



Oil & Gas Authority

Minutes of OGA Board meeting on 17 February 2016 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
Andy Samuel	Chief Executive
John Ogden	Chief Financial Officer
Stephen Speed, DECC	Sponsor Director
Stuart Payne (guest)	Director, HR and Change
Eva Zuckschwerdt	PS to Andy Samuel
Fiona Gruber	Board secretary

Introductions

The Chairman welcomed Stuart Payne to the meeting.

Minutes of January meeting

The Board approved the minutes of the 19 January meeting. Progress of outstanding actions, as recorded in the action log, was noted.

Conflicts of interest

No conflict of interest with any agenda item was declared by the Board.

Following a discussion of OGA staff declarations of oil and gas shareholdings, the Board agreed that OGA policy should require staff to: seek permission before selling declared shareholdings; not buy new shareholdings; declare any material conflicts of interest to stakeholders in advance of meetings.

Action: Chief Financial Officer to finalise conflicts of interest policy and issue guidance letters to staff with potentially material conflicts of interest.

Staff performance plan

The Head of HR and Change presented the proposed staff performance plan to the Board, highlighting the balance struck between continuity from the current DECC scheme and new features which reflect the views of external advisers and OGA staff.

The Board was broadly supportive of the plan but made a number of suggestions to enhance it, as recorded in the action log.

Action: Head of HR and Change to present a revised performance plan to the Remuneration Committee, for its approval, in March.

Chairman's report

The Chairman introduced a proposal to enshrine a recent decision regarding potential intervention regarding a licensee in financial distress as an OGA policy. There was a discussion as to whether such decisions should remain business decisions, rather than set as policy, and the Board agreed that the OGA should agree a public statement which makes clear that each decision is made on its own merits in the context of MER UK. The Board agreed that further discussion on when the OGA should intervene in distressed licensee and other decisions would be needed.



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The Chairman informed the Board that the non-executive directors had unanimously nominated Frances Morris-Jones as the Senior Independent non-executive Director (SID) and that he would now seek the DECC Secretary of State's endorsement of her appointment.

Actions: Board secretary to prepare a paper on regulatory decision-making for Board review and draft the public statement as discussed.

Chairman to seek the DECC Secretary of State's endorsement of the appointment of the OGA's Senior Independent Director. [N.B. DECC later confirmed that no such endorsement is required].

2016-17 budget assumptions

The Chief Financial Officer presented the assumptions behind the 2016-17 budget. Noting that 2016-17 would be the first year when licensees would be invoiced for a full year of the levy, the Board asked whether invoices could be issued in two stages, one every six months, to mitigate the impact on operators during a very difficult period for the industry.

Action: Chief Financial Officer to consult DECC finance on the potential to stage 2016-17 levy invoices.

Sponsor's report

The Sponsor Director thanked those Board members who were interviewed as part of Gateway Review of the Wood Review Implementation Programme and promised to share the report when finalised. He confirmed the programme would close when the OGA was vested, currently anticipated in mid-July.

The Energy Bill has progressed through the Committee stage in the House of Commons and the Wood Review team is satisfied with the OGA parts of the Bill as they now stand. The Bill is expected to reach the Report stage in mid-March.

Chief Executive's update

The Chief Executive confirmed that the low oil price contingency team had now been established as a stand-alone programme within the OGA, with staff reassigned from elsewhere in the organisation.

The OGA currently has access to external advice on contingency planning for potential administration situations but Andy emphasised the need for additional cross-Whitehall operational support.

The OGA is considering its licensing strategy, including the potential to introduce more flexibility. A strategy will be brought to the Board in April.

Following the recent announcement of Government funding for the Oil and Gas Technology Centre, the Chief Executive emphasised the importance of the Technology Leadership Board formulating a clear technology development plan.

The OGA 2016-21 Corporate Plan has been finalised and will be published shortly.

Action: Board secretary to issue a background paper on Sullom Voe Terminal and the Shetland Gas Plant in advance of April Board meeting.

Audit and Risk Committee (ARC) report on the risk register

Mary Hardy presented the ARC's report on the OGA's risk register, focusing on both the format and content of the register. She emphasised the need for assurance of the effect of mitigating actions and recommended the addition of a net risk column. She highlighted specific points on the descriptions of risks, which were accepted by the Board. The ARC requested assurance on the mitigating actions for two specific risks for the March ARC meeting.

Actions: Board secretary to revise the risk register prior to its review by the leadership team in April.
Board secretary to provide assurance on two mitigating actions for March ARC meeting.



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Finance update

The Chief Financial Officer confirmed that collection of the 2015-16 levy is largely on track.

The final, data analysis, workstreams of the seismic programme are on schedule.

The National Audit Office is reviewing the period 9 accounts and will start its interim field work on the year end accounts in March.

Work to procure appropriate managed services is ongoing and the team is being strengthened so as to enhance monthly forecasting.

Future meetings

The Director of Technology, Supply Chain and Decommissioning will present her Information Services plan at the March Board meeting, with the Director of Exploration and Production presenting his exploration plan and strategy for the future of Licensing in April.

ARC members agreed to reschedule two forthcoming ARC meetings to ensure all non-executive directors were able attend.

There was no other business.

Board secretary
February 2016