

## **Minutes of APUC Board Meeting held at 11.30 a.m. on Monday 19 April 2010 at Elmwood College, Cupar, Fife**

### **Present**

Jim Crooks	Elmwood College
Robert Kennedy	University of Dundee
Douglas MacKellar	Independent
Stuart Paterson	Independent
Nigel Paul	University of Edinburgh (Chairman)
David Ross	Independent
Angus Warren	APUC Ltd (Chief Executive)

### **In attendance**

Martin Fairbairn	Scottish Funding Council
Hugh Ross	APUC Ltd

### **Welcome and Apologies**

- 1 Apologies were received from Pat Briggs, Stewart McKillop and Alan Williamson.
- 2 The Chairman thanked Elmwood College for agreeing to host the meeting which was preceded by a meeting with representatives from the University of Dundee and Adam Smith College at which issues relating to APUC's activities and performance were discussed with the Board.
- 3 The following minor typographical errors were contained in the agenda and papers issued for the meeting and were corrected in the versions retained for the official record:
  - Item 8 of the Agenda "Associate and Affiliate Membership" was altered to be shown as being an item for decision;
  - In Annex D to APUC/08/2010 the project start date for the Water Quality Management contract was amended to read "10-1-11" instead of "10-1-10"; and
  - In the final sentence of paragraph 22.13 of Annex A to APUC/10/2010 the phrase "third party organisation of" was corrected to read "third party organisation or".

### **Minutes of Previous Board Meeting**

- 4 The minutes of the 12 January 2010 Board meeting were approved as an accurate record of the meeting.

## Matters Arising: APUC/07/2010

- 5 The position on all matters arising from the last meeting was as set out in Paper APUC/07/2010.

## Chief Executive Report: APUC/08/2010

- 6 Angus Warren introduced paper APUC/08/2010 and drew attention to the fact that Inverness College was now a member of APUC. The membership now stands at 61 institutions, comprising 19 HE institutions (100%) and 42 FE colleges (98%). Only Orkney College has yet to join. Martin Fairbairn suggested that because of the relationship Orkney College has with Orkney Council, the College was more likely to become a member of Scotland Excel. He, therefore, felt that we should deem APUC's membership to be complete. Although there was agreement on this point, Angus Warren noted that the prospects of the College joining APUC were good due to Orkney Council confirming that they intended to join Scotland Excel.
- 7 The Board was informed that the initial review of accommodation needs had been concluded and, as a result, both of the Stirling options (i.e. Scotland's Colleges and Stirling University Innovation Park) had been discounted. Forth Valley College appeared to be the most cost effective (in pure operational cost terms) of the remaining locations but there were risks associated with retention of staff and likely costs to be incurred through this option. Premises were being considered at Heriot Watt Research Park; these were owned by a private landlord and negotiations were ongoing to establish the final pricing offer. The other remaining option was to remain at New Mart Road but downsizing to half the space currently occupied. A decision was likely to be made within 2/3 weeks. If an Edinburgh location was chosen, a small satellite office could be established in Glasgow. This would increase our ability to retain key staff based in the west while avoiding us having to continue to compete with Edinburgh banks etc for staff, by allowing us to recruit from the biggest market for procurement professionals in Scotland (Glasgow) going forward. (**Action:** Angus Warren)
- 8 Forty institutions are now "live" on Pecos. The more flexible strategy which has been adopted for e-procurement implementation was welcomed. The Board was very concerned however about what could happen with Pecos' further development, particularly as a contract was already in place with Capgemini for the period up to 2016.
- 9 APUC had strongly expressed views at several PRDG meetings now that it was essential that the Government remains committed to the ongoing development of Pecos and that the service should continue to be funded by the SPD at a level that ensures that institutional financial contributions do not rise beyond what institutions have already agreed. It was agreed that APUC needed to continue pressure in this area and review the position when the new strategy was finally set out / approved by the PPRB.
- 10 David Ross felt that it was important for APUC's members to realise that APUC was not responsible for ePS policy, merely for its implementation delivery and user assistance within the HE and FE sectors. Jim Crooks

commented that he hoped the strategy would be about the outputs, rather than the system. (**Action:** The Board )

- 11 Angus Warren reported that most institutions were now positive about the Procurement Capability Assessment (PCA) process, even if they were negative at the beginning. It was now universally accepted that the extent of assessments should be related to the size of procurement spend. Consequently, only the universities and the two largest spending colleges would be subjected to the full (but improved) process in future years.
- 12 A special PRDG meeting is scheduled to take place on 27 May which will include discussions around the timing and scale of approach to the next series of PCAs e.g. should a formal round take place each year or should a formal round one year be followed by an informal one the following year in order to give institutions sufficient time to address the issues identified by the PCA before subjecting them to a further PCA.
- 13 APUC is developing a training programme for procurement staff in institutions (and those with it as part of their role or who need to know more about it), based on the findings of the PCAs. Where appropriate, it will “piggy-back” on courses which other organisations have already put in place, or work with other CoEs to develop new courses that can be delivered on a cross-sectoral basis. (**Action:** Steven Connor)
- 14 In regard to the development of an Operational Business Plan (a document setting out the key actions, deliverables / benefits being / to be delivered by APUC), it was agreed that Angus Warren would liaise with Robert Kennedy and Alan Williamson to discuss the various options for detailed consideration. This document would provide linkage to future funding model development. (**Action:** Angus Warren, Robert Kennedy and Alan Williamson)
- 15 The new subsidiary company, UCSS Ltd, has now been set-up and new contracts will be issued to relevant members of staff once the VAT situation is resolved with HMRC. (**Action:** Angus Warren and Dee Denholm)
- 16 The format of future Chief Executive Reports and reporting in general will be changed to reduce the number of Annexes etc and to focus upon essential information. (**Action:** Angus Warren)

#### **Financial Management Report: APUC/09/2010**

- 17 Hugh Ross spoke to paper APUC/09/2010 and highlighted the facts that the actual income for the financial period up to end February 2010 was almost “bang on target” whilst actual expenditure showed an underspend of £294k against budget. He explained the reasons for the underspend and answered questions relating to actual results up to end February, the forecast Balance Sheet as at end July 2010 and the Cashflow projection for 2009-10.
- 18 He invited comments on the new format for the financial projections which had been devised by Alan Williamson and APUC’s Finance Manager, Elizabeth McFarlane. The consensus was that the format was fine but there

was a need to track back to the original budget at high level points which had not been addressed. The Board, therefore, requested that this information should be included in the narrative of future reports. In addition, they asked for more information on working capital to be added, explaining the reasons for any changes. (**Action:** Elizabeth McFarlane)

### **Future Funding Models Development -Update**

- 19 Angus Warren handed out a paper for the Board's information, containing an outline plan for a future funding debate. He explained that the paper set out two different versions of the plan – the differences related to when the funding model was agreed – and reported that Universities Scotland and Scotland's Colleges had very strongly indicated a preference for Version A. Plan B was created in response to a "what if" question raised by the SFC.
- 20 Nigel Paul said that it should be possible to gauge if there are major issues by the autumn of this year since the outcome of the General Election and the new Government's spending plans would be known by this time. Martin Fairbairn agreed that it should be possible to discern the direction in which the Government was heading, even if the Scottish Parliament had still to make its budget decisions.
- 21 Given the background of potentially severe cuts in public expenditure, Angus Warren said he would prefer to delay entering into discussions with institutions for as long as possible so that APUC has a proven track record of delivery from which to secure their financial commitments.
- 22 Forcing the funding debate early could risk some value adding areas which were not yet proven being cut out of the APUC solution going forward. Although this might reduce APUC's operational costs, it could cost the sector more in reduced benefits in the long run. The Board agreed with this point.

### **Corporate Governance Manual – Chapter 22: APUC/10/2010**

- 23 The Board was invited to approve the inclusion of a chapter on Health and Safety in APUC's Corporate Governance Manual and the adoption of the text set out in Annex A of APUC/10/2010. The Directors unanimously approved the draft in its current form and agreed to a suggestion from Robert Kennedy that the Chief Executive's Report at each Board meeting should include an update on health and safety matters. A suggestion from Jim Crooks that the risks associated with driving and travel should be included in APUC's Risk Register was also adopted. (**Action:** Angus Warren, Hugh Ross & Dee Denholm)

### **Associate and Affiliate Membership: APUC/11/2010**

- 24 The recommendations contained in paper APUC/11/2010 relating to the creation of two new categories of membership, viz. Associate and Affiliate, were approved. However, it was agreed that formal contracts should be drawn up, setting out entitlements and conditions. (**Action:** Angus Warren & Hugh Ross)

## **Benefits Reporting – Past Years: APUC/12/2010**

- 25 Angus Warren handed out a paper (APUC/12/2010), updating the Board on the progress that has been made in benefits reporting. As the Annex to the paper contains information on benefits relating to individual institutions which has yet to be validated by the institutions, the document is to be treated as confidential and for the Board's information only. It was suggested by Angus Warren, and it was agreed, that a report for the Board should be developed which would include mention of which institutions were using each contract, which ones weren't, and why they weren't using them. (**Action:** Angus Warren)

## **Any Other Business**

- 26 Angus Warren reported that he is currently reviewing APUC's insurance provision due to the substantial changes to APUC and its scope over recent months and will report the outcome at the next Board meeting. (**Action:** Angus Warren)
- 27 In response to a question from Douglas MacKellar, Angus informed the Board that APUC had taken part in e-auctions in the past and would use them going forward where the commodity type and supply market position identified an opportunity for doing so.

## **Date and Venue of Next Meeting**

- 28 The next Board meeting will be held at APUC's office at 14 New Mart Road, Edinburgh, on 22 July with a "Meet the Board / Meet the Staff" session possibly before it. It was suggested that the October Board meeting might take place in a more northerly college and could possibly include an "away-day" type agenda, although this would require an overnight stay. APUC to explore options (**Action:** Angus Warren / Hugh Ross)