



Department
for Environment
Food & Rural Affairs



Framework Document

British Wool

May 2025



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Framework document public corporations

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Introduction and background

1. Purpose of document

- 1.1. A financial arrangement was entered into on 27 April 1995 between (1) the Minister of Agriculture, Fisheries and Food and the Secretaries of State for Scotland, Wales and Northern Ireland and (2) the British Wool Marketing Board ("**British Wool**").
- 1.2. That financial arrangement was extended in 2000, 2005, 2010, 2015 and 2018.
- 1.3. This framework document (the "**framework document**") replaces the 2018 financial arrangement. This framework document has been agreed between Defra the Devolved Governments and British Wool in line with Annex 7.3 (Government Companies, Public Corporations, and Trading Funds) of HM Treasury's handbook Managing Public Money¹ ("**MPM**") (as updated from time to time) and has been approved by HM Treasury.
- 1.4. This framework document sets out the broad governance framework within which British Wool, Defra and the Devolved Governments operate. It sets out:
 - That British Wool was established via the Agricultural Marketing Act 1958 ("**the Act**") and the British Wool Marketing Scheme (Approval) Order 1950 ("**the Order**").
 - British Wool's core responsibilities
 - Describes the governance and accountability framework that applies between the roles of Defra, the Devolved Governments and British Wool
 - How the day-to-day relationship works in practice, including in relation to governance and financial matters.
- 1.5. British Wool, Defra and the Devolved Governments, will ensure that they understand each other's strategic priorities and those of other relevant parties, and agree to keep each other informed, in good time, of risks and issues with the potential to affect delivery or performance.
- 1.6. This document does not convey any legal powers or responsibilities but both parties agree to operate within its terms.
- 1.7. Copies of this document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public at www.britishwool.org.uk

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

Amendments to and interpretation of this document

- 1.8. Any amendment, update or replacement of any provision of this document shall be agreed by the parties, from time to time, in writing and must be consistent with the Scheme as established in the Order and Act.
- 1.9. This framework document should be reviewed regularly and updated at least every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury Ministers and the Principal Accounting Office of Defra, and the Devolved Governments. The latest date for review and updating of this document is March 2028.
- 1.10. References to (including extracts and summaries of) a statute or statutory provision include and shall be read as a reference to that statute or provision as from time to time modified, re-enacted or consolidated whether before or after the date of this document, and any subordinate legislation made from time to time under that statute or statutory provision which is in force at the date of this document.
- 1.11. References to British Wool in this document shall also be taken to include any subsidiaries, joint ventures or associate undertakings of the marketing board over which it exercises effective control.

2. Objectives

- 2.1. Defra, the Devolved Governments and British Wool share the common objective of ensuring that the Scheme is delivered as set out in the governing legislation – the Agricultural Marketing Act 1958 (“**the Act**”) and the British Wool Marketing Scheme (Approval) Order 1950 (“**the Order**”). To achieve this British Wool will work with Defra and the Devolved Governments, in recognition of each other's roles and areas of expertise, providing an effective environment for British Wool to achieve its objectives through the promotion of partnership and trust and ensuring that British Wool also supports the strategic aims and objective of the department and wider government as a whole. All partners will also commit to keeping each other informed of any significant issues and concerns. The terms of engagement are included in this document including a description of the meetings that will take place and how any disputes between the department and British Wool will be resolved.

3. Classification and ownership

- 3.1. The Office of National Statistics (ONS) classify British Wool as a public, non-financial corporation. British Wool has operational

independence and is functionally separate from Government.

- 3.2. British Wool is governed by the requirements of, and the obligations created by, the Order and the Act. Where stated in the Order, the relevant provisions of the Companies Act 2006 and successor legislation, also apply to British Wool.
- 3.3. Defra and the Devolved governments do not have any involvement in the day-to-day operations of British Wool save to the extent that the Ministers, acting jointly, shall appoint the two independent members to the Board, and shall lay their annual accounts before Parliament. While the Board retains operational control, it is accountable to the Defra and the Devolved Governments for the delivery of the Scheme as set out in the Order and is required to seek consent for certain matters as set out in this document.

Purposes, aims and duties

4. Purposes

- 4.1. British Wool was established under the Agricultural Marketing Act 1958. Its purposes are set out in The British Wool Marketing Scheme (Approval) Order 1950 and are to collect, market and sell wool from around the UK in order to drive demand for British wool and maximise returns for producers.

5. Powers and duties

- 5.1. British Wool's powers and duties stem from the Agricultural Marketing Act 1958.
- 5.2. British Wool's statutory duties and functions are to:
 - facilitate the collecting and selling of wool fleece through the agency of the Board (as per paragraph 71 of the schedule to the Order)
 - Maintain a register of wool producers (under paragraphs 49 and 53 of the schedule).
 - collect wool duly tendered by any registered producer (paragraph 72(2) of the schedule).
 - administer the Scheme (paragraph 4 of the schedule)

6. Aims

- 6.1. British Wool's strategic aim is to provide the best possible return to members through the collective marketing of the UK wool clip:
 - For UK sheep Farmers to recognise the value added by

- collecting, grading and promoting of their wool,
- By providing efficient high-quality service and excellent shearing training to members,
- For the end brands worked with to specific British wool in their products and value our support for innovation, and,
- For consumers to choose to buy products made from British wool.

Governance and accountability

7. Governance and accountability

7.1. British Wool shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this framework document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.

7.2. In particular (but without limitation), British Wool should comply with:

7.3. the principles and provisions of the Financial Reporting Standards 102² and the Co-operative UK's Co-Operative Corporate Governance Code³ (as amended and updated from time to time) to the extent appropriate to British Wool or specify and explain any non-compliance in its annual report, and notify the shareholder in advance.

- Have regard to relevant codes of good practice and guidance included in Annex A of this framework document, as they apply to public corporations.

Role of the Defra and the Devolved Governments

8. The responsible Ministers

8.1. The Secretary of State for Environment, Food and Rural Affairs, together with the Scottish Government Cabinet Secretary for Rural Affairs, Land Reform and Islands, the Welsh Government Cabinet Secretary for Climate Change & Rural Affairs, and the Northern Ireland

² [00 FRS 102-title 1.2 \(frc.org.uk\)](#)

³ [Co-operative Corporate Governance Code | Co-operatives UK](#)

Department of Agriculture, Environment and Rural Affairs (DAERA)⁴ (“the **Ministers and DAERA**”), will account for British Wool on all matters concerning British Wool in Parliament.

8.2. The statutory powers and functions in respect of British Wool are set out in the Order and the Act.

8.3. These include:

- i. That the Board has no less than two members appointed by the Minister in accordance with section 3 of, and paragraph 2(1)(b) of the Second Schedule to, the Act, and
- ii. To lay a report before Parliament on the operation of the scheme.

9. Ministerial appointments

9.1. The Ministers shall have the following appointment and approval rights in relation to British Wool’s Board:

- the responsible Ministers will appoint no less than two independent non-executive members of the Board. Section 3 of, and paragraph 2(1)(b) of the Second Schedule to, the Agricultural Marketing Act 1958. This appointment is subject to the Public Appointments Order in Council⁵ and as such must comply with the Governance Code on Public Appointments⁶.
- in each case, the Board will give effect to the appointment.

9.2. All such appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint Boards which include a balance of skills and backgrounds.

9.3. Independent members are appointed through an open and transparent public appointment process in line with the Cabinet Office guidance on public appointments⁷. Once appointed these independent members will be subject to the expectations and responsibilities of Board members as set out in the Order and the Board Member Manual. Defra and the Devolved Governments do not have responsibility to monitor performance, or dismiss, these appointments.

10. Other Ministerial reserved matters

10.1. At the reasonable request of the Ministers, the Executives shall:

⁴ DAERA now has powers and functions in relation to British Wool by virtue of the transfer of functions (8 May 2016 under the Departments (Transfer of Functions) Order (Northern Ireland) 2016 (S.R. No. 76) and as renamed by section 1(2) of the Departments Act (Northern Ireland) 2016 c.5 (N.I.) commenced by the Departments (2016 Act) (Commencement) Order (Northern Ireland) 2016 (S.R. No. 89). The above transfer of functions and renaming is well known by the Department.

⁵ <https://publicappointmentscommissioner.independent.gov.uk/regulating-appointments/orders-in-council/>

⁶ <https://www.gov.uk/government/publications/governance-code-for-public-appointments>

⁷ www.gov.uk/government/publications/governance-code-for-public-appointments

- meet Ministers or their representatives to discuss the affairs of British Wool.
- 10.2. provide such information in relation to the affairs of British Wool as the Ministers may reasonably require.
- 10.3. The Ministers are committed to giving the Board the freedom to operate British Wool in line with the spirit of this framework document. Decisions on the day-to-day management of British Wool will be taken by the Board in accordance with their statutory, regulatory, common law and fiduciary duties.

11. The Principal Accounting Officer (PAO)

- 11.1. As British Wool does not receive grant-in-aid, and is not subject to Managing Public Money, the role of Defra Permanent Secretary as Principal Accounting Officer (PAO) is limited. The PAO is responsible for:
- Advising Ministers on how well British Wool is achieving its strategic objectives and whether it is delivering value for money;
 - Advising Ministers on the exercise of the Minister's statutory responsibilities concerning British Wool as outlined above;
 - Arrangements to monitor British Wool's activities and performance, and should significant problems arise, making such interventions as are judged necessary;
 - Arrangements to inform British Wool of relevant government policy in a timely manner; and,
 - Arrangements to bring ministerial or departmental concerns about the activities of British Wool to the board of British Wool, and, as appropriate to the departmental board, requiring explanations and assurances that appropriate action has been taken.
- 11.2. Defra and the Devolved governments expect the Chair, with support of the Board, to take responsibility for running British Wool.
- 11.3. Defra and the Devolved Governments recognise that as a public corporation operating in commercial markets, British Wool needs to take investment and other financial decisions in accordance with commercial practices.

12. The role of the policy sponsorship team

- 12.1. The British Wool Relationship Team ("the **sponsor team**") is responsible for discharging the responsibilities of Defra and the Devolved Governments in relation to British Wool and are the primary contact between the Ministers and British Wool. They are the main source of advice to the responsible Ministers on the discharge of their responsibilities in respect of British Wool. Therefore, British Wool

should engage with the sponsor team as the initial point of contact between British Wool and the Ministers.

- 12.2. The sponsorship team will:
- 12.3. establish and maintain appropriate and effective communication between the Ministers and British Wool
 - promote effective relationships between Defra, the Devolved Governments and British Wool
- 12.4. ensure Ministerial appointments to the Board follow the process set out in the Act and Order; are delivered in line with Cabinet Office guidance; and are conducted through an open, fair and transparent process agreed by Defra, the Devolved Governments and the Chairman.
- 12.5. The Secretary of State for Environment, Food and Rural Affairs, together with the Northern Ireland Minister of Agriculture, Environment and Rural Affairs, Cabinet Secretary for Rural Affairs, Land Reform and Islands, and the Welsh Government Cabinet Secretary for Climate Change & Rural Affairs are the government policy sponsors of British Wool.
- 12.6. The British Wool Relationship Manager in Defra is the primary contact for British Wool. The responsible senior civil servant for this relationship is the Deputy Director, Farming and Primary Processing Division. The British Wool relationship management team, working in conjunction with Devolved Government officials, advises and, as appropriate, acts on behalf of the Ministers on relevant government policy developments and responding to requests from British Wool to provide a policy perspective on British Wool's activities and plans.
- 12.7. Defra applies the best practice standards in the Cabinet Office Sponsorship Code. In doing so the department operates a proportionate, risk-based approach whereby accountability and oversight is managed between the public body and the Sponsor team collaboratively. This function can be separate or integral to the policy team depending on a number of factors, including the size of the public body. Sponsor teams draw on the central Defra Public Bodies Partnership team and nominated functional experts for support in carrying out their role.
- 12.8. The policy sponsorship team will also:
- 12.9. advise British Wool of relevant policy and guidance in a timely manner,
- 12.10. engage closely with British Wool on wider policy developments and cross-Government priorities impacting on, or affected by, the work of British Wool
- 12.11. The policy sponsorship team will ensure clarity and consistency in respect of departmental advice, decisions and instructions to British Wool. Any issues arising should be discussed with the Defra sponsor

team (on behalf of Ministers) and relevant parties at British Wool.

13. Freedom of Information requests

- 13.1. Where a request for information is received by either party under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, or the Data Protection Act 1998 or 2018, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities, including a risk assessment for Data Protection.

14. Reporting on legal risk and litigation

- 14.1. British Wool shall provide timely updates to the sponsor team on the existence of any significant active threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the government sponsoring team in a timely manner.
- 14.2. In respect of each substantial piece of litigation involving British Wool, the parties may agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the sponsorship team to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:
- 14.3. material developments in the litigation are communicated to the Ministers in an appropriate and timely manner.
- legally privileged documents and information are clearly marked as such
 - individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege
 - circulation of privileged information within government occurs only as necessary

British Wool's governance structure

15. Responsibilities of British Wool's Chief Executive for accounting to parliament

- 15.1. As per paragraph 12 of the Order the Board may employ a secretary and such other Executive officers, servants and agents as they think fit. The Chief Executive Office and the Chief Financial Officer will report to the Board and in doing so will support the Board in their duties to Parliament and the public, including:
- 15.2. The signing of the accounts and ensuring that proper records are

kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Ministers.

- That corporate governance, risk management and oversight of any local responsibilities are included in the annual report and accounts.
- 15.3. They ensure that effective procedures for handling complaints about British Wool are established and made widely known within British Wool.
- They have regard to any governing legislation.
 - They ensure the Board consider any fiduciary duties under the Companies Act.
 - They have regard to this framework document.

16. Responsibilities of British Wool's Chief Executive to Defra and the Devolved Governments

- 16.1. Responsibilities to Defra and the Devolved Governments include:
- establishing, and sharing with Defra and the Devolved Governments, British Wool's strategic plans
- 16.2. informing Defra and the Devolved Governments of progress in achieving the strategic plans, as appropriate.

17. Responsibilities of British Wool's Chief Executive to the Board

- 17.1. The Chief Executive Officer ("CEO") is the senior executive of the organisation, appointed by the Board, and is accountable to the Board through the Chair.
- 17.2. The Chief Executive is responsible for:
- 17.3. advising the Board on the discharge of British Wool's responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time.
- 17.4. advising the Board on British Wool's performance compared with its aims and objectives as set out in their strategic plan.
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed.

18. The Board

Role of the Board

- 18.1. The duties of the Board as established principally in Part II of the Order shall be to administer the British Wool Marketing Board Scheme in accordance with the regulations while this document is also adhered to. Detailed responsibilities of the Board shall be established by the

organisation and set out in the Board Members Manual⁸ and will be published on the British Wool Website (as varied from time to time) and shall ensure that:

- 18.2. The Chairman and Vice-Chairman of the Board shall be appointed annually by the Board from their own number. In the Absence of both the Chair and Vice Chair from a meeting of the Board, the Board shall appoint a member to preside for the duration of that meeting g.
- The Board may from time to time appoint such other committees from amongst their members as they think fit, and subject to the provisions of paragraph 25 of the Order.
 - The general duties of company directors as set out in the Companies Act 2006 are considered to apply to the Board.

19. The Chair's role and responsibilities

- 19.1. The Chair is and Vice-Chairman of the Board shall be appointed annually by the Board from their own number. The Chairman, or failing him the Vice-Chairman, shall preside at all meetings of the Board, as per paragraph 11 of the Order). Engagement between British Wool's Board and the Ministers should, in the first instance, be through the Chair engaging with the Defra Sponsor team or the appropriate Devolved Government Officials.
- 19.2. The Chair should lead the Board in providing support and challenge to British Wool's Chief Executive and the executive team as set out in the Board Members Manual⁹. The Chair is elected annually by the Board from their own number.
- 19.3. The Chair has the following leadership responsibilities:
- 19.4. They should have regular contact with the Board members, chief executive and secretary outside of the board cycle.
- 19.5. They should establish effective links with regional committees and any other groups designed to facilitate consultation with Members.
- 19.6. They should ensure that at all times the strategy of British Wool is consistent with its purpose and objectives and in line with its values and principles.
- 19.7. The Chair also has an obligation to ensure that:
- 19.8. Board members are fully briefed on terms of appointment, duties, rights and responsibilities.
- 19.9. The Chair will consider having regular externally facilitated board evaluations.
- 19.10. Inform the sponsorship team as appropriate when Board positions are up for re-election to assure them that the process as set out in the Order is being followed.
- Care should be taken to ensure the integrity and independence of the relationship between the Chief Executive and Chair. The Chair should be confident of his or her ability to challenge the chief

⁸ [Board Member Manual \(britishwool.org.uk\)](http://britishwool.org.uk)

⁹ [Board Member Manual \(britishwool.org.uk\)](http://britishwool.org.uk)

executive where necessary.

19.11. The Board has a balance of skills and diversity which is appropriate to directing British Wool's business.

19.12. The Chair, together with the other board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice.

- There is a Board operating framework (Board Members Manual) in place setting out the role and responsibilities of the Board takes account of the Government Code of Good Practice for Corporate Governance.
- There is a code of practice for board members in place, which takes account of the Cabinet Office Code of Conduct for Board Members of Public Bodies

19.13. The Chair should act as the primary link between the board and the chief executive and secretary. They should promote and maintain effective working relationships amongst the Chair, the secretary and the chief executive in managing and administering board processes, and with Board members, and should encourage the active engagement and participation of all the members of the board.

19.14. The Chair will abide by the principles set out in the UK Cooperative Corporate governance and will abide by the Code of Conduct for Board Members of Public Bodies which covers conduct in the role and includes the Nolan Principles of Public Life.

20. Individual board members' responsibilities

20.1. Individual Board members should:

20.2. Comply at all times with the British Wool Member Manual¹⁰ and the code of conduct as set out in the UK Cooperatives Governance code.

20.3. Comply with the general duties of company directors as set out in the Companies Act 2006 which are considered to apply to Board members.

20.4. Act in accordance with the powers granted to Board members in the Board's governing documents (the Order).

- Have regard to the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life

20.5. Have an awareness of the 12 Principles of Governance for all Public Body Non-Executive Directors¹¹ as appropriate and not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations.

¹⁰ [Board Member Manual \(britishwool.org.uk\)](https://www.britishwool.org.uk)

¹¹ <https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds>

20.6. A Board member must act in the way they consider, in good faith, would be most likely to promote the success of the Board for the benefit of its members, specifically having regard to the principles set out in the Board Member Manual¹²:

- Consequences of any long-term decisions.
- Need to maintain the reputation of the Board and foster business relationships.
- Desirability of the Board maintaining a reputation for high standards of business conduct.
- Need to act fairly as between the members and members.
- act in what s/he considers to be in the interests of the Board and not someone else.
- A Board member must exercise reasonable care, skill and diligence. An assessment as to whether a Board member has carried out this duty adequately will consider the knowledge, skill and experience the member has and measure this against the standards expected of another person carrying out similar duties to the Board member in question.
- A Board member must avoid a situation in which s/he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Board. This applies in particular to the exploitation of any property, information or opportunity.
- A Board member must not accept any benefit from a third party if this benefit is connected with his/her carrying out, or not carrying out, the duties associated with him/her being a Board member.
- If a Board member has directly or indirectly an interest in a proposed transaction or arrangement with British Wool he must, before the company enters into the transaction or arrangement, declare the nature and extent of that interest to the Board.

21. Composition of the Board

21.1. As per the Part 2 of the Order, the Board will consist of nine non-executive regionally elected members (elected on a rotational basis for an initial three-year term with a maximum tenure of four terms) and two non-executive independent members appointed by the Ministers. A Chair and Vice-Chair are elected annually by the Board from its own number.

21.2. The Chief Executive and the Chief Financial Officer are not Board members and do not have voting rights, however they are invited to attend Board meetings.

21.3. As is set out in paragraph 16 of the Order, the quorum of the Board shall not be less than five as the Board may from time to time determine and, until otherwise so determined, shall be five, and the

¹² [Board Member Manual \(britishwool.org.uk\)](http://britishwool.org.uk)

Board shall have power at all times to act notwithstanding any vacancy in the membership thereof.

- 21.4. An amendment to the Order was made in May 2024, which allows for the appointment of no more than three additional members of the Board, to be appointed by the Board.
- 21.5. As per paragraph 22 of the Order, the Board may appoint from among the members (of the Board) an Executive Committee consisting of not less than three and no more than seven persons, of whom at least one shall be a member of the Board appointed by the Ministers.
- 21.6. The Chief Executive and the Chief Financial Officer are members of the Executive Committee and attend Board meetings to report on business performance and activities.
- 21.7. The UK Corporate Governance Code recommends that companies identify one of their independent directors as the Senior Independent who may:
- 21.8. Act as a sounding board for the Chair, providing them with support in the delivery of their objectives.
- Lead the evaluation of the Chair on behalf of the other Board members.
 - Act as a focal point where Board members (or other important stakeholders) have expressed concerns that are not being addressed by the Chair or Chief Executive.
- 21.9. Defra and the Devolved Governments do not appoint a Senior Independent, but Board members should be aware that the Independent Board members can perform these roles if requested.
- 21.10. So far as is possible, all appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint Boards which include a balance of skills and backgrounds.

22. Board committees

- 22.1. It is the responsibility of the Board to constitute such committees as necessary for it to fulfil its functions in line with the Order, and in line with Co-operatives UK Corporate Governance Code the Board should have three committees: audit and risk, remuneration and pension.
- 22.2. The terms of each committee should set out its responsibilities and the authority delegated to it by the Board.

Management and financial framework

23. HM Treasury guidance

- 23.1. Public corporations do not have accounting officers and are not subject to Managing Public Money as a matter of course.

24. Banking, loans and working capital

- 24.1. As per paragraph 63 of the Order, the Board shall establish a fund which shall be administered and controlled by the Board. All moneys received by the Board shall be paid into the fund and any moneys required by the Board for the operation of this Scheme shall be paid out of the fund.
- 24.2. At the end of each accounting year the Board shall render to the Ministers a statement certified by the Board's Auditors showing therein the Annual accounts. For any deficiencies or shortfall in income during accounting period British Wool will include what steps they are taking to address and recover those funds.
- 24.3. British Wool may, if so required, establish or maintain a reserve fund. However, it should not aim to build up cash balances or net assets in excess of what is required for operational purposes.

25. Charging and dividends

- 25.1. As per the Act and the Order, The Board are responsible for delivering the scheme. The Board current mission is to drive sustainable demand for British wool in order to maximise returns for its members. Currently sales are delivered through open and competitive auctions throughout the year.

26. Risk and issue management

- 26.1. British Wool shall ensure that any risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance.
- 26.2. The British Wool Chief Executive is responsible for managing the British Wool's risks and issues with oversight from the British Wool's Board and within its governance structure. To assist with the provision of assurance to all Administrations, British Wool should ensure that any issues they deem to be substantive are noted in the Audit and Risk Committee meetings. The British Wool Relationship Management should be informed of substantive risks as appropriate. When a risk is escalated, ownership of that risk will usually be retained

by the British Wool. Changing or emerging risks and issues should form part of the regular discussions between sponsor teams and public corporations, as part of a shared 'no surprises' culture.

- 26.3. British Wool's board has a responsibility to ensure that proper internal audit arrangements are established and maintained, and for that purpose should establish an Audit and Risk Committee. The committee should be chaired by a non-executive member of the British Wool and provide regular reports to the Chief Executive and the Board on its programme, recommendations, and their implementation.

27. Counter fraud and theft

- 27.1. British Wool should adopt and implement policies and practices to safeguard itself against fraud, bribery and corruption, and theft; and will have regard to the guidance in Annex A and any relevant legislation that fall on companies.
- 27.2. British Wool should keep records of any fraud and theft suffered by British Wool and notify the sponsor team of any unusual or major incidents as soon as possible.

28. Remuneration and staff

Status British Wool's employees

- 28.1. British Wool's staff are not civil servants and therefore the annually updated Civil Service Pay Guidance¹³ does not apply.

Broad responsibilities regarding staff

- 28.2. The Board is solely responsible for all staff matters, including the appointment and management of staff, determining staff numbers, determining terms and conditions of appointment in accordance with appropriate HR documents, including the remuneration policy.
- 28.3. The Remuneration Committee should have oversight of all bonus and incentive schemes. The Board will delegate to the Remuneration Committee those responsibilities set out above.
- 28.4. It is the responsibility of British Wool to ensure it complies with the IR35 requirement.
- 28.5. The Annual Report should contain full details of the remuneration of Board members and Executives.

¹³ <https://www.gov.uk/government/publications/civil-service-pay-remit-guidance-202122>

28.6. Other benefits are set out in British Wool's remuneration policy, which also covers legacy arrangements. British Wool must not offer allowances that may be considered novel, contentious or repercussive.

Remuneration criteria

28.7. The Remuneration Committee shall determine the remuneration policy and remuneration levels in accordance with the following criteria (which shall also be reflected in the Remuneration Committee terms of reference and the remuneration policy itself). The criteria are that remuneration levels:

- are sufficient to attract and motivate high calibre individuals to drive the delivery of the activities and objectives of British Wool described in this document.
- are structured to link remuneration of all employees to performance in line with the Strategic Plan.
- are aligned with the objectives set out in this document.
- deliver value for money.

28.8. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the Ministers, together with subsequent amendments, on request.

28.9. British Wool may operate a performance-related bonus scheme based on British Wool's and individual's performance approved by its Board.

28.10. The travel expenses of board members will be tied to the rates allowed to senior staff of British Wool. Reasonable actual costs shall be reimbursed.

Business plans, management information and audit

29. Strategic and business plans

29.1. The Strategic Plan shall set out how British Wool will achieve its Strategic Objectives.

29.2. The Strategic Plan will be developed, reviewed and updated by the Board and shared, for information, with Defra and the Devolved Governments. Among other things, it shall include:

29.3. description of how the Strategic Objectives are being fulfilled in the current period and for the future including clear descriptions of risks and opportunities to the plan

30. Annual report and accounts

- 30.1. British Wool board must publish an annual report of its activities, together with its audited accounts after the end of each financial year.
- 30.2. The final report should be submitted to the Defra and the Devolved Governments for endorsement as soon as possible upon receipt of auditor approval, and in any case not longer than timeframe established in Paragraph 66 of the Order. The finalised annual report is solely the responsibility of British Wool to produce and send to Defra, the Devolved Governments and to every registered producer and should be developed with regard to industry 'best practice' where appropriate.
- 30.3. Defra and the Devolved Governments will lay the annual report and accounts before their respective Parliaments, and it should be made available on British Wool's website.

31. Reporting performance to the Ministers

- 31.1. British Wool obligations to the Ministers are as contained in the Order and summarised in Section 5 of this document. British Wool shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the corporate and business plans.

32. Information provided to Ministers

- 32.1. British Wool will facilitate Defra and the Devolved Governments fulfilling its function by providing relevant information on request including on, but not limited to, strategic plans, annual accounts, governance matters including board appointments and remuneration and reports on key corporate risks.
- 32.2. Regular meetings between the Defra and senior British Wool representatives (including the Chair, Chief Executive and Chief Financial Officer) will be held on a quarterly basis to discuss governance, financial performance, and other relevant matters.

33. Audit

- 33.1. The Board shall keep proper accounts and in particular shall annually make out a balance sheet and either an income and expenditure account, or if the Board trades for profit, a profit and loss account, and shall cause them to be audited by a person who is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006 nominated by a general meeting of registered

producers, and provided to Ministers and registered producers as soon as may be after the auditor has reported thereon, in accordance with para 66 of the schedule to the Order) .

- 33.2. British Wool will maintain an internal audit function (with or without external professional support) who will report to the Audit and Risk Committee and will cover (among other things) matters relating to risk management and internal controls, including compliance with the terms of this document.

Reviews and winding up arrangements

34. Review of public corporation's status

- 34.1. British Wool will be reviewed as part of the wider Public Bodies Reviews programme, at a time determined by the Department's ministers and in agreement with the Devolved Governments.

35. Arrangements in the event that the public corporation is wound up

- 35.1. Defra and the Devolved Governments shall follow the process as set out in paragraph 88(3) and (4) of the schedule to the Order. In particular it should ensure that the assets and liabilities of British Wool are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to producers).

- 35.2. To this end, the Ministers shall:

- have regard to Cabinet Office guidance on winding up of ALBs¹⁴
- Ensure that procedures are in place in British Wool to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body; specify the basis for the valuation and accounting treatment of British Wool's assets and liabilities.
- ensure that arrangements are in place to prepare closing accounts and shall arrange for them to be them to be audited by a person who is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006 in accordance with para 66 of the schedule to the Order, and funds are in place to pay for such audits. It shall be for Defra and Devolved Governments to lay the

¹⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690952/Public_Bodies_-_a_guide_for_departments_-_chapter_10.pdf

final accounts in Parliament, together with the Auditors report on the accounts.

- arrange for the most appropriate person to sign the closing accounts. In the event that another entity takes on the role, responsibilities, assets and liabilities, the succeeding entity AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the relevant department's AO should sign.

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

Annex A: Guidance

British Wool shall take into account the following guidance, documents and instructions:

Corporate governance

- This framework document
- UK Cooperatives Corporate Governance Code:
<https://www.uk.coop/resources/co-operative-corporate-governance-code>
- Code of conduct for Board members of Public Bodies:
<https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

Financial management and reporting

- Managing Public Money (MPM):
<https://www.gov.uk/government/publications/managing-public-money>

Management of risk

- Management of Risk: www.gov.uk/government/publications/orange-book and <https://www.gov.uk/government/publications/management-of-risk-in-government-framework>
- The Government cyber-security strategy and cyber security guidance: <https://www.gov.uk/government/publications/national-cyber-strategy-2022/national-cyber-security-strategy-2022> and <https://www.gov.uk/government/collections/cyber-security-guidance-for-business>

Commercial management

- Transparency in supply chains - a practical guide:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf

Public appointments

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

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

Staff and remuneration

- Whistleblowing Guidance and Code of Practice:
<https://www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers>
- The Equalities Act 2010: www.gov.uk/guidance/equality-act-2010-guidance

General

- Freedom of Information Act guidance and instructions:
www.legislation.gov.uk/ukpga/2000/36/contents and
<https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration: <https://www.ombudsman.org.uk/about-us/our-principles>
- Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HM Treasury)
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to British Wool.
- The Civil Service diversity and inclusion strategy (outlines the ambition, to which Arm's Length Bodies can contribute):
<https://www.gov.uk/government/publications/civil-service-diversity-and-inclusion-strategy-2022-to-2025>

- The Government Fraud, Error, Debt and Grant Efficiency function;
www.gov.uk/government/collections/fraud-error-debt-and-grants-function and www.gov.uk/government/publications/grants-standards

HM Treasury contacts

This document can be downloaded from www.gov.uk

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