

# Corporate Governance Framework for the University of Northampton Group of Companies

## 1 Scope of this framework

- 1.1 This framework applies to:
- 1.2 Wholly owned subsidiaries
- 1.3 Companies in which the University or one of its subsidiaries has a shareholding greater than 49%
- 1.4 Other companies of which the University is a member, to the extent that the Framework is adopted by that company

## 2 Responsibilities under this framework

- 2.1 The **University's Board of Governors** is the University of Northampton Higher Education Corporation, and therefore the member of any company in which the University is involved. The Board exercises its responsibilities and rights as a member through the operation of this framework. The Board is responsible for the approval and monitoring of the University's strategy, including how the University's involvement with companies contributes to the strategy.

- 2.2 The **University Leadership Team** is the University of Northampton's executive leadership. It recommends the University's strategy to its Board of Governors, and reports to the Board on the delivery of that strategy. The University Leadership Team also exercises delegated authority from the University's Board of Governors on the matters set out in this framework.
- 2.3 Each **company** in scope is a distinct and separate legal entity that is governed by company law.
- 2.4 Each **company director** in scope has responsibility for ensuring that the legal duties of the company and its directors are fulfilled. The company board is also responsible for carrying out its duties in accordance with this framework.

### **3 Decision on involvement in a company**

- 3.1 As set out in the Financial Regulations, the Board of Governors approves:
- 3.1.1 The establishment of new companies by the University
  - 3.1.2 The establishment of companies as joint ventures between the University and other organisations
  - 3.1.3 Acquisitions of a controlling interest in a company
  - 3.1.4 Investment in the share capital of another company where this investment is over £500k
- 3.2 Such approvals will be made only on the recommendation of the University Leadership Team, and on receipt of a satisfactory business case.

## **4 Decision on ending involvement**

- 4.1 The decision to end the University's involvement in a company, including through disinvestment, is made by the University Leadership Team. It is reported to the Board of Governors, setting out the reasons for the decision, and how any risks arising from the closure or disinvestment are to be managed.

## **5 Statutory powers of the University as a shareholder**

- 5.1 As the shareholder or joint shareholder the University individually or jointly has rights under the Companies Act 2006 which include:

### Constitution

- 5.1.1 Approve amendments to the company's articles of association
- 5.1.2 Change the company's name

### Shares and dividends

- 5.1.3 Approve the company's final dividend
- 5.1.4 Grant authority for the directors to allot new shares
- 5.1.5 Buy back the company's own shares
- 5.1.6 Disapply pre-emption rights

### Directors

- 5.1.7 Approve the making of political donations
- 5.1.8 Remove directors
- 5.1.9 Approve substantial property transactions between the company and directors
- 5.1.10 Approve loans to directors
- 5.1.11 Approve directors service contracts

5.1.12 Approve the directors' remuneration report and remuneration policy  
(if applicable)

5.1.13 Elect and re-elect directors (public companies only)

#### Auditors

5.1.14 Remove auditors

5.1.15 Appoint or re-appoint the company's auditors

5.2 In its capacity as the member of the companies in scope, the University's Board of Governors hereby delegates the exercise of the rights of members in respect of these companies to the University Leadership Team. This delegation is subject to the Board's Statement of Responsibilities and Scheme of Delegation. For example, the Board of Governors approves all decisions with a significant impact on the University's risk profile or exposure.

## **6 Company constitution**

6.1 The Model Articles of Association for companies (available from: <https://www.gov.uk/guidance/model-articles-of-association-for-limited-companies> ) are recommended as suitable for use by companies in scope save that it is clear in the Articles:

6.2 That University directors are appointed by the University Leadership Team

6.3 That the remuneration of directors is determined by the University of Northampton not the directors themselves Change clause

6.4 That directors appointed by the University may claim expenses in accordance with the University's Travel and Expenses policy

6.5 That the University will purchase and maintain insurance, at its own expense, for the benefit of any relevant director in respect of any relevant loss.

## **7 Strategy**

- 7.1 The University has an overall strategy in place. The University expects that the strategy and operations of companies in scope are congruent with the University's strategy and values.

## **8 Dialogue with the University**

- 8.1 The company's board has a dual role in ensuring:
- 8.1.1 That there is an effective dialogue with the University's Executive, for example by holding regular meetings with members of the Executive, and through to the University's Board as necessary
  - 8.1.2 That the views of the shareholder(s) are communicated to the company's board
- 8.2 The company's board must be clear how these responsibilities are carried out, for example by delegating to its chair

## **9 Contracts and service agreements**

- 9.1 Where a subsidiary supplies a service to or on behalf of the University, a suitable contract and/or agreement will be made. This will be approved by the company's board and by the University Leadership Team or by those duly delegated by both bodies.
- 9.2 The operation of the contract/agreement will be overseen by the company's board and by the University Leadership Team or its delegate.
- 9.3 The contract/agreement must address how decisions to withdraw or amend services provided to or on behalf of the University are taken and approved.

## **10 Planning, funding and investing**

10.1 Where the University funds or subsidises the activities of a company in scope this is negotiated via a formal funding agreement, or via the University's annual planning and budgeting process. Mutual agreement will be negotiated between representatives of the company's board, and representatives of the University Leadership Team. The company's board and the University Leadership Team must therefore ensure that appropriate delegations are in place.

10.2 Requests from the company for additional funding from the University should be made via the University's annual planning process.

## **11 Code of Governance**

11.1 As a safeguard of the assets and reputation of the University, the University expects companies to adopt formally and to comply with one of the following governance codes:

11.1.1 [UK Corporate Governance Code](#) (for companies with a Premium listing of equity shares)

11.1.2 [Corporate Governance Guidance and Principles for Unlisted Companies in the UK](#)

11.1.3 [The Wates Corporate Governance Principles for Large Private Companies](#)

## **12 Legal responsibility**

12.1 The University expects each company in scope to ensure that it is compliant with all legislation which applies to it.

12.2 The company's board is responsible for ensuring that appropriate policies and procedures are in place to ensure that the company is compliant with the applicable laws, and that these are followed by the company, its directors, officers and employees.

12.3 The company's board may choose to adopt or adapt the policies and procedures of the University for this purpose.

### **13 Appointment of directors**

13.1 University directors are appointed by the University Leadership Team.

13.2 The University has a standard letter of appointment for new company directors. The letter should be adapted for the use of the company.

13.3 Directors appointed by the University are volunteers and therefore no service contracts are in place.

### **14 Replacement of Directors**

14.1 The directors of companies with a premium listing must submit themselves for annual re-election as per the UK Corporate Governance Code.

14.2 It is considered good governance practice for other companies in scope to have in place terms of office for directors. This ensures that there is a regular review of the composition of each board and the skills available to it. It ensures that the board can adapt to changes in its operating context. Where the University appoints directors, it ensures that individuals are supported with their workload and professional development.

14.3 The University Leadership Team will carry out an annual review of the directors it has appointed. The University Leadership Team is responsible for approving further terms of office and for ensuring the progressive refreshment of the boards of companies in scope.

14.4 It may be desirable to maintain some individuals as directors for a longer term for example 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
- It is good professional development for those individuals
- A company is a special purpose vehicle and the risks of not refreshing the directors are minimal

## **15 Composition of the board**

15.1 Where the University Leadership Team appoints the directors, they will decide the composition of the board, taking into consideration the following:

- It is good practice for a company board to have a mix of independent and non-independent directors. However, for some companies, the risk of not having independent directors is low. Whilst University employees are not considered independent, not having executive responsibility in the company may be an appropriate level of independence
- The boards of companies in scope must have at least two directors.

15.2 A company director is independent if:



- 15.2.1 They are not an employee of the company or group, and have not been in the last five years
- 15.2.2 They do not represent a significant shareholder
- 15.2.3 They have no material business relationship with the company, either directly or as a partner, shareholder, director or senior employee of a body that has this relationship with the company. They have not had such a relationship in the last three years
- 15.2.4 They have no close family ties with any of the company's advisers, directors or senior employees
- 15.2.5 They hold no cross-directorships or significant links with other directors through involvement in other companies or bodies
- 15.2.6 They receive any additional remuneration from the company beyond a director's fee
- 15.2.7 They have not served on the board for more than nine years from the date of their first appointment

## **16 Conflicts of Interest**

- 16.1 Directors of companies in scope must complete an annual declaration of their interests and fit and proper person status, and update the Associate Director Governance, Compliance and Risk whenever this changes.
- 16.2 If a proposed decision of the directors is about an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.

16.3 Further guidance on what constitutes an interest under the law and how to deal with conflicts of interest is given to all new and existing directors and they are expected to follow it.

## **17 Directors' meetings**

17.1 Company boards are expected to meet as often as is necessary to transact their business. A minimum of twice per academic year is recommended.

17.2 The University expects that all directors take an equal role in the company's decision making.

## **18 Annual General Meeting**

18.1 Where a company requires an Annual General Meeting, the Audit and Risk Committee is hereby delegated by the Board of Governors to represent it at the AGM.

## **19 Best practice**

19.1 The following represent best practice in company governance, and the University expects company boards to consider putting these in place:

19.2 Risk register. The company board should establish and regularly review a register of its principal strategic and operational risks. The University can provide advice, assistance and templates

19.3 Schedule of matters reserved for company board decision. The company board should establish and regularly review a schedule to ensure that decision making authorities in the company are clear and transparent

19.4 Schedule of board business. The company board should establish a schedule of business the board will cover in its meetings. This ensures that important

matters are not missed

- 19.5 Director skills audit. The skills, knowledge and experience of each director should be recorded. The results of the skills audit will be made available to the University Leadership Team in order to inform its decisions on the appointment and succession planning of directors
- 19.6 Regular Board effectiveness review, every four years. This will include a review of compliance with the Articles of Association and with this Governance Framework. A summary of key findings, lessons learned and actions should be presented to the company board
- 19.7 Key performance indicators. The company's board should monitor a set of KPIs in order to gain assurance about the activities of the company
- 19.8 Company business plan. The company's board should approve the company's business plan for review by the University Leadership Team. Having in place a plan ensures that the activities of the company are congruent with University strategy and that the University's resources are deployed appropriately. The business plan forms part of the conversation between the company board and the University Leadership Team.
- 19.9 Company management structure chart. This is for ease of reference in demonstrating how the company is managed. It is helpful for the University Leadership and for new directors.

## **20 Company secretarial services**

- 20.1 Public limited companies require the appointment of a suitably qualified company secretary. The University will supply a qualified person for approval by the company's board.
- 20.2 There is no legal requirement for other types of company to appoint a

company secretary. However, if the company's board wishes, the University can supply a suitable person for its approval.

20.3 The office of the Associate Director of Governance, Compliance and Risk at the University of Northampton provides company secretarial services. These include preparation of agendas, minutes and papers, maintaining statutory company registers and providing advice to boards on governance matters. The University recommends to company boards the use of this service in order to maintain reporting lines, legal compliance and efficiency, and to reduce expense to the company.

## **21 Monitoring under this framework**

21.1 The University Leadership Team receives a biannual report covering:

21.1.1 Appointment and reappointment of directors

21.1.2 Compliance with this framework

21.1.3 Company activities and performance

This informs the University Leadership Team's view of the outlook of each company and the University's strategy towards it.

21.2 The University Leadership Team reports annually to the Infrastructure and Resources Committee of the Board on company performance and the University's strategy towards the group of companies.

21.3 On behalf of the Board of Governors, the Audit and Risk Committee receives the annual accounts of each company under this framework. This:

21.3.1 Fulfills the duty of the company board to ensure that the accounts are laid before the members

21.3.2 Informs the Committee's consideration of the consolidate annual financial statements

## **22 Version Control**

Version 2: Approved by the University Leadership Team on 12/12/2023

## **23 Review**

This framework will be reviewed every 3 years.

Date of next review: December 2026

## **24 Ownership**

The Associate Director of Governance, Compliance and Risk owns this document on behalf of the University Leadership Team.