

Minutes of APUC Board Meeting held at 10am on Tuesday 18 September 2007 at

9 Sighthill Court, Edinburgh.

Present

Brian Baverstock	APUC Ltd
Gavin Macdonald	Stow College, Chair
Steve Cannon	University of Aberdeen (For Agenda Items 1 to 7 only)
John Gordon	University of Stirling
Douglas MacKellar	Independent
Stuart Paterson	Independent
Nigel Paul	University of Edinburgh
David Ross	Independent
Alan Williamson	Jewel & Esk Valley College

In attendance

Douglas Bell	APUC Ltd
Frank Rowell	APUC Ltd
Hugh Ross	APUC Ltd
Catherine Hendy	APUC Ltd (For Agenda Item 8 only)

Welcome and Apologies

- 1 The Chair opened the meeting and welcomed Douglas Mackellar, Stuart Paterson and David Ross. Susan Fox had left Forth Valley College and had indicated to the Chief Executive that she planned to resign from the Board. Susan would be asked to formally resign.

Minutes of Previous Board Meeting

- 2 The minutes of the 4 July 2007 Board meeting were approved as an accurate record of the meeting.

Matters Arising

- 3 In regard to the pension arrangements for APUC employees, (paragraph 8 of the minutes), Brian Baverstock reported that APUC was continuing to pursue membership of the University Superannuation Scheme (USS) and hoped to have an application for joining considered by the Scheme's Management Committee at its meeting on 27 September 2007. However, the issue was proving

difficult to resolve and ongoing discussions were being held with the company's bankers, lawyers and the USS. A bank guarantee would provide a short-term solution to the problem and buy time for a permanent solution to be found. All 61 institutions in the Higher and Further Education sectors in Scotland would be asked to provide individual guarantees in due course.

Appointment of New Board Members

- 4 A number of excellent candidates had been interviewed for the independent non-executive Director vacancies on the Board. The three leading applicants - Douglas McKellar, Stuart Paterson and David Ross - were unanimously elected as Directors of the company and participated in the remainder of the meeting.
- 5 It was agreed that in the event of Susan Fox resigning her Directorship, the FE Principals' Forum should be invited to nominate a replacement Director from the FE sector to serve until APUC's first AGM in autumn 2008. Brian Baverstock undertook to pursue this matter.

Strategic Plan: APUC/09/2007

- 6 The Board was invited to approve the Strategic Plan which took account of discussions at the two previous Board meetings, institutional input from the three regional workshops held in June, and from the Advanced Procurement Programme Advisory Group meeting on 28 August 2007.
- 7 During a wide ranging discussion on the draft paper, the following changes were suggested:-
 - a Mission Statement should be included at the beginning of the plan;
 - the overall timeframe covered by the plan should be given greater emphasis in the text and timeframes inserted, where possible, for each of the individual actions identified in the plan so that progress could be measured. (It was recognised that it might not be possible to give precise timeframes for many of the actions but it was felt that something was needed);
 - the people element of the plan should be expanded so that staff could see how they fit into the overall strategy;

- audit and risk should be covered somewhere in the plan or operational plan;
 - mention should be made to the fact that APUC's primary focus will be on Category B purchases although it will have a leadership role in Category C and links to Category A
 - reference should be made to what is happening at UK level so that the strategy can be fitted into a broader picture;
 - the partnership element with institutions should be highlighted more prominently in the "Foreword" and the presentation adjusted so that the plan reads more like a document owned by the institutions rather than by Government;
 - in the "key delivery strategies" section of the plan, the wording in the three boxes below the "Collaborative Procurement", "Procurement Policy and Guidance" and "eProcurement Scotl@nd (ePS)" headings should be given greater prominence.
- 8 There was also a discussion about the amount of detail which should be included in the plan. It was agreed that, because the Strategic Plan is a high level document, the current level of detail is correct. More detailed information on, for example, who is responsible for delivering individual actions outlined in the plan will be contained in other documents such as the Operational Plan, Corporate Governance Manual, the Procurement Manual and the Staff Handbook.
- 9 Brian Baverstock undertook to reflect on the issues raised and to produce a revised document for the Board's consideration and approval. In view of the pressing need for a Strategic Plan to be put in place, it was agreed that the Board's consent would be given by means of written procedure and the Directors would provide any further comments on the revised plan as a matter of urgency.
- Members Agreement: APUC/10/2007**
- 10 The Board had previously considered the form a Members' Agreement should take and concluded that the relationship between APUC and its member institutions required greater formality than a Memorandum of Understanding but did not need to extend as far as a fully legal binding contract. The draft Agreement presented to the Board took these views into account and also comments provided by

the Advanced Procurement Programme Advisory Group at its meeting on 28 August.

- 11 The general consensus was that the draft document fell somewhere between these two extremes. The first part of the proposed Agreement was closer to what the Board felt was needed but the latter sections were considered to be too formal and legalistic. Moreover, a number of the sections, e.g. section 12, repeated matters that were dealt with in APUC's Articles of Association and should, therefore, be removed from the Agreement.
- 12 It was agreed that the Executive would produce a revised draft for consideration by the Board. This was to be a much shorter, less formal, high level Partnership Agreement that contained a statement of the principles which each partner to the agreement was expected to adhere to. It was agreed that the agreement should be signed in order to signify commitment from both partners.
- 13 As the Objects in APUC's Memorandum of Association allow it to develop, provide and deliver procurement services to other education and training-related institutions and other public sector organisations in Scotland, it was further agreed that, whilst the Partnership Agreement should remain focused on universities and FE colleges, it should not exclude this wider group. In particular, the Board were keen to see the SABRIs (Scottish Agricultural and Biological Research Institutes) included amongst APUC's members. It was agreed that the scope of the Agreement should be extended to include these wider organisations at a later date.
- 14 In order to expedite approval of the revised agreement, it was agreed that it should be dealt with by written procedure.

Meeting with Institutions: APUC/11/2007

- 15 The proposed meeting of members and potential members in November 2007 and the suggested agenda and timetable of key actions that would be taken prior to the meeting were endorsed by the Board. (The date of the meeting was later set at 6 December 2007). At the Board's suggestion, Governors of institutions, e.g. members of the senior management group or the Chair of Court, will be included amongst those invited to the event.

- 16 One of the key actions to be taken prior to the meeting will involve APUC's Chief Executive writing to invite institutions who have not yet become members to join. Copies of the approved Partnership Agreement and Memorandum and Articles of Association will be enclosed with the letter. As the Articles were currently being revised by APUC's solicitors, the Board's views were sought on the substantive changes that were being considered. In response, the Board requested that the following changes should be included amongst the changes that were being made:-
- the quorum required for a Board meeting should be 4 Directors;
 - should the Chair not appear at the time appointed for a Board meeting, the Directors present may appoint one of their number to be Chair of the meeting once 10 minutes have passed;
 - each member should be required to give 3 months' written notice and to pay their subscription for the full year should they decide to cease to be a member;
 - members should be required to pay subscriptions when due, as determined by APUC's Board;
 - the revised Articles should be self-standing rather than containing references to a separate Table A in the Schedule to the Companies (Tables A to F) Regulations 1985;
 - the Board should have an equal number of representatives from the Higher Education (HE) and Further Education (FE) sectors and the number of Non-Executive Directors should at least be the same as that for each of the HE and FE sectors, e.g.3,3 and 3;
 - the current Directors should remain in place until an AGM is held in the Autumn of next year. At the AGM all the Directors, with the exception of the Chief Executive and the three Non-Executive Directors, will retire and, if appropriate, seek re-appointment. At every subsequent AGM one-third of the Directors from the HE and FE sectors will be subject to retirement / reappointment by rotation.
- 17 It was agreed that this information should be passed onto APUC's solicitors to facilitate the drafting of the revised Articles. Once the revised Articles are prepared, they will be sent out to the Directors

and written approval sought from the Board before being submitted to APUC's existing members for approval.

- 18 Steve Cannon left the meeting at this point.

Financial Budgets: (APUC/12/2007)

- 19 Catherine Hendy joined the meeting and dealt with questions that were raised on the paper on Financial Budgets (APUC/12/2007). The Board noted that actual expenditure for the seven months from APUC's incorporation to 31 July 2007 compared favourably with the estimated expenditure contained in the Efficient Reform Fund (ERF) bid document and that, if APUC continued to deliver against agreed targets, sufficient funding would be provided by the Scottish Government to meet all of APUC's 2008-09 expenditure. However, the need for other income sources to be put in place to fund the company's operations and build adequate reserves from 2009-10 onwards was recognised.
- 20 Brian Baverstock reported that Management Accounts would be prepared on a quarterly basis and presented at future Board meetings. Future reports would also contain details of how the company is performing against the key milestones that have been set. Moreover, because APUC has decided to adopt a 31 July financial year-end to bring it into line with universities and colleges, APUC's first set of formal accounts would cover the period up to 31 July 2008. [More recent advice has confirmed accounts for the period 31 July 2007 are required.]
- 21 John Gordon asked if background information on staff numbers and an explanation of how the various figures are made up could be included with future Management Accounts. This was agreed to, as was a request for information on financial modelling for the future that included various scenario analyses once the company reached steady state phase.
- 22 The budget for 2007-08 was approved.

Complaints Procedure: APUC/13/2007

- 23 APUC's Complaints Procedure was approved by the Board. A number of constructive suggestions relating to the presentation of the

Customer Care and Complaints entry on APUC's website were also agreed.

FE Capital Projects: APUC/14/2007

- 24 Gavin Macdonald and Alan Williamson declared a conflict of interest on this topic and, therefore, were not involved in the decision their fellow Directors took to endorse the preparation and submission of a proposal to the Scottish Funding Council setting out a business case for APUC to provide support to FE Colleges for the effective and efficient delivery of the procurement elements of the capital projects programme. The Board considered this to be an excellent idea that had the potential to bring about large savings to FE colleges. It was noted that, whilst the current proposal was restricted to the FE sector because of the scale of capital projects that were planned for this sector over the next few years, the same principle applied to the HE sector and this was perhaps something that APUC should look at in future.

Relocation of APUC Office: APUC/15/2007

- 25 The Board approved the proposal to relocate APUC's office accommodation from the Sighthill Campus of Napier University to commercial premises at 14 New Mart Road, Edinburgh, and authorised the Chief Executive to conclude the terms of agreement.
- 26 It was noted that the Sighthill Campus needed to be vacated prior to Christmas 2007 to allow essential site work to begin early in January 2008.

Programme Update: APUC/16/2007

- 27 The Board noted the progress that had been made since the last Board meeting on the key elements of the Advanced Procurement Programme and indicated it was content with what had been achieved.

Governance Manual (Draft): APUC/17/2007

- 28 The Board was also satisfied with the progress that had been made in drafting the Corporate Governance Manual and looked forward to receiving a draft of the completed Manual for detailed consideration at the next Board meeting. It considered the procedures to be very

comprehensive for a company of its size and to reflect best practice in the public and private sectors.

Draft Minutes of Advisory Group Meeting: APUC/18/2007

- 29 The draft minutes of the Advanced Procurement Advisory Group meeting held on 28 August 2007 were noted without comment.

Any Other Business

- 30 It was agreed that papers for Board meetings should be issued as far in advance of meetings as possible. It was appreciated, however, that on this occasion the number of papers issued was exceptionally high and that hopefully the volume would be reduced for future meetings.

Date of Next Meeting

- 31 The next meeting is to be arranged for the same day as the meeting with institutions planned for the end of November 2007. (Date subsequently set for 29 November.)