

Minute of APUC Board Meeting held at 14:15 on Monday 14 November 2022 at Old College, University of Edinburgh.

Present (in person or via Teams)

Jim McGeorge (Chair)	University of Dundee
Lee Hamill (LH)	University of Edinburgh
Pete Smith (PS)	Borders College
Phil McNaul (PM)	Independent
Gemma Lines (GL)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)
Janet Thomson (JT)	Glasgow Clyde College
Margaret Cook (MC)	Perth College UHI
Veronica Strachan (VS)	Robert Gordon University

Apologies

Harpreet Paul	Independent
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Also, in attendance

Michael Caithness (Sec)	APUC Ltd
Dawn Mitchell (DM)	APUC Ltd
Andy Anderson (AA)	APUC Ltd
Malcolm Beveridge (MB)	Cheine + Tait (Auditors)

Welcome

1. The Chair thanked everyone for attending and thanked LH for hosting the meeting at the University of Edinburgh. He noted that Dawn Mitchell and Malcolm Beveridge were joining to present the Audit and Finance papers.
2. Chair confirmed to the Board that Harpreet Paul was officially appointed as a non-sector director from 1 November 2022 and her first meeting will likely be February 2023.
3. Chair noted that the Matters Arising agenda item would be moved to follow the Minute of the Last Meeting item.

Minute of the Audit Committee Meeting held on 19 October 2022 (APUC/16/2022)

4. PM, as chair of the Audit Committee, reported that the audit had led to an unqualified opinion. On behalf of the committee, he recommended that the accounts be approved and signed by the Chair and AW.

Audited Financial Statements 2021/22 (APUC/17/2022)

5. MB gave a brief overview of the Audit Summary Report noting that the style had changed but the content was the same as previous reports. He noted that there were no issues identified and thanked DM and Jeanette Reid for their help in supporting the audit process.

6. He added that:
- Based upon financial budgets and forecasts the auditors are satisfied that the going concern basis of accounting is suitable for at least 12 months from the date of signing the financial statements
 - The income recorded in the financial statements is not misstated.
 - The disclosure note in the financial statements on related party transactions is complete.
 - Payroll costs are not misstated within the financial statements.
 - Management is not aware of any instances of fraud occurring either during the financial year or since the year-end. It also remains satisfied that the procedures currently in place are appropriate to mitigate the risk of fraud.
7. The result was therefore a clean audit resulting in an unqualified opinion from the auditors.
8. PM suggested a wording change in the Audit Committee minute on page 3, with 'real result' changed to 'underlying result'. This was duly changed post meeting.
9. DM gave a brief summary of highlights from the annual accounts invited any questions:
- There was a deficit of approximately £100k, however, when adjusted for the USS pension provision movement, there was an underlying surplus of c.£171k.
 - £582k of income deferred, to spend on a variety of ongoing and upcoming projects
 - Balance sheet is healthy, with underlying reserves of £528k.
10. There being no questions, the Board were happy to approve the financial statements and the letter of representation.
11. Chair thanked MB and DM for the clean audit and the directors' report and financial statements were duly signed by Chair, AW and MB. The letters of representation had been previously signed by Chair and AW.
12. At this point MB left the meeting.

Risk Register (APUC/18/2022)

13. AW presented the Risk Register noting that the following changes had been made in response to previous Audit Committee recommendations:
- Several risks that had previously been included as "ongoing" have been closed as they have been integrated into 'business as usual' activities. They are included for reference purposes in the 'Closed Risks' tab.
 - The 'Target Completion Date' column has been deleted with any relevant data incorporated into the 'Action Status / Review Date' column.
 - The Register has been reviewed in light of the new Company Strategy. Reference to relevant aspects of the new strategy have been included in a new column.
 - Staff recruitment continues to be a challenging issue, the way that we employ people and where we employ them could have a significant impact moving forward, with it being both a risk and a significant opportunity depending on how well we develop our approach in this area.

- Risk C7 – A company-wide workshop took place in August 2022 to review post-COVID working practices etc. and the decision was taken to continue February 2022 hybrid ways of working until early 2023 and review again then. Outcomes to be reviewed by end February 2023.
 - Risk C8 added to cover risks around the financial position of the USS pension fund.
 - Risk E4 probability raised to cover reliance on defined resources on the web-enabled Hunter application.
14. VS noted that critically score for Risk E7 in the summary worksheet was 0 but should be 7 based on the source data – there appears to be a formula error. **(ACTION: Sec)**
15. VS also asked re cyber-attacks and the scoring approach. AW suggested that eSolutions could present or provide a paper on cyber risk and mitigations at a future board meeting and this was agreed. AW added that APUC's Cyber Essentials Accreditation was up to date (last done May 2023).

Financial Management Report (APUC/19/2022)

16. DM gave a summary of highlights from the paper as follows:
- Actual income is lower than budget to the end of September, by c.£15k, mainly due to a decrease in shared service secondment income.
 - Actual expenditure to September is also down compared to budget, by c.£58k, as the related salaries from secondments fall alongside income.
 - Forecasted outturn by the year end is a surplus of £3k.
 - Forecasting a healthy balance sheet, with adequate cash and reserves at the year-end.
17. The Board noted the content of the update and thanked DM for the report. At this point DM left the meeting.

Minute of Previous Board Meeting

18. The minute of the 18 August 2022 Board meeting was approved as an accurate record of the meeting.

Matters Arising: APUC/20/2022

19. All Matters Arising from the previous Board meeting had been actioned or scheduled as outlined in paper APUC/20/2022.

Workstream Update – Estates (incl. Energy)

20. AA introduced himself and gave a PowerPoint presentation on his Estates activities as follows inviting questions as appropriate:
- Slide 1 - Category tree showing the commodities and service areas the Estates and Facilities Category cover including Buildings, FM Services, Catering, Utilities, Janitorial, Transportation and Furniture, Furnishings and Textiles. The slide also shows non-pay spend values and collaborative spend for each commodity.

GL asked how social value aspects are considered, and AA advised that tender questions cover this and that even on large contracts, small enterprises can take part as suppliers through larger companies.

GL asked if a supplier can be barred, and AW advised that that is not legal to do so unless they committed 'grave misconduct', but suppliers can have improvements encouraged to resolve issues through the contract management process.

- Slide 2 – Current contract position (93 in place, 76 managed by Estates, 12 in progress and 29 scheduled). The slide also shows the Estates team personnel.
- Slide 3 – Partnering consortia in Scotland and other UK.
- Slide 4 – Framework Agreement call-off methods.
- Slide 5 – Benefits / features of collaborative framework agreements.
- Slide 6 – Key factors affecting Estates work such as COVID, Brexit and the Ukraine situation.
- Slide 7 – Added value and sustainability benefits.

PS noted the approach to encourage sustainability, not just cost, was very welcome.

AA advised that bureaucracy could cause problems, but the team were skilled in streamlining processes wherever possible.

PM asked if any of our suppliers were failing due to the current economic pressures, AA advised that this was not the case so far, but that the recession may have an effect going forward.

- Slide 8 – Contract management – Responsible procurement action plan.
- Slide 9 – Focus on Sustainability.
- Slide 10 – Circular procurement.
- Slide 11 – Supply, delivery and installation of furniture.
- Slide 12 - Supply, delivery and fitting of floor coverings.
- Slide 13 – Other opportunities.
- Slide 14 – The journey to net zero.
- Slide 15 – Other activities, groups and sector representation.
- Slide 16 – National energy frameworks – How they work.

LH asked if there were any benefits from the government support scheme for energy costs and AA advised that the scheme was not applicable to us, and no help was foreseen as government spending is being cut back.

GL asked if energy was the biggest challenge and AW confirmed that it was the main financial concern at the moment.

JT asked if there was a 'renewables' plan and AA advised that he is looking at PPAs (Power Purchase Agreements) for renewable energy.

- Slide 17 – Where we were – Nov 2020.
- Slide 18 – Where we are now – Nov 2022.
- Slide 19 – Where next – Gas and Electricity price forecasts.
- Slide 20 – Security of supplies.

21. (Chair left the meeting at 15.45 due to a prior engagement and AW took over the chair for the remainder of the meeting.)

22. AW thanked AA for his presentation and AA left the meeting at this point.

APUC Annual Procurement Report (APUC/21/2022)

23. AW introduced the annual report for approval by the Board and highlighted the following:

- UK Government Procurement Agreement regulated procurements thresholds include VAT, EU and Scottish thresholds are excluding VAT.
- Objectives of the procurement strategy are aligned with the APUC company strategy.
- The next wave of PCIP assessments will start in October / November 2023.
- Prompt payments legislation varies in its relevance across the sector. For universities, APUC and non-incorporated colleges it is “strong guidance”, while for incorporated colleges, compliance is required in law.

24. PM asked how efficient and effective APUC is compared to the CoEs in other sectors. AW advised that under virtually all metrics APUC operates very leanly but still delivers cross-sector leading results. AW advised he would endeavour to gather updated formal data although there were sensitivities in doing this so some data aspects may be difficult to obtain. **(ACTION: AW)**

25. PM noted that it was a good report, and the Board gave its approval for its publication to the Scottish Ministers and on the APUC website. **(ACTION: Sec)**

rUK Responsible Procurement Service

26. AW informed the Board that APUC has very good responsible procurement (RP) resources and that it has been agreed that we will support other consortia on a chargeable basis. To facilitate this, the RP team will be expanded.

Potential New Shared Services Update

27. AW advised that a workshop was held in September to discuss sharing climate action resources and that a second (a go / no-go meeting) meeting will be held on 5 December to obtain a full understanding of the level of commitment / viability of the service. The service would be an HMRC Cost Sharing Group compliant service, and VAT will not be charged.

Summary Report: APUC/22/2022

28. AW highlighted some aspects of the summary report as follows:

- The special arrangement with HP to establish a dedicated stock for the Scottish University and College sector of several thousand laptops has been very well received by the Procurement and ICT communities in the sector with a significant volume of laptops having been obtained via this route. Demand has dropped off considerably in recent months, as general lead-times have been reduced and as some institutions have built up stocks on campus. This facility will therefore be brought to a close for the time being. A few hundred laptops however remain in stock for immediate call-off.
- The next COUP event, to be hosted by LUPC, will be held in Exeter in 2023 and it has been suggested that APUC (whose turn it is to run the next one) could run the one after that in 2024, rather than 2025 (they were previously scheduled every two years) – this will be explored. The surplus from this event, as was the case of the 2011 event, could be used to

boost the HPDF funds for supporting the advancement of the professional development of the HE/FE procurement community.

- Staff recruitment is a challenge at the moment due mainly to Brexit and the demands for expansion of the Institutional Procurement Services workstream. More remote workers are being considered as well as 'digital nomad' roles. APUC currently has a number of vacancies to be filled.
- The new web version of Hunter is now available and implementation work is commencing with five institutions who are volunteering as pathfinders. This new web version brings together Hunter, Contract Uptake, SCM and Spend analysis functionality into a single solution.
- Scope 3 data is now being published to institutions via the Customer Portal.
- The training plan for next year has been published.
- The HE/FE Procurement Leaders Development Programme (PLDP) Steering Group met in October, having received very positive feedback from the first cohort. Discussions have taken place on how best to embed the learning and keep the peer-group active. The next cohort will be selected to commence in Q4/2023.

Any Other Business

29. There being no further business, AW closed the meeting at 16:20.

Date of Next Meeting

30. The next Board meeting will be held on Thursday 16 February 2023 online via MS Teams.

A handwritten signature in blue ink, appearing to be 'D. M. E. J.', is located below the text of item 30.