

## THE COUNCIL

Minutes of the meeting of the Council held on Tuesday 28 February 2012 at The Open University, Walton Hall, Milton Keynes.

Present: Lord Haskins (Chair), the Vice-Chancellor, Mrs M Cantieri, Dr S Ding, Mrs S Dutton, Dr I Falconer, Prof J Fortune, Dr M Hopkins, Mr R Humphreys, Mrs C Ighodaro, Mr B Larkman, Dr C Lloyd, Mrs S Macpherson, Mr P Mantle, Ms R McCool, Ms L Murphy, Mrs R Spellman, Mr M Steen, Prof W Stevely

In Attendance: Pro-Vice-Chancellor (Curriculum and Qualifications), interim Pro-Vice-Chancellor (Learning, Teaching and Quality), Pro-Vice-Chancellor (Research and Scholarship), Director, Students, Finance Director, University Secretary, Senior Assistant Secretary (Central Secretariat), Assistant Secretary (Central Secretariat)

In Attendance for part of meeting: Director of Communications, Commercial Director, Director of Human Resources

Apologies: Mr E Briffa, Mr H Brown, Mr A Freeling, Dr T O'Neil

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### 1 DECLARATION OF INTERESTS

There were no declarations of interest.

### 2 MINUTES

C-2011-04-M

The Council **approved** as a correct record the minutes of the business meeting held on Tuesday 22 November 2011, with an amendment to the list of those present to show that Mrs Claire Ighodaro had been present.

### 3 MATTERS ARISING

There were no matters arising from the minutes of the last meeting that were not dealt with elsewhere on the agenda.

### 4 CHAIR'S BUSINESS

The Chair had no business to raise that was not dealt with elsewhere on the agenda.

## 5 VICE-CHANCELLOR'S REGULAR REPORT

### Access and widening participation

- 5.1 The Vice-Chancellor said that the year promised to be an eventful one for The Open University (OU), both internally and externally. The appointment of a new Chief Executive for the Office for Fair Access (OFFA) had been a politically charged affair that had raised significant media interest. However, it was disappointing that once again the debate had been couched almost exclusively in terms of young people applying to elite universities. The claim that young people who had not acquired top A level scores by the time they were 18 had not demonstrated their potential to succeed at a top university should be challenged in the context of OU students, and many other mature and part-time learners, who had embarked on higher education (HE) late in life and then discovered the joy of learning and the thrill of academic achievement. The debate should not just be about how bright young people could get a good education, but also how higher education could be opened up to all those who, for whatever reason, had found it difficult to take that first step into higher learning at an earlier stage. This did not mean the provision of a second rate education to second chance students, but the provision of good quality learning, appropriately supported, even when it incurred additional cost. The benefits that derived from a well educated population in terms of personal fulfilment, workforce development and social inclusion far outweighed that added cost. Consequently, the OU should continue to press its case for the preservation of the widening participation allocation in England, and for the strengthening of similar funds in other parts of the UK. Fortunately, the Secretary of State, in his annual letter of guidance to the Higher Education Funding Council for England (HEFCE) in January 2012, had continued to give priority to widening participation. In February 2012, HEFCE had announced that it would hold the widening participation allocation at current levels for a further year, albeit with a small efficiency gain. However, its continuation in the longer term still had to be secured, so it was essential that the debate about access to elite universities was turned into a proper discussion about widening participation for all.

### Northern Ireland

- 5.2 The HEFCE announcement of funding for next year had been set out in general terms and the details of institutional grants would not be published until 22 March 2012. However, the letter had contained one other item of good news: HEFCE had said that they would be providing additional funding for new OU students in Northern Ireland in 2012/13. This acknowledged the fact that the OU had not increased its fees in Northern Ireland to the same extent as it had in England, because OU students in Northern Ireland did not have access to tuition fee loans. The HEFCE announcement provided additional resource for 2012/13 only, but this allowed time for the English and Northern Ireland governments to review their respective funding responsibilities for OU students in Northern Ireland, and hopefully to agree to transfer funding responsibilities between them, as was being urged by the University.

### Go-to-Market

- 5.3 In the meantime, the OU was preparing for all the other major changes in funding and finance that would affect the University, and all new students in England, in 2012/13. The new 'Go-To-Market' strategy had commenced on Boxing Day, with advertisements on television, in the national press and online. A full report would be given later in the meeting.

## UCAS Listings

- 5.4 The OU had also been able to get its courses listed on the UCAS website for the first time this year. 73 of the OU's undergraduate qualifications were featured there, which meant that prospective students using the UCAS site to find courses would be able to see OU qualifications in the search results. From there they would be able to click through to details of the relevant qualification and to a new UCAS-specific landing page on the OU website. More than a quarter of the University's new students were now under 25 and it would be interesting to see whether this new approach brought in more young people wanting to mix study with starting a career.

## Ready for 2012-13

- 5.5 The registration period for the next academic year would open on 27 March 2012 and the 'Ready for 12/13' project, which had been set up in July 2011, was driving through the necessary changes in advance. Those changes would ensure that staff and processes were in place to advise and register students who would be joining under the new loan arrangements in England, and that continuing students in England had access to information, advice and guidance (IAG) on their options during the transitional period. At the same time, it was essential to ensure that students in other parts of the UK were clear on their options. The University was also making associated changes to its curriculum: the first two years of the new Access to Success programme had been designed; the undergraduate academic year had been realigned; and the curriculum pathways had been streamlined.

## Research

- 5.6 Another major task for this year was to prepare for the 2014 Research Excellence Framework (REF). The strategy was to be more discerning, and to demonstrate the excellence of the OU's best research. This strategy would be tested over the next few months as the OU undertook an University-wide Mock REF exercise that would continue through until November 2012. The process had got off to a good start in January 2012 when the University had submitted the largest ever number of grant applications to a single EU call, with 30 consortium applications involving OU staff going forward under the Framework 7 programme on ICT. This had brought the value of all research grant applications submitted in January 2012 to a staggering £26 million, which demonstrated a major step forward in starting to turn around the recent decline in bids for external funding.

## Teaching

- 5.7 The OU was making significant progress on the teaching front. After 16 months intensive consultation, development and testing, the University had just launched the new, Moodle based, Virtual Learning Environment (VLE2). Students and associate lecturers on over 120 modules were already using this enhanced learning platform, and the remainder would migrate from VLE1 to VLE2 during the rest of the year. Many of the new features were aimed at helping students to manage their learning. There were also new features to help with teaching, such as greater flexibility in designing student assessments. The new VLE had been optimised for users of mobile devices. The University was concerned not only with redeveloping its teaching and learning systems, but also with strengthening its complement of teaching staff. In February 2012, the University had secured a gift of £900,000 over 5 years for the Department of Classics. The money would be used to appoint a new lecturer in Roman History and to support the development of a new Archaeology course.

## Informal Learning

- 5.8 The University was achieving excellent results from various informal learning platforms. On the broadcasting front, *The Frozen Planet*, the OU's co-production with the BBC which featured David Attenborough, was turning into a real blockbuster with an average of 10 million viewers for each episode, and another 12 million people who had viewed the series on BBC iPlayer. Over 300,000 people had followed the links from the programmes onto the OU OpenLearn platform where they had ordered the *Frozen Planet* poster, viewed the interactive map, or ordered an OU prospectus. To date over 30,000 prospectus requests had been generated off the back of the series. Two further co-productions were starting this week, both of which were supported by Open Learn resources. In the first, Jeremy Paxman would be tracing the story of the British Empire in a major new five part series on BBC1. The second was the 'The Story of Wales' which had begun on BBC One Wales on 27 February 2012, and would be transmitted across the BBC UK network later this year. This was the first direct collaboration between The Open University in Wales and BBC Wales.
- 5.9 With regard to web supported learning, Apple had launched a new version of iTunes U in January 2012. Colleagues in Learning and Teaching Solutions (LTS) and the Knowledge Media Institute (KMI) had ensured that the OU was ahead of the competition, with 51 of the 100 new iTunes U courses at launch having been remixed from existing OU Open Educational Resources (OER). At the end of the first day, 5 of the top 10 downloads had been the OU's. The University was now approaching its 50 millionth download from iTunes U: it had exceeded 48 million earlier in February 2012 and was currently running at a rate of 470,000 downloads per week. Since the University had added them to its video and audio resources at the end of October 2011, 1 million eBooks had been downloaded
- 5.10 The OU was also beginning to use Facebook in different ways. The University had asked its students and alumni to consider becoming Facebook ambassadors, to advise and help potential new students. More than 1000 people had responded positively, which was encouraging and demonstrated the potential of social networking to provide a source of peer to peer support for OU students and potential students. There was much to celebrate already in 2012, but much still to do in the months ahead. It would be a challenging and rewarding journey and the Vice-Chancellor looked forward to sharing it with the Council.
- 5.11 The President of the OU Students Association (OUSA), Marianne Cantieri, said that it was surprising to hear that student ambassadors had been requested for Facebook. For some years OUSA had been told that students should not advise other students, because the advice coming from the University should be given by the University and be matrix accredited: the students did not have this accreditation. OUSA had not known about this request until the advertisement had been published. The Director, Students, Will Swann, said that he had not been involved with the Facebook project, but that the University had used student ambassadors for some time, particularly with regard to its widening participation mission. In that context, they were not giving advice, but sharing their experience with other students. The Vice-Chancellor said that he was disappointed that OUSA had not been consulted or alerted before the advertisement appeared. The Director of Communications, Lucian Hudson, and his team, together with Student Services, should contact OUSA to clarify the situation.
- Action: LH**
- 5.12 An associate lecturer member said that for several years ALs had been told that their current contract had been a barrier to a number of initiatives that the University wanted to take, but that the new contract should solve these issues. Now that the contract

negotiations had been suspended, what challenges did this leave with regard to the University's strategic direction? The University Secretary, Fraser Woodburn, said that there had been little progress in the contract negotiations for the past 18 months. This did not mean that nothing had been achieved in the earlier stages of the negotiation: substantial shifts had been agreed between the University and the union, including putting ALs on a pay spine and introducing appraisal arrangements. The role change for ALs, which had been agreed some 18 months ago and was linked to but separate from the contract, was still in place. The University had concluded that no further progress would be made at present, as there were differences of opinion that were not going to be bridged, and the Universities and Colleges Union (UCU) had eventually agreed. Whilst the new contract was desirable, it was not necessary: the University could achieve what was necessary within the confines of the existing contract, together with the new role. In any case, the University would be unable to implement a new contract alongside the other changes that were taking place in the current turbulent environment. Consequently, the negotiations had been suspended for at least 18 months.

## **6 OU STRATEGIC PLAN 2011-2015**

C-2012-01-01

- 6.1 The Director of Strategy, Guy Mallison introduced the paper, which had first been discussed by the Council in September 2011 and again in November 2011. The document had evolved considerably since then, although the core plan, what the University wanted to achieve and the focus of its effort, had not changed substantively. As a result of further consultation and development, however, it was now much clearer.
- 6.2 The main changes to the version previously seen by the Council had been highlighted in paragraph 2 of the covering paper. The narrative behind the plan, about the changing environment and the way in which the University was responding, had been drawn out, as had the University's Strategic Intent, which was to help students to achieve their study goals. The Strategic Priorities had been rationalised and, to ensure clarity and focus, reduced in number from 11 to 7. Those areas that were no longer being considered as institutional priorities were still being taken forward, but within individual units. The mandates had been sharpened to provide greater clarity on what the priorities were seeking to deliver and how the world would be different in the future.
- 6.3 The OU strategy had been summarised in a single slide visual representation with the University's mission, to be 'open to people, places, methods and ideas', at its heart. The Strategic Intent, which was shown in the overlap of the Venn diagram, was concerned with securing this mission and thriving as a University. The mission was at risk from the changes taking place within the HE sector, so it was essential for the OU to do things differently and to deliver a step-change in how effectively the University helped students to achieve their study goals.
- 6.4 The University's financial viability was dependent on the provision of a good study experience for students. Students in the new HE environment in England would only get a loan if they studied for a qualification, and the University's research had shown that access to a loan was critical to whether OU students would pay the higher fees. It was important, therefore, that the University offered clearer, more coherent routes to qualifications, whilst preserving the module offer and maintaining academic standards.

- 6.5 The remaining priorities had been grouped into two areas: the first included those concerned with delivering an outstanding student experience; and the second, those that aimed to enhance the capabilities of the University. Further detail was available in the document.
- 6.6 Several members congratulated the University on a good document, and acknowledged the fact that it had evolved as a result of consultation.
- 6.7 Referring to the Study Experience mandate, a student member commented that as part of the drive to become leaner and more efficient, the OU was cutting back on some of its student provision. For example, it appeared that many of the University forums were now closing, and more reliance was being placed on those provided by OUSA. These were moderated by volunteers and were not therefore a cost to the University. A strategy had been put before the Council some years ago that had referred to just-in-time materials, which the former Pro-Vice-Chancellor (Learning, Teaching and Quality), Professor Denise Kirkpatrick, had explained meant that materials would be available to students as and when they were needed. However, as part of the move to on-line delivery, students no longer got access to their study calendar or details of their tutor marked assignments (TMAs), until the module website opened just one week before the course start date. Historically, this information had been available in advance and had allowed students to plan more effectively. The University was cutting back a little too much in some areas and was losing the flexibility for which it was known. Another member agreed that it was very important for students to have advance notice of key dates. The interim Pro-Vice-Chancellor (Learning, Teaching and Quality), Professor Alan Bassindale, said that he would investigate the matter.

**Action: AB**

- 6.8 The Director, Students, Will Swann, observed that student expectations were likely rise in 2012/13 with the increased fees. Consequently, the University would have to make some strategic choices about where it invested in order to respond to those increased expectations. In order to respond in a targeted fashion it was essential to understand much more quickly how students were reacting to the OU offer. At present, student feedback was collected through an annual survey. However, this was not sustainable and, as part of the project to create a seamless on-line experience, the University was working on an approach that would allow students to provide feedback in real time, which could then be tracked in aggregate and would allow the University to respond to specific concerns about particular modules. This feedback channel would be supported by the creation of Curriculum Support Teams (CSTs), which would soon come on stream as part of the Study Experience programme. This would enable faculties to have much clearer feedback from students and enable course and forum designers to be much closer to the student experience than they were at present.
- 6.9 An associate lecturer member observed that, although the OU was an academic institution, the document contained very little about the Learning and Teaching Strategy. It should include more about the strategic intent in that area, as it was likely to involve significant changes. Referring to Mr Swann's comments, the Vice-Chancellor responded that the Senate had approved the Learning and Teaching Strategy after a very significant consultation period and that this would directly inform the Study Experience mandate. This priority was concerned with better understanding the quality of the student experience and improving all aspects of it, from curriculum development through to presentation. The combination of both the Learning and Teaching Strategy and the Study Experience mandate would ensure that the University was clear about what improvements were necessary from a teaching and learning perspective.

- 6.10 Another associate lecturer member suggested that the document might include measures around the University's ability to deliver high quality learning and teaching within the Study Experience mandate. Referring to Mr Swann's comments, the Vice-Chancellor responded that the student was at the heart of everything that the OU was doing and measures were being put in place to ensure that the students were satisfied with the quality of the learning and teaching. As the Strategic Intent was a step-change in how effectively the University helped students to achieve their study goals, and there were measures in place behind that intent, it was difficult to understand what else could be done to capture relevant data and to focus on the quality of the learning and teaching experience. The member said that whilst what Mr Swann described was welcome, it could not be identified in the document, and the University's capability to deliver the experience was not measured. The Vice-Chancellor suggested that it might be surfaced in the University dashboard and in the metrics that would be reported to the Council. Fundamentally, the University was moving away from the single annual measure of the National Student Survey (NSS) towards a more regular check on the student pulse with regard to the quality of the experience, which could be reported on more effectively.

**Action: GM**

- 6.11 Another member suggested that it might be more appropriate to move the measure regarding the University's performance in the Quality Assurance Agency's (QAAs) audits from the Strategic Priority of 'Enhance the capabilities of the University' to that of 'Deliver an outstanding student experience'. As well as identifying whether or not students thought that the OU was delivering a high quality experience, it was also important to know that whether the University's peers and the external HE sector thought the same. The measure was indirectly linked to the priorities in the capabilities section, but not directly. The Vice-Chancellor said that this was a good suggestion.

**Action: GM**

- 6.12 An associate lecturer member said that the description of how things would be different as a result of the Enquirer Experience priority (p14) was very strong, but the top bullet point of the improvements in performance that the University wanted to achieve referred to the "reduced average cost of attracting online enquirers". This was not compelling for students and the bullets should be reordered so that the student centred improvements were nearer the top. The Chair agreed that the bullets should be reordered to present a more positive outlook.

**Action: GM**

- 6.13 A member commented that she did not like aspects of the People and Culture priority. Specifically, the sentence in the third paragraph on page 18 should be amended to say that 'people continue to be *even more* passionate about supporting the University's mission', otherwise it would imply that staff had not been passionate previously. The phrase 'can do' culture was not one used within the OU: the University wanted people with the right attitude who would deliver, but another way of expressing this should be found. The University Secretary, Mr Fraser Woodburn, observed that the University was trying to change its culture, so using the same ways of expressing such ideas might not be the best approach. Another member suggested that the phrase 'solution focussed' might be preferable.

- 6.14 Another member suggested that the University needed to understand where it was now with regard to People and Culture, and where it wanted to get to. The University could use external benchmarking in order to measure how it improved over time, rather than expensive consultancy. Softer issues were more difficult to evaluate. Were there any measures in place to consider productivity? How were staff being incentivised to bring

about the planned changes? Would it make any difference to pay or performance reviews if staff were succeeding in making these changes, and were they being fully integrated into the way the University was managing and developing people? This would make a difference to making a sustained improvement. Mr Woodburn responded that the measures outlined in the paper were at a high level, but were underpinned by an elaborate and very detailed staff survey. However, the impact that this has on outputs was a harder thing to measure. The attitudes within the OU were benchmarked in a number of areas against high performing external organisations and other higher education institutions (HEIs). Much of the People and Culture priority was concerned with performance: not in the sense of managing bad performance, but rather of trying to get the best performance from staff. This would impact on people's annual reviews and the reward systems that were tied to them.

- 6.15 The member said that the communications plan must consider all those to whom the messages would be sent, and ensure that their concerns were addressed. Mr Mallison responded that the University now had a well-defined process of cascading in place that included a staff feedback loop. This process had already informed the development of the document to date. The member commented that cascade implied a standardised push out of information and it was desirable that the University was more sophisticated in its approach. Mr Mallison responded that the cascade was tailored: it was up to individual heads of unit to decide how the information was shared; and it also allowed for two-way feedback. Key questions and comments had already informed the document and the way in which this input had been taken on board was then reported back. The Director of Communications, Lucian Hudson, added that since July 2011 the process had been referred to as a cascade and team discussion. In December 2011, the participation had increased from 50% to 89% of units, and the process had made the distinction between one-way and two-way communication. The two-way communication started to become more effective once there was more information to provide. Going forward there would be more engagement between the priority teams and the rest of the University. There had been 300 questions and concerns raised as a result of the cascade and team discussion in December 2011, which indicated that the University was achieving a two-way exchange. An associate lecturer member asked whether associate lecturers were included in these communications. Mr Hudson replied that the University was currently discussing with ALs how it could improve the communications between them. The term 'team discussion' did not work in the context of ALs and a more appropriate method was being sought. In the short term, as a result of discussions with the AL Assembly, it had been agreed to make greater use of those channels used by the ALs themselves. This had only just begun and there was more to be done to improve these communications.
- 6.16 A member said that the University did not appear to have addressed competitive threats and risks as clearly as it might have done either within the plan or in the commentary accompanying it, and it was likely that other deliverers in the field would have a significant impact over the next few years. Mr Mallison said that the threats had informed the work on the UK Market Strategy and the thinking behind the plan, but it might be possible to draw that out more explicitly in the document.

**Action: GM**

- 6.17 A member commented that the Strategic Plan read as a defensive document, not a positive one. Set against the Vice-Chancellor's vibrant introduction to the meeting and the obvious progress that was being made, the Strategic Plan did not seem sufficiently ambitious, although it would leave the OU as a leaner and more efficient organisation. For example, the University was only seeking to meet or exceed the 2011/12 levels of research income, but this seemed modest in the context of the progress now being made. Similarly, what the University was seeking to achieve in the People and Culture mandate was 'motherhood and apple-pie'. As operational plans were established beneath the



strategy, the University should become more positive and optimistic given the strong position from which it was starting. Another member observed that if the University managed to achieve the same levels of research funding in the current climate, then it would be doing well. The Vice-Chancellor agreed that as the University started to execute the plan both the high level measures and those for each of the priorities should have aspirations that exceeded the status quo. This issue would be referred back to the Vice-Chancellor's Executive (VCE).

**Action: MB**

- 6.18 The Chair observed that paragraph 11 of the covering document contained five threats but only one opportunity. This might be strengthened, as there were other opportunities. It was important for the University to be on the front foot when communicating the strategic plan, despite reservations about the difficult situation.

**Action: GM**

- 6.19 A member asked for confirmation that beneath the headline strategy document there would be versions that took account of the nation interests. If so, then the messages in the communications about to be circulated would have to be finessed so that people in the nations were not surprised or confused when a different version, which took account of the different funding environments, was published. The Vice-Chancellor confirmed that this was being done on two levels: first, the University wanted to be better than it had ever been regarding the normalisation of nation specific plans and the University strategy that governed the OU across the four nations and beyond. As the nations continued to diverge from an educational funding and strategy perspective, the University was also undertaking a thorough rethinking exercise about how it could ensure that the nations were involved in the dialogue and allocation of resources at unit planning level, so that a consideration of the nation requirements became part of the usual process. The Director, the OU in Wales, Rob Humphreys, said that there would be distinct strategic plans in the nations. Those colleagues who had been co-ordinating the drafting of this document had already been attentive to four nation issues and consequently this plan and the nation specific plans would complement each other.
- 6.20 The Vice-Chancellor thanked Mr Mallison and his team, Mr Hudson and Council members for their contribution to the development of the Strategic Plan. The University was getting better at consulting and building something with measurable outcomes.
- 6.21 The Council **approved** the Strategic Plan 2012-15, subject to the modifications agreed.

## **7 UK MARKET STRATEGY – GO TO MARKET**

## **ORAL REPORT**

- 7.1 The University Secretary, Fraser Woodburn, introduced a presentation that briefed Council members on the OU's marketing campaigns since 26 December 2011 and the outcomes to date.
- 7.2 At February 2012, the student intake for the current year was at or above target in Northern Ireland, Wales and England. The figures were well above funded numbers in these three nations, so the University could move forward with confidence into the new qualifications framework that applied across the UK. The figures were lower in Scotland, but the University should still be able to meet its funded numbers.
- 7.3 There had been much speculation on the impact of the new fees system on full-time student applications to traditional universities, but the Universities Central Admission Service (UCAS) figures for younger students were showing a drop of just 1%, after taking

account of the decline in the 18-year-old population. There had been a higher decline amongst mature students, but application numbers would still exceed the number of places available. There was an opportunity for the University to pick up additional numbers from this unmet demand: the OU was unlikely to attract 18-year-olds without places at a traditional university at this point in their lives, but it might do so when they were older.

- 7.4 The Director of Marketing, David Andrews, said that “Go to Market” was the implementation of the UK Market Strategy, which had evolved from the work that the University had undertaken with Monitor in 2011. There were two primary objectives of “Go to Market”. The first objective was to increase the awareness and change the perception of The Open University, strategically repositioning the OU as a brand leader within a more competitive market place and enabling it to achieve its widening participation objectives as well as the overall targeted student numbers. The second objective was to identify and attract new regime students, focussing on the priority segments identified in the UK Market Strategy, and implementing attraction campaigns to pull in students from those segments. The first phase of activity had incorporated the ability to handle responses both on and off line and to implement engagement campaigns. These assessed the level of interest of enquirers, which would later allow the University to run conversion campaigns to the appropriate start dates and subjects.
- 7.5 The University’s objective was to achieve 36,000 registrations for October 2012. This represented a 7.2% conversion rate from enquiry to registration. The University was also aiming to gain a greater insight and understanding of those who did not choose to study with the OU in order to improve the effectiveness and efficiency of the University’s marketing.
- 7.6 The Head of Marketing Communications, David Meadows, explained that the campaign had taken a structured approach, which considered the steps that a customer might take. At this early stage, the University was focussed on awareness and perception through to attraction, followed by response handling and engagement. The television advertisement, a key example of the awareness campaign, was played to the Council. Further examples of the University’s advertising and promotional materials were provided with the presentation handouts.
- 7.7 The attraction campaigns took account of the segmentation identified by Monitor and focussed on the business lines or groups that were the most important, and most connected, to the University. The OU had researched the issues that were currently most important for these groups, and had concentrated on delivering messages that would resonate with and motivate that group.
- 7.8 The current results from the awareness and attraction campaign were shown as a slide. A research set or sample had been established in December 2011, and the University was surveying this group each week during the campaign as a bench test. The campaign had offered different means of contacting the University, but the great majority had chosen to visit via the web rather than to use the phone.
- 7.9 In order to maintain the engagement of enquirers before registration opened on 27 March 2012, a programme of contact was underway that started with a generic message, but was then tailored according to the questions asked or preferences shown by each individual. New enquirers would have the opportunity to discuss studying with the OU with advocates of the University. At the end of the 15 week programme the University would have a greater understanding of the individual and their needs and would be able to identify those who wanted to convert and continue through the registration process.

- 7.10 In response to an enquiry about how the attraction campaigns against business lines were helping to position the OU in order to achieve its widening participation objectives, Mr Andrews said that widening participation had not been identified as a separate campaign in its own right, but that equality, diversity and widening participation implications had been identified within each segment. For example, in segment E: Employed Adults, the most appropriate propositions for disabled people and employment had been identified, and the campaign would use the most appropriate agencies, intermediaries and influences.
- 7.11 Mr Woodburn said that when the UK Market Strategy had been presented to the Council in July 2011, it had included a financial sustainability model that had been derived from the strategy and based on an assumption that student numbers would decline, particularly amongst those who were self-funded in England and, in due course, in Wales. The financial projections were based on achieving at least that base number, but the Marketing team had been set the more ambitious target of achieving the same new student intake in 2012/13 as the University had had in 2011/12. Achievement of this target would be an excellent result. The number of transitional student was difficult to assess. The assumption underpinning the financial sustainability models was that such students would register in the same way as they had in the past. However, this was unlikely to be true, as students would lose their access to the transition fee if they were to drop out at this stage. Consequently, the number of transition students was likely to be higher than the number of continuing students had been previously. A lot of resilience had been built into the student number targets, which would allow the University to continue to be financially sustainable.
- 7.12 The Council **noted** the update on the UK Market Strategy – Go to Market.

## **8 EMPLOYMENT ARRANGEMENTS IN CONTINENTAL EUROPE C-2012-01-02**

Confidential Minute.

## **9 FORECAST OUTTURN C-2012-01-03**

- 9.1 The Finance Director, Miles Hedges, introduced the paper. The graph in paragraph 1 summarised the forecast variances in income and expenditure for the whole financial year based on the first quarter's results. The key income variances were increases in funding body grants and project related income. The key expenditure variance related to additional spend on strategic initiatives, particularly marketing, which were designed to position the University advantageously for the new HE environment.
- 9.2 The Treasurer, Michael Steen, commented that the forecast outturn was a good solid result, which was close to budget. However, future results might be less stable in the new regime. It was particularly important that the surplus for 2011/12 was delivered as it would provide the cash to spend on strategic developments over the next few years and give the University more room to manoeuvre in the new HE environment. It was particularly pleasing that the Vice-Chancellor's Executive had taken steps to increase expenditure on strategic activity in order to position the University for the next financial year, and yet the figures still showed a small favourable result in the overall surplus forecast for the year.
- 9.3 Referring to Appendix 1B, a member observed that, as the recession had worsened, staff costs had gone up. Mr Hedges responded that income had increased in the period to 2010/11, and some of this additional income had been spent on staff. The 3-year pay deal agreed in 2009/10 had reflected the increase in income coming into the sector. Since then, pay had been held constant. The member responded that, in the private

sector during the same period, staff costs had gone down. The University staff had been treated well by comparison.

9.4 The Council **noted** the 2011/12 forecast consolidated outturn of £27.6 million surplus.

## 10 FINANCE COMMITTEE

C-2012-01-04

- 10.1 The Treasurer, Michael Steen, introduced the paper. The Annual Procurement Report (minute 7) had shown the usual commendable delivery of savings through the tenders undertaken in the year. More importantly it had paved the way for the implementation of processes over the next few months that would streamline the administration around procuring goods and services.
- 10.2 At a time of continuing uncertainty in financial markets and in the University's business, the capital protection of the University's reserves was paramount and investment return came second. In order to maintain the level of capital protection, whilst still giving the Finance Division the necessary flexibility to manage the University's liquidity, the Finance Committee had agreed to two changes to the Treasury Policy set out in minute 6.2: to place up to £50 million in a UK Government Debt Fund; and to split the £50 million invested with Insight between two of its funds. Brian Larkman had been extremely helpful in contributing to this discussion. A cautious and conservative policy was appropriate at present, but it was important to keep the longer term in mind and to implement the investment policy for what the University hoped would be substantial reserves.
- 10.3 The scenario planning for the future higher education environment had looked at the three adverse scenarios described in minutes 5.2, 5.3, and 5.4, along with the mitigating actions summarised in minute 5.5. The Finance Committee's conclusions were summarised in minute 5.7. This useful and important piece of work had demonstrated that the University had the knowledge and the time to take what ever action was required and had provided assurance that the University would be able to cope with such adverse scenarios and remain solvent. However, the future remained inherently uncertain and it would be vital to capture, as early as possible, any shifts and changes in student behaviour so that the University could make the necessary adaptations to its offerings and processes in order to meet student expectations.
- 10.4 The Committee had received an interesting presentation on how the OU Student Budget Account (OUSBA) might be used to support the University's student base (minute 5.8). The balance sheet implications of offering a 12 month loan facility were considered to be acceptable, with a loan book size of £54 million for 10,000 students. It was imperative that appropriate systems were put in place to control this activity.
- 10.5 The Chair commented that he had several concerns around the operation of the Student Loan Company (SLC), although the Government was assuring the sector that all was well. OUSBA would provide a backstop and the University might be required to make some urgent decisions about using its reserves in the short term to support any failure in the loan system. The University had offered to manage student loans, but this had been rejected.
- 10.6 The Chair of the Audit Committee, Claire Ighodaro, said that it was important to ensure that OUSBA was compliant in respect to the regulations and frameworks regarding financial services and advice to students. The Audit Committee was likely to take an increased interest in this area moving forward.
- 10.7 The Director, Students, Will Swann, said that although OU students would begin to register on 27 March 2012, the SLC would probably not open until the end of July 2012 for

applications for loans to commence in the autumn 2012. This would provide students with only a limited time to apply for loans before study commenced in October 2012. Consequently, the University had included in the registration process a series of questions, which had been agreed with the SLC, that would allow it to tell students whether or not they appeared to be eligible for a student loan. If a student appeared to be eligible, they would be provisionally registered for their course. When the SLC opened for applications, the student would apply and, even before the application had been considered, would receive a SLC number. The student would then provide this number to the University, which would then register the student definitively before confirmation of the loan had been received. This arrangement would allow the University to allocate a tutor and other resources to the student in order that they could start their studies. If subsequently, the student proved to be ineligible for a loan because they had provided false information, then they would be deregistered from the course. If the student proved to be ineligible because the University had made the wrong decision, then the University would bear the cost of the course for that year.

- 10.8 The Chair asked where the University would stand if the system broke down and the SLC did not process applications. The Finance Director, Miles Hedges, responded that the University's modelling had assumed that the OU could survive if the SLC did not pay for any of the students that registered with the University in 2012/13 as a result of the change. The University had the cash resources to deal with this scenario, hence the importance of having a short term liquid Treasury policy. The issue would be one of cash flow, as eventually the SLC would have to pay, and the University's liquid resources were being managed in order that it could withstand such a shock. Mr Swann added that the University currently had a good operational relationship with the SLC, although this had not been the case at the beginning.
- 10.9 The Vice-Chancellor said that as soon as it became apparent that the SLC was being put in an untenable position by the Department of Business, Innovation and Skills (BIS) in terms of the expectations around processing, it also became clear that it was not part of the OU's remit to change the situation. The University had engaged with the SLC from its Chairman and Chief Executive down. A letter, which had laid out the risks and mitigating actions for each party and had been jointly signed by the SLC Chairman and the Vice-Chancellor, had gone to the Minister and had subsequently been acknowledged. Consequently, should there be an issue with the SLC beyond what had been envisaged, the fact that each party had alerted BIS to the risks was on record.
- 10.10 The Council **noted** the unconfirmed minutes from the meeting of the Finance Committee held on 24 January 2012 (F-2012-01-M).

**11 DEVELOPMENT COMMITTEE C-2012-01-05**

The Council noted the unconfirmed minutes of the meeting of the Development Committee held on 10 November 2011 (DC-2011-01-M).

**12 STAFF STRATEGY COMMITTEE C-2012-01-06**

- 12.1 The Chair of the Staff Strategy Committee, Ros McCool, said that the profile of the Committee would be raised through its support for the People and Culture priority in the strategy. A report would be coming to the July 2012 meeting of the Council describing how this would be achieved.
- 12.2 An associate lecturer member commented that the PULSE survey referred to in paragraph 4.4 did not currently include ALs. As ALs were considered as staff alongside

everyone else, it would be useful to obtain their views. The University Secretary, Fraser Woodburn, said that there was a separate survey for ALs every three years. It was not intended to carry out an annual PULSE survey for ALs, as it would have to be redesigned and would take a significant amount of time to compile. Mr Woodburn offered to discuss this further outside of the meeting.

**Action: FW**

- 12.3 The Council **noted** the unconfirmed minutes of the meeting of the Staff Strategy Committee held on 22 November 2011(CSSC-2011-03-M).

### **13 ESTATES COMMITTEE**

**C-2012-01-07**

- 13.1 The Chair of the Estates Committee, Peter Mantle, said that the emphasis of the Committee had moved from replacing or upgrading buildings, to making sure that the current properties were being used effectively and run economically. As the University changed, pockets of vacant space were appearing throughout the Milton Keynes campus and the Estates team was trying to identify how these could be consolidated into one area that could be let to external companies to create an income. However, no decisions had been taken on this matter as a detailed cost-benefit analysis would have to be done first to ensure that the costs of creating such a space did not outweigh the benefits of letting it.
- 13.2 The Council **noted** the unconfirmed minutes of the meeting of the Estates Committee held on 25 November 2011 (E-2011-03-M).

### **14 STRATEGIC PLANNING AND RESOURCES COMMITTEE**

**C-2012-01-08 A & B**

14.1 & 2 Confidential minutes

14.3 The Council:

- a) **noted** that the SPRC recommendations to the Council on the Strategic Plan were dealt with elsewhere on the Agenda (C-2012-01-01);
- b) **noted** that the SPRC recommendations regarding the SPRC constitution were dealt with elsewhere on the agenda (C-2012-01-11);
- c) **noted** that the SPRC recommendations to the Council on the employment arrangements in Continental Europe (SPRC-2012-01-CM minute 8.3) were dealt with elsewhere on the agenda (C-2012-01-02);
- d) **noted** the remainder of the unconfirmed minutes of the meeting of the Strategic Planning and Resources Committee held on 8 February 2012 (SPRC-2012-01-M).

### **15 THE SENATE**

**C-2012-01-09**

The Senate **noted** the report on items discussed at the meeting of the Senate held on 25 January 2012.

## 16 UK POLITICAL LANDSCAPE AND FUNDING ENVIRONMENT C-2012-01-10

- 16.1 The Vice-Chancellor commented that there was an excellent team on the ground in all of the nations that engaged with and provided input on the UK political landscape and funding environment.
- 16.2 The Council **noted** the content of this paper.

## 17 COMMITTEE TIMETABLE C-2012-01-11

- 17.1 The University Secretary, Fraser Woodburn, introduced the paper. The intention was to restore the concept of a committee cycle, which began in the substructure of the Senate, and then moved through the Senate, the Strategic Planning and Resources Committee (SPRC), the substructure of the Council and then the Council. The Senate had agreed to a committee cycle based on three meetings per year, as this made sense in terms of the cycle of business. The same rationale would also apply to the Council and would make little difference to Council Committees: only the Finance Committee currently met more frequently, and it would continue to do so. At present, the Council held four meetings per year, plus a residential strategy meeting in September. In future, the Council would have three ordinary meetings, in November, March and July, and the residential strategy meeting would be held in May, with the option of an ordinary meeting attached to it, to be used if business required it. SPRC would also have three meetings, with the option to hold a strategy meeting during the run up to the Council residential strategy meeting if required.
- 17.2 The Council:
- a) **approved** the proposal to reduce the normal number of ordinary business meetings of the Council from four to three;
  - b) **approved** the amendment to the SPRC constitution to read ‘the Committee shall normally meet three times a year’.

## 18 PRO-VICE-CHANCELLOR APPOINTMENT COMMITTEE C-2012-01-12

The Council approved the names of the three external co-opted members of the Council to serve on the joint Senate/Council Pro-Vice-Chancellor Appointment Committee.

## 19 DECLASSIFICATION OF COUNCIL PAPERS

The Council agreed to retain confidential status to the following papers:

C-2012-01-01 OU Strategic Plan

C-2012-01-02 Proposed Changes to Employment Arrangements in Continental Europe, including appendices

C-2012-01-05B Development Committee Confidential Minute

C-2012-01-08B Strategic Planning and Resources Committee Confidential Minute

C-2012-01-10 UK Political Landscape and Funding Environment

**20 DATE OF NEXT MEETING**

The next ordinary business meeting of the Council will be held on Tuesday 8 May 2012 at 9.45am for 10.00am in the Hub Theatre, The Open University, Walton Hall, Milton Keynes, MK7 6AA, and will be followed by the Council Strategic Workshop and Dinner.

**21 REVIEW OF MEETING**

21.1 This item was included following a recommendation from the Council Governance Review Group, agreed by the Council in July 2010.

21.2 A member asked for advice as to how Council members should conduct themselves after the meeting with regard to the announcement regarding Continental Europe. The Vice-Chancellor requested that this information remain confidential to Council members for the time being. The Chair would circulate an email with a summary of the decision and details of what would be made public in advance of the announcement being made. The communication process would also be outlined. A member asked if there would be an opportunity to respond to the announcement before it went public. The Vice-Chancellor said no, there would not. An associate lecturer member asked that the Council be made aware of when the announcement would go public.

**Action: LH**

Julie Tayler  
Working Secretary to the Council  
Central Secretariat

**Key:**

AB Professor Alan Bassindale  
MB Martin Bean  
LH Lucian Hudson  
GM Guy Mallison  
FW Fraser Woodburn