

THE COUNCIL

Minutes

This paper details the confirmed Minutes of the last meeting of the Council held on Tuesday 10 May 2016.

The Council **approved** these Minutes as a correct record of the meeting at its meeting on Tuesday 12 July 2016.

Keith Zimmerman
University Secretary

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Attachments:

C-2016-02-M Unconfirmed Minutes of the meeting of the Council held on Tuesday 10 May 2016

THE COUNCIL

Minutes of the meeting of the Council held on Tuesday 10 May 2016 at 10.00am in the Hub Theatre, The Open University, Walton Hall, Milton Keynes, MK7 6AA.

- Present: Mr R Gillingwater (Chair), Mr P Horrocks (Vice-Chancellor), Mr H Brown (Treasurer), Mrs R Tudor (OUSA President), Dr J Baxter, Dr S Dutton, Ms R Girardet, Mr P Greenwood, Mr B Heil, Mrs R Lock, Mrs S Macpherson, Dr E Marr, Mr W Monk, Mr J Newman, Dr T O'Neil, Mr C Shaw, Mr R Spedding, Mrs R Spellman, Dr C Spencer, Prof W Stevely, Ms S Unerman, Dr G Walker, Prof J Wolffe, Mr J Yeo
- In Attendance: University Secretary, Finance Director, Director, External Engagement, Interim Executive Dean (Faculty of Arts and Social Sciences), Pro-Vice-Chancellor (Research and Academic Strategy)
- Observers: G Mallison, Director of Strategy and A Barber, Senior Strategy Manager (B1), S Nelson, FutureLearn (B2), Prof R Taylor, Executive Dean (Faculty of Business and Law) (B3), L Hudson, Director, Communications; A Benson, Senior Manager, Governance, M Butler, Good Governance Institute

1 WELCOME

- 1.1 The Pro-Chancellor and Chair of Council, Richard Gillingwater, welcomed Dr Liz Marr to her first meeting of the Council. Dr Marr was replacing Professor Hazel Rymer as a Senate appointed member of the Council, following Professor Rymer's appointment as Acting Pro-Vice-Chancellor (Learning and Teaching Innovation) [PVC (LTI)].
- 1.2 Mark Butler, from the Good Governance Institute (GGI), who was supporting the Council Governance Review and was present to observe this meeting of the Council, was also welcomed.
- 1.3 The Chair informed members that Brian Larkman had resigned from the Council and Finance Committee for personal reasons. On behalf of the Council, the Chair thanked Mr Larkman for his service to the University. He hoped that Mr Larkman would be able to continue to contribute his expertise through the Investment Committee.

2 DECLARATIONS OF INTEREST

Dr Shonaig Macpherson declared that she was a board member of FutureLearn, which was an agenda item for this meeting.

3 MINUTES

C-2016-01-M

The Council **approved** as a correct record the minutes of the meeting held on 8 March 2016.

4 MATTERS ARISING

C-2016-02-01

- 4.1 A member asked whether the Council would return to the discussion on institutional culture. The Chair confirmed that an item on institutional culture would be included on the Council agenda once it was possible to provide a comprehensive update.
- 4.2 The Council **noted** the responses to the matters arising from the minutes of the last meeting not dealt with elsewhere on the agenda.

5 CHAIR'S BUSINESS

- 5.1 The Chair reported that he and the Vice-Chair of the Council, Professor Bill Stevely, had attended the Senate workshop on the OU Strategy. The discussion had been useful and the overall support for the strategy was encouraging. The exposure to the detail of a range of issues had been revealing and thought-provoking, particularly in the light of the Council Governance Review (CGR).
- 5.2 Charter Day, including the launch of the Digital Archive and the Learn About Fair, had been an excellent event. The Fair had provided an interesting insight into the innovative work being done across the University. This event was open to all, but early warning of the dates would be helpful.
- 5.3 The Chair and the Chair of the Staff Strategy Committee, Ruth Spellman, had hosted a lunch focused on employability. Professor Rebecca Taylor, Interim Executive Dean, Faculty of Business and Law (FBL) had given a presentation. Some 25 organisations had attended, including British Telecom, London School of Economics, and Reed, and were now engaging with the University on this issue.
- 5.4 The Membership Committee had agreed to postpone its consideration of the current and forthcoming vacancies on the Council and Council Committees until the CGR Group had made its recommendations. This included the position of Vice-Chair, so a proposal that Professor Bill Stevely's term be extended by one year would be put to the Membership Committee in June and to the Council in July.
- 5.5 The Chair also reported that he had taken action on behalf of Membership Committee and the Council to agree to recommend and to approve respectively the appointment of the Council members of the Pro-Vice-Chancellor (Learning and Teaching Innovation) Joint Appointment Committee. The members were Professor Bill Stevely, Dr Shonaig Macpherson and Ruth Tudor.

6 VICE-CHANCELLOR'S REGULAR REPORT

- 6.1 The Vice-Chancellor, Peter Horrocks, reported that the Finance Director, Miles Hedges, would be retiring at the end of the year after 18 years of dedicated service. Mr Hedges had helped guide the University through some of the most challenging times ever experienced by the OU. His exceptional stewardship was due to his extensive knowledge of and unparalleled relationships across both the higher education (HE) sector and the OU. The Council joined the Vice-Chancellor in thanking Mr Hedges for his contribution to the University.
- 6.2 A new OU marketing campaign had been launched at the end of April 2016, which included a film that to date had been seen by more than 3 million people in cinemas nationwide. The campaign focused on employability and aspiration, with the aim of raising awareness and, in turn, enquiries.

- 6.3 The Vice-Chancellor informed the Council of some recent achievements by the University:
- a) The Department of Physical Sciences (DPS) had received an Athena SWAN Silver award in recognition of its support for Women in Science, Technology, Engineering and Mathematics (STEM). DPS was the first department in the University to be awarded the Silver award, recognising its activities towards reducing inequalities in research, teaching and day-to-day department processes.
 - b) The University had also been awarded a Bronze status against its Disability Standard on the first submission. The OU was now one of only two UK universities that held Disability Standard status.
 - c) In partnership with KPMG, the OU would be launching three Apprenticeship Standards in October 2016. This put the University in a strong position to respond to the Government's Apprenticeships levy, which would be launched in April 2017, and provided an opportunity for a new source of income.
 - d) Professor Trevor Herbert, Emeritus Professor of Music at the OU, and Rob Humphreys, Director of the OU in Wales, had been elected Fellows of the Learned Society of Wales. They were the first from the OU to be accorded this status.
 - e) The Open Education Consortium had recognised TESS-India, and the OU's work on badging free content, in their 2016 Awards for Open Education Excellence in the creative innovation category. Open World Learning also took the award for open research.

- 6.4 A member asked whether more information was available on the three apprenticeships being launched in October. The Vice-Chancellor said that work was currently taking place across all faculties, except the Faculty of Arts and Social Sciences (FASS). The Director of External Engagement, Steve Hill, added that an apprenticeship in healthcare¹ was already available. Apprenticeship standards included one for Chartered Manager² and one in the STEM Faculty on digital solutions³, the latter included a specification for cyber-security. Employers paying into the new apprenticeship levy from April would be able to draw down funds to pay for training and assessment for apprentices from October 2017. The Chair said that the Council would find it useful to have more information on the development of apprenticeships in the University, both in terms of the current status and the direction they might take in the future.

Action: Director, External Engagement

- 6.5 The Vice-Chancellor asked the University Secretary, Keith Zimmerman, to provide an update on the Locations project, now known as the Student Recruitment and Support Centre (SRSC) programme. Mr Zimmerman said that the programme was on track; it was running to a tight time schedule, but significant risks, including those around staff transitioning to new shift patterns and redeployment, were being closely monitored and managed. A written undertaking to respond sympathetically to staff requirements had already been circulated. Staff retention was important to the programme and to the University, which was now at the point of detailed discussions with individuals. There were ongoing issues with communications, but the University was continuing to refine these. Outcome letters confirming requests for voluntary severance were distributed to all non-central academic staff during the previous week and the University was now handling

¹ Healthcare Assistant Practitioner Apprenticeship

² Chartered Manager Degree Apprenticeship

³ Digital and Technological Solutions Professional Degree Apprenticeship

the follow up questions. Letters would be sent to all affected central academic unit (CAU) staff within the next 2 weeks to confirm the situation regarding homeworking and relocation. A full training plan and materials were on course for completion and the IT specifications for minimal viable product (MVP) had been agreed. The recruitment of the first group of new staff had yielded some good candidates and, to date, all roles had been filled on time. Training for new staff would begin on 16 May 2016. The major SRSC processes had been documented and best-practice identified, and very good progress had been made on capturing knowledge from closing sites. Work from Birmingham, Gateshead and London would begin to move in 5 months with their closure in 9 months.

- 6.6 The Vice-Chancellor reported that the FutureLearn Partners Advisory Group had met recently and agreed to provide credit-bearing online courses. There would be a presentation on FutureLearn later on the agenda.
- 6.7 The appointment of the substantive Executive Deans was now underway and members of the Joint Committees of the Council and the Senate had now been appointed. The respective Committees had agreed to proceed with interviews for internal candidates only in the case of the Faculty of Business and Law (FBL) and the Faculty of Well-being, Education and Language Studies (WELS), but to move to an external process for the Faculty of Science, Technology, Engineering and Mathematics (STEM) and the Faculty of Arts and Social Sciences (FASS). Members of the Senate had expressed concern about the position of internal applicants, but they had been encouraged to apply and the Appointment Committees were committed to a fair process to find the right candidates for these roles. Academic and executive responsibilities had not previously been blended within the role of Executive Dean and it was inevitable that a period of adjustment was required.
- 6.8 The Vice-Chancellor updated the Council on the latest political developments across the four UK Nations, how they impacted on the OU and how the University was contributing to government thinking in key areas of focus:
- a) Northern Ireland
- The election results had brought relatively little change across the parties. The provisional grant letter from the Department for Employment and Learning in Northern Ireland (DELNI) had indicated that the OU would receive an increase of approximately 11% in its grant allocation for 2016/17, which was much better than expected. A new policy would allow more part-time undergraduate students to benefit from financial assistance to complete their studies by maintaining the existing fee grant for low earners and adding the option of a non-means tested fee loan for those who are not entitled to all, or any, of the grant.
- b) Scotland
- The Scottish National Party (SNP) had not achieved a majority in the election, but would be in Government for a third time. The Scottish Funding Council (SFC) letter had indicated a slight reduction on the total funding received in 2015-16, but there had been a significant improvement on the indicative grant published in February. Overall the variance in the University's total grant for teaching, research and innovation from 2015-16 was only -1.3%, which compared to a sector-wide variance of -2.1%. The Scottish Government had concluded its review of the Part-Time Fee Grant, which was accessed by nearly two-thirds of OU students in Scotland. The review maintained the Government's support for the Grant and noted its "key contribution to the Scottish Government's overall package of student support".

c) Wales

Labour had held on to more seats than expected in the election, but had fallen short of an overall majority; the party planned to govern in the minority. The Higher Education Funding Council for Wales (HEFCW) was focusing more strongly on part-time provision and recognised the OU specifically for its best practice in this area. The cuts in grant were much less than had first been feared, but the final outcomes of the Diamond review of funding and student finance arrangements in Wales were still pending.

d) England

The Vice-Chancellor and the Head of Public Affairs, Sir Simon Hughes, had recently met with government HE policy advisors in Downing Street and had discussed the possible relaxation of the rules on equivalent and lower qualifications (ELQ). The outcome of the Higher Education Funding Council for England (HEFCE) grant letter had been better than expected. The OU continued to lobby and make an input to government strategy and there was a progressive improvement in Westminster policies. In the Budget, the Government had announced a review to promote retraining and prepare people for the future labour market, with a commitment to "reviewing gaps in support for lifetime learning, including for flexible and part-time study". The Higher Education Policy Institute (HEPI) had indicated that this might lead to "the prospect of more radical action to underpin student demand after the sharp fall in numbers in recent years." The Vice-Chancellor said that he was keen for the OU as a whole to put forward ideas that might influence the review, but had been disappointed that he had received no responses to its announcement. It was essential that the University developed a much stronger focus on external opportunities and threats.

- 6.9 The Vice-Chancellor's Executive (VCE) had recently visited Coventry University to learn from their success. In 2008, Coventry had faced significant problems and was falling in the National Student Survey (NSS) and university rankings. By 2016, it had climbed in the rankings and was currently the Times Higher Education (THE) University of the Year. This transformation had been driven by absolute clarity from the leadership of the imperative for change and a shared understanding across the University. The institution had focused on integrating all key data at course/module level, including student surveys. Performance related pay had been linked partly to student success data. Investment had been made in highly selective research priorities; anything that was not a priority did not get institutional support. Commercial subsidiaries had been created to drive change, with staff terms and conditions that were different from the core university; these included the innovative Coventry University College (CUC), with full time fees of £5,500 per annum. CUC had grown its part-time business and claimed retention rates far ahead of the OU's, at over 90% for both part and full time students. It offered 4 start dates per year and planned 6 – 8 for its new online offer. Coventry now presented a direct competitive challenge to the OU in the part-time and online arenas, and was an example of an institution responding decisively to institutional urgency. The OU needed to be just as clear about the jeopardy it faced and as determined to do something about it. A shared, rather than an imposed sense of organisational determination would be critical to the success of the strategy.
- 6.10 A member commended the initiative to look outward at other institutions; it would be helpful for the Council to receive a digest of the lessons learned. The Vice-Chancellor said that the Strategy Office would be able to provide this information.

Action: Strategy Office

7 OU STRATEGY

C-2016-02-02

- 7.1 The Chair reminded members that the Council, the Strategic Planning and Resources Committee (SPRC) and the Senate had discussed the OU Strategy. The Council now had an opportunity to make any final comments before it was asked to approve the strategy.
- 7.2 The Vice-Chancellor said that feedback had been received from across the University (Appendix 2) and thanked the Council for its specific input, which had directed the University to be more ambitious and to carefully increase its appetite for risk. Six workshops on the various strands of the strategy had now been completed. In total, over 650 people had attended, including representation from across the Nations, from students and from ALs. The feedback had been focussed on themes such as distinctiveness, people, social justice and widening participation, and academic excellence. It had been used to inform a revised strategy document, including the addition of a further objective on digital innovation. Key performance indicators (KPIs) and specific targets against each objective would be presented to the next meeting of the Council, together with a resource plan.
- 7.3 The Treasurer, Howard Brown, said that Finance Committee supported the strategy, which was positive and far-reaching. The University had a strong balance sheet and reserves available to support one-off changes that might be required; however, the need to balance normal recurring expenditure with normal recurring income was a continuing and ongoing challenge. The strategy required significant change, which would be difficult and would require strong commitment. A strategy often failed on implementation: choices had to be made about what the organisation would not do, as well as what it would do, and this could be painful. However, the University was heading in the right direction.
- 7.4 Referring to the discussion at the last meeting of SPRC (SPRC-2016-02-M Minute 5), a member requested further information on the concerns about research, as these had not been raised at the Council Strategy Workshop. The Pro-Vice-Chancellor (Research and Academic Strategy), Professor Kevin Hetherington, explained that the conversation had been in response to the general feedback on the prominence of research in the strategy. However, the issue was more about the balance of academic activity, which had led to the idea of a sustainable academic community. The wheel diagram presented at the Council Strategy Workshop had indicated the broad range of the OU's academic activity and the need to balance this across an academic career. In terms of institutional support, the University would have to focus on its strengths, as it was not possible to commit to everything.
- 7.5 The Chair of the Staff Strategy Committee (SSC), Ruth Spellman, welcomed the emphasis on people and values, which underpinned the strategy. The lack of response to the Vice-Chancellor's invitation to comment on the lifetime learning review was revealing; it was essential to change the culture to something much more positive. SSC would make an input to the KPIs and specific targets, which should reflect what was required at a strategic level. It was essential to champion change and the University had to support everyone involved in change across the University, not just at the top level.
- 7.6 With regard to employer engagement, Ms Spellman spoke of her experience of establishing an employer panel to advise the board at the Institution of Mechanical Engineers (IMechE). The panel, consisting of large and smaller employers with a good knowledge of the Institute but no particular relationship with it, had provided significant payback. A similar initiative might provide a valuable sounding board for the OU. A Senate member welcomed the suggestion, observing that there were industrial advisory boards at teaching/programme committee level that had proved extremely valuable in

informing curriculum development and providing marketing insight. The Vice-Chancellor agreed that this was a helpful suggestion.

- 7.7 The Chair of Audit Committee, Bob Spedding, observed that the Senate minutes indicated issues of trust, and suggested that individual Council members, as well as the Council as a whole, had a role to play in rebuilding confidence. For example, he would be willing to attend a meeting to explain the way in which the Audit Committee worked and its role with regard to risk. The Chair agreed; this was one of the reasons that he and the Vice-Chair had attended the Senate Strategy Workshop and was the key focus of the Council Governance Review. It was essential to find different ways of working together. A Senate member welcomed these comments.
- 7.8 With regard to the objective 'More students qualifying', a member suggested that more emphasis was needed on widening participation. The proportion of students from disadvantaged backgrounds was mentioned in the success measures, but it was important to highlight the OU's mission to broaden student recruitment and success. The Vice-Chancellor said that the OU's intentions would become clearer at the detailed level.
- 7.9 Another member welcomed the recognition in the strategy that growth in the number of students learning with the OU could be achieved through partnerships, as well as direct registrations. Currently, some 30,000 students achieved OU awards through partner institutions. With this in mind, it was suggested that the first bullet point in this section should be amended to 'Attract an increasing number of students to study with the University'.
- 7.10 The Chair of Development Committee, Ruth Girardet, welcomed the approach to income diversification and asked how the announcement of the 50th anniversary campaign had been received at Charter Day. The Vice-Chancellor responded that it had been well received. Referring to the success measures, Ms Girardet suggested that the interpretation of sustainability was too narrow: either an additional bullet point should be added that referred to academic sustainability, or the heading should be re-titled 'Financial Sustainability'.
- 7.11 Referring to the objective of 'Academic Excellence', a member asked if there was sufficient emphasis on impact and suggested that this might be added to the penultimate bullet point regarding 'outward-facing activity'. With reference to 'Income Diversification', the member asked if there was enough emphasis on student retention and progression. The Vice-Chancellor responded that this had not been emphasised in the strategy because so much was being done already, but there was some focus on what the University was doing to support students.
- 7.12 With reference to the 'Leadership in Digital Innovation' objective, a member observed that the OU's expertise was in developing social spaces. It was important to stress that students would not be alone in front of a computer, but would benefit from participation in online communities.
- 7.13 A member welcomed the development of the strategy and the way in which feedback had been incorporated, but observed that greater emphasis could be given to the OU's inspirational teaching. 'Life-changing' was usually used as a pejorative term; 'life-enhancing' might be a better phrase.
- 7.14 The Vice-Chancellor said that all comments would be taken into account. With regard to the observations on the delivery of the strategy, further work was necessary on the resource plan; Finance Committee and SPRC would have a role in assessing the resources necessary. The plan and the strategic measures of success would be presented to the Council once they had been fully developed. Further consideration of the institutional culture would be possible as the 'Adaptive organisation and culture' objective

was developed. The strategy would involve significant change for the University: an exciting University with more, and more successful students was possible, but the OU would have to do things differently. The turnaround at Coventry University was less significant in intent than what the OU was aiming to do. Absolute clarity of purpose was essential to bring out the inspiration and the ambition, and this would be easier once the targets were clarified. The Vice-Chancellor thanked the Council, the Strategy and Communications teams for all their support in the development of the strategy.

7.15 The Council **approved** the strategy.

8 FUTURELEARN

C-2016-02-03

Minute items 8.1 to 8.15 are presented in C-2016-02-CM (Confidential Minutes).

9 FACULTY GROWTH PLANS – FACULTY OF BUSINESS AND LAW

9.1 Professor Rebecca Taylor, Interim Executive Dean, Faculty of Business and Law (FBL) gave a presentation setting out the key business issues within the Faculty, reporting on its performance, and outlining FBL's interpretation of the institutional strategy. (The presentation is now available on the Governance website with the papers for this Council meeting.)

9.2 The presentation outlined FBL's mission and vision, and the competitive context in which it was operating, which had been intensified by private providers and new models of delivery. The Faculty's position in the rankings was difficult, because the OU model did not align with the criteria used; consequently, maintaining the Faculty's triple accreditation was critical. The quality and impact of FBL's research had improved significantly, and research income had exceeded target for the past 3 years. The Faculty had struggled with student recruitment in some markets, but there were opportunities to redress this through restructuring and a focus on student retention. A decline in student numbers had been expected following the Faculty's exit from its partnership with the College of Law; however, it had achieved 104% of its target. Over the period 2009/10 to 2015/16, income had grown by 20%, expenditure had been largely stable and the Faculty's contribution had increased by 11%, some of which it hoped to reinvest.

9.3 Professor Taylor outlined the FBL's key plans against each of the University's strategic priorities and, in response to a request from the Chair, expanded on the work being done with FutureLearn. MOOCs broadened the opportunities for learners and provided greater flexibility and cost effective methods of learning. The Faculty was developing suites of MOOCs that combined business and law with other disciplines, capitalising on the value of collaborative engagement. A suite of three courses had already been offered with the True Potential Centre for the Public Understanding of Finance; it had proved a successful model, but was not suitable for credit. FBL was now developing three credit bearing MOOC suites: the first focussed on the 'fundamentals of management' and had been created in collaboration with the Chartered Management Institute (CMI); the second looked at the digital economy at post-graduate level; whilst the third explored areas of employability. As learners moved through each suite, they could engage with an assessment framework and achieve a qualification that could be used as a credit for an undergraduate degree or an elective for an MBA. Credit bearing MOOCs would allow learners more choice in the way that they approached qualifications.

9.4 The Council **noted** the presentation.

10 HEFCE ANNUAL ASSESSMENT OF INSTITUTIONAL RISK C-2016-02-04

- 10.1 The University Secretary, Keith Zimmerman, introduced the paper, noting that the OU was not one of the small number of higher education institutions (HEIs) to be classified as 'at higher risk' by the Higher Education Funding Council for England (HEFCE) in 2014-2015. The letter from HEFCE outlined the relative performance of the OU compared to other HEI's, which illustrated the differences between the traditional and distance learning models.
- 10.2 The Council **noted** that the University had been assessed as 'not at higher risk'.

11 FORECAST OUTTURN C-2016-02-05

- 11.1 The Finance Director, Miles Hedges, outlined the key variances in income and expenditure for the whole financial year based on the second quarter's results. The 2015/16 results would be dominated by the exceptional credit of £53.3 million, which resulted from the Court of Appeal judgement in favour of the OU in the long running VAT dispute with Her Majesty's Revenue and Customs (HMRC). The costs of the location changes in England during the current year had been reassessed and showed a small reduction from the estimated £14.4 million to £11.8 million. However, this was due to a timing difference between financial years: the final attribution between this year and future years would not be known until after July 2016, but the total cost remained as approved by the Council.
- 11.2 Mr Hedges highlighted that the financial statements for 2015/16 would be prepared under Financial Reporting Standard 102 (FRS 102); consequently, the reported results would differ from those presented in this paper. Finance and Audit Committees had been briefed on the likely impact of adopting FRS102.
- 11.3 The Treasurer, Howard Brown, said that it was pleasing to see that variances in recurring income and expenditure appeared to be balancing out at present and that the ongoing situation was well controlled. He commented that the VAT case had been long and difficult; he congratulated Mr Hedges, the Finance team, KPMG and Counsel on the outcome.
- 11.4 The Council **noted** the 2015/16 forecast consolidated outturn surplus of £46.1 million.

12 FINANCE COMMITTEE C-2016-02-06

- 12.1 The Treasurer, Howard Brown, said that Finance Committee had reviewed the University's financial strategy in the light of recommendations from Finance Division and VCE, and was recommending a slightly amended version to the Council for agreement.
- 12.2 The Investment Committee report had also been considered with some care. The performance of the University's two equity portfolios were very different, and the underperforming manager would have to provide an explanation later in the year. Mr Brown also highlighted Finance Committee's approval of the purchase of the Nottingham Regional Centre, the acquisition of which provided clear advantages.
- 12.3 Mr Brown reported that the Committee had spent some time discussing the liability for deficit recovery contributions payable to Universities Superannuation Scheme (USS) that would be recognised for the first time under FRS102. It was an important issue, although not one that was within the University's direct control. Finance Committee was content that the Finance Division's proposals for its measurement were appropriate; but it was important that the basis of the calculation was also understood by the Council. Finance Committee would review the situation annually and report to the Council.

12.4 A member observed that the increase in employee pension contributions could cause problems for the sector during pay negotiations; the staff response would have to be managed. In response to a question about the risk to cash flow, the Finance Director, Miles Hedges, replied that the employer's contribution had increased from 16% to 18%, and there was a commitment to maintain this arrangement for at least 6 years. The recovery plan had been accepted by The Pensions Regulator and was intended to eliminate the deficit over 17 years. If interest rates were to go down, then the reported deficit would increase and vice versa; however, this would only be a snapshot in time and changes should balance over a period. USS had adopted reasonably prudent assumptions and its recent investment performance had been good across a variety of investment classes.

12.5 The Council:

- a) **agreed**, on the recommendation of Finance Committee, that the University's financial strategy should:
 - i) maintain net current assets at a minimum of 180 days' expenditure;
 - ii) at least balance normal recurring income with normal recurring expenditure, taking one year with another, over the medium term and to aim for an operating surplus of 2% of income; and,
 - iii) restrict the maximum level of borrowings to the value of £62 million.
- b) **noted** the unconfirmed minutes from the meeting held on 12 April 2016 (F-2016-02-M).

13 STRATEGIC PLANNING AND RESOURCES COMMITTEE C-2016-02-07A&B

The Council **noted** the unconfirmed Minutes and Confidential Minutes from the meeting (SPRC-2016-02-M).

14 THE SENATE C-2016-02-08

The Council **noted** the following matters for information:

- a) OU Strategy;
- b) Teaching Excellence Framework;
- c) Academic Performance Report;
- d) Locations update: delivering student support through student recruitment and support centres;
- e) Entry Policy;
- f) Academic organisation; and
- g) The Council.

15 COUNCIL GOVERNANCE REVIEW: PROGRESS REPORT C-2016-02-09

15.1 The University Secretary, Keith Zimmerman introduced the paper, highlighting that the Good Governance Institute had now contacted all Council members for individual interviews. GGI had also surveyed Senate members and facilitated a Senate focus group meeting, as the relationship between the Council and the Senate was an important

consideration for the Review. A survey of OUSA Central Executive Committee members was also underway. The Chair observed that it was important to capture the views of all stakeholders.

15.2 The Council **noted** the progress to date in respect of the Council Governance Review.

16 MEMBERSHIP COMMITTEE

C-2016-02-10

The Council:

a) **approved:**

- i) the appointment of Caroline Banzky to the Investment Committee as one of at least two and up to four external members appointed by the Council from outside its membership from 1 August 2016 to 31 July 2020 (Appendix);
- ii) the reappointment of Jonathan Potts to the Staff Strategy Committee as one of up to two co-opted members appointed by the Council on the recommendation of the Committee from 1 August 2016 to 31 July 2020.

b) **noted** the unconfirmed Minutes (MC-2016-02-M).

17 DECLASSIFICATION OF COUNCIL PAPERS

The Council **agreed** that the following papers should remain confidential:

C-2016-02-03 FutureLearn

C-2016-02-07B Strategic Planning and Resources Committee – Confidential Minutes

C-2016-02-10 Membership Committee – Appendix (Caroline Banzky CV)

but that the following papers could be declassified:

C-2016-02-10 Membership Committee - Minutes

18 DATE OF NEXT MEETING

The next meeting of the Council would be Tuesday 12 July 2016 in Milton Keynes.

19 REVIEW OF MEETING

19.1 In response to a member's query about the presentation from the Faculty of Business and Law, the Vice-Chancellor confirmed that each of the other faculties had been scheduled to make a similar presentation at future meetings of the Council. If this proved worthwhile, then it could become a regular pattern.

19.2 A member commented that it had been a useful and interesting meeting; in particular, the policy and strategy items in section B were exactly the type of topics that the Council should be discussing. Another member agreed, but was concerned that the Council was not addressing the institutional culture, which was an urgent issue for the University. The Chair assured the Council that this item would be discussed at the right time; the issue was not being avoided and was a key strand of the new strategy.

19.3 Another member congratulated the University on the new brand and marketing, and requested that the Council received an update on progress in due course.

Action: Steve Hill

Keith Zimmerman
University Secretary

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