, where applicable, the government's Corporate Governance Code for Central Government Departments: Code of good practice, Arts Council England's National Council will consist of a Chair, together with currently 14 Council members that have a balance of skills and experience appropriate to directing Arts Council England's business. Arts Council England should put in place reasonable strategies to attract, recruit and retain diverse membership of its National Council, with the goal of having a National Council which is broadly representative of the makeup of contemporary British society, and which draws fully on the different skills and perspectives our whole country has to offer.
- 15.3. The National Council should include members whose skills and experience align with the strategic direction of the organisation. The National Council should be made up of independent non-executive members to ensure that executive members are supported and constructively challenged in their role.

National Council Committees

- 15.4. Subject to the arrangements set out in the Royal Charter, National Council may set up such committees as necessary for it to fulfil its functions. As is

detailed below at a minimum this should include an Audit and Risk Committee chaired by an independent and appropriately qualified non-executive member of the Council.

- 15.5. While National Council may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration, it retains responsibility for, and endorses, final decisions in all of these areas. The Chair should ensure that sufficient time is allowed at the Board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.
- 15.6. Where there is disagreement between the relevant committee and National Council, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the sponsorship team, PAO and responsible Minister. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the annual report.
- 15.7. The Chair should ensure Council committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by National Council. The Chair should ensure that committee membership is periodically refreshed and that individual independent non-executive directors are not over-burdened when deciding the chairs and membership of committees.

Duties of the National Council

- 15.8. The National Council is specifically responsible for:
 - i. establishing and taking forward the strategic aims and objectives of Arts Council England, consistent with its overall strategic direction and taking account of the policy and resources framework determined by the Secretary of State.
 - ii. providing effective leadership of Arts Council England within a framework of prudent and effective controls which enables risk to be assessed and managed.
 - iii. ensuring the financial and human resources are in place for Arts Council England to meet its objectives.
 - iv. reviewing management performance.
 - v. ensuring that the Board receives and reviews regular financial and management information concerning the management of Arts Council England.
 - vi. ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of Arts Council England's Board or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such matters to the attention of the responsible Minister and PAO via the executive team, sponsorship team or directly.
 - vii. ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed

- with the sponsor department, and in accordance with any other conditions relating to the use of public funds.
- viii. ensuring that in reaching decisions, the Board takes into account guidance issued by the sponsor department.
 - ix. ensuring that as part of the above compliance they are familiar with:
 - this framework document.
 - their duties as trustees under charity law.
 - any delegation letter issued to the body by the department.
 - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of Arts Council England.
 - any separate settlement letter that is issued to the Arts Council England from the sponsor department.
 - x. ensuring that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the Chief Executive and Arts Council England as a whole act in accordance with their obligations under the above documents.
 - xi. demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the Board to address key financial and other risks.
 - xii. appointing with the responsible Minister's approval a Chief Executive and, in consultation with the department, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilisation of public resources.
 - xiii. putting in place mechanisms for independent appraisal and annual evaluation of the performance of the Chair by the independent non-executives, taking into account the views of relevant stakeholders. The outcome of that evaluation should be made available to the sponsorship team, who in turn may share with the Permanent Secretary, Director Generals and Ministers where appropriate.
 - xiv. putting in place mechanisms for the Chief Executive to have visibility of Council activity with sufficient time before Board decisions are agreed. The mechanism will enable the Chief Executive to take action where needed as per paragraph 'Managing conflicts'.
 - xv. determining all such other things which the National Council considers ancillary or conducive to the attainment or fulfilment by Arts Council England of its objectives, including its charitable purposes.

15.9. The National Council should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

15.10. The National Council should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The National Council should ensure that effective arrangements are in place to provide assurance over

the design and operation of risk management, governance and internal control in line with the Management of Risk – Principles and Concepts (The Orange Book)⁶.

- 15.11. The National Council must set up an Audit and Risk Assurance Committee chaired by an independent and appropriately qualified non-executive member to provide independent advice and ensure that the department's Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns.
- 15.12. The National Council is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.

16. The Chair's role and responsibilities

- 16.1. The Chair is responsible for leading the National Council in the delivery of its responsibilities. Such responsibility should be exercised in the light of their duties and responsibilities as set out in their appointment letter, the priorities in the Chair's letter issued to them by the department, the statutory authority governing Arts Council England, Arts Council England's governing document and charity law, this document, and the documents and guidance referred to within this document.
- 16.2. Communications between Arts Council England's National Council and the responsible Minister should normally be through the Chair.
- 16.3. The Chair is bound by the Code of Conduct for Board Members of Public Bodies⁷, which covers conduct in the role and includes the Nolan Principles of Public Life⁸.
- 16.4. In addition, the Chair is responsible for:
- i. ensuring, including by monitoring and engaging with appropriate governance arrangements, that Arts Council England's affairs are conducted with probity.
 - ii. ensuring that policies and actions are consistent with its overall strategic direction and taking account of the policy and resources framework determined by the Secretary of State. These policies and actions should be clearly communicated and disseminated throughout Arts Council England.
- 16.5. The Chair has the following leadership responsibilities:
- i. formulating the Board's strategy.
 - ii. ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the responsible Minister or the department.

⁶ <https://www.gov.uk/government/publications/orange-book>

⁷ <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

⁸ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

- iii. promoting the efficient and effective use of staff and other resources.
- iv. delivering high standards of regularity and propriety.
- v. representing the views of the board to the general public.

16.6. The Chair also has an obligation to ensure that:

- i. the work of the Board and its members are reviewed and are working effectively including ongoing assessment of the performance of individual board members with a formal annual evaluation and more in-depth assessments of the performance of individual board members when being considered for re-appointment.
- ii. that in conducting assessments that the view of relevant stakeholders including employees and the sponsorship team are sought and considered.
- iii. that the Board has a balance of skills appropriate to directing Arts Council England business, and that all trustees including the Chair and Chief Executive continually update their skills, knowledge and familiarity with Arts Council England to fulfil their role both on the Board and committees. This will include but not be limited to skills and training in relation to financial management and reporting requirements, risk management and the requirements of board membership within the public sector.
- iv. board members are fully briefed on terms of appointment, duties, rights and responsibilities.
- v. they, together with the other board members, receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice.
- vi. the responsible Minister is advised of Arts Council England's needs when board vacancies arise.
- vii. there is a Board Operating Framework in place setting out the role and responsibilities of the board consistent with the Government Code of Good Practice for Corporate Governance.
- viii. there is a code of practice for board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies.

17. Individual board members' responsibilities

17.1. Individual board members should:

- i. comply at all times with the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest.
- ii. demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors as appropriate.⁹
- iii. not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of

⁹<https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds>

- public service to promote their private interests or those of connected persons or organisations.
- iv. comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments.
 - v. act in good faith and in the best interests of Arts Council England.
 - vi. ensure they are familiar with any applicable guidance on the role of public sector non-executive directors and boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government.
 - vii. ensure that they are familiar with guidance on the duties of charity trustees under charity law.
 - viii. comply with Arts Council England's governing document.

Management and financial responsibilities and controls

18. Delegated authorities

18.1. Arts Council England's delegated authorities are set out in the delegation letter sent by the department. This delegation letter may be updated and superseded by later versions which may be issued by the sponsor department in agreement with HM Treasury.

18.2. In line with MPM Annex 2.2 these delegations will be reviewed on an annual basis.

18.3. Arts Council England shall obtain the department's and where appropriate HM Treasury's prior written approval before:

- i. entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in Arts Council England's annual budget as approved by the department.
- ii. incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications.
- iii. making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department.
- iv. making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required.
- v. carrying out policies that go against the principles, rules, guidance and advice in MPM.

19. Spending authority

19.1. Once the budget has been approved by the sponsor department and subject to any restrictions imposed by statute, the responsible Minister's instructions, this document, HM Treasury settlement or delegation letters, Arts Council England shall have authority to incur expenditure approved in the budget without further reference to the sponsor department, on the following conditions:

- i. Arts Council England shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the sponsor department and as agreed by HM Treasury and Cabinet Office as appropriate.
- ii. Arts Council England shall comply with MPM regarding novel, contentious or repercussive proposals.
- iii. inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed.

- iv. Arts Council England shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.

20. Banking and managing cash

- 20.1. Arts Council England must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by Government Banking).
- 20.2. Arts Council England should only hold money outside Government Banking Service accounts where a good business case can be made for doing so and HM Treasury consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.
- 20.3. Commercial accounts where approved should be operated in line with the principles as set out in MPM.
- 20.4. The AO is responsible for ensuring Arts Council England has a banking policy as set out in MPM and ensuring that policy is complied with.

21. Procurement

- 21.1. Arts Council England shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the current Public Procurement Regulations. (For Example but not exclusive to Public Contracts Regulations 2015 and Procurement Act 2023).
- 21.2. Arts Council England shall establish its procurement policies and document these in a Procurement Policy and Procedures Manual.
- 21.3. In procurement cases where Arts Council England is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the department's commercial director.
- 21.4. Goods, services, and works should be acquired by competition. Proposals to let single-tender or restricted contracts shall be limited and exceptional, and a quarterly report explaining those exceptions should be sent to the department.
- 21.5. Procurement by Arts Council England of works, equipment, goods, and services shall be based on a full option appraisal and value for money (VfM), i.e. the optimum combination and whole life costs and quality (fitness for purpose).
- 21.6. The delegated limit for single tender action contracts is set out at Annex B. Arts Council England must comply with the Single Tender Action process

as outlined at Annex B and as otherwise communicated to it by the Department.

21.7. Arts Council England shall comply with the requirements set out in Annex B.

21.8. Arts Council England shall:

- i. engage fully with department and government wide procurement initiatives that seek to achieve VfM from collaborative projects.
- ii. comply with all relevant Procurement Policy Notes issued by Cabinet Office.
- iii. co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM.

21.9. Arts Council England shall comply with the commercial¹⁰ and grants standards¹¹. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and arm's length bodies, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

22. Risk management

22.1. Arts Council England shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with HM Treasury guidance Management of Risk: Principles and Concepts¹².

23. Counter fraud and theft

23.1. Arts Council England should adopt and implement policies and practices to safeguard itself against fraud and theft.

23.2. Arts Council England should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set out in MPM Annex 4.9 and the Counter Fraud Functional Standard¹³. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.

23.3. Arts Council England should keep records of, and prepare and forward to the department, an annual report on fraud and theft suffered by Arts Council England and notify the sponsor department of any unusual or major incidents as soon as possible. Arts Council England should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of

¹⁰ <https://www.gov.uk/government/publications/commercial-operating-standards-for-government>

¹¹ <https://www.gov.uk/government/publications/grants-standards>

¹² http://www.hm-treasury.gov.uk/orange_book.htm

¹³ <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

24. Arts Council England Staff

Broad responsibilities for staff

- 24.1. Within the arrangements approved by the responsible Minister and HM Treasury Arts Council England will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:
- i. the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination against employees with protected characteristics under the Equality Act 2010.
 - ii. the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness.
 - iii. the performance of its staff at all levels is satisfactorily appraised and Arts Council England performance measurement systems are reviewed from time to time.
 - iv. its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve Arts Council England's objectives.
 - v. proper consultation with staff takes place on key issues affecting them.
 - vi. adequate grievance and disciplinary procedures are in place.
 - vii. whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place.
 - viii. a code of conduct for staff is in place broadly based on the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies¹⁴.

Staff costs

- 24.2. Subject to its delegated authorities, Arts Council England shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions of service

- 24.3. Arts Council England staff are subject to levels of remuneration and terms and conditions of service (excluding pensions) within the general pay structure approved by the sponsor department and HM Treasury. Arts Council England has no delegated power to amend these terms and conditions.

- 24.4. If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to

¹⁴https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf

payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code¹⁵ and the annual Civil Service Pay Remit Guidance, except where prior approval has been given by the department to vary such rates.

24.5. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the department together with subsequent amendments.

24.6. Arts Council England shall abide by public sector pay controls, including the relevant approvals process dependent on the organisation's classification as detailed in the Senior Pay Guidance¹⁶ and the Public Sector Pay and Terms Guidance¹⁷.

24.7. Arts Council England shall operate a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by the department. It shall operate within the general pay structure approved by the sponsor department and HM Treasury, and where relevant, with due regard to the Senior Pay Guidance.

24.8. The travel expenses of board members shall be tied to the rates allowed to senior staff of Arts Council England. Reasonable actual costs shall be reimbursed.

Pensions, redundancy and compensation

24.9. Compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments.

24.10. Arts Council England staff shall normally be eligible for a pension provided by the Arts Council Retirement Plan. Staff may opt out of the occupational pension scheme provided by Arts Council England, but that employers' contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.

24.11. Any proposal by Arts Council England to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the department. Proposals on severance must comply with the rules in chapter 4 of MPM.

¹⁵ <https://www.gov.uk/government/publications/civil-servants-terms-and-conditions>

¹⁶ <https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward>

¹⁷ <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>

Business plans, financial reporting and management information

25. Corporate and business plans

- 25.1. Arts Council England shall submit either annual or multi-year draft corporate/business plans (known as Delivery Plans) in line with its 10 year strategy, covering a defined period. These plans shall be developed in such time as to allow meaningful consideration and feedback - including Ministerial endorsement - before final adoption by the National Council.
- 25.2. Arts Council England shall agree with the department the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect Arts Council England's statutory and/or other duties, its charitable purposes, and, within those duties, the priorities set from time to time by the responsible Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how Arts Council England contributes to the achievement of the department's medium-term plan and priorities and aligned performance metrics and milestones in line with its charitable objectives.
- 25.3. The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the department. Subject to any commercial considerations, the corporate and business plans should be published by Arts Council England on its website and separately be made available to staff.
- 25.4. The following key matters should be included in the plans or on request:
- i. key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives.
 - ii. key non-financial performance targets.
 - iii. a review of performance in the preceding financial year, together with comparable outturns for the previous years, and an estimate of performance in the current year.
 - iv. alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast.
 - v. other matters as agreed between the department and Arts Council England.

26. Budgeting procedures

26.1. Each year, in the light of decisions by the department on the updated draft corporate plan, the department will send to Arts Council England by 31 March:

- i. a formal statement of the annual budgetary provision allocated by the department in the light of competing priorities across the department and of any forecast income approved by the department.
- ii. a statement of any planned change in policies affecting Arts Council England.

26.2. The approved annual business plan will take account both of approved funding provision and, where this applies any forecast receipts. It (or other materials submitted to the department) will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

27. Grant-in-aid and any ring-fenced grants

27.1. Any grant-in-aid provided by the department for the year in question will be voted in the department's Supply Estimate and be subject to parliamentary control.

27.2. The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. Arts Council England will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of Arts Council England. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the department will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

27.3. In the event that the department provides Arts Council England separate grants for specific (ring-fenced) purposes, it would issue the grant as and when Arts Council England needed it on the basis of a written request. Arts Council England would provide evidence that the grant was used for the purposes authorised by the department. Arts Council England shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

28. Annual report and accounts

28.1. Arts Council England must prepare annual reports and accounts following the direction given by the Sponsor department (or HM Treasury) in line with Government Resource and Accounts Act 2000 (or the entity's relevant legislation).

28.2. Information on performance against key financial targets is included within the annual report and subject to the auditor's consistency opinion. The report and accounts shall be laid in Parliament and made available on Arts Council England's website, in accordance with the guidance in the FReM.

29. Reporting performance to the department

29.1. Arts Council England shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans.

29.2. Arts Council England shall inform the sponsor department of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver Ministers' policies, and the achievement of key objectives regularly as follows:

Meeting	Frequency	Notes
Liaison meeting: meeting between the department's sponsorship team, relevant working level colleagues and Arts Council England to discuss operational matters	Monthly	Arranged, chaired and minuted by Arts Council England. Chair is normally the Chief Operating Officer. No meeting in the month of Partnership meetings.
Partnership meeting: meeting between the department's sponsorship team, relevant working level and senior colleagues and Arts Council England to discuss its delivery against priorities, and other strategic matters	Quarterly	Arranged, chaired and minuted by the department. Chair is normally the relevant Deputy Director or Director. The core objectives of the meeting are to enable a discussion of: key risks for Arts Council England including financial risks and performance against agreed priorities.
Meeting between the department's Director Generals and Directors, and Arts Council Chief Executive Officer	At least quarterly	
Meeting between the Secretary of State or relevant Minister and Arts Council Chair or Chief Executive Officer	At least annually	
Annual appraisal of Arts Council Chair by the	Annually	

department (usually Permanent Secretary as PAO or delegated to Director General)		
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30. Information sharing

- 30.1. The department has the right of access to all Arts Council England records and personnel for any purpose including, for example, sponsorship audits and operational investigations.
- 30.2. Arts Council England shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.
- 30.3. The department and HM Treasury may request the sharing of data held by Arts Council England in such a manner as set out in central guidance except insofar as it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.
- 30.4. The department and Arts Council England will agree a memorandum of understanding to govern the sharing of personal data and confidential data.
- 30.5. As a minimum, Arts Council England shall provide the department with information monthly that will enable the department satisfactorily to monitor:
 - i. Arts Council England's cash management.
 - ii. its draw-down of grant-in-aid.
 - iii. forecast outturn by resource headings.
 - iv. other data required for the Online System for Central Accounting and Reporting (OSCAR).
 - v. data as required in respect of its compliance with any Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter.

31. Management and technical information

- 31.1. Arts Council England will provide regular information on areas such as Commercial and Procurement, counter-fraud, estates and workforce, as set out at Annex B.
- 31.2. At times the department will reasonably request information on an *ad hoc* basis which Arts Council England must (and within any reasonable timescale required by the department) supply.

32. Communications

- 32.1. Arts Council England will proactively inform the department about all announcements, events or publications which are controversial or

otherwise likely to attract national media interest or significant local interest.

32.2. Arts Council England is subject to Cabinet Office controls on marketing and communication.

32.3. When Arts Council England carries out its UK-wide responsibilities, such as the Cultural Property functions, the department will support and encourage Arts Council England to adopt the principles of the Welsh language scheme. We will also encourage Arts Council England to prepare their own Welsh Language Schemes if requested by the Welsh Language Commissioner.

Audit

33. Internal audit

33.1. Arts Council England shall:

- i. establish and maintain arrangements for internal audit. Currently, the annual programme of internal audit work is carried out by an external firm of accountants (to standards defined in the Public Sector Internal Audit Standards).
- ii. ensure that the sponsor department's internal audit team has complete access to all relevant records.
- iii. ensure that any arrangements for internal audit are in accordance with the Public Sector Internal Audit Standards (PSIAS) as adopted by HM Treasury¹⁸.
- iv. set up an audit committee of its Board in accordance with the Code of Good Practice for Corporate Governance and the Audit and Risk Assurance Committee Handbook.
- v. forward the audit strategy, periodic audit plans and annual audit report, including Arts Council England Head of Internal Audit opinion on risk management, control and governance as soon as possible to the sponsor department.
- vi. keep records of and prepare and forward to the department an annual report on fraud and theft suffered by Arts Council England and notify the sponsor department of any unusual or major incidents as soon as possible.
- vii. share with the sponsor department information identified during the audit process and the Annual Audit Opinion Report (together with any other outputs) at the end of the audit, in particular on issues impacting on the department's responsibilities in relation to financial systems within Arts Council England.

34. External audit

34.1. The Comptroller & Auditor General (C&AG) passes the audited accounts to the Secretary of State who will lay the accounts together with the C&AG's report before parliament.

34.2. In the event that Arts Council England has set up and controls subsidiary companies, Arts Council England will in light of the provisions in the Companies Act 2006 ensure that the C&AG has the option to be appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. Arts Council England shall discuss with the sponsor department the procedures for appointing the C&AG as auditor of the companies.

34.3. The C&AG:

¹⁸ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

- i. will consult the department and Arts Council England on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG.
- ii. has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from Arts Council England.
- iii. will share with the sponsor department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within Arts Council England.
- iv. will consider requests from departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion.

34.4. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which Arts Council England has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, Arts Council England shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

Reviews and winding up arrangements

35. Review of Arts Council England's status

35.1. Arts Council England may be reviewed as part of the wider Public Bodies Reviews programme, at a time determined by the department's ministers and their PAO.

36. Arrangements in the event that Arts Council England is wound up

36.1. The sponsor department shall put in place arrangements to ensure the orderly winding up of Arts Council England in accordance with its governing document. In particular it should ensure that the assets and liabilities of Arts Council England are passed to any successor charitable organisation with similar charitable purposes and accounted for properly. Where appropriate, any assets wholly or partly funded by grants or grants-in-aid from the sponsor department may revert to the sponsoring department to the extent that valid and legally enforceable conditions have been imposed at the time of the grant. In the event that there is no successor charitable organisation, the assets and liabilities should be passed to a charity with similar charitable objectives. To this end, the department shall:

- i. have regard to Cabinet Office guidance on winding up of arm's length bodies.¹⁹
- ii. ensure that procedures are in place in Arts Council England to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body.
- iii. specify the basis for the valuation and accounting treatment of Arts Council England's assets and liabilities.
- iv. ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts.
- v. arrange for the most appropriate person to sign the closing accounts. In the event that another charitable arm's length body takes on the role, responsibilities, assets and liabilities, the succeeding arm's length body AO should sign the closing accounts. In the event that the department inherits any assets and liabilities, the sponsor department's PAO should sign.

¹⁹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690952/Public_Bodies_-_a_guide_for_departments_-_chapter_10.pdf

36.2. Arts Council England shall provide the department with full details of all agreements where Arts Council England or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due to Arts Council England.

Signatories



Sir Nicholas Serota
Chair, Arts Council England

Date:

16 July 2025

Ruth Hannant / Polly Payne
Directors General, Policy, DCMS



Date: 18th August 2025

Annex A: Guidance

Arts Council England shall comply with the following guidance, documents and instructions, any subsequent updates to guidance and any new guidance issued by the Department for Culture, Media and Sport, Cabinet Office and/or HM Treasury²⁰:

A1. Corporate governance

- A1.1. This framework document;
- A1.2. Corporate Governance Code for Central Government Departments (relevant to arm's length bodies) and supporting guidance:
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>;
- A1.3. Code of conduct for Board members of Public Bodies:
<https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>;
- A1.4. Code of practice for partnerships between Departments and Arm's Length Bodies:
<https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice#:~:text=This%20code%20of%20good%20practice,partnership%20approach%20to%20shaping%20relationships>;
- A1.5. Public Sector Apprenticeship target²¹ and Gender Pay Gap reporting²², whilst Arts Council England's number of employees exceeds 250;
- A1.6. Modern Slavery Act requirements, including publishing an annual statement if applicable;
- A1.7. General Data Protection Regulation;
- A1.8. Off payroll-working in the Public Sector;
- A1.9. The Social Value Act;
- A1.10. The Privacy and Electronic Communications (EC Directive) Regulations 2003;
- A1.11. Rules on Lobbying for Non-Departmental Public Bodies;²³
- A1.12. Government's target for spending with SMEs, with such targets set for Arts Council England by agreement with the Department;
- A1.13. Government's Prompt Payment Policy;²⁴
- A1.14. Cabinet Office Controls.²⁵

²⁰Note that the guidance listed here may not be applicable in all circumstances. Some documents are for mandatory compliance, others comply or explain, and others are best practice. Arts Council England should comply with this guidance to as great an extent as possible, however, where this is not appropriate and the guidance allows for latitude, it is for the Arts Council to determine application on a case-by-case basis

²¹ <https://www.gov.uk/government/publications/public-sector-apprenticeship-target>

²² <https://www.gov.uk/guidance/gender-pay-gap-reporting-overview>

²³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/62130/ndpbs-lobbying.pdf

²⁴ <https://www.gov.uk/guidance/prompt-payment-policy>

²⁵ <https://www.gov.uk/government/collections/cabinet-office-controls>

A2. Financial management and reporting

- A2.1. Managing Public Money (MPM):
<https://www.gov.uk/government/publications/managing-public-money>;
- A2.2. Government Financial Reporting Manual (FReM):
www.gov.uk/government/collections/government-financial-reporting-manual-frem;
- A2.3. Relevant Dear Accounting Officer (DAO) letters:
www.gov.uk/government/collections/dao-letters;
- A2.4. Relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts:
<https://www.gov.uk/government/collections/whole-of-government-accounts>;
- A2.5. HM Treasury's Assurance Frameworks guidance;²⁶
- A2.6. Government Finance Standards²⁷;
- A2.7. The most recent letter setting out the delegated authorities, issued by the parent department;
- A2.8. The Charities Statement of Recommended Practice: [The Charities Statement of Recommended Practice \(SORP\) - GOV.UK \(www.gov.uk\)](#).

A3. Management of risk

- A3.1. Management of Risk: www.gov.uk/government/publications/orange-book and
<https://www.gov.uk/government/publications/management-of-risk-in-government-framework>;
- A3.2. Public Sector Internal Audit Standards:
www.gov.uk/government/publications/public-sector-internal-audit-standards;
- A3.3. HM Treasury approval processes for Major Projects above delegated limits:
<https://www.gov.uk/government/publications/treasury-approvals-process-for-programmes-and-projects>;
- A3.4. The Government cyber-security strategy and cyber security guidance:
<https://www.gov.uk/government/publications/national-cyber-strategy-2022/national-cyber-security-strategy-2022> and
<https://www.gov.uk/government/collections/cyber-security-guidance-for-business>.

A4. Commercial management

- A4.1. Procurement Policy Notes:
<https://www.gov.uk/government/collections/procurement-policy-notes>;
- A4.2. Cabinet Office spending controls:
<https://www.gov.uk/government/collections/cabinet-office-controls>;
- A4.3. Transparency in supply chains - a practical guide:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/611111/transparency-in-supply-chains-a-practical-guide.pdf

²⁶ <https://www.gov.uk/government/publications/assurance-frameworks-guidance>

²⁷ <https://www.gov.uk/government/publications/government-finance-standards-page>

[ds/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf](https://www.gov.uk/government/uploads/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf);

A4.4. Commercial Operating Standards.²⁸

A5. Public appointments

The following are relevant where public bodies participate in public appointments processes:

- A5.1. Guidance from the Commissioner for Public Appointments:
<https://publicappointmentscommissioner.independent.gov.uk/>;
- A5.2. Governance Code on Public Appointments:
www.gov.uk/government/publications/governance-code-for-public-appointments;
- A5.3. Procurement Policy Note 08/15 – Tax Arrangements of Public Appointees:
<https://www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees>.

A6. Staff and remuneration

- A6.1. HM Treasury guidance on senior pay and reward:
www.gov.uk/government/publications/senior-civil-service-pay-and-reward;
- A6.2. Civil Service pay guidance (updated annually):
www.gov.uk/government/collections/civil-service-pay-guidance;
- A6.3. Public sector pay and terms:
<https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>;
- A6.4. Whistleblowing Guidance and Code of Practice:
<https://www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers>;
- A6.5. The Equalities Act 2010:
www.gov.uk/guidance/equality-act-2010-guidance.

A7. General

- A7.1. Freedom of Information Act guidance and instructions:
www.legislation.gov.uk/ukpga/2000/36/contents and
<https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>;
- A7.2. The Parliamentary and Health Service Ombudsman's Principles of Good Administration: <https://www.ombudsman.org.uk/about-us/our-principles>;
- A7.3. Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HM Treasury);
- A7.4. Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to Arts Council England;
- A7.5. Guidance from the Public Bodies team in Cabinet Office:
www.gov.uk/government/publications/public-bodies-information-and-guidance;
- A7.6. The Civil Service diversity and inclusion strategy (outlines the ambition, to which Arm's Length Bodies can contribute):

²⁸ <https://www.gov.uk/government/publications/commercial-operating-standards-for-government>

- <https://www.gov.uk/government/publications/civil-service-diversity-and-inclusion-strategy-2022-to-2025>;
- A7.7. Guidance produced by the Infrastructure and Projects Authority (IPA) on management of major projects:
www.gov.uk/government/organisations/infrastructure-and-projects-authority;
- A7.8. Project Delivery Functional Standard;²⁹
- A7.9. HR Government Functional Standard;³⁰
- A7.10. Counter Fraud Government Functional Standard GovS13Fraud;³¹
- A7.11. Grants Functional Standard;³²
- A7.12. The Government Digital Service:
www.gov.uk/government/organisations/government-digital-service;
- A7.13. The Public Sector Fraud Authority (PSFA):
<https://www.gov.uk/government/organisations/public-sector-fraud-authority> and www.gov.uk/government/publications/grants-standards;
- A7.14. Code of Practice for Official Statistics:
<https://code.statisticsauthority.gov.uk/#:~:text=The%20Code%20of%20Practice%20for%20Statistics%20sets%20the,produced%20by%20people%20and%20organisations%20that%20are%20trustworthy>;
- A7.15. Accounting Officer System Statements (AOSS are produced by departments with input from ALBs):
www.gov.uk/government/publications/accounting-officer-system-statements.

A8. Charity Law

- A8.1. Charity Commission guidance for trustees on their main duties under charity law: The essential trustee: what you need to know, what you need to do:
<https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3>;
- A8.2. Charity Commission guidance on managing charities (note that some of this guidance will not apply to exempt charities): Managing your charity: detailed information:
<https://www.gov.uk/topic/running-charity/managing-charity>;
- A8.3. Charity Commission guidance on exempt charities (if the ALB does not have the Charity Commission as its principal regulator): [Exempt charities \(CC23\) - GOV.UK \(www.gov.uk\)](#).

²⁹ <https://www.gov.uk/government/publications/project-delivery-functional-standard>

³⁰ <https://www.gov.uk/government/publications/hr-government-functional-standard>

³¹ <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

³² <https://www.gov.uk/government/publications/grants-standards>

Annex B: Financial and Commercial Responsibilities and Management Information

B1. Financial Information

Delegated Financial Limits

- B1.1. Arts Council England shall comply with the delegations set out in the delegation letter. The delegation letter may be updated and superseded by later versions which may be issued by the Department in agreement with HM Treasury. In line with MPM Annex 2.2 these delegations will be reviewed on an annual basis.
- B1.2. These delegations shall not be altered without the prior agreement of the department and as agreed by HM Treasury and Cabinet Office as appropriate.
- B1.3. All delegations are subject to the requirement that spending proposals falling within Managing Public Money Annex 2.2, box A.2.2C should be referred to DCMS. These are:
 - B1.3.1. Items which are novel, contentious or repercussive, even if within delegated limits;
 - B1.3.2. Items which could exceed the agreed budget and Estimate limits;
 - B1.3.3. Contractual commitments to significant spending in future years for which plans have not been set;
 - B1.3.4. Items requiring primary legislation;
 - B1.3.5. Any item which could set a potentially expensive precedent; and
 - B1.3.6. Where Treasury consent is a specific requirement of legislation.
- B1.4. In the first instance, such items should always be referred to the Department for Culture, Media and Sport finance team.
- B1.5. Capital Expenditure
 - B1.5.1. The delegated limit for capital expenditure is set in the delegation letter.
 - B1.5.2. Arts Council England must notify the department regarding any expenditure on the signing of new leases, renewals of existing leases, the non-exercise of lease break options, any new property acquisitions (including those made through a Public Finance Initiative Provider), new build developments, sale and leaseback, and any freehold sales as part of national property controls.
- B1.6. Gifts

- B1.6.1. The delegated limit for gifts is set out in the delegation letter.
- B1.6.2. Proposals for making gifts outside this delegated limit must have the prior approval of the department. Arts Council England must keep a controlled register that lists any and all gifts given. Details of any singular gift to one person/organisation shall be reportable in the organisation's annual accounts if a monetarised value for that gift exceeds the maximum as detailed within the organisation's Gifts and Hospitality Policy.

B1.7. Fraud

- B1.7.1. There is no delegation for fraud.
- B1.7.2. All cases of attempted, suspected or proven fraud, irrespective of the amount involved, must be reported by Arts Council England to the Department as soon as it is discovered. This is a mandatory requirement under the Government Counter Fraud Functional Standard GovS 013 and Managing Public Money. Arts Council England must seek to adhere to all aspects of the Government's Counter-Fraud Functional Standard.
- B1.7.3. Arts Council England must adopt and implement policies and practices to safeguard themselves against fraud, error, bribery and corruption in line with the Government's Counter Fraud Functional Standard GovS 013.
- B1.7.4. Responsibility for effective internal controls and appropriate corporate governance is delegated to all sponsored bodies.
- B1.7.5. Sponsored bodies are required to report any and all instances of suspected, attempted and/or successful fraud, error and bribery and corruption incidents to the Sponsorship Team, Counter Fraud team and the Finance Business partner in parallel, as soon as it is discovered.
- B1.7.6. Departmental sponsored bodies can obtain advice and guidance about fraud policy from the Counter Fraud Team and/or the External Bodies Accounting Team. They can also seek advice and guidance from the Government Internal Audit Agency.
- B1.7.7. All the sponsored bodies must operate within the controls detailed in their Fraud Policy and Fraud Response Plan. The controls and supporting documentation must be demonstrably updated in line with the Government's Counter Fraud Functional Standard GovS 013.
- B1.7.8. The Department will continue to provide assistance to bodies as they assess their fraud risk profiles/fraud risk assessments, and develop their fraud response plans.
- B1.7.9. All sponsored bodies will submit quarterly Fraud Consolidated Data Reports including nil returns to the department's Counter Fraud Team.
- B1.7.10. If a fraud or attempted fraud is reported, it is important to identify whether that demonstrates a weakness in the body's control systems, and to confirm that the investigation of fraud has been sufficient to secure public funds which are at risk.

B1.8. General Grants (Exchequer Funded)

- B1.8.1. Arts Council England must provide an annual statement of assurance, confirming that:
 - B1.8.1.1. it is in compliance with the Government Functional Standards for General Grants (or noting material divergences/reasoning for this), and have an appropriate assurance framework;
 - B1.8.1.2. this framework (and/or other governance documents) make reference to the need to comply with the standards;
- B1.8.2. Arts Council England shall upload data of all exchequer funded General Grants and Grant Schemes to the central Government Grant Database (Currently Government Grants Information System (GGIS) managed by Cabinet Office) at least annually by each financial year or more frequently as required. The uploaded data subsequently to be published on GOV.UK in line with 360 Giving Protocols.
- B1.8.3. Arts Council England shall commit to undertake an annual assessment of grant making capability and capacity against the minimum requirements of the Functional Standard for Grants (or as and when required by the Cabinet Office and or the department). The results of the assessment will be used to help drive improvements over the subsequent year. This clause applies only to Public Bodies managing and delivering Exchequer funded General Grants.
- B1.8.4. Arts Council England commits to supporting the department and the Cabinet Office through compliance with the Cabinet Office Grants Pipeline Controls Framework which increases the visibility of government grants at an earlier stage, to enable the identification of an appropriate intervention and support model for grant making organisations.

B1.9. Non-Statutory Contingent Liabilities

- B1.9.1. Arts Council England may only incur contingent liabilities without advance approval from the department provided all of the following conditions are met:
 - B1.9.1.1. They are intrinsic to day-to-day commercial business which may be reasonably considered integral to the core activities of maintaining and operating Arts Council England, such as contracts for services;
 - B1.9.1.2. They are not novel, contentious and repetitious; and
 - B1.9.1.3. They are capped with a maximum exposure, as set out in the delegation letter.
- B1.9.2. Any contingent liabilities will require the department and likely HM Treasury approval and Arts Council England will be required to complete the contingent liability checklist in such cases.
- B1.9.3. A Minute will also need to be laid before Parliament unless the contingent liability is below £300,000 in value or considered to fall within the normal course of business.

B1.10. Losses

- B1.10.1. The delegated limits for losses are set out in the delegation letter.
- B1.10.2. The write-off of losses should only be carried out by staff authorised to do so by and on behalf of Arts Council England's Accounting

Officer. Arts Council England should consult the department where cases:

- B1.10.2.1. Involve important questions of principle;
- B1.10.2.2. Raise doubts about the effectiveness of existing systems;
- B1.10.2.3. Contain lessons which might be of wider interest;
- B1.10.2.4. Are novel or contentious;
- B1.10.2.5. Might create a precedent for other departments in similar circumstances;
- B1.10.2.6. Arise because of obscure or ambiguous instructions issued centrally.

- B1.10.3. A record of losses should be maintained and if the total of losses in the year exceeds the limits set out in the delegation letter the annual accounts should include a statement, with any individual losses exceeding that amount specifically identified.

B1.11. Special Payments

- B1.11.1. The delegated limits for special payments are set out in the delegation letter.
- B1.11.2. Ministerial approval must be sought for the use of confidentiality clauses, as per Cabinet Office guidance. A confidentiality clause should only be used when necessary and not be included in settlement agreements as a matter of course.
- B1.11.3. Approvals should always be sought in advance. Retrospective approvals will only be considered in exceptional extenuating circumstances and may not be approved, resulting in qualification of accounts.
- B1.11.4. Arts Council England must comply with HMT's Guidance for Approval of Senior Pay at all times, seeking approval where required.

B1.12. Severance payments

- B1.12.1. There is no delegation for severance payments (payments made to the employee **outside** their statutory or contractual entitlement upon termination of their employment). Before any offer is made or negotiations begin, speak to the department's public bodies team. Any proposed payment regardless of value, requires approval in advance from HM Treasury and must be supported by the department. Severance payments will only be approved where they provide value for money for the Exchequer as a whole. A Special Payment pro forma must be completed by Arts Council England and forwarded to the department's public bodies team email address.
- B1.12.2. Business cases must demonstrate value for money and that expenditure is used efficiently, economically and effectively and all management procedures have been followed and the Government does not reward failure.
- B1.12.3. Legal advice should be provided where appropriate, clearly setting out the likelihood of successfully defending a claim and any non-financial aspects.

- B1.12.4. Response times for special payment applications will vary depending on the complexity of the situation described, but is normally in the region of 4 weeks from receipt of the application into the department.

B1.13. Redundancy payments:

- B1.13.1. All redundancy payments outside contractual terms, require the department and Cabinet Office permission in all cases.
- B1.13.2. Cabinet Office will not approve applications to run exit schemes, where the organisation involved has not explored all possible redeployment activities both internally and across the Civil Service.
- B1.13.3. Organisations are also expected to demonstrate why the exit exercise is necessary and have engaged with the Recruitment and Redeployment Working Group run by the Civil Service Employee Policy (CSEP) team within the Cabinet Office prior to submitting their case.
- B1.13.4. Arts Council England shall comply with any regulations or conditions regarding the Public Sector Exit Payment Cap of £95,000. Where Arts Council England has a statutory right to offer exit payments exceeding this, Arts Council England is expected to have conducted a comprehensive value for money assessment justifying this which will be shared with the Department.

B1.14. Cabinet Office Spend Controls

- B1.14.1. Arts Council England is subject to the latest Cabinet Office spend controls set out at <https://www.gov.uk/government/publications/cabinet-office-controls> and departmental thresholds for spend controls.
- B1.14.2. All Cabinet Office spend controls apply to Arts Council England, except where it is agreed in writing that Arts Council England are exempt from a control.
- B1.14.3. Any breach of the Spend Controls must be reported to the department immediately. Breaches of the controls are serious and may be considered as irregular spend, potentially incurring qualification of organisations' Accounts by the Comptroller and Auditor General, and/or fines.

B1.15. Budgets, Grant-in-Aid and any ring-fenced grants

- B1.15.1. Expenditure against resource and capital budgets must be recorded and monitored by Arts Council England in accordance with the Treasury's Consolidated Budgeting Guidance (or its successor). These are the net expenditure limits for Arts Council England in each year and must be adhered to. Net expenditure above these limits may not be committed until or unless a revised budget has been agreed in writing by the Department.
- B1.15.2. Arts Council England may not breach the component parts of the capital and resource budgets (e.g. core capital). Approval must be sought in advance and in writing from the department if Arts Council England wishes to spend more in one category and less in another. In all these matters, the department may be required to refer a decision to the Treasury before granting approval.

- B1.15.3. Grant-in-Aid is the amount payable by the department to Arts Council England in each year and is independent of the budget figures, although derived from them. It does not include depreciation.
- B1.15.4. Both the Grant-in-Aid provided by the department and the overall budgets set by it for the year in question will be voted in the department's Supply Estimate and be subject to Parliamentary control.
- B1.15.5. The Grant-in-Aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. Arts Council England will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from Grant-in-Aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the Arts Council England. Grant-in-Aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where Grant-in-Aid is delayed to avoid excess cash balances at the year-end, the Department will make available in the next financial year any such Grant-in-Aid that is required to meet any liabilities at the year end, such as creditors.
- B1.15.6. Where the Arts Council England is responsible for the management and delivery of Exchequer funded general grants it shall commit to supporting the department and the Cabinet Office with complying with the Cabinet Office Grants Pipeline Controls Framework. The aim of the framework is to increase the visibility of government grants, at an earlier stage, to enable the identification of an appropriate intervention and support model for grant making organisations.
- B1.15.7. Requests for additional funding for new activity should only include the additional costs that will be incurred by undertaking this new activity. It should not include recharges for activity that is already funded (GiA, commercial income etc.) as this would lead to double funding.
- B1.15.8. Arts Council England is responsible for uploading their data to the Grants Pipeline Control Framework, and ensuring compliance with it. The Grants Pipeline Control Framework may be reviewed and changed during this period. Arts Council England should ensure compliance with any changes.
- B1.16. Capital projects
- B1.16.1. All capital projects, whether already underway or beginning during this period, are subject to the Department's investment appraisal processes. Any capital expenditure that exceeds Arts Council England's delegated capital limit must be referred to the department's Finance Committee for approval at three stages of development, as set out in guidance issued by the department. The figure used in calculating whether the costs exceed the delegated limit is the lifetime cost of the capital project, including non-exchequer funding and any increased running costs ensuing from it.
- B1.16.2. Where projects are reliant on donations or sponsorship that have yet to be confirmed, demonstration of a staggered approach to completion (i.e. that takes account of the funds secured to date

- before proceeding with each stage) will be more likely to receive approval to proceed.
- B1.16.3. When considering the case for capital projects, Arts Council England is expected to use HM Treasury's Green Book methodology (or its successor), as modified or enhanced by guidance from the department. This is the case for evaluating a capital project regardless of whether the project requires the department's Finance Committee approval. The department reserves the right to receive copies of business cases for projects below Arts Council England's delegated limit or elements of it, such as the Net Present Value calculation.

B2. Commercial Information

B2.1. Public Contracts Regulations

- B2.1.1. When considering the case for capital projects, Arts Council England is expected to use the Treasury's Green Book methodology (or its successor), as modified or enhanced by guidance from the department. This is the case for evaluating a capital project regardless of whether the project requires the department's Finance Committee approval. The department reserves the right to receive copies of business cases for projects below Arts Council England's delegated limit or elements of it, such as the Net Present Value calculation.
- B2.1.2. Arts Council England will ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the current Public Procurement Regulations (For Example but not exclusive to Public Contracts Regulations 2015 and Procurement Act 2023).

B2.2. Central Government Policy and Processes:

- B2.2.1. Arts Council England shall acquire goods and services through fair and open competition, in accordance with the Government Commercial Operating Standards (including the Outsourcing Playbook), delivering value for money through procurement, and operating in line with UK and other international law, including restrictions on state aid/subsidy controls.
- B2.2.2. Arts Council England shall comply with current and future requirements on additional spend controls, delegated authorities and authorisations on procurement and leases as notified to it by the department.
- B2.2.3. Where possible and appropriate, Arts Council England shall utilise whichever Crown Commercial Services frameworks are relevant to its needs.
- B2.2.4. Arts Council England must support the wider Government Commercial Function's strategies and programmes in its design, implementation and sustained application.
- B2.2.5. Arts Council England must embed all applicable current and future Procurement Policy Notes into its commercial operations. In particular, Arts Council England must:

- B2.2.5.1. Support the Government's SME agenda through appropriate procurement activity where this does not conflict with its charitable status.
- B2.2.5.2. Promote the inclusion of the Social Value Act and its associated principles in procurement activity wherever possible.
- B2.2.5.3. Comply with Government transparency policies and commitments.
- B2.2.6. Support Commercial Procurement and Contract Management improvement and oversight initiatives including:
 - B2.2.6.1. Contract Classification for all contracts
 - B2.2.6.2. Internal spend control assurance & governance processes, aligned to the department and Cabinet Office Commercial Spend Control approval processes.
 - B2.2.6.3. Pipeline reporting where relevant
 - B2.2.6.4. Assurance and audit implementation and reporting
 - B2.2.6.5. Contracts Finder compliance reporting
 - B2.2.6.6. Contract KPI reporting for external public publication
 - B2.2.6.7. Commercial Systems and Data improvement initiatives eg. CASIE
- B2.2.7. Attend Cabinet Office training programmes designed to raise commercial awareness and improve commercial capability, including Playbook and GCOS masterclasses, and Contract Management Capability Training.
- B2.3. Departmental Policy and Processes:
 - B2.3.1. Arts Council England shall comply with departmental spend controls as set by the department's Commercial function.
 - B2.3.2. In procurement cases where Arts Council England is likely to exceed any applicable-delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the department's Commercial Director.
 - B2.3.3. Direct award contracts: Arts Council England must comply with the direct award process. The delegated limit for direct award contracts (where no competition has taken place to select a supplier) is set at £100,000 (ex VAT) for each contract or requirement. Proposals for making direct award contracts above this delegated limit must have the prior written approval of the DCMS Commercial Director or their nominated representative before any contract is awarded or any spend committed. The DCMS Commercial Director will consider the delegated limit for direct award contracts annually each March and may adjust as appropriate. Any application for direct award contracts approval must be aligned to the permitted exceptional circumstances as laid out in the current Public Procurement Regulations (For Example but not exclusive to Public Contracts Regulations 2015 and Procurement Act 2023). DCMS Commercial Director approval must be sought in accordance with the DCMS Commercial Guidance and updated from time to time. These requirements do not apply to purchases for collections, acquisitions, core public offerings, or subscriptions that support these (e.g. subscriptions to unique journals).

- B2.3.4. Arts Council England must adhere to requirements of its charitable status, and inform the department's Commercial Director if there may be a conflict with public law and its charitable status.

B2.4. Collaborative initiatives:

B2.4.1. Arts Council England shall:

- B2.4.1.1. Support all Commercial Procurement and Contract Management improvement and oversight initiatives from the department and the Cabinet Office.
- B2.4.1.2. Support collaborative procurement and commercial efforts across the department and its Public Bodies. This will include supporting the establishment of a departmental Commercial Council or similar body, where such a group has been instituted, and wider commitments to support knowledge-sharing and training for staff involved in Commercial and Procurement activity across departmental Public Bodies.
- B2.4.1.3. Support the formation and ongoing activities of a commercial function across the department's family of public bodies, through engagement with the department's Commercial team.
- B2.4.1.4. Engage fully with department and Government wide procurement initiatives that seek to achieve VfM from collaborative projects.

B2.5. Grants and other bodies:

- B2.5.1. Arts Council England shall comply with the government functional standard for the management of grants. These standards set expectations for the management of grants, and to promote efficient and effective grant making to ensure funding is used as intended and provides value for money through high quality delivery.
- B2.5.2. In circumstances where Arts Council England finds itself having oversight and assurance of other public bodies or the procurement activities of private bodies spending public money, Arts Council England shall ensure, as far as is reasonably practicable, and in so far as it has legal authority to do so, that all such parties adhere to the principles of Managing Public Money including the encouragement of transparent and robust practices and compliance with any applicable law.

B3. Management Information and Compliance

- B3.1. The department and Arts Council England are committed to sharing information to ensure transparency and alignment.
- B3.2. Arts Council England recognises that the department will at times need to request information on an ad hoc basis and/or with a short time frame as required. Arts Council England must (and within any reasonable timescale required by the department) supply any information requested by the department, and should proactively seek to provide the department with advanced sight of events and publications which the Government would take an interest in.

B3.3. In addition to this ad hoc information and open lines of communication, the department expects Arts Council England to provide regular information on Commercial and Procurement. A list of this information can be found below, alongside other relevant Management Information. The list is intended to enable advanced planning for periodic departmental commissions; it is not exhaustive and may be subject to change.

Commission title	Timescale	Department lead team	Purpose
Consultancy Spend Control pipeline and compliance return (including nil returns)	Quarterly	Commercial	For the department and the Cabinet Office to plan and keep track of the public sector consultancy contracts and approvals
Commercial Spend Control Pipeline return (including nil returns)	Quarterly	Commercial	For the submission of the department's quarterly Commercial Spend Control pipeline to Cabinet Office in accordance with Cabinet Office guidelines
Contract register	Quarterly	Commercial	For oversight of commercial liability and risk across sectors, categories and suppliers, if a contract register is available
Government Commercial Operating Standards (GCOS) return	Six months	Commercial	For the submission of the department's annual Government Commercial Operating Standards (GCOS) return and six month update against improvement plans
Contracts finder compliance report	Six months	Commercial	Transparency policy compliance reporting
Submission of procurement spend transactions to Bravo	Annually	Commercial	To comply with Cabinet Office spend reporting requirements
Government Key Contracts Public KPIs return	Quarterly	Commercial	For the submission of the department's quarterly Key Contracts Public KPIs return to the Cabinet Office
Procurement pipeline for publication return	Quarterly	Commercial	For the submission of the departments quarterly pipeline return for publication on .Gov.uk
Social Value reporting return	Quarterly	Commercial	To comply with Cabinet Office policy on Social Value reporting. Specifically at (a) pipeline (b) procurement strategy (c) Contract award (d) contract close subject to PPN06/2020

Prompt Payment reporting for contracts	Quarterly	Commercial	To ensure accurate reporting to Cabinet Office of in-scope contracts including any exclusions and exemptions requested
Return for the review of key metrics, targets and reports related to procurement, contract management and commercial resourcing	Quarterly	Commercial	To benchmark procurement spend, compliance assessment to policy and provide data on economic effect of spend by Departments and PBs including 3rd party spend and commercial risk reporting
Direct and Indirect SME spend	Quarterly and Annually	Commercial	To support the Government's SME Agenda and the department's SME Action Plan
Exchequer funded general Grants Pipeline Return to GGIS	Every two months	Finance	To assist Cabinet Office Grants Management Function Triage process and identification support to be offered
Grant in Aid Requests	Monthly	Finance	Latest Public Body forecast income and expenditure reporting
Fraud Returns	Quarterly	GRAFT	A mandatory Cabinet Office reporting requirement to report prevented, suspected or proven fraud to Finance
Counter Fraud Assurance Assessment (including Fraud Measurement and Assurance/post event assurance)	Every two years (The frequency of this requirement will vary depending on Cabinet Office / departmental requirements)	GRAFT	Assurance is the systematic set of actions necessary to provide confidence to senior leaders and to Ministers that fraud, bribery and corruption risk is controlled, aligned to government policy and to the Counter Fraud Functional Standard
Grants Maturity Assessment	Annually - but dependent upon Cabinet Office /	GRAFT	'To review capability and capacity of exchequer grant making departments and arm's length bodies against the Functional Standard for Grants GovS15

	departmental requirements		
Exchequer funds held in commercial bank accounts	Quarterly	Finance	To supply HM Treasury details of government funds held outside the Government Banking Service
Publication of senior salaries and organograms	Annually	Finance	To display Transparency to the public on how public money is spent
Main Estimate	Annually (February)	Finance	To confirm yearly budget (In scope: Lottery Distributors, BBC and Channel Four only)
Budget profile return	Annually (March)	Finance	To determine the split of the budget for reporting to the department's Executive Board
Sustainability data	Annually (April)	Finance	To meet HM Treasury requirement to supply centre with sustainability data
Group consolidation/ Whole of Government Accounts (WGA)	Annually (April-June) (individual timetables are agreed with PBs)	Finance	To consolidate PBs' resource accounts within the department's resource accounts and gather counter-party details for consolidation
Annual report and accounts	Annually (April-July) (individual timetables are agreed with PBs)	Finance	To fulfil a mandatory Statutory obligation
Cross Government Debt Collection Returns	Annually (July)	Finance	To measure and improve debt and credit management across government
Country and Regional analysis data	Annually (September)	Finance	Data feeds into the Core Tables for the Annual Report and Accounts. (HMT Requirement)
Supplementary Estimate	Annually (October)	Finance	To make in-year adjustments to PB allocations. Timetable driven by HM Treasury

Auditing of PB's risk management, control and governance with high risk.	On request	Finance	To ensure an Assurance of financial management
Completion & updating of e-Pims™ database	Ad hoc as required	Estates	To ensure accurate property and estate information is maintained at all times
Spend over £25,000	Monthly	Finance	To inform the public how money is spent
EU public procurement statutory return.	Annually	Cabinet Office and the department	To provide data on number of tenders advertised in the European Journal and Find a Tender
Public Body Risk Register	Quarterly	Sponsor Team	Enable timely and appropriate response to risk
Efficiency Return	Ad-hoc as required	Strategic Finance/ Strategy/ Sponsor Team	Continue to review savings and efficiency options and share modelling with the department when requested. This should include details of how efficiencies are being utilised to support front-line functions
Data Protection compliance report	Ad-hoc as required	the department's DPO	Oversight of compliance with Data Protection legislation
The department's Official Statistics Release Calendar	Monthly	Central Analytical Team	To collate public bodies' official Statistics information to be published on gov.uk.