

THE COUNCIL

Minutes of the meeting held on Tuesday, 3rd July 2001 at the offices of the Open University Validation Services Conference Centre, 344-354 Gray's Inn Road, London WC1X 8BP.

- Present: Pro-chancellor (Chairman), the Acting Vice-Chancellor, Ms K Bahl, Ms J Barker, Professor A Bassindale, Dr A Brown, Dr D Child, Sir John Caines, Professor A Cochrane, Ms P Cowling, Mr B Fox, Mrs A Gall, Dr R Glaister, Dr M Green, Dr J Greenberg, Lady Howe, Ms L James, Mr S Jamieson, Dr L Jones, Mr G Lammie, Professor D Laurillard, Dr S Monro, Mrs J Moss, Dr E Nelson, Councillor R Norman, Professor W F Vinen, Ms A Watts
- In attendance: University Secretary, Senior Assistant Secretary (Central Secretariat) Finance Director, Director of Communications, Director of Personnel, Administrative Assistant (Central Secretariat)
- Apologies: Professor B Clarkson, Mr R Delbridge, Mr R Downes, Ms J Drake, Mr F Henshaw, Ms J Munsiff, Dr P Sarre

59.0 OBITUARIES

- 59.1 Reported: with deep regret the deaths of:
- Phil Phillips, formerly Electronics Storeman, Faculty of Technology (1979-1987);
 - Malcolm Foote, Senior Programmer, Systems Development AACS (1990-1996);
 - Doreen Twichett, formerly in Correspondence Services (1975-1995);
 - Brenda Smith, Social Sciences Staff Tutor, Northern Ireland Regional Centre (1994-2001).

60.0 CONGRATULATIONS

- 60.1 Reported: the congratulations of the Council to Dr Neil Chalmers, formerly Dean of Science and currently Director of the National History Museum who has received a Knighthood in the Queen's Birthday Honours.

61.0 MINUTES

- 61.1 Approved: the minutes of the meeting of the Council held on 15th May 2001 (CM/227).

62.0 VICE-CHANCELLOR APPOINTMENT

- 62.1 Noted: that the process for appointing a new Vice-Chancellor was in progress and a recommendation was due to be made to the Special Meeting of the Council on 18th July 2001.

63.0 UNITED STATES OPEN UNIVERSITY

- 63.1 Noted: (a) that at the recent USOU Board meeting, it was clear to senior management that the Board had engaged with the requirements specified by the Council at its May meeting (CM/227/M : 44.5). The USOU had received accreditation from the Distance Education and Training Council (DETC) in record time, thus achieving one of the key “milestones”;
- (b) that student numbers for 2001/02 would be reported to the September meeting of the Council.

64.0 SUBJECT REVIEWS

- 64.1 Noted: that the University had received “excellent” ratings for Politics and Religious Studies in the final Subject Review. The standards achieved during the review would remain, and demonstrated the University’s high achievement of academic standard.

65.0 HEFCE FUNDING

- 65.1 Noted: (a) that the University had been notified of funding:
- (i) £4.2M from the Science Research Investment Fund;
- (ii) £3.6M as a transfer grant from the Library project to Offices VIII;
- (iii) £8.9M capital funding in support of Learning and Teaching, and to improve provision for students with disabilities.

66.0 OU/BBC AGREEMENT

- 66.1 Noted: that modification to the 4th Agreement with the BBC was being negotiated at present. The key elements were:
- (a) that the University would not continue to use broadcasting for direct teaching, but use it to fulfil wider objectives;
- (b) that the air time available to the University would include more peak viewing slots;
- (c) that the University would assist the BBC with “learning journeys”

67.0 UNIVERSITY OF THE N.H.S

- 67.1 Noted: that the Labour Party election manifesto included reference to a “University for the NHS” and the OU was well placed to contribute. Talks were in progress with the British Association of Medical Managers, (which would be a driving force behind the UNHS) to explore ways of progressing this opportunity.

68.0 OPPORTUNITY NOW

- 68.1 Noted: that the University had received an Opportunity Now award in respect of the Women into Management scheme.

69.0 LEARNING AND TEACHING SERVICES

- 69.1 Noted:
- (a) that information from the OUNUJ had been handed out to some members before the meeting concerning the LTS restructuring;
 - (b) that there had been a working group considering this issue for some time and which included Deans of Faculties. A joint union/management implementation group had been established to consult on the implications for staff. The group had held its first meeting on 26th June and would meet again on 11th July. The status of the proposals for restructuring appeared to be misunderstood by some staff; information had been issued to all relevant staff with a clear statement from the University;
 - (c) that a staff briefing meeting was to be held on 17th July to outline the proposed structure. There would be consultation in the detail of the proposals with staff affected. Retraining and redeployment and salary protection for individuals were part of the restructuring and there were to be no compulsory redundancies.

70.0 APPOINTMENTS TO COMMITTEES OF THE COUNCIL (Paper C/228/1)

- 70.1 Approved: the following appointments to Committees of the Council, recommended by the Membership Committee:
- (a) Ms Lesley James to be appointed to the Membership Committee from 1st August 2001 to 31st July 2003 to a vacancy for one of two co-opted lay members of the Council appointed by the Council replacing Dr Liz Nelson;
 - (b) Mr Roger Dawe to be appointed to the Audit Committee from 1st August 2001 to 31st July 2005 to a vacancy for one of three lay members of the Council appointed by the Council replacing Professor Brian Clarkson;
 - (c) Mr Clay Brendish to be appointed to the Finance Committee from 1st August 2001 to 31st July 2005 as one of three members of the Council appointed by the Council, who shall not be employees of the University, replacing Mrs Jane Barker.

71.0 CUC GUIDE FOR MEMBERS OF GOVERNING BODIES OF THE UNIVERSITIES AND COLLEGES IN ENGLAND, WALES AND NORTHERN IRELAND (C/228/2)

- 71.1 Received: for information and retention, the updated CUC Guide for members of Governing Bodies and noting that the Council took a different view on the appointment of members in respect of an upper age limit. The Pro-Chancellor agreed to write to the CUC expressing the Council's concern about an upper-age limit for Council membership.

72.0 INSTITUTIONAL PERFORMANCE REVIEW (IPR)
(Paper C/228/3)

- 72.1 Noted:
- (a) that this was the second report produced in this format which was aim at monitoring performance at a high level and informing “Plans for Change”;
 - (b) that the numbers of academic staff engaged in research had increased since the last research assessment exercise. The method of calculation for the Research Assessment Exercise included all academic staff, but did not allow for the distinct role of regional academic staff who were less likely to be research active than central academics;
 - (c) that a measurement against targets was recorded in Plans for Change and the middle tier plans, not within the IPR however, this could be reviewed;
 - (d) that the drop out rate for students with fee waivers could be misleading and would be reviewed;
 - (e) that it would be helpful to be provided with further indications for the quality of Associate Lecturers teaching, ethnicity of students, disabled students and more detailed information on registration rates for students by region;

73.0 PLANS FOR CHANGE
(Paper C/228/4)

73.1 Noted: that this document set out the central purposes of the Institution, established strategic aims for the next 10 years and identified key development activities for the next 3-5 years. It reflected a major revision for the strategic plan, taking into account the IPR, middle tier plans and the “OU for you” programme, prompting a revision of the mission statement. A final version of the document would be submitted to the December 2001 meeting of the Council.

73.2 Resolved: to **Suggest** the following amendments to the document:

- (i) Mission Statement

Paragraph 1 “Open as to people” insert “Lifelong” between “individual’s” and “needs”.
- (ii) Strategic Aims
 - Teaching
Last paragraph: delete “work towards” and insert “ensure”.
 - Income Generation
Insert “from a variety of sources” after net income.

74.0 PLANS FOR CHANGE IN SCOTLAND 2001-2005
(Paper C/228/5)

74.1 Noted: that the paper drew information from other existing plans within the University. Progress had been made since last year to produce a

fuller strategic document. The paper showed the Open University in Scotland was on line to meet its key objectives;

74.2 Resolved: to **endorse** and **support** the aims of the "Plans for Change in Scotland 2001-2005" in its onward transmission to the SHEFC.

75.0 RESEARCH ASSESSMENT EXERCISE
(Paper C/228/6)

- 75.1 Noted:
- (a) that the Research Assessment Exercise (RAE) submission had been made to the HEFCE on 30th April, and covered 26 separate subject submissions. The University would report difficulties experienced with the Funding Council's software when invited to comment on the RAE later in the year;
 - (b) that the University had submitted a higher number of research active staff at a time when the sector, overall, was indicating a decrease. The University expected to maintain its quality rating. It was hoped that this might increase funding to the University since grants were determined by quality ratings and the volume of research undertaken;
 - (c) that the outcome of the RAE exercise would be reported to the Council after the publication of information in late December 2001.

76.0 2001/02 BUDGET AND FINANCIAL FORECASTS TO 2004/05
(Paper C/228/7)

- 76.1 Noted:
- (a) that the financial forecasts to 2004/05 would be submitted to the Funding Council The first year of the forecasts, for 2001/02 represented the University's budget for that year. The key risks were set out in a commentary on the forecasts;
 - (b) that the forecasts indicated a small surplus or break-even on normal operating activities throughout the period;
 - (c) that once off investments in specific projects resulted in deficits totalling £21M in the first four years before the University returned to generating a net surplus in 2004/5.
- 76.2 Resolved:
- (a) on the recommendation of the Finance Committee, to **approve** the University's 2001/2 budget which showed a normal operating surplus of £2.4M and a deficit of £11.4M after utilising central and unit reserves on a total income of £305M;
 - (d) on the recommendation of the Finance Committee, to **approve** the financial forecasts to 2004/5 for submission to the HEFCE.

77.0 ANNUAL REPORT FOR THE OPEN UNIVERSITY FOUNDATION AND DEVELOPMENT OFFICE
(Paper C/228/8)

77.1 Received: a report on the performance of the Development Office and the statement of financial activities from the Open University Foundation for information.

77.2 Noted: that a review of fundraising activities was being undertaken in the autumn.

78.0 MEMBERSHIP COMMITTEE
(Paper C/228/9)

78.1 Received: the unconfirmed minutes of the meeting of the Membership Committee held on 15th May 2001, noting that nominations for appointments to Committees of the Council had been considered separately (see minute 70.0 above).

79.0 ESTATES COMMITTEE
(Paper C/228/10)

79.1 Received: the unconfirmed minutes of the meeting of the Estates Committee held on 18th May 2001, noting:

- (a) that the project to extend and expand infrastructure services within the Ring Road on the northern area of the campus was approved;
- (b) that an increase of £150k in the capital budget for the fit out of the new North West Regional Centre in Manchester was approved;
- (c) that further information was requested on the process of assessment and prioritisation of Minor Works before the 2001/2002 Programme of work was approved;
- (d) that the move of the Finance Division to the Green Building at De Montfort University Kent's Hill site had been delayed until at least early 2002.

80.0 ACADEMIC BOARD
(Paper C/228/11)

80.1 Noted: from the report of the meeting of the Academic Board held on 17th May 2001:

- (a) E-Open University/E-University Project;
- (b) KMi Review;
- (c) Postgraduate Certificate in Education.

80.2 Approved: (a) amendments to the Terms of Reference and Membership of the Curriculum Partnerships Committee;

(b) amendments to constitutions following the OUVS Review.

80.3 Confirmed: amendments to regulations.

81.0 AUDIT COMMITTEE
(Paper C/228/12)

81.1 Noted: from the unconfirmed minutes of the meeting of the Audit Committee held on 20th June 2001, and the memorandum to the Council from the Chairman:

- (a) that the report from the consultants, Ernst and Young, of an audit review of the University's decision-making processes on the USOU had been considered by the Audit Committee. The Committee had noted the findings of the consultants, but felt unable to reach any final conclusions or make any recommendations to the Council until a response from the Open University Management became available;
- (b) that the Council should be made aware of the consultants findings because of the relevance of the findings to discussions reached by the Council at the May meeting (C/227/M44) and because of the Council's own involvement in the decision making process;
- (c) that the Audit Committee required the University to be able to assure the Council that proper controls were in place for the future conduct of the project;
- (d) that a further report would be submitted to the Council when the management response had been considered;
- (e) that the HEFCE had issued guidance notes concerning risk management for governors and senior managers, on the principle outlined in the Turnbull report, where a governing body should satisfy itself (and disclose compliance) that "an ongoing process is in place for identifying, evaluating and managing risk";
- (f) the recommendation that a discussion be held at a future date by the Council on this topic, based on key questions posed for members in the HEFCE document on risk management;
- (g) the decisions of the Committee in respect of the Audit Strategy memorandum;
- (h) the commendation of the Institutional Performance Review;
- (i) the approval of the revised audit plan.

- 81.2 Resolved:
- (a) to **agree** to the further discussion of the external consultants' report on the decision making process in relation to the USOU project when management comment was available.
 - (a) to **endorse** the recommendation of the Audit Committee in relation to risk management issues and **agree** to discuss the briefing document checklist and key questions at a future date.

82.0 FINANCE COMMITTEE
(Paper C/228/13)

- 82.1 Received: the unconfirmed minutes of the meeting of the Finance Committee held on 26th June 2001, noting that approval for the Budget and HEFCE Financial Forecasts had been considered as a separate item (see minute 76 above).

- 82.2 Resolved: on the recommendation of the Finance Committee:
- (a) to **agree** that no provision or contingent liability should be made for Associate Lecturer Pensions and Fees from Home and EU Students domiciled outside the UK in the University's 2000/01 Financial Statements;
 - (b) to **confirm** a budget of £9.5M for Offices IX and £0.5M for infrastructure works to serve the northern part of the existing developed campus at Walton Hall;
 - (c) to **confirm** a budget of at least £5.2M for Building X as included in the bid to HEFCE, pending definition of the full proposals for this building;
 - (d) to **confirm** a budget of £17M (including VAT) for the Library project;
 - (e) to **approve** an increase in the budget for fitting out of the North West Regional Centre (Manchester) from 600K to £750K;
 - (f) to **ratify** the revision of the level of royalties due to the University from the United States Open University to 15%.

83.0 STRATEGIC PLANNING RESOURCES COMMITTEE
(Paper C/228/14)

- 83.1 Received: the unconfirmed minutes from the meeting of the Strategic Planning Resources Committee held on 26th June 2001, noting:
- (a) that SPRC had considered and supported Plans for Change in Scotland which the Council had been asked to consider and approve under a separate agenda item (minute 74 above);
 - (b) that the recommendation for approval for fees guidelines had not yet been considered by the Academic Board (since the meeting was to be held on 4th July).
 - (c) that OUSA requested clarification on the setting of fee values, as these had caused concern (especially in respect of the the impact of a reduced fee for the Arts foundation course and an increase in Level 2 and 3 courses on these students who had already made informed choices).
 - (d) that fees were part of the marketing mix for the University, and were considered in relation to retention strategy.

- 83.2 Resolved: to **approve** the fees guidelines, subject to their consideration and approval by the Academic Board on 4th July.

84.0 REMUNERATION COMMITTEE
(Paper C/228/15)

- 84.1 Noted: the terms and conditions which would apply to the new Vice-Chancellor.

85.0 DECLASSIFICATION OF PAPERS

- 85.1 Approved: the removal of confidential status from papers considered by the Council at this meeting **except** paper C/228/15 and Appendix 1 of C/228/12, which would retain confidential status.

86.0 THANKS

- 86.1 Recorded: the grateful thanks of the Council to those co-opted members whose appointments ceased on 31st July:

Dr Liz Nelson, 1992-2001, Vice-Chair of Council, for her great support, enthusiasm and contribution through membership of many Committees and her service to the Council.

Sir John Caines, 1993-2001, for his leadership of the Audit Committee and valuable contribution to the Council and many of its Committees.

Professor Joe Viinen, 1993-2001, for his support of research issues and valuable contribution through Committees and Council membership.

Bailie Dr Malcolm Green, 1996-2001, who completed a second term of Council membership in which he had given valuable support and the Scottish perspective.

Mrs Jennifer Moss, 1995-2001, for her valuable contribution to the SPRC and the University UNISON Negotiating Committee and as a Council member.

Ms Patricia Cowling, 1997-2001, for her valuable contribution as a member of the Membership Committee and as a graduate and latterly co-opted Council member.

Professor Brian Clarkson (in absentia) 1993-2001, for his valuable contribution as a Council member, and member of the Audit Committee.

87.0 NEXT MEETING

- 87.1 Reported:
- (a) there would be a special meeting of the Council on Wednesday, 18th July 2001 at 10.00 am in the offices of the Open University Validation Services Conference Centre, 344-354 Gray's Inn Road, London, WC1X 8BP;
 - (b) the next ordinary business meeting would take place during the Residential Weekend of the Council on Saturday, 22nd September 2001 at 3.00 pm on the Walton Hall Campus, The Open University, Milton Keynes, MK7 6AA.