

**THE COUNCIL**

**Minutes**

This paper presents the Minutes of the Council held on Tuesday 10 March 2015 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 on Tuesday 12 May 2015.

Fraser Woodburn  
Secretary to the Committee

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## THE COUNCIL

Minutes of the meeting of the Council held on Tuesday 10 March 2015 at 10.00am in the Hub Theatre, The Open University, Walton Hall, Milton Keynes, MK7 6AA.

- Present: Richard Gillingwater (Chair), the Acting Vice-Chancellor, Professor Tim Blackman, Mr H Brown (Treasurer), Mrs R Tudor (OUSA President), Mrs S Dutton, Ms R Girardet, Mr P Greenwood, Mr B Heil, Mr B Larkman, Mrs S Macpherson, Dr J Miller, Mr W Monk, Mr J Newman, Dr T O'Neil, Prof H Rymer, Mr C Shaw, Mr R Spedding, Mrs R Spellman, Dr C 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); Mr Guy Mallison (Director of Strategy) (items 7 & 8), Mr Alan Burrell (Director of Estates) (Item 14)
- Observing: Mr L Hudson, (Director of Communications)
- Apologies: None

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### 1 WELCOME

The Chair welcomed Mr Paul Greenwood, a new external co-opted member of the Council, to his first meeting.

### 2 DECLARATION OF INTERESTS

There were no declarations of interest.

### 3 MINUTES

C-2014-04-M  
C-2014-05-M

- 3.1 Referring to Minute 10.9, which recorded that it would not be possible for students with equivalent or lower qualifications (ELQ) to get government loans, a member said that the minutes should clarify that, from the autumn, ELQ students would be able to apply for loans if they were studying subjects in computing, engineering or technology.

**Action: GT**

- 3.2 The Council **approved** as a correct record:

- a) the minutes of the meeting held on 25 November 2014, subject to the above amendment;
- b) the minutes of the meeting held on 10 December 2014.

**4 MATTERS ARISING**

C-2015-01-01

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 informed the Council that he was having regular briefings with the Acting Vice-Chancellor, and thanked Professor Tim Blackman for stepping into this role. He had also had several constructive conversations with the incoming Vice-Chancellor, Peter Horrocks, who would be joining the University on 7 April 2015 for his induction, before taking up his duties on 5 May.

**6 VICE-CHANCELLOR'S REGULAR REPORT**

- 6.1 The Acting Vice-Chancellor, Professor Tim Blackman, welcomed members to the first Council meeting of 2015, in particular Richard Gillingwater as the new Pro-Chancellor and Chair of the Council.
- 6.2 With reference to the communication to staff in February about the recruitment and retention challenges currently being faced by the OU, Professor Blackman said that the University had moved forward in the new fees regime having planned well, using broadly accurate assumptions and forecasts. However, it had not got everything right. The implications of this were greater than in the past due to an absence of a tolerance band that was part of the old teaching grant regime. The OU faced a shortfall in fee income due to higher than expected student withdrawals and under-achievement of targets for February undergraduate numbers, and postgraduate and international recruitment, despite year-on-year growth in the last two areas. This pattern was likely to represent a long term change. Consequently, there would be a financial shortfall in 2014/15, because the University had planned to do better. The OU was likely to have a second year in deficit, a situation which it had the financial reserves to weather, but one which needed to be rectified by making budget adjustments to recover a surplus next year. The University's top priority remained unchanged: to deliver a high quality education for students, while keeping fees as low as possible. However, to achieve this, the University's finances had to be managed carefully and a number of steps were already being taken to address some difficult tasks.
- 6.3 The Vice-Chancellor had also emphasised to staff that the OU remained the largest provider of part-time education in the UK and that part-time students were increasingly choosing the OU rather than other institutions. It continued to be viewed around the world as a beacon of excellence in open supported distance learning.
- 6.4 In response to a question from a member, the Director, Students, Keith Zimmerman, said that the University was focussed on both recruitment and retention, but that retention had the most potential to safeguard the University's income. The Student Success portfolio was key to improving progression and completion rates. The University Secretary, Fraser Woodburn, added that an improvement to student retention had not been built into the assumptions. The University was doing what it could to recruit new students and the University's market share was growing in all four nations, and some 60% of all part-time students studying for an undergraduate degree were with the OU. An increase in recruitment was not possible in 2015/16, but might be possible in the following year.
- 6.5 In response to a question about the University's planning Mr Woodburn said that the University had not predicted the significant number of students who had informed the OU that they would be taking out a loan and then did not do so, despite having commenced study and being sent a number of reminders. The University's processes had been

appropriate, but had been implemented after module start rather than before. The processes had been improved for the February intake, and would be on track by October 2015. There were also a considerable number of passive withdrawals, students who had paid their fees but who had then stopped studying. There was scope to contact these students before they dropped out. Mr Zimmerman added that there were numerous opportunities to identify when students were no longer engaging with the University, for example lack of payment, absence at tutorials, non-submission of assessments, and to take a more subtle approach. The rate of progress and the choices made by individual students should be respected, but it was important to maintain contact with them. The scale of the opportunity to improve student retention in this way was significant.

- 6.6 An associate lecturer member observed that most OU students were employed, and many withdrawals were often due to work pressures. This was difficult for the University to address, as it was a choice that the OU had no influence over.
- 6.7 A student member said that the concern about students lack of progression should be taken in the context of many students using the OU as a stepping stone to enable them to move on to other universities and asked whether any figures were available to demonstrate this. Mr Zimmerman responded that attempts in the UK to track students had been difficult. The route of those who had taken a fee loan was now known to the government, but the information was not available to the OU or other universities
- 6.8 The Vice-Chancellor also reported on:
- a) the interest shown in the OU and in FutureLearn, who were celebrating passing one million course registrations and signing up their third Korean university, at the Global Education Dialogue in Seoul;
  - b) the award to the OpenScience Laboratory of Outstanding ICT Initiative of the Year at the Times Higher Education Awards in November 2014;
  - c) the award of almost £3 million of Higher Education Funding Council for England (HEFCE) funding to develop the OU's teaching of STEM subjects through online lab facilities and to support new postgraduate provision for space science;
  - d) the award of a £1 million grant from the Leverhulme Trust to support 15 PhD studentships;
  - e) the OU's participation in T-TEL, a project supporting teaching and learning in Ghana, particularly for girls. The contract would be worth approximately £7 million to the OU over 4 years;
  - f) the OU Students Freshers' Fair run by OUSA, including Student Hub Live, a 3-day, online, live event enabling students to network with each other and with academic staff;
  - g) the Senate approval of the OU's new curriculum aspirations and principles for the OU as part of the Curriculum Fit for the Future project;
  - h) the REF results, which demonstrated that the OU's research was work of international excellence and, in many cases, world leading;
  - i) the Senate approval of the OU's new Research Plan;
  - j) the winners of the University's Engaging Research Awards;
  - k) grant funding of £21 million to The OU in Scotland from the Scottish Funding Council;

- l) the confirmation from the Minister for Employment and Learning in Northern Ireland that the OU would maintain its funding, despite 8.6% cuts to the two other NI universities;
- m) the OU's work with NIACE Cymru on the Festival of Dangerous Ideas, which would open up a debate on the delivery of lifelong learning in Wales;
- n) the award of the Society for General Microbiology's annual Undergraduate Microbiology Prize to OU student Rhys Jenkins;
- o) the OU's prominent contribution to the House of Lords Select Committee report;
- p) the MK Future Cities conference held at Walton Hall and the OU's contribution to its local city;
- q) the forthcoming celebration of Charter Day on 23 April 2015.

## **7 OUTCOMES OF THE 2014 STRATEGY REVIEW AND REFRESH** **C-2015-01-02**

- 7.1 The Director of Strategy, Guy Mallison, outlined the process for and inputs to the annual strategy review and refresh. The Chair observed that the University was taking a pragmatic approach by seeking to extend the lifespan of the plan to the end of the 2016/17 academic year; it would not make sense to make fundamental changes to the strategy just as the new Vice-Chancellor took up his post.
- 7.2 A member queried the extension of the plan to the end of 2016/17 given it would be refreshed in 2015, with a major review scheduled for 2016. Mr Mallison explained the cycle of primary activity, which would be a light-touch review during the summer/autumn 2015, with any proposed changes coming to the Council for approval in March 2016. A more substantial overhaul would take place during 2016, with the revised Plan being put before the Council in spring 2017. If any major changes were required before that time, they would not be held back. Another member observed that the Council needed assurance that strategic reviews would continue during the interim. The Chair observed that the incoming Vice-Chancellor was likely to take this approach.
- 7.3 Responding to a member's query, Mr Mallison said that there would be an exercise to scope what needed to be done and the cost to deliver it. The budgeting process would then ensure that the University could achieve short-term strategic success as well as cost reductions.
- 7.4 A member said that the Council should have the opportunity to review the risk register, and to discuss issues, such as widening participation funding, and the action to be taken. The Chair agreed that this should be a key focus of the Council Strategy Workshop on 12 May 2015, when there might be a little more visibility of government policy and the new Vice-Chancellor had taken up office. Another member commented that the Council should also consider new opportunities and growth scenarios.

### **Action: Strategy Office**

- 7.5 An associate lecturer member commented that there was a widespread perception that the attractiveness of the OU's curriculum was not visible on the new enquirer website (para 7 d). The University Secretary, Fraser Woodburn, explained that the issue was about the extent to which it was possible to see later parts of a programme. The website was under review and improvements would be in place for October 2015.
- 7.6 With reference to the priority of 'making diagnostic/taster material an essential part of the enquirer experience' (para 18 c), a member observed that this could affect retention as well as recruitment, and asked whether in this context 'essential' meant 'compulsory' or

'nice to have'. The Pro-Vice-Chancellor (Learning and Teaching) [PVC (LT)], Professor Belinda Tynan, said that she was unable to answer this question at present as the University had yet to decide its Open Entry policy, on which the diagnostics would depend.

- 7.7 A member asked what information was available on students who had shown an interest in the OU, but had then withdrawn. Professor Tynan said that a research report on withdrawals and the reasons for them had been produced and could be shared with Council members. It had revealed that there were many reasons over which the OU had no influence. Mr Mallison added that the research had informed the key priorities.

**Action: PVC (LT)**

- 7.8 Professor Tynan, responding to a student query about underperforming modules (para 18 e) and curriculum flexibility, explained that the analytics work had produced a list of the top 20 modules that were not performing as well as they should. Huge numbers of students were engaged with these modules, so it was imperative that the University considered what interventions could be made to arrest the loss of students. The proactive work being carried out with the faculties was having a positive effect, so the list kept changing. The Pro-Vice-Chancellor (Academic) [PVC (A)] added that some reduction in flexibility had been imposed by the funding changes: students could only get a grant if they were studying for a minimum of 30 credits. It was acknowledged that non-accredited learning, ie 10 credit points, could make a contribution, but an approved business case was required for all modules.
- 7.9 A member observed that the Plan referred to performance in the Research Excellence Framework (REF) 2014, but that there was no commentary on post REF actions or targets. Mr Mallison said that it was not possible to provide appropriate targets until the outcomes of the REF had been fully analysed. The Acting Pro-Vice-Chancellor (Research, Scholarship and Quality) [PVC (RSQ)], Professor Alan Bassindale, added that work was already being carried out with the Strategy Office to review the targets and that the University would be guided by the Research Plan recently approved by the Senate. Timing issues had meant that research measures and targets were not yet embedded in the Strategic Plan, but they would be. The member suggested that the document should state that the measures and targets were being reviewed.
- 7.10 A member commented that the University Strategic Plan contained no success measures with regard to staff. Mr Mallison responded that the measures included in the Plan were those fundamental to the assessment of the University's success in 2015/16, and were outcome focussed and externally facing. However, this did not mean that the University was not considering internal measures; the following paper (C-2015-01-03) included staff measures that had been added in response to the Council's input.
- 7.11 The Council:
- a) **noted** the conclusions of the 2014 strategy refresh process and;
  - b) **approved:**
    - i) the extension of the lifespan of the Strategic Plan through to the end of the 2016/17 academic year;
    - ii) the updated versions of the University Strategic Plan and the OU in Scotland, OU in Wales and OU in Ireland Strategic Plans, which have been amended to reflect the extended time frame.

## 8 PROPOSED MEASURES WITHIN THE 2015 INSTITUTIONAL PERFORMANCE REPORT

C-2015-01-03

- 8.1 The Director of Strategy, Guy Mallison, explained that the Council not only received regular reports through its subcommittees, but also an annual report on the OU's performance against the high level measures that were fundamental to the successful delivery of its Strategic Plan. This was the Council's opportunity to review the measures, which had evolved following the Council's input regarding human resources. The University also operated an institutional dashboard, which considered a more detailed level of performance measurement for management and operational purposes.
- 8.2 A member commented that the proposed measures were invariably quantitative, but some qualitative data would be helpful to provide information on why students do not achieve their study goals. Mr Mallison confirmed that qualitative data beneath any areas of under-performance was considered. Professor Tynan added that all quantitative data collected was underpinned by qualitative data which the Institute of Educational Technology (IET) used to conduct a sophisticated analysis, for example on the scores from the National Student Survey (NSS). The University Secretary, Fraser Woodburn, observed that it was the nature of measures used to highlight issues that they were quantitative, but that a commentary did run alongside the performance report and would be presented at the next meeting.
- 8.3 Referring to the interim measures on employability, a member suggested that the employer's experience should be considered, as well as the student's. The Director, Students, Keith Zimmerman, replied that the University would be looking at employability from both perspectives.
- 8.4 A member commented that whilst some of the measures were broken down by UK nation, others, such as market share, qualification completion and student satisfaction, were not. Mr Mallison replied that typically the measures took an institutional view, although those relating to student numbers and students from disadvantaged groups were broken down by nation. To do this for every measure would significantly multiply the volume of data to be presented, and not every measure would lend itself to being treated in this way, for example research excellence. The member responded that it would be useful to see the NSS broken down by nation in order to provide the full picture.
- 8.5 Another member suggested that it would be helpful to break down the non-UK student numbers into territories, such as Europe and the Rest of the World, particularly as the international market was still a growth opportunity.
- 8.6 An associate lecturer member observed that as well as data on the measures, the University also had information on the market, which might answer some of the questions raised.
- 8.7 Mr Mallison said it was a challenge to provide an appropriate level of information to anticipate Council members' questions without overloading them with data. The Chair said that it would be helpful if Council members could identify specific areas of interest for further discussion in May.

**Action: Council members**

- 8.8 The Council **approved** the proposed measures to be reported against in the 2015 Institutional Performance Report.

**9 OU REF2014 RESULTS**

C-2015-01-04

- 9.1 The Acting Pro-Vice-Chancellor (Research, Scholarship and Quality) [PVC (RSQ)], Professor Alan Bassindale, highlighted some key statistics from the report, noting in relation to rankings and the number of staff submitted that, in keeping with the OU's ethos, the University had tried to recognize the depth and breadth of its research.
- 9.2 From an institutional perspective, the University was pleased with the outcome, which had established that the OU undertook serious research alongside its supported distance learning provision. However, the rest of the sector had advanced more than the OU and, as a consequence, the University was likely to lose 10-15% (approximately £2 million) of its quality-related research (QR) funding. The results were now being closely analysed and aligned with the Research Plan in order to maintain and improve the OU's performance. The focus would be on aligning the University's research with the OU mission; researchers from different disciplines would be brought together to address social issues, space, citizenship, international development and innovation. Colleagues would be encouraged to bring in more grants and contracts to help fund their research, as the Vice-Chancellor's Executive (VCE) would have to make some difficult decisions about future funding in the current financial environment.
- 9.3 A member asked whether there was a link between the quality of the OU's research and student recruitment. Professor Bassindale responded that there was a subtle effect on the OU's brand, rather than a direct increase in recruitment. Students were enthusiastic about belonging to a research-intensive university, but it was more likely to have a direct impact on the graduate market. It was important to encourage and retain early career academics. Since 2008, the University had lost over 70 key research staff, developed by the OU and then recruited by other institutions. The University would have to manage its cost reductions so that they did not impact on the opportunities for world leading research.
- 9.4 Another member observed that this had been the first research exercise to measure impact and asked what lessons had been learned. Professor Bassindale said that it would have been helpful to start earlier; the OU was already beginning to focus on the next REF. The University could also have been better in making the connection between its research and its impact; through its connection with the BBC, the OU had enormous reach and it would be good to celebrate its research through more television programmes. The University would also be reviewing every 4\* submission with regard to its impact. The member asked to what extent commercialisation gave research additional weight. Professor Bassindale replied that impact on the quality of life was more important than sales, and that commercialisation was rewarded by other means.
- 9.5 A member asked about the drivers for traditional universities to achieve a good ranking in the REF. Professor Bassindale replied that branding was important, particularly if a university was seeking to recruit international students.
- 9.6 In response to a query about joint submissions, Professor Bassindale said that this had proved most successful in Scotland. The OU was in the early stages of negotiations to share facilities in Science and was actively pursuing discussions to achieve critical mass in Arts.

9.7 The Council **noted:**

- a) the overall REF2014 results;
- b) the Open University REF2014 results:
  - i) the overall quality profile and rankings for the OU;
  - ii) the quality profiles and rankings of each of the 18 Units of Assessment (UoAs) submitted by the OU to the exercise.

## 10 FORECAST OUTTURN

C-2015-01-05

- 10.1 The Finance Director, Miles Hedges, highlighted key movements in the forecast outturn deficit of £5.3m in 2014/15, based on the first quarter's results. The Treasurer noted that the Finance Committee had spent considerable time during recent meetings considering the issue of student withdrawals. It had sought to understand the reasons why the University's experience had been different to its earlier assumptions, the actions taken to deal with the problem from both past and present students, and the proposed actions to reduce the impact on future students by intervening earlier in the process to encourage them to engage. The Committee had been satisfied that appropriate action had been taken and was comfortable with the proposed future actions. The issue had arisen from an unexpected change in the assumptions about student numbers built into the UK Market Strategy, and hence into the budget process, and was a direct result of the new fees regime. This change in assumptions had to be reflected in the current year's forecast, and built into the following year's budget and future years' forecasts. The Vice-Chancellor's Executive (VCE) had committed to reduce expenditure in the current year with the aim of producing a modest deficit, and was proposing cost reduction targets of £26m in 2015/16 to return the University to its target surplus.
- 10.2 A member asked what evidence was available to indicate that the situation had been resolved. Mr Hedges replied that actions had been put in place to ensure that in future students had a valid fee paying mechanism in place before commencing study. The current estimates had been based on the proportion of students failing to put such a mechanism in place now, and would increase as the proportion of new students increased. At present the University did not know of any external factors that were likely to change student behaviour further.
- 10.3 In response to another member's query, Mr Hedges said that predictions about the future were difficult. The possibility of a new government in May added to the uncertainty and student behaviour could change even without significant external changes such as changes to the funding regime. The University now had more data available and consequently had a better understanding of student behaviour than it had initially, but there was no guarantee of stability.
- 10.4 An associate lecturer member asked why a substantial proportion of students had no payment plan in place. The University Secretary said that the University did not have this information. The administration of student loans was difficult, but the proportion of students that started study without a loan in place was surprisingly significant. There had been no complaints when students had been de-registered. The problem was different to that of passive withdrawals and deserved further exploration.
- 10.5 In response to a member's comment about the University's failure to reach the recruitment targets in February 2015, Mr Woodburn said that there were several factors. The University was now approaching students about payment before module start and some were withdrawing as a consequence. Marketing had been underweight in the spring and early summer 2014, and this had impacted on recruitment for February 2015. The issue was UK-wide and did not appear to indicate a change in the market. The University had

also underestimated the impact of shifting the curriculum from February, which had previously been the main intake point, to October, when 80% of students now registered. Consequently, the drop in student numbers in February would not necessarily translate to a further shortfall in October.

- 10.6 A student member asked if the issue of non-payment was shared across the sector. Mr Woodburn said this was not known, but the OU's problems were likely to be different. Mr Hedges added that students at traditional universities generally applied for two loans, one to cover tuition fees and the other for maintenance. The loan to cover living expenses had to be applied for, so the tuition fees were automatically paid.
- 10.7 In response to a member's query, Mr Hedges confirmed that the expected £2 million per year loss in quality-related research (QR) funding referred to in the previous paper had been factored into the £26 million cost reduction target for 2015/16.
- 10.8 A member said that academic staff understood the need to return to surplus, but there was concern that cuts of 5% would affect strategic investment in curriculum and research. The Chair responded that this was understandable, but that financial sustainability was crucial.
- 10.9 The Council **noted** the 2014/15 forecast consolidated outturn of £5.3 million deficit.

## 11 FINANCE COMMITTEE

C-2015-01-06

- 11.1 The Treasurer, Howard Brown, highlighted the key issues discussed at the last meeting of Finance Committee. The annual reviews of FutureLearn and Open University Worldwide had been encouraging, particularly as FutureLearn was still at such an early stage of development. The issues affecting the current and future financial position were summarised in the minutes (6 & 7). The overall scenario was one of greater pressure on the University's funding and hence on its costs. Although HEFCE would not issue its grant letter until the end of March, it now appeared that widening participation funding would be largely protected for 2015/16. The pressure on pay costs as a result of National Insurance changes and pension contribution increases was a further reason why action had to be taken on the cost base.
- 11.2 A member asked how the worst case scenario would impact the University's relationship with HEFCE. The Treasurer replied that the OU had built up significant reserves and consequently would be able to cope in the short term. The University Secretary, Fraser Woodburn, added that HEFCE were aware of the current financial position and were relaxed because of the OU's reserves. However, if the University were to produce a deficit for a third consecutive year, HEFCE would expect to see a documented recovery plan and to meet with the University's senior officers and members of the Council.
- 11.3 The Council:
- a) **agreed**, the recommendation of Finance Committee, that the University's financial strategy should remain unchanged
  - b) **noted** the unconfirmed minutes from the meeting held on 27 January 2015 (F-2015-01-M).

**12 AUDIT COMMITTEE**

C-2015-01-07

- 12.1 Referring to minute 4.6, the Chair of the Audit Committee, Bob Spedding, assured members of the Council that the Committee had discussed the student numbers issue, and the revision and improvement of processes to enable a review at an earlier stage. He reminded the Council that the Committee's terms of reference had been changed to give it a more significant role in respect of the Financial Statements. Members had recently participated in a full day's training on financial matters and the implications on the accounts, and were in a good position to take on this responsibility.
- 12.2 The Council **noted** the unconfirmed minutes of the meeting of the Audit Committee held on 24 February 2015 (AUC-2015-01-M).

**13 STRATEGIC PLANNING AND RESOURCES COMMITTEE**

C-2015-01-08

The Council:

- a) **approved** the 2015-16 Outcome Agreement between the Scottish Funding Council and The Open University in Scotland (SPRC-2015-01-05);
- b) **noted**:
- i) the unconfirmed Minutes from the meeting (SPRC-2015-01-M);
  - ii) the updated paper presented to SPRC on the UK Political Landscape and Funding Environment (SPRC-2015-01-08 updated);
  - iii) that the following recommendations from SPRC were dealt with elsewhere on the Council agenda:
    - 1) the extension of the lifespan of the Strategic Plan through to the end of 2016-17 academic year (SPRC-2015-01-M Minute 4) (C-2015-01-02);
    - 2) the proposed measures within the 2015 Institutional Performance Report (SPRC-2015-01-M Minute 5) (C-2015-01-03);
    - 3) the proposed changes to governance practice in response to the Higher Education (HE) Code of Governance and the Scottish Code of Good HE Governance (SPRC-2015-01-M Minute 7) (C-2015-01-15);
    - 4) the proposed amendments to the Council Standing Orders (SPRC-2015-01-M Minute 7) (C-2015-01-15).

**14 ESTATES COMMITTEE**C-2015-01-09A  
C-2015-01-09B

- 14.1 The Director of Estates, Alan Burrell, highlighted some key issues from the report on Estates matters. The Chair of Estates Committee, Bill Monk, noted that the review of the Estates Strategy was focussed on flexibility and adaptability, given that there would be no capital funding. He reported that the Wellingborough warehouse had now been sold at a good price.
- 14.2 A member observed that there was no benchmark for the measure of accommodation per person and asked what was considered to be the optimum space per head. Mr Burrell responded that the British Council measure across industry was 10m<sup>2</sup> per person. The University was working towards this figure, but the effect of laboratory space on this average had to be taken into account. Mr Monk added that a key part of the Estates Strategy was to consider how individuals and departments utilised space. However,

whilst surplus space could usually be disposed of readily in a commercial situation, it was more difficult on a university campus.

- 14.3 Another member asked to what extent carbon reduction was a strategic priority. Mr Burrell replied that the University was looking at its options, but these were limited. The easily achievable reduction projects had been completed, and some potentially high impact projects had not proved to be financially viable. The university sector was unhappy with the targets, so HEFCE was reviewing them.
- 14.4 In response to a member's query, the Director, Students, Keith Zimmerman, said that the University had agreed on the second phase of the Locations Review. There would be a formal university-wide consultation to allow stakeholder groups to comment on the options that VCE and the Extended Leadership Team (ELT) had considered worthy of further consideration. This would run alongside a more detailed appraisal of a limited number of options, ranging from significant change to maintaining the status quo. The outcomes of these processes would feed into a report for consideration by VCE in the autumn, and to the Council if necessary and appropriate.
- 14.5 The Council:
- a) **noted** the report (C-2015-01-09A).
  - b) **noted** the unconfirmed minutes from the meeting (E-2015-01-M) (C-2015-01-09B).

## 15 DEVELOPMENT COMMITTEE

C-2015-01-10A  
C-2015-01-10B

- 15.1 The Chair of Development Committee, Ruth Girardet, said that the Council were being asked to approve the addition of the Director, Students to the membership in view of the approaching 50<sup>th</sup> Anniversary campaign. She also explained that the timing of the Committee meetings was being changed so there would be more timely reporting to the Council.
- 15.2 Referring to the report that income from major gifts had been impacted by the OU's funding for FutureLearn (confidential minutes 6.3 and 6.7), a member said that the Finance Committee had considered this issue. FutureLearn was not being financed by donations, but by equity investment from the University because it was considered too early for the OU to cede control of the company to third parties.
- 15.3 The Council:
- a) **noted** the unconfirmed Minutes and Confidential Minutes from the meeting of the Development Committee held on Tuesday 25 November 2014 (DC-2014-02-M and DC-2014-02-CM);
  - b) **approved** the proposed amendment to the constitution of the Development Committee.

## 16 THE SENATE

C-2015-01-11

The Council **noted** the report of major items discussed at the meeting of the Senate held on 28 January 2015.

- 17      OU STUDENTS ASSOCIATION ACCOUNTS 2013-14      C-2015-01-12**
- 17.1      A member observed that there had been a change to the rules regarding Gift Aid and asked whether the University had consulted with Her Majesty's Revenue and Customs (HMRC). The Finance Director said that the Finance Committee discussed such issues as they arose; these changes were unlikely to be significant.
- 17.2      The Council **noted** the audited OUSA consolidated accounts for 2013-14, which had previously been presented to the Finance Committee at its meeting on 27 January 2015, and details of any donations and affiliations during the period.
- 18      OU STUDENTS ASSOCIATION CONSTITUTION AND BYE-LAWS      C-2015-01-13**
- 18.1      The President, OUSA, Ruth Tudor, noted that 10 amendments to the OUSA Constitution had been proposed to the OUSA Conference, but only 8 had been passed. The amendments sought to modernise the Constitution and move the Association forward. The most significant change, and the one most difficult to implement, was that of 'one member one vote', which opened up OUSA elections to all members, not just to Conference delegates.
- 18.2      The Council **approved** the 8 amendments, as passed by a resolution of student delegates at OUSA Conference 2014.
- 19      ANNUAL STATEMENT ON RESEARCH INTEGRITY      C-2015-01-14**
- 19.1      The Acting Pro-Vice-Chancellor, Professor Alan Bassindale, explained that the OU Code of Practice for Research provided the internal framework for the conduct and integrity of research in the University. The Concordat to Support Research Integrity provided the external framework and compliance with its requirements was now a condition of HEFCE grant funding. The University was currently working towards full compliance, but this would be achieved by 31 July 2015.
- 19.2      The Council **noted** the report.
- 20      CODES OF GOVERNANCE      C-2015-01-15**
- 20.1      The University Secretary, Fraser Woodburn, explained that the OU's principle regulator was HEFCE, but the University relied on the code published by the Committee of University Chairs (CUC) in respect of governance. However, as an institution operating across the four nations of the UK, the OU also had to pay regard to any codes of practice published in other nations, such as the Scottish Code of Good Higher Education (HE) Governance. Legislation in Scotland and Wales could prove problematic if there was an attempt to enshrine HE governance practice in legislation, but the University was trying to communicate the unique nature of the OU across the four UK nations, and the difficulties it would face if the elements of the different codes were in conflict.
- 20.2      A member welcomed the brevity and principle-based approach of the codes, but asked who the University would have to 'explain' to if the OU did not apply or comply with any element or principle, for example with regard to the frequency of externally facilitated evaluations of governance effectiveness. Mr Woodburn responded that the University would have to provide an explanation to HEFCE, as the University's regulator, if it felt that the OU was not adhering to an important aspect of the Code. The period between reviews was unlikely to be considered significant. The OU had just had its 5-yearly review by HEFCE, which had included a consideration of University governance. No recommendations or comments had been made in this regard, although the University had not yet received the full report.

- 20.3 Referring to Appendix B, a member commented that as the OU did adhere to the funding requirements specified by the Scottish Funding Council in its Financial Memorandum, then there was no need to 'explain' why it did not comply with this aspect of Principle 5 (page 12). The Annual Report referred to in the Scottish Code meant the Financial Statements, so the OU also complied with this part of Principle 5.
- 20.4 The member commented on the wording of the proposed revision to the Standing Orders that referred to the Scottish Code (para 1.3); she would be concerned if there was a suggestion that the Code did not represent good practice.
- 20.5 A member commented that the OU's argument about its particular status had been well received by the majority of Members of the Scottish Parliament (MSPs), but not by all. There was a body of opinion that if the OU benefitted from Scottish funding, then it should work towards compliance with the Scottish Code. It was not yet known what the HE Bill going to the Scottish Parliament would contain; but it was unlikely to be sympathetic to a UK institution being an exception to the Code.
- 20.6 The Council **approved**:
- a) the proposed changes to governance practice in response to the HE Code of Governance and the Scottish Code of Good Governance;
  - b) the proposed amendments to the Council Standing Orders (Appendix 4).

## 21 MEMBERSHIP COMMITTEE

C-2015-01-16

The Council:

- a) **approved**
  - i) the appointment of Mr Richard Gillingwater as an external co-opted member of the Development Committee with immediate effect until 31 July 2018;
  - ii) the appointment of Prof Hazel Rymer as the Senate member of the Council to serve on the Nominating Advisory Committee for Statute 21 Procedures with immediate effect until 31 July 2016;
  - iii) the appointment of Mrs Ruth Spellman as Chair of Staff Strategy Committee with immediate effect to 31 July 2017;
  - iv) the appointment of:
    - 1) Professor Bill Stevely
    - 2) Ms Shonaig Macpherson
    - 3) Dr Greg Walker

as the three external co-opted members of the Council to serve on a Joint Committee of the Council and the Senate to appoint a Pro-Vice-Chancellor to replace the current Pro-Vice-Chancellor (Research, Scholarship and Quality).
  - v) the appointment of Mr Charles Wood as an external member of the Investment Committee with immediate effect until 31 July 2018.
- b) **noted** the unconfirmed Minutes of the meeting (MC-2015-01-M).

**22 CHAIRS ACTION**

C-2015-01-17

The Council **noted** the appointment of Jim Gollan as an external member of the Investment Committee.

**23 DECLASSIFICATION OF COUNCIL PAPERS**

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

C-2015-01-10B Development Committee - confidential minutes (DC-2014-02-CM)

C-2015-01-16 Membership Committee - Appendix

but that the following paper could be declassified after the meeting:

C-2015-01-16 Membership Committee

**24 NEXT MEETING**

24.1 The next ordinary business meeting of the Council will be held on Tuesday 12 May 2015 at 9.45am for 10.00am in the Hub Theatre, The Open University, Walton Hall, Milton Keynes, MK7 6AA. This meeting will be followed, after lunch, by the Council Strategy Workshop.

24.2 The Chair said that the University would be open to suggestions as to how to use the Council Strategy Workshop. He also noted that it would be Peter Horrocks' first Council meeting.

**25 REVIEW OF MEETING**

25.1 The Chair commented that it had been a very interesting agenda, which had been challenging to deal with in the time available. However, there had been a thorough discussion on some important items such as strategy, student recruitment and retention, and finances.

Fraser Woodburn  
Secretary to the Committee

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