

THE COUNCIL

Minutes

This paper presents the confirmed Minutes of the meeting of the Council held on 14 July 2020 via Microsoft Teams.

The Council **approved** these Minutes as a correct record, at its meeting held on 24 November 2020.

Dave Hall
University Secretary

Sue Thomas
Working Secretary to the Council
Email: sue.thomas@open.ac.uk

Attachments:

C-2020-05-M Minutes of the meeting of the Council held on 14 July 2020

THE COUNCIL

Minutes of the meeting of the Council held on 14 July 2020 via Microsoft Teams.

- Present: Malcolm Sweeting, John Wolffe, Barbara Tarling, Bob Spedding, Tim Parry, Tim Blackman, John Brooks, Mary Curnock-Cook, Maggie Galliers, Robert McCracken, Cath Brown, Frances Chetwynd, Anna Henderson, Ruth Giradet, John D'Arcy, Greg Walker, Rachel Lock, Jovan Byford, Richard Heffernan
- Observer: Sarah Jones, incoming President OU Students Association
- In Attendance: Dave Hall (University Secretary), Laura Lauer (Head of Governance), Paul Traynor (Chief Financial Officer), Sue Thomas (Senior Manager, Governance), Anna Barber, Director Strategy (to minute 15), Chris Youles, Chief Information Officer (for minute 8), Caragh Molloy, Group People Director (for minute 9), Liz Marr, PVC Students (minute 15)
- Apologies: Sandy Begbie, Paul Greenwood (Proxy forms received)

DEVELOPMENT SESSION

The Council participated in a development session led by Ceri Rose, Director of Marketing and Communications, on Marketing and Communications at the Open University – Direction of Travel

1 DECLARATION OF INTERESTS

There were no declarations of interest.

2 MINUTES

The Council **approved** the minutes of the ordinary business meeting of the Council held on 12 May 2020 subject to the following amendment (insertion in italics):

Minute 9.2 to read:

The Council welcomed the improved evaluation of risks of the project, including system and line manager capacity. It was also noted that the risk of the implementation of the new contract having a negative effect on the student learning experience was graded as medium however in the light of the high uptake of the Voluntary Severance Scheme consideration should be given to reassessing this risk as high. *Further analysis and clearer presentation of the benefits were required to provide a balanced assessment of the project.* Further information was also sought as to how ALs would be integrated into academic communities in Faculties. The timeline in the paper was presented at a very high level and it was unclear why the skills audits and interim IT solutions were progressing slowly. Concern was expressed over the implications for module presentations in the autumn of 2021.

3 MATTERS ARISING AND ACTION TRACKER

C-2020-05-01

The Council **noted** the Action Tracker.

4 CHAIR'S REPORT

The Chair updated the Council on recruitment to the vacancies on the Council and Finance Committee. The roles had generated encouraging interest and shortlisting was due to take place later in the week.

5 CHAIR'S ACTION

C-2020-05-02

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

6 VICE-CHANCELLOR'S REGULAR REPORT

C-2020-05-03

- 6.1 Professor Blackman drew attention to the significant activities going on across the University despite the Covid 19 pandemic. He acknowledged pressures on staff and particularly highlighted the efforts of numerous Module Results Panels across all Faculties that had processed students' results on schedule. The University was now entering a cautious recovery mode of operation, adhering to all Governments' advice. Appreciation was recorded to the Estates and Health and Safety Teams who had worked diligently to ensure the safety of the University sites for those staff returning to work.
- 6.2 In the light of the reference in the Vice-Chancellor's written report to reducing bureaucracy, the Council suggested it might be an opportune time to re-examine the Statutes. The University Secretary was leading a project on making efficiencies across governance and several other work areas and consideration of the Statutes could be included in that work.
- 6.3 Assurance was sought that the minimum entry requirement for all degree courses in England, referred to in the Vice-Chancellor's report would not be applicable to the University. The Vice-Chancellor had raised this with the Minister of State for Universities and emphasised that any such requirement would be incompatible with the University's mission. It was thought that eligibility requirements might be linked to applications for student loans for students under 25 which was first raised in the Augar Report on Post 18 Education in England in 2019. The University was working on planning scenarios if entry requirements were imposed on loan applications particularly as its IT systems were not configured to process such conditions.
- 6.4 The Council enquired whether in the light of the pandemic, rather than focussing on returning staff to offices, attention had been given to re-thinking how and where staff worked on the various sites. The Vice-Chancellor confirmed that the Estates Team and Chief Financial Officer were examining the use of space across the different sites in the short-, medium- and long-term. The Internal Audit Team had also produced a report on Lessons Learned from the pandemic and subsequent ways of operating which was under consideration.
- 6.5 The Council asked what preparations were being made should a second wave of the Covid 19 pandemic occur in the autumn/winter as this would coincide with the start of the academic year. This could have greater impact upon students' study journeys. There might also be local lockdowns which had not been experienced during the first outbreak. The Vice-Chancellor assured the Council that the Vice-Chancellor's Executive (VCE) and the Recovery Group would use the experience gained to be minimise future disruption to

students' studies. VCE was considering contingency plans and the University Secretary would re-examine these in the light of the Council's comments.

Action: University Secretary

- 6.6 In response to a question, the Vice-Chancellor confirmed that an extensive review of the provision of material to students in alternative formats was underway. Students with specific requirements had experienced delays in receipt during 2019 presentations and staff were making every effort to ensure the difficulties were not repeated for 2020.
- 6.7 The Vice-Chancellor also informed the Council that the results of the Staff Barometer Survey (SBS) launched in May 2020 had been published. The scores were consistently higher than the Staff Engagement Survey results in 2018 which was very pleasing. In particular, feedback showed that despite some initial challenges with communications, staff felt informed and cared for during the pandemic. The survey also showed that trust and confidence levels in the senior management of the University was increasing.
- 6.8 The Council **noted** the report.

7 OU STRATEGY DEVELOPMENT

C-2020-05-04

- 7.1 The Vice-Chancellor explained that the paper represented the launch of work to develop the five-year strategy for the University from 2022/23 to 2026/27 and the Development Day in September would focus on developing the parameters for the new strategy.
- 7.2 Members wished to ensure approval of the strategy did not have an impact on the text relating to the University's strategic objectives in the Financial Statements for 2020-21, as both were due to be approved in November 2021. The Vice-Chancellor confirmed that the narrative in the 2020-21 Statements would relate primarily to the current strategy that would conclude in 2022 although reference to the new strategy could be included.
- 7.3 Members of the Council expressed a preference for a fully-interactive development session in September which would ensure members could contribute their expertise and knowledge. It would be important to bring together the key elements of teaching, research, enterprise and widening participation to result in maximum benefit for the University. The Vice-Chancellor agreed that the day would focus around strong collaboration between members of the Council and VCE to identify the foundations of the strategic objectives and how they would be achieved. Consideration would be given provision of reading materials in advance of the event.

Action: Director, Strategy

- 7.4 The Council **noted** the report.

8 CORE SYSTEMS REPLACEMENT (CSR): UPDATE

C-2020-05-05

- 8.1 The University Secretary reported that the User Acceptance Testing (UAT) summary provided the Council with the most recent data and supplemented the detailed paper considered by the Audit Committee in June 2020, a copy of which had been circulated previously to the Council. The teams had worked exceptionally hard to overcome the challenges of the pandemic as well as skills shortages to reach this point. The Chief Information Officer explained that eight weeks had been allocated for UAT, but the intention was to complete it within six weeks creating contingency time. Further modelling had started in relation to the Model Office 1 and 2 phases of the project.

- 8.2 The Chair of the Audit Committee welcomed the enhanced data reporting demonstrating the progress made with UAT. However, a number of important issues still required attention within the project including the relationship with intelligence, the lack of contingency time and the wider issue of managing change within the University. The Council acknowledged the balance between cost, time and quality in the CSR project and emphasised that time and cost should not take precedence over the quality of implementation. It instructed the University's management that the benefits of the project must be realised, even if this resulted in an impact on costs.
- 8.3 In response to questions, the Chief Information Officer confirmed that UAT had not identified any critical defects to this point. All defects identified so far were being rectified. Looking ahead, having established systems to handle core functions such as finance and people services, the focus would transfer to using the technology in place to develop the best quality Student Life Cycle systems.
- 8.4 The Chair requested that the governance structure chart for the CSR project be circulated to members

Action: Chief Information Officer, Council Secretariat

- 8.5 The Council **noted** the report.

9 ASSOCIATE LECTURER (AL) CONTRACT: UPDATE

C-2020-05-06

- 9.1 The University Secretary informed the Council that whilst there were clear operational reasons for decasualising a core group of workers and bringing them onto an equal footing with other staff, he acknowledged it was more challenging to draw a direct line to its impact on student success. Attempts to introduce changes had failed in the past but with support from the Council and VCE the team were confident of success. Negotiations with representatives of the University and College Union (UCU) were taking time but by implementing the change, there would be improvements in consistency of the student experience and support, and this would help to drive up other indicators of success.
- 9.2 The reference in Appendix 5 to the new contract improving the skills capacity of ALs was questioned as increasing flexibility amongst ALs might adversely affect student success rates and retention if tutors taught modules outside of their main knowledge and expertise. Staff tutors and ALs had reported that they felt marginalised from the negotiations over the new contract. The University Secretary acknowledged due to the negotiations with the UCU it was not possible to discuss the issues directly with affected staff but he emphasised that staff tutors as managers of ALs would play a key role in connecting the new contractual and management arrangements to visible improvements in student success
- 9.3 There was also concern over the absence of an integrated workload management system which would be key to successful implementation of the new contract and reference to legacy systems being suitable was inaccurate. The importance of Phase 2 of the programme (training and new ways of working) was emphasised and it was suggested that this took precedence over implementation of other phases. The University Secretary reiterated that the phasing of the project was not linear and that phases were running concurrently. He also confirmed that scoping of a workload management system had commenced and in the meantime the Faculty of Science, Technology, Engineering and Mathematics (STEM) was currently testing an existing workload management system.
- 9.4 The Council sought further information on the progress of the negotiations with the UCU and whether there were significant risks associated with them. Concern was expressed

that the original agreement on the new contract had not taken sufficient account of the detail and this was now resulting in protracted discussions. The Group People Director acknowledged that the difficulties around communications could be frustrating and cause feelings of marginalisation. Negotiations were progressing with representatives of the University and College Union, but it was complex work requiring detailed discussion to avoid misunderstandings or misinterpretation later in the process.

9.5 Despite the challenges of the project, the Council accepted that if the new working arrangements were implemented successfully, they should result in increased efficiency, engagement and effectiveness. The University Secretary assured the Council that colleagues were highly committed to ensuring the project succeeded and were mindful of the wellbeing of ALs and those that support the AL community. To ensure cohesive delivery of benefits, the AL Contract team would be collaborating with the Student Success team. The next update to the Council would provide greater clarity on deliverables and timescales.

9.6 The Council **noted** the report.

10 2019/20 FORECAST OUTTURN

C-2020-05-07

10.1 The Chief Financial Officer summarised the report as positive overall, with a forecast surplus of £34.7m which represented a favourable variance from budget of £1.6m. The accounting surplus was currently £9.2m though this could be affected before the financial year end (31 July 2020) by changes in the value of equity investments and the discount rate to be applied to the USS pension scheme due to be issued in August 2020. The position in respect of long term investments which had been adversely affected as a result of the impact of the pandemic on stock markets had also improved. The Treasurer noted that despite several significant challenges such as the pandemic, changes to the senior management team and major strategic projects, the position was very creditable.

10.2 The position was commended but the Council asked if there were reasons for the continued underperformance for other income and queried whether the target set was unrealistic. The Chief Financial Officer explained that the targets reflected historic ambitions for diversification and would be reviewed.

10.3 The Council also sought assurance that the University would be able to exert sufficient control over the budget for FutureLearn since it became a joint venture with SEEK. The accounting budget was currently showing a deficit of £1.5 million and this was likely to increase during the next financial year. The CFO reported he believed the value of the company had actually increased, despite this year's loss. He confirmed that the University was fully involved, as co-owner, and that the independent chair of the FutureLearn board was focused on the company's growth and the planned emergence from a deficit position, with the 2020-21 financial year being an important one. The Vice-Chancellor explained that a strategy for FutureLearn would be presented to the Council in the autumn for approval. FutureLearn would be one of the University's channels to reach different learners and the strategy would set out a vision and help to ensure that the venture was working in the best way for the University and in line with its mission.

10.4 The Council **noted** the 2019/20 consolidated forecast outturn surplus

11 2020/21 BUDGET AND FINANCIAL FORECASTS TO 2023/24

C-2020-05-08

11.1 The draft budget for 2020/21 had been considered by the Vice-Chancellor's Executive (VCE) and the Finance Committee had agreed to recommend it to the Council at its meeting on 23 June 2020. The Chief Financial Officer assured the Council that the

various stages of scrutiny for the draft budget were robust and thorough. The budget was linked to the University's strategic objectives and key considerations had been the impact of the Covid 19 pandemic on student numbers and the prioritisation of major strategic projects for Core Systems Replacement and the new Associate Lecturer (AL) contract. The Chair thanked the Treasurer and the Finance Committee for their support and robust challenge during the budgetary process. He considered the University to be in a stronger position than many other institutions in being able to budget for an operating surplus.

- 11.2 The University's strong position in a sector facing significant challenges was welcomed. It was likely that Government policies towards higher education would change as a result of the pandemic and the Council sought information as to how the University would be able to adapt its own plans especially in relation to fee income in these circumstances. The Chief Financial Officer explained that forecasting had been cautious, particularly in relation to apprenticeships and partnerships during the current unprecedented times. He assured the Council that the University was in a healthy state to absorb changes during the financial year ahead.
- 11.3 The Council asked whether the University was in a sufficiently strong position to embrace any new strategic opportunities that might arise from the current situation. The Chief Financial Officer confirmed that the University held reserves for appropriate emerging opportunities and any such initiatives would be considered by the Planning Coordination Group in the first instance. The key consideration would be whether the University had the physical capacity to pursue such opportunities in the light of many other competing priorities.
- 11.4 The Council **approved** the budget for 2020/21.

12 UNIVERSITIES SUPERANNUATION SCHEME (USS): BRIEFING C-2020-05-09

- 12.1 The Chair explained that the briefing paper aimed to update Council members on the funding position of the USS and recent recommendations to improve its sustainability and suitability as a pension scheme. It was also likely that a formal consultation would be issued during the summer and a response would be required before the next meeting of the Council. It would be necessary to approve a pragmatic process of delegation to enable such a response to be submitted.
- 12.2 The Council considered the significant risks posed by the continuing uncertainty over USS and Covid 19 and considered the University to be in a better position than many in the sector.
- 12.3 The Council **approved** the delegation of responsibility to the Pro-Chancellor and Vice-Chancellor should a formal organisational response to a USS consultation be required in 2020.

13 INSTITUTIONAL PERFORMANCE UPDATE C-2020-05-10

- 13.1 The Council welcomed the encouraging improvements in student success which reflected the focus and investment made across the University. The upward trajectory in student numbers was also noted although it was acknowledged that the pandemic could affect achievement of target numbers for the October 2020 intake.
- 13.2 The Director of Strategy informed the Council that VCE had commissioned an in-depth review of Equality, Diversity and Inclusion. This work would also include analysis to develop clearer measures and targets and an update would be provided to the Council at its next meeting.

Action: Director of Strategy

14 STRATEGIC RISK REGISTER REVIEW AND RISK APPETITE GUIDE C-2020-05-11

- 14.1 The Chair of the Audit Committee informed the Council that the risk appetite guide demonstrated that the University was open to ideas and innovation yet cautious over implementation. The Council needed to be satisfied that this was the correct approach in the context of work progressing with the Core Systems Replacement and Associate Lecturer contract strategic projects.
- 14.2 The Treasurer suggested that the risk appetite guide should include reference to risks associated with commercial investments. The Director of Strategy agreed to work with the Finance Committee to achieve this.

Action: Director of Strategy

- 14.3 The Council noted that the intention was to reduce the grading of the Cybersecurity risk in the Risk Register to amber by January 2021. Members were concerned however that the mitigating actions listed to enable this were unconvincing and significantly more work would be required to achieve the target. The University Secretary assured the Council that investment had been directed to this area and the Chief Information Security Officer (CISO) was developing a maturity model for the University. The lists of mitigating actions would be revised to provide more information in relation to this work and the CISO would draft a report to Council to summarise activity in this area.

Action: Director of Strategy, Chief Information Security Officer

- 14.4 In response to a request for an update on the position on ALs currently using their own devices to access University data, the University Secretary confirmed that the Information Security Team were presenting proposals to the AL Contract Delivery Board imminently. The intention was for a clear position to be agreed by the end of the month.
- 14.5 The Council considered that risk to the University's reputation was not as clearly stated as it had been in the past. The Director of Strategy explained that reputational risk was identified in the risk appetite statement and was implicit in all risks in the Register, but it could be drawn out more explicitly.

Action: Director of Strategy

- 14.6 Subject to the revisions proposed, the Council **approved** the Strategic Risk Register summary and the Risk Appetite Guide.

15 OPEN UNIVERSITY DEGREE OUTCOMES STATEMENT C-2020-05-12

- 15.1 The Pro-Vice-Chancellor, Students explained that the Statement had been written to be accessible to a wide range of audiences and presented a summary of current policy and practice with links to further detailed information. The publication of the statement would provide a comprehensive outline of the transparency, fairness and reliability in the University's degree classification and aligned it with sector practice.
- 15.2 The Council drew attention to the consistency of the classification of degrees over the last eight years and queried whether the University was adopting a very tough position compared to other institutions where percentages of first and upper second class degrees had risen considerably. The PVC Students commented that it was vital that students were

not considered to be disadvantaged compared to the rest of the sector and work was ongoing to examine the degree algorithms used. The Council was assured, however, that degree classifications were not changing simply to follow the sector.

- 15.3 Attention was also drawn to the differences between the classification of directly taught honours degrees and those at validated partner institutions. The Council asked whether this could be due to ineffective quality assurance processes. The PVC Students assured the Council that this was not the case and processes were very robust and regularly reviewed. The differences were likely to be due to the composition of students at partner institutions abroad, where English was not the first language. The Chair reflected that the Council should be more informed about the strategic benefits and of the University's partnerships and the processes of validation. The PVC Students reported that a review of partnerships was ongoing, and a report could be presented when complete.

Action: Pro-Vice-Chancellor, Students

- 15.4 The Council **approved** the University Degree Outcomes Statement for publication.

16 PREVENT DUTY: SIX-MONTH REPORT C-2020-05-13

The Council:

- a) **noted** the Interim Prevent Duty Report and Annual Data Return Outcome Letter
- b) **approved** the draft Prevent Review Meeting update to the Office for Students

17 FINANCE COMMITTEE C-2020-05-14

The Council **noted** the minutes of the meeting on 23 June 2020

18 AUDIT COMMITTEE C-2020-05-15

The Council **noted** the minutes of the meeting held on 16 June 2020

19 REMUNERATION COMMITTEE C-2020-05-16

The Council **noted** the minutes of the meeting held by correspondence between 10-26 June 2020.

20 THE SENATE C-2020-05-17

The Council **noted** the minutes of the meeting held on 17 June 2020

21 GOVERNANCE AND NOMINATIONS COMMITTEE C-2020-05-18

The Council **noted** the minutes of the meeting held by correspondence between 10-24 June 2020

22 COUNCIL: ANNUAL EFFECTIVENESS REVIEW C-2020-05-19

- 22.1 The Chair considered the comments submitted by members to be very useful to improve the running of meetings of the Council. He drew particular attention to common themes emerging including concerns over assurances on academic standards, the role of the Strategic Planning Resources Committee and a need to focus on forward looking strategic themes not operational matters.

- 22.2 The Chair informed the Council that he had reflected on the forthcoming review of Council Governance with the Vice-Chancellor and University Secretary and agreed that due to the changes in membership and the work on the new University Strategy, the review would be postponed until 2021.
- 22.3 Members commented that although the Council operated efficiently, there were concerns over the process by which it received assurance on academic standards and quality. A lack of confidence in the relationship between the Senate and the Council was apparent from responses to the survey questions. Members enquired whether the work arising from the academic governance review (AGR) was progressing to help improve this position. The University was urged to revitalise the working group overseeing the AGR to ensure momentum was maintained.
- 22.4 The Vice-Chancellor explained that the pandemic had affected progress of the working group, but the work was continuing. The University Charter and Statutes defined the relationship between the Council and the Senate. Much of the scrutiny for academic quality was performed by committees within the Senate substructure, and Senate received reports from these committees. The scrutiny was therefore not performed by the Senate itself. The Council might wish to consider ways of engaging with these processes such as members observing committee meetings or additional reporting. The University was working to improve assurance on academic quality and the report to the Council (in November 2020) would be different from previous years and provide increased insight.
- 22.5 The Chair agreed to discuss with the Vice-Chancellor and University Secretary the themes arising from the effectiveness review. He requested that members completing their terms of office share their thoughts and experiences with him so as the Council could benefit in the future.
- 22.6 The Council:
- a) **noted** the report of annual effectiveness and the annual attendance figures
 - b) **agreed** the corporate governance statement, subject to minor revision.

23 THANKS

The Chair thanked those members whose terms of office finished on 31 July 2020 for their commitment, knowledge and contributions:

Sandy Begbie, Cath Brown, Frances Chetwynd, Richard Heffernan, Barbara Tarling, Greg Walker and John Wolfe.

24 DECLASSIFICATION OF COUNCIL PAPERS

Paper Number	Title	Classification
C-2020-04-CM	Confidential Minutes	Remain Confidential
C-2020-05-05	CSR Dashboard	Remain Confidential
C-2020-05-06	AL Contract	Remain Confidential
C-2020-05-09	USS Briefing	Remain Confidential
C-2020-05-14B	Finance Committee Confidential Minutes	Remain Confidential
C-2020-05-15B	Audit Committee Confidential Minutes	Remain Confidential
C-2020-05-16	Remuneration Committee Confidential Minutes	Remain Confidential

25 DATE OF NEXT MEETING

The next ordinary business meetings of the Council would be held on:

29 September 2020 - Development session

24 November 2020

23 February 2021

11 May 2021

13 July 2021

Further information on venues and arrangements would be issued when available

Dave Hall
University Secretary

Sue Thomas
Working Secretary to the Council
Email: sue.thomas@open.ac.uk