

THE COUNCIL

Minutes

This paper presents the unconfirmed Minutes of the last meeting of the Council held on 22 May 2018 at The Open University, Walton Hall, Milton Keynes.

The Council is asked to **approve** these unconfirmed Minutes as a correct record of the meeting.

Keith Zimmerman
University Secretary

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Attachments:

C-2018-03-M Minutes of the meeting of the Council held on 22 May 2018



THE COUNCIL

Minutes of the meeting of the Council held on Tuesday 22 May 2018
at The Open University, Walton Hall, Milton Keynes.

Present: Mr R Gillingwater (Chair), Prof M Kellett (Acting Vice-Chancellor), Mrs C Stockmann (Treasurer), Mrs N Simpson (President, OU Students Association), Dr J Baxter, Professor J Brooks (Vice-Chair), Mrs F Chetwynd, Mrs M Curnock Cook, Mr J D'Arcy, Prof J Draper, Ms R Girardet, Mr P Greenwood, Ms A Henderson, Mrs R Lock, Mr R Spedding, Dr C Spencer, Dr B Tarling, Ms S Unerman, Dr G Walker, Professor J Wolffe

Remote Attendance: Mr S Begbie (for items 8 – 19)

In Attendance: University Secretary, Group Finance Director, Chief Commercial and Strategy Officer, Head of Governance, Senior Manager, Governance (Working Secretary)

Also: Pro-Vice-Chancellor (Research and Academic Strategy), Executive Dean, Science, Technology, Engineering and Mathematics (STEM)

Apologies: None

Observers: Mr L Hudson (Director of Communications), Mrs J James (Manager, Governance), Dr J Stewart (Head of the University Secretary's Office)

1 WELCOME

The Chair welcomed everyone, particularly Anna Henderson who was attending her first ordinary business meeting of the Council. He thanked the Executive Deans and the Pro-Vice-Chancellor (Research and Academic Strategy) for the presentations on their roles, responsibilities, challenges and opportunities before the formal business of the Council.

2 DECLARATION OF INTERESTS

There were no declarations of interest.

3 MINUTES

C-2018-01-M/CM & C-2018-02-CM

The Council **approved** the unconfirmed minutes and confidential minutes of the ordinary business meeting of the Council meeting held on 6 March 2018 and the confidential minutes of the special meeting of the Council on 9 April 2018 were approved as a correct record.

4 MATTERS ARISING AND ACTION TRACKER

C-2018-03-01

The University Secretary reported that there was more work to be done on a data pack on student retention, but that further information would be circulated to members in due course. The one-page infographic on the financial statements would be provided to the Council at its meeting in November 2018.

5 CHAIR'S BUSINESS

- 5.1 The Chair observed that the Senate meeting on 18 April 2018, at which the Council had been in attendance, had been a significant one. The Council's decision regarding the former Vice-Chancellor had diffused some tension, but the atmosphere had remained challenging. The Acting Vice-Chancellor had managed the procedural nature of the meeting effectively: the Senate might return the motion for secret voting, but some excellent points had been made about the importance of openness and transparency; and the withdrawal of the motion of no-confidence in the Students First Transformation Programme (SFTP) had been critical. The President, OU Students Association was thanked for her intervention.
- 5.2 The Chair acknowledged that the time available at the meeting had been limited, but noted that there had been no reflection on the University's academic performance, which should be a key concern for the Senate. Moving forward, this would be the first item on the Senate agenda.
- 5.3 The President, OU Students Association reported that she had been thanked for her intervention by several Senate members, who had not felt able to comment themselves. There was still significant work to be done to restore a sense of confidence and transparency across the University community.
- 5.4 The external member conducting a review of the lessons to be learned by the Council in the light of recent events thanked members for their frank and insightful responses to date. Some clear themes were emerging, and a report with recommendations would be presented to the Governance and Nominations Committee meeting in June 2018.

6 VICE-CHANCELLOR'S REGULAR REPORT

- 6.1 The Acting Vice-Chancellor thanked Council members for the trust placed in her at a critical time for the OU, and for the support that had been offered. During the first six weeks in the role, she had spent time listening and engaging with colleagues, and there were positive signs that trust was being rebuilt and the University was healing. A period of grace had been requested whilst parts of SFTP were reviewed and reset. This did not signal a reversal or an aversion to change, but a belief that the best way of delivering essential change was to include staff and students in the journey.
- 6.2 Some hard messages had been reiterated: the University's shrinking student numbers could no longer sustain the size of the OU's curriculum and, although many of the decisions had been difficult, the faculty-revised cuts to curriculum would stand. The University would face deeper cuts if it failed to get its operating deficit under control. Taking action now would also enable the University to put full teach-outs in place and work closely with students to ensure they had the support they needed through this process.
- 6.3 However, it had become apparent that a sudden radical approach to change might not be the most apposite for the OU in terms of successful implementation. Together, the Vice-Chancellor's Executive (VCE), the Council and the Senate should consider whether the same transformational outcomes could be achieved in a more inclusive way. The urgent priorities such as IT systems needed to be accelerated, and the University had to become

more efficient in all areas of its business. It was inevitable that job losses would follow, as approximately 70% of total expenditure was on staffing, but it was essential to align job losses to the incremental stopping of activity at the right time and increase the likelihood of achieving this via voluntary schemes. Further information on the Critical Review of SFTP would be provided later on the agenda.

6.4 The Acting Vice-Chancellor reported on the following external and internal news:

External

- a) The Office for Students recurrent teaching grant had been announced during the previous week. The OU's total teaching funding at £37.9m was £1.2m higher than had been budgeted for in the Income and Expenditure Model (IEM) process; however, the recurrent Teaching Capital allocation was down by £1.3m at £2.6m, so the net position was broadly unchanged;
- b) The Higher Education Innovation Fund was up by £155k on the amount budgeted, but the block grant for research was down by £120k, so the University remained broadly in line with forecast;
- c) The Post-18 Review consultation period had now closed. The OU's response had pushed hard on a flexible learning incentive and emphasized the disenfranchisement of part time students in the current funding policy. An interim report would be published in the autumn and a Government response was expected by January 2019;
- d) Early overtures had been made to key government and policy stakeholders to offer reassurance of the OU's stability and steadfastness following the recent media coverage. These had included Nicola Dandridge, head of the new regulatory body, the Office for Students (OfS) and Chris Milward, the OfS Director for Fair Access and Participation;
- e) On the political front, helpful meetings had been held with Justine Greening, former Secretary of State for Education regarding plans for the OU to collaborate on her Social Mobility Pledge; Gordon Marsden, Shadow Higher Education (HE) Minister; and Vince Cable, leader of the Liberal Democrats;
- f) An early meeting had also been secured with Sam Gyimah MP, Minister of State for Universities, Science, Research and Innovation, who had engaged with the Acting Vice-Chancellor and the Head of Government and External Affairs to better understand the distinctiveness of the OU and its students, and how disadvantaged they were by the current funding policy. The Minister had invited the University to send him its ideas and proposals for how best to fund part time distance learning so that he could feed this into the government's considerations of the Post-18 Review. He had also agreed to talk with OU students in their online distance learning space, using OU technology from his desk in Westminster. The Acting Vice-Chancellor had been able to assure the Minister – and other political figures earlier - that the OU did not need saving: it had an operating deficit that it was on target to fill, and was undertaking some transformational change whilst continuing to innovate and evolve. However, it needed policy change to create a funding environment that allowed part time and distance learning to thrive;

Media coverage

- g) The University had achieved two wins at the Guardian University Awards: the OU's internet of laboratory things in the Faculty of Science, Technology, Engineering and Mathematics (STEM) had won a Teaching Excellence award and Learning and

Teaching Innovation (LTI) had won the Digital Innovation award for their Accessible Interactive Media Player.

- h) There had been several other examples of positive media coverage:
 - i) the Blue Planet programme had been awarded a BAFTA;
 - ii) there had been a successful launch of the OU Ireland/OpenLearn co-production marking the 20 year anniversary of the Good Friday Agreement on 22 May 2018;
 - iii) Woman's Hour had interviewed a student and a Council member;
 - iv) Jeremy Vine had interviewed the Executive Dean of the Faculty of Arts and Social Sciences (FASS); and
 - v) there had been a positive campaign about the OU in the Daily Mail;

Research success

- i) Professor Harith Alani from STEM had received an award of £494,000 from the Horizon 2020 fund for his work on "Co-Creating Misinformation-Resilient Societies"; exploring how to better identify and combat "fake news" on social media;
- j) Professor Arosha Bandara, also from STEM, received a £1 million Engineering and Physical Science Research Council (EPSRC) grant to improve the way members of the public and authorities such as the police work together. This would support them to better investigate and reduce potential or actual threats to citizen privacy, safety, and security;
- k) Dr Joan Simons from the Faculty of Wellbeing Education and Language Studies (WELS) had been awarded funding from WellChild for a feasibility study on the new pain model; involving specialist pain management teams in children's units and children's hospitals across the UK;
- l) the Medical Detection Dogs programme would celebrate its 10 year anniversary in June, and the Queen and other members of the Royal Family would be meeting Clara Mancini from STEM at Buckingham Palace, where she would be demonstrating the technology she has developed to enable the dogs' cancer detection work;

Internal News

- m) The annual Charter Day had celebrated the University's 49th birthday on 8 May. The Chancellor, Martha Lane Fox, provided an excellent keynote speech, alongside a number of our students who shared their stories;
- n) The Employee-led Voluntary Severance Scheme had opened on 9 April and would close on 29 June 2018;
- o) The Chief Information Officer, Chris Youles, had joined VCE, to ensure that a technology perspective was fed into its decision making; and
- p) Recruitment was underway for:
 - i) Interim University Secretary; and

- ii) two substantive Executive Deans in WELS and the Faculty of Business and Law.

6.5 In response to a member's enquiry regarding the current status of the Voluntary Severance (VS) programme, the Acting Vice-Chancellor reported that the response had been much as anticipated. The Group Finance Director (GFD) added that there had been approximately 300 requests for pension illustrations and some 160 applications for VS to date, which was in line with the HR and financial predictions.

7 STUDENTS FIRST TRANSFORMATION – CRITICAL REVIEW C-2018-03-02

7.1 The Acting Vice-Chancellor introduced the Acting Director of Strategy, who would be leading the Critical Review of SFTP. The Review would be a short piece of work, concluding in early July 2018, to review the scope, pace and approach of the Programme going forward; and would be focused on learning from the experiences to date to inform the next steps. The Review would not re-evaluate the financial savings targets, but some working assumptions would be made in order to complete the financial forecasting in time for the meeting of Finance Committee in June and the Council meeting in July 2018. This process would run alongside the Critical Review and, whilst some final adjustments might be necessary, it was important to begin immediately in order to meet these meeting deadlines. The University would also be scaling back the number of external consultants being employed on SFTP: it was important that the next phase drew on internal expertise in order to provide the depth of understanding of the issues.

7.2 The Acting Director of Strategy introduced the paper, observing that the tone and approach of the Review was as important as the detail of its work. It was essential that SFTP delivered the necessary organisational change, but the Review would actively seek the input of stakeholders to produce positive recommendations about those change activities that should continue or be stopped, and to identify additional areas of focus or change. The Review would be internally led, thereby demonstrating confidence in the judgement and expertise to be found in the University community.

7.3 The Review report would present key findings and recommendations that focused on helping the University reach decisions on moving forward, and would include impact and risk assessments for all the options outlined. It would also consider recommendations for any further phases of review or assessment. An early draft and the emerging outcomes would be shared at the June 2018 meetings of the Senate, and Audit and Finance Committees; and the final report with recommendations would be considered by the Council in July 2018.

7.4 The Review would address four key areas of SFTP: purpose, value, delivery, and leadership and culture. It would not review the terms of reference and ways of working of VCE, as this would be taken forward by the Acting Vice-Chancellor. The Review would not agree or advise on the work to be stopped or continued during the review period; VCE would make these decisions at its next meeting. However, any critical projects would be identified and worked through as necessary.

7.5 The Review Team would provide a broad institutional perspective, with members from stakeholder groups across the University community. The Overview Board would be chaired by the Acting Vice-Chancellor. It did not consist of VCE members, but did include colleagues who were known to have strong views. All stakeholder groups had shown a genuine willingness to engage in a two-way dialogue to support, inform and challenge the Review.

7.6 The Council was asked to comment specifically on the risks and challenges facing the Review. The Review Team would be speaking to all Council members individually, but clear direction would be welcome at this early stage.

- 7.7 In discussion, members observed that the Students First strategy had been clear; however, the Council, as well as the OU Students Association, had not been made fully aware of the substance of SFTP. It had been familiar with the process and the timeline, but less informed about the ideas that had been considered and the background to the proposals that had come forward. This lack of information had led to a lack of confidence amongst Council members to provide advice and guidance. For example, it was unclear about the strategy behind the approach to the curriculum review; or about the student requirements that informed the changes to IT. In order to participate effectively in the Review, the Council would need to have a greater understanding of how the programme had developed.
- 7.8 The way that SFTP had been articulated had also been an issue. Moving forward, clearly stated key performance indicators (KPIs) and smart objectives should be used to measure progress. It would be helpful for the Council to receive one data pack, showing the status of each work stream as red, amber or green (RAG), which it then considered on an iterative basis. Some changes were more important and would define the approach to others, so it would be helpful to focus on two or three major changes and their consequences.
- 7.9 The Acting Vice-Chancellor expressed regret that the Council had not been well informed as SFTP had progressed, and said that the lack of communication should be addressed. The Review would consider what the University had got right and what it needed to revisit. Some of the background data could be provided now; for example, with regard to IT. As the Strategy and Information Office already used the reporting approach described, information could be presented to the Council in this format.
- 7.10 The Chair observed that the Council had been following an evolving process regarding SFTP, which had reached a hiatus as it approached the decision point, when stories had started to circulate about what would happen next. The approach had been overly complicated, which had resulted in talk rather than action. It was important to remember that the Council's role was to challenge and to advise. The Review should help to revise and strengthen the thinking of the leadership team. It was important to identify some clear actions to progress and to acknowledge that it would not be a perfect exercise.
- 7.11 Members commented that the Review was impressive in its scope, but would require considerable time and resource. Unless other work was to be put on hold, the impact of removing the support of external consultants in terms of the staff work-life balance would be significant. Whilst the shift towards internal expertise and experience was welcomed, external consultants would have some valuable observations about the University's resource, behaviours and culture. External input through some stakeholder groups might also help the University think outside the OU box.
- 7.12 The Acting Vice-Chancellor responded that colleagues were putting themselves forward for the work on the Review. The University would continue to use consultants where useful and appropriate, but it was important to get the balance right between external and internal support.
- 7.13 With reference to the University's intention to move forward with its IT changes, an external member observed that implementing a new IT system first and then adapting the processes afterwards was often the reason that such implementations failed. The Acting Vice-Chancellor acknowledged that this could be an issue; however, urgent action was required to ensure the University had robust IT systems in place.
- 7.14 The AL member observed that most staff thought that the purpose of the Review was to advise on the work to be stopped or to continue. The University Secretary responded that the Acting Vice-Chancellor's communications had already indicated what change activities would continue. There might be other activities that the University would prefer not to stop,

but it was necessary to consider what a decision to continue with them would mean for SFTP overall.

7.15 The Council **noted** the Terms of Reference and Approach for the Critical Review of the Students First Transformation Programme.

8 RISK MANAGEMENT

C-2018-03-03

8.1 The Chief Commercial and Strategy Officer introduced the paper, which provided an update on the University's strategic risks. The Risk Register continued to be a fluid document: it could not yet report on the SFTP Critical Review which would inevitably impact the articulation of risks and the subsequent response actions.

8.2 The Acting Head of Strategic Planning said that the Risk Register had been updated in the context of the University's current internal environment and the change in leadership and approach; the key changes were summarised in the paper (para 4). The principle risks, which had been graded 'red' despite mitigating actions, were also highlighted (para 8). The Council were being asked to comment on the articulation of the risks, but would have an opportunity to consider the Risk Register in greater depth at the July 2018 meeting, following the outcomes of the Critical Review.

8.3 During the discussion of the Risk Register, members made the following observations:

- a) the recruitment of a new Vice-Chancellor should be highlighted as a specific risk around leadership discontinuity (ID 1.1);
- b) the response to a number of principle risks (ID 1.3 and 2.1) was owned by the University Secretary, and the Council should be reassured that this would not be lost during the transition between post holders;
- c) the very significant risk described by the Vice-Chancellor regarding IT systems was not fully reflected in the Risk Register (ID 1.3), particularly in relation to delivering services to students;
- d) the relationship between academic and corporate governance was crucial (ID 2.1), and should be owned by the Council. It was essential that Council members understood their roles and responsibilities, but this was also true for members of the Senate. The induction for new members of the Senate should be as comprehensive as that for Council members and should draw on the expertise of established members.
- e) with reference to the risk of insufficient trust being rebuilt across the institution (ID 1.2) and the relationship between academic and corporate governance (ID 2.1), the University may have become too corporate, but there was a risk that the University might focus too much on the OU as an academic institution;
- f) the increase in risk from amber to red in respect of the Teaching Excellence Framework (TEF) and other rankings (ID 5.1) was prudent. A mock TEF evaluation of the current institutional metrics and draft submission had indicated that the University might struggle to obtain a higher rating than bronze, particularly since the National Student Survey (NSS) metrics were forecast to be less favourable next year. However, a stronger submission could make a significant difference;
- g) recent events might create greater risks with regard to FutureLearn; and
- h) the University required a marketing exercise that provided the Council with an external view of the OU.

8.4 The Acting Vice-Chancellor noted that some themes were emerging. Further information to the Council should include the activities during and outputs from, Strategy Week, including the marketing information considered. The President, OU Students Association welcomed this proposal; there had previously been no communications to the Council or the Students Association regarding Strategy Week, so the background to decisions arising from the event was not always understood.

9 FORECAST OUTTURN C-2018-03-04

9.1 The Group Finance Director presented the report on the forecast financial performance for the quarter ending 31 January 2018. The paper was normally reviewed in detail by Finance Committee but, as its last meeting had been cancelled due to its proximity to the special meeting of the Council, the Committee had noted this report by correspondence.

9.2 The budgeted deficit for 2017/18, which had been substantially defined by the planned expenditure on SFTP, had been £77.3m. The revised forecast deficit was £33.5 million, a favourable variance of £43.8 million from the budget and £15.7 million from the October 2017 forecast. The variance was primarily explained by a slower rate of expenditure on SFTP and lower levels of spend on the one-off costs of strategic funded projects, as well as the gain from the sale of the Cambridge property and an improvement in income from student fees.

9.3 The University's forecast operating deficit, once the main non-operational items had been removed, provided a clearer view of the University's true operating position. The budgeted deficit had been £28.9 million, but was now forecast at £9.4 million. The movement was explained by an increase in tuition fee income, as well as reductions in the recurrent costs of SFTP and in general unit budgets due to the focus on the transformation programme. The operating deficit indicated that the University was not meeting its financial strategy of an adjusted surplus from operating activities of 2% of income, and that the current shortfall was therefore approximately £20 million.

9.4 The balance sheet and cash flow indicated that the University could fund significant one-off costs from reserves.

9.5 The paper provided a snapshot of the current financial situation; the report on the third quarter forecast outturn was already being prepared, as was the budget and forecast to 2021/22, which would be presented to the July 2018 meeting of the Council, and to the regulators in August/September. This work was being carried out in parallel with the Critical Review, which would inform the assumptions made. Allowances would be made for known activities, and provision for action that was as yet unknown.

9.6 The two critical financial priorities were:

- a) to focus on demonstrating financial sustainability in 2019/20 through an operating surplus of 2%, or to identify other options if this was not possible; and
- b) to continue work to ensure funding to finance the costs of change, including one-off costs and any future activities. The underlying projections for income from student numbers were flat and transitional funding was no longer available. However, the University was anticipating improved progression and retention through the More Students Qualifying workstream.

9.7 In discussion, members agreed that it was essential to have a comprehensive understanding of the operating position, whether it was the forecast operating deficit of £9.4 million, a forecast deficit of £20 million that included the target operating surplus for sustainability, or the forecast consolidated outturn deficit of £33.5 million. The situation would also be clearer if the operating position was tracked back over the past 5 years.

The financial case for change had been challenged in some areas of the University, so a clear view of the situation, presented in a way that everyone could understand and that could be widely communicated, was urgently required. This would better enable Council members to fulfil their responsibilities and respond to issues raised by other stakeholders.

- 9.8 The GFD observed that the Forecast Outturn paper had been written for a particular purpose and to meet defined standards. A different format, which aimed to communicate a complex budget by highlighting the key points, had been trialled with the Senior Team and might be adapted for wider use. It was suggested that the presentation might be benchmarked against other similar organisations. The challenge was to present the financial case on one page. The Treasurer agreed to work with the GFD on the style and content.

Action: GFD

- 9.9 Other members cautioned against presenting an overly simplified or optimistic picture. The University's viability would be closely scrutinised as it moved into a period of tougher regulation, so its financial performance should be measured against the target surplus for sustainability.

- 9.10 In response to members' queries, the GFD clarified that:

- a) the 2017 USS pension valuation had indicated a deficit of £6.1 – 7.5 billion. At present, it was not possible to prepare an accurate estimate of the impact of the deficit recovery plan, as some decisions about the valuation had been deferred until the USS joint expert panel had made its recommendations, but it would probably have to be taken account of at the year end. The provision was a non-operational item and the University's total exposure would be written off over time;
- b) the graph showed the income from additional student fees and the expenditure on those extra students in isolation; whilst the tables illustrated the net impact;
- c) a smaller curriculum would enable the removal of some fixed costs;
- d) the figures for the significant one-off items: restructuring, included the costs of the Voluntary Severance scheme;
- e) with regard to the possible variations in the Student Loan Company relationship with the University, the issue was probably one of impact on cash flow. The figures presented in the paper were as at the end of January 2018, but the Finance Team considered a full year forecast. A monthly interim report was also prepared, and significant variances highlighted; and
- f) further work was underway with regard to the expression of risk and the response to mitigate that risk.

- 9.11 The Council **noted** the 2017/18 forecast consolidated outturn deficit of £33.5 million.

10 REMUNERATION COMMITTEE

C-2018-03-05

- 10.1 The Chair of Remuneration Committee introduced the paper, highlighting the change in the senior staff remuneration process to ensure a clear timeline, the proposal to change the population considered by the Committee to all staff on a salary of over £100k, and the consideration of a more rigorous process regarding performance related pay.
- 10.2 In response to a query from a member, the Chair of Remuneration Committee said that, in principle, the Committee's remit should include part-time staff who exceeded the £100k

benchmark on a pro-rata basis; however, this would depend on the numbers involved. In future, the Committee's scope would include staff in the FutureLearn and OU Worldwide subsidiaries.

10.3 The Council:

- a) **approved** the changes to the senior staff remuneration process; and
- b) **noted** the unconfirmed Confidential Minutes.

11 FINANCE COMMITTEE

C-2018-03-06

11.1 The Treasurer introduced the paper, highlighting the decision taken by Chair's Action to authorise the realisation of the University's investment gains. Finance Committee would discuss the projections for FutureLearn at its next meeting on 26 June 2018.

11.2 The Council **noted** the unconfirmed Minutes of the meeting of Finance Committee held by correspondence between 6 -16 April 2018.

12 THE SENATE

C-2018-03-07

12.1 The Acting Vice-Chancellor noted that most Council members had been in attendance at the Senate meeting in April, but highlighted some key elements in order to provide context for the nature of the meeting. It had been held on the Acting Vice-Chancellor's third day in post, when colleagues were still responding to the resignation of the former Vice-Chancellor during the previous week. Both the Pro-Chancellor and Acting Vice-Chancellor had considered it important to strike a different tone and had stated how they intended to work together, and their commitment to listening to colleagues and rebuilding the Senate's trust. In return, Senate colleagues had been asked to judge forward, not backward.

12.2 The announcements made had been intended to calm anxieties and restore confidence:

- a) the commissioning of the Critical Review;
- b) the confirmation that there would be no further changes to faculty structures, ending a period of uncertainty for WELS and FBL;
- c) a halt to the changes to the Charter and Statutes;
- d) a reversal of the proposal for 5 new institutional professorships - at a time when the University was facing academic job losses - and diverting the funds into support for research in the Research Excellence Framework (REF) Units of Assessment; and
- e) a recommitment to the criticality of research, and an acceptance that the University needed to take a more considered look at what it was doing in the Academic Excellence workstream.

12.3 The commitment to openness and to supporting academic debate, so that Senate members should never again feel unable to freely express a genuinely held view, was emphasized; and this had helped in the navigation of a set of no confidence motions that could have been extremely damaging, not only in the context of the meeting, but also with respect to the future of Senate and the University. The discussion of the motion on voting procedures had been uncomfortable, but that it had not been passed was testament to the degree of trust that colleagues were willing to place in the University to affect the necessary cultural changes. However, the University was on notice; the motion could be returned.

- 12.4 The meeting had been emotional and challenging for a community that was tired, confused and anxious about the future. However, it had ended with the beginnings of a sense of optimism for the future and a willingness to try to move forward, which was the best outcome that could have been hoped for.
- 12.5 The Council **noted** the unconfirmed Minutes of the meeting of the Senate held on 18 April 2018.
- 13 PRINCIPLES ON ACADEMIC FREEDOM C-2018-03-08**
- 13.1 The University Secretary explained that the Statement of Principles on Academic Freedom had been approved by the Senate in June 2016, but recent work carried out by Eversheds Sutherland to revise the OU Charter and Statutes had identified that the Statement should also be approved by the Council as it had legal effect. The Statement had been developed by a group representing a wide-range of stakeholders, and had received strong support from across the University community.
- 13.2 The Council **approved** the Statement of Principles on Academic Freedom.
- 14 HEFCE ANNUAL ASSESSMENT OF INSTITUTIONAL RISK C-2018-03-09**
- 14.1 The University Secretary observed that, due to the changes in the regulatory environment, this would be the last paper reporting the Higher Education Funding Council for Education (HEFCE) annual assessment of institutional risk. HEFCE still had concerns about the OU's completion rates and shortfalls in retention, but these were not sufficient for it to place the University at higher risk.
- 14.2 Further to the discussion of the Forecast Outturn paper, a Senate member observed that the financial summary statistics attached as an appendix to this paper provided yet another view of the University's financial situation as a measure of its long term sustainability.
- 14.3 The Council **noted** that the current view of the University's risk status was assessed as 'not at higher risk'.
- 15 OFFICE FOR STUDENTS – STRATEGY 2018-2021 AND BUSINESS PLAN 2018-19 C-2018-03-10**
- 15.1 The University Secretary introduced the paper, which set out the intentions and priorities of OfS, the University's new regulator. Further information, including key performance indicators, would be published in the summer so it would be sensible for the Council to discuss the matter further at its meeting in November 2018.
- 15.2 The President, OU Students Association welcomed the paper, and enquired whether there was adequate resource, particularly in the GEA team, to undertake the lobbying work that would be necessary.
- 15.3 The Vice-Chair suggested that the University demonstrated its willingness to engage with the OfS by inviting its Chief Executive, Nicola Dandridge, to address the Council. The Chair reported that he had spoken to Katja Hall, a member of the OfS board, and agreed that the Council needed to discuss the issues further.
- 15.4 In response to questions from members, the University Secretary said that the University's completion and retention statistics, combined with the OfS responsibility for consumer protection, would raise some challenging questions.

16 CHAIRS ACTION

C-2018-03-11

The Council **noted** the action taken by the Chair on its behalf since the last meeting held on 6 March 2018.

17 DECLASSIFICATION OF COUNCIL PAPERS

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

C-2018-01-CM Council Confidential Minutes
C-2018-02-CM Council Confidential Minutes
C-2018-03-05 Remuneration Committee

18 NEXT MEETING

The next ordinary business meeting of the Council will be held on Tuesday 17 July 2018 in Milton Keynes.

19 ANY OTHER BUSINESS

19.1 The Acting Vice-Chancellor reported in confidence, pending a public announcement, that Dr Jonathan Nicholls would be joining the OU as Acting University Secretary on a 12-month contract, taking over from Keith Zimmerman when he left the University in July 2018. Dr Nicholls was highly experienced, and had served as Registrar at Cambridge, Birmingham and Warwick universities.

19.2 The University Secretary reported that FutureLearn was growing rapidly, with its revenue increasing faster than its operating costs. There had been considerable growth in consumer sales, but these were still short of target; whereas business to business sales were well ahead of target with significant potential to increase revenue through supporting other universities to put their degrees online. Work had been commissioned to assess the development opportunities for FutureLearn and the University. The Chair noted that a fuller discussion should be conducted at a future meeting of the Council.

20 REVIEW OF MEETING

The Chair congratulated the Acting Vice-Chancellor on a positive start to her tenure.

Keith Zimmerman
University Secretary

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