

Minutes of APUC Board Meeting held at 10:00 a.m. on Wednesday 15 November 2017 at Edinburgh Napier University, Sighthill Campus.

Present

Gerry Webber (Chair)	Edinburgh Napier University
Sheena Stewart (SS)	Abertay University
Janet Thomson (JT)	Glasgow Clyde College
Carol Turnbull (CT)	Dumfries and Galloway College
Douglas MacKellar (DM)	Independent
Stuart Paterson (SP)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

By Telephone

Liam McCabe (LM)	University of Stirling
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In attendance

Malcolm Beveridge (MB)	Chiene + Tait LLP (external auditor up to agenda item 3 only)
Elizabeth McFarlane (EM)	APUC Ltd (for Agenda Items 1-4 only)
Martin Fairbairn (MF)	Scottish Funding Council
Michael Caithness (MC)	APUC Ltd

Welcome and Apologies

Apologies for absence were received from Pete Smith, Borders College and Fiona Gavine, Independent.

- 1 The Chair thanked everyone for attending and welcomed Malcolm Beveridge from Chiene + Tait LLP and noted that Elizabeth McFarlane was attending for the Finance items on the agenda. Chair also noted that LM was joining the meeting by telephone and that the meeting was scheduled to finish at 12:00.

Minutes of Audit Committee Meeting: APUC/17/2017

- 2 Chair stated that the draft minutes of the Audit Committee meeting held on 23 October 2017 had been issued to the Board for noting and the Board were content to approve them as an accurate record of the meeting with one clarification on item 27 – to clarify that the 2016 figures were only being restated for information to demonstrate what the figures would have appeared as if FRS102 had been applicable to APUC in 2016. (**ACTION: LM/MC** to agree updated wording).

Audited Financial Statements 2016-17: APUC/18/2017

- 3 MB gave an overview of the Auditor's Report as follows:
 - a. The audit was conducted in accordance with FRS102 Section 1A that permits reduced disclosures for small entities.
 - b. It is an unqualified audit and there were no control matters of any concern.
 - c. Executive summary confirms that the Audit is complete subject to signing of the Financial Statements and Letters of Representation.
- 4 The audit report adds that:
 - a. Based on given assurances that there are sufficient funds to meet the budgeted expenditure, APUC is considered a going concern.
 - b. The Auditors are satisfied that income has not been misstated.
 - c. Related party transactions have been adequately disclosed within the financial statements.
 - d. Payroll process and costs are accurately reported.
 - e. Disclosures within the financial statements are in accordance with FRS102 Section 1A.
 - f. Control systems for fraud are considered robust and there is no evidence of any irregularities.
 - g. MB added that the surplus of £150k was indicative of good financial management.
 - h. MB concluded by praising the finance manager for her assistance provided during the audit.
- 5 JT, representing the Audit Committee, reported that the Committee had considered the unqualified audited financial statements, including the Directors' Report, for the period 1 August 2016 to 31 July 2017 and advised the Board that the audit was clean and that APUC was considered a going concern with adequate funding in place and no internal control issues identified.
- 6 JT recommended that the Board approve the financial statements.
- 7 Chair expressed the Board's thanks for MB's contribution to the audit process.
- 8 The Board approved the financial statements and authorised the Chair and Chief Executive to sign the financial statements and the Letter of Representation on the company's behalf. They were also content for the Chair to sign the Directors' Report contained within the financial statements.

- 9 There followed a short break during which the Chair, AW and MB signed the letter of representation and the Financial Statements where required. After this point MB left the meeting.

Financial Management Report: APUC/19/2017

- 10 EM highlighted the main features detailed in the Financial Management Report APUC/19/2017 which included a summary of the actual income and expenditure for the period to the end of September 2017, the forecast balance sheet as at 30 September 2017 and the cash profile for 2017-18.
- 11 CT asked if there was a policy for dealing with generated surpluses and AW confirmed that there was and that it would be covered next on the agenda (APUC/17/2017-Annex A).
- 12 The Chair, on behalf of the Board, noted the contents of the Financial Management Report and thanked EM for the report.
- 13 After this point, EM left the meeting.

Reserves Policy

- 14 AW presented the Reserves Policy noting that the document had been updated. The minimum reserves required to cover a 3-month close down period is currently £616k and the current reserves are only £14k above this figure.
- 15 MF requested that this information be included in the narrative covering reserves in future end of year reports. (**ACTION: E.McFarlane**)

Minutes of Previous Board Meeting

- 16 The minutes of the 22 August 2017 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/20/2017

- 17 All matters arising from the previous Board meeting had been actioned or scheduled as outlined in paper APUC/20/2017.
- 18 Item 71: AW provided an update on the replacement on the Board for GW to represent the HE sector. SS had raised the opportunity with the University Secretary's Group and Jim

McGeorge, University Secretary at the University of Dundee, had indicated that he would be happy to join the APUC Board. Jim will be appointed officially soon after the meeting and will be confirmed as the new HE representative at the AGM in May 2018. SS added that Jim has a wide range of experience and that he is keen to get involved. The Board were very happy to approve Jim's appointment.

- 19 Item 72: AW advised the Board that he would draft a document to define the Chair's role and circulate it to the Board in the hope that someone might be prepared to take on the role. He noted that GW was officially in post until mid/late January 2018.
(ACTION: A.Warren)

Summary Report: APUC/21/2017

General Update

AW gave the following updates on the Summary Report:

- 20 The migration of electronic data to the APUC internal SharePoint site was well underway with the majority of areas now completed.
- 21 The final e-enablement of the Finance system will commence after the year end formalities are complete, this will include implementation of an e-procurement module.
- 22 Some local authorities have had a demonstration of Hunter and have requested further information/pricing to include in an options appraisal to go to their leadership teams. If successful, this would be a chargeable.
- 23 DM asked if this could be a future revenue stream for APUC and AW confirmed that it could but that it would involve a significant amount of resource commitment.
- 24 DM commented that NHS might also be interested and AW advised that Hunter had also been demonstrated to NHS.

Staffing

- 25 He also noted that the current ERPT 0.5FTE arrangement to support West Lothian College and Edinburgh College would be changed to cover Forth Valley College instead of Edinburgh College.
- 26 AW informed the Board that Tony Newjem had joined APUC on the 28th August as a flexible role for the East of the country. His first placement being in the research / laboratories team at the University of Edinburgh.
- 27 He also added that Mary Kirkpatrick had joined APUC on the 30th October to take up a place at the University of Dundee on a permanent basis.

Cost Sharing Group Status

- 28 It was advised that HMRC had dismissed the alternative options proposed by APUC for IPS services etc but that APUC and Chiene +Tait are still adamant that APUC are fully compliant with the rules on CSGs.
- 29 AW suggested that the next step would be for APUC to seek advice on their position from a QC level expert and likelihood of success at a tribunal should that be the preferred way forward to resolve this matter for the long term. He advised that a £50k budget had been set aside to cover the overall challenge process.
- 30 LM advised that it would appear appropriate to proceed to tribunal if the QC's view was better than 50% that it would be successful. AW highlighted the risks in simply complying with a demand to charge VAT on IPS services in monetary terms. The Board were supportive of bringing this matter to a conclusion, ideally through continued dialogue with HMRC or using tribunal means if that was deemed the best way forward.
- 31 The Board confirmed that APUC should seek QC level advice and report back to the Board (by electronic means if necessary timewise) for the Board to take a final view.
(ACTION: A.Warren)

Health and Safety

- 32 AW confirmed that there were no H&S issues in the reporting period.

Institutional Procurement Shared Service Update

- 33 AW advised that there are now 28 institutions being supported with procurement services involving 37 APUC staff members.

eSolutions Update

- 34 AW advised that APUC is developing a Spend Analytics solution as part of Hunter. This requires access to the raw data that would be provided to Spikes in order complete this development work. Current reported spend data is skewed because of suspected under-reporting by suppliers due to the rebate system operated south of the border.

D&S Responsible Supply Chain Category Guides

- 35 AW advised that the more detailed Responsible Procurement Category Guides are being remodelled and will be published during Q4/2017.

APUC Modern Slavery Statement

- 36 The APUC MSA Statement has been revised to reflect the activities that have been undertaken in the 2016/17 financial year. The revised statement has been approved by APUC's Board and is available on the APUC website home page.

D&S Electronics Watch

- 37 AW advised that APUC has issued IT hardware spend profile requests to each institution to gather the required information to enable Electronics Watch to define supply base audit requirements. Electronics Watch can then identify any areas of concern in the supply chains, carry out audits and produce improvement reports – all of which will be available to members.

D&S - Procurement and Commercial Improvement Programme (PCIP) & Continual Improvement Programme

- 38 AW advised that APUC has developed a Continual Improvement programme for the sector based on the PCIP outputs and workshop held earlier in the year. The programme details activities for the 3 main development streams of:
- Contract and Supplier Management
 - Sustainability
 - Spend / Savings Management
- 39 The aim of this CI programme is to assist institutions in further improving capability and achieving their identified PCIP targets for the next full round of assessments due in 2019.

D&S - Training and Development

- 40 AW informed the Board that several APUC eLearning modules are now available via APUC SharePoint site.
- 41 He added that the Procurement Development Network (which now has 97 members – aspiring lower grade procurement professionals) had joined the PPOT stand at Procurex on 25 October and is holding Presentation Skills training free of charge for members in December and January.

D&S – Supply Chain Management Programme & Apprentice+

- 42 AW advised that the recruitment phase for the fourth supply chain management trainee programme has concluded with 3 trainees being successfully appointed. All commenced the programme on 6 November.

D&S Charity of the Year

- 43 AW advised that the APUC's charity of the year programme has raised £952 this year.

- 44 He also noted that APUC is to submit a team for the Social Bite 'Sleep Out' on 9 Dec, to raise money to end homelessness in Scotland. More than £1000 has been pledged to this effort to date.

IS Catalyst/InfoSec

- 45 AW informed the Board that the IS Catalyst continues to develop - identifying, exploring, proposing and creating viable Shared Services that supports the Sector in the Information Services and related areas.
- 46 The InfoSec shared service now had 18 members – some areas of potential development / change were being raised by members, a review would take place Dec 2017 / Jan 2018 to ensure that any changes required for continued sustainability of the service were identified and implemented.
- 47 He added that the MoodleShare shared service is still growing and that the University of St Andrews has joined the Edinburgh Napier sponsored programme.
- 48 AW noted that there is strong support for the setting up of a shared service for Data Protection Officer. This Shared Service would provide the GDPR mandated Data Protection Officers to the sector participants.
- 49 AW advised that UCSS ISC has offered resource to the Glasgow Regional College Board for a proposed Regional Student Records System implementation. This project would both be a proof of concept of the value of Project Management support going forward, as well as of a shared student records system.

Further discussion

- 50 SS raised the subject of the Scottish Government's intention to offer free sanitary products and asked if we should have a framework to cover this. AW advised that this could be covered in an existing framework but that the potential scale might warrant its own project. He added that discussions had already taken place on this subject with SG and it has also been raised with other public sectors.

Brexit Update

- 51 AW reported that there was not much to be updated at this stage.
- 52 Chair noted that APUC needs to keep a watching brief on the situation as it develops.

GDPR update and Public Sector Action Plan on Cyber Resilience

- 53 AW noted that the Cyber Resilience Plan was provided for information and that it was more realistic than first proposed. He added that APUC is working to comply and is currently about 80% ready.
- 54 AW advised the Board that responsibility for all APUC IT is now with eSolutions and that preparation for GDPR is now also an eSolutions activity.
- 55 He noted that that 20% of frameworks may be GDPR relevant and that some templates were being developed, as a toolkit for sector use.
- 56 Chair commented that the scale of GDPR preparation was considerable and asked if APUC was confident of being ready in time.
- 57 AW confirmed that extra resource is being applied to go through frameworks for check for relevance. He added that the creation of an APUC register for personal data was not a huge effort due to the relatively small number of staff.
- 58 Chair suggested that a project plan would be helpful for the Board to measure progress and AW committed to prepare a status report for the February 2018 Board meeting. This should indicate progress and resource requirements. **(ACTION: A.Warren)**

APUC Strategy

- 59 Chair commented that the new version of the Strategy document 'reads well and looks good'.
- 60 AW added that all inputs to date have been incorporated and that some images would be added to enhance the presentation. The new format has 5 themes with up to 5 items per theme and annexes with further information.
- 61 AW added that the strategy will be shared with stakeholders and be ready for the start of the next funding round discussions in late December.
- 62 LM complimented AW and all who had contributed and cautioned that we should be prepared to deal with questions from the sector.
- 63 MF enquired if the achievement of £20m annual benefits was challenging and AW confirmed that it was indeed ambitious within an increasingly volatile market.
- 64 MF suggested that the targets should be highlighted as ambitious due to volatility etc. **(ACTION: A.Warren)**
- 65 MF asked if the targets for end of Q1/2018 on page 9 were achievable and AW advised that a consultation document was being drafted and APUC should be ready by end of January.

- 66 AW added that performance managers will take the lead for each category.
- 67 It was agreed that 'commence from' should be used instead of 'implemented' on page 9 of the Strategy. (**ACTION: A.Warren**)
- 68 Chair thanked everyone for their contribution to the Strategy document.

Annual Review of the Governance Manual

- 69 Version 10 of the manual was previously circulated to Board Members for information and MC explained the several changes had been made to update external links and that section 15 regarding data protection had been updated to highlight the main changes that will become law with GDPR. Section 15 will be completely rewritten when APUC's GDPR plan is consolidated.

Board Performance Evaluation

- 70 GW informed the Board that a Board Performance Evaluation survey would be sent to Board Members via Survey Monkey shortly after the meeting. This is conducted on a three-yearly basis.

Risk Register

- 71 AW introduced paper APUC/23/2017 relating to the Risk Register and noted that a few updates had been made and old notes removed at the request of the Audit Committee.
- 72 SS asked if it could be simplified to put more emphasis on the top five strategic risks and AW suggested that strategic risks needed to be re-evaluated and some removed if not thought to be relevant now. (**ACTION: A.Warren/M.Caithness**)
- 73 The Board were otherwise content with the Risk Register.

Any Other Business

- 74 As this was the Chair's last official Board Meeting, AW, on behalf of the APUC Board, expressed sincere thanks to GW for his significant contribution over the past four years and wished him well in his retirement.

- 75 AW also advised the Board that there will be a screening of Al Gore's film 'An Inconvenient Sequel: Truth to Power' after the February Meeting and that the Board were cordially invited to attend.
- 76 There being no further business, the meeting closed at 12:00.

Date of Next Meeting

- 77 The next Board meeting will be held on 19 February 2018 – University of Stirling (including the Staff meet the Board over lunch).
It was also agreed that the August 2018 meeting will be held on Monday 20 August at Dumfries and Galloway College.