

Chief Executive's Report

Issue

1. To provide an update on work undertaken and issues that have arisen since the date of the last board meeting on 29 May 2018, to the extent that they are not covered in other board papers.

Recommendations

2. The board is invited to:
 - a. Note the updates contained in the paper
 - b. Agree the amendments suggested to the OfS scheme of delegation (Annex A)
 - c. Note the likely future business for the board (Annex B).

Further information

3. Available from Nicola Dandridge (nicola.dandridge@officeforstudents.org.uk).

Background

4. Since the last board meeting there has been significant focus on the registration process, where the first batch of decisions have now been made. Additionally, there continues to be a strong organisational focus as we continue to build the OfS's organisational structure and identity. Recruitment to committees of the board and for the (staff) Heads of Finance, Governance and Legal have all now been completed and planning is underway for the board away days on 25 and 26 September 2018, as well as away days for the executive team and OfS staff this autumn.

OfS programme of work

Registration process

5. The first batch of registration decisions have been made for 42 providers who have early recruitment cycles (ie medical, dental and veterinary schools, and conservatoires). The OfS Register was published for the first time on 19 July 2018, and will include these 42 providers. This meets the commitment made to make decisions for early recruiting providers by mid-July.
6. The decisions for the 42 providers were made in line with the scheme of delegation from the board. A more comprehensive report on registration decisions will be provided to the board in September, but a summary is as follows:
 - a. 2 decisions were made by the chair, as other decision-makers were conflicted
 - b. 1 decision was made by the Provider Risk Committee
 - c. 38 decisions were made by the chief executive
 - d. 1 decision was made by the director for competition and the register.
7. We have received a total of 369 applications to date. Our guidance to providers said that if they applied by 23 May 2018 we would seek to provide a registration decision and, if the application was successful, list the provider on the OfS's Register by mid-September. The registration team is continuing its work to assess these applications and some members of staff have already moved internally to provide extra resource for this activity. The intention remains to publish the bulk of registration decisions by mid-September. However, the registration process for some providers is proving complex. In some cases we will need to commission independent governance reviews or seek further, often extensive, evidence from the provider. Where this is the case, it is likely that decisions will not be taken until later in the autumn.

Organisational design

8. At the last board meeting we reported that PA Consulting had been appointed to assist on the development and implementation of a new organisational design. Since then a considerable amount of work has been undertaken to develop the OfS's organisational structure, following a set of organisational design principles. The principles have been developed with a range of factors in mind, including best practice in organisational design, the OfS strategy, internal and external constraints, and a range of external requirements.

9. We are now in a formal consultation period with staff and the PCS union. As we continue to work on final numbers and the overall size of the structure we do not foresee an overall reduction in the size of the organisation. However, given the change in purpose of the OfS, there is a requirement for roles that are, in many cases, very different to those that exist in the current structure. Therefore, although we do not foresee an overall reduction in the size of OfS, certain posts may become redundant in the new structure.
10. As we move towards a new structure, a change which will inevitably bring with it uncertainty, we are keen to ensure that staff are supported through this process. We are continuing to run drop in sessions for all staff, and to provide training and other support including personal coaching. Staff are being very professional in delivering important business critical activities during this period.

Senior management recruitment

11. Over the past two months two new senior members of staff have started. Paul Huffer, previously at OFGEM, has begun as Head of Legal Services. Tim Jenkinson has recently started as Head of Finance. In addition to Paul and Tim we have also appointed a new Head of Governance. Ben Whitestone, currently at the Office for National Statistics, will be joining us in September.

OfS values and behaviours

12. The values and behaviours strand of the Transformation programme launched in May. Staff were invited to join a working group to build on the 'identity statements' (previously seen by the board) and develop a set of organisational values and underpinning behaviours for the OfS. Around 25 staff have volunteered to join the group from across all directorates and a wide variety of pay bands and types of role.
13. The values and behaviours group has now met 3 times and used these meetings to:
 - agree a short document outlining the purpose, aims and success measures for this work
 - establish a group working on an internal 'OfS vision statement' which will draw on the identity statements but with more focus on *why* staff work at the OfS
 - develop potential OfS values to be tested with staff under the thematic headings: 'education and reflective practice', 'people' and 'credibility'.
14. Preparations are currently being made for a significant cross-organisation engagement exercise to seek the views of all staff on the themes that the values and behaviours group have developed. Additionally, members of the group have also been active in publishing blogs on the staff Hub and working closely with the equality and diversity strand of the Transformation Programme. Information on the work of the equality and diversity strand of work was given in paper Bd-2018-July-5.1.

Risk and engagement status for OfS funded providers

15. We are currently operating under the powers provided to HEFCE under the Further and Higher Education Act 1992 until 31 July 2019. This means that the institutional risk system previously operated by HEFCE will remain in place until that date, with some adaptation to

ensure that it is fit for purpose in the OfS context. The approach that the OfS will take has been set out for providers in the OfS terms and conditions of funding (OfS 2018.15) and in Regulatory Notice 2 (OfS 2018.12).

16. The board has delegated authority to the chief executive to determine the risk and engagement status of a provider under these 'carried forward' powers.
17. We express risk using the two categories previously used by HEFCE: providers 'not at higher risk' (with whom we have minimal engagement) and providers 'at higher risk'. Where an higher education institution is deemed to be 'at higher risk' for these purposes, we will have made a judgement, on the basis of all available evidence, that it:
 - faces threats to the sustainability of its operations, either now or in the medium term; or
 - has serious problems relating to value for money, propriety or regularity; or
 - has materially ineffective aspects of risk management, control or corporate governance.
18. There are occasions when we may identify significant risks to an institution through our risk assessment, but do not consider a provider to be 'at higher risk'. At such times, we will seek a period of 'focused dialogue' with the provider to try and ensure that the risks are appropriately addressed.
19. Registration decisions have not yet been made for the providers listed below as 'at higher risk' or in 'focused dialogue'. Any future registration decisions will take into account all of a provider's circumstances, particularly as we assess conditions of registration D (financial viability and sustainability) and E2 (management and governance).

In this context, the chief executive has made the following decisions:

Exempt from publication.

Portfolio Management Office update

20. The Portfolio Management Office (PMO) was established on 1 April 2018 with its main objectives to support the OfS deliver its business plan. The PMO is currently in its establishment phase and undertook a pilot during May to collect status reports against the activities and outputs under the strategic theme 'efficient and effective OfS'. Following this successful pilot, reporting was rolled out across the OfS and during June the PMO collected 72 reports, aggregated these to headline activity level and provided a PMO dashboard to the OfS directors' group. In addition to this work the PMO mapped the OfS board priorities from the business plan against the status reports. Overall there were no areas of concern at this time, although the PMO will continue to monitor and report on this. The directors' group agreed that the PMO should now focus on:
 - Embedding monthly reporting for activities and outputs in the business plan of high priority for the OfS and report to the directors' group.
 - Embedding reporting every two months for all other activities and outputs in the business plan and report to the directors' group.
 - Identify new areas of activity and support colleagues to get approval on the scope and resources required.

- Professionalising project management across the OfS. This includes the establishment of a PMO framework which will establish a simple ‘prepare’, ‘initiate’, ‘deliver’ and ‘close’ process which each new project will need to pass through. This will also need to align with our approach to risk management.
- Supporting colleagues to create plans so we can understand more about where there are peaks in activity across the OfS.

21. The status reports collect information about risks and issues and we are working closely with colleagues who are developing the OfS’s approach to risk management to ensure the processes are aligned.

External relations

22. We have been developing an ambitious communications strategy, which we plan to bring to the board together with our plan to deliver it, in September. We are continuing to create media opportunities and use the media to help set out the OfS’s mission and objectives. Michael wrote an op-ed comment piece for the Daily Telegraph, which highlighted our powers in a positive way, leading to a front page story. He was also interviewed by The Independent on access and participation issues. Our response to the Committee of University Chairs pay guidance was given prominent coverage on the BBC News website and by the Guardian, while our response to the HEPI student satisfaction report was covered by BBC News, the Daily Mail and the i newspaper.

23. I wrote a two-page piece for Parliament’s House magazine, setting out our priorities as an organisation. Our response to a report on the use of contextual information in admissions was picked up well by broadsheets – including the Times, Guardian, Telegraph, BBC News online, Radio 5 live and many regional papers. We received good coverage for the publication of our accounts direction, which sets out our approach to vice-chancellor pay with coverage in the Guardian, Times, The Sun, Daily Express and the i. I was interviewed about it by the Today Programme. The External Relations Directorate has also met with most national education correspondents to explain the OfS’s role and our approach to communications.

24. Together with the chair, I have continued to engage with ministers, meeting with the Secretary of State at the end of May and having regular meetings with the universities minister. I also recently met with the shadow universities minister to explain our role and work. In June Yvonne Hawkins, director of teaching excellence and student experience, gave evidence to the Women and Equalities Committee inquiry on sexual harassment of women and girls in public places. We are developing a stakeholder engagement strategy to keep MPs and other stakeholders informed of our work. We continue to build our online profile with more than 200,000 unique page views on the website between 29 May and 16 July 2018 and an extra 652 Twitter followers taking us to a total of 5,911.

OfS committees – amendments to terms of reference

25. Further to the changes approved by the board at its last meeting, two further changes were required to the terms of reference for both the quality assessment committee (QAC) and the provider risk committee (PRC). As these were both administrative amendments, they were approved by the chair rather than the full board on 6 July 2018.

Quality assessment committee

26. Following interviews to appoint independent members to the QAC, the panel felt it would be helpful to have an additional member to provide additional perspectives. The terms of reference were therefore amended to increase membership to up to eight members overall, allowing for five independent members to be appointed. The revised terms of reference now read:

The committee shall be appointed by the OfS chair. The chair of QAC must be a non-executive member of the OfS board. QAC shall consist of up to eight members overall and no less than five members which include:

Up to three non-executive members of the OfS board (including the QAC chair).

A majority of individuals who appear to the OfS to have experience of providing higher education on behalf of an English higher education provider or being responsible for the provision of higher education by such a provider.

A majority of individuals who are not members of the OfS board.

Provider risk committee

27. Following interview, the PRC also sought to increase the number of independent members both to widen the experience on the committee and to help it manage the anticipated heavy workload in the autumn. An amendment was therefore required to change the prescribed number of board members on the committee. The terms of reference now read:

The provider risk committee will consist of:

- *Up to three non-executive members of the OfS board (including the PRC chair)*
- *Up to four independent members (i.e. between 0 and 4).*

Appointments to OfS committees

28. At the May board, I reported that a process was underway to appoint independent members to the OfS PRC, QAC and the Risk and Audit committees. This process has now concluded and the chair, on the recommendation of the remuneration and nominations committee, formally approved the appointment of the candidates listed below, which we will formally announce shortly.

Quality Assessment Committee	
Mary Bishop	Strategic Education Consultant (specialising in HE, FE, Professional Body and Commercial education) - MJB Consulting
Amanda Chetwynd	Provost for Student Experience, Colleges and the Library- Lancaster University. Formerly a member of HEFCE's QARSAC committee
Bethan Dudas	Director of Advocacy & Engagement-at Anglia Ruskin University's Student Union and previous role as Policy engagement Manager at the National Union of Students. Formerly a member of HEFCE's QARSAC committee
Nils Franke	Dean of Higher Education – University Centre Colchester at Colchester Institute (HE in FEC experience)
Paul Kirkham	Chief Executive – Institute of Contemporary Music Performance. Director of Guild HE, Vice Chair at Independent HE

Provider Risk Committee	
John Kirkpatrick	Until recently was Senior Director, Research Intelligence and Advocacy, Competition and Markets Authority Advised the DfE and OfS on the policy development that led to the formation of the OfS
Juliet Lazarus	Director of Legal and Competition, Office of Road and Rail, with a role combining General Counsel, Chief Legal Advisor to the Board and Executive Director of Competition
Professor Shamit Sagar	Professor of Political Science and Public Policy at the University of Essex. Specialisms include public policy, regulation and security.
Meghna Tewari	An economist who leads the Office of gas and electricity markets (Ofgem). Retail markets consumer policy team with particular responsibility for vulnerable customers.
Risk and Audit Committee	
Suzanne McCarthy	Holds a number of NED roles including as audit committee chair of the Architects Registration Board. Previously chair of the University of London's audit and risk assurance committee.
Colin Wilby	An experienced NED holding current roles at housing associations. Previous NED roles at NHS Trusts and other public bodies.
Margaret Monkton	Chief Finance Officer, University of Nottingham

Amendments and additions to the scheme of delegation

29. Annex A contains a paper seeking the board's agreement to amendments to the scheme of delegation regarding the delegation of certain decisions relating to individual registered providers and to the authorisation of degree awarding powers.

Annex A – Amendments and additions to the scheme of delegation

This paper is exempt from publication as publication would prejudice the effective operation of the OfS's regulatory functions.

Annex B – Future board business

26 September 2018

Information, advice and guidance

What is the purpose of T funding

Degree awarding powers

Board effectiveness review

Report from the Provider Risk Committee

Report from the Risk and Audit Committee

OfS regulatory intervention – search under warrant

Market exit

27 November 2018

Funding strategy and plans

Validation

Report from the Provider risk committee