

Minutes of APUC Board Meeting held at 10.30 a.m. on Thursday 2 July 2009 at St Leonards Hall, Pollock Halls, University of Edinburgh

Present

Pat Briggs	The Robert Gordon University
Robert Kennedy	University of Dundee
Douglas MacKellar	Independent
Stewart McKillop	South Lanarkshire College
Nigel Paul	University of Edinburgh (Chairman)
David Ross	Independent
Hugh Ross	APUC Ltd (Chief Executive)
Alan Williamson	Jewel & Esk College

In attendance

Angus Warren	Chief Executive Designate, APUC Ltd
Louise Burke	APUC Ltd
Martin Fairbairn	Scottish Funding Council

Apologies

Jim Crooks	Elmwood College
Stuart Paterson	Independent

Welcome

- 1 The Chairman welcomed the new members who were appointed to the Board at the AGM on 26 April: Stewart McKillop, Principal of South Lanarkshire College and Robert Kennedy, Director of Finance at the University of Dundee. The Chairman also welcomed Angus Warren, who will take up the position of Chief Executive of APUC on 8 July. As this was the last meeting with Hugh Ross as Chief Executive, the Chairman thanked Hugh for the contribution he had made over the past eight months, both in terms of the strategic engagement that has been achieved with institutions and key stakeholders, such as the Scottish Government and the Scottish Funding Council, and the operational advances within APUC itself. The Chairman highlighted that following a period of “set up”, “review” and “refocusing”, the newly constituted Board with Angus

as Chief Executive were now responsible for taking APUC and the sector forward in its next stages of development.

Minutes of Previous Board Meeting

- 2 The minutes of the 25 March 2009 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/13/2009

- 3 The Chairman and the three non-sectoral Directors met with John McClelland on 20 April. The Chairman advised the Board that the discussion covered strategic engagement, the increase in APUC's membership, the SME agenda and other Government agendas, funding and the capability review. Douglas MacKellar added that John McClelland noted that there has been a step change in feeling regarding APUC's strategic direction and paid tribute to the Chairman's contribution to APUC's strategic engagement and to Hugh Ross' "caretaker role". The focus now is on delivery.
- 4 David Ross asked what will be covered at the proposed strategic "away day". The Chairman replied that the Board will discuss this at a future Board meeting.
- 5 Pat Briggs queried what form the "review of APUC" will take. The Chairman advised that John McClelland will spend one or two days with Hugh Ross, Angus Warren and the Chairman to gain a high level understanding of the position within the sectors and where APUC stands in terms of its development. The meeting is expected to take place in July but no firm date has been set.

Chief Executive Report: APUC/14/2009

- 6 Board meeting agendas will now feature a Chief Executive's report followed by discussion items.
- 7 Hugh Ross covered key points from the Chief Executive's report starting with an update on membership. APUC has 51 member institutions (17 higher education institutions (HEIs) and 34 colleges), representing 82% of all institutions. Glasgow Caledonian University and Edinburgh College of Art are the final two HEIs that have not yet joined, but they are expected to do so soon. The aim over the next couple of months is to increase membership to as close to 100%

as possible. Hugh thanked the Directors for their role in encouraging institutions to sign up to APUC. Angus Warren queried whether the remaining colleges could be encouraged to become members on the back of APUC's Capital Procurement support, but it was recognised that this is not necessarily a means of encouraging sign up.

- 8 Various working groups have been established, including the Pay Policy Working Group. The aim is to put in place a transparent pay policy system. APUC has adopted a job evaluation model that is used by several institutions (Northgate Arinso) and the next stage is the pay policy model. **Action:** A progress report will be provided at the next Board meeting.
- 9 Disciplinary and grievance proceedings have been instigated more often than expected and, as a result, APUC has arranged mandatory training in Effective Line Management and Managing Disciplinary and Grievance Hearings. The policy is being amended to better accommodate the potential situation where a senior manager is involved in a grievance procedure.
- 10 APUC has received a valuation from the Universities Superannuation Scheme (USS) on potential liabilities. The figure is less than expected and is an improvement on the previous valuation. The valuation has been reported to the Pensions Working Group and to institutions who had specifically requested this information. APUC's pension's strategy has been to treat APUC staff no more or less favourably than equivalent staff in institutions and other CoEs and to contain the situation to avoid increasing liabilities. The consequences of different scenarios are being explored and the Working Group will report its conclusions to the Board in due course.
- 11 Alan Williamson questioned the position in regard to the guarantee provided to USS by the Scottish Funding Council (SFC), given that the existing guarantee expires on 31 July 2009. **Action:** Martin Fairbairn confirmed that the SFC is awaiting approval from the Scottish Government for a one-year extension to the guarantee and will press for an answer.
- 12 Hugh Ross asked for nominations from the Board to lead a short-term Communications Strategy Working Group. Louise Burke advised that the communications strategy must be updated to reflect the current position and that the emphasis would be on building relationships and investigating new media to optimise

communications channels with institutions. Pat Briggs and Alan Williamson agreed to join the group and requested that meetings either be arranged to coincide with other working group meetings or use e-mail to minimise time commitments.

13 It was noted that a new fortnightly e-bulletin for colleges was launched last week and positive feedback had been received from institutions and their representative bodies. Margaret Macleod of Universities Scotland and Pat Briggs had suggested that the approach may be useful for universities also. The pilot editions to colleges will be monitored over the coming weeks and a decision taken, in the light of the experience gained, on whether to extend the ezine's reach to universities.

14 Hugh Ross advised that good progress is being made on implementing a new records management system with a view to staff using the system from 1 August 2009. However, he cautioned that experience of similar implementations elsewhere suggested that it may well take several months before the system was fully implemented to cover all aspects of APUC's operations.

15 The Chairman has written to those institutions that have not yet committed to phase one or phase two ePS implementations within the timeframe of September 2010 (when the Government-funded ePS implementation team is scheduled to be wound up) to encourage them to make use of the resources while they are still available. However, the ePS team has reported that it is unlikely that all implementations will be fully completed within the timeframe.
Action: A number of different options are currently being considered and the Board's view will be sought before a final decision is taken.

16 Robert Kennedy queried whether ePS implementations should be mandatory for institutions, the historical perception being that this was the case. Douglas MacKellar noted that APUC can't be seen to mandate ePS implementations. The Chairman acknowledged that it is up to institutions to make the decision of whether to take advantage of APUC-supported implementations. However, he went on to say that it is the Scottish Government's preferred system for use across the public sector and by publicly funded organisations. Therefore, future developments in this area will be based upon ePS and institutions not adopting ePS may miss out on future improvements and end up with alternative systems that become increasingly expensive to maintain and are used by only a small number of

institutions. As ePS gains wider acceptance, institutions not adopting the system may come under increasing pressure to justify their decisions.

- 17 The Board was advised that Lynn Peterson, APUC's Head of eProcurement, will end her secondment to the company on 10 July to return to the Scottish Government. The Scottish Government has secured a perpetual PECOS license and Lynn will lead the re-tender process for ePS support. She will be working closely with the European Commission in Brussels, as there is European interest in adopting the ePS system.
- 18 The Chairman asked the sectoral Directors on the Board to reinforce the message that institutions choosing not to implement ePS should advise APUC of their reasons and thereafter APUC will not pursue commitment to implement it.
- 19 Hugh Ross noted that, for some time, the Board has been looking for information on the take-up of collaborative contracts. He reported that this information was now included at Annex D of Paper APUC/14/2009 and would be included in the Chief Executive's Report to future Board meetings. It was agreed that where there is a low level of take-up, it is important to understand why. The Board considered feedback on this point to be an essential feature of contract management and expected to see it incorporated in future reports.
- 20 The Contracting Priorities Workshop that was scheduled for June 2009 had to be delayed to September, due to a lack of data from institutions. The Board questioned what level of information is necessary before the planning session goes ahead. There was a general consensus that perfect data will never be available and that the priority must be to define and implement a clear contracting programme as soon as possible. However, Hugh noted that the decision to delay the workshop had been taken by the Procurement Advisory Group, rather than by APUC in isolation, and that the lack of information on institutions' contracts was of a level to make it impossible to make an informed decision on contracting priorities.
Action: Angus Warren will talk to colleagues in institutions and at APUC and will investigate what contracts are available to define the priority areas. Pat Briggs asked Angus to inform the Board of ways in which the Directors can support this.

- 21 Hugh Ross advised that the Sector Procurement Manual was launched online at the end of May and was followed by a series of awareness-raising events in June. The Manual has been well-received and has been adopted by several institutions in its entirety. More than ever, there is now no excuse for not complying with procurement regulations.
- 22 The Capital Procurement Projects team has delivered savings in excess of the targets and there is considerable scope for further savings to be achieved. Institutions with capital monies to spend should be encouraged to take advantage of APUC's Capital Procurement capabilities. The Chairman asked for views on this. Alan Williamson suggested that the SFC adds a condition in the offers of grants it makes to institutions to consider APUC first. **Action:** Martin Fairbairn to investigate. Pat Briggs suggested that Angus Warren talks with the Capital team at the SFC to gain their perspective and advice. **Action:** Angus / Pat to arrange meeting.
- 23 Hugh Ross reported that the Scottish Government has placed a high priority on the early implementation of a procurement capability assessment methodology that could be applied to all public and publicly-funded organisations in Scotland on an annual basis. The programme of work is to be led sectorally by the Centres of Expertise and the initial programme must be completed by December 2009. As the process is resource-intensive, it is unrealistic to complete assessments with all 62 institutions by this deadline. APUC and CGCoPE, therefore, have been given a concession by the Scottish Government to undertake assessments covering 80% of spend within each sector. This concession applies to the initial programme only and means that APUC will conduct assessments with 33 institutions by December. The remaining institutions will be assessed during the following months with a view to all institutions being assessed by the end of Spring 2010, although assessments carried out in the early part of 2010 will obviously not be included in the report to the Public Procurement Reform Board in January 2010. It was envisaged that the report would contain an aggregate score for the sectors and individual institutional scores would not be published.
- 24 Hugh Ross informed the Board that three pilot capability assessments had been completed with Edinburgh Napier University, the University of St Andrews and the University of Glasgow. A further assessment with a small or medium sized college needed to be arranged to give insight into how the assessment applied to a

different kind of institution. Stewart McKillop volunteered South Lanarkshire College to undertake the fourth pilot. Stewart's offer was accepted.

- 25 The Chairman has written to Universities Scotland and Scotland's Colleges to inform them about the capability assessments and elicit their views on communication to institutions. Pat Briggs suggested that those communications could include positive endorsements from the pilot institutions to reinforce the benefits of the assessments. The Chairman asked the Board to help make Principals and Governing Bodies aware of the capability assessments. Pat Briggs noted that an appropriate sign-off loop is required within institutions to ensure relevant senior managers are aware of the assessments. It is important that interaction is not only at the APUC/institutional practitioner level.

Financial Management Report: APUC 15/2009

- 26 The consensus on the Financial Management Report was that the text was too detailed and in some parts confusing. It was agreed that it would be preferable for the text to concentrate on highlighting – and where appropriate, explaining - the key points that Directors needed to be aware of from the financial results and forecasts. **Action:** Future Financial Reports will take account of this view.
- 27 Hugh Ross reported that the £2.1 million secured from the Scottish Funding Council when added to the £700k already secured from the Efficient Government Fund was £700k less than APUC requested to deliver the agreed action plan included in the response to the Strategic Dialogue Report and £200k below the current “steady state”. Moreover, in addition to continuing with existing priorities, APUC was also tasked with completing the capability assessments from within existing resources and one additional staff member was needed to develop and deliver essential training for institutions.
- 28 Funding for a fixed-term training post had, therefore, been included in the budget for next year but in order to achieve this, savings had had to be found from other parts of APUC's budget.
- 29 Whilst not opposing the inclusion of an additional temporary post, the Board emphasised the need to use existing institutional support wherever possible in this area. Hugh Ross stated that it was APUC's intention to do so and added that he was also aware that Scotland

Excel already had a comprehensive number of training modules in place that APUC could take advantage of. Angus Warren stated that he is keen to explore what is already available before committing to long-term resource commitment.

- 30 David Ross stated that Relationship Management remains a clear priority for APUC, as highlighted within the Strategic Dialogue Report and Response. Hugh Ross added that it had been a considerable disappointment to him that funding for this important area had not been achieved.
- 31 **Action:** Alan Williamson requested to see an income line and a balance sheet within future Financial Management Reports.
- 32 The financial results and forecasts for the current financial year were noted and the proposed budget for 2009-10 approved by the Board as a way forward, subject to some modifications by Angus Warren after he joins APUC on 8 July.

Revised Operational Plan: APUC/16/2009

- 33 The Operational Plan which the Board approved on 25 March had been revised in light of the unsuccessful bid to the Scottish Funding Council for additional funding to deliver the full scope of the actions set out in the Response to the Strategic Dialogue Action Plan within the desired timescales. The new plan identified activities that could be delivered from the resources that had been made available and those which could not either be delivered at all or that could be delivered only over an extended timeframe or at the expense of some other objective. It was recognised that certain activities are not optional, while others are “desirable” and therefore subject to delay, rather than removal from the plan.
- 34 In response to a request from APUC’s executive for guidance on the priorities to be given to particular activities, the Chairman said that the key priority overall is the delivery of effective contracts and reporting the benefits arising from them by institution. Other key priorities included: Procurement Advisory Group steering processes; stakeholder engagement; and management information / Best Practice Indicator reporting.
- 35 The Board endorsed the revised Operational Plan and found the document useful in highlighting what must now be delivered. The

plan will continue to evolve with Angus Warren's input and be reviewed on a continuous basis to ensure that it reflects the operational focus.

Benefits Reporting Update: APUC/17/2009

- 36 As previously agreed, this report will be a regular feature of Board meetings.
- 37 As a priority, APUC is providing support to institutions to upload quarterly spend data on to the Scottish Procurement Information Hub.
- 38 A group of representatives from seven institutions, chaired by Shaun McAllister of the University of Strathclyde, has been set up to establish benefits tracking methodology and reporting.
- 39 Hugh Ross outlined that there is a challenge in trying to agree benefits tracking methodology and reporting. Many institutions use the Efficiency Measurement Model (EMM), while Procurement Scotland is seeking to establish a pan-Scotland model that may, or may not, be based on EMM. The Chairman suggested that either the aim should be to encourage adoption of EMM across the board or gain concession on use of the pan-Scotland model for the further and higher education sectors. Angus Warren issued a note of caution: the EMM reports efficiency savings, not cash, so institutions will not see the savings on the bottom line. Ultimately, the Chair summarised, it is important to get quickly to a point where the institutions can see what is being delivered.

Records Management Policy and Strategy: APUC/18/2009

- 40 Hugh Ross informed the Board that there is a formal requirement for APUC to have a records management policy and strategy in place. The Board approved the Policy and Strategy set out in Annexes A and B to Paper APUC/18/2009 and agreed to their inclusion in APUC's Corporate Governance Manual.

Any Other Business

- 41 Robert Kennedy stated that although APUC has a revised Operational Plan, there is a need to create a revised Business Case. Hugh Ross acknowledged that some key documents need to be

revised in light of recent changes and APUC is working on that. Angus Warren added that the original Business Case is not a reflection of reality and APUC could forever be judged against unrealistic and unachievable targets. Nigel Paul said that this issue had been discussed with SUHoP and APUC's key stakeholders and there was general agreement that it was much more important to look forward rather than back. APUC existed and, if it was to be sustainable, institutions needed to be convinced that any subscription fees they were asked to pay represented good value for money. This could only be achieved once a successful track record was in place and agreed savings and benefits demonstrated. A business plan would be developed over the next few months and submitted to the Board at its next meeting for approval.

- 42 Following discussion on subscription models, it was agreed that these would not be considered at this stage. Consideration was deferred until APUC can more accurately quantify and demonstrate benefits from subscription.
- 43 Nigel Paul asked when the report from Audit Scotland is due. Hugh Ross replied that it was expected initially in May but that it will likely be during July, although no firm date had been set.

Date of Next Meeting

- 44 Prospective dates will be circulated to the Board for the meetings over the next year. The next meeting will be held at APUC's offices in Edinburgh. The meeting agenda will include the topic of where and when future Board meetings will be held. The Board will discuss what key messages should be considered for meetings with institutions, which will be arranged to coincide with future Board meetings.