



Department  
for Education



# Office for Students Framework Document

14 March 2018

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# 1 Introduction to the Framework Document and the OfS

## 1.1 The Framework Document

This Framework Document has been drawn up by the Department for Education (“the Department”) in consultation with the Office for Students (“the OfS”). This document sets out the broad framework within which the OfS will operate. Department Copies of this document and any subsequent substantive amendments have been placed in the libraries of both Houses of Parliament and made available to members of the public on the OfS website.

This document does not confer any legal powers or responsibilities. It sets out agreed expectations for how day-to-day interactions will be handled. This document has been signed by the Permanent Secretary of the Department, the Chair and Chief Executive of the OfS, and the Minister for Universities, Science, Research and Innovation.

In this document, unless otherwise stated, the following definitions shall apply:

"the Accounting Officer"	The Chief Executive
"the Act"	The Higher Education and Research Act 2017
"the Annual Report and Accounts"	The report required to be prepared by the OfS under paragraph 13 of Schedule 1 to the Act including the strategic report, , and other statements published alongside the annual statement of accounts required to be audited by the National Audit Office
"the Board"	The OfS members appointed by the Secretary of State
"the Chair"	The OfS member appointed to serve as chair by the Secretary of State
"the Chief Executive"	The OfS member appointed to serve as the Chief Executive Officer by the Secretary of State
"the C&AG"	The Comptroller & Auditor General
"the Department"	The Department for Education
"the DfAP"	The OfS member appointed to serve as the Director for Fair Access and Participation by the Secretary of State
"the FReM"	Government Financial Reporting Manual
"the Government"	The UK Government
"HEFCE"	the Higher Education Funding Council for England
"the Minister"	The Minister for Universities, Science, Research and Innovation
"the OfS"	The Office for Students

“Parliament”	The UK Parliament
"the PAO"	The Principal Accounting Officer who is the Department's Permanent Secretary
“registered provider”	An English higher education provider that is registered in the OfS’s register
“the Secretary of State”	The Secretary of State for Education
“Student Representative”	An OfS member with experience of representing or promoting the interests of individual students, or students generally, on higher education courses provided by higher education providers.
“Student Panel”	The student panel established by the OfS
“the UKRI”	United Kingdom Research and Innovation

## 1.2 Amendments to the Framework Document

The OfS or the Department may propose amendments to this document at any time under arrangements agreed by the Department’s Permanent Secretary, the Secretary of State and the OfS Chief Executive. Significant variations to the document must be cleared with HM Treasury, Cabinet Office, and the Department, as appropriate.

## 1.3 Interpretation of the Framework Document

Any question regarding the interpretation of the document will be resolved by the Department after consultation with the OfS and, as appropriate, with the Cabinet Office and/or HM Treasury.

## 1.4 The creation of the OfS

The OfS was established on 1 January 2018. At this point, it took on a limited number of functions under the Act including those that were necessary for the OfS to complete consultations on arrangements for regulating the higher education sector. The OfS will assume more functions on 1 April 2018, when, particularly, it will take on:

- statutory functions previously exercised by HEFCE and the Director of Fair Access to Higher Education, who will both cease to exist from 1 April 2018. In particular the OfS will be able to exercise the power under the Further and Higher Education Act 1992, to allocate money for the purposes of education to higher education institutions in England. This will enable the OfS to operate the existing regulatory system for higher education until 31 July 2019 and ensure a smooth transition to the new regulatory system under the Act

- functions under the Act to enable the OfS to establish the new register of English higher education providers and to register providers, which are key to setting up the new regulatory system. The current plan is that the OfS will assume all of its functions under the Act by 1 August 2019. This will allow the OfS to operate the new regulatory system in full from the Academic Year 2019/20 (that is, from August 2019).

### 1.5 Staged transition to the new regulatory system

This Framework Document seeks to recognise the staged way in which the OfS will assume and operate its new functions. The way the OfS regulates the higher education sector and manages risks will change, as the OfS takes on more of its functions under the Act. As a result, the way in which the Department interacts with the OfS and manages the policy and delivery risks associated with its work will change over time. The Department and OfS will review this document by June 2019 at the latest, to reflect this.

### 1.6 Purpose of the OfS

The OfS is a non-Departmental public body of the Department, established by the Act to fulfil a role as the main regulator of higher education in England. It will operate on behalf of students and taxpayers to support a competitive environment and promote choice, quality and value for money in higher education.

### 1.7 General duties of the OfS

The Act (Section 2) describes the general duties of the OfS. The Act requires the OfS, when performing its functions, to have regard to a range of key issues (set out in more detail at 3.1 below), including the need to protect the institutional autonomy of English higher education providers. The OfS is also required to have regard to guidance given to it by the Secretary of State.

### 1.8 The mission statement of the OfS

The OfS's vision, mission statement, objectives and deliverables will be set out in its corporate and/or business plan and published on its website. More information about the corporate and business plans is available in section 14 of this Framework Document.

### 1.9 Review of the OfS

In line with Cabinet Office policy for the tailored reviews of public bodies, OfS will undergo its first tailored review during 2021. The OfS will be reviewed at least once in the lifetime of each Parliament or sooner in the event of a significant change in the scope or direction of its primary aims. These reviews ensure that OfS is delivering effectively against its aims and objective

## 2 Governance and accountability

### 2.1 Legal origins of powers and duties

The OfS's powers and duties derive principally from the Act. The Act also makes provision in relation to the issue of guidance by the Secretary of State to the OfS and for the Secretary of State to make grants to the OfS subject to terms and conditions; and to give directions to the OfS.

### 2.2 Secretary of State's guidance

The Act makes provision about guidance given by the Secretary of State to the OfS. In particular, the Act places limits on how the Secretary of State's guidance can be framed in order to safeguard the institutional autonomy of English higher education providers and it provides that the OfS must have regard to the guidance. The expectation is that the guidance will be issued annually, although it may be more frequent. The guidance will set out the government's key strategic and policy priorities for higher education and how it wishes OfS to prioritise and address these. The guidance will set the strategic and policy framework within which the OfS's corporate and business plans will be framed. The Department's officials will provide advance sight of the guidance to the OfS in order for them to consider how their corporate and business plans might best align with the priorities of the Secretary of State. The OfS will publish the guidance on their website.

### 2.3 Secretary of State's power to make grants<sup>1</sup>

The Act allows the Secretary of State to make grants to the OfS, and to set terms and conditions on those grants<sup>2</sup>. The Secretary of State will usually set out the annual funding for the OfS in the guidance mentioned in paragraph 2.2 above, which will cover strategic priorities for funding, policy and OfS operations. Details of funding will be issued before the end of the financial year preceding the one to which the funding applies. Ministers may change funding levels or profiles at any time and will do this through issuing supplementary funding information to the OfS. If these changes increase or decrease funding from the original amount, or change existing funding profiles, they may need clearance from HM Treasury. The Department will also provide the OfS with a budget for its running costs via a separate budget allocation letter.

### 2.4 Secretary of State's powers to give direction

The Secretary of State, through regulations, can give the OfS general directions about the performance of its functions. This is a power, which the Department does not anticipate will be used frequently. The Secretary of State also can give the OfS 'financial support directions' in relation to a particular registered higher education provider, but only in very limited circumstances where it appears that there has been financial mismanagement at that provider.

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<sup>1</sup> In addition, see paragraph 16, below.

<sup>2</sup> In the financial year 2018/19, however, the Secretary of State will rely on the funding power in the Further and Higher Education Act 1992.

## 2.5 Institutional Autonomy of English higher education providers

In issuing guidance, setting terms and conditions of grants or giving directions, the Act requires the Secretary of State to have regard to the need to protect the institutional autonomy of English higher education providers. The Act also places limits on how the Secretary of State's guidance, terms and conditions, and directions can be framed in order to safeguard the institutional autonomy of English higher education providers.

## 2.6 Responsibility of the OfS to allocate grant

The OfS will allocate grant from the Secretary of State to eligible higher education providers, for the purposes of education, and the provision of facilities and other activities in connection with education in line with the government's priorities for funding teaching in higher education and relevant terms and conditions.

# 3 Aims and powers of the OfS

## 3.1 Aims of the OfS

As set out in the OfS's regulatory framework, its primary aim is to ensure that English higher education is delivering positive outcomes for students – past, present, and future. The OfS will seek to ensure that students, from all backgrounds (particularly the most disadvantaged), can access, succeed in, and progress from higher education. The OfS is concerned with all students within its remit: from the UK and beyond; undergraduate and postgraduate; studying full time or part time and campus based or distance learners.

The OfS will focus on delivering the four primary regulatory objectives that all students, from all backgrounds, and with the ability and desire to undertake higher education:

1. Are supported to access, succeed in, and progress from, higher education.
2. Receive a high quality academic experience, and their interests are protected while they study or in the event of provider, campus or course closure.
3. Are able to progress into employment or further study, and their qualifications hold their value over time.
4. Receive value for money.

In addition to seeking to ensure that students receive value for money (Objective 4), the OfS will seek to mitigate the risk that the sector does not deliver value for money for taxpayers and citizens who invest in higher education through: the allocation of public grant funding; research funding by UKRI; and the public subsidy to the student finance system.

The OfS will work with UKRI to monitor and mitigate the risk relating to the sustainability of those providers that contribute to the strength of the research base, and risks to the interests of postgraduate students.

The OfS's regulatory approach will ensure:

- a. **A student focus:** Regulation will be designed primarily to protect the interests of students, short, medium and long term (especially the most disadvantaged), rather than those of providers.
- b. **Clarity:** All registered providers will be primarily regulated by one body, with a clear path for new entrants to the sector.
- c. **Accountability:** The OfS will be accountable for its decisions and subject to public scrutiny.
- d. **Consistency:** There will be a single Register so students will know the minimum baseline of provision that they can expect every registered provider to deliver, and providers will compete on a level playing field.
- e. **Proportionality and targeting:** Provision that presents low risk to students will be subject to less regulatory burden, while less secure elements of provision will face greater regulatory scrutiny.
- f. **Competition:** The market will be regulated so that, wherever possible, choice and competition drive innovation, diversity and improvement. Where market mechanisms are not sufficient to achieve the desired outcomes, as is the case for access and participation, there will be direct regulation of providers.

The OfS is committed to adopting and contributing to best regulatory practice and complying with the Regulators' Code.

### 3.2 Powers and duties of the OfS

The Act imposes some overarching requirements on the OfS:

- section 2 imposes a general duty on the OfS to have regard to a range of key issues when performing its functions. These include the need to protect the institutional autonomy of English higher education providers, the need to promote quality, and greater choice and opportunities for students in such providers' higher education provision, the need to encourage competition between providers while having regard to the benefits of collaboration, the need to promote value for money, the need to promote equality of opportunity in connection with access and participation, the need for efficient, effective and economic use of the OfS's own resources, and the principles of best regulatory practice where these are relevant.
- section 2 also requires the OfS to have regard to guidance given to it by the Secretary of State.
- section 75 requires the OfS to prepare and publish a regulatory framework setting out how it intends to exercise its functions and including guidance for registered higher education providers on the general ongoing registration conditions<sup>3</sup>. The OfS must have regard to its regulatory framework when carrying out its functions.

The particular functions<sup>4</sup> of the OfS under the Act include:

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<sup>3</sup> The OfS's first [regulatory framework](#) was published on 28 February 2018

<sup>4</sup> The OfS will take on its functions in stages up to 1 August 2019 – see paragraph 1.4.

- functions to enable the OfS to regulate English higher education providers through a **system of registration and registration conditions** (sections 3 to 22 of the Act). As well as functions regarding the establishment of a register, the OfS has functions in relation to setting initial and ongoing registration conditions and applying those conditions to providers on a risk-based approach. The OfS has powers to impose sanctions on a registered provider where it appears to the OfS that there is, or has been, a breach of the provider's ongoing registration conditions. Sanctions include monetary penalties, suspension of registration or de-registration.
- functions in relation to assessing (or making arrangements to assess) the **quality and standards** of higher education, in relation to the designated quality body and enabling the OfS to operate the Teaching Excellence and Student Outcomes Framework (TEF); (sections 23 to 28 of the Act).
- functions in relation to improving **access and participation**, in particular in relation to access and participation plans and their enforcement (sections 12, 21 and 29 to 37). The OfS is also required to comply with any direction given by the Secretary of State to report on matters relating to equality of opportunity in connection with access and participation.
- powers to provide **grant, loan and other funding** to registered eligible higher education providers or other persons under sections 39-40 of the Act and to impose terms and conditions in accordance with section 41 of the Act).
- powers to award, vary or revoke **Degree Awarding Powers** and to authorise or revoke the use of "**university title**" (sections 42 to 60 of the Act);
- powers and duties relating to **information**. The OfS has powers to require information from registered providers (through a mandatory registration condition – see section 8 of the Act) and unregistered English higher education providers (under section 62). It has functions as regards cooperation and information sharing (section 63) , as well as duties (alongside the designated data body) in relation to the publication of information that would be helpful to students and registered providers, and in relation to compiling and making available information to the OfS, UKRI and Secretary of State (sections 65 and 64 respectively).
- other functions including, a duty to report on the availability and uptake of student transfer arrangements and a power to facilitate, encourage or promote awareness of such arrangements (section 38), a duty to monitor and report on financial sustainability (section 68), power to arrange for studies for improving economy, efficiency and effectiveness (section 69).

The OfS has a number of functions conferred by legislation other than the Act, including:

- functions previously exercised by HEFCE for a transitional period up to 31 July 2019 (see paragraph 1.4 above);
- the OfS is to take on from HEFCE the role of Principal Regulator under the Charities Act 2011 for registered providers that are charities exempt from registration and direct regulation by the Charity Commission;
- the OfS is to take on from HEFCE responsibility for monitoring the 'Prevent duty' in the higher education sector, as set out in the Counter Terrorism and Security Act 2015;

## 4 Ministerial responsibility

### 4.1 Accounting in Parliament

The Secretary of State and the Minister for Universities, Science, Research and Innovation (hereafter the “Minister”) will account for the OfS’s business in Parliament. The Minister will have lead responsibility for oversight of the OfS on a day-to-day basis.

## 5 Contact and engagement

### 5.1 The sponsor and partnership

The Department for Education is the sponsor for the OfS. The Department and the OfS will have an open and honest, trust-based partnership supported by the principles set out in the [Partnerships between Departments and Arm’s Length Bodies: Code of Good Practice](#). As such, both parties will ensure they clearly understand the strategic aims and objectives of the other party. Both partners will also commit to keeping each other informed of any significant issues and concerns.

### 5.2 The Senior Sponsor

The Department’s Senior Sponsor for OfS will be a Director in the Higher and Further Education Directorate. If this post is at any time vacant after the signing of this document, the Director General for Higher and Further Education will oversee sponsorship until a suitable replacement is in post. This arrangement reflects the nature of OfS as a new body and will be reviewed when this Framework Document is reviewed in June 2019. The Senior Sponsor will:

- act as the senior point of liaison between the OfS, the Department, Secretary of State and Ministers;
- be the main source of advice to Ministers on the discharge of his or her responsibilities in respect of the OfS;
- support and advise the PAO on his or her responsibilities toward the OfS;
- ensure that, where reasonably possible, the OfS’s Chief Executive has advance notice of wider government announcements on higher education;
- aid the flow of information and nurture relationships, facilitating OfS’s relationships with officials in other government Departments where reasonably possible;
- work collaboratively with the OfS’s Chief Executive to facilitate the smooth operation of the arrangements set out in this Framework Document; and
- ensure requests for approval of expenditure are dealt with promptly and proportionately, and that Departmental approval is not unreasonably delayed and/or withheld for any reason, except where the Secretary of State reasonably considers that the proposed expenditure does not represent value for money.

### 5.3 The sponsor team

The Department has established a sponsor team in the Higher and Further Education Directorate to manage the relationship between the Department and OfS on a day-to-day basis. The sponsor team is the primary contact and first port of call for the OfS, on all questions about the Department and/or central government's requirements of the OfS. The sponsor team will support the Director in their responsibilities toward the OfS as Senior Sponsor, and will provide briefing to enable effective support, challenge and monitoring at quarterly performance and ministerial meetings.

#### 5.4 Meetings between the OfS, Secretary of State, Minister, and Department.

In addition to regular, policy-led contact between the Department and OfS, we expect regular meetings at official levels to take place as set out below and in [Appendix 2](#).

##### Engagement with the Secretary of State

- The Secretary of State shall meet the Chair, Chief Executive, and Director for Fair Access and Participation of the OfS at least annually, and more regularly if necessary.
- The Chair, Chief Executive, and Director for Fair Access and Participation of the OfS, may ask for a meeting with the Secretary of State at any time.
- The Director General for Higher and Further Education, or their nominated alternative, will attend OfS Board meetings as the Secretary of State's representative.

##### Engagement with the Minister

- The Minister shall meet the Chief Executive of the OfS at least every two months. As a minimum, it is intended that the Chair and the Director for Fair Access and Participation will attend these meetings with the Minister every four months, when access and participation will be discussed.
- The Minister will meet the Student Representative and/or Student Panel members on a regular basis, with the frequency to be determined by the Minister.
- The details of ministerial meetings in this Framework Document will be reviewed if arrangements for ministerial oversight of the OfS changes.

##### Engagement with the Senior Sponsor

- The Senior Sponsor will meet the Chair and Chief Executive of the OfS quarterly for a strategic performance review. The Senior Sponsor, will be supported by a non-executive director from the Department's Board, to undertake the review. The Director for Fair Access and Participation will attend, as a minimum, two of these quarterly meetings to discuss performance against access and participation objectives.
- The Senior Sponsor will usually meet the Chief Executive monthly to discuss the operation and performance of the OfS, although the frequency of these meetings can change as necessary.
- The Senior Sponsor will meet with the Student Representative quarterly.

##### Engagement with the Deputy Director for Widening Participation

- The Deputy Director with responsibility for Widening Participation in the Department will meet with the Director for Fair Access and Participation quarterly.

##### Engagement with the sponsor team (in addition to day-to-day engagement)

- The Department's sponsor team and the relevant Finance Business Partner will meet the Finance Director of the OfS, or their representative, quarterly, and the Finance Business Partner team of the Department will meet with the Head of Finance of the OfS monthly to review monthly reports.
- The Department's Finance Business Partner, Strategic Finance and sponsor team will meet with HM Treasury on a quarterly basis, and may invite OfS to these meeting as required.

#### 5.5 Resolution of disputes between the OfS and Department

Any disputes between the Department and the OfS will be resolved in as timely a manner as possible. The Department and the OfS will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the Senior Sponsor, will be used to resolve the issue. Failing this, the Senior Sponsor will ask the relevant policy Director General to oversee the dispute. He or she may then choose to ask the Permanent Secretary to nominate a non-executive member of the Department's Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

#### 5.6 Procedure for complaints

The OfS shall establish, and publish on its website, a procedure to investigate and deal with complaints from providers and members of the public, including students, about the OfS's actions. This shall be in accordance with [Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling](#).

#### 5.7 Freedom of Information requests

Where a request for information is received by either party under the [Freedom of Information Act 2000](#), or the [Data Protection Act 1998](#), the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities.

#### 5.8 Legal challenge

In the event of the OfS being subject to a legal challenge (including an appeal) or a complaint to the Parliamentary Commissioner for Administration, the OfS will notify the department at the earliest opportunity, initially through the sponsorship team.

#### 5.9 Provisions of the Act

These arrangements do not substitute the provisions of the Act, in relation to the Secretary of State's powers to guide or direct the OfS (or at all).

## 6 The Principal Accounting Officer (PAO)

### 6.1 The PAO

The Permanent Secretary as PAO of the Department has designated the Chief Executive as the Accounting Officer for the OfS. The role/responsibilities of an Accounting Officer are set out in Chapter 3 of [Managing Public Money](#), a letter will be sent separately to the Accounting Officer on appointment.

### 6.2 The PAO's accountabilities

The PAO is accountable to Parliament for the issue of any grant-in-aid to the OfS. The PAO is responsible for advising the Minister on:

- an appropriate framework of objectives and targets for the OfS in the light of the Department's wider strategic aims and priorities;
- an appropriate budget for the OfS in the light of the Department's overall public expenditure priorities; and
- how well the OfS is achieving its strategic objectives and whether it is delivering value for money.

### 6.3 Other accountabilities of the PAO

The PAO is also responsible for ensuring arrangements are in place in order to:

- monitor the OfS's activities;
- address significant concerns that arise in connection with the work of the OfS, making such interventions as are judged necessary to protect the interest of the government;
- periodically carry out an assessment of the risks connected to the OfS, both to the Department and the OfS's statutory obligations, objectives and activities;
- inform the OfS of relevant government policy in a timely manner; and
- bring concerns about the activities of the OfS to the full (OfS) Board, and, as appropriate to the Department's Board requiring explanations and assurances that appropriate action has been taken.

## 7 The OfS's Chief Executive as Accounting Officer

### 7.1 The general responsibilities of the Accounting Officer

The Chief Executive as Accounting Officer is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of the OfS. In addition, he or she should ensure that the OfS as a whole is run on the basis of the standards set out

in Box 3.1 of [Managing Public Money](#), in terms of governance, decision-making and financial management.

## 7.2 The Accounting Officer's responsibilities to Parliament

The Accounting Officer's accountabilities to Parliament include:

- signing the Annual Report and Accounts (ARA);
- ensuring that proper records are kept relating to the accounts
- that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State (see Schedule 1, paragraph 12(2) to the Act) by:
  - preparing and signing a Governance Statement covering corporate governance, risk management and assurance of any local responsibilities, for inclusion in the ARA;
  - ensuring that effective procedures for handling complaints about the OfS are established and made publicly available;
  - acting in accordance with the terms of this Framework Document, [Managing Public Money](#) and other instructions and guidance issued from time to time by the Department, HM Treasury and the Cabinet Office; and
  - giving evidence, normally with the PAO, when summoned before the Public Accounts Committee (PAC) on the OfS's stewardship of public funds or other statutory responsibilities. The AO has responsibility for ensuring OfS can safeguard and account for its assets.

## 7.3 The Accounting Officer's responsibilities to the Department

The Accounting Officer is responsible for:

- establishing, in agreement with the Department and Ministers, the OfS's corporate and business plans in the light of the Department's wider strategic aims and priorities;
- informing the Department of progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant concerns whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department in a timely fashion; and
- providing the necessary and timely input to Minister's responses to Parliamentary Questions, and Parliamentary and public correspondence.

# 8 Corporate governance and the OfS Board

## 8.1 Appointments to the Board

The Act requires that the Office for Students must have a Chair, a Chief Executive Officer, a “DfAP and between 7 and 12 ordinary non-executive members. At least one of these ordinary members must have experience of representing or promoting the interests of students, individually or generally, on higher education courses provided by higher education providers.

These arrangements ensure that non-executive members will always be in a majority on the OfS Board, to ensure that OfS executives are supported and constructively challenged in their roles. The Department will actively monitor the equality and diversity of the OfS Board.

It is the responsibility of the Secretary of State to make appointments to the OfS. In doing so he or she must, as set out in the Act, have regard to the desirability of the OfS’s members (between them) having experience of:

- representing or promoting the interests of higher education students;
- providing higher education;
- employing graduates of higher education courses;
- promoting choice for consumers and encouraging competition;
- creating, reviewing, implementing or managing a regulatory system;
- managing or auditing the financial affairs of an organisation; and
- a broad range of the different types of English higher education providers.

Appointment and reappointment processes will be carried out in line with the [Governance Code for Public Appointments](#) and the Act. Appointment terms are generally made for between three and five years. The Department’s policy is that Members can be reappointed, with a presumption that no individual should serve more than two terms or serve in any one post for more than ten years.

## 8.2 The Secretary of State’s representative

The Act empowers a representative of the Secretary of State to attend meetings of the Board or any OfS committees and take part in deliberations but not decisions. The representative should be notified in advance of OfS Board and committee meetings and be provided by the OfS with all documents distributed to the Board and, where requested, any OfS Committee. The role of the representative will be to provide an interface between Ministers and the OfS, providing the OfS with the latest ministerial thinking and feeding OfS operational expertise into ministerial thinking.

## 8.3 Audit and Risk Committee

The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. The Board must establish a Committee to consider audit and risk, (to be known as the Audit and Risk Committee) in accordance with the Government’s [Code of Good Practice for Corporate Governance](#) and the [Audit and Risk Assurance Committee Handbook](#). The Committee shall be chaired by an independent non-executive member to provide independent advice on governance, risk management and internal control. The approval of the Annual

Report and Accounts (ARA) should be retained as a Board responsibility, albeit on the recommendation of the Audit and Risk Committee. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems. There will be a link person from both the Department and OfS's Audit and Risk Committees, who can observe the Committee on behalf of either organisation. This arrangement will be reviewed in June 2019, when this Framework Document is reviewed.

#### 8.4 Remuneration Committee

The Board will establish a Remuneration Committee and advise the Secretary of State annually on the remuneration of the Chief Executive, the DfAP. The Chief Executive, the DfAP can take part in discussions, but cannot take part in the Remuneration Committee's decision-making process, and cannot attend or take part when the committee is discussing their own remuneration. The Department's Director of HR may attend meetings of the Remuneration Committee, as the Secretary of State's representative, to advise on senior remuneration policy across the public sector and how this has been applied in other non-departmental public bodies.

#### 8.5 The responsibilities of the Board

The Board is specifically responsible for fulfilling its terms of reference including:

- establishing and taking forward the strategic aims and objectives of the OfS;
- ensuring that the Minister is kept informed of any changes that are likely to impact on the strategic direction or targets, and determining the steps needed to deal with such changes;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority, any delegated authority agreed with the Department, including conditions related to the use of public funds, and guidance issued by the Department;
- ensuring that the Board receives and reviews regular financial information concerning the management of the OfS; is informed in a timely manner about any concerns and provides positive assurance to the Department that appropriate action has been taken;
- demonstrating high standards of corporate governance at all times;
- in consultation with the Department, setting performance objectives and remuneration terms linked to these objectives for the Chief Executive and DfAP (see para 8.11 for further details of the DfAP's role); and
- establish a publicly accessible register to list all of the interests of its Board members.

#### 8.6 The Chair's personal responsibilities

The Chair will account to the PAO and Minister. He or she is responsible for ensuring that the OfS's policies and actions support the Secretary of State's wider strategic policies as laid down in the Secretary of State's guidance and that its affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the OfS. The Chair

will support the Senior Sponsor in discharging their role in respect of the OfS and in advising Ministers on its performance. The Chair's performance will be reviewed by the Secretary of State and the PAO.

### 8.7 Further responsibilities of the Chair

In addition, the Chair has the following leadership responsibilities for:

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of the Secretary of State's guidance;
- promoting the efficient and effective use of staff and other resources
- providing additional scrutiny of the OfS's performance and risks, including escalating any issues to the PAO or Ministers as deemed appropriate
- delivering high standards of regularity and propriety; and
- representing the views of the Board to stakeholders and the general public.

The Chair also has an obligation to ensure that the work of the Board and its members is reviewed and the Board is working effectively. The Chair will usually do this annually. Subject to the Secretary of State's power to appoint members to the Board, the Chair has a responsibility to ensure Board members have the skills appropriate to directing the OfS's business, as set out in the [Code of Good Practice for Corporate Governance](#).

The Chair also has the following responsibilities in this area:

- ensuring Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- he or she, together with the other Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- the Minister is advised of the OfS's needs when Board vacancies arise;
- to assess and report to the Secretary of State on Board member performance and the performance of individual Board members when being considered for re-appointment;
- there is a published description of the role and responsibilities of the Board consistent with the [Code of Good Practice for Corporate Governance](#); and
- there is a Code of Practice for board members in place, consistent with the [Code of Conduct for Board Members of Public Bodies](#).

### 8.8 The Chief Executive's responsibilities to the Board

The Chief Executive is responsible for:

- advising the Board on the discharge of its responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time;
- advising the Board on the OfS's performance with reference to its aims and objectives and promoting the efficient and effective use of staff and other resources;

- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that appropriate financial appraisal techniques are followed; and
- bringing to the attention of the board any matters which are inconsistent with the Accounting Officer standards, including the obligation to bring them to the attention of Ministers in line with the guidance in [Managing Public Money](#) (3,4,2).

### 8.9 Duty to promote equality

The OfS, as a public authority, is subject to the public sector equality duty under the Equality Act 2010. This means it is legally obliged to have due regard to equality issues when performing its functions.

### 8.10 Access and participation functions of the OfS

The access and participation functions of the OfS are set out in the Act, and relate to access, and participation in higher education (including retention and helping students succeed and progress from higher education). They cover the following:

- approving access and participation plans for providers with a mandatory access and participation plan condition (those with a fee limit wishing to charge higher fees);
- taking action when necessary to monitor and enforce registration conditions concerning access and participation (including compliance with access and participation plans), including exercising statutory sanction powers where appropriate;
- providing advice on good practice in relation to access and participation activities;
- and
- responding to a request from the Secretary of State for a report on matters relating to equality of opportunity in connection with access and participation in higher education.

When performing its functions relating to access and participation plans, the OfS has a duty to protect academic freedom. In addition, the OfS will have responsibilities for the mandatory transparency condition.

The OfS also has a general duty to have regard to the need to promote equality of opportunity in connection with access to and participation in higher education provided by English higher education providers.

### 8.11 Director for Fair Access and Participation

The DfAP is an executive member of the OfS Board and appointed by the Secretary of State, through the public appointments process.

The Act requires that, if, for any reason, the OfS does not delegate the access and participation functions to the DfAP (excluding the general duty regarding equality of opportunity) it must set out in its ARA both the reasons and the length of time that these functions were not delegated (see para 9.1 for more on the ARA).

The DfAP is also specifically responsible for:

- overseeing the performance of the OfS's access and participation functions; and
- reporting to the other members of the OfS on the performance of the OfS's access and participation functions.

The DfAP should be internally championing and challenging for equality of opportunity in connection with access and participation to ensure the Board is sufficiently sighted on the performance of its wider duty.

#### 8.12 Individual Board members' responsibilities and indemnities

Section 12.2 of the [Civil Service Management Code](#) will apply to Board and Committee members. All Board and Committee members, including those co-opted from outside the OfS and who are not OfS Board members will be indemnified as set out in section A5.4.19 of [Managing Public Money](#). Individual Board members should:

- comply at all times with the [Code of Conduct for Board Members of Public Bodies](#) and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Board's rules on the acceptance of gifts and hospitality, business appointments and conflicts of interest; and
- act in good faith and in the best interests of the OfS.

## 9 Annual Report and Accounts

### 9.1 The requirement to provide an Annual Report and Accounts (ARA)

The OfS Board must publish an ARA, which sets out its activities together with its audited accounts after the end of each financial year, from 2018-19 onwards. The OfS shall provide the Department with its finalised (audited) ARA and other financial data following an agreed timetable each year in order for the accounts to be consolidated within the Department's accounts. In addition to the finalised (audited) ARA document, additional detailed working papers will also be required to be submitted to the Department (at the Department's discretion) to support the consolidation. OfS shall prepare 15 month accounts for the financial year ended 31 March 2019 and subsequent accounts, annually to the financial year ended 31 March. The accounts direction letter for this is annexed at Appendix 3 of this document.

### 9.2 Requirements of the ARA

The annual reporting and accounting requirements are set out in schedule 1 of the Act. This requires that the ARA must include a statement regarding how the OfS has cooperated with UK Research and Innovation (UKRI) during that year. The Department will also monitor activity and progress in this area as part of the OfS strategic quarterly performance reviews. The OfS and UKRI should also put in place

an agreement, setting out how they will work together including at Board and working level. The OfS should involve the Department sponsor team in the drafting of these agreements. Close collaboration between the Department for Business Energy and Industrial Strategy and the Department for Education, as the respective sponsoring department of UKRI and the OfS, will help to ensure governance arrangements are aligned where appropriate.

### 9.3 Content of the ARA

The ARA must:

- cover any corporate, subsidiary or joint ventures under its control;
- comply with the HM Treasury's [Government Financial Reporting Manual](#) (FReM) and Public Expenditure Systems (PES) requirements;
- outline main activities and performance during the financial year and set out in summary form forward plans; and
- provide information on the financial sustainability of registered higher education providers, as set out in Section 68 of the Act.

### 9.4 Financial performance information

Information on performance against key financial targets is within the scope of the ARA and should be included in the annual report element of the ARA. The ARA shall be sent to the Secretary of State; laid in Parliament; and made available on the OfS's website. . The ARA should be submitted, to the Department at a time to be agreed annually, before the proposed publication date. The ARA should be prepared in accordance with the relevant statutes and specific accounts direction issued by the Department, and in accordance to the FReM guidance.

## 10 Internal audit and risk

### 10.1 Internal audit and risk requirements

The OfS shall:

- establish and maintain arrangements for internal audit and risk in accordance with HM Treasury's [Public Sector Internal Audit Standards](#) (PSIAS). OfS will use HEFCE's established internal audit arrangements in 2018-19 and, thereafter, will develop its own arrangements, complying with any relevant government guidance;
- ensure that the internal auditors also provide independent and objective assurance to the OfS AO and the Board on the adequacy and effectiveness of the OfS's governance, risk management and control. This will support the AO's governance statement for 2018-19;
- ensure the Department is satisfied with the competence and qualifications of its internal auditors and the requirements for approving appointments in accordance with PSIAS;
- ensure the Department and its internal auditors (Government Internal Audit Agency) have complete access to all relevant records , including where a service is contracted out.

- forward the audit strategy, periodic audit plans and annual audit report, including the OfS's opinion on risk management, control and governance as soon as possible to the sponsor Department; and
- keep records of, and prepare and forward to the Department an annual report on fraud and theft suffered by OfS and notify the Department of any unusual or major incidents as soon as possible.

## 11 External audit

### 11.1 External Audit procedure

C&AG audits the OfS's accounts. Once the C&AG audit report has been issued and incorporated into the ARA, the Secretary of State will lay the accounts before Parliament.

### 11.2 The C&AG

The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the OfS has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the OfS shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies. The C&AG:

- will consult the Department and the OfS on whom – the National Audit Office (NAO) or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, those held by another party in receipt of payments or grants from the OfS;
- will share with the Department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the OfS; and
- will, where asked, provide Departments and other relevant bodies with Regulatory Compliance Reports and other similar reports that Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

### 11.3 Subsidiary companies

OfS must secure agreement from the Department before it establishes any subsidiary companies. The Cabinet Office should be informed so it can be assured as to whether a subsidiary constitutes a new non-Departmental public body. In the event that the OfS has set up and controls subsidiary companies, the OfS will, in the light of the provisions in the Companies Act 2006, ensure that the C&AG is appointed auditor of those company subsidiaries that it controls and/or whose activities are

consolidated into its own ARA. The OfS shall discuss with the Department the procedures for appointing the C&AG as auditor of the subsidiary companies. If the subsidiary is a new public body, then HM Treasury will always consider this to be novel and will require HM Treasury's prior approval, Cabinet Office controls relating to the establishment of new public bodies will also apply'

#### 11.4 Right of access

Subject to any data protection or other legal requirements, the Department has the right of access to all OfS records and personnel for any purpose.

## 12 Management and financial responsibilities

### 12.1 [Managing Public Money](#) and other government-wide corporate guidance and instructions

Unless agreed by the Department and HMT, as necessary, OfS shall follow the principles, rules, guidance and advice in [Managing Public Money](#), referring any difficulties or potential requests for exceptions, to the OfS sponsor team in the Department in the first instance. The sponsor team will be responsible for seeking advice from relevant departmental teams (Financial Controls and Governance Team) and HM Treasury. A list of guidance and instructions with which the OfS should comply is in [Appendix 1](#).

### 12.2 Delegated Financial Authorities Letter

The OfS shall comply with the financial delegations set out in the Department's letter of Delegated Financial Authority, to be issued separately.

### 12.3 Incurring expenditure

Once the budget has been approved by the Department and subject to any restrictions imposed by statute, the terms and conditions of grant, the Minister's instructions, and this Framework Document, the OfS shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:

- the OfS shall comply with the financial delegations set out in the delegation letters, and these delegations shall not be altered without the prior agreement of the Department;
- the OfS shall comply with [Managing Public Money](#) regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and
- the OfS shall provide the Department with such information about its operations, performance individual projects or other expenditure as the Department may reasonably require.

## 13 Risk management

### 13.1 Risk management strategy

The OfS shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance and the wider departmental approach. It will develop a risk management strategy, in accordance with the Treasury guidance [Management of Risk: Principles and Concepts](#). In addition, it should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with HM Treasury's guidance on tackling fraud. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.

OfS will have in place an information security policy and processes that provide assurance on the appropriate management and treatment of information across OfS.

### 13.2 Reporting risk

The OfS will share risk information with the Senior Sponsor and notify the Department's Audit and Risk Committee, via the sponsor team, of risks that need or may need action. The OfS's Risk and Audit Committee will provide independent advice on the effectiveness of risk management to the OfS Board. The OfS will:

- respond to departmental commissions for information on performance and risk as appropriate to support the Senior Sponsor in carrying out their role;
- maintain robust contingency and business continuity plans and will review and test these frequently; and
- report monthly to the Senior Sponsor on policy, significant organisational, and delivery risks, including progress toward delivering the register.

### 13.3 Value for money

The Act places an explicit statutory duty on the OfS to have regard to the need to use its resources in an efficient, effective and economic way. It also allows the OfS to arrange for the conduct studies on the efficiency and effectiveness of registered providers. The OfS should report on both in its ARA. The OfS should publish the results of efficiency, effectiveness and economy studies it carries out on registered providers under Section 69 of the Act.

### 13.4 Provider risk

The OfS will provide information to the Department on higher education provider level regulatory risks, such as how many and which providers have specific conditions of registration imposed.

## 14 OfS corporate and business plans

### 14.1 Corporate plan

The OfS shall submit to the Department a draft of its strategic corporate plan covering the next three years or the length of the current Spending Review period, whichever is greater. The OfS shall agree with the Department the issues to be addressed in the plan and the timetable for its preparation, which will be in line with the Department's business planning process. The plan shall reflect the OfS's general and/or other duties and, within those duties, the priorities set out in the annual Secretary of State's guidance (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how the OfS contributes to the achievement of the Department's priorities for the OfS/higher education and cover objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;

### 14.2 Business plan

In addition to the corporate plan, the OfS will also produce an annual business plan. This will comprise key targets and milestones for the year immediately ahead, a monthly budget profile. Resources shall be clearly allocated to objectives. Subject to any commercial considerations, a digest of the corporate and business plans will be published by the OfS on its website and made available to staff.

OfS will provide information for the Main and Supplementary Estimates each year as advised by the Department as well as other data as required for HM Treasury's Online System for Central Accounting and Reporting (OSCAR).

### 14.3 Content of the business plan

The following should be included in the business plan:

- key non-financial performance targets;
- an estimate of performance in the current year and remaining years within the Spending Review period;
- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and the volatility around any forecast amounts; and
- other matters as agreed between the Department and the OfS.

### 14.4 Advance sight of corporate and business plans

The OfS will give the Senior Sponsor advanced sight of its draft corporate and business plans, so that the Minister can be assured that the OfS has had due regard to the Secretary of State's guidance.

### 14.5 OfS input to Department's annual business planning

OfS will also input into the Department's annual business planning exercise updating detailed templates covering admin (including payroll information), programme and capital budgets for the year immediately ahead and future years as advised by the Department. This will include providing evidence to support any assumptions made. The OfS will work with the Department to meet any efficiency targets and to respond to any challenges arising as a result of this business planning work as agreed by the Department's Leadership Team.

## 15 Budgeting procedures

### 15.1 Budget information in the business plan

The approved annual business plan will take account both of approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

## 16 Grant-in-aid and any ring-fenced grants

### 16.1 Grant-in-aid voted

Any grant-in-aid provided by the Department for the year in question will be voted in the Department's Supply Estimate and be subject to Parliamentary control.

### 16.2 Timing of grant-in-aid

The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The OfS will comply with the general principle that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the OfS. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the Department will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year-end, such as creditors.

### 16.3 Ring-fenced grants

In the event that the Department provides the OfS separate grants for specific (ring-fenced) purposes, it would issue the grant as and when the OfS needed it on the basis of a written request. The OfS would provide evidence on request that the grant was used for the purposes authorised by the Department. The OfS shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year without prior agreement.

## 17 Reporting financial and non-financial performance to the Department

### 17.1 Regular reporting

The OfS shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans. The OfS shall inform the Department of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver Ministers' policies, and the achievement of key objectives regularly. As set out in paragraph 5.4, the OfS's strategic performance shall be formally reviewed by the Department quarterly. The Senior Sponsor will chair the strategic quarterly performance review and will be supported by a non-executive member of the Department's Board. Furthermore, the Secretary of State will normally meet the Chair and Chief Executive at least once a year.

### 17.2 Providing financial monitoring information to the Department

The OfS will be required to report their monthly outturn via the Multi-company translation tool (MCTT) that feeds into the Department reporting systems, as well as providing a monthly report summarising variances (and explanations of these variances) against budget, forecast and expected run rates for resource and capital budgets in a template agreed with the Department's Finance Business Partner team.

### 17.3 Forecasts

The OfS will also be required to provide monthly cash forecasts in line with the Department's cash management deadline to accurately forecast their cash flows in accordance with HM Treasury targets, and support the grant-in-aid cash requirement for the following month. This will enable the Department satisfactorily to monitor cash and budgetary limits, and report the following information to HM Treasury:

- the OfS's cash management;
- its draw-down of grant-in-aid;
- forecast outturn by resource headings;
- other data required for the OSCAR; and
- other data required for transparency reporting to the Cabinet Office and HM Treasury. OfS will submit its transparency data to the Cabinet Office via the Department's sponsor team.

### 17.4 OfS/departmental working-level liaison arrangements

There is expected to be quarterly meetings held between the Department's sponsor team, the relevant Finance Business Partner/s, and the OfS's Finance Director (or their representatives). The escalation of any issues arising from these meetings will be via the quarterly strategic performance review meetings referred to in paragraph 5.4. The Finance Business Partner/s, together with the OfS

sponsor team (as appropriate) will meet monthly with OfS officials to review financial performance against plans, achievement against targets and expenditure against its DEL and AME allocations.

There is expected to be weekly meetings held between the Finance Business Partner/s and the OfS Finance team to discuss day-to-day working-level finance queries, and there will be periodic meetings held between the Department's central finance team, the Business Partner/s and the OfS Finance team

#### 17.5 Sponsor team meetings with the OfS

The above meetings do not replace day-to-day reporting, working and meetings between the sponsor team and the appropriate OfS officials, such as are needed to explain wider policy developments that might have an impact on the OfS.

#### 17.6 OfS provision of information on higher education providers

The OfS will support the Department in developing new policy and monitoring the effectiveness of existing policy by providing information, analysis, and advice on higher education providers, as requested by the Department.

## 18 OfS delegated authorities

### 18.1 Delegated authorities

The OfS's delegated authorities will be set out in a separate Delegated Financial Authority letter issued to the OfS Accounting Officer by the Department. The OfS shall obtain the Department's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the OfS's annual budget as approved by the Department;
- incurring expenditure for any purpose that is or might be considered novel, contentious or repercussive, or which has, or could have, significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department;
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
- carrying out policies that go against the principles, rules, guidance and advice in [Managing Public Money](#).

## 19 Staff

### 19.1 Broad responsibilities for staff

Within the arrangements approved by the responsible Minister and HM Treasury, the OfS will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- the performance of its staff at all levels is satisfactorily appraised and the OfS performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the OfS's objectives;
- proper consultation with staff takes place on key issues affecting them, including with any recognised union;
- adequate grievance and disciplinary procedures are in place;
- whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place; and
- a code of conduct for staff is in place based on the Cabinet Office's [Model Code for Staff of Executive Non-departmental Public Bodies](#).

### 19.2 Staff costs

Subject to its delegated authorities, the OfS shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

### 19.3 Pay and conditions of service

The Department should have regard to chapter 5 of the Cabinet Office's [Public Bodies: A Guide for Departments](#) that provides guidance on staff issues in public bodies. The OfS's staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the Department and HM Treasury.

### 19.4 Terms and conditions

The Act grants OfS the power to determine staff terms and conditions with the approval of the Secretary of State. The OfS requires Secretary of State's approval for staff remuneration, including annual sign off for the pay remit. The OfS has no delegated power to amend these terms and conditions without Secretary of State's approval.

## 19.5 Handbook

Staff terms and conditions should be set out in an Employee Handbook,

## 19.6 Pay structure

The OfS shall operate a pay structure approved by the Department and HM Treasury. This will include a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by the Department.

## 19.7 Expenses

The travel expenses of Board members shall be tied to the rates allowed to senior staff of the OfS. Reasonable actual costs shall be reimbursed.

## 19.8 Legislation

The OfS shall comply with all applicable employment legislation.

## 19.9 Pensions, redundancy and compensation

OfS staff shall normally be eligible for a pension provided under the Civil Service Pension Arrangements and employees will be auto enrolled into the applicable scheme at the time of joining. Staff may opt out of the occupational pension scheme provided by the OfS, and any employers' contribution to any stakeholder scheme under the Principal Civil Service Pension Scheme (PCSPS) partnership arrangements shall normally be limited to the national insurance rebate level.

## 19.10 Change of pension arrangements

Any proposal by the OfS to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the Department and HM Treasury/Cabinet Office where applicable. Proposals on severance must comply with the rules in chapter 4 of [Managing Public Money](#) and Cabinet Office guidance on severance payments.

# 20 Review of the OfS

## 20.1 Review

In line with Cabinet Office policy for the tailored reviews of public bodies, OfS will undergo its first tailored review during 2021. It will then be reviewed at least once in the lifetime of each Parliament or sooner in the event of a significant change in the scope or direction of its primary aims. These reviews ensure, inter alia that OfS is delivering effectively against its aims and objectives.

## 21 Arrangements in the event that the OfS is wound up

### 21.1 Orderly winding up

The Department shall put in place arrangements that in the event that the OfS is wound up, this is done in an orderly way. In particular, it should ensure that the assets and liabilities of the OfS are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the Department.) To this end, the Department shall:

- ensure that procedures are in place in the OfS to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of the OfS's assets and liabilities;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts; and
- arrange for the most appropriate person to sign the closing ARA. In the event that another arm's length body takes on the role, responsibilities, assets and liabilities, the succeeding body's AO should sign the closing accounts. In the event that the Department inherits the role, responsibilities, assets and liabilities, the Department's Accounting Officer should sign.

### 21.2 Financial gains of developers

The OfS shall provide the Department with full details of all agreements where the OfS or its successors have a right to share in the financial gains of developers.

#### LIST OF APPENDICES

- Appendix 1 - List of government corporate guidance and instructions  
Appendix 2 - Summary of regular meetings and engagement  
Appendix 3 - Accounts Direction.

Signed.....

Signed..... and .....

Date.....

Date.....

(Permanent Secretary, Department for Education)

(Chair and Chief Executive of the OfS)

Signed.....

Date.....

(Minister for Universities, Science, Research and Innovation)

## APPENDIX 1. Government corporate guidance and instructions

The OfS shall comply with the following general guidance documents and instructions:

- This Framework Document
- Appropriate adaptations of sections of [Corporate Governance in Central Government Departments: Code of Good Practice](#)
- [Code of Conduct for Board Members of Public Bodies](#)
- [Guidance for Ministerial Appointments to Public Bodies](#)
- [Managing Public Money](#), including:
  - Chapter 6, Fees and Charges Guide;
  - Annex 5.6, Departmental Banking: A Manual for Government Departments
- [Public Sector Internal Audit Standards](#)
- [Management of Risk: Principles and Concepts](#)
- [HM Treasury Guidance on Tackling Fraud](#)
- [Government Financial Reporting Manual](#)
- Relevant [Dear Accounting Officer letters](#)
- [Regularity, Propriety and Value for Money](#)
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration <http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples> ;
- [Partnerships between Departments and Arm's Length Bodies: Code of Good Practice](#)
- Consolidation Officer Memorandum, and relevant DCO letters
- Relevant Freedom of Information Act guidance and instructions (Ministry of Justice)
- [Model Code for Staff of Executive Non-departmental Public Bodies](#)
- other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts
- Other relevant instructions and guidance issued by central departments
- Specific instructions and guidance issued by the Department
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the OfS

<https://www.gov.uk/government/publications/tailored-reviews-of-public-bodies-guidance>.

## APPENDIX 2. Summary of regular meetings and engagement

<b>OfS attendees</b>	<b>DfE or other attendees</b>	<b>Frequency</b>	<b>Paragraph in FD</b>
Chair, CEO, DFAP	Secretary of State	Minimum of once per year	5.4 & 17.1
CEO	Minister	Every 2 months	5.4
CEO, Chair, DFAP	Minister	Every 4 months	5.4
Student Representative	Minister	To be determined	5.4
OfS Board Meeting	Director General to attend as representative of Secretary of State	Every 2 months	5.4
Chair & CEO (plus DFAP on alternate occasions)	Senior Sponsor & Non-Executive Director from DfE Board	Quarterly strategic performance review	5.4
CEO	Senior Sponsor	Monthly	5.4
Student Representative	Senior Sponsor	Quarterly	5.4
DFAP	Deputy Director for Widening Participation	Quarterly	5.4
Finance director	DfE Finance Business Partner team & Sponsor team (and HMT as appropriate)	Quarterly	5.4, 17.4
Finance team	Finance Business Partner team (& sponsorship team as appropriate)	Monthly	17.4
Finance team	Finance Business Partner team	Weekly	17.4
Finance team	Central finance team & Finance Business Partner team	Periodically	17.4
Officials	Sponsor team	Regular, as required	17.5
Risk & Audit Committee representative	Audit & Risk Committee representative	To link & attend other party's meeting as appropriate	8.4
Remuneration Committee	HR representative	To attend as necessary	8.5

## APPENDIX 3. Accounts Direction



Department  
for Education

**ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE FOR EDUCATION,  
WITH THE APPROVAL OF HM TREASURY, IN ACCORDANCE WITH PARAGRAPH 12(2)  
OF SCHEDULE 1 TO THE HIGHER EDUCATION AND RESEARCH ACT 2017**

1. This direction applies to the Office for Students (OfS)
2. OfS shall prepare 15 month accounts for the period ended 31 March 2019, and then annually for all subsequent financial years to 31 March, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the department.
3. The accounts shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs at 31 March 2019 and subsequent financial year-ends, and of the income and expenditure (or, as appropriate, net resource outturn), changes in taxpayers' equity and cash flows for the financial year then ended; and
  - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed with the Department for Education and HM Treasury.

Signed for and on behalf of the Secretary of State for Education,

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Ian Coates  
Director  
13 March 2018