

THE COUNCIL

Minutes

This paper details the confirmed Minutes of the last meeting of the Council held on Tuesday 8 March 2016.

The Council **approved** these Minutes as a correct record of the meeting at its meeting on Tuesday 10 May 2016.

Keith Zimmerman
University Secretary

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THE COUNCIL

Minutes of the meeting of the Council held on Tuesday 8 March 2016
at the Radisson Blu Hotel, Edinburgh

- Present: Mr R Gillingwater (Chair), Mr P Horrocks (Vice-Chancellor), Mr H Brown (Treasurer), Mrs R Tudor (OUSA President), Dr J Baxter, Dr S Dutton, Ms R Girardet, Mr B Heil, Mrs R Lock, Dr S Macpherson, Mr W Monk, Mr J Newman, Dr T O'Neil, Professor H Rymer, Mr C Shaw, Mr R Spedding, Mrs R Spellman, Dr C Spencer, Prof W Stevely, Dr G Walker, Prof J Wolffe, Mr J Yeo
- In Attendance: University Secretary, Director, External Engagement, Finance Director, Head of Governance, Senior Manager (Governance), Pro-Vice-Chancellor (Research and Academic Strategy), Interim Executive Dean, Faculty of Science and Mathematics, Computing and Technology), Director of Strategy (Minute 7)
- Observing: Mr L Hudson (Director of Communications), Ms K Baldwin (Vice-Chancellor's Business Manager), Mrs S Butler (Governance Assistant), Ms A Sutton and Mr T Mytton, Good Governance Institute (GGI)
- Apologies: Mr P Greenwood, Mr B Larkman, Ms S Unerman

1 WELCOME

The Chair welcomed Anne Sutton and Tom Mytton from the Good Governance Institute (GGI), who would be supporting the Council Governance Review and were present to observe this meeting of the OU Council.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES

C-2015-04-M

The Council **approved** as a correct record the minutes of the meeting held on 24 November 2015.

4 MATTERS ARISING

C-2016-01-01

The Council **noted** the responses to the matters arising from the minutes of the last meeting not dealt with elsewhere on the agenda.

5 CHAIRS BUSINESS

- 5.1 The Chair observed that the Council Dinner held on the previous evening had been highly successful. It was important for the Council to be visible in the UK Nations and the event

had been appreciated by the University's external guests. Next year, the event would take place in Cardiff, Wales.

- 5.2 The Chair congratulated Professor Hazel Rymer on her appointment as interim Pro-Vice-Chancellor (Learning Innovation).

6 VICE-CHANCELLOR'S REGULAR REPORT

- 6.1 The Vice-Chancellor reflected on his first year in office and provided an update on aspects of the internal and external context:

- a) In February 2015, the University had not downplayed the Times report that the OU had gone *"into debt after student numbers fell by a quarter"*, but had used it to draw attention to the policy background in which the OU was operating and had commenced corrective action regarding passive withdrawals.
- b) On Charter Day in April 2015, the Vice-Chancellor had promised to fight for the OU and to make sure its voice was heard.
- c) In June 2015, he had published his essay, Students First, in which he had said:

"The need for the OU is less self-evident in the world outside than many in the University would like to believe. We need to be clear about the level of existential challenge we face. ...the relative lack of political noise around the fall in part-time numbers derives to some extent from an assumption that the OU's "second chance" role is perceived to be less necessary now. However... as the population leads longer working lives there is an increasing need for people – including those with existing HE qualifications - to reskill, change direction, or start an entirely new career The mission is still valid, but we will need to find ways to support it through our own efforts and we cannot rely in future on government subsidy. This has profound implications."

His view had not changed since then, but his understanding of the OU had deepened.

- d) Last summer, he had made changes to the Vice-Chancellor's Executive (VCE), significantly increasing the academic representation and giving greater priority to the academic voice.
- e) In July 2015, the Council had agreed to a £13 million additional investment in FutureLearn, which to date had attracted 3 million learners. The number of active partners and course runs were ahead of plan, although the number of full participators and gross revenue was below plan, as were costs. The loss for this financial year was expected to be lower than budget by approximately £1 million and the company was expected to start to move into profit in 2018. The Chief Executive of FutureLearn, Simon Nelson, had been invited to the May meeting of the Council to provide a further update.
- f) In November 2015, the Council had made a decision regarding the location of offices in England. In response to the Council's comments, two key changes were made to the project plan: the timescale for delivery had been reduced to 2 years; and, more investment had been made with regard to staff recruitment in order to lessen the risk. Three joint units, which would bring together Recruitment Teams and Student Support Teams (SSTs), were being established in Manchester, Nottingham and Milton Keynes. These Student Recruitment and Support Centres (SRSCs) would ensure that more staff were interchangeable during peak periods. Although this was the right thing to do, the University as a whole was not yet

convinced. An explanation of the current situation and the University's attempts to deal with the cultural divide was dealt with elsewhere on the agenda (C-2016-01-03).

- g) November's Comprehensive Spending Review in England had been more positive than anticipated. The Student Opportunity Fund (SOF) would be cut by 50% by the end of this Parliament, but there had been some important concessions that would benefit the OU. The availability of loans for second degrees had been extended to all Science, Technology, Engineering and Mathematics (STEM) subjects, the age limit for postgraduate (PG) loans had been lifted from 30 to 60 years of age, and maintenance loans were now available for part-time students. At the Times Higher Education Awards, the Universities Minister, Joe Johnson, had explicitly acknowledged the role of the OU's campaign for the benefit of part-time overall. It was unlikely that significant further changes would be made to part-time policy, but there were some technical policy areas where the OU would be able to make some interventions.
- h) In January 2016, the Council had agreed not to go ahead with the fee proposals for new students made at its November meeting. The change to the decision had been in part due to the better position that the OU found itself in, but also because the timing would not have been helpful given that there were decisions still to be taken regarding the SOF.
- i) The funding position varied across the UK. In Wales, there was less budget availability for HE overall, but the funding reductions would impact part-time education in particular. The most beneficial settlement was in Northern Ireland, where the minister had improved the package available for part-time education. Reductions in grant were expected in Scotland, but there had been news that the cuts might be lower than anticipated.
- j) The New Year had also brought a good outcome from the Quality Assurance Agency for Higher Education (QAA) Higher Education Review. There had been five areas where the OU had been recognised for good practice and the recommendations and affirmations related to issues that were already being addressed. The Vice-Chancellor thanked everyone who had been involved.
- k) The Vice-Chancellor had participated in a meeting where the Prime Minister had spoken about widening access, setting targets for those from disadvantaged and black and minority ethnic (BME) backgrounds. He had been invited to join a working group, which would consider issues such as access to elite institutions and the attainment of BME groups. The paper on the University's Equality Scheme highlighted some uncomfortable issues: the OU championed social justice, but its workforce was primarily white and it had a poor record on BME students compared to other HEIs. The way in which the University might address issues of diversity was being considered in the strategy.
- l) Referring to the Department for Business Innovation and Skills (BIS) letter to HEFCE on 4 March, the Vice-Chancellor highlighted the following extracts:

"We would also like you to start to retarget Student Opportunity Funding next year with the aim for further changes in 2017-18. The overall purpose should be to target this funding more effectively to support government priorities, with a greater focus on the institutions with higher proportions of at risk students from disadvantaged backgrounds, including part-time students..."

The Government is committed to supporting part-time and flexible learning in HE. Studying part time and later in life brings enormous benefits for individuals, the economy and employers....

...We ask the Council to support our ambitions in supporting part-time and flexible higher education."

- m) The Vice-Chancellor said that he had signed the Universities UK (UUK) open letter, published in the Sunday Times on 21 February, urging the British public *"to consider the vital role the EU plays in supporting the UK's world-class universities"*. UUK would continue to campaign on the EU referendum and the OU would support its position. He reported that in 2014/15, net fee income from European students had been £10.5 million, representing 4% of total tuition fees (down from £12 million in 2012/13); whilst research income had remained relatively stable at approximately £4 million per annum. Internally, VCE had concluded that it was unnecessary to suggest an institutional position for staff: all staff were free to express their opinion on the EU referendum, so long as it was clear that they did not represent an institution-wide view.

- n) On 3 March, the Times Higher Education (THE) had reported that the OU had:

"posted another multimillion-pound loss, as the collapse in part-time study continues apace.... This came as the total number of students signed up for OU courses fell by 13,449 (7.2 per cent) year-on-year, to 173,889. From a high of 260,119 learners in 2009-10, the OU has now shed a third of its enrolment in the space of six years..."

Mike Boxall, a higher education specialist at PA Consulting Group, said that the OU had been squeezed by a "double whammy" of the "catastrophe" in the part-time and postgraduate sectors, and the entry of other universities into the online learning marketplace.

"They have been hit by a market shift and competition for their core base," Mr Boxall said. "It is quite challenging for them to stand back and say 'how do we reposition ourselves against these trends'."

Mr Boxall said that the gradual erosion of the three-year residential degree as the dominant model of higher education could "play to [the OU's] strengths", but warned that the university's progress in this area was "not very visible yet".

- o) The Vice-Chancellor said that there were opportunities for the OU, including apprenticeships and increasing employability.

- 6.2 The Vice-Chancellor then invited the Finance Director, Miles Hedges, to report on some good news regarding the long-running VAT case. Mr Hedges said that the Court of Appeal had recently handed down its judgement in favour of the University and Her Majesty's Revenue and Customs (HMRC) had confirmed that it would not appeal that judgement to the Supreme Court. As a result, £52.7 million would be recognised in the University's accounts for the current year. The sum involved would increase the University's reserves and hence its financial resilience in the face of future funding and policy changes. However, it was a one-off receipt and so did not change the need to balance future recurring expenditure with future recurring income. The Vice-Chancellor added that the judgement had been in the public domain from the beginning of March, but that the University would not be promoting the fact until it had decided how to present the news to the University community.

7 2016 INSTITUTIONAL PERFORMANCE REPORT

C-2016-01-02

- 7.1 The Director of Strategy, Guy Mallison, introduced the paper, which presented a mixed picture of the OU's performance against its targets in 2014/15. The intent was to secure the OU's mission and to thrive in the new environment in which the University was now operating. The University could be satisfied with the outcomes against some measures, such as the proportion of students from disadvantaged groups and the OU's performance in the QAA HE Review and Research Excellence Framework (REF). However, other results were disappointing: module pass rates were static; postgraduate numbers had declined; and the student satisfaction scores were moving in the wrong direction.
- 7.2 A member commented that the proportion of the UK part-time market considering the OU as their first or only choice was a significant measure, and asked how the OU brand could be used more effectively to improve performance in this area. Mr Mallison observed that the measure did not reveal the full picture: the OU's share of a declining part-time market had increased as some competitors had left the market and other types of competitor had joined. The Director, External Engagement, Steve Hill, agreed that the metric was not helpful. The University had to ensure that its brand was relevant to all markets: across the nations, for both directly registered students and business to business, and outside Europe, where the University was currently seeing a slight increase in student numbers.
- 7.3 Another member observed that one possible area of differentiation was in the employment market. If the benefits of OU study were transparent and logical to employers, then they would become the OU's champions. This would also result in practical benefits, such as an increase in student numbers.
- 7.4 With reference to the measure on employability, which was below target, a member asked how other higher education institutions (HEIs) fared by comparison. The University Secretary, Keith Zimmerman, said that other institutions would tend to score slightly higher in the National Student Survey (NSS) and considerably higher in the Destination of Leavers in Higher Education (DLHE) survey. There had been significant investment in this area by other HEIs, which was reaping benefits.
- 7.5 A member remarked that it was less relevant to ask OU students how well their course prepared them for employment, as the majority were in work already. Unless the question was amended, more traditional HEIs would always score more highly. If the question was to be included in the Teaching Excellence Framework (TEF), then it was even more important to challenge the way it was framed. Mr Zimmerman replied that 40% of OU students wanted to change their career, so the question was still relevant; however, the responses would reflect a better outcome if the question was asked several years after the students had completed their study, rather than just 6 months. A link to a recent graduate survey, which had been conducted 3-5 years after graduation, would be sent to Council members.

Action: KZ

- 7.6 A member observed that there was no reference to the OU's open access policy and asked if the University was continuing to admit students who had no previous HE qualification. Mr Mallison said that the widening participation measures varied by nation, but had improved overall; the proportion of students entering OU education from areas with the lowest proportion of 16-74 year olds with an HE qualification had increased.
- 7.7 With reference to the student satisfaction data, a member commented that programme committee reviews had indicated that overall dissatisfaction was highest when study was online only and that a mixed approach to delivery tended to score more highly. The interim Executive Dean, STEM Faculty, Professor Anne de Roeck, said that the Executive

Deans were currently having discussions with the Pro-Vice-Chancellor (Learning Innovation) about delivery modes for the OU curriculum; the policy was to use the best means possible. The Vice-Chancellor added that it was important to consider this point and try to understand the situation better.

Action: GM

- 7.8 A member observed that, given the mixed picture, the strategy refresh and review of the key performance indicators was timely. The Chair agreed the University had the opportunity to come up with a set of measures that would move the University forward. It was important to note that many HEIs were tactical in their approach to the NSS; the OU should not to lose sight of its good scores overall.

8 BUILDING AN EFFECTIVE CULTURE

C-2016-01-03

- 8.1 The University Secretary, Keith Zimmerman, explained that the paper provided an interim report on the work being undertaken to address the issues of staff engagement and morale that had arisen primarily as a result of the decision on locations and the creation of new student recruitment and support centres (SRSCs). In particular, there had been a focus on engaging staff in the review of the OU strategy and on activities that demonstrated a different type of engagement was possible and which provided an opportunity to get feedback from staff. More work was required with regard to two-way communication, leadership and management, developing the culture, and measuring performance. Outward-thinking people and culture, as well as flexible processes and systems, were seen to be 'enablers' underpinning the overall strategy. A forthcoming cross-functional workshop, involving 100 people from across the OU, would consider these enablers and, once the strategy had been agreed, further consideration would be given as to how staff might be prepared for its delivery. A further report would be provided to the Council in the autumn.
- 8.2 A member welcomed the spirit of the paper: the first section provided a useful summary of the current situation and the concerns about the institutional culture. However, colleagues felt disempowered; there was still considerable cynicism regarding management consultation with staff, as the outcomes appeared to have no effect. People recognised the need for change, but many wished to argue on aspects of that change and needed assurance that the University was in control. Another member agreed that there appeared to be no process for the management to consider alternative proposals or to provide feedback as to why such proposals would not work. For example, staff did not disagree with the principles of Group Tuition, which had been agreed by the Senate; however, significant issues had been raised about the difficulties of implementation, which had not been progressed. This appeared to indicate a lack of agility and a reluctance to change. A member said that it would be useful to see a paper that outlined the improvements and amendments being made, and which closed the loop on the outcomes of the consultations.
- 8.3 A member remarked that the right people were not always having the right conversations; for example, the academic strategy was being considered at the same time as the institutional strategy. Staff were still committed to the University, but were no longer sure what the OU stood for. They were keen to see the mission and objectives refreshed, but did not understand how this would affect them. It was possible that some of the perceived resistance was actually a lack of clarity.
- 8.4 Another member said that the Council should be aware that, even in the current circumstances, staff were still very committed to the organisation. Despite a 20% loss of staff in one Student Support Team, it was still meeting its targets for 97% of calls.

- 8.5 A member said that the paper disguised the level of despondency amongst certain groups of staff who were hugely committed to the OU, but were unsettled by what was happening. The interventions described were not substantially different to what had gone before and there was frustration at the number of workshops. Initiatives were needed that were outside the usual boundaries and would engage staff with the OU vision. There were still excellent developments across the University, but staff only heard about the concerns for the future.
- 8.6 A member concurred that the paper did not reflect the depth of angst and sense of disjointedness across the University community. The paper failed to convey an understanding of the issues and how they might be resolved. The minutes of the Staff Strategy Committee reported a discussion about empowering people and sharing responsibility across the organisation; however, the paper demonstrated a top-down approach.
- 8.7 The Chair said that the approach to building an effective culture was work in progress. It was important that the University endeavoured to tackle the problem now, but it was also going through a major strategy exercise that would provide a framework for future activity.
- 8.8 The Chair of the Staff Strategy Committee, Ruth Spellman, said that there had been an extensive discussion on these issues at the last meeting of the Committee, which had acknowledged the work going on, but had also considered what needed to be changed. It was necessary to re-evaluate what was meant by employee engagement and how it could be measured. Staff were values driven and wanted to contribute. Communications, engagement and consultation should all be two-way; the challenge was to define these so that they were meaningful to staff. The Committee had also discussed the need for distributed leadership; empowering leaders at levels should work well in the OU culture. Finally, it was essential to stay focussed on the key indicators; it was not possible to measure everything.
- 8.9 A member observed that the Pulse survey rating 'I feel confident with the management of the OU in dealing with organisational change' was poor. When trying to achieve significant organisational change, it was essential to focus on those things that provided quick wins, which strengthened confidence in the executive and created a strong buy-in from staff.
- 8.10 With reference to the development of a variety of leadership styles (paragraph 23), a member said that this should be bottom-up as well as top-down. The OU community should be able to see how members of the executive took different risks in different ways. It was important not to confuse strategy with culture change. Staff were not disconcerted by the strategy, but were concerned about the values underpinning it.
- 8.11 Referring to an earlier comment, a member agreed that the paper was too conventional and it was necessary to look at different ways of addressing the potential disconnect within the OU community. Consideration should be given to engaging Council members in the staff workshops. The Council had taken the decision on locations, but its lack of engagement with the wider University had the potential to create a major barrier.
- 8.12 A member commented that the Council had had to make some difficult decisions, which were in part responsible for the current cultural atmosphere, but the governance arrangements had not changed in response to the environment in which it was now operating. The Council only met 4 times per year, which may not be sufficient to keep up with the pace of change, and there seemed to be an increasing lack of clarity about where the decisions should lie.
- 8.13 A member requested that the workshops were extended beyond the OU campus, perhaps by making use of the opportunities available for asynchronous discussions.

- 8.14 The Vice-Chancellor acknowledged that the current levels of morale and engagement were a significant issue, which had to be addressed. The OU had shrunk and the University needed a positive and confident strategy to ensure growth. The Council decision regarding locations had created a difficult atmosphere and it was essential that the University collectively contributed ideas to turn the situation around.
- 8.15 The Chair thanked the Council for a positive discussion on these issues; the spirit of genuine debate was to be encouraged across the University.
- 8.16 The Council **noted** the activities that had already taken place or were currently underway to address the challenges of accelerated organisational change.

9 EQUALITY SCHEME 2016-2020 **C-2016-01-04**

- 9.1 The University Secretary, Keith Zimmerman, introduced the paper. Legislation required the OU to have an Equality Scheme and a similar document had been in place during previous years. However, the publication of the new Higher Education Code of Governance meant that the scheme now had to be approved by the Council. The University had set itself the aim of being a model of equality, diversity and inclusion; the Vice-Chancellor was the new champion in this area and members of VCE had responsibility for particular aspects of the scheme. The scheme covered some important and challenging areas, for example with regard to the attainment of ethnic minority students; however, the introduction of a different approach that acknowledged that one initiative could have an impact in a number of different areas would enable operation at scale.
- 9.2 A member said that the Scheme had been discussed by the Staff Strategy Committee, which had recommended it for approval by the Council. It was good to see that an abridged version of the document would be produced; a simple and concise document would make the scheme more accessible for all.
- 9.3 With reference to the earlier discussion on culture, a member observed that the OU mission and core values (page 13) captured what the OU stood for and should be used more widely. The words would resonate with staff and inspire hearts as well as minds.
- 9.4 Another member welcomed the reference to Welsh language standards; and asked whether the Council's commitment to the aim of achieving at least 30% of the Council to be made up of women was reflected in the document. The Chair directed members to Objective 2c (page 71) regarding diversity on the Council and governance committees, which highlighted the OU's recent membership of the 30% Club.
- 9.5 The Council **approved** the proposed Equality Scheme 2016-2020

10 FORECAST OUTTURN **C-2016-01-05**

- 10.1 The Finance Director outlined the key movements in the forecast outturn based on the first quarter's results. The adverse variance of £9.1m was wholly attributable to the cost in 2015/16 of implementing the location changes agreed by the Council, for which the operational and financial benefits would fall in future years. Before accounting for the exceptional item there was an underlying improvement in the University's financial performance.
- 10.2 The Court of Appeal judgement referred to in the Vice-Chancellor's report, which had been handed down too late to be incorporated in this forecast, meant that the University would recognise a gain of £21m for the VAT repayment and £32m for the simple interest paid over by HMRC in 2013, together with some £0.5m in respect of the University's costs of litigation. This would be reflected in the next forecast for the year. Litigation was likely

to continue in respect of three associated disputes with HMRC, which might not be settled for some time.

- 10.3 The Treasurer said that it was encouraging to see an underlying improvement in the University's financial performance. He thanked Mr Hedges and his team, as well as the University's advisors from KPMG and its Counsel, Dr Paul Lasok, for their persistence with the VAT case over the past 8 years; but cautioned that the funds should be used for one-off expenses, not to bolster income.
- 10.4 The Council **noted** the 2015/16 forecast consolidated outturn of £5.4 million deficit based on the first quarter's results.

11 FINANCE COMMITTEE **C-2016-01-06**

- 11.1 The Treasurer commented on the main items discussed at the last meeting of Finance Committee. The Chief Executive of FutureLearn and the acting Chief Executive of Open University Worldwide had both made presentations to the Committee; both subsidiaries were making encouraging progress. The issues affecting the financial position in future years were summarised in minute 7. The outcome regarding widening participation funding would improve the position slightly, but pay costs would continue to create pressures on the cost base which had to be addressed.
- 11.2 Referring to minute 1.3, a member asked if the paper providing background on the wider business benefits of FutureLearn could be made available to the Council. The Chair responded that there would be a presentation on FutureLearn at the next meeting of the Council.
- 11.3 The Council **noted** the unconfirmed minutes of the last meeting of Finance Committee held on 26 January 2016 (F-2016-01-M).

12 AUDIT COMMITTEE **C-2016-01-07**

- 12.1 The Chair of Audit Committee, Bob Spedding, highlighted the key matters considered by the Committee at its last meeting. As a result of the introduction of Financial Reporting Standard (FRS) 102 and the outcome of the VAT case, the financial statements for 2015/16 would look different to past financial statements. The Finance team were commended for their early work on the draft presentation. The discussion of risk and risk management had been pervasive throughout the meeting. The risk management process and the development of the institutional strategy were linked, so the consideration of the Strategic Risk Register had been deferred to the June meeting. There would be a discussion on the implications of the strategy in terms of risk at the workshop following the Council meeting.
- 12.2 The Council **noted** the unconfirmed minutes of the last meeting of the Audit Committee held on 23 February 2016 (AUC-2016-01-M).

13 STRATEGIC PLANNING AND RESOURCES COMMITTEE **C-2016-01-08 A&B**

- 13.1 The Vice-Chancellor, Peter Horrocks, said that most of the items discussed by the Strategic Planning and Resources Committee (SPRC) were also covered by the Council agenda. There had been a presentation on the Teaching Excellence Framework (TEF), but the detail of the timetable and the metrics to be used was still unknown. It was unlikely that the OU would be able to influence policy materially, but it might be able to bring about changes to the institutional context, for example to ensure that open entry policy was taken into account.

13.2 The Council **noted** the unconfirmed minutes and confidential minutes of the last meeting of the Strategic Planning and Resources Committee held on 2 February 2016 (SPRC-2016-01-M and SPRC-2016-01-CM).

14 STAFF STRATEGY COMMITTEE C-2016-01-09

14.1 The Chair of the Staff Strategy Committee, Ruth Spellman, commented that leadership had been a major aspect of the Committee's discussions at its last meeting, as was the need for alignment between the overall University strategy and the people strategy. Staff engagement and motivation, talent management and succession planning, and equality issues should all map precisely to the institutional strategy.

14.2 The Council:

- a) **approved** the proposed change to the Staff Strategy Committee constitution (Appendix);
- b) **noted:**
 - i) that the recommendation of the proposed Equality Scheme to the Council for approval, subject to the addition of a paragraph summarizing the internal drivers, was dealt with elsewhere on the agenda (C-2016-01-04)
 - ii) the unconfirmed minutes of the last meeting of the Staff Strategy Committee held on 16 February 2016 (CSSC-2016-01-M).

15 ESTATES COMMITTEE C-2016-01-10 A&B

15.1 The Chair of the Estates Committee, Bill Monk, said that the decision regarding locations had resulted in significant estate activity and he summarised the main items discussed at the last meeting of the Committee. The estate outside of Walton Hall was in good shape, with opportunities to improve arrangements regarding those properties being retained and few difficulties in disposing of those buildings that the OU no longer required. Space utilization was the principal focus at Walton Hall. A member commented that there was significant work to be done in this area.

15.2 The Council **noted** the unconfirmed minutes and confidential minutes of the last meeting of the Estates Committee held on 12 February 2016 (E-2016-01-M).

16 DEVELOPMENT COMMITTEE C-2016-01-11

16.1 The Chair of Development Committee, Ruth Girardet, commented that the University's fundraising efforts were on target and work on the 50th Anniversary Campaign was continuing apace. Referring to the recent negative press about fundraising, the Committee had been assured that the OU had a robust and transparent process in place, and that the University would be adopting best practice by operating an opt-in rather than an opt-out system.

16.2 The Council **noted** the unconfirmed confidential minutes of the last meeting of the Development Committee held on 26 January 2016 (DC-2016-01-CM).

17 THE SENATE C-2016-01-12

17.1 The Vice-Chancellor, Peter Horrocks, drew attention to the fact that the motion presented to the Senate proposing that the Senate set up a working group to be regularly consulted on the implementation of the locations decision and to advise on the mitigation of risks to academic quality and standards had been carried. The seating plan at the Senate had been changed from members being in tiered seating facing the Executive top table at the

front, to a round-table layout that encouraged more active discussion. The Senate had been given the opportunity to provide input to the emerging strategy and, for the first time, had considered the academic performance report. The Senate had been invited to choose its own focus for discussion on the draft key performance indicators. The debate had been on the retention of students on modules, and a key concern had been that the KPIs all related to student engagement with technology and did not include face-to-face contact. These activities provided examples of how the management was listening and providing opportunities for the Senate to affect the way in which the OU operated.

17.2 The Vice-Chancellor reported that the Senate had also had a significant discussion on the procedures for Executive Dean Appointments. This item was covered elsewhere on the Council agenda (C-2016-01-15).

17.3 The Council **noted** the report on items discussed at the meeting of the Senate held on 27 January 2016:

a) the following matters for information:

- i) Locations Analysis
- ii) OU Strategy
- iii) Academic Performance Report
- iv) Academic Strategy
- v) Faculty Configuration:
 - Academic Organisation
 - Governance
 - Executive Deans Appointment Procedures

b) that the following recommendations were dealt with elsewhere on the agenda:

- i) Executive Deans Appointment Procedures (C-2016-01-15);
- ii) Professorial Appointment Procedures (C-2016-01-17).

18 ANNUAL REVIEW OF THE OU-OUSA RELATIONSHIP AGREEMENT C-2016-01-13

18.1 The University Secretary, Keith Zimmerman, introduced the paper, which provided an annual review of the ways in which the University and OUSA work together. The changes acknowledged the need to 'close the loop', with an undertaking on student consultation and engagement that would allow OUSA to hold the University to account. The University was also seeking opportunities to establish student representatives on appointment panels for key posts.

18.2 The Council **approved** the amendments to the OU/OUSA Relationship Agreement arising from the first annual review.

19 ANNUAL STATEMENT ON RESEARCH INTEGRITY C-2016-01-14

19.1 The Pro-Vice-Chancellor (Research and Academic Strategy), Professor Kevin Hetherington, introduced the paper, which highlighted the University's compliance with the Concordat to Support Research Integrity and identified ways in which it could improve and

extend best practice, as well as outlining the process for investigating allegations of misconduct or malpractice.

19.2 The Council **noted** the Annual Statement on Research Integrity.

20 EXECUTIVE DEAN APPOINTMENT PROCEDURES

C-2016-01-15

20.1 The University Secretary, Keith Zimmerman, explained that the Executive Dean posts were new, so there was no precedent as to how they should be appointed. Consideration had been given to the existing procedures for appointing Pro-Vice-Chancellors (PVCs) and Deans and Directors. As the Executive Deans would be members of VCE, the proposed procedures most closely resembled those for PVCs: a joint committee of the Council and the Senate, with the addition of a student representative.

20.2 There had been an extensive discussion of the proposed procedures at the last meeting of the Senate and some amendments had been proposed. The response to the call for greater faculty representation was reflected in the paper. However, the proposal that the balance of membership between Senate and Council members should be revised to four Senate and two Council members did not form part of the proposal to the Council; VCE had reviewed the composition of the appointment committee and agreed that the original balance of three members from the Senate and the Council respectively should be retained.

20.3 A member welcomed the changes to the faculty representation and explained that the amendment regarding the balance of Council and Senate members had been proposed to ensure that the broad academic interest was represented. This could be achieved by having four members of the Senate (two members from the faculty concerned and two from the wider academic community, plus two from the Council. This proposal, which was narrowly passed by the Senate, should be considered by the Council.

20.4 Another member observed that the Executive Dean appointment procedures had become a conduit for the wider dissatisfaction in the University community. The need for greater academic involvement should also be extended to executive appointments. The proposal before the Council had changed little from the original considered by the Senate.

20.5 The Chair said that the spirit of the Senate proposals had been acknowledged in the framing of the revised proposals, but these were executive appointments and the importance of the Council's input had also to be recognised.

20.6 A member observed that the paper focussed on process, rather than the skills required by the members of the joint committee. Another member commented that membership categories 2 iii) and iv) did not specify that any of the members should be academic; consequently there was the potential for the appointment committee to be entirely non-academic. Mr Zimmerman replied the addition of such criteria would be a significant innovation, as in effect the Council would be telling the Senate who to elect. The Senate should be trusted to make the best decision, just as the Council, through the Membership Committee, would choose the best person for the joint committee.

20.7 A member said that it was unlikely that Senate members and Council members would have opposing views on the same candidate. However, he suggested that the Council membership of the joint committee should not specifically exclude the Senate members of Council. This would allow the Council to appoint one of its academic members if appropriate. Mr Zimmerman clarified that the proposal was to delete the phrase "not being members of the Senate" from membership category 2 ii).

20.8 A member said that this was a good compromise. Another member said he supported the amendment, which demonstrated that the Council had listened the concerns of the

Senate, without altering the balance between the Council and Senate membership. The role description for members of the appointment committee would be important. The Chair said that the points raised in the discussion should be noted as background.

20.9 The Council **approved** the appointment procedures for Executive Deans, subject to the above amendment.

21 MEMBERSHIP COMMITTEE **C-2016-01-16**

The Council

- a) **approved** the reappointment of Greg Walker:
- i) as an external co-opted member of the Council from 1 August 2016 to 31 July 2020;
 - ii) as one of three lay members of the Council *on the Audit Committee*, appointed by the Council, not being officers of the University or members of the Finance Committee, of whom one is appointed as Chair by the Council from 1 August 2016 to 31 July 2020;
- b) **approved** the appointment of Sandy Begbie as an external co-opted member of the Council from 1 August 2016 to 31 July 2020;
- c) **noted** the unconfirmed Minutes of the meeting (MC-2016-01-M).

22 CHAIRS ACTION **C-2016-01-17**

The Council **noted** the action taken by the Chair since the last meeting of the Council.

23 DECLASSIFICATION OF COUNCIL PAPERS

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

C-2016-01-02	Institutional Performance Report
C-2016-01-08	SPRC Confidential Minutes
C-2016-01-10	Estates Committee Confidential Minutes
C-2016-01-11	Development Committee Minutes
C-2016-01-16	Membership Committee Appendix

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

C-2016-01-03	Building an Effective Culture
C-2016-01-16	Membership Committee Minutes

24 DATE OF NEXT MEETING

The next meeting of the Council would be Tuesday 10 May 2016 in Milton Keynes.

25 REVIEW OF MEETING AND THANK YOUS

25.1 The Chair thanked members for their participation.

25.2 On behalf of the Council, he thanked the Pro-Vice-Chancellor (Learning Innovation), Professor Belinda Tynan, who would be leaving the University in April, for her contribution to the OU.

Keith Zimmerman
University Secretary

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Updated 15 April 2016 – Action added to minute 7.7