

Minutes of APUC Board Meeting

held at 12:45 p.m. on Wednesday 18 November 2020 online via MS Teams.

Present

Jim McGeorge (Chair)	University of Dundee
Sheena Stewart (SS)	Abertay University
Margaret Cook (MC)	Perth College
Pete Smith (PS)	North East Scotland College
Janet Thomson (JT)	Glasgow Clyde College
Fiona Gavine (FG)	Independent
Maureen McCreath (MM)	Independent
Phil McNaul (PM)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

In attendance

Michael Caithness (Sec)	APUC Ltd
Elizabeth McFarlane (EM)	APUC Ltd. (1 to 4 only)
Dawn Mitchell (DM)	APUC Ltd. (1 to 4 only)
Claire Skinner (CS)	APUC Ltd.
Martin Fairbairn (MF)	Scottish Funding Council
Malcolm Beveridge (MB)	Chiene + Tait (1 to 4 only)

Apologies

David Beattie (DB)	University of Aberdeen
Veronica Strachan (VS)	Robert Gordon University

Welcome

1. The Chair thanked everyone for attending and noted that there were apologies for absence from David Beattie and Veronica Strachan.
2. Chair also welcomed Malcom Beveridge (Chiene + Tait LLP) who was attending to present the Auditor's Report and noted that Liz McFarlane/Dawn Mitchell (APUC) were joining the meeting for agenda items 1 to 4. He also welcomed Claire Skinner (APUC) who was attending as an observer and to present the APUC PRA Annual Report.

Minutes of the Audit Committee

3. Chair and FG presented the minutes of the 20 October 2020 Audit Committee meeting noting that it was a good meeting and that all questions regarding the Audit were well answered. The minutes were approved as an accurate record of the meeting.

Audit Summary Report and Annual Accounts - 2019-2020

4. MB presented the brief outline of the Audit Summary Report noting that the Audit Committee minutes covered his report in more detail:
 - The Audit was conducted remotely, and all requested information was provided promptly with good real time feedback from the APUC finance team.

- The audit process is effectively complete, subject to signing of the Financial Statements and Letters of Representation and there were no control issues identified.
 - It is an unqualified audit opinion and there were no Control Matters of any concern.
 - Budgets and financial projections for the 2020/21 financial year are on target and budgets and funding have been approved.
 - The Auditors are satisfied that income from SFC and institutional secondments has not been misstated within the financial accounts.
 - Payroll process and costs have been substantively tested and there are no issues arising.
 - Control systems for fraud are considered robust and there is no evidence of any irregularities. AW confirmed that management were not aware of any issues in this area.
 - The recalculation of VAT and agreement of final figures with HMRC is still ongoing, but all information requested by HMRC has been provided and a provision for expected payments has been made in the accounts.
 - There were no issues identified regarding Internal Control.
5. MB noted that the format of the Letter of Representation (LOR) was the same as previous years.
 6. MB thanked EM and DM for their assistance during the audit.
 7. JT asked if there were any potential impacts from Brexit and MB added that it should not really have an impact APUC's accounts.
 8. FG, Chair of the Audit Committee, recommended the Financial Statements and LOR for approval by the Board.
 9. After due consideration and discussion, the Board were happy to approve the Financial Statements and Letter of Representation and it was agreed that the documents would be electronically signed by the Chair, AW and MB after the meeting.
 10. Chair thanked MB for conducting the audit under the current difficult conditions and also thanked EM and DM for their work in achieving another successful audit and clean audit report.

Financial Management Report: APUC/18/2020

11. EM presented the Financial Management Report (APUC/18/2020) and highlighted the following details in the report to the end of September 2020:
 - Income for the period was £701k against a budget figure of £678k, the increase due mainly to more than budgeted shared service secondments
 - Expenditure was £605k against a budget figure of £660k, the difference being mainly due to lack of conference costs and lower travel and office costs.
 - Forecast income expected to exceed expenditure by £61k.
 - Forecast balance sheet shows an increase in reserves of £61k with a cash balance held at the year-end of £1,686k.
 - Debtors at year-end expected to be £344k and creditors £543k.

12. MM asked if there was a policy for dealing with materially overdue debtors and EM stated that there were usually no issues but that if any were overdue and viewed as being of possible concern, they were flagged to the CEO for action.
13. MM asked how long before overdue debtors were flagged, and EM noted that she (or DM) would report to the CEO if greater than 90 days or if more than a certain % of debtors.
14. PM requested that the format of Annex A should be changed in the future to show income before expenditure with surplus/deficit figures at the bottom of the table. **(Action: EM)**
15. Chair thanked EM for her report, and EM, DM and MB left the meeting.

Minutes of Previous Board Meeting

16. The minutes of the 18 August 2020 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/20/2020

17. All matters arising from the previous Board meeting had been actioned or scheduled as outlined in paper APUC/20/2020.
18. AW informed the Board that, regarding action 44, APUC was negotiating with Vodafone for the provision of MiFi broadband units for students.
19. JT asked how widespread their use would be, and whether they would be available just for students in Halls or home-based students as well. AW advised that they were mainly targeted for home use by students, as free WiFi is usually already provided in student halls.

Risk Register – APUC/21/2020

20. AW presented the Risk Register item and noted that changes were highlighted in red. Two risks have been updated to address pandemic-related issues raised at the Audit Committee.
21. He added that a new risk (C7) had been added to address staff health and well-being issues related to working from home, with mitigating actions including planned workshops.
22. MM noted that while possibly not required to be in the risk register, APUC would ideally have a stated position regarding risk assessment for staff who were required by institutions to work on campuses during the Covid-19 situation. AW advised that currently institutions have very robust risk assessment processes for workers (and students) that have to be on campus, but he would work with HR to formalise the approach to ensure that APUC could demonstrate that it was exercising its responsibility for the health and safety of staff in this position. **(Action: AW)**

APUC PRA OP Annual Report – APUC/22/2020

23. CS presented the paper on the 2020 APUC PRA Operational Procurement Annual Report noting that it also covers good practice and community benefits.
24. She added that the new Supply Chain management (SCM) tool, developed by eSolutions, had been launched and was being used for contract management by APUC and other consortia. The

SCM tool also gathers supplier information on other issues such as Modern Slavery and sustainability.

25. CS advised that APUC staff were working well remotely using MS Teams. She highlighted the fact that the Estates Category Head was providing a support and coordination resource for Covid-19 PPE for the sectors and that this approach was receiving very good feedback from stakeholders.
26. CS advised that Rica Bieke, Head of Responsible Procurement, was working closely with core teams to embed Responsible Procurement requirements and that recruitment was under way for a Responsible Procurement Manager to provide further support and enable wider assistance to be provided to institutions by both Rica and the new person.
27. Chair thanked CS for the excellent report.
28. JT asked who the intended audience was for the PRA Report. AW noted that it is available for the stakeholder group but added that it is quite a lengthy document and that the shorter and more accessible corporate Annual Report is also published for wider consumption.
29. Chair noted that there was a good message to send out but that the corporate Annual Report might be more appropriate as the focus for this kind of communication if it were to reach senior decision-makers in organisations.
30. The Board confirmed they were happy to approve the 2020 APUC PRA Operational Procurement Annual Report, confirmed it could be shared with Ministers and thanked those responsible for its production. **(Action: CS)**

Summary Report: APUC/23/2020

AW noted the following highlights from the Summary Report (APUC/23/2020):

31. Spend data is still to be finalised but will be down due to the pandemic. Significant utility bill increases are expected across the sector in the 2020/21 academic year due to increases (versus the same time last year) in energy consumption from the beginning of the first term due to open door/window policies to provide increased ventilation. However, most non-pay spend budgets are being reduced across the sectors.
32. PCIPs are largely completed but a few outstanding OPRs will be conducted online by the end of January 2021. A review of the frequency of future PCIPs is also underway, with feedback gathered to inform a planned cross sector PCIP Board Meeting in December.
33. APUC went online in March and is working well remotely due to the continuity plan that was already in place before the lockdown was applied.
34. APUC and the Procurement Strategy Groups are discussing options and challenges around implementation of more commitment contracting to increase savings on purchases.
35. Chair agreed that the commitment contracting approach should be helpful, and AW suggested that it would be good for Board members to air the concept with other groups they are members of, such as university secretaries and both sectors' finance groups etc. **(Action: all sector members of Board)**

36. Courses to prepare for Brexit are planned but might need to be postponed until more is known about the impact that it will have.
37. APUC's Glasgow office is moving back into Glasgow Caledonian University and APUC's assets are now in storage there until the move back into an office environment can be made.
38. There is a similar plan for the Edinburgh office in Summer 2021 once a suitable campus alternative is identified.
39. AW confirmed that there were no Health and Safety issues in the reporting period.
40. AW informed the Board that there are currently around 180 collaborative agreements available to stakeholders.
41. AW advised that the SCM Tool is now useful for data gathering including living wage, modern slavery and climate action etc.
42. AW advised that, regarding COVID and Brexit, even before Brexit, UK ports are becoming increasingly blocked with containers of PPE ordered by the UK Government. It is not clear when these containers will be moved on as apparently a lot contain incorrectly specified materials. APUC are receiving reports of container ships due to dock at Felixstowe being diverted to Rotterdam and the containers trucked to the UK, increasing the likelihood of further blockages and disruption at all ports come January and the associated risk of impact on supply chains.
43. AW noted that the frequency of the leaders of procurement informal on-line meetings is being changed to make them monthly events.
44. AW reminded Board members that their institutions needed to submit their annual procurement reports to the Scottish Government by the end of December.
45. AW advised that a joint approach with UKUPC to provide training across the UK has been agreed.
46. He also noted that the 2021 COUP conference has been postponed for a year and it is not known yet when the following event, to be hosted by APUC (originally due in 2023), will take place.
47. AW informed the Board that James Morris has taken over the role of HEFESTIS MD from Andy McCreath.
48. AW advised that work was under way with potential 'early adopter' institutions in support of the circular economy model to upgrade IT equipment instead of replacing it when it is near end of first life.

Staff Reward

49. AW introduced the topic and asked for updates on current pay awards in institutions.
50. A discussion took place on the variety of situations in place across the sectors (HE/FE) and across other public sectors (NHS/LA) that APUC compete for staff with, as well as the wider procurement labour market in Scotland. After discussing various options, a solution that

recognised market demand for good procurement staff and proportionately favours those on the lowest salaries was agreed. The Board also provided a steer on the handing of performance related pay.

51. AW explained that virtually all institutions were planning on closing early for festive break and proposed an extra day leave for APUC in recognition of the extra challenges experienced and the excellent commitment provided by staff during the Covid-19 situation, to allow earlier closure than currently planned. This was also approved by the Board.

Update on Scot-Gov Public Procurement Group Activity

52. AW informed the Board that the Public Procurement Group (PPG) / Scottish Government had reviewed the terms of reference for the PPG and its interaction with public procurement in Scotland. He added that it was likely that there would be a requirement for increased reporting in line with national priorities.

APUC Corporate Strategy Development

53. AW advised that it had been the intention to hold a workshop with the Board in February to discuss the strategy going forward, but due to a number of impacts discussed in the meeting, asked whether this should be deferred until a later date.
54. JT suggested that a strategy discussion paper could be shared with the Board before it next met to have the strategy workshop and to provide some food for thought. It was agreed this was a good idea. **(Action: AW)**
55. It was recognised that there was a good deal of time available before a new strategy required to be finalised. Members therefore agreed that, given the amount of other activity going on in relation to Covid and the impact of Covid on both the organisation and the Board's ability to meet face to face for discussions, it would be better to push out the timetable for the development of the next strategy.
56. AW noted that he was having discussions on service delivery with procurement leaders across the sectors which could lead to operational changes over coming months. This approach was supported by the Board.
57. The Board concluded that it would be best to make the February meeting a standard afternoon meeting and for the workshop with Board dinner to be moved to the summer, most likely August. **(Action: MC to reschedule February and August Board timings / meeting invitations)**

Brexit and Common Framework and COVID Update

58. AW advised the Board that there was no clarity or agreement as yet on Brexit impacts and noted the following:
 - There is a common framework document on how governments across the UK will work together and separately on procurement
 - The approach to supply chain resilience has been similar for both Covid-19 and Brexit.

Climate Emergency Response

59. AW gave an update on the climate emergency response as follows in the context of the Scottish Government's Call to Action document:
- There is increased mandatory reporting on climate action in supply chains requirements being applied to all publicly funded sectors
 - An SPPN is coming soon outlining legal requirements and guidance
 - The Scottish Government's Climate Forum will be progressing requirements and also producing templates, guidance and training. There will be a template for 10-year plans and supply market documentation
 - Sector strategies will need to be produced and this will be discussed at an HE/FE CEPWG meeting in January 2020
 - DEFRA analysis using the DEFRA Carbon Equivalent conversion factors indicates that 62% of the sectors' climate emissions are attributable to its supply chain and 38% are on campuses. This is using the factors that are now several years old, but new DEFRA factors are due to be published in 2020 that are expected to be more accurate and will show that the supply chain's share of sector emissions is even higher. *This will put a huge spotlight on the need to take significant action across the sector's procurement activities.*
60. PS asked if APUC was working closely with EAUC on climate action and AW confirmed that this was very much the case with the integration of the new DEFRA conversion factors into the sectors' coding structures being a joint project with EAUC.
61. Chair asked what the Board could do to help, and AW suggested expanding awareness of the climate challenges that are faced in the supply chain across the senior stakeholder groups that sector Board members are part of, including highlighting the support that the procurement community in the sector will need from senior management in driving the major change required. **(Action: all sector members of Board)**

Any Other Business

62. Chair expressed the Board's sincere thanks to SS, who is stepping down at the end of the year, for her invaluable contribution to the guidance and governance of APUC during her years of service on the Board.
63. There being no further business, the meeting closed at 14:40.

Date of Next Meeting

64. The next Board meeting will be held on the 15th or 16th February 2021, using one of the slots that had been reserved for the strategy workshop and Board meeting - to be confirmed. **(Action: per item 60 above)**

