

Minutes of APUC Board Meeting held at 12:30 p.m. on Tuesday 20 November 2019 at the Edinburgh Napier University Sighthill Campus.

Present

Jim McGeorge (Chair)	University of Dundee
Sheena Stewart (SS)	Abertay University
Douglas MacKellar (DM)	Independent
Maureen McCreath (MM)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

In attendance

Michael Caithness (MC)	APUC Ltd
Elizabeth McFarlane (EM)	APUC Ltd. (1 to 4 only)
Phil McNaull (PM)	Independent
Malcolm Beveridge (MB)	Chiene + Tait

Apologies

Fiona Gavine (FG)	Independent
Janet Thomson (JT)	Glasgow Clyde College
Pete Smith (PS)	North East Scotland College
David Beattie (DB)	University of Aberdeen
Martin Fairbairn (MF)	Scottish Funding Council

Welcome

1. As the Chair was delayed in arriving, at the request of the Chair, AW assumed the role and thanked everyone for attending and noted that there were apologies for absence from Fiona Gavine, Janet Thomson, Pete Smith and David Beattie. An apology for absence was also received during meeting from Martin Fairbairn due to transport problems.
2. AW welcomed Phil McNaull back on to the Board in advance as a non-sector Director and noted that he was present as an observer as he couldn't officially join the Board until the accounts had been approved and signed.
3. AW also welcomed Malcom Beveridge (Chiene + Tait LLP) who was attending to present the Auditor's Report and noted that Liz McFarlane was joining the meeting for agenda items 1 to 4.
4. AW advised that Margaret Cook, Principal of Perth College, had agreed to join the Board as the FE sector Principal representative. AW noted that Margaret has a wealth of experience across the College and University sectors and is the first Board Director from a UHI institution.
5. A 'round the table' introduction was conducted.

Minutes of the Audit Committee

6. MM presented the minutes of the 20 November 2019 Audit Committee meeting noting that it was a good meeting and that all questions regarding the external Audit of the financial statements were well answered. The meeting had been chaired by Janet Thomson. The minutes were approved as an accurate record of the meeting and the Audit was duly approved by the Board.

Audited Financial Statements 2018-2019

7. MB presented the salient points of the Audit Summary Report as follows:
- APUC is considered a going concern with budgets and controls in good order.
 - Completeness of Income is good with nothing misstated.
 - There was nothing to report on Related Party Transactions.
 - No issues were highlighted in Payroll Accuracy testing.
 - Nothing was identified relating to Fraud and management had confirmed that they were not aware of any issues.
 - Following the final agreement with HMRC regarding the Cost Sharing Group VAT exemption, a calculation of the recoverable input VAT has also been made and this is currently being reviewed by management prior to its submission to HMRC for their agreement.
 - In accordance with the requirements of FRS 102, provision has been made for the future contributions payable under the pension deficit recovery plan which was agreed and put in place as a result of the 2017 scheme valuation. This has resulted in an increase in the liability at the year-end of £255k. Subsequent to the year end the 2018 actuarial valuation has been finalised and a new deficit recovery plan has been agreed between USS and its members. Based upon this revised plan, the liability as at 31 July 2019 would have only increased by £61k.
 - There were no control issues to report.
 - MB invited any questions from the Board.
8. Following some brief discussion, the Board were happy to approve the Financial Statements and Letter of Representation.

Financial Management Report: APUC/16/2019

9. EM presented the Finance Report (APUC/16/2019) and highlighted the following details in the report to the end of September 2019:
- Income for the period was £694k against a budget figure of £693k
 - Expenditure was £666k against a budget figure of £693k, the difference being mainly due to lower travel and eSolutions costs.
 - Forecast income was expected to exceed expenditure by £174k due mainly to a decrease in provision required for the USS pension deficit.
 - Forecast balance sheet shows an increase in reserves of £174k with a forecast cash balance held at year-end of £1,755k
 - It was noted that the latter 2 aspects were reporting changes under FRS102 rather than actual cash changes
10. At this point, the Chair joined the meeting and commenced Chairing of the meeting.
11. MM queried the variance between the actual salaries for 2018-2019 and the forecast salaries for 2019-20 and EM committed to verify the figures and report back. **(ACTION: EM)**
12. PM noted that some organisations include the % variance, providing a narrative explanation in the report where that variation exceeds a set percentage regarded as material (if it was for example more than 5%, against each line for 'in year / forecast' against 'previous year'). AW confirmed that he and EM would investigate introducing something along these lines **(ACTION: EM/AW)**

13. The Board noted that they were happy with the financial situation YTD. The Chair thanked EM for her report, and she left the meeting.

Financial Statements and Letter of Representation

14. Further to a brief dialogue regarding the earlier matters covered, the Financial Statements and Letter of Representation were duly signed by the Chair, AW and MB after which MB left the meeting.

Minutes of Previous Board Meeting

15. The minutes of the 21 August 2019 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/17/2019

16. All Matters Arising from the previous Board meeting had been actioned or scheduled as outlined in paper APUC/17/2019.

Summary Report: APUC/18/2019

General Update

AW gave the following updates on the Summary Report (APUC/18/2019):

17. Spend data is still to be finalised but is slightly down on last year. Sector spend is materially higher, however, which will reduce the level of collaboration in percentage terms. AW noted that new spend sometimes took a while to come under collaboration as it could take time for procurement teams to fully adopt it.
18. Two institutions have still to submit their spend data but savings to date are at £15.2m (BT1) and £29.7m (BT2).
19. The Board commented that the figures were encouraging.
20. AW reported that he had attended the HEFESTIS Audit Committee and would be dialling-in to the forthcoming Board Meeting on 26 November. Thereafter he would be stepping back and only fulfilling an observer role. He noted that APUC will continue to provide corporate services to HEFESTIS.
21. AW advised that the recent Conference on University Procurement (COUP) took place at the University of Leicester and was hosted by the NEUPC. The event had an excellent set of workshops and plenary sessions and was well attended, with delegates from universities across the UK, Ireland, North America and South Africa.
22. He added that the second SUFDG National Conference, aimed at Finance and to a degree, Procurement professionals across Scotland, took place at the University of Edinburgh on Friday 25 October. This event was well attended.
23. AW advised that the Scottish Government (SG) requires every institution to have the ability to receive e-invoices in place by April 2020.

24. AW informed the Board that APUC's internal Responsible Business Action Group (RBAG) continues to work on a variety of initiatives and 51 proposals have now been largely implemented. This has included aspects such as the introduction of low methane /carbon food policies and a low carbon travel policy. The Board welcomed the progress made in this important area.

Staffing

25. MM inquired about the status of recruiting an additional finance resource, which had been identified as a key risk mitigation action. AW advised that it was now complete, and the person is now in post and based in Stirling.

Health and Safety

26. AW confirmed that there were no Health and Safety issues in the reporting period.

Operational Procurement

27. AW advised that there are currently 175 collaborative agreements available to stakeholders.

OP – Contract Management Tool

28. AW advised that the Contract & Supplier Management Tool (SCM) has now gone live within the collaborative contracting team with a further roll out to Institutions due from late October. Section 1 of the tool will be the next development. It will require suppliers to provide information such as living wage, SME status, modern slavery statements and climate change emergency which will be gathered as part of the contract management process and will allow for future reporting.

eSolutions

29. AW reported that the UK Non-Pay Spend reporting solution LUPC and NWUPC consortia data is nearly complete. NWUPC provided data for 23 Institutions and LUPC for 35 institutions.

Development and Sustainability Update

30. AW informed the Board that Electronics Watch had released its 2018 Annual Report, summarising all the work and progress achieved to date. He added that APUC was a founding member and that there are now over 400 member organisations.
31. AW reported that all Full and Medium PCIP assessments were now complete in line with planned timings and that average scores have increased from 56 to 69%. He added that assessment of institutions classed as 'Lite' is now in progress and due to be completed by the end of the year. Indications for the 3 completed to date are that average scores have increased from 59 to 75%.

APUC Charity of the Year

32. AW informed the Board that the 2019/20 APUC Charity of the Year is Guide Dogs for the Blind and that the target set of £2,500 has already been exceeded. He noted that one of the APUC team was acting as a guide dog (trainee) puppy sitter.

UCSS Collaboration Catalyst

33. AW advised that the outgoing chair of SAUDE had invited UCSS's Collaboration Manager to present at their conference in Sep 2019. He added that the Catalyst will continue liaison with SAUDE regarding any potential shared services they wish to consider.
34. AW explained that it had been suggested and agreed at a shared services workshop that the Project Management and Business Improvement Shared Services be combined into one shared service named "Change Management". It was also agreed that the Web/SharePoint Development shared service include O365 optimisation and be renamed to "O365 / SharePoint / Web Optimisation and Development". One institution advised they can commit to the latter Shared Service and a discussion meeting is being scheduled between the institution and HEFESTIS to take this forward. The Catalyst is seeking early adopters for the Change Management Shared Service from across the sector.

Brexit Update

35. AW advised the Board that APUC had procedures agreed with the Scottish Government for dealing with the post-live impacts of Brexit but had not published them due to the constantly changing nature of the situation. He added that a process was provided for the sector to get access to 'Yellowhammer' emergency management via a triage process in APUC and then through the SG but stressed that the use of this route would need to be justified as a critical requirement (that being life threatening or risk of loss of key research etc) to be permitted.

Climate Emergency Response

36. AW gave an update on APUC's climate emergency response as follows:
 - Both Governments have declared a climate emergency.
 - A UK HE/FE climate commission has been set up to establish its governance.
 - RUGS was now meeting again with a renewed focus, and a similar group has been established in the College sector, instigated by the Chair of the Principals' Group (Carol Turnbull)
 - Pressure from students was increasingly elevating the topic in institutions.
 - A climate emergency group has been set up in the HE/FE sectors to share best practice across the sectors and look at what the long-term actions might be.
 - The SG Procurement Climate Forum has had its first meeting with cross sector involvement – meetings are planned to be monthly to build momentum.
37. PM asked if there had been any discussions to identify a climate change leader in the sector and suggested that there might be opportunities for combined investment across the sector in areas such as clean energy, carbon capture etc which might also create resources for research and teaching in sustainability and climate change.
38. AW advised there had not been a single lead identified yet, but that this will be a key focus in the RUGS group.
39. He added that an improved scope 3 emissions tool and process was in development at a UK level in partnership with EAUC and is aimed to provide more accurate data on the high climate change impact areas.

Risk Register (Current and New) – APUC/19/2019

40. AW presented the Risk Register item and noted that the original register was a composite of all risks on a single spreadsheet. He reminded members that a Board workshop held earlier in the year had recommended dividing the register into local workstream risk sections with a 'top sheet' concentrating on key strategic risks for Board level review. This has resulted in the proposed new format Risk Register.
41. PM noted a typo in risk E3 (Cyder should be Cyber) (**ACTION: MC**)
42. SS suggested that a regular review of the high-level strategic risks by the Board would be useful, and it was agreed to do so twice a year.
43. MM queried why some items had been on the risk register for several years. Members recognised that there should be no risk on the register unless it was current and that actioned risks should be removed. However, it was pointed out that although some risks had originally come onto the register some years ago, their underlying nature, potential impact, associated mitigating actions etc had in fact changed and evolved considerably over that time - so while they appeared ostensibly to be the same risk this wasn't in fact the case. Nevertheless, AW agreed to review the risks concerned to ensure they remained relevant and were described appropriately. (**ACTION: AW**)
44. The Board very much welcomed the new format and noted understanding of the content of the Risk Register.

APUC PRA Procurement Report – APUC/20/2019

45. AW presented the paper on the 2019 APUC PRA Procurement Report noting that it was for information and approval purposes.
46. DM commented that the report was superb and indicated how much APUC has progressed in its 12 years of activity.
47. SS noted that there were a few minor typos in the report. (**ACTION: MC**)
48. Thereafter the Board approved the report.

Any Other Business

49. As this was the last Board meeting for Douglas MacKellar, AW had at commencement of the meeting, expressed the heart-felt thanks of the company for his significant contribution over the years since the inception of APUC.
50. Chair reiterated this on behalf of the Board and presented DM with a watch in recognition of his long service on the Board and thanked him for his outstanding contribution over the years. He noted that Douglas had attended all but 2 of the 53 Board meetings to date plus various other meetings and that his experience and input had been of enormous value to the organisation. DM replied that the APUC team had been superb in achieving the success of the company and that he had very much enjoyed his time on the Board.
51. There being no further business, the meeting closed at 14:15.

Date of Next Meeting

52. The next Board meeting will be held on Tuesday 18 February 2020 in Meeting Room 1 in the Sir Duncan Rice Library, Aberdeen.