



**Minutes of OGA Board meeting on 20 April 2017
48 Huntly Street, Aberdeen**

Attendees:

Sir Patrick Brown	Chairman
Mary Hardy	Non-executive Director
Robert Armour	Non-executive Director
Frances Morris-Jones	Non-executive Director
Rebecca Vallance, BEIS	Shareholder Representative Director
Andy Samuel	Chief Executive
Nic Granger	Chief Financial Officer
Tom Wheeler (guest)	Director of Regulation
Gunther Newcombe (guest)	Director of Operations
Jim Christie	Head of Decommissioning
Russell Richardson	Company Secretary
Susan Gair	PS to Chief Executive
Fiona Gruber	Board secretary

Introductions

The Chairman welcomed board members to the meeting.

Minutes of February meeting

The board approved the minutes of the 21 March meeting for signature. Progress of outstanding actions was noted.

Conflicts of interest

No conflict of interest with any agenda item, or as a result of new appointments, was declared by any member of the board.

Audit committee report

The chairman of the audit committee reported that the 2016-17 external and internal audits are progressing well. The NAO has confirmed that the OGA is required to produce one trust statement, to cover the agency and company entities, rather than one for each.

Having reviewed the audit committee forward look, including looking at areas where the workload of the board and the audit committee might better be differentiated, the chairman of the audit committee suggested that the audit committee should undertake regular reviews of the risk register and assure mitigation actions, with the risk register being taken to the board just once a year. The board supported this proposal.

Remuneration committee report

The chairman reported that the March committee approved the proposed approach to annual bonus setting as a sensible basis for discussions with trades unions. The committee reviewed the chief executive's personal objectives and agreed that an additional objective, to achieve an OGA financial outcome within 95-100% of budget forecast, should be included.



The committee reviewed the chairman's objectives and agreed that they were comprehensive and clear.

Shareholder report

The shareholder director confirmed that some OGA work would be affected by the forthcoming general election and urged the OGA to review timescales and consider prioritising other activities in some cases. She undertook to share election guidance when available.

Chief executive report

The chief executive was pleased with progress being made by industry and was satisfied that the benchmarking exercise had landed well with managing directors. He feels that the MER UK steering group is working very well. He will use that forum to keep industry informed of the implications for OGA activities of the general election.

He is however concerned that some signs of complacency are becoming apparent. He is conscious that, whilst tripartite action has been effective and boundaries are now understood, the OGA would need to push on and be robust where behaviours fail to improve.

He underlined the importance of pushing industry to be transparent on infrastructure costs if initial targeted approaches do not bear fruit.

The HR team is working to enhance the OGA learning and development portfolio, develop a talent management programme, and it continues to offer staff access to an insights programme.

Chief financial officer report

The CFO informed the board of the provisional financial out-turn for 2016-17, showing an underspend of £252k compared with budget.

The finance team is working with the BEIS finance team to resolve some unexpected accruals and the CFO assured the board that, following the recent introduction of the OGA finance system, the finance team would in future be able establish a clear monthly financial out-turn more quickly.

The new finance and HR systems were introduced successfully, although problems with the self-service facilities have required manual solutions to be implemented in the short-term.

The board thanked the CFO for her patience and determination in working with the legacy finance system and for her successful implementation of the new system.

Unlocking investment thought paper

The director of regulation presented his paper, which fleshes out ideas for new business models to unlock investment in the UKCS. The board commended the ideas and analysis in the paper and agreed that they should be discussed more widely in government and with



industry. It agreed that the next step would be to articulate the economic case for the ideas set out in the paper.

Regulation update and case register review

The director of regulation confirmed that the case review process is working well and is proving effective in resolving cases before sanctions are considered. To date, just one case has been transferred from operations to regulation.

The board noted that the case register included the right amount of detail to provide an overall picture of the number and types of cases.

The director of regulation briefed the board on Rhum and undertook to provide a further update for the May board meeting. The board asked that any decision on Rhum be brought to the board.

Decommissioning cost update

The director of operations and the head of decommissioning updated the board on the current decommissioning landscape and set out the extent of the OGA's consultation to date.

The head of decommissioning presented both deterministic and probabilistic decommissioning cost estimates, and recommended the OGA opt for a probabilistic estimate range, showing the deterministic number as a starting point.

The board supported his recommendation and asked to review the final proposal before publication.

Risk strategy and risk register

The company secretary presented an updated risk strategy and risk appetite paper. The board endorsed the paper, making one small drafting change.

The board made a number of comments on the refreshed risk register and noted, as above, that the audit committee would in future undertake regular reviews of the register.

Annual report and accounts

The board reviewed the draft annual report and accounts and will suggest any amendments in writing to the company secretary.

Future meetings

The Board reviewed the forward look and agreed to reschedule the October board meeting, acknowledging that on this occasion it would be held in London. The date for the planned offshore visit is expected to be confirmed shortly.

AOB



**Oil & Gas
Authority**

Company number: 09666504

The board agreed that it should arrange an externally facilitated board effectiveness review early in 2018.

A handwritten signature in black ink, appearing to read 'Patrick', written over a dotted line.

Chairman

A handwritten date '18th May 2017' written in black ink over a dotted line.

Date