

THE COUNCIL

Minutes

This paper presents the confirmed Minutes of the last meeting of the Council held on Tuesday 25 November 2014 at 10.00am in the Hub Theatre, The Open University, Walton Hall, Milton Keynes, MK7 6AA.

The Council **approved** these Minutes at its meeting on Tuesday 10 March 2015 as a correct record of the meeting, subject to an amendment in minute 10.9. (C-2015-01-M, minute 3.1)

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Secretary to the Committee

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THE COUNCIL

Minutes of the meeting of the Council held on Tuesday 25 November 2014 at 10.00am in the Hub Theatre, The Open University, Walton Hall, Milton Keynes, MK7 6AA.

Present: Lord Haskins (Chair), Mr M Bean (Vice-Chancellor), Mr H Brown (Treasurer), Mrs R Tudor (OUSA President), Mrs S Dutton, Ms R Girardet, Mr B Heil, Mr B Larkman, Mrs S Macpherson, Dr J Miller, Mr W Monk, Dr T O'Neil, Prof H Rymer, Mr C Shaw, Mr R Spedding, Dr Clare Spencer, Prof W Stevely, Ms S Unerman, Dr G Walker, Prof J Wolffe, Mr J Yeo.

In Attendance: 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 (Working Secretary).

Observing: Mr L Hudson, (Director of Communications), Mrs I Goodwin, Ms Kathryn Baldwin (for item 6)

Apologies: Mr J Newman, Mrs R McCool, Mrs R Spellman.

1 WELCOME

The Chair, Lord Haskins, welcomed Ruth Tudor, the new OUSA President, and Ruth Girardet, Sue Unerman, Dr Clare Spencer, Dr James Miller, Professor Hazel Rymer, Professor John Wolffe and Jake Yeo to their first meeting as members of the Council.

2 DECLARATION OF INTERESTS

There were no declarations of interest.

3 MINUTES

C-2014-03-M

- 3.1 Referring to Minute 13.3, the Chair of the Estates Committee, Bill Monk, remarked that he had not said that the warehouse in Wellingborough had been sold, but that a purchaser had been found and a price agreed. The minutes should be amended to reflect this situation.

Action: GovTeam

- 3.2 The Council **approved** as a correct record the minutes of the business meeting held on 15 July 2014, subject to the above amendment.

4 MATTERS ARISING

C-2014-04-01

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

5 CHAIR'S BUSINESS

The Chair announced that Professor Tim Blackman, Pro-Vice-Chancellor (Research, Scholarship and Quality) [PVC (RSQ)], would be taking over as acting Vice-Chancellor following Martin Bean's departure. Professor Blackman was a very experienced Pro-Vice-Chancellor, and would work with the Vice-Chancellor's Executive (VCE), Extended Leadership Team (ELT) and Senior Team to lead the University during the transition to the new Vice-Chancellor. An announcement would be made at the end of the week, but until then Council members were asked to treat this information as confidential.

6 VICE-CHANCELLOR'S REGULAR REPORT

- 6.1 The Vice-Chancellor, Martin Bean commented that Professor Tim Blackman would do a wonderful job for the University as Acting Vice-Chancellor and, with the help of VCE, would keep the OU on a safe and steady course during the interim period.
- 6.2 Referring to the landing of the Philae probe on comet 67P, over 300 million miles from Earth, the Vice-Chancellor said that this was an event that would change the face of space research forever. He expressed his pride in all the scientists at the OU for their contribution to this breakthrough, which had put the University back on the world stage as a research university. The Dean and Director of the Faculty of Science, Professor Hazel Rymer, was asked to convey the Council's congratulations and best wishes to her colleagues.
- 6.3 The University Secretary, Fraser Woodburn, reported that overall the University had achieved its student number targets for October 2014. In terms of full time equivalent (FTE) students registering in the new fees and funding regime in England, the University had achieved 99% of what had been a challenging target; and the overall number of returning students had exceeded target. In both Scotland and Wales, new student numbers had been 15% above target. The University had reached only 80% of its target for new FTE students in Northern Ireland, and 95% overall, but funding reductions meant that it had comfortably met its target for funded student numbers. Postgraduate student numbers had again failed to meet target and, whilst the OU's intake had declined less than that in the postgraduate market overall, it would be important to recognise the external situation when setting future targets. The international market had shown significant growth year on year, but student numbers had still not reached the ambitious targets set by the University. As in the UK, international postgraduate numbers were under target.
- 6.4 Referring to the Finance and Audit Committee discussions on withdrawals, the University Secretary said that students had always withdrawn from their studies, but it was not always clear when they had done so. The implications of this were now different in the new high-fee low-funded environment, so it was necessary to be more rigorous about identifying those who were not engaging in study. Whether the number of withdrawals was more or less than the budget assumption was not yet known but the figures would be reflected in the January forecast, which would be reported to the Council.
- 6.5 The Vice-Chancellor commented that universities in the UK continued to operate in a challenging environment. He thanked everyone for their continued work in overseeing the development and delivery of a fantastic student experience. The OU remained by far the largest university in the UK and retained a strong position as a world-leader in open distance learning.
- 6.6 Introducing the Vice-Chancellor's Annual Report, the Director of Communications, Lucian Hudson, observed that this was the first public document to report on the OU's student

number and FTE achievements for 2013/14, as well as on the University's financial summary. The report built on the work of Strategic Communications Programme (SCP) messaging and Brand Expression work, promoting the "ripple" effect and impact of the OU through its distinctive combination of teaching and research. This year, the report established a framework that demonstrated how the OU delivered life changing learning in four areas: research, students, employers and philanthropy. The report would be available on 8 January 2015, both in printed form and as a PDF on the 'About the OU' and Nations websites, including a bi-lingual PDF on the Wales Nation website. The report would be circulated to all senior stakeholders. A new development for 2015 would be a cut down and tailored A5 version of the report, targeted at OU alumni to encourage their engagement, advocacy and philanthropy. A PDF version tailored to employers and key Business Development Unit (BDU) contacts was also being produced to demonstrate the University's impact on business, the economy and specific solutions for employers. The report included approximately a dozen case studies, demonstrating equality and diversity and representing the Nations. A member welcomed the focus on the four UK Nations.

- 6.7 The Vice-Chancellor said that the report was a great summary of the year, and one that illustrated the positive, life-changing impact that studying with the OU could have on its students. Speaking at the University of Cape Town in 1966, Bobby Kennedy had spoken about the ripple effect of change, the motif running through this year's Annual Report - "Each time a man stands up for an ideal, or acts to improve the lot of others, or strikes out against injustice he sends forth a tiny ripple of hope, and crossing each other from a million different centers of energy and daring, those ripples build a current which can sweep down the mightiest walls of oppression and resistance." This was a strong statement, but one that reflected the power of possibilities; possibilities that the University helped to turn into reality.
- 6.8 The Vice-Chancellor also reported on:
- a) the virtual learner engagement event, held for the first time in 2014 with Student Hub Live. This live, interactive event had linked new students to the academic community over two days, with about 1,000 students following the live streaming and engaging in chat;
 - b) the OUSA's excellent fresher's fair, first trialled in February 2014. The OUSA fresher website had had more than 23,000 visits and had received overwhelmingly positive feedback;
 - c) the significantly expanded and restructured new undergraduate Psychology curriculum, which had just been accredited by the British Psychological Society;
 - d) the Chinese Characters First Steps app team in the Faculty of Education and Language Studies (FELS), which had won the prestigious Ed2.0 Work Network European Competition. The award was made for the way in which Internet technologies and mobile apps were used to enhance teaching;
 - e) the award of 'Exporting Excellence' made to BDU at the Education Investor awards. This award recognised the activities of OU Worldwide in working with international partners around the world. Working with colleagues across the University, Steve Hill, Commercial Director, and his team in BDU have found new ways to draw on the OU's distance learning expertise to support partners to develop new study options for their students;
 - f) the award of the first ever Chandler Davis Prize for Expository Excellence by the Mathematical Intelligencer to June Barrow-Green. The annual prize had been established to encourage and reward excellent expository writing in mathematics.

- 6.9 The Vice-Chancellor thanked the Pro-Chancellor, Chris Haskins, who was attending his last Council meeting. Lord Haskins had been invaluable as a mentor and wise friend, who had always had the best interests of the OU at heart.
- 6.10 The Vice-Chancellor said that it had been an honour to report regularly to the Council, a group whose collective passion, dedication and hard work had demonstrated the power of great governance. He felt immensely privileged to have had the job of Vice-Chancellor at The Open University for the last 5 years, and he thanked the Council for sharing the journey with him.

7 A CASE FOR SUPPORT – THE OU’S 50TH ANNIVERSARY FUNDRAISING CAMPAIGN **C-2014-04-02**

- 7.1 The Director of Development, Edit Prak, gave a presentation on the work of the Development Office and the OU’s 50th Anniversary Campaign. A similar presentation had been made to the Council in March 2013, but much progress had been made since then. The focus of the presentation was on fundraising, rather than the International Development Office (IDO), and it illustrated that income from major gifts, annual funds and legacies had grown steadily over the past six years, and now provided a much more reliable income pipeline. Benchmarking data demonstrated that the OU was moving up the higher education institution (HEI) league table in terms of philanthropic fundraising performance. The University was about to embark on a fundraising campaign to coincide with the OU’s 50th anniversary in 2019. The Case for Support was currently being developed, which would explain why people should donate to the OU and what the funds raised would be spent on. In order to differentiate the OU’s campaign from those of other universities, the compelling message would be focussed on what the OU could achieve, rather than on the institution itself, and would be based on the OU’s strong sense of purpose, meaningful experiences and powerful relationships.
- 7.2 Several members commented that the progress that had been made was impressive, and congratulated Ms Prak on transforming fundraising in the OU. Whilst the University could do better, it was moving in the right direction.
- 7.3 A member observed that donations from graduates of UK institutions were radically behind those of alumni from US institutions, and the OU should benchmark against them. Ms Prak said that she had visited some US institutions during the previous year. Many started to lobby students about giving even before they had completed their courses. Some approaches were brilliant and imaginative, but not all would translate to the UK.
- 7.4 A student member said that there were lessons to be learned from the US. In return for some benefit, such as becoming part of a convocation or having access to a service such as the library database, graduates could be invited to sign a standing order mandate.
- 7.5 A member suggested that the campaign should not only communicate the reason people should donate, but also the ways in which they could do so, for example by text or online. If possible, a call for action should be included at the end of every OU broadcast. Ms Prak replied that text had been tried at degree ceremonies, with little success. All direct mail was now followed by a request for online giving, which had raised some funds and was still being explored. Discussions were taking place with Marketing about adding information about the University’s charitable status to any messaging.
- 7.6 In response to a member’s query, Ms Prak acknowledged that funds for very specific purposes could be difficult to use, for example with legacies pledged years earlier where there had been a change in circumstances that made the funds more difficult to spend. Regular face-to-face meetings with donors were important in order to make them understand that by leaving the legacy open, the OU could do more justice to the donation. Now approximately 80% of pledges were unrestricted. The University needed to target

very large gifts of over £20 million, but it had not yet achieved one of £5 million. Such gifts were usually viewed as an investment and so tended to be restricted. Making the case for support, the University would negotiate with the donor to ensure that each party's requirements were aligned as closely as possible.

- 7.7 The Chair of the Development Committee, Ruth Girardet, asked how the Council could support the University's fundraising activity. Ms Prak replied that as major gifts did not necessarily come from OU alumni, it was important to build a network of non-alumni who were minded to donate to the OU. The Council could help the University to build that network by providing introductions to sympathetic trusts, foundations, companies and individuals.
- 7.8 In response to a query from a member, Ms Prak confirmed that there would be a soft launch of the campaign at the end of 2015, so that some funds could be raised before the public launch. This was the industry standard approach.
- 7.9 A member suggested that the focus of the presentation appeared to be more on what the OU was and what it did, with less emphasis on the impacts that the University could have. Ms Prak responded that the concepts outlined on the slides were building blocks, not the messages that would be delivered during the campaign. The compelling message would be future facing and demonstrate where the OU was going.
- 7.10 A member commented that she was unaware of another university with a Development Committee, although some had created campaign boards that had been successfully led by alumni who had valuable contacts. Ms Prak said that the University had reviewed both good and bad practice in other universities; a campaign board would be set up, but only when there was already some traction.
- 7.11 The Chair observed that the OU had to differentiate itself from other universities and create a big idea for the 2019 campaign that would trigger people's imaginations and demonstrate that the OU was moving into another sphere

8 AUDIT COMMITTEE'S ANNUAL REPORT TO THE COUNCIL AND C-2014-04-03 THE VICE-CHANCELLOR, INCLUDING THE CHIEF AUDITOR'S REPORT 2014

- 8.1 The Chair of the Audit Committee, Bob Spedding, introduced the report. The Committee's opinion on the adequacy and effectiveness of the University's arrangements in the areas outlined in paragraph 1 was clean and unqualified, based on assurances from the external auditors, internal auditors and management.
- 8.2 PricewaterhouseCoopers (PwC) had provided a modern and robust audit, demonstrating a refreshed approach following the tender process that had confirmed their reappointment. The external auditors had understood the complexity of the issue of student withdrawals, and an independent report from a separate team within PwC had been provided on student and Student Loan Company (SLC) transactions. Their comments would be incorporated into an implementation plan, together with any further actions recommended by management. With regard to the financial statements, the external auditors were expecting to confirm their view of the accuracy of the accounts.
- 8.3 Internal Audit had a good working relationship with both the Audit Committee and management. The Vice-Chancellor's approach had been important, and it was hoped that this would be maintained with the new post holder. The Chief Auditor's report indicated three internal audits that had been graded Amber, two in respect of payroll and one relating to international development office (IDO) programmes. With regard to the latter, there was no single issue, but a number of lesser concerns about the approach to the management of IDO programmes and projects that were now being addressed. The concerns regarding payroll were more complex. There had been a need to replace the

payroll system, but this had gone ahead before it had been properly integrated with human resources (HR). It had been important to pause and reflect on the situation, and the issues were now under control.

- 8.4 The request for further commentary on Value for Money (VfM) (paragraph 18) had been driven by the Committee Chair. Whilst the approach to VfM was embedded in the University, he believed that there was a need for more transparency in the presentation of information.
- 8.5 Management provided good support to the Committee. During the past year, where the Committee had identified an area of risk or concern, it had invited management to make a presentation on the issue. This had proved to be a valuable approach.
- 8.6 The Committee had changed its terms of reference to provide more clarity between decision making and independent review. Audit Committee would have a wider remit as a consequence, but it had the right skills amongst its membership. The Committee had also agreed to spend a full day on the financial reporting requirements to ensure it was educated and well briefed on any new issues for consideration. Steps had also been taken to review the Committee's effectiveness, with PwC undertaking an independent exercise by way of a questionnaire. The Chair thanked the members of the Audit Committee for undertaking the challenge, hard work and time commitment on behalf of the Council.
- 8.7 Referring to the amber/green grading against the management of associate lecturers (ALs), an AL member said that the association with the issue of retention and completion targets was complex and problematic. Whilst AL's were engaged with students within a module, they had no contact with students between modules. Consequently, an AL could influence a student's decision to complete a module, but not to continue to another. Mr Spedding said that there was a distinction between the grading of amber and amber/green. The latter indicated that the main control was effective, but there were some areas that required attention. There were some broad issues around processes and the need to improve them, but these were not just concerned with retention. It was important to put this into context and to understand that this was not an area of wide concern.
- 8.8 With reference to paragraph 17, bullet 4 of the Chief Auditor's report, which concerned the Payroll / HR System, and the references to the implementation issues made in paragraph 7.2 of the Staff Strategy report (C-2014-04-12), a member asked if the University had confidence that the system would eventually be fit for purpose. The University Secretary responded that he was not satisfied in the current implementation, so it had been halted following a report commissioned from Deloitte. The project team would be recast, the requirements reassessed and then a report produced on whether or not the system could deliver them.
- 8.9 The Council **noted** the Audit Committee's Annual Report to the Council and the Vice-Chancellor 2013/14, including the Chief Auditor's report 2014.

9 ANNUAL ACCOUNTABILITY RETURNS 2014

C-2014-04-04

- 9.1 The University Secretary introduced the paper, which summarised the information that had to be passed on to HEFCE in order to provide assurance that the University was operating effectively. The visit by HEFCE had resulted in an oral report that indicated that the Funding Council was satisfied with the OU's operation and had no recommendations to make.

9.2 The Council:

- a) **noted** the content of the Annual Accountability Returns for 2014;
- b) **agreed** that the Vice-Chancellor should sign Part 2 of the Annual Assurance Return (Annex E) on its behalf

10 CONSOLIDATED FINANCIAL STATEMENTS 2013-2014

C-2014-04-05

- 10.1 The Finance Director, Miles Hedges, introduced the financial statements, which were the second of a new era, with 2013/14 being the second year of a gradual transfer of funding for teaching in England from Funding Body grants to tuition fees largely funded by the Student Loans Company. The impact of this change was summarised on page 4 of the financial statements and a chart indicating the future trends in grant and fee income on page 27.
- 10.2 The University had planned and budgeted for a small deficit in 2013/14, wholly as a result of the planned strategic expenditure designed to position the University for operating effectively in the new funding environment. This planned deficit was considerably smaller than that envisaged in 2011 at the time of agreeing the UK Market Strategy for three reasons: first, considerable progress had been made towards the £75m target for cost reductions and net new income; secondly, student recruitment for both new and old regime students had exceeded the original projections; and, thirdly, HEFCE grant methodology changes had benefitted the University.
- 10.3 As discussed at the Finance Committee meetings in September and November 2014, the results for 2013/14 were adversely affected by the quantification of the impact of the passive withdrawal issue identified in the Spring. The refunds for payments received after withdrawal as part of the normal process for notifying changes of students' circumstances would be made via SLC. The overall cost was £12 million, slightly less than the estimate of £14 million first reported to Finance Committee. Steps were in place to manage the registration and payment processes moving forward, as well as contacting students regularly during their studies to help them complete their modules.
- 10.4 Expenditure was £27.4m less than budget, which reflected strong cost control in the year; however, this was more than matched by the £27.7m reduction in income as a result of the issues described above, lower than planned postgraduate recruitment and adverse in-year movements in HEFCE grants.
- 10.5 In the new funding environment introduced in October 2012, teaching income between and within financial years was and would remain more volatile because the University was dependent wholly on student completions without any tolerance band applying to the HEFCE teaching grant.
- 10.6 The Treasurer, Howard Brown, said that the division of responsibilities between Audit and Finance Committees had been set out in paragraphs 4 and 5 of the paper. The committees had had a joint meeting to review the financial statements and had also met with the external auditors from PwC. As indicated in the previous report, the audit had gone well and no matters of significance were raised by the external auditors.
- 10.7 In advance of the change to the new funding regime, the University had strengthened its financial position considerably through generating surpluses totalling £122 million over the four years to 2012/13 (including exceptional gains) and drawing down its £60 million loan facility. The resultant boost to liquidity enabled the University to fund one-off costs of change and to provide a buffer should the future not turn out as predicted. The deficit for the year was only slightly greater than planned and was little more than 10% of the surpluses generated over the previous four years. The budget for 2014/15 anticipated a

return to surplus. The strong balance sheet provided the University with the ability to plan with confidence and to take a robust approach to difficult decisions at a time of uncertainty.

- 10.8 The Treasurer said that the financial statements provided a balanced assessment of the issues facing the University and its performance in the year ended 31 July 2014. Finance Committee recommended that the Council approved the 2013/14 consolidated financial statements.
- 10.9 Referring to the section on Future Developments (page 28), a student member observed that it was not necessary to lose those people who had an equivalent or lower qualification (ELQ). This group had flourished in the past and included reskillers, upskillers and revisionists. Currently, no funding was available for such students and they had to enter at Level 1; but the University should consider what it could offer this untapped market, which might fill the gap when transitional students had moved on. The Pro-Vice-Chancellor (Academic) [PVC (A)] responded that the University was aware of this group. The system allowed for modular study: students could achieve a certificate (Level 1), Diploma (Level 2) and then a degree. The University also had non-accredited learning and small courses available. There was a considerable amount of flexibility, but students must be willing to pay the fees. The student member commented that the OU should market this more strongly. The University Secretary added that it would not be possible for ELQ students to get government loans. However, from the autumn, ELQ students would be able to apply for loans if they were studying subjects in computing, engineering or technology.
- 10.10 A member observed that the whilst the graph on Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was quite technical, it did not represent the OU in the best light to the lay reader; and asked if the information could be presented in a different way or whether it had to be included at all. The Finance Director said that it was the equivalent to a surplus. The measure was one that was adopted by the HEFCE with regard to an institution's financial health, and when the University had to present the ASSUR report, it would have to be measured in those terms. The member clarified that he was not querying the numbers, but wondered if they could be presented in a table rather than as a graph or histogram. Mr Hedges said that this could be considered for future years.

Action: MSH

- 10.11 The Chair commented that the graph on page 27 demonstrated the massive change that the University had had to deal with. The future was also uncertain: 70% of loans would not be recovered by SLC and this problem would have to be addressed after the next election; the part-time market had dropped by 40% nationally; and, in 2016/17, it would be necessary to fight even harder for widening participation funding.
- 10.12 The Council:
- a) **approved** the University's Consolidated Financial Statements for the year ended 31 July 2014;
 - b) **authorised** the Treasurer, Vice-chancellor and finance Director to sign on its behalf the University's consolidated financial statements for the year ended 31 July 2014 and
 - c) **noted** the audit representation letter that would be signed on its behalf by the Vice-chancellor and Finance Director.

11 ANNUAL ACCOUNTABILITY RETURN 2014 – FINANCIAL RESULTS 2013-2014 AND COMMENTARY C-2014-04-06

- 11.1 The Finance Director introduced the paper and explained that HEFCE had now changed its requirements and the University no longer had to provide any forecast information. As a consequence, the return dealt only with 2013/14 and the difference between the June 2014 forecast and the last quarter outturn. The explanation for the variance was summarised in Table 1 of Appendix 2, and a high level commentary was provided in paragraph 8 of Appendix 2.
- 11.2 The Treasurer confirmed that the commentary had been discussed at Finance Committee, which had recommended that the Council should approve the financial results 2013/14 and commentary.
- 11.3 The Council **approved** the 2013/14 financial results and commentary for submission to HEFCE.

12 FINANCE COMMITTEE C-2014-03-07

- 12.1 The Treasurer introduced the paper, noting that the significant items dealt with at the meeting had already been discussed elsewhere on the agenda.
- 12.2 In response to a query from an AL member, the University Secretary said that there were three census dates imposed by SLC on HEIs. If a student was still in attendance 14 days after the commencement of study, then the university was entitled to 25% of the fee; after three months, if the student was still in attendance, then the university was eligible for a further 25% of the fee; once the student had been in attendance for six months, the university was entitled to the full fee. These cut off dates applied to all students in England and Wales whether the student withdrew passively or actively.
- 12.3 A student member asked whether self-funding students would get a refund if they also withdrew from study, as all students should have the same provision in the interests of equity. The University Secretary said that the regulations applied to all students, however funded, in England and Wales. In response to a further query, the University Secretary said that the government of the UK set the fee regulations and that fee liability was enshrined in law. The University's own regulations were more generous.
- 12.4 Referring to F-2014-04-M minute 4.7, an AL member asked for clarification of the changes in operational procedures that might eliminate passive withdrawals in the future. The University Secretary explained that it was not always possible to tell whether a student had withdrawn from study simply from whether they had engaged with the University or not. The University would therefore contact all those students who appeared not to be engaged with the OU; some would still be studying but would not have been in contact with the University, whilst others would have withdrawn and would therefore have their fee liability withdrawn. Previously students had been liable for their fees from module start; now, they could withdraw without liability up to day 14.
- 12.5 The Council **noted** the confirmed minutes from the meeting held on 17 September 2014 (F-2014-04-M) and the unconfirmed minutes from the meeting held on 5 November 2014 (F-2014-05-M).

13 AUDIT COMMITTEE C-2014-04-08

- 13.1 The Chair of the Audit Committee, Bob Spedding, introduced the paper, noting that the significant items dealt with at the meeting had already been discussed elsewhere on the agenda.
- 13.2 The Council **noted**:
- a) the unconfirmed minutes of the meeting of the Audit Committee held on 5 November 2014 (AUC-2014-03-M)
 - b) the paper presented to the Audit Committee comprising the Annual Report of the University's Nominated Officer for its related/subsidiary undertakings (AUC-2014-03-M, minute 6.1 and AUC-2014-03-06);
 - c) that the Audit Committee's Annual Report to the Council with the Chief Auditor's Annual Report appended to it for information (AUC-2014-03-M, minutes 6.8 and 7), had been submitted as a separate item (C-2014-04-03);
 - d) that the Annual Accountability Return 2014 (AUC-2014-03-M, minute 8) had been submitted as a separate item (C-2014-04-04).

14 STRATEGIC PLANNING AND RESOURCES COMMITTEE C-2014-04-09

- 14.1 With reference to the confidential minute on FutureLearn, an AL member asked what work was ongoing to encourage and support students currently undertaking massive open online courses (MOOCs) to transfer to formal study at the OU. The Vice-Chancellor replied that Liz Marr was currently looking at different sources of evidence for accredited prior learning (APL) and that a paper was due to go to the Senate in January.
- 14.2 Referring to the confidential paper on Qualification Pricing Strategy and 2015/16 Fees Strategy, a member asked why the retail prices index, excluding mortgage interest payments (RPI-X) had been used as a measure, rather than the more widely recognised and lower figure of the Consumer Prices Index (CPI). The University Secretary said that the RPI-X figure had been used since the introduction of the new fees regime. The Office for Fair Access (OFFA) set the maximum inflation rate for fee increases and used RPI-X as a benchmark. This index had reduced between March 2014 and August 2014, and the University had taken the decision to set the fees at the lower level.
- 14.3 The Council:
- a) **approved**
 - i) the Qualifications Pricing Strategy and 2015/16 Fees Strategy;
 - ii) the proposed changes to the SPRC constitution as discussed at the SPRC meeting on 25 June 2014 (Minute 8.4) and subsequently agreed for recommendation to the Council;
 - b) **noted**
 - i) the unconfirmed minutes from the meeting held on 4 November 2014 (SPRC-2014-04-M);
 - ii) the unconfirmed confidential minutes from the meeting held on 4 November 2014 (SPRC-2014-04-CM);
 - iii) the updated paper presented to SPRC on the UK Political Landscape and Funding Environment (SPRC-2014-04-07 updated).

15 ESTATES COMMITTEE C-2014-04-10

15.1 The Chair of Estates Committee, Bill Monk, introduced the paper, highlighting the key matters that had been discussed at the meeting, including the Estates Strategy, which, subject to timely feedback from the Locations Analysis, would be considered by the Committee in June and subsequently presented to the Council for approval.

15.2 The Council **noted** the unconfirmed minutes from the meeting held on 31 October 2014 (E-2014-03-M).

16 REMUNERATION COMMITTEE C-2014-04-11

The Council **approved**:

- a) the recommendation that decisions on professorial band moves be delegated to the Academic Staff Promotions Committee from 2015;
- b) changes to the Remuneration Committee constitution.

17 STAFF STRATEGY COMMITTEE C-2014-04-12

17.1 In the absence of the Chair of the Committee, the University Secretary, Fraser Woodburn, introduced the paper. A key item discussed at the meeting had been the first draft of the OU People Strategy (formerly the HR strategy). A final version would be reviewed by the Committee in February 2015, and be presented to the Council at a later date for approval.

17.2 The theme of the annual staff strategy workshop, which had been held after the formal Committee meeting, had been performance management. The focus had been on the vast majority of staff who were performing well, but who could do better, rather than poor performers. The outputs of the workshop would feature in the People Strategy.

17.3 The Council **noted** the unconfirmed minutes of the meeting held on 21 October 2014 (CSSC-2014-03-M).

18 THE SENATE C-2014-04-13

The Council **noted** the report on the following items that were discussed at the meeting of the Senate held on 15 October 2014:

- a) Matters Arising
- b) Strategic Planning and Resources Committee
- c) Learning and Teaching Vision and Plan
- d) Group Tuition Policy - Draft
- e) Taught Postgraduate Strategy;
- f) Annual Quality Report;
- g) Promotions Scheme for Academic and Research Staff
- h) Student Retention and Progression - Analytics
- i) The Council

19 DEVELOPMENT COMMITTEE C-2014-04-14

The Council **noted** the unconfirmed minutes of the meeting held on 15 July 2014 (DC-2014-01-M).

20 LOCATIONS ANALYSIS

C-2014-04-15

- 20.1 The Director, Students, Keith Zimmerman, introduced the report on the progress made with and next steps for the Locations Analysis project, and observed that two of the new members of the Council were engaged on the project: Dr James Miller was the Senior Accountable Executive (SAE) and Jake Yeo was the Project Lead.
- 20.2 Dr Miller said that the project was on track to report to VCE in January 2015. Time had been spent engaging with Central Academic Units (CAUs), Student Services, Marketing, and Student Recruitment and Financial Services (SFRS). Full use had been made of the existing structures, including faculty committees and the regional and national network. The Project Team met fortnightly, and was currently framing the options for a wide engagement and consultation exercise to take place after the VCE meeting in January. The aim was to be as transparent as possible, whilst bearing in mind the sensitivity of the issue.
- 20.3 A member welcomed the efforts to make information openly available. However, in view of the nervousness amongst staff about the process, he asked whether it would be possible to derestrict the Council paper? The University Secretary and Director, Students both agreed that the paper could be declassified.
- 20.4 Referring to paragraph 15 c) concerning Stage 3, an AL member observed that the short-list of options would be prepared just before the Senate meeting on 28 January 2015, and asked whether all the options, and the rationale behind them, would be published. The University Secretary replied that at this stage the shape of the report to VCE was unknown; VCE would not commit to any particular option in January, but would take a view later in the process. The full report would be considered by the Extended Leadership Team (ELT), but only those options thought worthy of further consideration would be included in the University-wide consultation.
- 20.5 The Council **noted** the progress made on the project and the ongoing engagement activity, which would include a formal consultation phase to follow the January 2015 meeting of the Vice-Chancellor's Executive.

21 VICE-CHANCELLOR'S ANNUAL REPORT 2014

C-2014-04-16

- 21.1 The Vice-Chancellor observed that this item had been dealt with as part of the Vice-Chancellor's Regular Report.
- 21.2 The Council **noted** the Vice-Chancellor's Annual Report for 2013/14.

22 OUSA ANNUAL REPORT 2014

C-2014-04-17

- 22.1 The President of OUSA, Ruth Tudor, introduced the paper, thanked her predecessor, Marianne Cantieri, who had been responsible for leading much of the activity during the year, and highlighted the key items raised in the report.
- 22.2 The Student Charter and OU-OUSA Relationship Agreement were due to be reviewed in the autumn, and were on the agenda for discussion with the Director, Students. Progress on improving the functionality of the Virtual Learning Environment (VLE) had been slow; however, OUSA were now engaged in a positive dialogue with Learning and Teaching Solutions (LTS) and would be participating in the creation of a business plan to look at different social media solutions. The results of the National Student Survey (NSS) had

been pleasing, with OUSA achieving two successive increases in students' overall satisfaction levels. The Freshers' Fair had been very successful; the radio broadcast supported by the Knowledge Media Institute (KMi) had been particularly well received and plans were in progress to make it a regular feature. The Fair would be repeated for the February student intake, with more central academic staff participating.

- 22.3 Moving forward, the rebranding of OUSA, in a way that showed both the Association's connection with and independence from the University, was a major challenge. Another key priority was student engagement: there had been a massive improvement with regard to student consultation and it was hoped that this would continue.
- 22.4 In response to a query from a member, Ms Tudor said that OUSA was keen to make Nightline available to all students. The OUSA Board of Trustees had funded the service for one year, but it was hoped that concrete data would support the argument for the University to contribute to its provision in the future.
- 22.5 A member asked whether the new OUSA Strategy would be significantly different to the previous one. Ms Tudor responded that the scope and ambition of the last strategy had been too wide, which had made it difficult to make progress on key issues; the new strategy would identify four main areas for the organisation to focus on, working with the new OUSA General Manager and staff team.
- 22.6 The Council **noted**:
- a) the OUSA annual report of activities for the 2013-14 year;
 - b) the plans for 2014-15 and beyond;
 - c) the compliance statement, which indicated that elections taking place during the 2013-14 year had been conducted fairly and in compliance with the OUSA Constitution;
 - d) the audited accounts for 2012-13 which were previously presented to the Finance Committee at its meeting on 21 January 2014, and details of donations and affiliations as detailed in the attached compliance statement;
 - e) the major challenges for 2015 where OUSA requests support and assistance.

23 MEMBERSHIP COMMITTEE

C-2014-04-18

The Council:

- a) **approved**:
 - i) the appointment of Howard Brown as an external co-opted member on the Development Committee from 1 August 2014;
 - ii) the minor changes to the Committee's Mode of Operation, which were recommended by the Committee at its meeting on 25 June 2014 in the light of the discontinuation of the practice of linking members with units within the University and to clarify paragraph 7 regarding the Committee's quorum.
- b) **noted** the unconfirmed Minutes of the meeting held on 3 November 2014 (M-2014-07-M).

Post meeting note:

As the accountability of a member to a committee cannot be backdated, Howard Brown's appointment to the Development Committee will commence as of the date of this meeting, and not 1 August 2014 as detailed in the paper.

24 THE COUNCIL SCHEDULE OF DELEGATION

The Council **approved** the changes to its schedule of delegation, to take account of the changes to the remuneration process and to reflect the revised terms of reference for the Remuneration Committee (C-2014-04-11-Appendix).

25 DECLASSIFICATION OF COUNCIL PAPERS

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

C-2014-04-02 The OU's 50th Anniversary Fundraising Campaign;

C-2014-04-05 Appendix 2 2013/14 Consolidated Financial Statements – Audit Representation letter;

C-2014-04-06 Annual Accountability Return 2014 – Financial Results 2013/14 and Commentary;

C-2014-04-09B Strategic Planning and Resources Committee – Confidential Minutes;

and that the following papers could be declassified:

C-2014-04-15 Locations Analysis;

C-2014-04-18 Membership Committee.

26 NEXT MEETING

The next ordinary business meeting of the Council will be held on Tuesday 10 March 2015 at 9.45am for 10.00am in the Hub Theatre, The Open University, Walton Hall, Milton Keynes, MK7 6AA.

27 REVIEW OF MEETING

This item was included following a recommendation from the Council Governance Review Group, agreed by the Council in July 2010. The Chair commented that it had been an excellent meeting.

28 GOODBYE AND THANKYOU

On behalf of the Council, the Vice-Chair, Professor Bill Stevely, thanked the outgoing Pro-Chancellor and Chair of the Council, Lord Haskins, for his guidance and dedicated service to the Council and the University since he took up office on 1 January 2005.

Lord Haskins thanked the Vice-Chancellor, Martin Bean, who was also attending his last meeting, for his leadership and incredible contribution to The Open University over the past 5 years.

Fraser Woodburn
Secretary to the Committee

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