

THE COUNCIL

Minutes

This paper presents the confirmed Minutes of the hybrid meeting of the Council held on 23 November 2021

The Council **approved** these Minutes as a correct record at the correspondence meeting held between 7 - 18 March 2022.

Dave Hall
University Secretary

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Attachments:

C-2021-06-M Minutes of the meeting of the Council held on 23 November 2021

THE COUNCIL

Minutes of the meeting of the Council held on 23 November 2021 as a hybrid meeting.

- Present: Malcolm Sweeting, Tim Blackman, Robert McCracken, Sarah Jones, John D’Arcy (from minute 4), Carol Howells, Rukhsana Malik, Rob Parker, Eileen Scanlon, Danielle Smith, Catherine Halliwell, Sas Amoah, John Brooks, Andrew Dickinson, Ceri Doyle (to minute 19), Paul Gray, Paul Greenwood, Mary Kellett (from minute 4) Rachel Lock, Lopa Patel, Tevin Tobun (to minute 15).
- In Attendance: Dave Hall, University Secretary, Rex Knight, Interim Assistant Director, Governance, Paul Traynor, Chief Financial Officer, Sue Thomas, Senior Manager, Governance, Josie Fraser, Deputy Vice-Chancellor for minute 15, Ian Fribbance, Executive Dean, Faculty of Arts and Social Science and Andrew Law, Director of Business Innovation, Business Development Unit (BDU) for minute 14, Caragh Molloy, Group People Director for minute 21, Rebecca Galley, Director Academic Services for minute 17.

1 WELCOME

The Chair welcomed everyone to the first hybrid meeting of the Council with members joining online and in person at Walton Hall.

2 CONSTITUTION OF THE COUNCIL

C-2021-06-01

The Council **noted** the Statement of its Primary Responsibilities and the University’s Code of Conduct and Conflict of Interest Policy

3 MEMBERSHIP OF THE COUNCIL

C-2021-06-02

- 3.1 The Chair summarised the circumstances leading to the proposal set out in the paper. He also advised the Council that John D’Arcy was not present at the meeting for this item to ensure external members were in the majority as stated in the Council’s requirements for quoracy.
- 3.2 The Council:
- a) discussed a number of points of principle relating to the process and the proposal
 - b) accepted the need to find a pragmatic solution to the issue of quoracy for forthcoming meetings until a substantive appointment was confirmed and urged that all efforts were made to expedite the appointment.
- 3.4 The Council **approved** the co-option of Professor Mary Kellett to the Council for the period 23 November 2021 to 1 May 2022.

John D’Arcy and Mary Kellett joined the meeting

4 MINUTES C-2021-04-M/C-2021-05-M

The minutes and confidential minutes of the meetings held on 13 July 2021 and 28 September 2021 were **approved** as a correct record.

5 MATTERS ARISING AND ACTION TRACKER C-2021-06-03

The Council **noted** the Action Tracker subject to the inclusion of a report on FutureLearn being presented to the next meeting of the Council.

6 CHAIR'S ACTION AND BUSINESS C-2021-06-04

The Council **noted** the report.

7 VICE-CHANCELLOR'S REPORT C-2021-06-05

7.1 In reflecting on the issues raised in his report the Vice-Chancellor:

- a) explained that whilst underlying growth in numbers continued, the University's student body was changing with a trend towards higher study intensity which increased the University's full-time equivalent (FTEs) but not its headcount. The University's current priorities would be to focus on strengthening the core undergraduate provision and recruitment within the UK with undergraduate degrees offered in a range of new areas including counselling, industrial relations, design, technology and accounting. Higher technical qualifications were also being offered in software development and health care.
- b) reported that notification had been received from the University and College Union (UCU) that following the outcome of its recent ballot, strike action would take place on three days, 1 to 3 December 2021. This was a regrettable course of action, but plans were in place to minimise disruption.
- c) explained that the launch of the Gender Critical Research Network remained a live issue for the University. The Office for Students (OfS) would be informed of the notification of any employment tribunals under its Reportable Events procedure.
- d) informed the Council of the recent deaths of Fraser Woodburn, former University Secretary, Professor Uwe Grimm and Professor Mike Stewart both from the STEM Faculty. Their significant contributions to the University were recognised.

7.2 The Council:

- a) commended the University on its performance and sought clarification on the management of fluctuations in student registrations and increasing full-time intensity study patterns. The Vice-Chancellor explained that a range of outcomes and scenarios was forecast for student recruitment and the current intake was within the range forecast.
- b) expressed its regret over the UCU's position on pension reforms and the previous pay round and reiterated the Council's support for the employer position. It hoped the UCU would engage in negotiations about the forthcoming year's pay deal and other concerns including the pension scheme.
- c) commended the Vice-Chancellor on his stimulating Higher Education Policy Institute blog article particularly the reflections on minimum entry requirements.

- d) acknowledged the commitment of senior colleagues to a range of well-received activities during the recent Student Voice Week
- e) recognised that the intensity of activity across the University and enquired about the wellbeing of the staff. The Vice-Chancellor acknowledged that the staff were tired, and their wellbeing was his priority. Recruitment of additional staff was helping but the situation was challenging for many.

7.3 The Council **noted** the report.

8 AUDIT COMMITTEE ANNUAL REPORT TO THE COUNCIL AND THE VICE-CHANCELLOR, 2020/21 **C-2021-06-06**

8.1 The Chair of the Audit Committee confirmed:

- a) the Committee's opinion, based on the assurances it had received, that the financial statements presented a fair, balanced and understandable position and were recommended for approval.
- b) the results presented a healthy position with a strong surplus because of exceptional student number growth as a result of the global pandemic and unrealised investment gains on long term equity funds.
- c) the proposed carrying value of FutureLearn in the University's accounts was debated in detail at the Audit Committee and the position as stated in the Financial Statements was agreed. (Page 81, note 14)
- d) the Committee was satisfied that the University had taken appropriate steps to improve the management of the two major change programmes and the underlying challenges of managing major change within the University. The Committee would continue to provide focus on this.

8.2 The Council **noted** the annual report.

9 2020/21 CONSOLIDATED FINANCIAL STATEMENTS **C-2021-06-07**

9.1 The Chief Financial Officer and Treasurer:

- a) confirmed that the Audit Committee had reviewed the financial statements at its meeting on 4 November 2021 and had received a report from the Treasurer and the internal and external auditors. There were no matters of significance relating to the University's financial reporting process, control processes or figures included in the financial statements.
- b) reported that the position reported was very positive with growing student numbers and increased fee and investment income. However, there would be challenges ahead as the boost from the pandemic showed signs of tailing off as well as increased inflation and potential rises in USS Pension costs.
- c) explained that a small number of editorial alterations would be made to the version of the Statements presented to the Council after the meeting:
Page 32 – top right paragraph to stop at “cost of investment” with remaining text in paragraph deleted.
Page 67 – final paragraph on Impairment to be revised
Page 81 – wording on the value of FutureLearn to be revised to reflect discussion with the external auditors
Page 48 – list of Council members would include the appointment of Mary Kellett

9.2 The Council:

- a) commented that the University was committed to increasing expenditure and sought assurance that the challenges and potential uncertainty that could affect income would be monitored. Clarification was also sought on the forecast reduction in the operating surplus over the next three years.
- b) enquired whether the significant increase in students studying at full-time intensity affected the University's status as a distance-learning/part-time institution.

9.3 The Vice-Chancellor and Chief Financial Officer

- a) confirmed that the University was not regulated as a full-time institution. The OU emphasised the concept of flexible learning for students which enabled them to switch between different study intensities to suit their changing circumstances. The increase in students studying at full-time intensity was being monitored and although it raised issues relating to support and application of University regulations, it was not an issue of immediate concern.
- b) assured the Council that the significant surplus in 2020-21 was the result of growth in student numbers and reduced spending in the pandemic period. Several significant investments had been made, for example in staff, and these would take time to be visible. The projected reduced surplus was not the result of boom/bust type operation but related to careful planning and reflected the tailing off the pandemic circumstances.

9.4 The Council:

- a) **approved** the University's consolidated financial statements for the year ended 31 July 2021;
- b) **authorised** the Chair of Audit Committee, Vice-Chancellor and Chief Financial Officer to sign on its behalf the University's consolidated financial statements for the year ended 31 July 2021;
- c) **noted** the audit representation letter that would be signed on its behalf by the Vice-Chancellor and Chief Financial Officer

10 FINANCIAL FORECASTS TO 2025/26

C-2021-06-08

10.1 The Chief Financial Officer and Treasurer explained that the financial forecasts were revised from previous versions seen by the Council to take into account adjustments to USS Pension provision, National Insurance changes and revised student number forecasts.

10.2 The Council:

- a) sought further information on the accuracy of forecasting and a variation showing between the tables and the data published in the Financial Statements
- b) questioned why the increase in student numbers could be directly attributed to the pandemic and reflected that certainty of income could be hard to predict during the post-pandemic period
- c) sought further information on the use of forecasts by the OfS and whether the changes to forecasting including a forecast deficit and use of reserves to offset the USS deficit would lead to any further investigations

- 10.3 The Chief Financial Officer and Vice-Chancellor:
- a) confirmed that during 2020/21 growth exceeded forecasting and the operating surplus had resulted from this higher growth and good financial management. The discrepancy in figures would be checked.
 - b) explained that the effects of the pandemic had lessened more quickly than expected and the ambitious targets for 2021/22 had been reduced. It was not clear why the pandemic created growth, but it could reflect furlough, work patterns or uncertainty regarding going away to campus based institutions. It had been hoped that the growth would be sustained but numbers had returned to previous trends.
 - c) assured the Council that the forecast of a one year deficit and use of reserves would not lead to investigation by the OfS however it would be important to provide appropriate context to the forecast. The USS pensions issue was affecting all member institutions and the liability would be spread over several years and reserves would not be lost.

10.4 The Council **approved** the financial forecasts to 2025/26 and commentary that fulfil the regulatory requirement for submission to the Office for Students.

11 FOSSIL FUELS DISINVESTMENT **C-2021-06-09**

11.1 The Chief Financial Officer explained that University did not hold any direct holdings in fossil fuels companies, however the investment funds in which it invested had holdings in such companies. The paper set out the options available to the University with a declared preferred option being to aim to divest no later than 2023. This would demonstrate strong alignment with the new University Strategy and the University's wider social responsibilities.

11.2 The Council supported option 1, to pursue active divestment but:

- a) questioned whether investment in other areas such as plastics or farming might require consideration in the future.
- b) acknowledged the cost of divestment could be significant and reinvesting in alternatives such as green energy would take time to produce similar returns.

11.3 The Chief Financial Officer assured the Council that the points raised would be considered by the Investment and Finance Committees.

12 USS PENSIONS REPORT **C-2021-06-10**

12.1 The Chief Financial Officer reported that the consultation period for the proposed changes to the USS Scheme developed by Universities UK on behalf of all scheme employers would run to 17 January 2022.

12.2 The Council acknowledged the significance of the issue for staff and the need to mindful of potential impacts. The Chief Financial Officer assured the Council that the University had organised webinars and information sessions for staff.

12.3 The Council **noted** the report.

13 UNIVERSITY STRATEGY 2022-2027 **C-2021-06-11**

13.1 The Vice-Chancellor introduced the Strategy and thanked Council members who had contributed to its formation. The new Strategy incorporated significant continuity from the previous strategy and University's enduring mission had not changed. However the focus

had shifted and equality, diversity and inclusion and environmental and social sustainability underpinned the aims. Further work would be carried out on time horizons.

13.2 The Council:

- a) welcomed the Strategy and thanked all who had worked to bring it together. Members enquired whether there would be an opportunity to make some final drafting revisions to clarify alignment between the aims and outcomes. The wording of the first goal “greater reach” was also questioned.
- b) noted the inclusion of the phrase “University of Possibilities” despite concerns previously expressed that this was used by several other institutions. It was felt this did not reflect the OU’s uniqueness in higher education.
- c) suggested inclusion of the “student voice” in the Strategy to reflect the input from the OU Students Association during the drafting and future delivery of the Strategy.
- d) questioned whether the environmental and social sustainability aims were sufficiently ambitious.

13.3 The Vice-Chancellor:

- a) confirmed that extensive consultation had been carried out across the University and following approval by the Council, the Strategy would be ready to launch. At this point there was limited opportunity to revise the wording in case the balance of the narrative was undermined. The first strategic goal was an extension of the University’s reach so the phrasing would be re-examined to clarify this. The environmental and social sustainability aims would be looked at with a view to strengthening.
- b) explained that extensive work had been carried out by the MarComms Team on the use of the phrase “University of Possibilities”. Positive feedback had been received and it was viewed as a strong concept linking the Strategy to the brand strategy. Reference to the phrase within the Strategy would be re-examined.
- c) acknowledged that the insight gained from consultation with students was valuable and the term “student voice” would be included.

13.4 The Council:

- a) **agreed** the text presented as the University Strategy for 2022-2027
- b) **authorised** the Chair to agree any final minor editorial revisions
- c) **noted** that further work on the success measures would follow with a dedicated session with Council expected to be in January 2022

14 OPEN COLLEGE OF THE ARTS (OCA) PROPOSAL C-2020-06-12

Minutes 14.1 to 14.3 are recorded as Confidential Minutes (C-2021-06-CM)

15 AL CONTRACT PROGRAMME: UPDATE C-2021-06-13

15.1 The Deputy Vice-Chancellor:

- a) confirmed that objectives from Phase 1 (Delivery of Interim Solutions) had been achieved although some risks around workload for the payroll teams and AL

confidence remained. Detailed planning for Phase 2 (Full Implementation) had been delayed due to the demands of Phase 1 but was now in progress.

- b) thanked the staff who had worked hard to deliver the objectives and to members of the Council for their support and assistance.

15.2 The Council:

- a) acknowledged the significant progress to date and the improved rating of delivery confidence from red to amber/red.
- b) queried whether the relationship between ALs and the University had altered because of the changes. The Deputy Vice-Chancellor acknowledged that the current situation was a period of transition, which had focussed on the calculation of full time equivalent (FTE) annualised payments. The project teams were aware of the importance of good communications with staff tutors to support their line management of AL colleagues.

15.3 The Council **noted** the report.

16 ERP UPDATE

C-2021-06-14

16.1 The Chair, ERP Delivery Board updated the Council that the November payroll run had been completed without major issues and a much improved run time. Issues remained with tax deductions, USS reporting and pensions auto-enrolment and these were now the priority for the project teams and external partners. External SAP expertise had also been recruited to develop knowledge of SAP systems with Finance and Business Services.

16.2 The Council:

- a) welcomed the progress made and thanked all those involved.
- b) sought further information on the severity of the compliance issues on the payroll system relating to tax and NIU contributions
- c) enquired whether ERP Stage 3 would be implemented by the end of 2022.

16.3 The Chief Financial Officer and Chair, ERP Delivery Board:

- a) assured the Council that the compliance issues did not affect all staff and were being investigated by external partners SAP and NTTData.
- b) explained that the intention was to implement ERP3 by August 2022, but this was being considered by the Delivery Board and VCE imminently.

16.4 The Council **noted** the report.

17 STUDENTS SYSTEMS UPDATE

C-2021-06-15

17.1 The University Secretary explained that:

- a) the CSR Student Programme has been restructured into the Student Systems Portfolio, comprising four programmes with the emphasis clearly on improvement of the student experience. The focus would be on business aspects as well as technology improvements through a collaborative and constructive approach.
- b) past experiences of change management, successful and less so, had been reflected upon and those lessons learned would be embedded in the collaborative

approach to the Portfolio. Experiences of colleagues working in student facing areas of the University were also being encouraged.

- c) external partners including NTTData and InfoSys were supporting the Portfolio with project management support from GateOne. Deloitte had been appointed as the external assurance partner.
- d) valuable insight had been gained from the sharing of experiences by other universities

17.2 The Council:

- a) welcomed the change of approach in these key programmes from replacing end of life technology to enhancing the student experience but emphasised the importance of ensuring this was successful. An excellent student experience was essential for the University and if problems arose, they could be reflected publicly in fora such as the NSS Survey.
- b) acknowledged that the University had found major change projects challenging, as indicated in the Chief Auditor's report to the Council, but there was evidence of progress with existing projects and the University with the help of its external partners must draw confidence from this. It would be essential however to understand fully any optimism bias and the challenges that could be faced.
- c) also acknowledged that the University had dedicated significant expenditure to major projects recently and it would be important to invest sufficiently in capacity and capability. The University was encouraged to invest wisely to avoid wastage at later stages of the project and establish early dialogue with the Council.
- d) sought further information on the development and impact of artificial intelligence (AI) and algorithms in the new systems
- e) sought assurance that there would be engagement from all stakeholders in the programmes and adequate testing time built into timelines in the programme plans.
- f) reflected that implementing other major change projects had put significant pressure on staff and that position was not sustainable. Timescales and risks should be carefully considered and take into account the appointment of a new Chief Information Officer.

17.3 The University Secretary and Director, Academic Services:

- a) assured the Council that a wide range of stakeholders including academic staff were involved in the Portfolio planning.
- b) explained that preliminary work had already started on designing a digital student experience. This work included innovative thinking involving students around the use of digital assistants and AI to answer queries.
- c) acknowledged the concerns around the size, significant and pace of the project and assured the Council that the project would be sustainable. The revised budget would be presented to Finance Committee at its March meeting, with the final Plan coming to Council in May 2022.

17.4 The Council **noted** the report.

- 18 OU STUDENTS ASSOCIATION ANNUAL REPORT AND FINANCIAL STATEMENTS 2020/2021 C-2021-06-16**
- 18.1 The President, OU Students Association presented an overview of activities and achievements during the previous financial year to 31 July 2021. The President reported on highest ever levels of student engagement and volunteering. 2022 would be the Association's fiftieth anniversary and plans were being developed for an exciting year of celebrations.
- 18.2 The Council **noted** the reports.
- 19 INSTITUTIONAL PERFORMANCE UPDATE C-2021-06-17**
- The Council **noted** the Institutional Performance Report.
- 20 ANNUAL QUALITY REPORT 2020/21 C-2021-06-18**
- 20.1 The Council commented that from the minutes of the Senate meeting, the Senate had not discussed the Annual Quality Report in detail as it had been scrutinised by the Academic Quality and Governance Committee (AQGC). It was the responsibility of the Senate to provide the Council with assurance on academic quality and standards so it was requested that in future, the Senate should discuss the report and provide the Council with a summary of the discussion and any actions required.
- 20.2 The Council **noted**
- a) the summary of the 2020/21 Annual Quality Report;
 - b) that the full Annual Quality Report was used as the annual report to the Scottish Funding Council (SFC) on institution-led quality review
 - c) that the Senate has recommended to the Council that it approve the associated statement of assurance required by the SFC;
- 20.3 The Council **approved** that, on behalf of the Council, the Vice-Chancellor sign the statement of assurance.
- 21 BEHAVIOURAL FRAMEWORK – PRINCIPLES C-2021-06-19**
- 21.1 The Group People Director explained that the paper presented a series of principles as the basis of a plan to review, update and embed the OU's behavioural frameworks.
- 21.2 The Council:
- a) acknowledged the work was in progress but welcomed the principles and the proposal for a single behavioural framework to underpin the implementation of the new institutional strategy and encourage greater understanding of appropriate and inappropriate behaviour.
 - b) emphasised the need to support managers in addressing the consequences of staff not adopting and implementing the stated values.
- 21.3 The Council **approved** the proposed approach and the prototype Values in Action principles as the basis of negotiation for a new Standards and Conduct at Work Policy
- 22 STRATEGIC PLANNING AND RESOURCES COMMITTEE C-2021-06-20**
- The Council **noted** the minutes of the meeting held on 17 September 2021

23 AUDIT COMMITTEE C-2021-06-21

The Council **noted** the minutes of meetings held on 6 October 2021 and 4 November 2021

24 FINANCE COMMITTEE C-2021-06-22

The Council **noted** the minutes of meeting held on 4 November 2021

25 REMUNERATION COMMITTEE C-2021-06-23 AND C-2021-06-24

The Council **noted** the

- a) the minutes of the meeting held on 12 October 2021
- b) the Annual Remuneration Committee Report

26 THE SENATE C-2021-06-25

26.1 The Vice-Chancellor reported that the key discussions from the meeting of the Senate on 13 October 2021 were:

- a) approval of initial recommendations of the Academic Governance Review including the disestablishment of the Education Committee to reduce duplication within the academic governance structure
- b) support for the creation of a joint EDI Committee of the Senate and the Council subject to further reflection on the composition. The Governance and Nominations Committee considered the proposals and concluded the Committee should be a Committee of the Senate only with matters relating to EDI under the Council's remit coming directly to the Council for consideration. Revised proposals would be considered at the meeting of the Senate in January 2022.
- c) discussion of a motion (in minute 11.2) calling for projects in the AL Contract Programme to have elected AL representation only. The motion was debated at length with a range of views being expressed. The motion was not carried, and the Vice-Chancellor assured the Council that there was a very strong commitment within the project to work with ALs and obtain a wide range of views.

26.2 The Council **noted** the minutes of meeting held on 13 October 2021

27 GOVERNANCE AND NOMINATIONS COMMITTEE C-2021-06-26

The Council:

- a) **approved** the appointment of Lopa Patel and Sas Amoah to the Governance and Nominations Committee.
- b) **noted** the unconfirmed Minutes and Confidential Minutes of the meeting of the Governance and Nominations Committee held on Wednesday 20 October 2021

28 COUNCIL GOVERNANCE REVIEW: IMPLEMENTATION PLAN C-2021-06-27

The Council **noted** the recommendations listed under each of the proposals from the Governance Review Report below.

29 REPORTS TO THE COUNCIL C-2021-06-28

The Council:

- a) **approved:**
 - i) the Accountability Declaration
 - ii) the Annual Data Return in relation to the Prevent Duty for submission to the Office for Students.
- b) **noted** the summaries of the Prevent Annual Report and Annual Health and Safety Report

30 DECLASSIFICATION OF COUNCIL PAPERS

Paper C-2021-06-07 Consolidated Financial Statements would be declassified after publication. All other highly confidential papers would retain their classification.

31 DATES OF NEXT MEETINGS

The next meetings of the Council would be held on:

1 March 2022 Online
10 May 2022 National Office – Cardiff
5 July 2022 Online

All arrangements were subject to change pending Governments' advice

32 ANY OTHER BUSINESS

Audit Committee: Minute 14 Information Security Update

- 32.1 In response to a question, the University Secretary clarified that Cyber Essentials Plus certification had been lost. User-owned devices had now been brought into the scope of the Certification and work was currently underway to test software and engage with AL staff who use their own devices on OU systems. An update would be made to the Audit Committee.

Constitution of the Council

- 32.2 The Council **agreed** to delete section 5.2 relating to reflection at the end of meetings from the constitution.

Committee papers

- 32.3 Concern was expressed over the volume of papers for the meeting and the impact this had on members discharging their responsibilities fully and the efficiency of the meeting. The Chair assured the Council that work would be undertaken to reduce the administrative burden on members.

Hybrid meeting

- 32.4 The Council thanked all those who had helped to make the first hybrid meeting of the Council a success.

Dave Hall
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Sue Thomas
Working Secretary to the Council

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