THE COUNCIL

Minutes

This paper details the Confirmed Minutes of the last meeting of the Council held on Tuesday 7 March 2017 in the OU in Wales, 18 Custom House Street, Cardiff, CF10 1AP.

The Council **approved** these Minutes as a correct record at its meeting on Tuesday 9 May 2017.

Keith Zimmerman
University Secretary

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Attachments:

C-2017-01-M Confirmed Minutes of the meeting of the Council held on 7 March 2017

Minute 8.8 revised 31 March 2017

THE COUNCIL

Minutes of the meeting of the Council held on Tuesday 7 March 2017
in the OU in Wales, 18 Custom House Street, Cardiff, CF10 1AP

Present: Mr R Gillingwater (Chair), Mr P Horrocks (Vice-Chancellor), Mr H Brown
              (Treasurer), Ms N Simpson (acting OUSA President), Dr J Baxter, Mrs F
              Chetwynd, Mr J D'Arcy, Prof J Draper, Dr S Dutton, Mr P Greenwood, Mrs R
              Lock, Dr T O'Neil, Mr R Spedding, Mrs R Spellman, Dr C Spencer, Prof W
              Stevely, Dr B Tarling, Ms S Unerman, Dr G Walker, Prof J Wolffe

In Attendance: University Secretary, Interim Group Finance Director, Director, External
              Engagement, Head of Governance, Senior Manager, Governance (Working
              Secretary)

              Also: Pro-Vice-Chancellor (Learning and Teaching Innovation)
              Executive Dean, Faculty of Wellbeing, Education and Language Studies)

VCE members in attendance for specific items: Mr G Mallison, Director, Strategy (B2 and B4)

Others in attendance for specific items: Jenny Stewart, Head of the University Secretary's Office
              (B1)(also observing rest of meeting), Anna Barber, Head of Strategic Planning
              and Louisa Allen, Strategy and Risk Manager (B2), Jonathan Wylie, Director,
              Academic Services (B3) (also observing rest of meeting), Ian Howell, Director,
              Business Development Unit (B5)

Observers: Jenny Stewart, Jonathan Wylie, Lucian Hudson

Apologies: Mr S Begbie, Mrs R Girardet, Mr J Newman

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1   **WELCOME**

       The Chair welcomed everyone to the meeting, including Laurence Holden who was
       attending his first meeting as Interim Group Finance Director. The Chair thanked all those
       involved with organising the Council Dinner at the Senedd (National Assembly for Wales)
       on the previous evening and with the meeting arrangements in Cardiff; and Rob
       Humphreys, Director OU in Wales (OUiW), for his briefing on OUiW earlier that morning.

2   **DECLARATIONS OF INTEREST**

       There were no declarations of interest.

3   **MINUTES OF THE LAST MEEETING**   **C-2016-05-M**

       The minutes and confidential minutes of the meeting of the Council held on 23 November
       2016 were **approved** as a true record.

| 4 | **MATTERS ARISING AND ACTION TRACKER** | C-2017-01-01 |

4.1 The Chair observed that all of the actions arising at the last Council meeting had been completed.

4.2 The Council **noted** the Council Action Tracker at March 2017.

5   **CHAIRS BUSINESS**

None

6   **VICE-CHANCELLOR'S REPORT**

6.1 The Vice-Chancellor commented on the wonderful dinner in the impressive setting of the Senedd the evening before, and observed that the palpable belief in what the OU stands for had been uplifting.

6.2 The Vice-Chancellor reported on:

a) the positive policy environment in Wales;

b) the appointment of Peter Scott as the Commissioner for Widening Access in Scotland;

c) the defeat of the Higher Education and Research (HER) Bill in the Lords over the link between the Teaching Excellence Framework (TEF) and fees increases;

d) the responsibility of the new Office for Students (OfS) to consider different forms of learning;

e) the expected Treasury announcement in the Budget of "a fund of up to £40m" for "piloting new approaches to encourage lifelong learning"; and

f) the University's ongoing engagement with Whitehall policy makers on support for lifelong learning.

6.3 The Vice-Chancellor also reported that the grant letter from the Secretary of State for Higher education to Higher Education Funding Council for England (HEFCE), received in late February 2017, had confirmed that HEFCE's funding remained largely unchanged. However, indications had pointed to a further cut in the OU's allocation of the Student Opportunity Allocation (SOA) so, as reported to the Council, the University had taken the decision to increase fees by 2.8%. However, the longer term aim remained: to hold fees at the minimum sustainable level, given keen new competition entering the market.

6.4 The University had recently received two other letters from HEFCE. The first, in respect of the statutory Prevent Guidance, had confirmed that the University has suitable policies, procedures and arrangements in place to meet the requirements of the duty.

6.5 The second letter had noted that the University's recent student retention outcomes had been flagged as an item of concern, following a preliminary assessment by the HEFCE Annual Provider Review (APR) Group. This letter had been included on the agenda for discussion; however, it should be emphasised that boosting student success was just as important as ensuring financial sustainability, and that both were critical requirements of the OU Redesign project.

6.6 The work on OU Redesign was a direct response to the Council's concerns about the University's capacity and capability to deliver its strategic aims, as expressed at its last

meeting. The Redesign team was moving with real determination, and would share both its analysis, and the proposed "big shifts" that would constitute the key drivers for the Redesign, later on the agenda.

6.7   The briefings with members of the Vice-Chancellor's Executive (VCE) offered to all Council members had been intended to provide a clearer understanding of the context and rationale for this work, as well as some insights into the emerging analysis and the distillation of the Students First Strategy into the shorter, sharper Strategy-On-A-Page (SOAP), shared widely across the University. The individual briefings appeared to have been appreciated by Council members, and it was proposed that the 'pairings' continued throughout the Redesign process and beyond.

6.8   The slides on the financial context in which the University was operating and the latest Finance Committee minutes made clear the extent of the financial challenge the University faced as a result of a continuing decline in student numbers and projected further deficits. This included a more disappointing than expected performance from FutureLearn. The University had put in place a clear action plan, but was prudently revising expectations of when FutureLearn would move to profitability and considering all options within OU Redesign.

6.9   A complete redesign of the University in time for the 50th anniversary was both an unprecedented opportunity and a significant moment of risk. The agenda item on risk management would be largely a practical exercise in how the Council could apply best practice risk management techniques to minimise risk in the delivery of the Redesign. It was a responsibility of all to exercise the best informed strategic judgment about assuring the OU's sustainability for the future.   Council members were invited to contact the Vice-Chancellor if there were other ways in which Council members could be supported by VCE to help the University in this joint task.

6.10   The University Secretary, Keith Zimmerman, and the Vice-Chancellor were jointly leading the Redesign work, but it had the full support of VCE and all VCE members would be happy to answer questions.   Through appropriate dialogue with Council, and a united approach, it was hoped that a plan would develop to tackle the essential improvements the University needed to make.

7   ADAPTIVE ORGANISATION AND CULTURE (INCL OU REDESIGN)   C-2017-01-02

7.1   The University Secretary introduced the paper, which summarised the work underway within the 'Adaptive Organisation and Culture' (AOC) strategic objective, and outlined the key elements of the programme that aimed to support the OU in building its capability and capacity to deliver the Students First Strategy. OU Redesign (OUR) was not intended to change the strategy already agreed by the Council, or the mission, vision or purpose of the OU to provide educational opportunities and social mobility for all who sought to realise their ambitions and fulfil their potential; but rather to ensure the University's financial sustainability and its capacity to provide more opportunities for students in the future.

7.2   The feedback from the individual briefings held before the meeting had indicated that the overall case for change was understood by Council members; but agreement was not being sought at this meeting in respect of any particular proposition. Several scenarios had been modelled, using both upside and downside assumptions, that demonstrated the impact on both student numbers and the University's finances of making no change. No specific conclusions had been drawn about the possible scenarios, but at present the University had a number of options. Over time, however, the number of options that could be influenced or controlled by the OU would reduce.

7.3   The project aimed to develop a sustainable operating model for the future, and its outputs would include a redesigned model, that would equip the University to react more rapidly to future opportunities and changes in the external environment, and a high level implementation plan. The project's activities were all proceeding to plan, although VCE had not yet reviewed all of the outputs. The key to success would be the ability of the University to make a number of significant changes. Examples of some of the changes considered key to the future success of the OU were outlined, together with an early and high level assessment of their impact on financial sustainability and maximising student success.

7.4   The outlined changes had not yet been brought together into a proposed future operating model and the Council was not being asked to endorse them; however, Council members were asked to provide some early comment in order that subsequent proposals could respond to the Council's guidance. Council members would be kept up to date through the individual briefings, and the project team were planning to keep staff and students informed and engaged. A high level operating model and an outline implementation plan would be presented to the Council in May 2017 and, on the basis of the discussion and direction at that meeting, more detailed models and phase 1 of the implementation plan would be included on the Council agenda for July 2017.

7.5   The Chair commented that he had been closely involved in the initiation of the project. The scenarios presented were realistic, both on the upside and the downside, and the impact of seemingly small changes on the University's sustainability was remarkable. The external background, including the pressures of government funding and the rise of vigorous competition, had not been exaggerated. As indicated, the University currently had options for action, but these would decrease, even within a short period of time. The presentation signalled the direction of travel and the Council was being asked to provide general observations, rather than to challenge the details of suggested changes at this time. It was clear that no change was not an option. At the pre-meeting for non-executive members of the Council only, members had raised questions about the role and objectivity of KPMG; and further detail regarding the University's IT capability, and the specific problems surrounding it, and the cultural work being undertaken by Pecan had been requested for the next meeting.

7.6   The Treasurer reported that the Finance Committee had examined the future financial scenarios and had agreed that the assumptions were realistic. The shortfall in income and excess in expenditure was not sustainable. The University had strong reserves that the University could justify using strategically to change the way the University operated, but not to fund year-on-year deficits. The work outlined in the paper was essential; there were risks, but the risk of doing nothing was greater.

7.7   With reference to the recent example of Birmingham Children's Hospital, a Senate member observed that organisational success could be attributed to the way in which the executive listened to and acted on feedback from staff and stakeholders. Whilst there should be a clear sense of direction from the executive, there was a need to ensure that staff and students were engaged with and committed to the plans, and this should be included as an objective for both the medium- and long-term. The University Secretary responded that the intention was to minimise bespoke modes of engagement, but to use current organisational structures and line management to engage staff. Reports on the OUR activity would be communicated through the usual cascade mechanisms, but existing processes would be used to facilitate a bottom up approach. The staff survey had indicated confidence in immediate line management, so it was important to build on those relationships, supported by the ongoing work on the HR function and on the University's organisational culture.

7.8   A member observed that staff engagement and consultation were not the same. It was difficult to define engagement, but it was essential to disrupt the model created by the current systems and processes to involve staff directly and then provide feedback on the actions taken in response to their input. The University Secretary acknowledged that there was more to do in this area and the interim Director of HR was taking a multi-faceted approach.

7.9   A Senate member agreed that it was essential to consider how to win the support of staff: simply presenting colleagues with a list of major changes would cause considerable disquiet.   Underlying some of these proposals, there was a division between those staff directly delivering teaching to students and those involved with work such as the production of modules and delivery of examinations, who had much less engagement with students. It was unclear why there was a cohort of academic staff who did not directly teach students, particularly in the modern age. An attempt to address this problem would help to engage all staff. The University Secretary observed that the title 'associate lecturer' seemed to exemplify a semi-detached relationship, which was one of the concerns being addressed by the work on a new contract with ALs. A member suggested that the strategic narrative should include a paragraph to address this issue.

7.10   A member commented that if the University could deliver changes of this nature, then it would be heading in the right direction. However, the culture of the University would have to move alongside these shifts, as they would challenge the self-image of central academic staff. It was clear from engaging with and listening to the local staff in Wales, that they had many suggestions for small changes that could make a significant difference. The University Secretary agreed that there was a need to empower colleagues to progress actions that could often be blocked by the hierarchical nature of the OU.

7.11   Another member observed that the work would require a disciplined, tightly managed organisation, and asked how this would work alongside a new culture of empowerment. The University Secretary responded that VCE wanted to signal the need to address the balance. However, the University had arrived at the current situation through organic development; more considered, active decisions were required in order to recalibrate the University and this would at times entail a more top-down approach. Another member observed that it was possible to create an empowerment strategy that would allow staff to take decisions that would make them feel involved and satisfied.

7.12   A student member said that it was also important to engage with students. If 20% of students were retained, then 80% were being lost. There should be more focus on the right support at the right time, which would require investment, and in providing greater flexibility and choice; this would be a positive way of engaging with students. The University Secretary said that consideration would be given to how best to work with the OU Students Association on the project; the student consultative forum was one channel that would allow the University to engage with the widest diversity of students.

7.13   The member said that the need to align provision to the needs of the economy and the industry/labour market should be recognised, so the proposed focus on core markets may require some revision. The University should also consider its provision in the context of an all-age market and the needs of the workforce throughout their careers; for example, individuals who wanted to change careers might require short modules rather than full degrees. The University Secretary responded that AOC was not the only strategic objective: elsewhere the focus was on providing enhanced employability and career progress outcomes for students, through more focussed curriculum and different ways of teaching and support.

7.14   With reference to sustainability, a member asked whether the focus on growth would be entirely on apprenticeships or whether it would include new business in general. The University Secretary responded that although there would be a significant focus on apprenticeships, these would not deliver the same number of students as the OU's traditional, directly registered students.

7.15   A Senate member said that reliable systems, including IT, were crucial to underpin the big shifts, particularly with respect to business-to-business (B2B), and apprenticeships in particular; some reassurance was required that these would be forthcoming. The Vice-Chancellor commented that, whilst work on systems had been paused to ensure that the University got it right, this need was well understood.

7.16   Another Senate member observed that there were issues other than cost and profitability to be considered with respect to modules; for example, the increase in 60 credit modules meant that there was less choice for students. Many staff would assume that there was an intention to cut curriculum by assessing it against market-driven criteria, but an aim to increase flexibility through smaller blocks of learning could excite and inspire staff. The University Secretary said that greater curriculum flexibility would be an important outcome from these changes.

7.17   A member welcomed the intention to simplify ways of working, but pointed out that the number of proposed changes did not reflect such simplicity and could be combined into fewer points.

7.18   In response to a comment from a member, the University Secretary observed that it was always important to manage assignments to ensure an organisation received value for money from its consultants. The University had a long history with KPMG, who had played a crucial role in the VAT case and had consequently come to understand the OU well. The need to maintain distance and be critical was well understood; this was being addressed through a joint University/KPMG team managed by VCE. The University owned the project and would maintain control at all times. Support was not being provided exclusively by KPMG, as Pecan and other providers were also engaged with the work on Culture, HR and IT. The University would ensure that a full retender process was carried out if and when required. KPMG had some natural advantages, but the value of these would be assessed afresh with each engagement. The Chair of Audit Committee said that the Committee had also been considering the role of KPMG, and were reviewing the relationship and the procedures followed. Some aspects of its work had already been restricted.

7.19   A member observed that the OUR work was the logical conclusion of the 2012 fee reforms. The UK Market Strategy and the innovation of FutureLearn had been crucial, but had created a delay in addressing the financial implications of the changes. The current direction was the right one, but the University needed to ensure that it was capable of delivering the strategic objectives. The member also suggested that there might be a sense check on the language used to adapt it to the OU; for example, business models might be education models, and business-to-consumer (B2C) might become business-to-students (B2S). The University Secretary said that the idea that the current situation was the inevitable outcome of the changes in 2012 might be a helpful way to present the narrative.

7.20   The Vice-Chancellor thanked Council members for their engagement and their broad understanding of the need for change. It was important to be clear on where the key decisions regarding strategic choices should be taken; sometimes these had been taken at a lower level than was appropriate. However, there were other areas where

academics, including ALs, were more directly involved with students and where decision making could be delegated. Communication would continue to be key.

8   RISK MANAGEMENT AND STRATEGIC RISK REGISTER UPDATE   C-2017-01-03

8.1   Anna Barber, Head of Strategic Planning, introduced the paper, which updated the Council on the developments in risk management across the University and provided an updated strategic risk register, risk policy and framework, and risk management delivery plan. Mrs Barber outlined the Council's role in risk management, the benefits of effective risk management, and the desired tone and culture that best facilitates risk management. Members were then asked to share their experiences of good risk management. One member recalled the way in which one organisation had facilitated a process of anonymous reporting in order to reduce future risks; whilst another reflected on the benefits of changing skill sets to produce a strong, systemized and engaged approach to risk.

8.2   Louisa Allen, Strategy and Risk Manager, reported on the work being done to increase engagement with risk and improve the risk framework across the University. The Council had previously identified the need to engage academics, so risk champions had now been appointed. In future, every Council meeting would include an item on risk, and an in-depth session on risk appetite planned for July 2017 would be followed by an annual review. The strategic risk register needed further improvement and work was underway to link it with other risk registers lower down in the organisation. Ms Allen also outlined the Council's responsibility for defining and reviewing the organisations risk appetite, the benefits in respect of strategic decision making, and the way in which VCE then developed the strategy within the parameters set by the Council.

8.3   Mrs Barber reminded Council members that the strategy workshop held in March 2016 had shown a broad consensus that the University needed to accept a higher level of change in order to deliver the strategy and should actively manage the associated risk. The OUR programme was a strategic response to the risk that the University might fail to deliver an operational model that enabled the OU to achieve its objectives and to the opportunity it might have to reduce costs. The Senior Team had generated a list of key threats, opportunities and mitigating actions associated with OUR and the Council was asked to consider whether anything should be added to this output. The HM Treasury risk appetite framework required updating, but the Council was asked to use it to consider what the University's appetite for risk should be in pursuing OU Redesign. It was noted that there might be different levels of risk appetite within operational delivery. The slides were subsequently made available to Council members on the Governance website.

8.4   Members divided into three interactive workshop groups, which subsequently provided feedback to the reconvened Council meeting. This feedback is summarised in the Appendix.

8.5   A member commented that it was not possible to undertake a thorough assessment of risk and risk appetite in a short workshop. Some feedback was possible, but it would not be appropriate for members to be held accountable on the basis of such a limited contribution. Mrs Barber responded that there were plans to do more work at a later date, but that this session was primarily a workshop for Council with OUR being used as an example. It was also a good opportunity for members to feedback in respect of the OUR project.

8.6   With reference to the risk appetite framework, Mrs Barber summarised that the Council aspired to be more 'Open' with regard to reputation and credibility, to ensure that substantial opportunities were realised. With regard to operational delivery, the Council

aspired to be more 'Hungry' in pursuing some aspects of innovation, but in the light of experience was 'Cautious' about the approach to implementing the chosen solution. The Council recognised the opportunity to be 'Open' in respect of investing to deliver the strategy, but was 'Cautious' about spending more to maintain the status quo. There was little change with regard to the risk appetite around legal and regulatory compliance, where the Council view remained 'Minimalist'.

8.7   The Chair observed that the session had been helpful and noted the high level of consensus among Council members about the need for change. However, he agreed that more discussion was required and the issue of risk would return to a future meeting of the Council.

8.8   The Council **noted** the risk development plans.

Office Note: The Council did not formally consider the Risk Policy for approval, so this item will be carried over to the Council meeting in July 2017, when a revised version will be presented to the Council for approval, together with a new risk appetite framework and an update to the strategic risk register.

9   GROUP TUITION   C-2017-01-04

9.1   Professor Hazel Rymer, Pro-Vice-Chancellor (Learning and Teaching Innovation), introduced the paper, which provided an update on the implementation of the Group Tuition Policy (GTP). The ten principles of GTP had been approved by the Senate in October 2014 and it had always been the intention to evaluate the Policy and share good practice (principle 10).

9.2   Jonathan Wylie, Director, Academic Services, provided an update on the progress made with the implementation of GTP since the failure at the start of the main October 2016 presentation and the report to the Council in November 2016. There had been full publication of tutorials in the October 2016 and February 2017 presentations, and preparation was well underway for the interim and October 2017 presentations. The complexity of the process was a key issue, as were the inter-relationships between tutorial-related data. The focus now was on finding a more effective governance structure, from daily huddles to fortnightly presentations to VCE, and a sustainable model. Significant progress had been made, but further work was required to secure some high risk interdependencies.

9.3   John D'Arcy, Director, OU in Ireland, provided an interim report on the review of GTP implementation supported by KPMG. The process review and analysis was ongoing, but there had been extensive activity to obtain feedback from staff and students, work was underway to build a more sustainable tutorial system, and lessons had been learned from the October 2016 incident.

9.4   The initial assessment of the causes of the failure suggested issues such as poor integration of change projects across the University, ineffective risk escalation processes, a failure in the new Learning Events Management (LEM) system and a project culture focussed on tasks rather than outcomes. The response to the staff survey had been excellent (12%) and feedback had shown a significant crossover with the initial assessment of the causes. A survey of students (6% response rate) had also provided useful information about the issues they had faced in booking tutorials, including technical problems, poor choice of tutorials and timeliness of information. As a result of the lessons learned, progress was being made to improve integration with stakeholder groups, systems, and communications and engagement, and to develop ownership of a sustainable delivery model. Staff and students would be engaged with the University's

response to the lessons learned. A full report would be presented to the Council at its meeting in May 2017.

9.5   Professor Rymer reported on the review of the GTP being undertaken by a sub-group of the Education Committee, which would consider the intended effects on student outcomes and academic quality and standards, and evaluate the actual impact. The evidence to date had raised issues such as the importance of geographic proximity of students and ALs for face-to-face events, the need for a better understanding of the pedagogy and student experience for different subjects, the benefits of greater interaction between ALs, and the loss of the sense of student cohorts in the clustering process. The sub-group reported into the GTP Programme Board, which would ensure alignment with those groups looking at different aspects of GTP, such as KPMG and Business Process Improvement. The outline timeline indicated that the final report, including how ongoing evaluation and review would be built into business as usual quality assurance processes, was scheduled for March 2018.

9.6   Referring to the cycle of tutor: student allocation and the associated process of AL recruitment and redundancy, and the risk of information provided to students and tutors being compromised after the publication of timetables, an AL member said that the implementation of the fixes and enhancements to the systems mentioned in the paper was key. Information regarding the October 2017 presentation was already becoming available, and the language being used was causing dismay and failing to create engagement. In response to a query from the Chair, the member confirmed that these experiences were being fed back to the Director, Academic Services, who said that they were forming the basis of a paper for VCE.

9.7   Another member observed that the University would have to be more creative in communicating with homeworkers, as the informal, face-to-face contact with other staff was no longer readily available to them.

9.8   The Chair proposed that any other queries were discussed outside the meeting.

9.9   The Council **noted** the updates on the:

a)   operational progress to stabilise group tuition delivery;

b)   group tuition implementation review; and

c)   terms of reference for the Education Committee Working Group for the academic evaluation.

10   IMPLEMENTATION OF THE STUDENTS FIRST STRATEGY   C-2017-01-05

10.1   Mr Guy Mallison introduced the paper, which provided a broader perspective on the implementation of the Students First Strategy. The paper highlighted some of the challenges outlined in the AOC paper regarding the University's capacity and capability to deliver the strategy, which had led to the OUR project. The University was continuing to engage staff appropriately with a series of workshop sessions in regional and Nation offices. More focus was being given to the prioritisation of different change activities, by establishing a Major Change Board that would approve, prioritise and assure major change initiatives across the University in a more coherent manner.   This would be reviewed as the outcomes of the OUR project emerged.

10.2   The Chair of Audit Committee said that the Committee maintained a key interest in the issues of capacity and capability; and had also received further information on the plans for the Major Change Board, which would be a key to ensuring greater control. It was

clear from the Council meeting papers that recruitment and retention was essential, so projects dealing with these issues should be prioritised over all else.

10.3 The Director, Strategy said that the intent was to deliver OUR in order to articulate the strategy. Support for prioritising projects was key, as the University would be forced to make some tough choices.

10.4 Referring to the strategy success measures on AOC (slide 4), an AL member observed that the staff survey scores did not include ALs, so the University was only considering the views of half the University's staff. It was essential to use a success measure that included all staff.

11 HEFCE ANNUAL PROVIDER REVIEW PRELIMINARY ASSESSMENT   C-2017-01-18

Minute items 11.1 to 11.6 are presented in C-2017-01-CM (Confidential Minutes).

12 APPRENTICESHIPS STRATEGY   C-2017-01-06

Minute items 12.1 to 12.14 are presented in C-2017-01-CM (Confidential Minutes).

13 FORECAST OUTTURN   C-2017-01-07

13.1 The Interim Group Finance Director outlined the key movements in the forecast outturn based on the first quarter's results. The adverse variance of £0.9m from the budgeted deficit of £2.8m was due to significant movements in income from lower than budgeted student numbers, which were offset by the lower expenditure on those lower student numbers, unit cost reductions, and the sale of the Gateshead and Oxford offices. The financial performance and forecast as of 31 October 2016 had been reviewed in more detail at its meeting on 24 January 2017.

13.2 The Council **noted** the 2016/17 forecast consolidated outturn deficit of £3.7 million.

14 STRATEGIC PLANNING AND RESOURCES COMMITTEE   C-2017-01-08(A&B)

The Council **noted** the unconfirmed minutes and confidential minutes from the meeting held on 15 February 2017.

15 FINANCE COMMITTEE   C-2017-01-09(A&B)

Minute items 15.1 to 15.10 are presented in C-2017-01-CM (Confidential Minutes).

15.11 The Council **noted** the unconfirmed minutes and confidential minutes from the meetings held on Monday 12 December 2016 and Tuesday 24 January 2017.

16 AUDIT COMMITTEE   C-2017-01-10(A&B)

The Council **noted**:

a) that risk management had been covered elsewhere on the Council agenda (C-2017-01-03);

b) the unconfirmed Minutes and Confidential Minutes of the meeting.

17 STAFF STRATEGY COMMITTEE   C-2017-01-11

17.1 Referring to the staff survey and the work on AOC, Ruth Spellman, Chair of the Staff Strategy Committee, said it was important for the University to focus on the issues where

it could have an effect. There had been a perceptible decline in confidence in the management, which had scored low against both target and previous performance. There were a number of issues combining to effect morale and performance, including locations, GTP and falling student numbers. The latter was common elsewhere in the sector, but this was not the perception of OU staff. Staff felt insecure and it was essential to address this in a positive way. The appointment of a new HR Director, who would be a member of VCE, provided the opportunity to put staff, including ALs, at the heart of decision making.

17.2   It was important to consider what kind of organisation the OU wanted to be. The current culture was one where recognition and reward were not always tangible, but the University should strive to be an organisation that valued high performance. It had an opportunity to grow its own talent, instead of allowing people to become stuck in their careers, and to develop leadership at all levels. Understanding the importance of developing an adaptive organisation and a staff strategy was crucial; much concern had been expressed about the action required, but the situation was now becoming urgent.

17.3   A Senate member commented that, from a faculty perspective, the results of the staff survey had been uncomfortable to read. At a local level, faculty management teams were looking at the qualitative responses to help shape action plans; however, this would not get to the crux of the issues. It would be helpful to understand how VCE intended to communicate a broader response to colleagues across the University.

17.4   The Vice-Chancellor replied that VCE were producing action plans in response to the messages from the survey, which would run alongside the work of OUR. Communications would be delicate, as there were tough decisions to be made; but it was important to be honest about the challenges and make sure the narrative was clear.

17.5   An AL member welcomed the action plans to address the concerns of those staff who had completed the survey, but observed that there was a potential issue with regard to ALs who had not. The Vice-Chancellor said that, whilst there were practical issues with regard to AL terms and conditions, faculty responses should include ALs as part of their overall plans.

17.6   The Council **noted** the unconfirmed minutes of the last meeting of the Staff Strategy Committee held on Tuesday 14 February 2017.

18   THE SENATE   **C-2017-01-12**

The Council **noted** the report of the following items discussed at the meeting of the Senate held on 25 January 2017:

a)   Group Tuition

b)   Academic Performance Report;

c)   External Research Environment

d)   Academic Strategy

e)   Council Governance Review Report

19   REMUNERATION COMMITTEE   **C-2017-01-13**

The Council **noted** the report from the Remuneration Committee.

20   ANNUAL STATEMENT ON RESEARCH INTEGRITY   C-2017-01-14

20.1   The University Secretary observed that the paper provided assurance that the arrangements to promote research integrity were appropriate and effective.

20.2   The Council **noted** the annual statement on research integrity.

**21   OU - OU STUDENTS ASSOCIATION RELATIONSHIP AGREEMENT -   C-2017-01-15
        ANNUAL REVIEW**

21.1   The Acting President, OU Students Association commented that the Students Association valued the relationship that had been built with the University in recent years, especially during the presidency of Ruth Tudor. The University and the Students Association had agreed two key areas of focus for their joint work during the forthcoming year. Communications with students would be improved by updating the Students Association website and enhancing the database. The Students Association would also work with the University in responding to the results of the National Student Survey and in areas such as closing the attainment gap and student engagement to improve the quality of the student experience.

21.2   The Council **approved** the amendments to the agreement arising from the review.

22   GOVERNANCE AND NOMINATIONS COMMITTEE   C-2017-01-16

22.1   The Chair introduced the paper, which presented proposals arising from the Council Governance Review (CGR) concerning the size of the Council and its substructure, as well as the reappointment of Council and Council Committee members.

22.2   A productive discussion in Governance and Nominations Committee had resulted in the proposal for a modest reduction in the size of the Council, from 25 to 21. This was not as radical as had originally been suggested, but was the outcome of broader consultation particularly with the Senate. This number would ensure good representation from Senate members, ALs and professional staff, and accommodate a sufficient diversity of skills amongst the lay members. It would also meet the requirement for the lay membership to be in the majority.

22.3   With regard to the Council substructure, the Committee proposed the disestablishment of Development and Estates Committees, and Health and Safety Committee (following consultation with the unions). Following some thoughtful discussion, the Committee had agreed to propose that SPRC be retained, but that it should meet on an annual basis to consider strategic performance, with other meetings being convened as required. It was also proposed that the Senate members of SPRC should be appointed from amongst the Senate members of the Council, to ensure a closer alignment between the two bodies, and that the membership should include a student member. In view of the current level of change and the imminent appointment of a new Director of HR, it had also been agreed that Staff Strategy Committee should be retained for the present.

22.4   A Senate member welcomed the smaller reduction in the size of the Council than originally proposed in the CGR, as it acknowledged the distinctive nature of the OU whilst providing an appropriate internal and external perspective. The retention of SPRC and SSC was also welcomed. The shift in respect of the Senate membership of SPRC was logical, but it was important that the minutes were still presented directly to the Senate. The University Secretary confirmed that reports on the meetings of SPRC would continue to be made to the Senate.

22.5   In response to a query about the Joint Business Committee proposed by the CGR, the University Secretary said that the Governance and Nominations Committee had not wished to create another committee. If there were important issues of joint concern to be discussed, then SPRC could be convened. This arrangement would be kept under review. A member observed that the CGR had proposed that the Joint Business Committee be short term; the retention of SPRC had removed the need for a temporary committee.

22.6   The Council **approved**:

a)   the reduction in the size of the Council from 25 to 21 members, comprising 11 external co-opted members, 2 students and 8 staff (as set out in the appendix to the minutes), with effect from 1 August 2017;

b)   the disestablishment of:

i)   Development Committee

ii)   Estates Committee

iii)   Health and Safety Committee (subject to consultation with the unions)

with immediate effect;

c)   that SPRC should be retained, meeting annually to consider strategic performance, with other meetings being convened as required; that the Senate members of SPRC should be appointed from amongst the Senate members of the Council; and that the membership should include a student member;

d)   the retention of Staff Strategy Committee, subject to regular review;

e)   the changes to the Council Diversity Policy;

f)   the reappointment of Bob Spedding as an external co-opted member of the Council for a further four years to 31 July 2021;

g)   the reappointment of Bob Spedding as one of three lay members of the Council, appointed by the Council, not being officers of the University or members of the Finance Committee, appointed as Chair of Audit Committee, for a further term of four years to 31.07.2021; and

h)   the reappointment of Michael Moule to Investment Committee as an external co-opted member with particular expertise from outside the Council membership for a further term of four years to 31.07.2021.

22.7   The Chair thanked Mr Spedding and Mr Moule for their continuing service to the University.

23   DECLASSIFICATION OF COUNCIL PAPERS

23.1   The Chair confirmed that the following papers should remain confidential:

a)   C-2017-01-06   Apprenticeships Strategy

b)   C-2017-01-08B SPRC confidential minutes

c)   C-2017-01-09B Finance Committee confidential minutes

d) C-2017-01-10B Audit Committee confidential minutes

e) C-2017-01-17 Appendix – Chair's Action

f) C-2017-01-18 HEFCE Annual Provider Review Preliminary Assessment

23.2 However, the following papers could be declassified:

a) C-2017-01-02 Adaptive Organisation and Culture

b) C-2017-01-04 Group Tuition

c) C-2017-01-05 Implementation of Students First Strategy

d) C-2017-01-16 Governance & Nominations Committee minutes

24   CHAIR'S ACTION   **C-2017-01-17**

24.1 The Chair introduced the paper, which reported on action taken on behalf of the Council to **approve**:

a) the final approval of the Fees and Financial Support Strategy

b) the appointment to Audit Committee of Erika Lewis

c) the appointment to Investment Committee of Brian Larkman

24.2 The Council **noted** the action taken by the Chair on behalf of the Council since the last meeting held on 23 November 2016.

25   NEXT MEETING

25.1 The Chair commented that the format of the joint meeting of the Council and the Senate on 5 April was still being considered. The purpose of the meeting was to increase understanding and confidence between the two bodies. The key item for discussion, and approval by the Senate, would be the Academic Strategy.

25.2 The Council **noted**:

a) that a joint meeting of the Council and the Senate would be held on Wednesday 5 April 2017;

b) that the next ordinary business meeting of the Council will be held on Tuesday 9 May 2017.

26   REVIEW OF THE MEETING

26.1 On behalf of the Council, the Chair thanked Mr Jeremy Newman for his contribution to the University, as a member of the Council and Finance Committee.

26.2 The Chair thanked Council members for their input; it had been a helpful meeting, which had covered a lot of ground and had provided some important guidance to the Vice-Chancellor and the leadership team. It was important that issues such as FutureLearn had been dealt with in a transparent way and it was important that this approach continued.

26.3   The Acting President, OU Students Association thanked the Council for the welcome and the trust shown her in her acting role.

26.4   A member said that holding the meeting in Wales had been a valuable experience.

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Attachments
C-2017-01-M Appendix: OU Redesign: Council's view of risk, building on Senior Team output

OU Redesign: Council's view of risk, building on Senior Team output

Threats

Senior Team 2 Feb 2017	Council 7 March 2017
• Staff burnout/ key departures	▪ Loss of staff morale
	▪ Siloed behaviour/change saboteurs
• Inability to deliver change	▪ Lack of charismatic leadership
	▪ Decisions are wrong/ill founded
	▪ Designing for a world that changes, basing decisions on a view that soon becomes outdated
	▪ Top down processes
	▪ Lack of clarity on who is directly responsible and accountable for communicating e.g. with ALs
• Failure to attract, support students	▪ Damage to external stakeholder relationships (OU seen as out of control)
• Reputational damage	
• Technology debt/ constraints	▪ Instability – culture / IT

Opportunities

Senior Team 2 Feb 2017	Council 7 March 2017
• Clearly define our offer/USP	▪ With right educational model 50th Anniversary could provide an impetus/morale boost
• Make OU more responsive to market needs	▪ Enhance reputation: Marketing + PR surfacing the substance
	▪ Align what we say with what we do e.g. online experience
	▪ Opportunity to help more students
	▪ Generate sense of excitement
	▪ Release the creativity of staff
• More responsive to opportunities in Nations	▪ Leverage OU's UK-wide USP
• More flexible/ streamlined configuration	▪ Being upfront about "big issues" of change
	▪ "Never waste a crisis"
• Reduce/reshape the cost base, reshape portfolio	▪ Define how this improves the student experience (as well as reducing cost)

Actions

Senior Team 2 Feb 2017	Council 7 March 2017
▪ Effective two-way communication (between senior management and the rest of the University)	▪ Think who needs to know what and clarify who is responsible for what
	▪ EQ rather than IQ
	▪ AL communication requires a briefing pack and clarity on who is contact point
	▪ Consistent engagement, need more genuine messaging
▪ Ensure decisions are based on understanding of learner needs	▪ Iterative decision-making
▪ Make tough decisions and with clear prioritisation	▪ Get full buy in from the wider Senior Team

Initial view from Council on appetite for risk

Risk Factor	A - Averse	B - Minimalist	C - Cautious	D - Open	E - Hungry
	Considerations				
Reputation and credibility			*Current position (Feb 2015 view)*	**Aspire** to be more open • Big risk of not making the most of opportunities	
Operational a) Innovation of approach				**Aspire** to be more open • requires confidence • need to be prepared to commit financially	In some aspects we may be more hungry
b) Implementation			• Tight assurance around implementation • No compromise on service standards	*Current position (Feb 2015 view)*	
Financial a) Strategic Investment			*Current position (Feb 2015 view)*	**Aspire** to be more open • Need to be prepared to invest in delivering major change	
b) Recurrent expenditure			Be clear about the justification for recurrent financial expenditure		
Compliance legal/ regulatory		OU has to be very sure it would win any challenge	Stretch into cautious		