

Management and governance – reform to ongoing E conditions

Board's primary role in relation to this paper:

- A. Set strategy
- B. Set risk appetite
- C. Oversee performance
- D. Understand context

Purpose

1. Improving governance standards across the sector is a core priority within our strategy, reflecting the need for providers to respond effectively to the challenges they face. This paper provides an update on the progress to date and invites the board's views on the key areas we intend to explore with the sector to inform the development of our regulation.

Decisions and discussions requested

2. The board is requested to:
 - a. Note the update on our progress in improving governance.
 - b. Provide feedback on the scope of our planned early engagement on changes to our conditions of registration. Exempt from publication.

Issue

3. Strong management and governance of universities and colleges is more important than ever given the challenges facing the sector and need for transformation. Our regulatory experience confirms wider concerns that governance in the sector is not consistently robust enough to meet current challenges in the sector. In October, we discussed with the board a summary view of key sector risks and governance weaknesses. These were set out in Annexes A and B of that paper.
4. Since October we have engaged on sector-led initiatives to improve governance by working closely with relevant bodies. We have also changed our approach to identifying provider risk and associated casework. We will shortly begin engaging with the sector to inform an autumn 2026 consultation on developing and updating our formal regulatory requirements.

Discussion

Sector-led improvement

5. Sector-led initiatives to improve governance continue to progress, most notably, the Council of University Chairs (CUC) update to its governance code with which the OfS has been actively engaged.¹ The draft governance code strengthens expectations for signatories and is supported by a programme of implementation activity. Annex A summarises sector initiatives, recent engagement and the wider policy context.
6. Alongside this, we have maintained a consistent emphasis on the importance of effective governance in sector communications. Our chair's letter to provider chairs in November was well received. A second letter is planned for late May/June.² Subject to the final CUC code broadly aligning with the latest draft, this letter is intended to signal our support for the code and set the context for our autumn consultation, including the key policy questions we propose to explore (see Consultation on Ongoing E Conditions of Registration, below).

Casework approach

7. Since October, we have also strengthened our assessment and supervision of governance risk at individual providers. Key developments include the introduction of a governance risk matrix, identification of cohorts of higher-risk providers, and more consistent regulatory engagement. This includes focused meetings with chairs and accountable officers at high risk providers, to discuss our view of provider risk, followed by written feedback to be discussed at their boards. Early feedback from these providers has been positive and supports our emerging 'no surprises' collaborative regulatory approach.

Consultation on Ongoing E conditions of registration

8. Exempt from publication.
9. Ahead of consultation, we plan targeted pre-engagement with the sector. To ensure that this pre-engagement can truly help shape proposals, we have identified areas for exploration rather than developed detailed options. These are set out below.
10. The board is invited to comment on whether there are any areas we should not pursue, or notable gaps in scope. We would particularly welcome views on the first three sections covering Governance arrangements; Individuals; and Sector standards and best practice; where proposals are more novel.

Governance arrangements

11. We are exploring a move away from the current regulatory focus on governing documents that uphold the public interest governance principles, to identifying outcomes that governance arrangements must deliver. Below are some examples of our long list of things a set of

¹ The draft for public comment is available here: [CUC Code of Governance – Draft for Public Comment - Committee of University Chairs](#)

² Available at [Emerging governance risks - Office for Students](#)

requirements for governing arrangements and the outcomes they should drive in practice which we will want to condense through our pre-engagement with the sector.

Governance arrangements should be:

- Deliverable in practice
- Appropriate for shape/scale of provider
- Appropriate for corporate structure (status as charity or limited company, reflecting any large or complex ownership structures, sister companies, in-group potential conflicts)
- Appropriately resourced
- Regularly reviewed, e.g. via governance effectiveness reviews
- In line with sector best practice (See Sector standards and best practice below)

Governance arrangements should achieve the below outcomes:

- Deliver student interest
- Protect public funding
- Ensure compliance with conditions of registration- particularly Quality
- Effectively manage risks (particularly financial)
- Ensure that major decisions are aligned with the institution's purpose and values (an illustrative example from CUC code)
- Support the delivery of the institution's strategy on a sustainable basis (an illustrative example from CUC code)

Individuals

12. We intend to explore case for setting clearer specific regulatory requirements for the AO, chair, Senior Financial Manager, Secretary and Senior Independent Member. We are considering this list as a starter for ten - we may decide to expand this list.

13. Exempt from publication.

14. Exempt from publication.

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Exempt from publication

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Exempt from publication

Resource implications

15. The policy activity to complete the consultation has already been included onto the budget for the 2026/27 financial year. If the board considers a substantive rescoping is required from the proposals in this paper the team would need to review our resource planning accordingly.

Paper publication

16. To be published with board papers subject to appropriate redactions. Feedback from the board will be used to inform our policy development. We intend to publish a consultation on the policy in September 2026.

Annex A: Sector focused governance improvement work

1. This annex sets out governance-related policy and engagement activity that has taken place since our last board update. This includes activity led by sector bodies; the DfE and the OfS.

Sector bodies

2. The CUC is nearing completion of its review of its governance code, with publication expected in late May or June. In addition to formal consultation responses, the CUC has gathered feedback through its senior steering committee and a series of targeted workshops, attended by OfS staff.
3. Several sector bodies (including Advance HE and Universities UK) have indicated that publication of the revised CUC code will provide an opportunity to review and update governance-related member resources, such as training, codes, CPD and guidance on governance effectiveness reviews. Association of Heads of University Administration (AHUA) has launched its organisational efficiency maturity model with a small pilot group. The model supports providers to assess organisational maturity, with AHUA intending, in due course, to benchmark results across the sector.
4. Governance continues to feature prominently at sector events. OfS staff have contributed to governance-focused panels and presentations with, among others, the Russell Group, Scottish Funding Council, Advance HE and Independent HE, AHUA and Advance HE.

Office for Students' wider policy context

5. Alongside the policy and engagement activity described in the main paper, the OfS has undertaken related policy work, including introducing a new ongoing condition for lead providers in subcontracting arrangements; a consultation on disapplying certain conditions for further education colleges; and continued policy development on freedom of speech.

Exempt from publication

6. Exempt from publication.
7. Exempt from publication.