

Minutes of APUC Board Meeting held at 11:30am on Tuesday 18 October 2011 at the APUC Office, Edinburgh.

Directors Present

Nigel Paul	University of Edinburgh (Chairman)
Pat Briggs	Robert Gordon University
Angus Warren	APUC Ltd (Chief Executive)
Alan Williamson	Jewel & Esk College
John Doyle	Coatbridge College
Jim Crooks	Elmwood College
Stuart Paterson	Independent
David Ross	Independent
Douglas MacKellar	Independent

In attendance

Michael Caithness	APUC Ltd (Company Secretary)
Elizabeth McFarlane (part)	APUC Ltd (Finance Manager)

Welcome and Apologies and Introductory Comments

- 1 Apologies were received from Irene Bews and Martin Fairbairn.
- 2 The Chairman opened the meeting, welcomed the Board members. The Board commented on the success of the meeting with APUC staff that preceded the Board meeting. The Board noted that the members of staff have a very professional attitude and that they were very pleased with the performance of the team.

Minutes of Previous Board Meeting

- 3 The minutes of the 21 July 2011 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/12/2011

- 4 The position on all matters arising from the last meeting was as set out in Paper APUC/12/2011.

Summary Report: APUC/13/2011

High Level Summary Data

- 5 Angus talked through paper APUC/10/2011 and highlighted that there are currently 60 institutions that are members of APUC. Membership had reduced by one with the Edinburgh College of Art merger into the University of Edinburgh and returned to 60 with the joining of West Highland College.
- 6 Angus also advised the Board that Argyll College is keen to benefit from APUC's procurement expertise. Since they are not directly funded by SFC, and therefore not eligible to become a full member, he proposed that they and similar institutions could become an associate member for a token fee on the basis that the majority of their funding flowed from the SFC and / or other full members of APUC. The Board agreed to this approach.
- 7 Angus further advised that there are now 124 collaborative contracts with buyers' guides available to the sector with a total potential value of £302M. A further 33 are in progress (mixture of new and re-tenders), 4 scheduled and 16 in the research stage.
- 8 There are now 48 institutions using e-procurement solutions, down from 50 due to the City of Glasgow College (CoGC) merger although 50 instances are still being supported as the new CoGC had not yet merged its systems.

Pensions

- 9 Angus advised the Board that the pension guarantee is now fully in place and that advice is being taken as to the best way to account for the permanently deferred income.
- 10 David Ross suggested that the Board should see the proposal letter before it is finalised. Angus confirmed that this is what was intended. **(ACTION: Angus Warren)**

Expanded Report

- 11 Angus stated that the new contract usage report had been discussed in the Procurement Strategy Groups and it was agreed that the information, highlighting contract usage and issues, will be a useful tool for developing future strategies.
- 12 Angus also informed the Board that an additional spreadsheet showing contract uptake by institutions had been added to the report and that account managers were now using this data to identify areas where further utilisation of contracts could be achieved.
- 13 Douglas MacKellar suggested that this report should be shared with John McClelland as a further indication of the useful work being carried out by APUC that could potentially be adopted by other sectors.

Operational Procurement – College Support services Update

- 14 Angus explained that progress will now be reported based on the academic year commencing 1st August 2011. During the previous reporting period ending 31st July 2011, the college support services team has completed 82 projects across 29 Colleges with a total tender value of £27.8M, delivering cash savings and non-cash savings of £3.5M and £750K respectively.

Head of Operational Procurement

- 15 Angus informed the Board that an appointment had been made to the role of Head of Operational Procurement/ Deputy Chief Executive. Claire Skinner who currently works at DEFRA will join APUC on 8 November 2011.
- 16 Angus thanked Alan Williamson and Stuart Patterson who sat on the interview panel as Board (and sector in Alan's case) representatives for their contribution in selecting the best candidate.

eSolutions Update

- 17 Angus advised the Board that PECOS implementation is currently ongoing with Sabhal mor Ostaig (Skye) and the newly joined West Highland College (Fort William). He also anticipated that the eSolutions work load for supporting reconfigurations and major re-integrations would likely increase as a result of forthcoming college mergers.
- 18 APUC have been supporting Scotland's Colleges in an implementation of Pecos but in light of recently announced changes, APUC will discuss with Scotland's Colleges as to whether this is still required.
- 19 Angus advised that the new GeM website, the replacement for CuPID, has been experiencing teething problems and that training was scheduled for November. APUC will provide onward training for the sector through regional training events across Scotland.

eSolutions – Progress of the Scottish Government ePS Future Services Project

- 20 Angus informed that ePS tendering process was nearing completion and that the service will be funded by the Scottish Government.
- 21 He added that Integration Management was not in the scope of the agreement but that AMOR, recently appointed as the service delivery provider, has indicated that they can fulfil this function at a reduced cost compared to CapGemini (£89k vs £145k).
- 22 There followed a discussion on how best to manage the integration management and eProcurement integration server, currently hosted by Edinburgh Napier University. It was noted that APUC could potentially provide this service in future, or indeed NHS Scotland Services. The Board's view however was that APUC resources are better utilised on other priorities and

that that NHS may be better suited to managing this server, perhaps at their Livingston data centre, *if there was major savings and an effective SLA could be put in place*, or indeed to have it all provided via the AMOR solution or similar. Angus confirmed that he would act in line with the Board's advice.

Procurement Capability Assessments

- 23 Angus reported that the PCA Programme for 2011 is progressing and that it is targeting some institutions that could move from Conformance to Improved rating with some individual support from APUC and is therefore working with them ahead of the assessments. Similar improvement work will be offered to help all institutions going forward to achieve the objective of having all institutions in Improved and above.

COUP 2011

- 24 Angus advised the Board that the COUP event was a huge success and that it had received extremely good feedback.

- 25 He added that the event made a substantial surplus and it was intended further to dialogue with the sectors at the time of planning COUP, that the money will be ring-fenced – potentially in a trust fund - to provide training and development support for sectoral / APUC procurement staff going forward.

- 26 The Board supported the use of the funds in this way.

Financial Management Report: APUC/14/2011

- 27 Liz McFarlane introduced the Financial Management Report and explained some of the key figures outlined in the document.

- 28 Liz advised that the final accounts are still being finalised and that the figures presented to the Board in this paper are liable to change.

- 29 David Ross asked questions regarding the possible tax liabilities on the deferred income and Angus informed the Board that the tax advisors were advising on this to ensure proper and effective treatment of such funds.

- 30 Liz added that deferral of income for the pension fund security will be done on a recurrent basis.

- 31 Angus committed to update the Board on the final position (**ACTION: Angus**)

- 32 David Ross enquired where the funds are held and was informed that they are banked with HBOS.

- 33 David suggested that it may be prudent to spread the risk across at least 2 banks and it was agreed that Alan Williamson and Irene Bews would be asked to advise on the matter. **(ACTION: Alan Williamson, Irene Bews)**

Annual Accounts/Report status/Audit Committee

- 34 Angus advised that the annual account will be delayed as a result of this work and that the audit is scheduled for November with the audited accounts being presented to the January Board.

Sector Developments

- 35 The Board discussed the significant changes that the sector now faces with the increased drive for efficiencies and significant likelihood of mergers and regionalisation. The Board's view was that it was inevitable that there would be a notable reduction in the number of institutions.
- 36 The Board discussed how a revised strategy could assist the sector in the challenging times ahead.
- 37 David Ross recommended that APUC should articulate what could be done to help and make proposals for our broad possible role in the change process.
- 38 Alan Williamson suggested that we should create a number of variable options on how APUC could support future mergers.
- 39 The Board thought it key that Angus continues to monitor closely wider sector developments and then contextualise them from a procurement / APUC opportunity perspective. Several sectoral members of the Board noted that they would keep Angus aware of developments as they became aware of them.
- 40 The Chair suggested that APUC could support resource optimisation activities and should work with PSG to enable this where this could further advance the value that the total procurement capability across the sectors could deliver through exploring new models and ways of working.
- 41 The Board agreed that it was not possible to clearly identify all the avenues for development in the coming period although there were some areas where APUC could clearly develop solutions to support the sector and bring enhanced value. It was proposed that any future APUC strategy should focus on these areas and provide the right level of agility to respond and deliver against aspects that may become clearer in time. **(ACTION: Angus to review strategy development taking into account all of the Board inputs above.)**

Risk Register

- 42 Angus informed the Board that there were 2 new additions to the Risk Register and that closed risks would be removed in the next revision;
- PECOS integration solution not provided by new ePS service management contractor
 - Changes to structures (mergers etc) across the sector bring negative impacts to APUC operations and risks to long term funding.
- 43 It was suggested that a risk relating to demands of the John McClelland report on ICT should also be added.
- 44 David Ross questioned whether now-closed Risk 1 relating to the APUC funding model should be removed - the Board agreed it should be left in for the time being albeit in time the latter new risk noted above could be updated to encompass its scope. (**ACTION: EM to update the risk register accordingly.**)

Board / Institution Interaction

- 45 The Chair invited thoughts on how to achieve better interaction with the company's member institutions and John Doyle complimented Angus Warren for the work that he has done in meeting with institutional Principals and other senior management on a regular basis.
- 46 The Board agreed that this interaction had and would continue to bring significant value and while the idea of further formal full Board interaction with stakeholders should be parked until such time as it is deemed necessary again, the regular institutional visits by Angus should continue as a key interaction point between APUC and senior staff across institutions.
- 47 John Doyle suggested that future merged institutions would benefit from a good understanding of APUC's potential contribution.
- 48 John proposed that this could be a good time for Angus to meet with John Henderson of Scotland's Colleges to discuss current issues. Angus agreed that this would be very useful. **ACTION: Angus to arrange meeting with John Henderson.**
- 49 It was noted that APUC are currently in dialogue with Universities Scotland in relation to developments in the university sector through involvement in Universities Scotland Efficiency Taskforce (USET).

Any Other Business

- 50 Glasgow School of Art now have a 0.5 senior procurement resource provided under a shared service arrangement by APUC (in line with the arrangements / funding approach agreed by the Board previously) on a permanent basis and are reporting that they are very pleased with the solution in place.
- 51 Angus noted that Glasgow Caledonian University (GCU) had recently welcomed suitable proposals from the sector and APUC to potentially provide their new procurement model on a shared service basis. It is not known if any institutions responded but APUC had offered a solution. Angus advised that GCU had confirmed that they would like to proceed with a shared solution via APUC and that this would be put in place shortly. APUC would need to recruit new staff to ensure that the core work was delivered alongside this model.
- 52 The Board discussed the new English HE funding model that could potentially allow institutions to assume loaned tuition fees to be deemed to be private income and thereby use the Cambridge exemption (if less than 50% of their income budget is deemed to be state income) to opt out of EU procurement law requirements. The general view was that some institutions in England may opt out but the number that would be affected in Scotland would be small, if any. If this was to come to pass, APUC would need to examine impacts for the service provided to Scottish institutions – potential two tier contracting - and also on cross border cooperation. In time if the exemption did turnout to be valid and assuming that English HE obtained the relevant private sector procurement skills, it could give English universities a significant financial advantage over those tied to the EU regulations in Scotland.
- 53 The Board agreed that the situation must be closely monitored as developments take place.

Date and Venue of Next Meeting

- 54 It was agreed that the next Board meeting will be held on Thursday 12 January 2012 at a venue to be decided in Glasgow / the West.