THE COUNCIL

Minutes

This paper details the confirmed Minutes of the last meeting of the Council held via Microsoft Teams on 5 July 2022.

The Council **approved** these Minutes as a correct record at its meeting held on 22 November 2022.

Dave Hall
University Secretary

Sue Thomas
Working Secretary to the Council
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THE COUNCIL

Meeting of the Council held via Microsoft Teams on 5 July 2022

Present: Malcolm Sweeting, John Brooks, Tim Blackman, Robert McCracken, Sarah Jones, John D'Arcy, Carol Howells, Rukhsana Malik, Rob Parker, Eileen Scanlon, Danielle Smith, Sas Amoah, Paul Greenwood, Rachel Lock, Lopa Patel, Ceri Doyle, Tevin Tobun, Paul Kett, Andrew Dickinson

In Attendance: Dave Hall, University Secretary, Camilla Briault, Assistant Director, Governance, Paul Traynor, Chief Financial Officer, Sue Thomas, Senior Manager, Governance

Observers: Julia Goodfellow, external co-opted member from 1 August 2022, Margaret Greenaway, President, OU Students Association and member from 1 August 2022, Mossy Taylor – Student Member of the Council from 1 August 2022 (ST to check)

Joined via Teams for specific items:
   (B1 Student Systems) - Rebecca Galley, Director, Academic Services, Emma Stace, Chief Information Officer, Catrin Davis, Deloitte
   (B3 Strategic Risk Register) - Haf Merrifield, Director, Strategy, Joanna Trueman, Head of Strategic Planning
   (B4 Equality Scheme) - Professor Marcia Wilson, Dean EDI
   (B7 OU Strategy) - Haf Merrifield, Director, Strategy
   (Performance Measures) - Joanna Trueman, Head of Strategic Planning
   (C1 Performance Report) - Haf Merrifield, Director, Strategy
   (C3 Fees) - Ceri Rose, Director, Marcomms
   (D1 AL Contract Update) - Josie Fraser, Deputy Vice-Chancellor

Apologies: Paul Gray, Catherine Halliwell

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1   WELCOME AND OPENING REMARKS

1.1   The Chair welcomed Julia Goodfellow, Margaret Greenaway and Mossy Taylor as observers to the meeting.

1.2   On behalf of the Council, the Chair thanked the following members were either finishing their terms of office or stepping down from the Council in July 2022 for their hard work and contributions to the Council and wider University during their membership:

Completed terms of office:
External co-opted member: Paul Greenwood
Senate members: John D'Arcy
                                                      Rukhsana Malik
                                                      Rob Parker
OUSA President: Sarah Jones
Student representative: Danielle Smith

Standing down:
External co-opted member: Lopa Patel

2   DECLARATIONS OF INTERESTS

There were no declarations of interest.

3   MINUTES   **C-2022-02-M/CM & C-2022-03-M**

The Council **approved** the minutes and confidential minutes of the meeting held on 10 May 2022 and via correspondence 4-6 May 2022 subject to the following amendment:

Meeting on 10 May 2022(C-2022-02-M)
Inclusion of Paul Kett amongst those listed
Correction to show Andy Hancock, CEO FutureLearn attended in person

4   MATTERS ARISING AND ACTION TRACKER   **C-2022-04-01**

The Council **noted** the Action Tracker.

5   CHAIRS REPORT AND ACTION   **C-2022-04-02**

The Council **noted** the report.

6   VICE-CHANCELLOR'S REGULAR REPORT   **C-2022-02-03**

6.1   In reflecting on some of the issues raised in his report the Vice-Chancellor commented that:

a)   in many ways this was a milestone meeting with decisions to be made on several key issues including performance measures for the new Strategy, SAP payroll and the Student System Portfolio, which would set the overall context for forthcoming budgets.

b)   the University's Equality Scheme was on the agenda for the meeting. This was a public statement and commitment to equity, greater diversity at all levels and inclusion in every aspect of the University's operations and achievements. The Council was informed that the University and particularly the Dean, Equality, Diversity and Inclusion (EDI) and her team had been subjected to negative media attention and unacceptable online abuse which had been reported to the police. The University would also be resubmitting its application for membership of the Race Equality Charter administered by Advance HE despite the Minister for Education stating that membership of the Charter was "in tension" with universities' duties to uphold free speech.

6.2   The Council:

a)   expressed its concern over the reports of online abuse directed towards the Dean, EDI and emphasised its support for Professor Wilson and her team.

b)   sought clarification as to how the plan for two years of deficits at no more than -2% related to the success measures for the new Strategy which gave a target of an operating surplus.

c)   sought clarification around whether the recently published results of the Research Excellence Framework (REF 2021) in relation to unit/subject performance would have any impact on the University's new Research Plan.

d) requested an update on progress by FutureLearn following the decision on financial support taken at the last meeting.

6.3 The Vice-Chancellor responded that:

a) appropriate support was being provided by the University to the individuals affected by online abuse. Other initiatives such as the development of the EDI Plan and Behavioural Framework were also part of a wider approach to tackle such issues and balance freedom of speech with expectations on behaviours.

b) resources would be deployed strategically over the next two years to manage a deficit of no more than 2%. This would give time for plans for return to surplus to have effect. The success measure was directly relevant, though the focus would be on different areas initially.

c) although unit/subject performance fell short of expectations in some areas, the overall good result in REF 2021 was due to solid performance across the board rather than concentrated excellence in certain areas. The outcome also reflected a period of upheaval for the University during which it lost research leaders. Research was now a strategic goal with an ambitious plan.

d) the decision to invest in a staged way had been received positively by the FutureLearn senior team. The forthcoming months would be critical to determine whether the company delivered against its strategy.

6.4 The Council **noted** the report.

7   STUDENT SYSTEMS PORTFOLIO PLAN   **C-2022-04-04**

7.1 The University Secretary and Chief Digital and Information Officer explained that the paper provided background to the establishment of the Student Systems Portfolio and its four programmes. It also explained that the balance between costs and benefits had been evaluated and as a result the approach had changed. It was proposed that the NTT SAP product *it.education* was not implemented and that student systems were rebuilt in stages over a sustained timescale, led by achieving business benefits stage by stage. The focus would be on working collaboratively to achieve improved outcomes for students.

7.2 The Chair of Audit Committee reported that an additional meeting of Audit Committee had been convened to consider the options presented in the business case. The Committee had welcomed the new approach, particularly systems changes being business not technology led, and had supported option 4 in principle.

7.3 The Council:

a) supported adoption of option 4 as a credible option but sought assurances that there was sufficient institutional knowledge to support the continuation of existing systems which had been operational for some time

b) emphasised that although it was important for systems changes to be business led, they should also be student focussed, with the aim of improving student outcomes. Collaboration with students so far was commended.

c) reflected however that the current situation continued to be very challenging. Council had been given assurances that the SAP Finance and Payroll systems were suitable for the University, yet implementation had identified many significant issues to resolve. Council sought assurance that the University had the organisational capacity and capability to implement major new systems

d) sought assurance on the governance of the Portfolio. The governance of the project needed connections to the future operating model as the portfolio programmes progressed. This would help to embed continuity and avoid the Portfolio being viewed only as a change programme.   It was essential that lessons were learned from other major change projects.

e) requested sight of the technical roadmap for the Portfolio when compiled

Action: Chief Digital and Information Officer

f) sought further information on the oversight of the Portfolio once option 4 had been implemented

g) queried whether Audit Committee comprised sufficient expertise in digital transformation to provide oversight of the assurance reports for the Portfolio.

h) queried whether existing systems were sufficiently robust against cybercrime and whether overall risks associated with the Portfolio were appropriately managed.

7.4 The University Secretary and Chief Digital and Information Officer:

a) assured the Council that input had been sought from students on systems development. IT teams had also worked with the PVC (Students) to ensure the aims of systems changes benefitted students.

b) assured the Council that the University would continue to work with a range of external partners who were supplementing and helping to develop the University's internal capacity and expertise in implementing major new systems

c) acknowledged that existing systems had suffered as there had not been year on year investment in the infrastructure. An annual investment of £3m was anticipated to keep the infrastructure robust.

d) considered that Audit Committee comprised the necessary skills to provide oversight of assurance reports. The membership of the Portfolio Delivery Board would be reconsidered. Council was reminded that an experienced Programme Director was due to join the Portfolio to provide additional support and expertise.

e) acknowledged the challenges of balancing academic policy decisions and technical change, particularly in the Exams and Assessment Programme.

7.5 The Council **approved**:

a) the proposal not to implement the NTT SAP product *it.education* and instead adopt an iterative, business-led change plan, as described in Option 4 in the paper.

b) the recommendation from Finance Committee to invest £11.2m for 2022/23 to continue those components of SSP already in flight and noted that this level of investment was included in the 2022/23 budget (C-2022-04-05).

8 BUDGET, FINANCIAL FORECASTS AND STRATEGY   C-2022-04-05

8.1 The Chief Financial Officer and Treasurer informed the Council that:

a) operating deficits were projected due to challenging circumstances in relation to student numbers and current wider economic conditions that the University faced.

b) careful scrutiny of the proposed budget had taken place and the Vice-Chancellor's Executive (VCE) had agreed that the budget should include a recurrent efficiency

gain target of 0.75% to unit budgets, equivalent to £4.5m in 2022/23. This efficiency target supported the aim of limiting the operating deficit in 2022/23 to less than -2% and recurrently therefore made the recovery to surplus more manageable

    c)   work has been commissioned by VCE to collate activities which would support a return to operating surplus by 2024/25.

8.2   The Council:

    a)   acknowledged the challenging nature of the budget and sought further information on the potential impact on the student learning experience of the proposed 0.75% efficiency targets.

    b)   sought assurance that if the efficiencies were to be achieved by reducing "slack" in budgets that there was sufficient rigour in budgeting and financial control at unit level.

    c)   requested clarity on the proposed financial impact of the additional contribution activities listed.

    d)   enquired how much flexibility existed around the -2% deficit target if student number targets were not achieved.

    e)   sought further information on the proposed ambitious targets for microcredentials for 2023/24 which showed a significant increase on targets for 2022/23.

8.3   The Chief Financial Officer and Vice-Chancellor explained that:

    a)   the rationale for the proposed budget was to avoid the University entering a period of financial challenges that would be much more difficult to exit. The efficiencies savings and proposals being considered to improve income generation demonstrated strong financial management.

    b)   further detail would be provided in the Financial Forecasts paper at the meeting of the Council in November 2022. This would include the expected impact of the return to surplus activities.

    c)   the efficiency target had been set at 0.75% as this could be achieved without impacting upon quality of service. There was a strong culture in relation to working to budgets at the University and overspending was rare.

    d)   the -2% deficit target had been set to avoid putting excessive pressure on the University's reserves, however there would be a cautious approach in 2022/23 with additional action taken if required.

    e)   a review of microcredentials was currently underway and would be reporting to VCE in September 2022. The targets might require revision based on that review.

8.4   The Council **approved** the budget for 2022/23

9   **STRATEGIC RISK REGISTER**   **C-2022-04-07**

9.1   The Director of Strategy explained that the paper presented the Summary Strategic Risk Register (SRR) and that the Full SRR and review of risk appetite would be presented to the Council in November 2022.

9.2   The Council welcomed the SRR though noted that further work was required to align risk appetite and target scoring. It was suggested that a heat map showing where risks were increasing or decreasing could also be helpful.

9.3   The Council **approved** the new Summary Strategic Risk Register

10   APPOINTMENT OF EXTERNAL AUDITORS   C-2022-04-09

The Council **approved** the recommendation from Audit Committee that PricewaterhouseCoopers be offered the appointment as the University's external auditors for a contract period of five years, with an option to extend for a further two years, commencing with the audit of financial year 2022/23.

11   EQUALITY SCHEME   C-2022-04-08

11.1   The Chair of Council welcomed the Dean of Equality, Diversity and Inclusion and reiterated the Council's strong support for her and her Team during the current challenging time.

11.2   The Dean EDI explained that the revised Equality Scheme was a public statement and commitment to equity, greater diversity and representation at all levels, and inclusion in every aspect of how the OU worked and its achievements. The proposed revised Scheme provides a clear direction and strategic alignment.

11.3   The Council:

a)   welcomed the revised Equality Scheme and considered it to be very comprehensive. The metrics were seen as strong and must become a core part of the University's business, not just the work of the EDI Team.

b)   questioned why staff and students were presented with an extensive list of responsibilities, yet VCE members were only given responsibility to champion and promote equality, diversity and inclusion. It was suggested their role should be much wider.   Members also enquired whether the Scheme would cover third parties such as contractors employed by the University.

c)   noted that the gap analysis had shown that promotion and representation targets had not been met. Targets needed to be ambitious and challenging but also realistic.

d)   emphasised the need to ensure targets, particularly relating to students, correlated with other data sets and ambitions as meeting targets in the Scheme could have an impact on other targets for the University.

e)   enquired whether the Scheme should include targets for wellbeing

11.4   The Dean, EDI commented that:

a)   VCE members had responsibilities under the previous scheme to champion staff networks, but the section would be looked at again to emphasise these responsibilities more.   Contractors were not employees of the University, but it was essential that their values aligned with the University's and that formed part of contracting/procurement processes.

b)   promotion and representation targets and references to wellbeing and mental health would be included in the Equality Plan which would be presented to Council in November 2022.

c)   setting ambitious targets could potentially lead to unintended consequences on other programmes but it was essential that issues such as the proportions of Black and Asian students registered were identified in the Scheme.

d)   datasets were aligned to those in the Access and Participation Plan (APP). At present the focus was on aligning targets to areas required by the Office for Students (OfS) but they would be monitored carefully, and greater intersectionality developed as the Scheme progressed.

11.5   The Council **approved** the Equality Scheme 2022-2026

12   COUNCIL AND COMMITTEE APPOINTMENTS   **C-2022-04-10**

The Council **approved**, on the recommendation of Governance and Nominations Committee:

a)   the appointment of Rashik Parmar and Thomas Frawley as external co-opted members of Council, each for an initial term of four years, from 1 August 2022 to 31 July 2026

b)   the appointment of Suresh Patel as external co-opted Audit Committee member for an initial term of 4 years from 1 August 2022 to 31 July 2026.

13   NEW SUCCESS MEASURES AND PERFORMANCE FRAMEWORK   **C-2022-04-11**

13.1   The Director of Strategy explained that the measures had been developed taking on board previous valuable comments from Council members and aimed to balance rigour and practicality with ease of understanding.

13.2   The Council welcomed the proposed measures and commended their clarity and alignment with the Strategy.

13.3   The Council **approved** the new success measures and performance framework aligned to the 2022-2027 University Strategy

14   INSTITUTIONAL PERFORMANCE REPORT   **C-2022-04-12**

The Council **noted** the current summary of performance measures

15   FORECAST OUTTURN   **C-2022-04-13**

The Council **noted** the report on the forecast outturn

16   FEES PLANNING 2023/2024   **C-2022-04-14**

16.1   The University Secretary and Director of Marketing and Communications explained that:

a)   in setting fees the University had to consider the requirements of the different regulatory regimes operating across the UK, its costs and its commitment to access and diversity in line with its mission.   Strategic Planning and Resources Committee (SPRC) would make a recommendation to Council in September to meet the deadline set by the OfS.

b)   the paper set out the regulatory, economic and policy context and financial pressures and risks relating to the setting of undergraduate fees for 2023/24. It also set out four options for fees in England.

c) regulators expected fee increases to be linked to a verifiable index such as the RPIX. The RPIX was currently running at 9-10% so it would not be possible to use it to determine the fee increase for 2023/24 as it would take fees over the part-time fee cap in England, currently frozen until 2024/25. Using the RPIX could also lead to criticism if inflation was to fall to lower levels during 2023.

16.2 The Council:

a) welcomed the opportunity to be involved at an early stage in the setting of fees and recognised the complexity of the context of the decision to be reached. It was also acknowledged that setting fees in the context of the Four Nations was challenging.

b) considered that further information was required on market environments and elasticity of demand ahead of discussion of a fee recommendation in September. The impact of the current cost of living pressures on students (potential and continuing) was not yet clear and could potentially vary across the nations. The Director of Marketing and Communications confirmed that further pricing research was underway though traditionally price sensitivity was not a deciding factor in a student's choice to study.

c) reflected on the options presented in the paper and considered that options 2 (mid-point increase and reach the fee cap over 2 years) and 3 (reach the fee cap over two years but front-load the first year with a 5% increase) were the most feasible to pursue.

d) expressed concerns that increasing fees differentially could impact upon potential students in areas of deprivation and their willingness to take on student debt.

16.3 The Vice-Chancellor emphasised that the University already charged different fees across the four nations. Charging different fees for different subjects or mode of study could be an option but the University's systems were built around standard fees across all curriculum. It would be complicated to track and particularly across the Open Degree programme where students studied modules across all Faculties.

16.4 The Chair thanked the Council for a helpful discussion ahead of the discussion of the fees strategy at the meeting of the Council in September.

17   NATION REPORT: OU IN IRELAND   **C-2022-04-15**

17.1 The Director, OU in Ireland introduced the report and described the activities, levels of growth and progress against objectives being achieved in Ireland. Student number growth in Northern Ireland was strong showing an 81% increase since 2017/18.

17.2 The Council welcomed the positive report and recorded its thanks to the staff in Belfast and Dublin for their hard work and achievements and in particular the strong relationships built with partners covering both jurisdictions.

17.3 The Council **noted** the report

18   OU STUDENTS' ASSOCIATION REPORT   **C-2022-04-16**

18.1 The President, OU Students Association presented a report on the outcomes of the elections for the 2022-24 student leadership team and trustees, the Association's 50th Birthday and her highlights and farewells at the end of her 2020-22 term. She thanked the Council, the University senior officers and the Students Association Office for their support during her term of office and emphasised the importance of strong and productive partnerships to achieve success.

18.2   The Chair of Council congratulated the President on her successful term of office and commended the excellent dialogue between the Association and the Council. On behalf of Council he wished the President and student representative Danielle Smith, every good wish for the future.

18.3   The Council **noted** the report

19   ASSOCIATE LECTURER CONTRACT PROGRAMME: UPDATE   C-2022-04-17

19.1   The Deputy Vice-Chancellor informed the Council that:

a)   the status of the report remained at red due to the timescales, but there was confidence in the Programme Team on the implementation of the contractual changes for associate lecturers (ALs) on time.

b)   all ALs received letters in June confirming their FTE and salary and the high levels of queries resulting had been successfully managed.

c)   extensive effort had been directed to improving communications and engagement. A programme of webinars had been organised for staff tutors and the response had been very positive.

d)   work beyond the August implementation date had been scoped and would be crucial to deliver the changing processes and would contribute to the long-term benefits realisation resulting from integration of ALs into faculties.

e)   it was hoped that the Programme would transfer to business as usual by July 2023

19.2   The Council:

a)   welcomed the progress made and thanked the Deputy Vice-Chancellor for overseeing such a complex project.

b)   sought assurance that the impact of the AL Voluntary Severance Scheme had been carefully managed and not resulted in a loss of academic expertise

19.3   The Deputy Vice-Chancellor confirmed that robust thresholds had been applied to the Voluntary Severance (VS) Scheme and panels carefully considered VS applications.

19.4   The Council **noted** the report.

20   ERP UPDATE   C-2022-04-18

20.1   The Chair, ERP Delivery Board reported:

a)   that the independent review into the implementation of SAP Payroll had concluded that significant rectification work was required. The report was currently being considered and actions planned.

b)   that considerable improvements had been made with the operation of the main Finance Systems and there was increasing confidence for the forthcoming financial year.

20.2   The Council acknowledged the honest reporting of the difficult issues requiring resolution and asked to be kept updated.

20.3   The Council **noted** the report.

| 21 | **FINANCE COMMITTEE** | **C-2022-04-19** |

The Council **noted** the Report of meetings held on 3 May 2022 and 21 June 2022

| 22 | **AUDIT COMMITTEE** | **C-2022-04-20** |

The Council **noted** the report of meeting held on 14 June 2022

| 23 | **GOVERNANCE AND NOMINATIONS COMMITTEE** | **C-2022-04-21** |

The Council **noted** the report of meetings held on 4 June 2022 and by correspondence between 21 and 24 June

| 24 | **REMUNERATION COMMITTEE** | **C-2022-04-22** |

The Council **noted** the report of the meeting held on 5 May 2022

| 25 | **SENATE** | **C-2022-04-23** |

The Council **noted** the report of meeting held on 22 June 2022

| 26 | **FOUR NATIONS – FINANCE ANALYSIS** | **C-2022-04-24** |

The Council **received** a report on the University finances from a Four Nations perspective

| 27 | **ANNUAL EFFECTIVENESS REVIEW** | **C-2022-04-25** |

The Council:

a) **noted** the annual report on the effectiveness of the Council.

b) **approved** the corporate governance statement for inclusion in the financial statements

| 28 | **PREVENT DUTY: REPORT** | **C-2022-04-26** |

The Council **noted** the annual report on the Prevent Duty.

| 29 | **COUNCIL: FORWARD PLANNER** | **C-2022-04-27** |

The Council **noted** the report on future business being presented to the Council

| 30 | **DATES OF NEXT MEETINGS** | |

27 September 2022 - Development Day in Milton Keynes
12 October 2022 – Meeting of the Senate
22 November 2022 – Milton Keynes
07 March 2023 – Online
09 May 2023 – Nation visit - Belfast
11 July 2023 – Milton Keynes

Further information on venues and arrangements would be issued when available

Dave Hall
University Secretary

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