

**Minutes of APUC Board Meeting held at 10.30 a.m. on Monday 18 October 2010
at Glasgow Caledonian University, Glasgow**

Present

Nigel Paul	University of Edinburgh (Chairman)
Robert Kennedy*	University of Dundee
Douglas Mackellar	Independent
David Ross	Independent
Angus Warren	APUC Ltd (Chief Executive)
Alan Williamson	Jewel & Esk College

In attendance

Malcolm Beveridge	Chenie + Tait (for Agenda Items 1, 2 and 3 only)
Elizabeth McFarlane	APUC Ltd (for Agenda Items 1, 2, 3 and 4 only)
Hugh Ross	APUC Ltd

*Robert Kennedy participated by means of a teleconferencing facility. The remainder of the attendees were present at Glasgow Caledonian University.

Welcome and Apologies

- 1 Apologies were received from Jim Crooks, Pat Briggs and Stuart Paterson.
- 2 The Chairman informed the Board that, since the last Board meeting, the independent non-executive Directors had been re-appointed to serve on the Board for periods varying between 1 and 3 years w.e.f. 18 September 2010 in line with a decision taken by the executive and sectoral Directors by means of written procedure.
- 3 He congratulated APUC's management and staff on being short-listed for GO awards in 4 different categories. The Chairman's sentiments were wholeheartedly endorsed by the Board as a whole.

Minutes of Audit Committee Meeting: APUC/17/2010

- 4 The approved minutes of the Audit Committee meeting held on 27 September 2010 had been issued to the Board for noting.
- 5 Alan Williamson, the Chairman of the Audit Committee, reported that the Committee had considered the audited financial statements – including the Directors' Report – for the period 1 August 2009 to 31 July 2010 and recommended their approval by the Board.
- 6 The Committee had also reviewed and discussed the latest version of APUC's Risk Register and the arrangements that were in place for assessing and managing risk and was satisfied with both.

Audited Financial Statements 2009-10: APUC/18/2010

- 7 Malcolm Beveridge introduced the draft audited financial statements and the external auditor's Audit Summary Report. He said that the consolidated financial statements incorporated the financial statements of the company for the year ended 31 July 2010 and of its new subsidiary company UCSS Ltd, from incorporation on 6 April 2010 to 31 July 2010. He confirmed that the auditors were satisfied that the financial statements gave a true and fair view of the group's and the parent company's affairs as of 31 July 2010.
- 8 He went on to say that the one issue raised in last year's Audit Summary Report, namely a recommendation that detailed financial procedures and policies should be formally written and made available to all members of staff, had been addressed. As a result, no accounting and internal control issues had been identified in the audit.
- 9 The Board approved the financial statements and authorised the Chairman and Chief Executive to sign the financial statements and the Letter of Representation on the company's behalf. They were also content for the Chairman to sign the Directors' Report. In line with the Financial Reporting Standard for Smaller Entities, the Directors' Report does not include a business review. (**Action:** Nigel Paul & Angus Warren)

Financial Management Report: APUC/19/2010

- 10 Elizabeth McFarlane highlighted the main features of the Financial Management Report which included a summary of the actual income and expenditure for the 2009-10 financial year compared to the approved budget; the forecast outturn for 2010-11; the forecast balance sheet for the year ending 31 July 2011 and the cash profile for 2010-11.
- 11 In response to a question from Robert Kennedy about the deferred income at the end of the 2009-10 financial year and that anticipated for the end of 2010-11, Angus Warren talked about the areas of spend anticipated including around long term USS pension solutions. Irrespective of what it was ultimately used for, the Board decided that APUC must identify where expenditure was planned before APUC's tax return was submitted.
- 12 In reply to a further question about additional expenditure on ePS, Angus explained that, whilst the target for the number of institutions which had gone "live" on ePS had been exceeded, a number of other institutions wanted to go "on-line" and some of the "go-lives" required further work to be undertaken to maximise value. Moreover, APUC had agreed to support the University of the West of Scotland with its implementation of the "Parabilis" system. In regard to the last of these tasks, it was emphasised that APUC would aim to support electronic procurement systems, the use of which was properly tendered and which were commonly used by the sector (i.e. in use by more than one institution). Although APUC's future funding model had yet to be agreed, should its future operating costs be met by top-slicing money from institutions' funding allocations from the SFC, it would be essential for APUC to provide a service of this nature to institutions which are not using PECOS. This change of strategy was in line with / contained in APUC's Strategic Vision. Angus

Warren undertook to produce a definition for client institutions which would make it clear the approach to whether a system was supported by APUC or not. (**Action:** Angus Warren)

- 13 The Board noted the contents of the Financial Management Report.

Minutes of Previous Board Meeting

- 14 The minutes of the 22 July 2010 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/20/2010

- 15 All matters arising from the previous Board meeting had been actioned and the position was as outlined in paper APUC/20/2010.

Summary Report: APUC/21/2010

- 16 Angus Warren expanded upon the information contained in the APUC Summary Report (Paper APUC/21/2010) and highlighted the main features. He reported that since the last Board meeting 6 more collaborative agreements with Buyer's Guides had been put in place for institutions to use. Consequently, the total now stood at 99 with a further 31 collaborative tenders in progress and 8 scheduled but not yet started. During the same period 5 more institutions had gone "live" with PECOS, thereby increasing the total to 46. The targets set for the ePS roll-out programme were all achieved (exceeded) by the scheduled completion date for the project phase.
- 17 Several members of the Operational Procurement team were about to leave APUC, for a variety of reasons. Such changes were regarded as inevitable, and indeed desirable, in an organisation which had undergone considerable change and was still evolving. Efforts to fill the resultant vacancies were progressing very well.
- 18 At its last meeting the Board had asked for the Contract Uptake Report to be further developed and a report based on information received from 44 institutions was included at Annex D to Paper APUC/21/2010. The benefits from contracts were calculated on the actual expenditure. An attempt had been made to get this information from the Procurement Hub but the way in which the data held there was structured made this impossible, although it was used as one of the contributing sources.
- 19 Douglas Mackellar felt that there was a strong need for a supplier engagement process, not only to achieve savings but also to improve the quality of information. In response, Angus Warren acknowledged that APUC needed to focus more on this and this was to be a key focus area going forward – the earliest priorities had been putting a solid contract portfolio together. SPD is currently tendering for supply management software and it was hoped that the resultant "product" could be used by APUC and other CoEs. APUC will need to determine whether the information Procurement

Scotland collects is the right information for the HE and FE sectors and test the software out with a number of universities and colleges. APUC however has plans for an interim web based solution as the SPD solution is likely to some way off.

- 20 Douglas believed that the way in which APUC calculated savings understated its achievements. In his view, a notional value should be included for risk avoidance and we should be careful not to underestimate other cost avoidance benefits (some are already recorded in the Benefits Tracking process, albeit APUC was under-claiming savings versus other UK HE consortia, as agreed with PSG), even if the figure could only be based upon a case study. However, Robert Kennedy pointed out that, in order to be credible, the formula for calculating benefits needed to be accepted by institutions in both the HE and FE sectors. Angus Warren agreed with both of the views expressed and agreed to take the inputs into account while developing improvements to savings methodologies with the PSGs moving forward. (**Action:** Angus Warren)
- 21 The reasons why APUC was no longer pursuing the potential for joint working with the Crescent Purchasing Consortium for the FE sector were explained to the Board. Work was, however, continuing with a view to APUC and Scotland Excel becoming affiliate members of each other.

Operational Business Plan Covering Three Years from Summer 2010: APUC/22/2010

- 22 Several iterations of the Operational Business Plan had been produced and shared with the FE and HE sector Finance Directors on APUC's Board (Alan Williamson and Robert Kennedy). The original intention had been to submit a final draft to the Board for consideration earlier in the summer but substantial changes needed to be made to earlier versions in order to align the Plan with the emerging "Seven Cs" of the Scottish Government's procurement strategy.
- 23 Angus Warren explained that the Operational Business Plan that was being presented was closely aligned to the strategic vision for APUC and the Plan would need to be changed if the Board's vision for the company changed. Moreover, the Plan was a dynamic document and Angus envisaged a further version being produced before the end of the year after the last of the team re-structures had taken place in APUC. This updates would be presented to the Board for approval either by means of written resolution or at its next meeting in January 2011.
- 24 While there was a case for delaying approval of the Plan until these further changes had been made, there was an even stronger argument for getting a Plan in place now and for amending it as and when required. The Board, therefore, approved, the document appended to Paper APUC/22/2010 as the Operational Plan for APUC and agreed to it being distributed to the procurement community and institutional Finance Directors for information. (**Action;** Angus Warren)

Any Other Business

- 25 Nigel Paul informed Directors that Stewart McKillop had resigned as a representative of Scotland's Colleges on APUC's Board, as South Lanarkshire College had decided against renewing its membership of the sector's representative body, Scotland's Colleges. Although he was aware that college representatives on APUC's Board did not have to come from colleges which were members of Scotland's Colleges, he felt that, under the circumstances, it would be inappropriate for him to continue to serve on the Board. His resignation was reluctantly accepted by his fellow Directors who asked for the contribution he had made to APUC's progress during his time on the Board to be recorded in the note of the meeting.
- 26 Angus Warren was charged with asking Scotland's Colleges to nominate a replacement college sector representative whose appointment could, if appropriate, be ratified by the Board by means of written resolution. (**Action:** Angus Warren and Hugh Ross)
- 27 The Board was advised that the Open University had registered interest in becoming members of APUC. The Board had no objection in principle to them joining but Angus Warren was asked to establish what services they wanted and to then decide whether it would be appropriate to levy a membership fee (as a minority SFC funded body). He was also encouraged to offer membership to West Highland College once it was formally set up in the summer of 2011.

Date of Next Meeting

- 28 It was agreed that the next Board meeting would be held on 12 January 2011 at a location somewhere in the Central Belt of Scotland. It was further agreed that the meeting would be followed by a strategic discussion about APUC's future direction, along the lines of that originally planned for the meeting at Sabhal Mor Ostaig College which unfortunately had to be cancelled. In view of this, the programme will be scheduled to start mid-morning and end late in the afternoon. (**Action:** Angus Warren)