

**Minutes of OGA Board meeting on 22 June 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
Brooke Camfield	Head of Financial Reporting
Gunther Newcombe (guest)	Director of Operations
Brenda Wyllie (guest)	NNS Area Manager
Stuart Payne (guest)	Director of HR and Supply Chain
Jim Christie (guest)	Head of Decommissioning
Weng Lam (guest)	Project Manager, Core IT project
John Seabourn (guest)	Head of Digital Services
Russell Richardson	Company Secretary
Fiona Gruber	Board secretary

Introductions

The Chairman welcomed board members to the meeting.

Minutes of May meeting

The board approved the minutes of the 18 May 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.

2016-17 annual report and accounts

The CFO and company secretary introduced the draft annual report and accounts, noting that the NAO audit was ongoing and the three sets of accounts (Executive Agency, government company and Trust Statement) remained subject to review by the audit and risk committee and auditor approval.

The CFO explained that the Executive Agency accounts had been restated to ensure that the treatment of cash balances is consistent with that in the company accounts.

The CFO further reported that Managing Public Money principles prevent the use of levy funding for capital expenditure. BEIS is therefore considering reclassifying part of its grant funding as capital expenditure. The OGA will need to review its future capital spending needs but noted that forthcoming accounting changes may also require office rental costs to be classed as capital spend.



The company secretary noted a number of amendments to the annual report, which will be included in the final version.

Finance report

The CFO updated the board on the OGA's current financial position. The amount of levy invoiced for 2017-18 is lower than envisaged due to a number of licences having been relinquished. The leadership team has agreed to freeze uncommitted programme spend for a short period and will consider which activities might be reprogrammed, however there may be a potential request to BEIS to fund the shortfall.

Shareholder report

The shareholder representative director confirmed that, following the general election, BEIS ministers have been appointed, with Greg Clark remaining as Secretary of State.

The shareholder team is working hard to take forward the OGA regulations which were on hold during purdah.

Amended Articles of Association have been agreed with BEIS and will be adopted by shareholder resolution in due course.

Only the remuneration committee was present for the next item.

Succession planning

The Director of HR and Supply Chain briefed the board on succession planning work. He was pleased to report that eight members of staff had been promoted in the past six months, whilst noting that, given its size, the OGA would expect to have to look externally to fill some specialist functional roles.

The board was broadly satisfied with the outcome of the review but asked for additional detail, particularly on those roles to which it may be harder to attract strong external candidates. The board discussed a number of forthcoming staff changes in business critical areas and wondered what more the OGA could do to attract industry talent, including through secondments, as appropriate.

The board underlined the importance of effective performance management and assured management of its full support for the procedures introduced in 2016.

Decommissioning cost estimate

The director of operations and head of decommissioning updated the board on the cost estimate report, which is due to be published at the end of June. They explained that a 35% cost reduction is the norm in other industries, where a concerted effort is made, and noted that the contribution of technology to falling costs would only be felt over time.

The board commended the head of decommissioning for a comprehensive and quality report.



West of Shetland area plan proposal

The NNS area manager presented her proposal for a West of Shetland area plan to address the infrastructure limitations and opportunities in the area. Her proposal breaks the area into four main parts: Laggan Tormore, Northern Hub, Rosebank and West of Shetland Pipeline System. The strategy will be built on four principles: no gain no loss access to fuel gas, ring main solutions, offshore treatment of gas and considering larger licensing blocks or early joint ventures.

The board was encouraged by her clear, detailed plans and was confident that West of Shetland is another good region to make area plans tangible.

Chief Executive report

The Chief Executive is satisfied with the way the OGA is using its powers, with well-timed letters resolving most situations.

He is looking forward to launching the 30th round, which is supported by very consistent and high quality data montages, which have been well received by industry. The production efficiency report landed well and the tight gas strategy will be published shortly.

He cautioned that the complexity of area plans should not be underestimated and that the OGA would need to prioritise its efforts carefully.

He is beginning to see more good progress on cultural change in industry, with promising conversations at the MER UK steering group and more people leading by example. Good examples of better behaviour are also becoming apparent in technology and supply chain.

Information management and core IT project presentations

The head of digital services and the project manager of the core IT project updated the board on progress on data, GIS and the introduction of the OGA's new IT system. The board agreed that the data centre has been a major success and is integral to the OGA's work. Directors were pleased that the core IT project had established an effective user group to pilot new hardware.

The board commended both teams for the tremendous progress made over the past 18 months.

Future meetings

The Board reviewed the forward look.

There was no other business.

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Chairman



Oil & Gas
Authority

Company number: 09666504

4 September 2017
Date