

HEFCE 00/57
December
Report

The use of recommended practice guidelines on related companies

**A report to the HEFCE by RSM Robson
Rhodes**

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DEFINITIONS

HEFCE	Higher Education Funding Council for England
institution	University or higher education college in England
Guidelines	‘Related Companies: Recommended Practice Guidelines’ issued by the HEFCE and RSM Robson Rhodes, March 1996
commercial activities	Activities an institution undertakes which are not deemed to be part of the main educational activities.
related company	Any company over which the institution has control or exercises a substantial degree of influence in relation to that company’s activities*
joint venture	An entity in which the reporting entity holds an interest on a long-term basis and is jointly controlled by the reporting entity and one or more other entities under a contractual arrangement
joint control	A reporting entity jointly controls a venture with one or more other entities if none of the entities alone can control that entity but all together can do so, and decisions on financial and operating policy essential to the activities, economic performance and financial position of that venture require each venturer’s consent

** Under this definition the institution would in most cases have a controlling or majority interest in the company. However, there may be situations where a related company is not a subsidiary undertaking, as defined by accounting standards, but where the relationship between the institution and that company is such that the Guidelines may still apply.*

SECTION 1: INTRODUCTION

Background

The activities of related companies are increasingly important within the higher education sector. In particular, with the current emphasis on collaboration and public and private partnerships, joint ventures are becoming even more significant.

Following a report by the National Audit Office in 1994, the HEFCE commissioned RSM Robson Rhodes to carry out a review of the activities of related companies and joint ventures within the higher education sector. In March 1996 a report was issued jointly by HEFCE and RSM Robson Rhodes, together with the Guidelines which incorporated checklists of recommended practice. Copies of these Guidelines were issued to all institutions.

As part of the original study, the HEFCE agreed to follow up the initial report and review the value and effectiveness of the Guidelines. In February 1999 it commissioned RSM Robson Rhodes to carry out this follow-up study.

Objectives

The objectives of this follow-up review, agreed with HEFCE, are to:

- ◆ determine the value to institutions of the Guidelines and the extent to which the Guidelines have been adopted;
 - ◆ determine how the Guidelines could be improved to add further value to institutions;
 - ◆ identify the nature and extent of related companies and joint ventures as at 31 July 1998.
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Methodology

The follow up study was carried out in three stages:

- ◆ Stage One: collection of data by questionnaire
- ◆ Stage Two: site visits and telephone interviews
- ◆ Stage Three: analysis of information and reporting.

Stage One: Collection of data by questionnaire

A two-part questionnaire was produced and distributed to all institutions.

Part A was intended to be completed by all institutions. Its purpose was to collect basic information on any related companies and joint ventures controlled by the institution, and on whether the institution had used the Guidelines or alternative procedures.

Part B was designed to be completed by all institutions that have used related companies and joint ventures since July 1994 and who have made use of the Guidelines since they were issued.

Stage Two: Site visits and telephone interviews

The data received from the questionnaires as at 4 August 1999 was analysed; based on the initial findings, a representative sample of institutions was selected for site visits and telephone interviews. The purpose of these visits and interviews was to discuss the arrangements for controlling companies, obtain additional information in respect of any comments made, and obtain more detailed responses to specific questions. Full lists of all respondents, site visits and telephone interviews are included at Appendix I, II and III.

Stage Three: Analysis of information and reporting

The information submitted through the questionnaire responses and determined from our site visits and telephone interviews was analysed. This analysis is included in Section 3 of this report.

Acknowledgements

Questionnaires were sent to 136 institutions in England, and 99 responses were received (see Appendix III). We would like to put on record our appreciation for all those that responded.

We would also like to thank all those institutions who participated in the telephone interviews and site visits.

SECTION 2: PRINCIPAL FINDINGS AND ISSUES FOR CONSIDERATION

Summary of findings

In overall terms we noted that institutions are aware of the need to properly control and monitor the activities of their companies. All the institutions included in our sample had some procedures in place to monitor this function.

Senior officers of institutions were actively involved in the monitoring and control of companies, either as directors, nominated officers or through direct lines of responsibility. In the best cases we identified clearly defined formal systems of control which were in line with best practice. However it was more normal to find a less formalised system of control in operation. The procedures in place were in most cases applicable to the types and number of companies.

We have met the first two of the three objectives of the study, as set down in Section 1, by considering the following three key questions during our analysis of the survey results and during our site visits and telephone interviews:

- Have the Guidelines been used by institutions and are they considered useful?
- Have the Guidelines been used effectively by institutions?
- Can the Guidelines and their usage be improved?

Section 3 of this report analyses the survey results and links the questionnaire responses and subsequent follow up through site visits and telephone interviews to all the issues that require consideration. A summary of our responses to the key questions identified is included below.

The third objective given in Section 1 – to identify the nature and extent of related companies and joint ventures as at 31 July 1998 – is included in the detailed analysis of Section 3.

Have the Guidelines been used by institutions and are they considered useful?

Institutions found the Guidelines to be a useful reference document and had used them in a significant number of cases. In some cases, though, the Guidelines were considered too onerous for the institution's specific requirements. Some areas for improvement were identified, and it was considered that a review to ensure they remained in line with current best practice and legislation would be required.

Have the Guidelines been used effectively by institutions?

Where institutions had used the Guidelines, the effectiveness of their use varied widely. The use of the Guidelines is not formalised within institutions, which have taken different actions in response to them. The distribution and accessibility of the Guidelines within institutions and related companies also varied considerably.

The principal factors identified for the wide variation in the use of the Guidelines were:

- ◆ consideration of the purpose of the related companies; for example was the company established for tax planning purposes or for exploitation of commercial activities?

- ◆ confidence of institutions in managing their related companies; in certain institutions where related companies are in existence the control procedures have been developed over a number of years and the Guidelines are believed to have been covered by the institution's own internal procedures
- ◆ the distribution of the Guidelines to key stakeholders within the institution. In many cases the Guidelines' distribution had been ineffective within institutions which had therefore limited their value.

We found examples of best practice where the usage had been linked with the institution's own corporate governance procedures and review of internal controls.

We also identified that there was no clear structure to the action that was to be taken by the different users of the Guidelines. In particular, the action taken by the Audit Committee was in most cases very limited.

Can the Guidelines and their usage be improved?

In the main the content of the Guidelines has been endorsed by the responses received from institutions. In Section 3 we identify key issues arising from our review. These are summarised below.

- ◆ Transfer technology arrangements are seen as a complex area with a wide number of issues being raised. The procedures in place varied significantly between institutions. There is a need for identifying best practice in respect of transfer technology arrangements.

Issue for consideration: Specific guidance for transfer technology arrangements should be prepared and if necessary best practice guidelines issued.

- ◆ The action taken on receipt of the Guidelines varied at each institution. The action required varied for the different users of the Guidelines.

Issue for consideration: Tailored guidance for the different users of the Guidelines should be prepared to ensure that each user is aware of their responsibility and the action they should take.

- ◆ The action taken specifically by Audit Committees varied considerably. Although alternative procedures for monitoring the activities of companies were in place, Audit Committees had specifically reviewed the Guidelines in only a small number of cases.

Issue for consideration: The expected role of the Audit Committee in respect of the monitoring and control of companies should be clarified.

- ◆ Although not specifically within the scope of this report, it was identified that where institutions operated commercial activities in-house the Guidelines were normally not considered to be applicable.

Issue for consideration: The scope of the Guidelines should be reviewed to ensure they cover in-house commercial activities where necessary.

- ◆ How the Guidelines were used varied considerably between institutions.

Issue for consideration: Linked in with their own corporate governance and internal control procedure, institutions should have a formal process whereby they assess control over the operation of companies and the actual use of the Guidelines in the process.

- ◆ The Guidelines were distributed within institutions but the availability and responsibility varied widely.

Issue for consideration: The method of distribution of the Guidelines to institutions should be reviewed and electronic means utilised.

- ◆ Only a limited number of institutions had exit strategies in place.

Issue for consideration: institutions should review their current arrangements and determine appropriate exit strategies for all relevant companies.

- ◆ The Guidelines, although useful, contain too much information in some specific cases.

Issue for consideration: A decision matrix should be developed to enable users to establish which sections of the Guidelines are relevant for their specific purpose.

- ◆ There is a need to review the Guidelines to ensure they are in line with current best practice and legislation.

Issue for consideration: A review of the Guidelines should be carried out in line with current best practice and legislation and they should be updated as necessary.

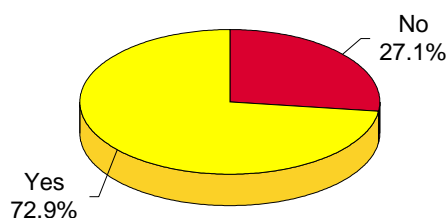
SECTION 3: ANALYSIS OF SURVEY RESULTS

Introduction

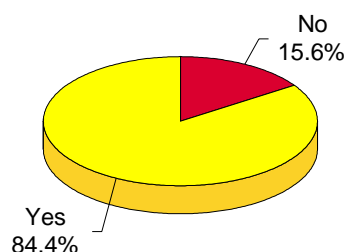
Summarised below are the findings from the questionnaires which were completed by 99 institutions. The detailed analysis of the replies is shown at Appendix IV and V.

Does your institution have related companies or joint ventures?

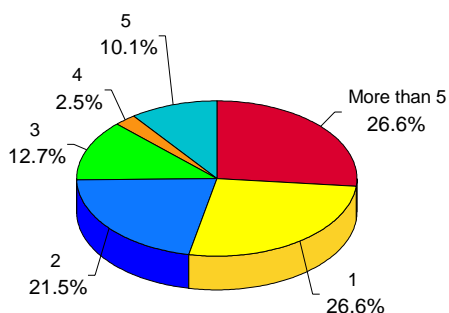
Q1.1 Did your institution have any related companies or joint ventures at 31 July 1994?



Q1.2 Did your institution have any related companies or joint ventures at 31 July 1998?



Q1.3 Please state how many related companies or joint ventures your institution had at 31 July 1998?



72.9% of institutions had companies at 31 July 1994. This had increased to 84.4% by 31 July 1998. Nearly half of institutions that had companies at 31 July 1998 had two or less. A large number of institutions (26.6%) had more than five companies.

Further analysis identified that the use of companies within institutions was increasing and these were being used for an increasingly diverse range of activities. The use of companies and in particular joint ventures in respect of technology transfer arrangements was a key area. Although it was noted that a number of institutions maintained these arrangements in-house, the telephone interviews and site visits identified that institutions considered this a risk area and one where institutions were looking for examples of best practice within the sector. The control procedures in place varied between the institutions.

Key issue

Are appropriate arrangements in place in respect of technology transfer?

Observation

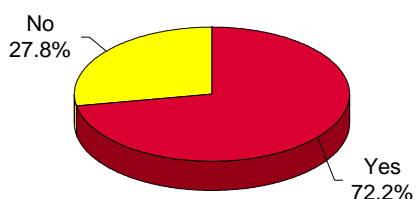
The procedures in place varied across institutions. Institutions were interested in identifying best practice in respect of technology transfer. Issues such as agreements with staff or third parties, the development of technology transfer arrangements, exploiting opportunities, the sharing of risks and rewards, control over joint ventures, exit strategies, monitoring performance and safeguarding intellectual property were all raised.

Issue for consideration

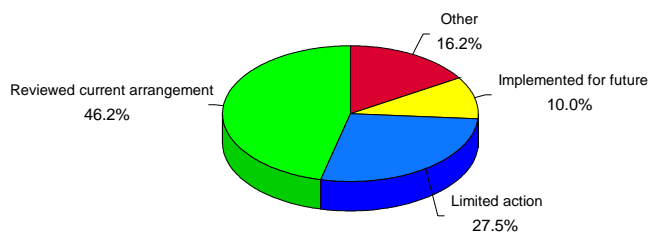
Consideration should be given to preparing specific guidance for technology transfer arrangements. This should detail how the Guidelines can be used in respect of technology transfer arrangements. If necessary, specific best practice guidelines should be issued which address technology transfer arrangements.

Have institutions used the guidelines?

Q1.4 Have you used the Guidelines at your institution?



Q.1.5 When the Guidelines were issued in March 1996 what action did your institution take?



72.2% of institutions have used the Guidelines in some way or other. When issued in March 1996 46.2% of institutions used them to review their current arrangements and 10.0% implemented them for future companies. Limited action was taken by 27.5% of institutions. A more detailed analysis of the 16.2% of other responses shows that these were in the main due to limited knowledge of past arrangements or that no action was taken because of the nature of the companies in place.

Further analysis of the action taken and usage by institutions identified that this varied considerably across institutions. Where action was taken and the Guidelines were used, feedback was favourable. Limited action was taken, in the main, because the institution did not consider action to be required. The reasons for the action taken varied between institutions and depended on the attitude, knowledge and experience of the individuals concerned, the internal procedures and the type and number of the companies in place.

Key issue

Was appropriate action taken by institutions on receipt of the Guidelines?

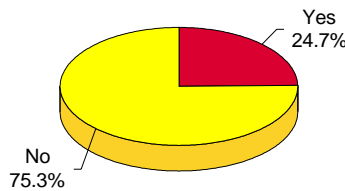
Observation

The action taken varied at each institution. Where action was taken, feedback was favourable. The actual action taken was dependent on the individual concerned, the internal procedures and the type and number of the companies. The action required will vary for the different users of the Guidelines. Expected users would be Vice-Chancellors, Finance Directors, Clerks to the Corporation, Company Secretaries, Directors of Companies and Nominated Officers.

Issue for consideration

Consideration should be given to preparing tailored guidance for the different users of the Guidelines. This tailored guidance should not be prescriptive but should ensure that each user is aware of their responsibilities and the appropriate action they should take to ensure their responsibilities are fulfilled.

Q1.6 Has the institution's Audit Committee received assurances that the Guidelines have been properly complied with?



Only 24.7% of Audit Committees have received specific assurances that the Guidelines have been properly complied with, indicating that although institutions used the Guidelines their usage was not monitored by the Audit Committee.

Further analysis identified that although the Audit Committee had not received specific assurance in respect of the Guidelines, they had received assurance in a number of other ways. The main ones identified were through the use of Internal and External Audit. However, examples were also noted where the Audit Committee had received reports on the institution's own internal procedures. There was therefore no clear expected role in respect of monitoring companies.

Some institutions also had a separate committee in place which had direct responsibility for monitoring the performance of companies.

Key issue

Has the Audit Committee reviewed the Guidelines and ensured appropriate controls are in place?

Observation

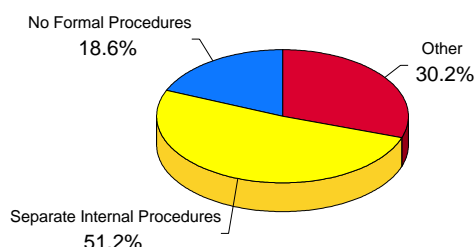
Audit Committees have specifically reviewed the Guidelines in only a small number of cases. In those cases where the Audit Committee had not specifically reviewed the Guidelines they did monitor the activities of companies through a variety of other measures. In some cases specific committees had also been set up to monitor the performance of companies.

Issue for consideration

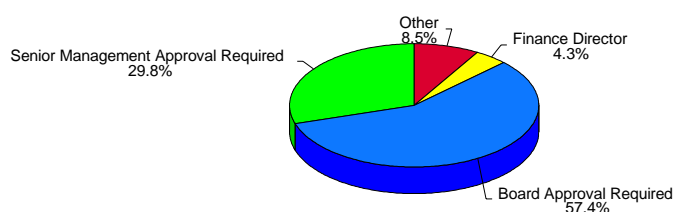
Consideration should be given to clarifying the expected role of the Audit Committee in respect of the monitoring and control of companies. A clear line of responsibility between the Audit Committee and other committees should be identified. The role of Internal Audit in this process should also be reviewed and agreed by the Audit Committee.

What other procedures do institutions use if the Guidelines have not been used?

Q1.7 If the Guidelines have not been used, what procedures does your institution have in place for controlling and setting up related companies or joint ventures?



Q1.8 If the Guidelines have not been used, who is responsible for controlling and setting up related companies or joint ventures?

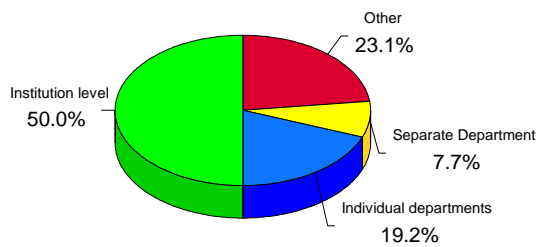


These questions were asked to identify if other procedures were in place at institutions which supplemented the Guidelines issued. Where Guidelines have not been used 81.4% had in place separate internal procedures or some other procedures; such as use of external advisors, senior management knowledge and formal Board briefings. A relatively high percentage (18.6%) indicated that the Guidelines were not being used and no other formal procedures were in place. Further analysis of this identified that although no specific formal procedures were in place for companies, these were covered by the institutions' own financial regulations and procedures, indicating that some form of control was in place.

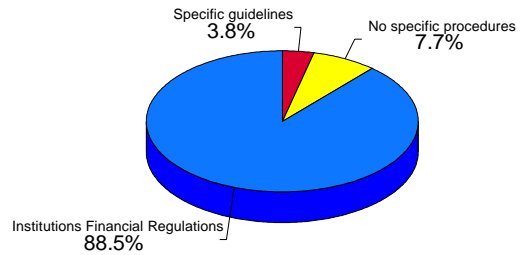
Where the Guidelines are not used, responsibility for controlling and setting up companies is undertaken through board approval in 57.4% of cases and senior management approval is required in 29.8% of cases, indicating that this is mainly controlled at a high level within the institution.

How are commercial activities controlled if the institution has no related company or joint ventures?

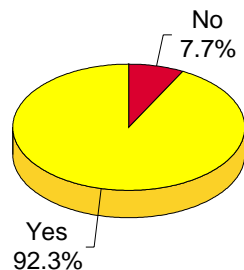
Q1.9 If your institution has no related companies or joint ventures or does not use them for commercial activities how does your institution identify and exploit commercial opportunities?



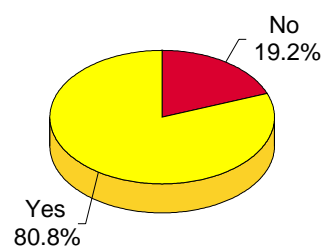
Q1.10 If your institution has no related companies or joint ventures or does not use them for commercial activities what procedures are in place to control commercial activities?



Q1.11 If your institution has no related companies or joint ventures or does not use them to control commercial activities, are all costs and income separately identified within your institution's financial information?



Q1.12 If your institution has no related companies or joint ventures or does not use them to control commercial activities, do you set targets for commercial activities and monitor performance against these targets?



These questions were asked to identify what procedures institutions that do not use companies have in place to identify, exploit and control commercial activities. Through our telephone interviews and site visits it was also identified that institutions that have companies may also operate some commercial activities within the institution.

50.0% of these institutions identified and exploited commercial opportunities at an institution level, with a further 26.9% using individual departments or a separate department. Where 'other' was identified this was mainly due to a combination of the above responses.

As would be expected, a significant proportion of these institutions (88.5%) used financial regulations and procedures to control commercial activities, and a further 3.8% had drawn up specific guidelines. A relatively large percentage (7.7%) still had no specific procedures in place, although it appears that the reason for this is that these institutions had limited commercial activities.

In addition, for institutions with no companies controlling commercial activities, 91.3% identified costs and income separately within the institution's financial information and 80.8% set targets and monitored performance against these targets.

Further analysis identified that the types and number of activities that are controlled in-house differed between institutions. The way that these activities were controlled also varied considerably. Some were operated on the same basis as a company would be, others were treated as a separate department or cost centre, and others were maintained within the normal activity of the institution. The types of activity identified and controlled in-house varied from sports and conference facilities to technology transfer arrangements.

The same risks are associated with these activities as they would be if operated via a company, in particular in respect of technology transfer arrangements. Commercial activities operated in-house are mainly controlled by the institution's own internal procedures. Only a limited number had specific procedures.

Key issue

Are appropriate arrangements in place to control in-house commercial activities?

Observation

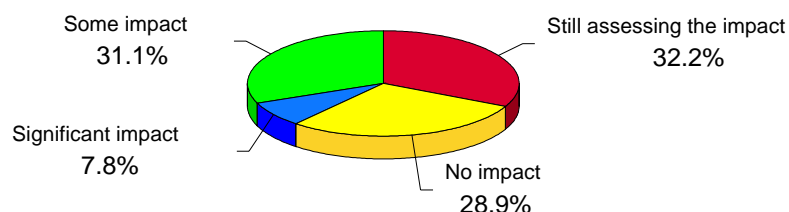
Although not within the scope of this report, it was identified that some institutions operate commercial activities in-house which may be operated via a company at other institutions. Where these activities are operated in-house they are mainly controlled via the institution's own internal procedures. The Guidelines are normally considered to be not applicable to these activities.

Issue for consideration

The scope of the Guidelines should be reconsidered. Where commercial activities, such as technology transfer in particular, are maintained in-house the risks should be considered and the need for the use of the Guidelines should be reviewed and implemented where necessary.

What impact have recent publications had on institutions' exploitation of commercial opportunities?

Q1.13 What impact have recent publications such as the Government's Competitiveness White Paper and the HEFCE report "Industry-academic links in the UK" had on your institution and the way you exploit commercial opportunities?

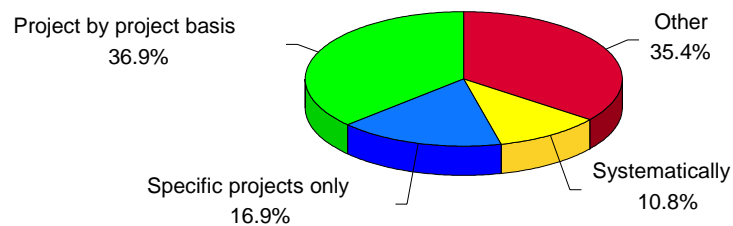


The impact of recent publications, such as the Government's Competitiveness White Paper and the HEFCE report "Industry-academic links in the UK", on the commercial opportunities of institutions was also assessed. This has had some or significant impact in 38.9% of cases and no impact in 28.9% of cases. A number of institutions (32.2%) are still assessing the impact. From the information provided it appears that this is a continuing assessment and that institutions are in the process of addressing the issues.

How were the guidelines used and what impact did they have at institutions?

Questionnaire Part B - completed by institutions with an involvement in related companies and joint ventures since July 1994 and used the Guidelines in this process

Q2.2 How are the Guidelines applied within your institution?



The Guidelines were applied systematically by 10.8% of institutions with a further 53.8% applying them either on a project by project basis or for specific projects.

Further analysis showed that the way the Guidelines had been used varied considerably and was dependent on specific circumstances at an institution. A number of key factors were identified as to what usage was required, with the Guidelines mainly being used as a reference document rather than a means of controlling the activities of companies. These factors can be summarised as the attitude, knowledge and experience of the individual concerned; the internal procedures; and the type and number of the companies in place. In some cases institutions found the Guidelines very useful when problems occurred and subsequently used them to ensure the problem did not recur. Examples of these included implementation of exit strategies, and use of memorandums of understanding and business plan approval procedures.

An example of good practice was also identified where although an institution had not used the Guidelines rigidly they had been considered as part of their overall corporate governance procedures and the relevant parts incorporated.

Key issue

Have the Guidelines been used effectively at institutions?

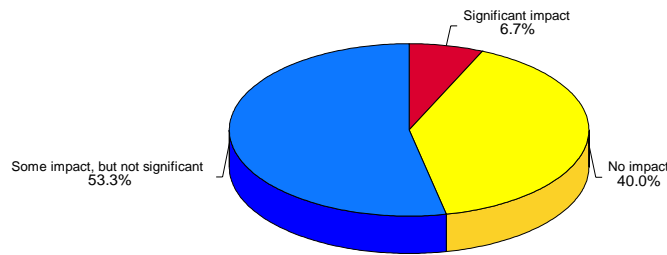
Observation

The Guidelines have been used at institutions and feedback was favourable. The actual usage varied between institutions and was dependent on the individual concerned, the internal procedures and the type and number of the companies.

Issue for consideration

Consideration should be given to formalising the way that institutions use the Guidelines. This should not be prescriptive but should detail best practice as to how institutions could use the Guidelines. This should be linked in with their own internal corporate governance process and their own assessment of internal controls. Institutions should have a formal process whereby they assess how they control the activities of companies.

Q2.3 If your institution had related companies or joint ventures at 31 July 1994 assess what impact the use of the Guidelines has had on your governance or management procedures?



Only 6.7% considered that the Guidelines had had a significant impact, but 53.3% did respond that they had had some impact on their governance or management procedures.

The amount of impact that the Guidelines had depended on their availability and distribution within institutions. Again there was no set pattern between institutions. As a response to this review some institutions were obtaining copies of the Guidelines and reviewing their procedures for compliance with the Guidelines.

Key issue

Have the Guidelines been adequately distributed within institutions?

Observation

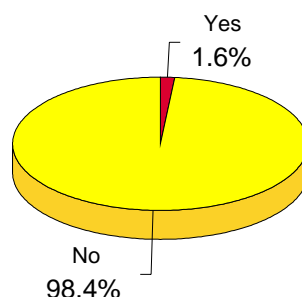
Guidelines were distributed within institutions but the availability and responsibility varied widely among the institutions. There is therefore a risk that the relevant people within the organisation may not now have access to the Guidelines.

Issue for consideration

The distribution of the Guidelines to institutions should be reviewed. Accessibility would be improved by utilising Internet distribution with a covering note from HEFCE to institutions detailing their availability.

What action was taken by institutions when using the Guidelines?

Q2.5 Have you used the Guidelines for exit of or realisation of investments in any related companies or joint ventures?



Only 1.6% of institutions had used the Guidelines for the exit or realisation of investments or responded that they were a catalyst to setting up additional companies.

Through further discussions we identified that the majority of institutions had not used the Guidelines to exit companies as they had not exited or had any reason to exit any companies. Our review though did highlight one institution which, as a result of the Guidelines, had reviewed their arrangements and decided to exit a number of their companies. We were informed of one institution that was having difficulty exiting from an overseas company as no exit strategy was in place.

Types of companies where exit strategies may be particularly useful are in respect of failing companies, technology transfer companies that have reached maturity, companies with finite lives such as tax planning schemes, or companies set up to deal with specific projects.

Key issue

Are appropriate exit strategies in place?

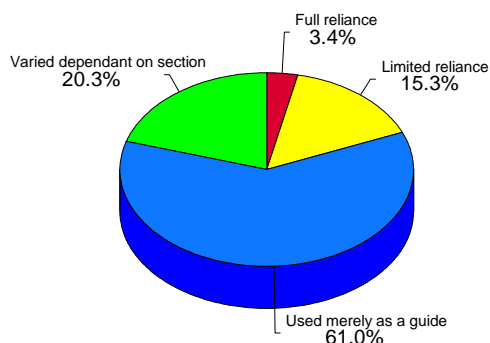
Observation

Only a limited number of institutions had exit strategies in place. If problems occur or losses are made the involvement of the institution may become prolonged and complicated.

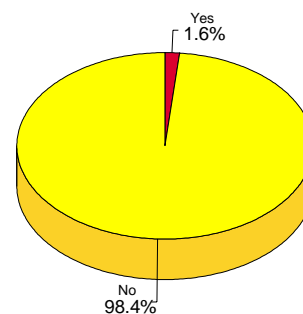
Issue for consideration

Institutions should review their current arrangements and determine exit strategies for all relevant companies. The details of the exit strategy should be appropriate to the circumstances of the related company.

Q2.6 When using the Guidelines how much reliance did you place on them?



Q2.7 Were the guidelines a catalyst to setting up additional related companies or joint ventures?



The majority (61.0%) of institutions used the Guidelines as a guide with only 3.4% placing full reliance.

Further discussions identified the consistent message that the Guidelines have been helpful when used. The reason they were used merely as a guide, with only a limited number placing full reliance, was that it was felt the Guidelines were very detailed and to some extent too onerous. Individuals also said that they had the specific knowledge, such as how to prepare a business plan, and therefore the Guidelines contain sections which were not applicable to them.

There were a limited number of suggestions for improvement. With the Guidelines being issued in March 1996 there may be a need to review the content to ensure it is still relevant and legally correct.

Key issue

Are the contents of the Guidelines useful and can they be improved?

Observation

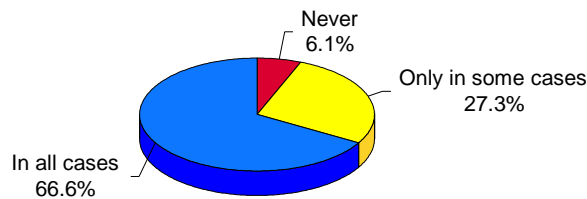
The consistent message was given that the Guidelines have been helpful when used. There are limited areas where it is felt they could be improved. There is a need to review the Guidelines to ensure they are still in line with best practice and in line with current legislation. It was observed that the Guidelines in certain situations are either too onerous or not applicable.

Issue for consideration

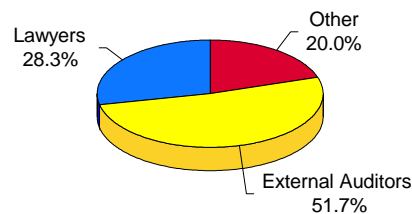
A decision matrix to determine which parts of the Guidelines are relevant for each individual institution should be developed to enable each institution to tailor the Guidelines to their own circumstances. A review of the Guidelines should also be carried out in line with best practice and current legislation and they should be updated as necessary.

Did institutions take independent advice when setting up related companies and joint ventures?

Q2.8 Did you use independent advice to set up any related companies or joint ventures?



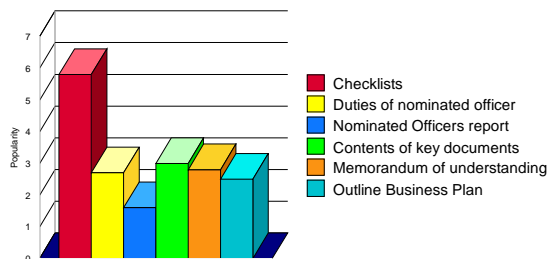
Q2.9 If you took independent advice, what was the nature of this advice?



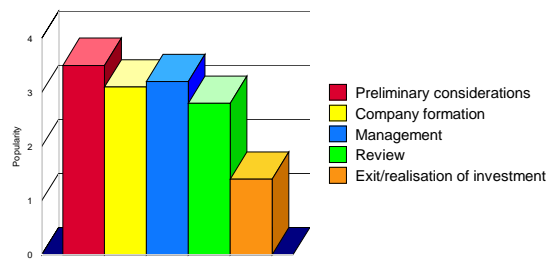
Independent advice was taken to set up companies by 66.7% of institutions in all cases, rising to 94.0% when taking account those that did in some cases as well. The majority of this advice was from either the external auditors or lawyers (80%).

How useful were the Guidelines to institutions?

Q2.10 Which section of the Guidelines did you find most useful?



Q2.13 Which aspects of the checklist did you find most useful?



These questions were designed to rank the usefulness of the various sections of the Guidelines and the checklists included within the Guidelines. Each respondent was requested to rank each option with 1 being the highest ranking. A popularity index was then calculated which weighted the average score of each respondent. A ranking of 1 gaining a popularity score of 6 and a ranking of 6 gaining a popularity score of 1.

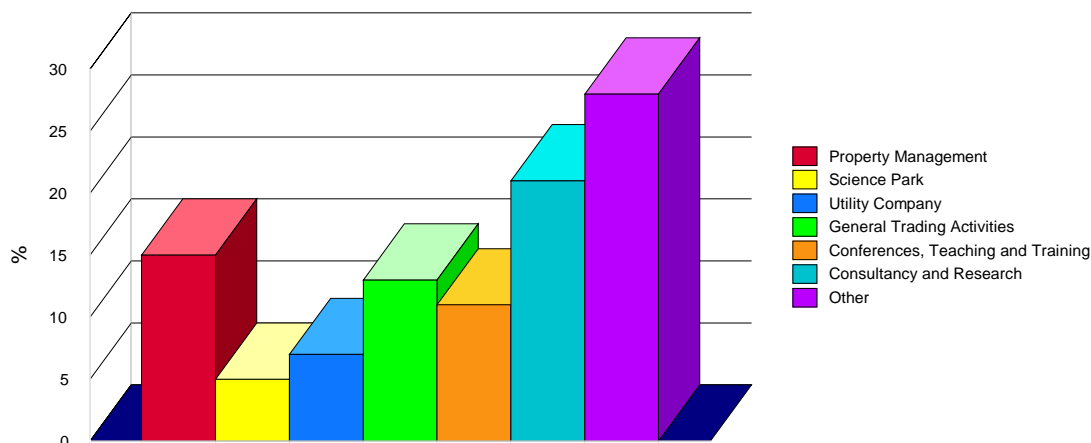
In respect of the Guidelines the section which was marked as the most useful was the checklist section, with the nominated officer's report ranked as the least useful. The checklist section was considered most useful because institutions found these easy to use and a useful tool to review their existing procedures. Checklists were also considered useful when updating and implementing procedures. The nominated officer's report ranked the least useful as institutions did not see a need for such a detailed report.

In respect of the checklists the section which was ranked as the most useful was the preliminary considerations. Exit/realisation of investment was ranked the least useful. This was in line with the finding above that only 1.7% of institutions had used the Guidelines for exit or realisation of companies, and again was due to the fact that a low number of institutions had actually exited companies.

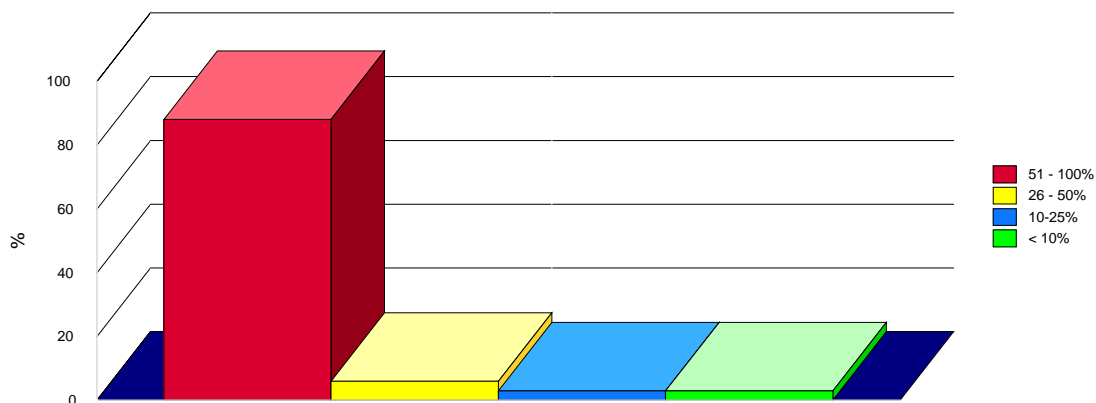
Company information

The information below has been compiled from the information supplied by the institutions responding to the questionnaire request. Of the institutions that responded, details of 228 companies were received.

Analysis of company type



Analysis of interest held by the institution



The diagrams above show further analyses of this data. It can be seen that the most significant types of company were Consultancy and Research (21%), General Trading Activities (13%) and Property Management (25%). Other types of company accounted for 28% of the total. A more detailed analysis of 'other' showed no significant types of company. The type of company was specific to the institution's requirements, ranging from a farming company to traffic/parking management.

Of these companies, 88% were controlled by the institution holding between 51-100%. Although with the increasing number of joint ventures this may be expected to decrease.

APPENDIX I: LIST OF RESPONDENTS

Bath Spa University College
Bishop Grosseteste College
Bournemouth University
Bolton Institute of Higher Education
Bretton Hall College
Brunel University
Canterbury Christ Church University College
Cheltenham and Gloucester College of HE
Chester College of Higher Education
City University
College of Ripon & York St John
Coventry University
Cranfield University
Cumbria College of Art & Design
Dartington College of Arts
Edge Hill College of Higher Education
Falmouth College of Arts
Goldsmiths' College
Harper Adams University College
Homerton College
Imperial College Innovations Limited
Institute of Education
Keele University
Kent Institute of Art & Design
King's College London
Kingston University
Leeds Metropolitan University
Liverpool Hope University College
Liverpool John Moores University
London School of Economics
London School of Hygiene & Tropical Medicine
Loughborough University
Middlesex University
Newcastle University
Newman College of Higher Education
Northern School of Contemporary Dance
Oxford Brookes University
Queen Mary and Westfield College
Ravensbourne College of Design & Communication
Roehampton Institute London
Rose Bruford College
Royal College of Art
Royal Holloway University of London
Royal Northern College of Music
Royal Veterinary College
St Martin's College
Sheffield Hallam University
School of Oriental and African Studies
South Bank University

Southampton Institute
St George's Hospital Medical School
Staffordshire University
The College of St Mark & St John
The London Institute HEC
The Open University
The Queens University of Belfast
The RCN Institute
The School of Pharmacy Univ. of London
The University of Huddersfield
Trinity and All Saints College
Trinity College of Music
U.M.I.S.T.
University College Chichester
University College Northampton
University College Worcester
University of Birmingham
University of Brighton
University of Bristol
University of Cambridge
University of Central England
University of Central Lancashire
University of Durham
University of East Anglia
University of Greenwich
University of Hertfordshire
University of Kent at Canterbury
University of Leeds
University of Leicester
University of East London
University of London (Institutes and Activities)
University of Manchester
University of North London
University of Oxford
University of Plymouth
University of Portsmouth
University of Reading
University of Salford
University of Southampton
University of Surrey
University of Sussex
University of Teesside
University of the West of England
University of Ulster
University of Westminster
University of Wolverhampton
University of York
Warwick University
Writtle College
Wye College, University of London

APPENDIX II: SITE VISITS

Chester College

Leeds Metropolitan University

Liverpool University

University of Central Lancashire

University of Hertfordshire

University of Huddersfield

University of Westminster

UMIST

University of York

APPENDIX III: LIST OF TELEPHONE INTERVIEWS

Brunel University
Cheltenham & Gloucester College
Cranfield University
Imperial College Innovations Ltd
Keele University
Kings College London
Kingston University
Newman College of HE
Queen Mary & Westfield College
Ravensbourne College
Southampton Institute
University of East Anglia
University of Greenwich
University of Leeds
University of Leicester
University of Manchester
University of Oxford
University of Southampton
University of Teesside

APPENDIX IV: QUESTIONNAIRE PART A - SUMMARY OF FINDINGS

Excluding text answers

Q1.1	Did your institution have any related companies or joint ventures at 31 July 1994?	72.9%	Yes	27.1%	No								
Q1.2	Did your institution have any related companies or joint ventures at 31 July 1998?	84.4%	Yes	15.6%	No								
Q1.3	If yes, please state how many.	26.6%	1	21.5%	2	12.7%	3	2.5%	4	10.1%	5	26.6%	More than 5
Q1.4	Have you used the Guidelines at your institution?	72.2%	Yes	27.8%	No								
Q1.5	When the Guidelines were issued in March 1996 what action did your institution take?	27.5%	Limited action	46.2%	Used to review current arrangements	10.0%	Implemented for future related companies or joint ventures	16.2%	Other				
Q1.6	Has the institution's Audit Committee received assurances that the Guidelines have been properly complied with?	24.7%	Yes	75.3%	No								
Q1.7	If the Guidelines have not been used, what procedures does your institution have in place for controlling and setting up related companies or joint ventures?	51.2%	Separate Internal Procedures	18.6%	No Formal Procedures	30.2%	Other						
Q1.8	If the Guidelines have not been used, who is responsible for controlling and setting up related companies or joint ventures?	29.8%	Senior Management	57.4%	Board Approval Required	4.3%	Finance Director	8.5%	Other				
Q1.9	If your institution has no related companies or joint ventures or does not use them for commercial activities how does your institution identify and exploit commercial opportunities?	7.7%	Separate Department	19.2%	Individual departments responsibility	50.0%	Carried out at institution level	23.1%	Other				

Excluding text answers

Q1.10 If your institution has no related companies or joint ventures or does not use them for commercial activities what procedures are in place to control commercial activities?	7.7%	No specific procedures
	88.5%	Covered by the institutions Financial Regulations and Procedures
	3.8%	Specific Guidelines drawn up for commercial activities
Q1.11 If your institution has no related companies or joint ventures or does not use them to control commercial activities are all costs and income separately identified within your institutions financial information?	92.3%	Yes
	7.7%	No
Q1.12 If your institution has no related companies or joint ventures or does not use them to control commercial activities do you set targets for commercial activities and monitor performance against these targets?	80.8%	Yes
	19.2%	No
Q1.13 What impact have recent publications such as the Government's Competitiveness White Paper and the HEFCE report "Industry - academic links in the UK" had on your institution and the way you exploit commercial opportunities?	28.9%	No impact
	31.1%	Some impact
	7.8%	Significant impact
	32.2%	Still assessing the impact

APPENDIX V: QUESTIONNAIRE PART B - SUMMARY OF FINDINGS

Excluding text answers

Q2.2 How are the Guidelines applied within your institution?	10.8%	Systematically		
	36.9%	Project by Project basis		
	16.9%	Specific Projects only		
	35.4%	Other		
Q2.3 If your institution had related companies or joint ventures at 31 July 1994 assess what impact the use of the Guidelines has had on your Governance or management procedures?	6.7%	Significant impact		
	53.3%	Some impact, but not significant		
	40.0%	No impact		
Q2.5 Have you used the Guidelines for exit of or realisation of investments in any related companies or joint ventures?	1.6%	Yes	98.4%	No
Q2.6 When using the Guidelines how much reliance did you place on them?	15.3%	Limited reliance		
	20.3%	Varied dependant on section		
	61.0%	Used merely as a guide		
	3.4%	Full reliance		
Q2.7 Were the Guidelines a catalyst to setting up additional related Companies or joint ventures?	1.6%	Yes	98.4%	No
Q2.8 Did you use independent advice to set up any related companies or joint ventures?	66.7%	In all cases		
	27.3%	Only in some cases		
	6.1%	Never		
Q2.9 If you took independent advice, what was the nature of this advice?	51.7%	External Auditors		
	28.3%	Lawyers		
	20.0%	Other		
Q2.10 Which section of the Guidelines did you find useful? <i>Scores reflect popularity rating with six being maximum score and one being minimum</i>	5.8	Checklists		
	2.7	Duties of nominated officer		
	1.6	Nominated Officers report		
	3.0	Contents of key documents		
	2.8	Memorandum of understanding		
	2.5	Outline Business Plan		

Excluding text answers

Q2.13 Which aspect of the checklists did you find most useful?

<i>Scores reflect popularity rating with five being maximum score and one being minimum.</i>	3.5	Preliminary considerations
	3.1	Company formation
	3.2	Management
	2.8	Review
	1.4	Exit/realisation of investment

KEY INFORMATION IN RESPECT OF RELATED COMPANIES AND JOINT VENTURES AT 31 JULY 1998

Please complete for each Related Company or Joint Venture in which your institution retained an interest at 31 July 1998

Company type	21%	Consultancy and research
	11%	Conferences, teaching and training
	13%	General Trading Activities
	7%	Utility company
	5%	Science Parks
	15%	Property Management
	28%	Other
Interest held by institution	3%	less than 10%
	3%	10 - 25%
	6%	26 - 50%
	88%	51 - 100%