



Corporate Governance Framework for the University of Bristol Group of companies

TABLE OF CONTENTS

Section no.	Chapter heading	Page no.
1.	Introduction	1
2.	Scope of Framework	1
3.	Purpose of Framework	2-3
4.	Group Strategy	3-4
5.	Incorporation of a new subsidiary, investment, disinvestment or closure	4-5
6.	Investment from the University	5-6
7.	Shareholder decisions	6
8.	Composition and operation of Company Boards	7-8
9.	Delegation Schedule and financial regulations for the company	9
10.	Board/Executive Committee effectiveness reviews	9
11.	Group Policies	9
12.	State Aid	10
13.	Intra-Group Agreement	10
14.	Dialogue with the University	10-11
Appendix 1	Definitions	12
Appendix 2	List of all UoB subsidiaries	13
Appendix 3	Additional Guidance	14
Appendix 4	UoB Senior Governance structure	15

1. Introduction

It is common for Higher Education Institutions (HEIs) to establish a company or joint venture in order to carry out trading activities which either do not directly further its charitable educational objectives (non-primary purpose trading) and/or to facilitate joint investment and/or participation in an activity. The University recognises that its companies, which may be wholly owned or in which the University holds a partial shareholding or interest (including [spin-out companies](#) (most commonly formed to commercialise University intellectual property (IP)) are distinct and separate legal bodies. Their Directors have a number of duties including those under the Companies Act 2006.

Subsidiary companies exist to hold and manage specific activities and resources, where it is beneficial to separate these from the University. In this context the University retains control as the 'parent company' of the subsidiary company if the University hold the majority of voting rights or establishes overall control via another mechanism, for example, the ability to dismiss the Board of Directors. Collectively, the University and its subsidiary companies are known as the 'Group'.

The Registered address for the University and for all Group entities is: Beacon House, Queen's Road, Bristol, BS8 1QU.

2. Scope of this Framework

This framework applies to:

1. Subsidiaries¹: this includes subsidiaries of subsidiary companies to the University
2. Joint Ventures, defined for the purposes of this framework as entities in which the University or one of its subsidiaries has an equal shareholding with one or more other participants e.g. 50:50; 33:33:33
3. Associates/Affiliates where the University has an interest between 20% and 49% and is able to exercise some influence. This includes Spin Out Company creation, and in such cases the [University policy on Spin Out Company creation](#) applies.
4. Any other entities where the University is a member, holds a minority interest and/or where the University appoints a Director (or equivalent) to its governing body.

3. Purpose of this Framework

The purpose of this Framework is to:

- Set out the principles of good governance that underpin the University's activities; and
- Outline the University's corporate governance structure to maximise consistency across the Group to best manage risk.

¹ Any company that the University controls either by virtue of having more than 50% of the voting rights or another control mechanism, as defined by sections 1159 and 1162 of the Companies Acts

NOTE: The University recognises that each company in this framework is distinct and there will be local variations depending on the specific nature of each subsidiary.

The key requirements (see section 4 below) should also apply to Joint Ventures. It is recognised that this would be a matter for agreement with potential joint venture partners who may also have their own governance framework to comply with. Please refer to the associated **guidance notes** for more detail on how best to apply the principles set out in this framework.

The Framework is designed to meet regulatory and statutory requirements, achieve effective self and co-regulation, and provide the flexibility to manage changes which are inevitable for modern agile organisations. As a guarantee of effective governance which safeguards the assets and reputation of the University, the University expects companies to adopt and to comply with the Code of Governance which is formally adopted by the University.

There are additional obligations required under the University's borrowing agreements and the terms of the private placement Note Purchase Agreement, which extend to subsidiaries including subsidiaries of subsidiaries. For a copy of these agreements, please contact the Head of Treasury at the University directly who will provide subsidiaries with copies.

The University delegation schedule also contains information pertaining to the powers of the Board of Trustees and its committees in respect of university subsidiaries and these powers are referenced in sections 5,6 and 7 below.

4. Group Strategy

The University of Bristol is a chartered corporation and an exempt charity, whose legal status derives from a Royal Charter granted in 1909.

The University's strategic and operational plans are approved by its Board of Trustees on the recommendation of its Executive.

Effective governance is key to the pursuit and achievement of our Strategy. The principles of good governance are therefore at the heart of this Framework and its supporting documents and policies. The University expects that the strategy and operations of companies in the Group are congruent with the vision, mission and values of the University and with its strategic and operational plans.

The key requirements of the Framework in relation to subsidiaries and joint ventures (to be achieved through negotiation on the establishment of a joint venture entity) are:

- the approval by the University of strategies, annual business plans and budget (this may be through the approval of the University's consolidated Strategy and Financial Plans where subsidiary strategies and plans are wholly aligned)
- the setting and monitoring by the University of Key Performance Targets to ensure strategic alignment
- the approval of the University to the appointment of Directors
- the requirement that when recruiting Directors or senior employees of the Company, as far as practicable, the normal recruitment processes of the University are adhered to, including appropriate due diligence

- the requirement for annual fraud and anti-bribery returns
- the maintenance of appropriate insurance policies
- the maintenance of same financial year as University
- the requirement to appointment the University's External Auditor and to participate fully in the internal audit programme
- the requirement to maintain a risk register and adopt a Risk Management Policy that aligns with the University Risk Management Policy & Framework where possible.
- the requirement to report any issue of significance to the Chief Operating Officer of the University
- the requirement to ensure appropriate policies and procedures are in place to ensure that the company is compliant with UK law, and that these are followed by the company. The company's board is required to adopt or adapt the policies and procedures of the University for this purpose.
- the requirement to adopt charging mechanisms for services between the university and the subsidiary company or between subsidiaries

The University recognises that each company in this framework is a distinct and separate legal entity that is governed by company law. The University expects each company in the Group to ensure that it is compliant with all relevant legislation and applicable regulations, including OfS requirements in relation to [reportable events](#) in respect of other group companies, including joint ventures. The University has an agreed [procedure](#) for reportable events.

5. Incorporation of a new subsidiary, investment, disinvestment or closure

Please refer to the [Charity Commissioner's Guidance on Trading and Tax](#) how charities may lawfully trade.

As set out in the Financial Regulations, as derived from the University's Scheme of Delegation, and on the recommendation of the University Executive via the Finance and Infrastructure Committee the **University Board of Trustees** approves:

- Incorporation of new subsidiary companies by the University, or its subsidiaries other than companies that are to become technology spin-outs where the University Executive has authority
- The establishment of companies as joint ventures between the University and other organisations, other than technology spin-outs (the latter are approved by the University Executive who have delegated authority)
- Acquisitions of a controlling interest in a company
- Investment in the share capital of another company where this investment is over £500k
- Group restructuring i.e. the transfer of assets and liabilities between group companies
- Closure of a company, a sale of equity, transfer of business, or to relinquish membership in it. Approval of sale of equity or transfer of business in technology spin-outs is delegated to the University Executive

For decisions on incorporation, investment, disinvestment or closure a Business Case will be required which should include an options appraisal, rationale, analysis of risk and financial impact.

6. Investment from the University

The University may provide general corporate investment (by means of equity and/or debt) and specific activity funding for some companies in this framework. Funding transactions are either made on the basis of a qualifying charitable investment where the expected financial return meets the return requirement of the University's Investment Policy or via means of financial support for activities that are in the furtherance of the University's Charitable objects (the advancement of arts, science and learning) and in compliance with the law and University's Group's banking arrangements. The latter is usually provided by means of a grant which would have specific funding conditions attached to it e.g. where if the conditions of the grant are not met, the grant must be repaid.

In either case, mutual agreement will be negotiated on the following:

1. Initial funding
2. Continued funding
3. Funding increase
4. Funding withdrawal in whole or in part
5. Cessation of activity by the company

All funding arrangements between the University and other companies must be fully documented in a legally binding form.

7. Shareholder decisions

The University's Finance & Infrastructure Committee has delegated authority, via the University Scheme of Delegation, to take all decisions and undertake all acts that are desirable in relation to any shareholding, membership or voting rights in relation to subsidiaries and associates of the University (see section 2) with a value up to £20m in a single or connected set of transactions². This includes the appointment of Directors to the subsidiary company. The Committee also approves the terms of any loans between the University and its subsidiaries defined by sections 1159 and 1162 of the Companies Acts).

As a shareholder, the University, individually or jointly with other shareholders, has certain rights under the Companies Act 2006, and these rights are detailed in the Guidance Notes attached. Likewise, some shareholder agreements reserve rights for the Parent Company, and companies should refer to the Articles of Association and Shareholder Agreement for further information.

The University's Nominations Committee recommends to the Finance & Infrastructure Committee the appointment of independent Non-Executive Directors onto the Boards of subsidiaries. **The University's Remuneration Committee** determines the salary arrangements for independent Non-Executive Directors and will only consider the remuneration of executive directors if they are an employee of the University of Bristol and their salary/grade puts them into the Remuneration Committee's Remit Group.

² This does **not** apply to Spin Outs for technology purposes where shareholding, membership, Director appointments are made by the Executive.

The role of the University’s Audit & Risk Committee:

The University Audit & Risk Committee acts as the Audit Committee for all subsidiary companies. Each subsidiary company shall provide internal controls, risk management and governance assurance to the Audit and Risk Committee at least once a year. This is signed off by the Subsidiary Board and contains statements from each of the most senior operational and senior financial officers.

Each company’s Board should establish and regularly review a register of its principal strategic and operational risks. They should adopt the University’s Risk Management Policy and the University can provide advice, assistance and templates. The University Audit & Risk Committee will periodically do a “deep dive” into subsidiaries’ top 10 risks.

8. Composition and operation of Company Boards

Company boards are ordinarily expected to have a mix of independent and non-independent directors, with at least one director being classed as independent on appointment e.g. the Chair.

NCC Operations Limited and Bristol Innovations Limited do not have independent Non-Executive Directors. This is because NCC Operations Limited exists for structuring purposes with the whole of the National Composite Centre’s activities encompassing the University and NCC Operations Limited. The University’s Board of Trustees acts as the overall company board for the National Composites Centre by virtue of the University owning the assets and incurring a material portion of the NCC’s income and expenditure.

Bristol Innovations Limited has limited business existing solely to be an appointed representative for the purposes of introducing potential investors to the Bristol Enterprise Funds.

A subsidiary’s Board of Directors have fiduciary duties to the Company and these are laid out in the attached **Guidance Notes**.

The University expects that all Directors take an equal role in the company’s decision making.

Circumstances which are likely to impair, or could appear to impair, a non-executive director’s independence are included in the attached **Guidance Notes**.

Recruitment and appointment of directors

The University has the right to:

- appoint Independent Non-Executive Directors, Non-Executive Directors and Executive directors on the Boards of subsidiaries
- remove Directors
- require that the Directors undergo suitable induction
- require that all Directors appointed by the University of Bristol be subject to appropriate due diligence

- **Independent Non-Executive Directors** are approved by the **University's Finance & Infrastructure Committee** on the recommendation of the **University's Nominations Committee** of the Board of Trustees.
- **Non-Executive Directors** are approved by the **Finance and Infrastructure Committee** on the recommendation of the Executive.
- **Executive Directors** are approved by the **University Executive Board** on the recommendation of the COO.

As referenced in section 7 above, Directors are sought by the Company Board. Interviews for the Independent Non-Executive Directors are conducted by the University's Nominations Committee in conjunction with the Chair (or in the case of the recruitment of the Chair another nominated Director) of the subsidiary company. A recommendation is then made to the Finance & Infrastructure Committee for approval. The fees of the Independent Non-Executive Directors are determined by the University's Remuneration Committee.

Directors' letters of appointment

The University has a standard letter of appointment for all new subsidiary company Directors, including independent (non-executive) directors. This covers the role and duties of a director, the term of appointment, circumstances in which the appointment will be terminated, induction and ongoing development, how to claim expenses, confidentiality, insurance and indemnity arrangements and other practical matters, and should be adapted for the use of the company.

Rotation of Directors

The re-election of directors is considered good governance practice. It helps to refresh the skills of the board and ensure that it is adapting to changes in its operating context.

Some individuals are appointed as company directors because:

- their role in the University means they have particular expertise to contribute;
- they have the ability to maintain oversight on behalf of the University and its Board; and/or
- it is good professional development for those individuals.

It may therefore be desirable to maintain some individuals as directors.

The **University's Nominations Committee** will carry out a periodic review of the terms of office of the Directors of companies covered by this framework, considering each appointment on a case by case basis, and make a recommendation to the **University's Finance and Infrastructure Committee**.

Directors' meetings

Company boards are expected to meet as often as is necessary to transact their business. A minimum of twice per academic year is recommended, or as set out in the Articles.

The ICO regards University subsidiaries as publicly owned companies within the meaning of the FOIA. Therefore, a copy of the Company Board's governing documents must be made available on the University website.

Register of Interests and Fit and Proper Persons Statement

All Directors are expected to complete an annual declaration of their interests and a guarantee of their 'fit and proper person' status, and to update the University whenever this changes.

There is further guidance for directors on what constitutes an 'interest' under the law and how to deal with potential conflicts of in the [Chartered Governance Institute Conflict of Interest guidance](#). This should be provided to all new and existing Directors and they are expected to abide by it.

9. Delegation Schedule and financial regulations for the company

Each company should maintain and periodically review (at least annually) a schedule of delegation and financial regulations. Companies should refer to their Articles and shareholder agreements in establishing the scheme of delegation and financial regulations.

10. Board/Executive Committee effectiveness reviews

The University expects that each company board in scope will undertake an appraisal of its own performance every three years. This will include a review of compliance with the Articles of Association (or equivalent) and with this Governance Framework. A summary of key findings, lessons learned and actions to be taken as result should be reported to the **University's Audit & Risk Committee**. The University's Governance team will assist with this to ensure consistency of approach.

11. Group Policies

Subsidiaries are expected to comply with and implement key University Policies, where applicable:

- Risk Management Policy and Framework
- Health & Safety Policy
- Freedom of Information Policy
- Whistleblowing Policy
- Modern Slavery Statement
- Fraud, anti-corruption and Bribery Policy
- Conflicts of Interest Policy
- Procurement regulations
- Equality and Diversity Policy
- Corporate Social Responsibility
- Sustainability Policy
- Prevent
- Trustee Code of Conduct

The University recognises that uniform implementation of the above policies will depend on various factors such as the relative size of the subsidiary to the whole group, the regulatory pressures, as well as the level of compliance risk; however, it is expected that the subsidiary opens up a dialogue with the University where it feels that there may need to be some adaptations to the implementation in some cases. Indeed, where possible, how each Company intends to

align/apply University policies, should be detailed in the **Intra-Group Agreement (see section 13 below)**, which is approved by the University Executive Board.

12. State Aid

As well as charity law, the University, as recipient of public funds must avoid acting as a conduit of state aid into a trading subsidiary which carries out economic activities. The contravention against State Aid requires the University to make investments on a commercial, arm's length basis. This includes indirect investment such as allowing the subsidiary to use University land and other assets, such as staff, on non-commercial terms:

- to have in place secondment agreements in relation to any University employee who provides a significant amount of his/her time on the subsidiary's business; and
- to have in place Service Level Agreements in relation to the use of University assets, such as HR and payroll to ensure that this are provided on commercial terms.

13. Intra-Group Agreement (Between the University and Subsidiaries and between Subsidiaries in the Group)

In circumstances where a subsidiary supplies a service to or on behalf of the University, or where the University provides services to a subsidiary, or where subsidiaries provide services to each other, a suitable contract and/or **intra-group agreement** will be drawn up. This will be approved by the company's board and by the University Executive Board. Its operation will be overseen by the company's board and by the University Executive. Reports to the University's Board of Trustees on the operation of such contracts/agreements are made on exceptional matters only.

Decisions to withdraw or amend services provided to or on behalf of the University are taken by the company's board in consultation with the University and this expectation should be included in the terms of the agreement. The same protocol will apply to a scenario where the University is supplying services to a subsidiary.

The University recognises that each company in this framework is a distinct legal entity and each has different/unique structures. Therefore, details about how best each company can/should apply and align their policies to the University, should be laid out in the Intra Group agreement which is approved by the University Executive Board.

14. Dialogue with the University

Some companies require an Annual General Meeting. The **University's Finance & Infrastructure Committee** can be used for this purpose, and the Committee is delegated by the Board of Trustees to represent the shareholders at an AGM.

The company's board, and in particular its chair, has a dual role in ensuring:

- That there is an effective dialogue with the University's Executive, for example by holding regular meetings with members of the Executive, reporting to the University Executive Board, and through reporting into the University's Board via the University Audit & Risk Committee and Finance & Infrastructure Committee as necessary

- That the views of the shareholder(s) are communicated to the company’s board.

The University will appoint a member of University Executive Board to be the **University Nominated Officer** to assist good communication between the Subsidiary and the University with full rights to attend all Board meetings and to receive papers presented to the Board but with no voting rights.

Version Control

Version Control	Version 7	Approval record	
Author:	Deputy Head of Governance & Executive Support	Approval:	Board of Trustees 26 June 2020
Date written:	11 March 2020	Updates:	8 April, RK 21 April 2020 – LB, HQ,,SJ 22/23 April 2020 SJ 30 April, RK 30 April SJ, LB 25 May 2020 – CP 27 May 2020, SJ/LB 29 May 2020, RK 3 June 2020, LB 4/5 June SJ 5 June, RK
Current status: Annexes:	Final Annex 1 Definitions Annex 2 UoB Subsidiaries Annex 3 Additional Guidance Annex 4 UoB Governance Structure		

Annex 1

Definitions

“Ancillary trading” means trading ancillary to a charity’s primary purpose, legally part of the charity’s ‘primary purpose trading’. For the University, this will include such matters as student accommodation and catering

“Investment” means investment by way of share capital or loan capital

“Joint-venture” means a company of which the University is a shareholder (whether minority or majority shareholder) together with one or more third parties

“Members” means those who subscribe to a company’s memorandum (with their membership commencing upon the company’s registration) and those who agree to become members of a company and are registered as such in the register of members.

“Primary purpose trading” means trading that is carried on by a charity in the course of carrying out a primary purpose of the charity. For the University, its primary purpose is set out in its Charter

“Non-primary purpose trading” means trading which is not primary purpose trading.

“Shareholders’ Agreement” means an agreement made between the shareholders dealing with terms governing issue and transfer of shares, directorships and so on and/or in a joint venture to deal with the ongoing relationship of the joint ventures as shareholders in the joint venture company after completion, and covering such issues as appointment of directors, reserved matters for shareholders, capital and so on.

“Special Purpose Vehicle” also called a special purpose entity (SPE), is a subsidiary created by a parent company to isolate financial risk. Its legal status as a separate company makes its obligations secure even if the parent company goes bankrupt.

“Spin Out” means a company set up for the purpose of Commercializing intellectual property rights in which the University holds an interest

“Subsidiary” means a company in which the University: a) holds a majority of the voting rights; b) is a member and has the right to appoint or remove a majority of the directors; or c) is a member and controls, alone, under an agreement with other members, a majority of the voting rights

“Wholly- owned subsidiary” is a company of which the University is the only member

Annex 2

University Subsidiaries and Membership of Companies Limited by Guarantee (June 2000)

Company Name	Type of 'holding' e.g. majority/minority/joint venture	Company Purpose	Date of Incorporation	Company Registration Number	Issued share capital	Directors
NCC Operations Limited	100%	Provisions of goods and services based on composites technology at the University's National Composites Centre	5 July 2010	07304890	1	Richard Oldfield Tim Rose
Langford Veterinary Services Limited (LVS)	100%	Veterinary services	22 January 2009	06798554	2	Mick Paul Axtell Andrew Pearce Richard Andrew Hammond Professor Steve Howell Professor Jane Elizabeth Norman
The Stables Equine Practice Limited (subsidiary of LVS)	100%	Veterinary activities	12 March 2012	07985121	2	Richard Andrew Hammond Margaret Lynn Smith [Margaret Smith – Secretary]

Company Name	Type of 'holding' e.g. majority/minority/joint venture	Company Purpose	Date of Incorporation	Company Registration Number	Issued share capital	Directors
Bristol Innovations Ltd	100%	The development and commercial application of intellectual property and management of related investment holdings.	9 May 1996	03196532	2	Stephanie Maria Mustoe (Secretary) Mick Paul Axtell Dr Jonathan James Hunt
The Science Research Foundation Limited	100%	Promotion of new research companies	22 January 1987	02092134	Company limited by guarantee	Paul Edward Reeves (Secretary) Mick Paul Axtell Dr Jonathan James Hunt Martin Thomas Reid
Membership of Companies Limited by Guarantee						
CIELIVESTOCK Limited	- Member - Right to appoint Director to the Board	A vehicle to deliver projects funded by UKRI in the livestock sector	18 December 2015	09922986	Company limited by guarantee	[No UoB Director nominated]
Bristol Green Capital Partnership CIC	- Member - Right to appoint Director to the Board	A vehicle to co-ordinate green projects in the city of Bristol	29 May 2014	09062455	Company limited by guarantee & Community Interest Company	Dr Erik Lithander (Director)
National College for Nuclear	- Member - Right to appoint Director	A vehicle to enable interested bodies	15 March 2016	10064231	Company limited by guarantee	Professor Peter Flewitt (Director)

Company Name	Type of 'holding' e.g. majority/minority/joint venture	Company Purpose	Date of Incorporation	Company Registration Number	Issued share capital	Directors
	to the Board	(including universities and HEI's) to collaborate in the nuclear sector				
UBPAS Trustee Limited	- Right to nominate a majority of Directors	The corporate trustee of the University Pension Scheme	25 July 2019	12121652	Company limited by guarantee	Jason Smerdon (Director)

Annex 3

Additional Guidance

Statutory Powers of Shareholders

As a shareholder, the University, individually or jointly with other shareholders, has certain rights under the Companies Act 2006

- Approve the company's final dividend
- Appoint or re-appoint the company's auditors
- Elect or re-elect the company's directors
- Approve amendments to the company's articles of association
- Grant authority for the directors to allot new shares
- Disapply pre-emption rights
- Buy back the company's own shares
- Approve the making of political donations
- Remove of directors
- Remove of auditors
- Approve substantial property transactions between the company and directors
- Approve loans to directors
- Approve directors service contracts
- Approve the directors' remuneration report and remuneration policy

Fiduciary Duties of Directors

- to act in accordance with the company's constitution and exercise powers only for the purpose for which they are conferred;
- to promote the success of the company for the benefit of its members as a whole;
- to exercise independent judgment;
- to exercise reasonable care, skill and diligence;
- to avoid conflicts of interest;
- not to accept benefits from third parties by reason of being a director; and
- to declare an interest in a proposed transaction or arrangement with the company.

Independent Directors

Matters which may impair independence include, but are not limited to, whether a director

- is or has been an employee of the company or group within the last five years
- has, or has had within the last three years, a material business relationship with the company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company
- has received or receives additional remuneration from the company apart from a director's fee, participates in the company's share option or a performance-related pay scheme, or is a member of the company's pension scheme
- has close family ties with any of the company's advisers, directors or senior employees
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies
- represents a significant shareholder
- has served on the board for more than nine years from the date of their first appointment.

Senior University Governance Structure from June 2020

