

Minutes of APUC Board Meeting held at 10 a.m. on Wednesday 21 October 2015 at APUC's Head Office in Stirling.

Present

Sheena Stewart (Acting Chair)	Abertay University
Liam McCabe (LM)	University of Stirling
Alan Williamson (AWi)	Edinburgh College
Mhairi Harrington (MH)	West Lothian College
Janet Thomson (JT)	Glasgow Clyde College
Douglas MacKellar (DM)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

In attendance

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

Welcome and Apologies

Apologies were received from:

Gerry Webber	Edinburgh Napier University
Martin Fairbairn	Scottish Funding Council
Stuart Paterson	Independent

- 1 The Chair thanked everyone for attending and welcomed Malcolm Beveridge from Chiene + Tait LLP. She also, for the record, expressed the Board's sincere thanks and appreciation for the valuable contribution made to the Board over the last eight years by David Ross who stepped down in September.

Minutes of Audit Committee Meeting: APUC/15/2015

- 2 The draft minutes of the Audit Committee meeting held on 7 October 2015 had been issued to the Board for noting.
- 3 AWi, representing the Audit Committee, reported that the Committee had considered the unqualified audited financial statements, including the Directors' Report, for the period 1 August 2014 to 31 July 2015. He 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.
He noted that a recommendation had been made to update the Risk Register to highlight any possible austerity impact cause by reduced funding to the sector.

- 4 AWi recommended that the Board approve the financial statements.

Audited Financial Statements 2014-15: APUC/16/2015

- 5 MB re-iterated AWi's comments and added that the Auditors were comfortable with APUC's funding position but noted that funding was expected to be tight going forward. He also added that the financial reporting was in accordance with the Companies Act requirements.
- 6 MB stated that the fixed asset register would be reviewed again after the office relocations were completed.
- 7 There followed a lengthy discussion on the current status of negotiations with HMRC regarding the Cost Sharing Group position. MB highlighted that APUC were operating in line with the HMRC Guidance and EU legislation and would continue to support APUC in making the case to HMRC. The Board confirmed their support for the approach being taken to reach a satisfactory resolution.
- 8 It was agreed that AW would keep the Board up to date on developments as they happen and that the subject would be included as an agenda item in the January 2016 Board Meeting. **(ACTION: A.Warren)**
- 9 JT asked for an explanation of Creditor Undertaking in the notes and MB advised that it was the inter-company balance between UCSS and APUC.
- 10 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.

Financial Management Report: APUC/17/2015

- 11 EM highlighted the main features detailed in the Financial Management Report APUC/17/2015 which included a summary of the actual income and expenditure for the period to the end of September 2015, the forecast balance sheet for the year ending 31 July 2016 and the cash profile for 2015-16.
- 12 AWi queried movement of deferred income value of £66k and EM agreed to provide a clarification email **(ACTION: E.McFarlane to provide an update to AWi and LM)**
- 13 The Board noted the contents of the Financial Management Report.
- 14 There followed a short break during which the letter of representation was signed. The documents would be taken to Gerry Webber for signing and then

to MB for completion prior to sending to Companies House. At this point MB and EM left the meeting.

Minutes of Previous Board Meeting

- 15 The minutes of the 24 June 2015 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/18/2015

- 16 All matters arising from the previous Board meeting had been actioned as outlined in paper APUC/18/2015 or were included on the day's agenda.

Summary Report: APUC/19/2015

High level summary

- 17 AW gave an overview of the information contained in the APUC Summary Report (Paper APUC/19/2015) and highlighted the main features as follows:
- There is one additional full member (SAMS)
 - Savings over the 9 month period are encouraging at £12m (BT1) and £20m (BT2) but this was provisional as all saving and spend levels were still to be validated.

General Update

- 18 AW informed the Board that the Procurement Networking Conference held in June was well received by the delegates in attendance.
- 19 Chair added that the event was very helpful and that the level of detail was good.
- 20 DM concurred and added that he heard positive comments during the event.
- 21 AW advised that a new category strategy template had been devised and that all relevant strategies are being updated into the new format.
- 22 AW advised that the review of GeM/UniBuy was in progress and there were significantly different needs being identified across the UK with most of the

proposed specification being already covered by Hunter and SG eCommerce services. There were concerns over the lack of focus on the core need of a user interface for contract awareness, as was the unfortunate case with the original specifying of GeM/Unibuy which resulted in a compromised user interface.

- 23 The Board agreed that maximising ease of use of framework agreements should be the key focus of the tool and supported APUC in remaining focussed on that and if required, to modify our existing web tools to deliver this need.

Staffing

- 24 AW advised the following staff updates:

- C1 tendering support is now being provided.
- Replacement Shared Service resources now in place in City of Glasgow College
- Support for the West UHI colleges is now in place.
- The West flexible resource is now placed at University of West of Scotland.
- Two shared service staff are now working on an interim basis at Edinburgh Napier.
- David Campbell, who recently retired from Napier is now on a fixed term contract with APUC cover a temporary requirement.
- Operations and Communications Manager is now appointed.

Procurement Reform Bill and New EU Directives

- 25 AW provided an update on the status of the Reform Bill and EU Directives noting that SG had released its analysis of its earlier consultation. He added that APUC's D&S team has started preparation support work with institutions and were keeping them updated on developments.

Health and Safety

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

Category Restructure – Information Services

- 27 AW explained that Libraries and ICT Categories were being combined into a single Information Services Category. This provided a better strategic and client relationship fit. Allan Doyle was already planning to leave the company, Michael McLaughlin would take on the new combined Information Services role.

Institutional Procurement Shared Service Update

- 28 AW advised that Brian Dearden was conducting a review of the College Services to ensure that workloads are balanced and the optimal resource is available to meet client needs.
- 29 AW added that C1 collaborative roadshow would begin soon led by Angela Cahill on behalf of APUC with input from senior staff involved in shared service delivery. These will establish the appetite for regional collaborative efforts.
- 30 DM commented that this shows the positive influence APUC is having in assisting with local contracting.

eSolutions Update

- 31 AW advised that New College Lanarkshire and Fife College are now using the PECOS Marketplace.
- 32 He added that West Lothian College is the first of APUC's client institutions to go live with eInvoicing and that North East College would be the next.

Location Update

- 33 AW advised that the new Stirling Office opened for business in September and that Edinburgh based staff moved into the George Street office on 1 October.
- 34 He noted that George Street was a smaller space and that desk sizes had been reduced to accommodate staff. He also added that a high speed internet line was being installed.
- 35 AW also advised that the Glasgow based staff would be moving to a new office similar to the Edinburgh one in mid-November.
- 36 AW informed the Board that the cost of the new Stirling and Edinburgh offices combined was less than that for the old New mart Road address and that the Edinburgh lease was for 5 years with a 3 year break clause, with the current

Stirling location on a 2 year lease (with 6 months free). The Glasgow offices would cost more however than currently paid at GCU but that they were very cost effective in relation to market prices.

- 37 SS suggested that staff should be thanked for their support in these location changes.
- 38 AW noted that the Stirling office is now APUC's registered office address.
- 39 AW gave an update on the proposed purchase of Ashgrove House. Conditional approval had already been provided by the Board and Guarantors but was subject to a final approval by both the Board and guarantor institutions (by email) once survey and more detailed costs were identified and approvals gained, to ensure that all conditions had been met.
- 40 AWi enquired where the risk fell in relation to this property, AW confirmed that risk and reward was aligned to the pension guarantee fund. AW stated that it was estimated that the rental income from a minimum let of rooms would exceed the interest achieved per year so far from simply having the fund in a bank account, as had been the case until now.
- 41 LM asked what the expected fit out costs would be and AW advised that the estimate was between £15k and £30K. The plan would be that for any expenditure up to this level that exceeded the pension guarantee fund would be covered in cash terms from APUC reserves but would be repaid to reserves from a reduced rental transfer from APUC operationally to the pension guarantee fund.

Meet the Board Approach

- 42 AW explained that, since APUC no longer has an office large enough to accommodate all staff, an alternative was necessary for the meet the Board sessions. He suggested that the earliest suitable (please see below) Board meeting of 2016 should be combined with an Open Forum day and staff could meet the Board over lunch. This approach was supported by the Board. **(Action: A.Warren to plan dates and advise the Board)**

Client Satisfaction Survey

- 43 MC introduced paper APUC/20/2015 and informed the Board that the traditional use of Survey Monkey to run the client satisfaction survey had resulted in only 8 responses. It was therefore decided to run a paper survey at the Networking Conference which resulted in a much better response.

- 44 Overall, the result showed a general improvement over the previous survey that was run 2 years ago with very few respondent disagreeing with any of the questions.
- 45 Corrective actions arising out of the survey were similar to those already in progress and APUC will continue to make relevant improvements in its service offering to satisfy client expectations.

Sector Information Services Enhancement Plan and Support

- 46 AW introduced paper APUC/21/2015 and explained that the Information Shared Service Catalyst (ISSC) had identified eleven areas that were worthy of further attention and were preparing promotional information for Information Security and Moodle shared services.
- 47 He added that in relation to Moodle, a pilot had already commenced.
- 48 DM commented that he thought the report was excellent and AWi asked what APUC's role would be in the way forward.
- 49 AW explained that ISSC's remit would be to encourage the creation and uptake of shared services, they could be remote from UCSS or UCSS could host shared services where required, or a hybrid of the two.
- 50 JT enquired how the report would be circulated and AW advised that it has been sent to SFC and SG's digital team and also to the Sector Oversight Board, HEIDS and the ICT College Development Network.
- 51 AW informed the Board that the ISSC team had visited every institution (except UHI Colleges – who are putting in place a dedicated shared service) in the gathering of information for the report.
- 52 AWi asked who will lead the activities coming out from the report and AW advised that ISSC would act as lead.
- 53 JT asked what feedback had been received and AW advised that feedback was generally positive.
- 54 AW said that it was the intention to create a COOs innovation group for IS shared services to move this forward, the Board felt that this would be a useful group to enable the developments to be advanced.

Risk Register

- 55 AW introduced paper APUC/22/2015 relating to the Risk Register and noted that a few updates had been made and highlighted in red.
- 56 He noted that a new risk to cover the current negotiations with HMRC on Cost Sharing Groups had been added.

- 57 It was agreed that the probability factor related to funding that had been increased was appropriate.

The Next Phase of Procurement Reform

- 58 AW introduced paper APUC/23/2015 regarding the next phase of procurement reform and noted that it had been launched at Procurex by Keith Brown MSP.
- 59 This would be cascaded throughout the sector.

Business Continuity

- 60 AW advised the Board that APUC's own servers were now located in a fully managed datacentre in Glasgow and that daily backups were being conducted. He also noted that APUC email system is now hosted offsite by Microsoft and that Hunter is hosted on server space in a fully managed data centre in Milton Keynes.
- 61 APUC now has 3 office locations which will provide continuity if one of them is unavailable for any reason.
- 62 AW proposed that a business continuity strategy document be prepared that would cover wider aspects of business continuity and bring it to the next meeting - this was agreed by the Board. It was proposed also that a column should be added to the risk register to identify the reliance of each risk in relation to business continuity **(ACTION: A.Warren / M.Caithness)**

Any Other Business

- 63 AW notified the Board of the obligation from our governance manual to conduct a survey of Board members to determine the perceived effectiveness of the Board and that this would be completed prior to the January 2016 Board Meeting.
- 64 AW suggested that Board meetings could be rescheduled to avoid traditional holiday periods and be every 3 months, providing more time for the end of financial year activities. There was support from this from the Board.
(ACTION: All Board to provide any additional comments to A.Warren. A.Warren to distribute proposed revised dates to Board for feedback)

- 65 AW & MH informed the Board that a potential candidate for the vacant non-sector position on the Board had been identified, arrangements had been made to move the process forward.

Date of Next Meeting

- 66 The next Board meeting will likely be in February – date and location to be confirmed.