

Minutes of APUC Board Meeting held at 11.30 a.m. on Thursday 22 July 2010 at 14 New Mart Road, Edinburgh, EH14 1RL

Present

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

In attendance

Elizabeth McFarlane	APUC Ltd (for Agenda Item 5 only)
Hugh Ross	APUC Ltd

Welcome and Apologies

- 1 Apologies were received from Jim Crooks.
- 2 The meeting was preceded by a meeting with APUC staff at which issues relating to APUC's activities and performance were discussed with the Board.

Minutes of Previous Board Meeting

- 3 The minutes of the 19 April 2010 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/13/2010

- 4 The position on all matters arising from the last meeting was as set out in Paper APUC/13/2010.

Summary Report: APUC/14/2010

- 5 Angus Warren (AW) introduced paper APUC/14/2010 and reported that what had formerly been the "Chief Executive's Report" had been retitled "Summary Report", a title that would be retained for future Board meetings. In line with the agreement reached at the previous Board meeting, the format and content of the Report had been simplified. As a result, the number of Annexes had been reduced and the report now contained updates on health and safety matters and details of which institutions are using APUC's contracts, which aren't, and why they are not. He said that these would all be features of future reports and explained that the

information on contract uptake was very much a “work in progress” and the amount of detail would be improved upon in future reports to the Board.

- 6 The Board was informed that the number of collaborative agreements available to sectors with Buyers Guides in place was now 97 and the number of institutions that have gone live with Pecos since 2007 now stood at 42, instead of the 93 and 41 shown in the summary on paper APUC/14/2010. APUC’s conditions of grant required 45 institutions to be live with Pecos by the end of September and AW was confident that this target would be reached, and possibly exceeded. APUC was currently supporting two institutions (St Andrew’s University and Forth Valley College) who are not Pecos users with catalogues etc. If the results of this pilot exercise are encouraging, a similar service could possibly be extended to other institutions in the same position.
- 7 The Board welcomed the new layout of the report and suggested that it would be helpful if a pie chart could be included in future, showing the proportion of total potential expenditure that APUC’s contracts accounted for. In addition, it was agreed that a summarised version of the contract uptake chart, showing the number of institutions which were/were not using APUC contracts and the reasons for non-usage should be included in future in place of the more detailed information set out in Annex D of the current Board paper. (**Action:** AW)
- 8 It was further agreed that future reports should provide an indication of the benefits that institutions were likely to derive from APUC’s activities both in the current and future years. It was noted that it may be valuable to have the ability to break this information down between the college and university sectors so that it could be included in submissions the sectors may need to make to the Scottish Government. (**Action:** AW)
- 9 AW confirmed the position on pensions was as set out in paragraphs 4 and 5 of APUC/14/2010. Robert Kennedy (RK) reported that he had spoken to a selected group of universities to find out if they would be willing to provide a pensions guarantee, as this might be an easier approach than getting more than 60 institutions to underwrite any potential pensions’ liability. It was considered challenging to get university courts to agree to such a proposition against a background of cuts in public expenditure but Rob would keep the Board updated with progress. It was discussed that an alternative long-term approach would be for APUC to build up reserves to cover such costs, although this would inevitably take time. It was, therefore, hoped that the Scottish Government would soon be able to grant approval to enable the Scottish Funding Council (SFC) to provide a guarantee for the Financial Year 2010-11. (*Approval was subsequently given and a guarantee issued by the SFC on 27 July 2010.*)
- 10 The move from APUC’s existing premises in New Mart Road to the Heriot Watt Research Park is now planned towards the end of October, due to the landlord having to get building warrants from Edinburgh Council. The lease, which will run for five years, contains an option to sub-lease.

- 11 AW reported that he planned to increase the Limit of Liability for APUC's Commercial Legal Expenses insurance from £100k to £250k w.e.f. 1 August 2010. He considered the remainder of APUC's existing insurance cover to be adequate for APUC's needs.
- 12 The position in regard to APUC's records management, customer relationship management, finance management, eProcurement, capability assessment and Best Practice Indicators and the validation of benefits was as set out in paper APUC/14/2010.
- 13 The Board was advised that paragraph 17 of the paper (relating to Operational Procurement) should be deleted, as the statement in this paragraph was prepared in advance and has not occurred as yet for the reasons stated in AW's email to the Board of 8 July 2010.
- 14 In regard to the requirement for institutions to put information onto the Procurement Hub, the Scottish Government had agreed to changes that had been proposed by APUC viz. information from around half of institutions who account for the vast majority of procurement expenditure would in future be provided on an annual basis, instead of quarterly; and the remainder of institutions, i.e. those with a relatively small expenditure, would no longer have to provide any information at all to the Hub, although some aspects of the data will still have to be gathered more informally by APUC to meet the Government's objectives.

Financial Management Report: APUC/15/2010

- 15 Elizabeth McFarlane (EM) mentioned that information on the original budget and working capital was now included in the Financial Management Report (paper APUC/15/2010) and would be a permanent feature in future reports. She highlighted the key facts from the Report and advised the Board that the report did not include any UCSS expenditure. She explained that the inclusion of such expenditure would have confused matters by making it impossible to make any meaningful comparison with previous reports. Her offer to produce consolidated accounts for future Financial Years and Board meetings was accepted, as was a suggestion that an additional line should be included to show deferred income separately (**Action:** EM).
- 16 AW reported that APUC would seek agreement at the Assurance meeting with the SFC and Scottish Government on 26 July to carry forward some funds from this year's accounts into next year to enable more ePS implementations to be carried out, to create a fund for service developments and to create a reserve which could be used for an orderly closure of APUC should it be wound up at some point in the future. *(Approval was subsequently granted at the Assurance meeting and confirmation included in the letter the SFC sent to APUC on 27 July 2010.)* It was agreed that APUC's auditors should be consulted with a view to understanding the tax implications of this and to ensure compliant treatment of it. (**Action:** EM)

Future Funding Update

- 17 AW provided the Board with an update on the future funding position at the previous Board meeting on 19 April. Since then he had received feedback from Principals (the majority of which he has seen recently being in the college sector) - that "top-slicing" was their preferred method of funding APUC. This approach offered potential savings of £400k that might have to be paid in VAT if a subscription model was adopted instead. SM agreed that the majority of colleges were less keen to support a subscription model.
- 18 In view of this, it was important that the grant offer letter which the SFC was about to issue to APUC did not refer to a subscription model as the only way in which APUC was to be funded in future.
- 19 Future funding would be discussed at the Assurance meeting with the SFC on 26 July. However, it would appear from informal discussions with the SFC that the Council would be prepared to consider a "top-slicing" approach if it was clear that it was being requested by the sectors and there was clarity on responsibility for setting the funding level and how APUC's funding should be apportioned between sectors.
- 20 The Board felt that it was important for this issue to be resolved quickly and supported the proposal that the Chairman and Chief Executive progress it with the executive team of Universities Scotland and the Board of Scotland's Colleges. The first step would be to get agreement in principle to the approach to be adopted. APUC's Operational Business Plan (which AW, RK and Alan Williamson had discussed at a meeting earlier that day) would form an attachment to the funding case and be presented for discussion at the next Board meeting. (**Action:** AW)

Risk Register: APUC/16/2010

- 21 The Board was concerned that important risks, such as the relationships with the Scottish Government and other key stakeholders, had not been included in the "Register of Strategic Risks" because they had not achieved a sufficiently high score, due to the probability of them happening being less than that of some of the less important risks. It was, therefore, decided that all risks which were strategic, and operational risks which the Board should be aware of, should be included in the Register, irrespective of their score. Consequently, it was agreed that a revised version of the Register should be produced for the next Board meeting (**Action:** AW & HR)
- 22 It was further agreed that i) the "Register of Strategic Risks" should be updated by officials prior to its being presented to the Board at every other Board meeting and ii) the "Corporate Risk Register" should be considered by the Board on an annual basis following consideration by the Audit Committee and APUC's auditors of the risk management process. (**Action:** AW & HR)

Any Other Business

- 23 There was no other business.

Date and Venue of Next Meeting

- 24 It was agreed that the next Board meeting would be held at a northern college on 18/19th October. The practicalities of a “Meet the Board” session before it would be explored. An “away-day” type agenda will be prepared with a presentation on the new structure of APUC being presented in detail to the Board, possibly at a session at 5-6pm on Monday the 18th before dinner, as an overnight stay will be involved. AW was asked to contact Sabhal Mor Ostaig College to see if it was willing to host the meeting. (**Action:** AW)
- 25 Moreover, as the October Board meeting will require to approve the financial Statements for the Year ending 31 July 2010, a teleconferencing link will be established to enable the auditor and APUC’s Finance Manager to answer any questions and discuss any matters arising from the audit. (**Action:** Mike Caithness & EM)
- 26 It was agreed that suggested dates for Board meetings for the year ahead would be circulated to Directors with a view to firming up dates as soon as possible. (**Action:** HR)