

Minutes of APUC Board Meeting held at 10.30 a.m. on Thursday 12 January 2012 at Glasgow Caledonian University, Glasgow

Present

Nigel Paul	University of Edinburgh (Chairman)
Irene Bews	University of Aberdeen
Pat Briggs	The Robert Gordon University
Jim Crooks	Elmwood College
Douglas Mackellar	Independent
David Ross	Independent
Stuart Paterson	Independent
Angus Warren	APUC Ltd (Chief Executive)

In attendance

Malcolm Beveridge	Chiene + Tait (for Agenda Items 2 and 3 only)
Martin Fairbairn	Scottish Funding Council
Elizabeth McFarlane	APUC Ltd (for Agenda Items 2, 3 and 4 only)
Michael Caithness	APUC Ltd

Welcome and Apologies

- 1 Apologies were received from Alan Williamson and John Doyle.
- 2 The Chairman welcomed Malcolm Beveridge to the meeting and wished all present a Happy New Year.
- 3 He also suggested that the two additional topics, Budgets and Pensions, should be discussed in the Finance and Summary Report sections respectively.

Minutes of Audit Committee Meeting: APUC/01/2012

- 4 The draft minutes of the Audit Committee meeting held on 12 December 2011 had been issued to the Board for noting.
- 5 David Ross, the Chairman of the Audit Committee, reported that the Committee had considered the unqualified audited financial statements – including the Directors' Report – for the period 1 August 2010 to 31 July 2011.
- 6 He recommended that the Board approve the financial statements.

Audited Financial Statements 2010-11: APUC/02/2012

- 7 Malcolm Beveridge gave an overview of 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 2011 and of its new subsidiary company UCSS Ltd, for the period ended to 31 July 2011.

- 8 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 2011 and complimented APUC on a clean audit and thanked the team for their support.
- 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.
- 10 There followed a short recess to enable the accounts to be signed after which Malcolm Beveridge left the meeting.

Financial Management Report: APUC/3/2012

- 11 Elizabeth McFarlane highlighted the main features of the Financial Management Report which included a summary of the actual income and expenditure for the period to November 2011 compared to the approved budget; the forecast outturn for 2011-12; the forecast balance sheet for the year ending 31 July 2012 and the cash profile for 2011-12.
- 12 Angus Warren informed the Board that APUC has provided staff resources to Glasgow Caledonian University, Glasgow School of Art and the City of Glasgow College (interim). These institutions fully contribute to the cost for these services, including the fair apportionment of overheads. Some of the resources were not backfilled initially as it was decided to slow the collaborative contracting programme down over the summer and autumn to allow more time for uptake of existing agreements at institutions – this has helped to reduce APUC's overheads. Resourcing levels will be brought back to normal in the New Year so the contribution to surplus will decrease.
- 13 Pat Briggs enquired if the full income from COUP was now received and Liz confirmed that it was (except for a very small amount related to overseas income which would be resolved in the coming days).
- 14 Irene Bews noted that APUC needs to look at ways of avoiding corporation tax on the surplus. The Board agreed – Angus Warren noted that a meeting was scheduled with APUC's VAT advisers to discuss this. (**Action: Angus Warren**)
- 15 Martin Fairbairn noted that APUC should avoid having a tax liability going forward (either from COUP or any surplus) and offered to assist in looking for a mechanism to avoid this before the year end. (**ACTION: Angus Warren, Martin Fairbairn**)
- 16 The Board noted the contents of the Financial Management Report.

Draft 2012-14 Budget Summary document

- 17 Angus advised the Board that all of the very helpful comments already provided by the board members off-line were now incorporated into the document. He highlighted the following points:
- The previous year's budget is included for reference
 - Staffing costs are reduced due to improved understanding of sector requirements
 - An allowance for some merit reviews etc is built-in to address recruitment and retention pressures
 - The document is to be circulated to US, SC and other group members.
- 18 Douglas MacKellar requested that benefits figures items should be highlighted in a table. (**Action: Angus Warren**)
- 19 Jim Crooks asked where APUC sits in the league table of remuneration and Angus advised that several public bodies appear to be offering higher-than-APUC salaries to attract people. He added that APUC has succeeding in retaining staff (so far) due to the more flexible job experience that is offered.
- 20 Martin Fairbairn suggested that inflated salaries being offered by some organisations should be raised with fellow PRDG members. (**Action: Angus Warren**)
- 21 Jim Crooks suggested that some wording related to measures being taken to reduce the tax burden should be added to the document. (**Action: Angus Warren**)
- 22 The Board noted they were happy with the document including the modifications suggested.

Minutes of Previous Board Meeting

- 23 The minutes of the 18 October 2010 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/04/2012

- 24 All matters arising from the previous Board meeting had been actioned and the position was as outlined in paper APUC/04/2012.

Summary Report: APUC/05/2012

High level summary

- 25 Angus Warren expanded upon the information contained in the APUC Summary Report (Paper APUC/05/2012) and highlighted the main features. He reported that since the last Board meeting 8 more collaborative agreements with Buyer's Guides had been provided for institutions to use. Consequently, the total now stood at 132 with 31 collaborative tenders in progress (some replacements, some new), 4 scheduled but not yet started and 14 in the research phase. There are now 47 institutions being supported as users of e-procurement solution.

General update

- 26 He added that APUC is now developing both ICT and Estates Category strategies to ensure compliance with the recommendations in the John McClelland report.
- 27 Stuart Paterson asked if the Annex A could be sorted by contract value and spend be included in Annex B. It was agreed that Annex A should be provided as a spreadsheet, instead of a pdf, to facilitate sorting/analysis by Board members if required. **(ACTION: Mike Caithness)**
- 28 Angus noted that Claire Skinner is now well established in her role as Head of Operational Procurement and Compliance.
- 29 Angus informed the Board that he was working on a new organisational strategy to make it more flexible to fit with the rapidly changing sector environment. The plan should be available for review in the next few weeks. **(ACTION: Angus Warren)**
- 30 Angus advised the Board that a company with the full name in words, namely Universities and Colleges Shared Services Ltd, has been incorporated, permission having been given to use the word "universities", but that it would remain a dormant company for the time being.

Benefits

- 31 Angus informed the board that £464k savings on Electricity would be included in the figures for the sector for 09/10. In addition, 575 out of 604 suppliers have now submitted data for 10/11 and statements will be issued as early as possible in 2012. It was noted that there is a significant reduction in spend in 2010/11 versus 2009/10 and this would have a knock on effect on related savings.

OP – Collaborative contracts

- 32 Potential spend against the 132 contracts now available is £332.6m and relevant buyers' guides and contract information is available on GEM (replacement for CUPID).

OP – Strategic category workstream

- 33 Angus informed the Board of OP restructuring to focus resource on ICT, Labs and Estates with effect from January 2012.

OP – Laboratory maintenance equipment

- 34 Angus added that APUC and SULSA (Scottish Universities Life Sciences Alliance) were collaborating on a project to rationalise laboratory equipment maintenance contracts (amounts to several million pounds). SFC "Invest to Save" funding has been requested to facilitate an audit of existing maintenance contracts and to create a register for cross sector reference. Feedback from the SFC is expected by the end of January 2012.

OP – College Support Services update

- 35 Angus reported that the College Support Services role was intensifying. Progress since 1 August 2011 is as follows:
- 8 contracts completed across 8 colleges (value £90k)
 - 33 contracts in progress across 17 colleges (value £6M)
 - 80 contracts planned across 30 colleges (value £15.9M)
 - Cash savings of £102k
 - Non Cash saving of £89k

eSolutions update

- 36 Angus advised that new tools from ePS will be available soon free of charge to the sector. A schedule of availability is awaited and an implementation strategy is being developed to agree the way forward for implementation.
- 37 There is also a new improved version of the Hunter database in test and it will be available on-line when released. APUC would like to encourage other consortia to use Hunter as it would provide consistency in reporting and information management.
- 38 Stuart Paterson stressed that demands for providing support for Hunter should not be underestimated. It was noted that the on-line aspects were the most support hungry. Angus assured him that initially they were only offering additional access to the core database element – if on-line (web) related functionality was required then that would be separately funded.

- 39 Douglas MacKellar enquired if Hunter could be used outside of Scotland and Angus advised that North East Universities Purchasing Consortium (NEUPC) will be going live next week (database element). Angus stressed that the English consortia are small organisations and they would only require a minimum level of support.
- 40 Douglas added that thought should be given as to whether there is a commercialisation opportunity.
- 41 Irene Bews asked if spend and contract uptake data should be shared with all institutions and Jim Crooks enquired if targets should be set for uptake of APUC contracts. Jim added that institutions should acknowledge APUC's contribution to the sector.

Procurement capability assessments

- 42 Angus advised the Board that the 2011 round of PCAs was now completed and that the target to get all institutions into Conformance and above has been achieved with more than 65% now in the improved/superior performance levels.
- 43 David Ross asked if APUC could prepare a wider comparison report, including PCA results by name, to highlight the best performers to the sector. Nigel Paul cautioned that institutions would need to be in agreement with such an approach
- 44 Angus advised that 20 institutions have indicated that they are happy to share their PCA results with others willing to share theirs.

APUC Pensions Solution Summary

- 45 Angus gave an overview of the draft document that included inputs provided by Board members from its previous circulation for comment.
- 46 The Board supported the progress made on this to date and the future direction proposed.
- 47 David added that he had some legal observations that he would like to have considered in finalising the undertaking document and it was agreed that this should be sent to Angus with further dialogue then between Irene and Angus before sharing it more widely with the sector guarantors. **(ACTION: David Ross, Angus Warren, Irene Bews)**
- 48 The Boards approved the further development of the document as noted above prior to sharing with institutions.

Sector change discussion

- 49 There followed a discussion on the likely effects and outcomes of the regionalisation changes to the sector and how APUC could support the institutions affected.
- 50 It was agreed that APUC should develop its new Strategic Plan with the flexibility required to allow it to adapt to the challenges ahead.

Any Other Business

- 51 The Chairman informed the Board that Universities Scotland's Efficiencies Taskforce was finalising its report on key objectives and that a draft was due to go to its next meeting in January 2012 and published in the next 2 to 3 months.
- 52 Angus Warren advised that there is a new EU Draft Directive that relaxes some of the rules to improve the scope for negotiations, innovation etc. Some areas that were previously out of scope (such as legal service) will now however be brought within the rules. Angus to share the document with Board members. (**ACTION: Angus Warren**)

Date of Next Meeting

- 53 It was agreed that the next Board meeting would be held on 2 May 2012 at the University of Aberdeen – details to be confirmed.