

Draft minutes of the OfS Board meeting, 28 January 2019

Location: Finlaison House, London

Timings: 14.00-17.00

- Present members:
- Sir Michael Barber (chair)
 - Martin Coleman (deputy chair)
 - Nicola Dandridge (chief executive)
 - Gurpreet Dehal
 - Elizabeth Fagan
 - Kate Lander
 - Simon Levine
 - Martha Longdon
 - Chris Millward (Director for Fair Access and Participation)
 - David Palfreyman
 - Monisha Shah
 - Steve West
- Attendees:
- Ian Coates, Department for Education representative
- Apologies:
- Katja Hall
- Officers:
- Ed Davison
 - Will Dent, Head of Financial Analysis (paper 5.1)
 - Josh Fleming
 - Yvonne Hawkins, Director of Teaching Excellence and Student Experience
 - Paul Huffer, Head of Legal
 - Susan Lapworth, Director of Competition and Registration
 - Paula McLeod, Corporate Governance Senior Adviser
 - Richard Puttock, Head of Data, Foresight and Analysis
 - Conor Ryan, Director of External Relations
 - Nolan Smith, Director of Resources, Finance and Transformation
 - Ben Whitestone, Head of Governance

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Chair's welcome

1. The chair welcomed Ian Coates from the DfE. He also welcomed Will Dent, Head of Financial Analysis at OfS, who was attending the meeting initially and, in particular, for the presentation on Financial Sustainability (paper 5.1).
2. He confirmed that an announcement was expected this week regarding board appointments. These two new members would bring experience of further education to the OfS board and also create an equal gender balance.
3. The chair updated members on recent meetings and visits:
 - i. He had visited the OfS office in Bristol in December and thanked staff for their hard work and commitment over the transition period.
 - ii. Chris Skidmore, Minister for Universities, Science, Research and Innovation, also visited the Bristol office in early January and spoke with a number of staff.
 - iii. He and the chief executive met with Philip Augar to talk about his review. He had also had meetings with the Secretary of State and the Treasury to update them on the registration process.
 - iv. He was continuing to engage with senior staff in higher education and with providers. He recently met with the Royal College of Art and had visits planned to the Dyson Institute, University of Essex and the UCL Academy School.
4. The chair commented that through its media profile over the last 3-4 months, the OfS had demonstrated that it was thinking about some major strategic issues, including grade inflation, unconditional offers and access and participation.
5. The chair congratulated the Finance team who had won the Government Finance Function 'Team of the Year' award.
6. The board noted its general duties as set out on the agenda and the need to have regard to these as it considered papers and made decisions.

Approval of December minutes (paper 2.1)

7. The minutes of the meeting held on 6 December 2018 were approved a minor amendment.

Chief executive's report (paper 3.1)

8. The chief executive presented her paper which provided an update on work undertaken and issues that have arisen since the date of the last board meeting on 6 December 2018. She highlighted the following issues:

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- i. The paper summarises the context of the OfS's work for 2019 which moves the organisation from the set up phase to implementing the next stages of the regulatory framework. The papers on monitoring and intervention set out how problems can be anticipated and links to the board's previous discussion on market exit. She suggested that the recommendation in her report to amend the scheme of delegation be held back until the board had discussed these items.
- ii. OfS is continuing to monitor developments relating to the UK's exit from the EU and the potential impact on students, staff and higher education providers in England.
- iii. Exempt from publication.
- iv. Exempt from publication.

9. The board:

- i. Noted the updates contained in the paper.
- ii. Noted the proposed changes to the scheme of delegation set out in annex A of the paper and agreed consider this request in the context of its discussion of items 4.1(a) and 4.1(b).
- iii. Received the report.

Monitoring, intervention and sanctions for registered providers (paper 4.1(a))

Intervention to prevent disorderly exit for registered providers (paper 4.1(b))

10. Exempt from publication.
11. Exempt from publication.
12. Exempt from publication.
13. Exempt from publication.
14. Exempt from publication.

Financial sustainability (paper 5.1)

15. The Director of Resources, Finance and Transformation gave a presentation on the current financial health of the higher education sector, the potential impact of external developments and how the OfS is considering all of this in its registration decisions.

16. The board:

- i. Noted the issues raised in the presentation.
- ii. Noted the proposal to communicate more widely the messages arising from this data. Governing bodies need to be able to understand how this relates to their own organisation and its place in the market.

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- iii. Suggested that governing bodies might wish to do their own stress testing against a set of assumptions drawn from the OfS analysis and then explain why there might be a difference.

Will Dent left the meeting at 16.10.

OfS risk management (paper 6.1)

17. The Head of Governance introduced the paper which provides the board with an update on progress with OfS's risk management process, the latest report on strategic and principal risks, and a draft view of risk appetite for the board to discuss. He advised that, with the support of the Risk and Audit Committee, the OfS has improved its maturity in the management of risk, placing more focus on action and decision making.

18. The following points were made in discussion:

- i. The chair of the Risk and Audit Committee confirmed the committee was content with the overall approach being taken by the executive and, in particular, recognising when there was a need to escalate any changes in risk.
- ii. Showing trends over time will provide an additional dimension to the risk management process.
- iii. Whilst recognising the real risk of data or cyber breaches, the actual threat of occurrence needed to be balanced against the cost of prevention.

19. The board:

- i. Commented positively on the report and the direction of travel for risk management improvement in OfS.
- ii. Commented on the proposed risk appetite levels set out in the paper and agreed to provide any further feedback directly to the Head of Governance.

Report from the Risk and Audit Committee (paper 7.1)

20. The chair of the Risk and Audit Committee updated the board on the outcomes of the meeting held on 13 December 2018. She reported that:

- i. As noted above, the committee had discussed the risk management process and the OfS's strategic risks in great detail and provided its advice to the executive.
- ii. Considered future internal audit provision for the OfS.

21. The board received the written report from the Risk and Audit Committee.

Report from the Provider Risk Committee (paper 8.1)

- 22. Exempt from publication.
- 23. Exempt from publication.

Report from the Quality Assessment Committee (paper 9.1)

24. The chair of the Quality Assessment Committee gave an oral update on the outcomes of the meeting held on 13 December 2018. He reported that:
- i. The committee had received a helpful presentation on the OfS's approach to quality and standards assessment and the ways this linked to conditions of registration. This could be circulated to the board if required.
 - ii. There had been an initial discussion with senior officers from the QAA about the QAA's ability to adapt its approach to the new regulatory landscape and its future priorities. The committee noted that the QAA planned to issue a consultation on its fee model.
25. The board received the report from the Quality Assessment Committee.

Period 9 Finance report (paper 10.1)

26. The Director of Resources, Finance and Transformation introduced the paper providing the board with an update on the OfS's financial position for the nine month period ended 31 December 2018 and forecast expenditure for the full financial year, noting that the position was as expected.
27. The board noted the report.

Actions to improve board effectiveness at OfS (paper 11.1)

28. The chair introduced the paper which presented some options from the executive on changes which could be made to improve board effectiveness at the OfS.
29. In noting that some of these changes had already been implemented, the board agreed the other proposed changes set out in the paper.

Closing remarks

30. Before they left the meeting, the chair thanked the executive for their work in preparing the papers for today and for their work in between meetings.
31. The executive (but not the chief executive) and officers left the meeting at 16.40.

Report from the Remuneration and Nominations Committee (paper 12.1) – CONFIDENTIAL MINUTE

The meeting concluded at 16.57.

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**Outstanding actions arising from current and previous board meetings:
Status update**

Exempt from publication.