

THE COUNCIL

Minutes

This paper presents the unconfirmed Minutes of the last meeting of the Council held on Tuesday 13 May 2014 at 10.00am in the Hub Theatre, The Open University, Walton Hall, Milton Keynes, MK7 6AA.

The Council **approved** these Minutes as a correct record of the meeting, at its meeting held on Tuesday 15 July 2014 (C-2014-03-M).

Alan Burrell
Acting Secretary to the Committee

Julie Tayler
Working Secretary to the Committee
Email: julie.tayler@open.ac.uk
Tel: 01908 332729

THE COUNCIL

Minutes of the meeting of the Council held on Tuesday 13 May 2014 at 10.00am in the Hub Theatre, The Open University, Walton Hall, Milton Keynes, MK7 6AA.

Present: Lord Haskins (Chair), the Vice-Chancellor, Mr E Briffa, Mr H Brown, Mrs M Cantieri, Professor J Draper, Mrs S Dutton, Mr A Freeling, Mr B Heil, Prof K Hetherington, Mr R Humphreys, Mr B Larkman, Dr C Lloyd, Mrs S Macpherson, Mrs R McCool, Mr W Monk, Dr T O'Neil, Mr C Shaw, Mr R Spedding, Mrs R Spellman, Prof W Stevely

In Attendance: Acting University Secretary; Pro-Vice-Chancellor (Academic); Pro-Vice-Chancellor (Learning and Teaching); Pro-Vice-Chancellor (Research, Scholarship and Quality), Director Students; Finance Director; Commercial Director, Head of Governance; Senior Manager (Governance)

Mr G Mallison, Director, Strategy (for item 7 only)

Observing: Mr L Hudson, (Director Communications)

Apologies: Dr I Falconer, Dr G Walker

1 DECLARATION OF INTERESTS

There were no declarations of interest.

2 MINUTES

C-2014-01-M

The Council **approved** as a correct record the minutes of the business meeting held on 11 March 2014.

3 MATTERS ARISING

C-2014-02-01

The Council **noted** the responses to the matters arising from the last meeting, which were not dealt with elsewhere on the agenda.

4 CHAIR'S BUSINESS

The Chair had no business to report that was not dealt with elsewhere on the agenda.

5 VICE-CHANCELLOR'S REGULAR REPORT

The Vice-Chancellor, Martin Bean, reported that:

- a) in March 2014, the Higher Education Funding Council for England (HEFCE) had confirmed that the OU's share of the Student Opportunity Allocation (SOA) would increase from around £30 million in 2013/14 to £34.7 million in 2014/15;
- b) the Scottish Funding Council (SFC) was planning to increase its core teaching grant to The Open University in Scotland by 3.5 per cent in 2014/15. The SFC had also increased its Knowledge Exchange Grant to the OU by 99 per cent, and awarded the University a £1.2 million grant to lead a project developing open education in Scotland;
- c) on 29 April 2014, the University had marked the 45th anniversary of its Royal Charter being granted in 1969;
- d) the Enquirer Experience Programme (EEP) website had been launched in April 2014;
- e) the OU's new MBA app had just been made available on iTunes;
- f) the OER Research hub project had been awarded the 2014 Open Research Award of Excellence by the Open Courseware Consortium;
- g) the OU had been awarded two departmental Athena SWAN bronze awards in recognition of its support to women in science, technology, engineering, medicine and mathematics, bringing the OU's total number of awards to three;
- h) in April 2014, the OU had signed Memoranda of Understanding with two major Chinese institutions:
 - i) the Beijing Beiyi Investment Management Co, to collaborate with Peking University Faculty of Medical Science to jointly explore the development of Dementia Care and Senior Citizen programmes;
 - ii) the Co-ordinating Group of the National Association of Universities for Distance Learning, signalling the exploration of a new relationship with a wider group of 68 'first tier' Chinese universities focused on distance learning.

6 REPORTING INSTITUTIONAL PERFORMANCE - 2014 C-2014-02-02

Minute items 6.1 to 6.10 are detailed in C-2014-02-CM (Confidential Minutes).

7 CLOSURE OF THE EAST GRINSTEAD REGIONAL OFFICE PREMISES C-2014-02-03

Minute items 7.1 to 7.21 are detailed in C-2014-02-CM (Confidential Minutes).

8 HEFCE ASSESSMENT OF INSTITUTIONAL RISK 2012-2013 C-2014-02-04

8.1 The Finance Director, Miles Hedges, commented that the opinion provided by HEFCE that the OU was 'not at higher risk' was the best that could be given.

8.2 A member observed that whilst it was understood that staff costs as a percentage of the total income would be higher in the OU model than elsewhere in the sector, the growth in these costs also appeared to be higher than in other institutions. The Finance Director explained that in 2011-12 and 2012-13 there had been significant expenditure on marketing and other non-pay items, which had resulted in a peak in non-pay spend.

Consequently, this had depressed the value of staff costs in terms of total income. However, actual staff costs were relatively flat in cash terms.

8.3 The Council **noted** that the University had been assessed as 'not at higher risk'.

9 FORECAST OUTTURN

C-2014-02-05

9.1 The Finance Director introduced the paper, which forecast an outturn deficit of £6.4 million in 2013/14 based on the second quarter's results, and outlined the forecast variances in income and expenditure. The inherent variability of teaching related income in England was higher now than under the previous funding regime for two reasons: HEFCE had abandoned its previous plus or minus 5% tolerance band, which had exacerbated the impact of any adjustments to the grant that might be made up to two years after the end of the financial year in which students commence modules; and, the lack of information from the Student Loans Company (SLC) on the state of students' loan applications.

9.2 The Treasurer welcomed the effect of management actions to reduce expenditure in bringing the overall forecast deficit below the figure originally budgeted. The greater inherent variability of teaching income was something that the University would have to manage.

9.3 The Council **noted** the 2013-2014 forecast consolidated outturn of £6.4 million deficit.

10 FINANCE COMMITTEE

C-2014-02-06

10.1 The Treasurer, Howard Brown, introduced the paper and highlighted a number of issues that had been discussed by Finance Committee.

10.2 Minute 6 outlined the funding body grant announcements for 2014/15 and the adjustments to current and prior year grants. Whilst the HEFCE grant had been above expectations, this was tempered by the fact that the core teaching grant was lower than expected and the whole of the increase had been in the Student Opportunity Allocation (SOA) which could have a significant impact in the future.

10.3 The recovery of new regime student fees was an issue that was being taken very seriously by both the management and Finance Committee (Minute 9). The Committee were carefully monitoring the approach of the SLC to ensure that the University took appropriate action.

10.4 Referring to minute 9.4, a member requested further detail regarding the issue of students who initially indicated that they planned take out a student loan via SLC, but then did not. The Finance Director responded that students had up to 9 months to apply for a loan after the start of their module. The rationale was to provide students with more choice and the opportunity to change their mind as a result of a change in circumstances. However, the University did not get informed of such changes. The University's Student Registration Services were now being more proactive in reminding students of their obligations to apply for a loan, and in working with SLC to align processes.

10.5 In response to a query from the Chair, the Finance Director said that this did not affect full-time students, who applied once to SLC for two elements of the student loan: tuition fees, which were paid directly to the university, and maintenance costs, which were paid directly into the students' bank accounts. The application for both aspects of the loan triggered the payment of the fees to the university. Both the HE sector as a whole and the SLC were learning lessons as the new funding system unfolded.

10.6 A member observed that this appeared to represent a free option for students who needed funding, which was not available for those who did not. It was important that the University found a way to manage this. The Finance Director said that students who

dropped out after 14 days became liable to repay 25% of their fee loan, which would be paid to the University; after 3 months, they would become liable for 50%; and beyond 3 months, they would have to pay back the entire loan. Allowances for non-receipt of fees due to complete and partial withdrawals had been included in the financial projections for net fee income.

- 10.7 The Finance Director confirmed that tuition fees had to be paid either up-front to the University or through a loan from Open University Student Budget Accounts Limited (OUSBA) in Scotland, Wales and Ireland. This was not the case in England, where the fees were higher, but the income contingent loans from SLC made higher education free at the point of access. From September 2014, loans would become available in Wales and the conditions for paying them back would be the same, although the fee levels would remain at the current level for students in Wales.
- 10.8 In response to a query from the President, OUSA, the Finance Director clarified that a student could register with the University, state that they were going to apply for a loan, not apply but commence their study, and then apply for the loan at the end of the module. The University was doing all it could to encourage students to apply earlier than 9 months after the module start date. The Vice-Chancellor said that the University erred on the side of benevolence, but that the Director, Students was working with students to ensure that they understood their obligations. The Chair remarked that if the University was to take a tougher line, it would impact on student numbers.
- 10.9 The Treasurer also commented on the fundamental changes in the financial reporting standard from 2015/16 (Minute 10). Finance Committee had agreed a number of key accounting policies for that year in order to assist with the implementation plan for adopting the new standard.
- 10.10 The Council **noted** the unconfirmed minutes of the meeting of the Finance Committee held on 25 March 2014 (F-2014-02-M).

11 STRATEGIC PLANNING AND RESOURCES COMMITTEE **C-2014-02-07A**
C-2014-02-07B

11.1 In response to a query from the Chair, who commented that the political landscape paper was extremely useful, the Vice-Chancellor confirmed that Rajay Naik, Head of Government and External Affairs, had counterparts in Scotland, Wales and Northern Ireland. It was a highly effective team.

11.2 The Council **noted**:

- a) the unconfirmed Minutes and Confidential Minutes from the meeting (SPRC-2014-02-M and SPRC-2014-02-CM);
- b) the updated paper presented to SPRC on the UK Political Landscape and Funding Environment (SPRC-2014-02-04 updated);
- c) the recommendations from SPRC on Organisational Change (SPRC-2014-02-02) were dealt with elsewhere on the agenda (C-2014-02-03)

12 REMUNERATION COMMITTEE – REVIEW OF ANNUAL SENIOR STAFF REMUNERATION PROCESS **C-2014-02-08**

12.1 The Acting University Secretary, Alan Burrell, introduced the paper, which provided recommendations to simplify the remuneration process for professorial and equivalent staff below Head of Unit by devolving decisions to Heads of Unit.

- 12.2 A Senate member of the Council, who was a Head of Unit, welcomed the proposals, which provided greater clarity to the remuneration process. However, he was concerned that it might increase the number of appeals. The member also asked about the process for agreeing additional remuneration to professors on Band 3 with a single spine point. The Acting University Secretary said that the current process did not allow for an appeal, so any issues that arose would be dealt with as normal by the Head of Unit. The guidance to be circulated to Heads of Unit would include Band 3 professorial remuneration increases.
- 12.3 A member commented that the deletion of Terms of Reference (ToR) 5 appeared to suggest that the annual report to the Council would be on staff on professorial or equivalent grades, when it should be on all staff. The Acting University Secretary agreed that this should be clarified.

Action: GT

- 12.4 The Council **approved**:
- a) the recommendation that decisions on awards for professorial and equivalent staff below Head of Unit are devolved to Heads of Unit;
 - b) the revised Terms of Reference for Remuneration Committee (C-2014-02-08-Appendix).

13 THE SENATE **C-2014-02-09**

The Council **noted** the report on the following items that were discussed at the meeting of the Senate held on 2 April 2014:

- a) Academic Governance Review;
- b) The Enquirer Experience;
- c) Motion to the Senate.

14 MEMBERSHIP COMMITTEE **C-2014-02-10**

- 14.1 The Chair introduced the paper, which recommended the appointment of two new external members of the Council, who would also serve on Council Committees, and the reappointment of three external co-opted members of Council Committees. If approved, the new Council members would be invited to observe the July meeting of the Council. A member suggested that the nominees also be invited to attend the next meeting of the relevant Council Committee.
- 14.2 The Council:
- a) **approved**
 - i) the appointment of the following as external co-opted members of the Council for an initial term of four years from 1 August 2014 to 31 July 2018:
 - 1) Ruth Giradet;
 - 2) Sue Unerman.
 - ii) the appointment of Ruth Giradet as an external co-opted member of the Council to be Chair of Development Committee for an initial term of four years from 1 August 2014 to 31 July 2018;

- iii) the appointment of Sue Unerman as an external co-opted member of the Council on the Strategic Planning and Resources Committee (SPRC) for an initial term of four years from 1 August 2014 to 31 July 2018;
- iv) the reappointment of the following external co-opted members of Council Committees (as agreed by the Committee at its meeting on 12 February 2014 and reported to the Council on 11 March 2014 [C-2014-01-12A]):
 - 1) Chris Hughes to the Audit Committee from 1 August 2014 for 4 years;
 - 2) Curtis Juman to the Audit Committee from 1 August 2014 for 4 years;
 - 3) Jonathan Potts to the Staff Strategy Committee from 1 August 2014 for 2 years.

b) **noted** the unconfirmed Confidential Minutes of the Meeting.

15 DECLASSIFICATION OF COUNCIL PAPERS

The Council **agreed** that the following papers should remain confidential:

C-2014-02-02 Institutional Performance Report 2014
C-2014-02-03 Closure of the East Grinstead Office Premises
C-2014-02-07B Strategic Planning and Resources Committee Confidential Minutes

The following papers could be declassified:

C-2014-02-08 Remuneration Committee
C-2014-02-10 Membership Committee

16 NEXT MEETING

The next ordinary business meeting of the Council will be held on Tuesday 15 July 2014 at 9.45am for 10.00am in the Hub Theatre, The Open University, Walton Hall, Milton Keynes, MK7 6AA.

17 REVIEW OF MEETING

The Vice-Chancellor requested that the Council respect the confidentiality of the Council discussions regarding East Grinstead. The Council decision would be announced to East Grinstead staff later that day, and subsequently there would be an announcement on OU Life. Council members would be copied in to anything that was circulated.

Action: KZ

Alan Burrell
Acting Secretary to the Committee

Julie Tayler
Working Secretary to the Committee
Email: julie.tayler@open.ac.uk
Tel: 01908 332729