

Minute of APUC Board Meeting held at 11:00 on Thursday 16 November 2023 at University of Dundee.

Present (in person or via Teams)

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

Apologies

Apologies received from Jeremy Chittleburgh (CT). Ross Hamilton represented CT via Teams.

Also, in attendance

Michael Caithness (Sec)	APUC Ltd
Dawn Mitchell (DM)	APUC Ltd – up to agenda item 5
Ross Hamilton (RH)	CT (Auditors) – via Teams and up to agenda item 5

Welcome

1. The Chair thanked everyone for attending and welcomed TE to her first Board meeting. He noted that DM and RH were joining to present the Audit and Finance papers.

Minute of the Audit Committee Meeting held on 20 October 2023 (APUC/16/2023)

2. PM, as chair of the Audit Committee, reported that the audit was straightforward and 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.
3. PS noted that CO² in paragraph 5 should be CO₂. (**Action: Sec**)
4. The minute was approved by the Board subject to the change above.

Audited Financial Statements 2022/23 (APUC/17/2023)

5. DM gave a summary of the key points in the financial statements as follows:
 - The accounts for the year to 31 July 2023 result in a surplus of approximately £104k before tax, however, when we strip out the USS pension provision, the result is a surplus of c£17k. This is attributable mainly to interest received. Other than this interest, we were close to a break-even position, as expected from the management accounts throughout the year.
 - Our income has fallen because last year we received a one-off Scottish Government grant for CO₂ monitors. Allowing for this, all our income streams have risen.

- Most notably, income from shared services has increased, as we continue to grow. Alongside this, the related staff salaries have risen significantly, as our staff numbers and salary levels increased during the year.
 - Conference and course fees and recruitment are down, as the Emerging Leaders Programme and Graduate Trainee Assessment Centres ran in 2022 but not this year.
 - Travel costs are rising as more in-person events / meetings are occurring.
 - Debtors have substantially increased (by £212k) to £376k. This is due to invoicing later in the financial year. £210k of the debtor balance is for supplier rebates for which we have a related creditor, as we collect and redistribute rebates on behalf of institutions.
 - Creditors have risen, again, mainly due to rebates but also as PAYE and holiday pay accruals are increasing, as our staff numbers and salaries have risen. However, this is offset in part by a fall in deferred income carried forward, as we released some of this during 2022/23 to cover costs.
 - Overall, our balance sheet is healthy with underlying reserves of £629k (which equates to approximately a £1m reserve if we exclude the pension provision).
6. PS suggested that TE should be added to the list of directors as she joined before the signing of the accounts and this was approved. **(ACTION: DM)**
 7. RH gave a brief overview of the Audit Summary Report. He noted that there were no issues identified and thanked DM and Jeanette Reid for their help in supporting the audit process.
 8. 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.
 - Management was not aware of any instances of fraud occurring either during the financial year or since the year-end and also remain satisfied that the procedures currently in place are appropriate to mitigate the risk of fraud.
 - Payroll costs are not misstated within the financial statements.
 - There were no issues brought to attention in the prior year.
 - RH recommended that all Directors are required to complete an annual declaration of interest form and that the contents be collated into a register of interests (this is already policy and is in hand)
 9. The result was therefore a clean audit resulting in an unqualified opinion from the auditors.
 10. The Board approved the financial statements and the Chair thanked DM and team and the auditors for a successful audit.

Risk Register (APUC/18/2023)

11. AW presented the Risk Register noting the following points:
 - No major changes since the last version reviewed by the Board.

- Two dates had been corrected.
 - Cyber Essentials Accreditation was completed in June and APUC, like sector colleagues, is looking at alternative security assessment options for the future.
 - OP11 – The Responsible Procurement model is to be updated moving into 2024 and it is planned to offer in-person workshops each year to maintain the focus and maximise support to members.
12. GL asked if there should be a risk relating to strategic succession planning. The Board agreed this should be added. **(ACTION: AW)**

Financial Management Report (APUC/19/2023)

13. DM gave a summary of highlights from the paper as follows:

Annex A

- Shows us that our actual income is lower than budget to the end of September, by c£50k, as less deferred income was released to cover costs at the beginning of this financial year.
- Actual expenditure to September is also down compared to budget, by c£42k, mainly as seconded salaries have fallen. There are also reduced costs for office expenses (c£8k) and travel (£6k), but these are attributable to timing differences during the year.
- The forecasted outturn by the year end is a surplus of £3k, with not a lot of movement from budget expected at this stage, so early into the new financial year.
- The main variances are:
 - a reduction in deferred income release requirements (£25k)
 - and a decrease in salaries of £34k, as seconded salaries placements are reallocated.

Annex C

- We are forecasting a healthy balance sheet, with adequate cash and reserves at the year-end. Debtors are expected to reduce due to the timing of invoicing cycles (last year heavy billing near the year-end). Creditors are also expected to reduce as we carry out projects throughout this year, for which we have previously deferred funding.
14. The Chair asked if there was any capacity to absorb unforeseen shocks in year, and AW advised that such variances would need to be met from reserves, but that they would be able to cover this eventuality as they were now materially beyond minimum levels.
15. LM added that improved interest from cash in the bank would also help.
16. Chair noted the content of the update and thanked DM for the report. At this point DM and RH left the meeting.

Minute of Previous Board Meeting

17. The minute of the 17 August 2023 Board meeting was approved as an accurate record of the meeting and for uploading to the website. **(ACTION: Sec)**

Matters Arising: APUC/20/2023

18. All Matters Arising from the previous Board meeting had been actioned or scheduled as outlined in paper APUC/20/2023.

APUC Annual Procurement Report (APUC/21/2023)

19. AW introduced the annual report for approval by the Board and noted that it is mandatory and has a prescribed format.
20. LH asked if there were any changes in format from the previous year and AW advised that there were no material changes, the only changes being adjustments to cover the relevant aspects of the new cross sector national strategy.
21. The Board gave its approval for its publication to the Scottish Ministers and on the APUC website. **(ACTION: Sec)**

2024 – 2026 Funding

22. AW advised that the Funding Consultation Group will be asked to approve a two-year budget, but SFC are only processing applications covering one year at this stage.
23. AW added that the proposed funding is aligned to the new corporate strategy.
24. AW advised that the pay award assumptions for 2024 is the same as for 2023. The Board felt this was an appropriate approach.

Scottish Government Supplier Rebates

25. AW advised that the recent PPG meeting did not discuss rebates as the meeting ran out of time. It will be revisited at the end of November.
26. SG have advised that they wish to raise £5m/year from suppliers' rebates.
27. PM asked if SG does any capability assessments of its procurement resources and AW advised that he was not aware of any being conducted.

Summary Report: APUC/22/2023

28. AW highlighted some aspects of the summary report as follows:
 - **Responsible Supply Chain deep-dive assessment programme** exceeding objective with over 200 deep-dive reports now received from EcoVadis.
 - **PCIP** data is starting to come through with improved scores being achieved to date.
 - The **Procurement Development Workshop** will be held at Abertay University on the 23 November 2023 with PSG meetings being held the day before.
 - The next **COUP**, to be run in September 2025, is due to be hosted by APUC in Scotland. Discussions are under way with three institutions that have expressed an interest in hosting the event.
 - The newly established PSG sub-group, the **Member Services Development Forum (MSDF)**, has now met twice. The first meeting identified some areas for early focus in developing the client experience for members, with the second to discuss moving these areas forward after the proposals were explored.
 - There have been no reportable **Health and Safety** accidents or incidents in the last quarter and the Lost Time Injury Frequency Rate (LTIFR) remains at 0.

- APUC has been working with the UK consortia via the Joint Contracting Group (JCG) to develop and build their **forward contracting plans** for the next 5-8 years to meet upcoming requirements of the rUK Procurement Bill utilising Hunter data. The purpose of this work is to help identify and manage future UK wide collaborative opportunities.
- APUC has standard **terms and conditions** in place for the sector to use. More recently, there has been a need for more specific terms and conditions for certain areas, one being software as a service. Therefore, APUC have been working with Thorntons to provide a more streamlined and bespoke set of terms and conditions for Software as a Service (SaaS). These have now been finalised and will be launched at the PDW and then issued to the Sector for use.
- The UK wide **Benefits Reporting Methodology** is being reviewed and a meeting took place in Lancaster mid-October to work through the changes. The changes are intended to be applicable for spend in the 2024/25 year onwards. AW to share information with the Board. **(ACTION: AW)**
- There are circa 50 members of staff working (part-time and full-time) in the **Institutional Procurement Services** workstream.
- Universities Scotland Efficiency and Climate Emergency Committee (**USECEC**) is now chaired by the Principal from the University of Dundee, not St Andrews as noted in the Summary Report, the change having occurred in recent weeks. USECEC are planning to have a cross-disciplinary climate workshop in the new year and a report on climate progress against strategy is planned.
- The anticipated go-live for the UK Government's **Procurement Reform legislation** is October 2024. The Bill will not apply in Scotland but will still have an impact. Work is ongoing within APUC, our sector, and the broader Scottish Public Sector to understand new regulations and the full implications of any divergence in public procurement regulations between Scotland and rUK. Both the Scottish and UK Governments have committed to enabling continued interoperability of procurement frameworks across the UK.
- The **PECOS** Hosting, support and Integration contract is due to expire on 4 Nov 2023. APUC are actively working with Leidos who provide integration services to members to get the contract renewal in place for this element. We have not had any confirmation from SG on renewal although Leidos have indicated discussions are happening.
- Phase one of the **Procurement Skills Development programme** for 2023/24 has been published with further courses for later in the academic year to be made available soon, the process being altered slightly while we establish new providers after a contraction of available training resources. Changes to the Customer Portal and website will be made to bring all training offerings to be listed from a single point.
- **eLearning courses** continue to be popular.
- The 2nd cohort of the **Future Leaders Development Programme** (for staff already employed in the sector who have potential to be future Heads of Procurement / equivalent) commenced in October 2023, and is planned to run until June 2024. The programme is already held in high regard in the sector.
- The latest cohort of the **APUC Graduate Trainee Programme** continue to progress through their development with the current trainees due to complete the programme at the end of 2023 or early 2024.

Any Other Business

29. AW update the Board on HEFESTIS interim management arrangements, with the Chair providing interim support as CEO.
30. The Secretary advised of the intention to run a Board performance survey.

31. There being no further business, Chair closed the meeting at 12:00.

Date of Next Meeting

32. The next Board meeting will be held on Tuesday 20 February 2024 online via MS Teams.

A handwritten signature in blue ink, appearing to be 'D. M. G. G.', is written in a cursive style.