

THE COUNCIL

Minutes

This paper presents the unconfirmed Minutes of the last meeting of the Council held on 25 September 2018 at The Open University, Walton Hall, Milton Keynes.

The Council **approved** the Minutes as a correct record at its meeting on Tuesday 27 November 2018

Dr Jonathan Nicholls
University Secretary

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Attachments:

C-2018-05-M Minutes of the meeting of the Council held on 25 September 2018

THE COUNCIL

Minutes of the meeting of the Council held on Tuesday 25 September 2018
at The Open University, Walton Hall, Milton Keynes.

- Present:** Mr R Gillingwater (Chair), Professor M Kellett (Acting Vice-Chancellor), Ms C Brown (President, OU Students Association), Mr S Begbie, Professor J Brooks (Vice-Chair), Dr Jovan Byford, Mrs F Chetwynd, Mrs M Curnock Cook, Mr J D'Arcy, Ms Maggie Galliers, Ms R Girardet, Mr P Greenwood, Dr R Heffernan, Ms A Henderson, Mr D T Parry, Mr R Spedding, Dr B Tarling, Professor J Wolffe
- In Attendance:** University Secretary, Head of Governance, Senior Manager, Governance (Working Secretary), Group Finance Director
- Also:** Pro-Vice-Chancellor (Learning, Teaching and Innovation) (from Minute 8)
Mr R Henson, IBIS Capital (Minute 8)
- Apologies:** Mrs R Lock, Mrs C Stockmann (Treasurer), Dr G Walker (appointment of alternate and proxy vote forms received from each member)

1 WELCOME

The Chair welcomed everyone, particularly the new members attending their first ordinary business meeting of the Council: Ms Maggie Galliers, Dr Jovan Byford, Dr Richard Heffernan, Mr Tim Parry and Ms Cath Brown.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.

3 MINUTES

C-2018-04-M

The Council **approved** the minutes of the meeting of the Council held on 17 July 2018 as a correct record of the meeting.

4 MATTERS ARISING AND ACTION TRACKER

C-2018-05-01

- 4.1 The Chair observed that all the actions arising from previous meetings had been completed or were in hand: the matters not dealt with at this meeting, such as the student retention data pack and the one-page finance infographic, would come forward to the November 2018 meeting.
- 4.2 The University Secretary provided a further update on the action being taken regarding potential cladding combustibility on some buildings, previously mentioned in the Health and Safety Annual Report. Fire safety engineers had been commissioned to assess the construction of external walls and had recommended that intrusive inspection should be undertaken to confirm the presence of fire breaks. This inspection was scheduled to take

place by the end of September 2018. If fire breaks were found to be missing, a project would be undertaken to install new ones.

- 4.3 It was noted that the actions arising from the discussion of the Lessons Learned paper at the Council meeting in July 2018 should have been included in the tracker. The University Secretary confirmed that an implementation plan for the recommendations in the report would be presented to the Governance and Nominations Committee (GNC) meeting on 24 October 2018 and would then be brought forward to the Council on 27 November 2018. Progress was already being made: the proposed changes to the portfolios of members of the Vice-Chancellor's Executive (VCE) would be communicated to the wider University during the following week, and Remuneration Committee had considered three of the recommendations in the paper at its meeting that morning.
- 4.4 The Council **noted** the Action Tracker.

5 CHAIR'S BUSINESS

- 5.1 The Chair reminded members that the University had recently submitted its application to the Higher Education (HE) Register managed by the new regulator, the Office for Students (OfS). The OU had previously agreed with OfS that its Access and Participation Resource, which would commit the University's financial contribution to Access modules, would be submitted at the end of 2018, after the University's normal cycle for setting fees and agreeing student number plans. However, it had become apparent that if this submission was delayed, OfS was likely to impose a technical condition to the OU's registration. As this was considered to be an unacceptable reputational risk to the University, the undergraduate fees for students in England would exceptionally be approved by Chairs Action. Subject to the views of VCE, these fees were expected to increase by no more than an inflationary amount and in line with OfS expectations. The Chair confirmed that he would be guided by the Strategic Planning and Resource Committee (SPRC), which annually recommended the fee strategy to the Council and was scheduled to meet on 24 October 2018. All other aspects of the fees and financial support strategy for 2019/20 would be presented to the Council for approval as usual in November.
- 5.2 The Chair observed that the Committee for University Chairs (CUC) was currently running an online survey on governance, and he encouraged all members of the Council to participate. The Governance Team would circulate the website link.

Action: Governance Team

Post-meeting note

The survey, which was to inform some research being undertaken by the Henley Business School on the role of the University Council lay member, had closed on 31 August 2018.

6 VICE-CHANCELLOR'S REGULAR REPORT

C-2018-05-02

- 6.1 The Acting Vice-Chancellor (AVC) updated the Council on the following matters:
- a) Registrations from new undergraduate full time equivalent (FTE) students were currently 7.9% ahead of the position at the same time last year (107% of target); whilst the numbers for continuing undergraduates were 0.7% ahead. New postgraduate registrations were 8.8% behind last year's figures, so it was critical that the University considered ways in which it might improve these numbers.
 - b) There had been a good response to the Employee Led Voluntary Severance (ELVS) scheme, with 475 members of staff expressing an interest. Some 300 cases had

already been accepted, whilst others were still under review. This represented a saving of £11.4 million, which would help to rectify the operational deficit.

- c) Strategic change management was progressing in areas such as Human Resources (HR) and Finance, as well as with core systems replacement (CSR). There was also a focus on the softer areas of culture and leadership.
- d) Plans to enhance the Council buddy scheme were also being developed. There had been legitimate criticism that the previous scheme had appeared to be an exercise in lobbying; the new scheme would aim to promote better engagement and an open and transparent exchange of information.
- e) If all 14 members of the current VCE were to attend meetings of the Council, there would be an inappropriate balance between members of the executive and members of the Council. However, the previous process of rotation had prevented any opportunity to build relationships. It was therefore intended to provide a VCE/Council engagement session on every occasion that the Council met, commencing with the development session at the end of the formal agenda for the current meeting. The session focussing on Professional Services would take place in November.

- 6.2 A member welcomed the work undertaken by the Group Finance Director (GFD) to clarify the OU's financial situation and to communicate that through a video widely circulated within the University. The University was now moving towards a £30m savings target, of which £11.4m had been identified through ELVS. However, further clarity was required about how the balance would be achieved. The AVC responded that the University was seeking to manage the operational deficit. The curriculum review had identified cuts that would provide ongoing resource savings as programmes were taught out. The plans to cut bureaucracy and streamline processes would also save resource by reducing the levels of duplication across the institution. One-off costs, such as those relating to CSR, would be taken from reserves.
- 6.3 In response to a question from a member, the AVC referred to three areas of focus highlighted in the Critical Review paper. In terms of Student Success, the University was beginning to see improved results for student retention, progression and support. The most recent National Student Survey (NSS) had not only shown a better outcome for the OU, but also a decline in student satisfaction across the rest of the sector, resulting in a 3% improvement in real terms. The Student Voice project was also beginning to pay dividends.
- 6.4 A member observed that the percentage of continuing undergraduates was still low; however, a focus on student progression and success, leading to a small increase of even 2%, would wipe out the budget deficit. The AVC acknowledged that Student Success had to be a key priority and its importance was reflected in the proposal to create a Pro-Vice-Chancellor (PVC), Students. The progress in recruitment of new undergraduate student numbers was encouraging and might yet improve further.
- 6.5 The President, OU Students Association observed that postgraduate student numbers continued to be disappointing and that one possible barrier was the disparity between when students had to pay their fees and when they received their loan. The AVC replied that the University was considering differentiated fees and the implications of market forces. Whilst trying to keep structural change to a minimum, the University should allow market-facing areas to engage more closely with the University strategy. It was essential that the OU began to show that it valued research highly in order to attract more postgraduate research students.

- 6.6 Referring to a second area of focus, the AVC said that progress was being made with regard to CSR, supported by PA Consulting, the consultants retained for procurement of the vendor partner. Three vendors were entering the final tendering process to replace the current systems for finance, HR and student administration. Vendor engagement had been good and their proposals were exciting. The timetable for the procurement was as follows:
- 1 November 2018: Proposal to VCE for approval
 - 2 November 2018: Inform successful bidder
 - 7 November 2018: Financial case to Finance Committee
 - 8 November 2018: Approval to proceed with contract negotiations to be sought by Chair's Action on behalf of the Council
 - 16 November 2018: Subject to approval, contract negotiations to commence
 - 27 November 2018: Full summary to be presented to the Council, and final approval of investment sought
- 6.7 A member observed that whilst top-down strategies were required, bottom-up awareness and engagement were also essential. The staff communication plans were encouraging, as they were a vital part of ensuring focus on the key issues. In response, the AVC observed that a third area of focus was around leadership style and University culture. The senior leadership team should be the model for better ways of working and decision-making should be pushed down to the point of impact to make use of the talent across the OU.
- 7 RESPONSE TO THE CRITICAL REVIEW OF THE STUDENT FIRST TRANSFORMATION – IMPLEMENTATION PLAN** **C-2018-05-03A**
- 7.1 The Acting Vice-Chancellor introduced the paper, thanking the Council for its comments on the Critical Review at the previous meeting and for allowing time for the high-level response and direction of travel to be developed. The response was fully owned by the whole Senior Leadership Team (SLT), not just VCE; and the forthcoming engagement session with SLT would inform the detailed plan to be presented to the Council on 27 November 2018. The AVC sought the Council's support in sharing the response with the rest of the University community.
- 7.2 Particular focus had been given to a review of the PVC portfolios, and to the creation of a new group that aimed to bring together academic strategy and policy development and implementation. This would allow executive leadership responsibility in these academic areas to be shared between the AVC, PVCs and Executive Deans, and ensure that lessons were learned from past issues such as the implementation of the Group Tuition Policy.
- 7.3 Since the Council meeting on 17 July 2018, significant progress had been made in areas such as HR and Finance. This was not reported in the paper but would help to enable the cultural transformation needed across the University.
- 7.4 Members welcomed the report and the progress made to date. The proposed changes to VCE portfolios and the role of the Nation Directors were well received; however, it was unclear how confidence in the executive as a whole would be restored. The AVC acknowledged that this was an important concern. VCE members had to prove their leadership capabilities and Remuneration Committee would review their performance more closely going forward. Some of the previous targets had been impossible to

achieve, but with more balanced portfolios, reasonable objectives and a new energy, there should be a significant improvement in performance. A member observed that leadership skills were needed at different levels of the organisation, so should be reviewed throughout the University.

- 7.5 With reference to the enhanced role of Nation Directors in decision-making, a member suggested that a mechanism that allowed greater focus on England as a nation was also required. The AVC responded that this was a common theme; the issues would be considered by VCE with input from the current Nation Directors.
- 7.6 The concentrated focus of the PVC Students and the inclusion of the Director of Academic Services on VCE was particularly well received by the student members. The stronger emphasis on Student Success was welcomed, including the intention to focus on the priorities to drive student retention and progression at the forthcoming Strategy Week. The OU Students Association had a good knowledge of student behaviour and would be pleased to support this process. The AVC confirmed that Strategy Week would concentrate on essential activity, rather than blue-sky thinking, and would involve stakeholders such as students.
- 7.7 Members sought further clarification on the management of Professional Services, with particular regard to the impact of the changes to the PVC Learning and Teaching Innovation (LTI) portfolio. The AVC replied that a review of the way in which large operational units were managed was essential. The intention was to push decision-making to the lowest possible level, but to ensure appropriate oversight was provided. Professional Services would be streamlined to more effectively support the development and delivery of the OU's key priorities.
- 7.8 The University Secretary added that the boundaries and duplication between various functions needed to be addressed. Some LTI services would be better placed in Professional Services than in an academic portfolio, and improved organisation would bring about efficiencies. Colleagues would be responsible for specific areas of activity, but the University Secretary would provide the necessary oversight. Once the organisational design and resources were better aligned with the strategic priorities, the culture and values within Professional Services, and how these enabled staff to work with academic colleagues, would be a high priority. This work would be nested in the wider People and Culture programme, being taken forward by HR.
- 7.9 Members also requested further clarification on the relationship between VCE and its proposed new "Academic Board". The AVC explained that previously academic policy proposals had been generated by the two PVCs without full consultation with the Executive Deans and the faculties that were closer to the point of impact. This had often led to tension in meetings of VCE and the Senate. The creation of a separate group to share responsibility for academic strategy and policy would provide an opportunity for all academic members of the executive to review potential issues before a proposal went to VCE and then to the Senate.
- 7.10 Members welcomed the development, which was a good way of ensuring that the academic voice was heard at an early stage and any disagreements resolved. It was important to ensure that the new group was nimble, transparent and effective. The University needed to galvanise wisdom and understanding, collective responsibility and accountability, so the Council should support the changes to VCE and monitor their effectiveness.
- 7.11 A member observed that, as a consequence of the reconfigured, larger faculties and Executive Deans being members of VCE, the principle of academic decision-making within the faculties had been lost. The faculty governance structure should be reconsidered as part of the next governance review. A new member observed that the

current governance structure appeared to be complex. The AVC responded that the key step change was to promote the idea of collective accountability. It was then essential to ensure that academic governance was effective and appropriate. The current structure needed to be streamlined in order to reduce bureaucracy, but this would require the approval of the Senate.

- 7.12 A member cautioned of the danger that Major Change Board (MCB) would become a bottleneck, as was perceived to be the case with the Students First Transformation Programme (SFTP). It was important to empower staff to get on with the changes. The AVC responded that the purpose and deliverables of MCB would be reviewed to ensure it supported an optimal way of working. The University Secretary added that VCE needed a body to provide assurance on the progress of institution wide change programmes, but it was not intended that it would centralise control over all processes of change across the University.
- 7.13 Members observed that there was much in the paper about changed ways of working. However, it was important to focus not only on the inputs, but also on the outputs sought by the University. The Council needed to have clear sight of what the OU wanted to achieve and what success would look like. Some measurable objectives against the implementation plan would be helpful.
- 7.14 A member observed that the University already had a strong, distinctive vision, but that SFTP had failed to reinforce it. Change was essential, but the OU's mission and vision remained. The institution's 50th Anniversary was an opportunity to reinforce this message, but also to emphasise that the University must be sustainable to ensure its existence for another 50 years. The fact that the OU attracted students from every generation made the OU distinct, but it also meant that its students' needs were diverse.
- 7.15 In response to members' questions about the vendors bidding for CSR, the Group Finance Director said that whilst finance was an important consideration, a wise decision about the quality of the solution was essential. The joint meeting of Audit and Finance would play a critical role in the decision-making process. The University Secretary supported this view, commenting that notional savings in terms of return on investment should also be considered as part of the financial case for the CSR that would be coming forward for approval as the procurement phase was completed.
- 7.16 Members sought assurance that CSR would facilitate a reduction in bureaucracy and would not enable current processes to continue. The University Secretary said that 80% of the CSR project was concerned with simplification and 20% with a technical solution. The University tended to believe it was more different than it was; but customised solutions were not necessarily required.
- 7.17 Summarising the discussion, the Chair said that there was strong support for the outline proposals in the paper and for the direction of travel. The AVC thanked Council members for their comments.
- 7.18 The Council **agreed** the approach to implementation and accountability as set in the Action Plan.

8 FUTURELEARN

C-2018-05-04

Minute items 8.1 to 8.18 are presented in C-2018-05-CM (Confidential Minutes).

updated document. It was anticipated that a realistic time commitment required of the Pro-Chancellor would average one day per week.

11.2. The Council:

- a) **agreed** the proposed process and timetable; and
- b) **approved** the updated role description for the Pro-Chancellor of The Open University.

12 APPOINTMENT OF VICE-CHANCELLOR

C-2018-05-15

- 12.1 The University Secretary clarified that, as set out in the Statutes, the appointment of a substantive Vice-Chancellor could only be recommended by a Joint Appointment Committee of the Council and the Senate (JAC) for approval by the Council. Consequently, the Council would not yet be asked to approve the appointment of Professor Mary Kellett as Vice-Chancellor until the conclusion of the appointment process outlined in the paper. Instead, it was the intention to establish the JAC before the end of October, chaired by the current Pro-Chancellor as agreed at the last meeting, and to task it to make a recommendation to the Council regarding Professor Kellett's appointment prior to the expiry of her current appointment as Acting Vice-Chancellor.
- 12.2 Thereafter, the new Pro-Chancellor would chair the JAC for the search for Professor Kellett's successor from January. Opportunities would be sought for wide consultation across the University in the meantime. The University wanted to involve students more closely in the process; hence the proposal that the President of the OU Students Association be an observer on the JAC. There might also be a stakeholder panel, which would allow students to meet with potential candidates.
- 12.3 A member sought assurance that the process would be highly confidential in order that acting Vice-Chancellors or Deputy Vice-Chancellors would be attracted to apply. Those involved in the recruitment process, including stakeholder groups should be asked to sign a non-disclosure agreement, so that they were aware of their responsibility for confidentiality. Members of the JAC should be able to discuss the process with Council colleagues whilst protecting confidentiality. The University Secretary confirmed that this approach would be taken.
- 12.4 In response to a member's suggestion, the University Secretary confirmed that Executive Deans could use part of the Faculty Assembly meetings to discuss the approach to the Vice-Chancellor appointment and seek feedback.
- 12.5 The Council **agreed** to give observer status on the Joint Appointment Committee to the OU Students Association President.

13 DECLASSIFICATION OF COUNCIL PAPERS

The University Secretary confirmed that the following papers should remain confidential:

- C-2018-05-04 FutureLearn
- C-2018-05-05 Finance Committee

The following confidential papers should remain confidential until further communication:

- C-2018-05-02 Vice-Chancellor's Regular Report
- C-2018-05-03 Critical Review – Implementation Plan
- C-2018-05-06 University Officer Appointment
- C-2018-05-07 Appointment of Vice-Chancellor

14 NEXT MEETING

The next ordinary business meeting of the Council will be held on Tuesday 27 November 2018.

15 REVIEW OF MEETING

- 15.1 The Chair thanked members for a constructive meeting and acknowledged the contributions of the new members.
- 15.2 A member observed that there was a considerable amount of business to be dealt with at the Council meeting on 27 November 2018, and that timings would require careful consideration.
- 15.3 A new Senate member said that he was keen to see the Council connect with the rest of the University and proposed that a communique be circulated after each meeting to share what the Council had been considering. The Chair said that the suggestion would be considered.

Action: University Secretary

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