



Office for Students (OfS) Regulation during the Transition Period

Outcome requested:	Council is asked to note the OfS's approach to regulation during the transition period.
Executive Summary:	<p>[a] We are still awaiting detailed guidance from the OfS on its approach to monitoring institutions once they are registered.</p> <p>[b] We will still be required to prepare an annual accountability return to enable the OfS to assess accountability for public funding and compliance with the terms and conditions of funding, with the majority of elements of the return submitted in December 2018. New requirements include the submission of a value for money return and the submission of financial and student number forecasts for five years instead of two years.</p> <p>[c] The accounts direction for preparation of the 2017–18 Financial Statements has been published, which requires a number of additional disclosures to be made in relation to:</p> <ul style="list-style-type: none"> i. senior staff remuneration; ii. severance payments; iii. any significant internal control weaknesses or failures that have arisen, and, where appropriate, information about actions taken or proposed to deal with significant internal control weakness or failure. <p>[d] The accounts direction is included in the background reading for this meeting.</p>
QMUL Strategy:	Registration with the OfS is an enabling factor for all aspects of the QMUL Strategy.
Internal/External reference points:	Regulatory Framework for Higher Education in England (OfS) Higher Education Code of Governance (CUC) OfS Accounts Direction
Strategic Risks:	13 – Maintain effective and constructive governance
Equality Impact Assessment:	Not required.
Subject to prior and onward consideration by:	For consideration by Council only.
Timing:	The transition period for registration runs from 01 April 2018 to 01 August 2019.
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Confidential paper:	No.
Date:	26 June 2018

**Senior Management
Sponsor:**

Jonathan Morgan, Academic Registrar and Council Secretary

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1. The OfS's regulatory framework comes into force on 01 August 2019. During the transition period from 01 April 2018 to 01 August 2019, universities will be regulated through a combination of the powers and duties carried forward from HEFCE and new powers and duties introduced by the Higher Education and Research Act 2017 (HERA).
2. We are still awaiting detailed guidance from the OfS on its approach to monitoring institutions once they are registered; a decision on Queen Mary's registration and any specific conditions will be notified in mid-July.

Annual accountability return

3. We will still be required to prepare an annual accountability return, with the majority of elements of the return submitted in December 2018. The OfS will assess accountability for public funding and compliance with the terms and conditions of funding (which replaces the HEFCE Memorandum of assurance and accountability) using the information below.

Element of annual accountability return	Approval level	Deadline
Financial and student number forecast tables and supporting commentary	Governing body	17 September 2018
Annual Assurance Return	Accountable officer	3 December 2018
Signed audited financial statements for 2017-18	Governing body	
Audit Committee's annual report for 2017-18	Governing body	
Internal auditor's annual report for 2017-18	Reported to Audit Committee	
External auditor's management letter and the provider's management response for 2017-18	Reported to Audit Committee	
Financial commentary	Governing body	
Value for money return	Governing body	
Transparent Approach to Costing (TRAC) return for 2017-18	Independent committee of the governing body	31 January 2019
Transparent Approach to Costing for Teaching (TRAC(T)) return for 2017-18	Independent committee of the governing body	28 February 2019

4. New requirements include the submission of a value for money return and the submission of financial and student number forecasts for five years instead of two years. The forecasts have already been prepared in accordance with OfS guidance and are included in the papers for Council to approve for submission in September 2018. Further guidance on the annual accountability return is expected in September.
5. We expect that the OfS will continue to require reports or assurances to be submitted on the Prevent Duty and the academic experience, quality and standards; however, information on these requirements are not currently known. Reports on these areas are included already on the Council schedule of business for 2018–19.

Accounts direction

6. The accounts direction for preparation of the 2017–18 Financial Statements has been published (and is included in the background reading for this meeting), which requires a number of additional disclosures to be made in relation to:

- [a] senior staff remuneration;
- [b] severance payments;
- [c] any significant internal control weaknesses or failures that have arisen, and, where appropriate, information about actions taken or proposed to deal with significant internal control weakness or failure.

7. Disclosures on senior staff pay and severance payments required are as follows:

- [a] the number of staff with a basic salary of over £100,000 per annum, broken down into bands of £5,000 (rather than bands of £10,000 as previously required);
- [b] full details of the total remuneration package for the head of the provider, with separate values for each element;
- [c] a justification for the total remuneration package for the head of the provider;
- [d] the relationship between the head of provider's remuneration and that for all other employees, expressed as a pay multiple;
- [e] the total amount of any compensation for loss of office paid across the institution and the number of people to whom this was payable;
- [f] the total amount of any compensation for loss of office paid to the head of the provider, including any benefits (their nature, value and source of funding) and pension contributions.

8. The Remuneration Committee has begun to consider the requirements in [a] to [d].

9. From 2019 onwards, further disclosures are expected to be required relating to senior staff other than the head of provider.

10. Council is asked to **note** the OfS's approach to regulation during the transition period.