



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 26 July 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. Note the actions taken by the Chief Executive under delegated authority for the period 17 May to 31 August 2018 (Annex B)
 - c. Note the likely future business for the board (Annex C).

Further information

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

OfS programme of work

4. The last two months have seen business as usual dominated by registration decisions, and the organisational design process.

Registration process

5. As at 18 September 2018, 431 applications to register have been received. Of these, 86 have been registered. Of the applications submitted by the 23 May 2018 deadline, 134 have assessments underway (of which 16 are likely to require a decision from the Provider Risk Committee), and 94 are awaiting further information from the provider.
6. As the board were advised at the last meeting, our guidance to providers said that if they applied by 23 May 2018 we would seek to provide a registration decision and, if their application was successful, we would list the provider on the OfS's Register by mid-September. However, the registration process for some providers is proving complex and in some cases we will need to commission independent governance reviews or seek further, often extensive, evidence from the provider. 13 applications have not yet had their assessments started and it now looks unlikely that we will be able to complete those 13 assessments in time for the initially published deadline of September. Providers that will not be completed by mid-September have all been written to and advised that it is anticipated that their applications will be determined in October.
7. Fuller details of progress in relation to the decision-making process is set out in the report from the Provider Risk Committee [paper 8.1].

Key Performance Measures

8. The board has previously advised on proposals for the OfS's key performance measures. The board's views helpfully informed the final version of the measures, which have now been transformed into a website [dashboard](#), and published as official statistics on 13 September 2018. Their publication was accompanied by a [blog](#) on Wonkhe and to date feedback has been positive. We will soon begin setting targets for our performance against these measures, as well as integrating them into our business plan review, which will be reported back to the board.

Efficiency and effectiveness: vice chancellors' salary

9. OfS strategy in relation to vice chancellors' pay has been to seek to use transparency as a tool, reinforcing the views in the media and amongst the public that salary levels for some vice chancellors is excessive. The line adopted is that the OfS will be looking to vice chancellors and their chairs to self-regulate, and it is only if that fails that the OfS will intervene.
10. It is relevant, and reassuring, to see how this approach has had impact. A new vice chancellor has just been appointed to the University of Bath. The previous vice chancellor was paid a salary of £468,000, plus considerable benefits, whereas the new one starts on a salary of £266,000 with a degree of clarity and transparency as to the process and justification.

Organisational design

11. The process of transforming the HEFCE and OFFA staffing structures into OfS continues. 203 new job descriptions have been written and evaluated to determine the appropriate pay band relating to just under 400 jobs in total, with cross-organisation calibration to ensure consistency and coherence.
12. A matching process of existing roles into new roles is now underway. We aim to start confirming individuals in post from the beginning of October onwards. This will be followed by a competitive selection process to fill posts that remain vacant after the matching process has completed.

Transformation programme

13. Alongside the staff restructuring process, we are taking forward separate programmes to transform the organisation into the OfS. The values and behaviours programme was described in the last chief executive's report to the board.
14. Another strand of the Transformation programme relates to equality and diversity, with a focus both on internal issues of human resource as well as external relations, governance, committee appointments, working practices and cultures.
15. A consultation exercise is currently underway with staff and a number of workshops will take place in October to explore the survey findings in more detail. This will then inform a set of recommendations and priorities structured around the following four objectives:
 - Fostering inclusive leadership and an inclusive and open culture: This will focus on ensuring senior accountability and inclusive leadership from managers and directors across the OfS to increase accountability for diversity and inclusion for all staff, with an expectation that our senior leaders will act as role models for inclusive leadership and drive positive culture change.
 - Supporting staff to build diversity and inclusion into their work: this will ensure that staff at all levels have the training, tools and personal agency to contribute to positive culture change at all levels of the organisation.
 - Behaving as an inclusive employer to attract, develop and retain the widest pool of talent and ensure that we are equipped to deliver sustainable tailored training and development opportunities that meets the diverse needs of our employees.
 - Gathering evidence on best practice in relation to committee appointments, drawing on our experience of running TEF and work with other organisations.

Board effectiveness review

16. In line with the good practice that we expect of providers, it was agreed that we would conduct a board effectiveness review during the first year of operations. We have some options in terms of how we do this. Good practice in board effectiveness evaluation ensures that there are opportunities for candid input, which may suggest that a means of collecting confidential responses forms part of the process. NAO produce some suggested questions

<https://www.nao.org.uk/report/board-evaluation-questionnaire-4/>. We intend, therefore, to survey board members initially, with some tailoring of these questions.

17. This survey data could then inform individual interviews with board members (conducted either by the chair or by an external facilitator). Interviews might be followed by a group session, reviewing the group's collective thoughts from the survey and interviews, focussing on areas of improvement, and possibly widening the discussion to areas that are harder to explore by survey, such as the board's emerging culture and dynamics.
18. The exact nature of the review will be determined by the chair in discussion with Ben Whitestone, the new head of governance, who will co-ordinate the review.
19. We are also in the process of assessing technological solutions for the future provision of information to board members, to ensure that our communications with board members are well-coordinated, reliable and appropriately secure. This might take the form of an off-the-shelf board portal, or the use of other software. It would therefore be useful to gather members' views on their requirements for such a system in the immediate and longer-term. We will include specific questions about this in the survey mentioned above.

External relations

20. Since the Board last met have continued to secure significant, high-profile media coverage which has generally been positive or balanced. As well as national print and broadcast coverage, our stories have been well covered by the trade press and local media (see Annex A). Examples include:
 - A front page story in [The i](#), with an interview with the chief executive about student mental health.
 - Good coverage on A-level results day, including [The Times](#), which ran a front page story. These comments were circulated by the Press Association and subsequently covered in their results day coverage by outlets including the [Evening Standard](#), [ITV](#), the [Daily Express](#), the [Metro](#), the [Daily Mail](#) and the [Daily Star](#).
 - Significant coverage of the launch of our access and participation consultation. The Director for Fair Access and Participation, Chris Millward, was interviewed on the Today Programme and BBC Radio 5 Live, and the story was also covered by the [BBC news website](#), [The Times](#), [Daily Telegraph](#) and [Daily Mail](#).
 - The publication of the National Student Survey received broadsheet coverage in [The Times](#) and Press Association coverage used across a range of regional and local newspapers
 - [The Telegraph](#) and [Mail](#) covered the chief executive's speech at the National Graduate Recruitment Conference.
21. The OfS continues to grow its social media presence. We have 6,600 followers on Twitter, an increase of over 500 since the date of the last board meeting. During that period, our tweets have been seen over 300,000 times. The OfS's tweet on the publication of the National Student Survey reached nearly 35,000 users, while 23,000 users saw our tweets on A-level results day, which directed a significant number of followers to the Unistats website.

22. Work is underway to build our stakeholder engagement strategy, with the chair and chief executive planning to hold meetings with MPs on a regional basis in Parliament during the autumn to explain the OfS's work.
23. Meetings and presentations attended by the chief executive since the date of the last board meeting include:
- A visit to the Scottish Funding Council in Edinburgh on 16 August 2018, to discuss effective collaborative working between Scotland and England. This follows a similar meeting with the Welsh Funding Council in June to discuss similar matters. It was agreed to host a further meeting in London in November to discuss all areas of overlap and coordination between the different jurisdictions. In parallel, the OfS chair will be meeting with UUK's representative vice chancellors from England, Scotland, Wales and Northern Ireland in October to hear their concerns about UK-wide higher education.
 - Attendance at the annual UUK conference dinner on 4 September 2018 in Sheffield.
 - Key note presentation to the Association of Graduate Careers Advisory Services annual conference in Exeter on 5 September 2018.
 - Presentation to the National Graduate Recruitment annual conference on 7 September 2018.
 - Meeting with the Russell Group Deputy Vice Chancellors on Friday 14 September 2018.

External developments

Pensions

24. In terms of USS, a joint expert panel chaired by Joanne Segars CBE were commissioned by UUK and UCU in March 2018, following the industrial action triggered by proposed changes to USS pension benefits in 2017. The panel were instructed to consider the methodology and assumptions underpinning the USS 2017 valuation, and where necessary to suggest possible revisions to these. In doing so, the panel took into account the legal framework, the desire of scheme members to maintain comparable benefits to the current scheme, and the affordability constraints on employers.
25. The report makes a range of recommendations about the employer covenant, future performance of assets and some of the data used in calculations which could significantly reduce the projected deficit. At present, and without any agreement between UUK and UCU on behalf of the employers and pension scheme members, the USS trustees are proposing to address the deficit by requiring an overall contribution rate of 36.6 per cent by 2020. If the panel recommendations are accepted it would reduce this overall contribution to 30.6 per cent, which under the current cost-sharing agreement would work out at member contributions of 9.11 per cent and employer contributions of 20.7 per cent. However, this assumes that the USS trustees and the Pensions Regulator accept the proposal.
26. It is hoped that the panel report will create the space to allow the parties to find a solution which they can all accept. So far, USS, UUK and UCU have all publicly welcomed the

report it as the potential basis for a way forward, although the USS response highlights the need for employers to accept higher levels of risk than they have previously indicated willingness to accept. When the OfS board previously discussed the USS dispute, they indicated reservations at that time about expressing a view on the substance of the dispute on the basis that this was a matter for institutions as autonomous employers to determine. The question was discussed in relation to the potential increase in employer contributions being paid in large part through students' tuition fees, in the context of the Regulatory Framework providing at paragraph 16 that the OfS will '*be unafraid to speak out on behalf of students, and in particular will promote value for money for students and taxpayers and will highlight inequalities wherever it sees them.*' The board did however confirm that the OfS should do what it could to support the interests of students in any subsequent industrial action.

27. The board are asked to confirm that this still remains their position now that discussions are underway in relation to a potential solution to the dispute.
28. Separately, the board may be aware that on 7 September 2018 the Treasury announced that following its four-yearly valuation of public sector pension schemes, it would be consulting on significant increases to employer contributions. This will include the Teachers' Pension Scheme and the Local Government Pension Scheme to which many higher education providers subscribe. Although the details have not yet been published, the government has signalled its intention that the required increased contributions will fall entirely on the employers and employee benefits will be protected. Employer contributions of 28 per cent are being mooted as from 2019/20. This will have potentially significant impact on those higher education providers whose staff are members of the two schemes, and the OfS will be monitoring for impact on provider financial sustainability.

29. Exempt from publication.

Leaving the European Union

30. Exempt from publication.

31. Exempt from publication.

Annex B - Report on use of delegated decision making 17 May to 31 August 2018

Grant adjustments

1. Under the scheme of delegation, the board delegates to the chief executive the ability to make changes to individual funding allocations, virements between budgets and decisions on the recovery of grant.
2. Arising from a data audit or reconciliation exercise, on 24 July 2018, the chief executive agreed the formulaic changes to grant for the providers listed in Table A subject to:
 - a. Agreeing to mitigate grant reduction for the University of Salford in response to their appeal by £900,830 (non-recurrent) and £52,485 (recurrent) for exceeding a recently reduced student number control limit for 2014-15. This appeal was accepted on the basis that the University was unaware of the retrospective reduction to its 2014-15 student number control limit until earlier this year and was therefore unable to factor this into its recruitment for that year. The other parts of the University's appeal for mitigation were not accepted by the chief executive.
 - a. Noting the appeal for mitigation from the University of Leicester, but agreeing that the formulaic grant adjustment should nevertheless be applied in full. The decision on timing rests with the Director of Resources, Finance and Transformation.
 - a. Agreeing the separation of funding for Leeds College of Music from Leeds City College, but on the basis that we should apply to Leeds College of Music the provider weighting factors for 2018-19 and 2019-20 student premium funding that are calculated from Leeds City College data that still includes Leeds College of Music. This ensures that the separation of funding in 2018-19 is cost neutral.
 - b. Agreeing to reduce the funding allocation for Ashton Sixth Form College from £5,928 to zero for 2018-19 as the College has informed the OfS they will not be offering direct higher education provision in 2018-19.

Table A

	Total change to recurrent teaching funding for:						Total recurrent funding change	2018-19 Capital funding change
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19		
Adjustments arising from data audit and reconciliation								
King's College London				-£1,443,067	-£9,105		-£1,452,172	
University of Portsmouth	-£93,699	-£163,341	-£5,124				-£262,164	
Windsor Forest Colleges Group				-£68,347	-£1,337		-£69,684	
Lewisham South College (NCG for 2017-18 funding change)				£3,173	-£943		£2,230	
University of Liverpool		£194,548	-£416,244	-£6,465			-£228,161	
University of Bolton		-£113,192	-£472,945	£452			-£585,685	
New City College				-£98,050			-£98,050	
University of Salford	-£434,526	-£366,609	-£14	-£968,332	-£16	-£16	-£1,769,513	
Staffordshire University				-£1,138,206	-£12,113		-£1,150,319	
University of Leicester				-£703,846	-£202		-£704,048	
Canterbury Christ Church University				-£346,377			-£346,377	
Oxford Brookes University				-£1,080,989	-£43,185		-£1,124,174	
Adjustments arising from a separation of providers								
Leeds College of Music						£573,463	£573,463	£67,986
Leeds City College						-£573,464	-£573,464	-£67,986
Other adjustments to funding								
Ashton Sixth Form College						-£5,928	-£5,928	
Total	-£528,225	-£448,594	-£894,327	-£5,850,054	-£66,901	-£5,945	-£7,794,046	£0

Annex C – Future board business

December 2018

Funding strategy and plans

Unconditional offers

Validation

Report from the Provider Risk Committee

Student contracts

Degree awarding powers

OfS regulatory intervention and enforcement

Market exit

Brexit planning

VfM strategy for students

March 2019

Learning gain

Validation arrangements

Budgets for 2019-20