

Minutes of APUC Board Meeting held at 11:00 a.m. on Wednesday 23 October 2013 at APUC's office in Edinburgh.

Present

Nigel Paul (Chair)	University of Edinburgh
Gerry Webber (GW)	Edinburgh Napier University
Alan Williamson (AWi)	Edinburgh College
David Ross (DR)	Independent
Douglas MacKellar (DM)	Independent
Stuart Paterson (SP)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

In attendance

Martin Fairbairn (MF)	Scottish Funding Council
Jeremy Harper (JH)	Chiene + Tait (external auditor up to agenda item 3 only)
Elizabeth McFarlane (EM)	APUC Ltd (for Agenda Items 3 and 4 only)
Michael Caithness (MC)	APUC Ltd

Welcome and Apologies

- 1 Apologies were received from John Doyle, Irene Bews and Malcolm Beveridge (Chiene + Tait).
- 2 The Chair thanked everyone for attending and welcomed Jeremy Harper from Chiene + Tait. He informed the Board that, following recent college mergers and the subsequent appointment of new principals, Andrew Haddon and John Doyle were leaving their posts and had therefore resigned from the Board. The Chair recorded his sincere appreciation for their valuable contributions to the guidance of APUC during their terms on the Board.

Minutes of Audit Committee Meeting: APUC/20/2013

- 3 The draft minutes of the Audit Committee meeting held on 8 October 2013 had been issued to the Board for noting.

- 4 AWi, representing the Audit Committee, reported that the Committee had considered the unqualified audited financial statements – including the Directors' Report – for the period 1 August 2012 to 31 July 2013. He advised the Board that the audit was clean and that APUC was considered a going concern with adequate funding in place and no internal control issues identified.
- 5 AWi recommended that the Board approve the financial statements.

Audited Financial Statements 2012-13: APUC/21/2013

- 6 JH gave an overview of the Financial Statements highlighting the key points and noting that they had been prepared in line with applicable accounting practices. He re-iterated that it was a clean audit and that there were no observed internal control issues.
- 7 JH also gave a brief overview of the external auditor's Audit Summary Report and added that the change to mutual status and the set-up of the vat cost sharing group were notable successes in the reporting year.
- 8 The Board approved the financial statements and authorised the Chairman and Chief Executive to sign the financial statements and the Letter of Representation on the company's behalf. They were also content for the Chairman to sign the Directors' Report. In line with the Financial Reporting Standard for Smaller Entities, the Directors' Report does not include a business review.
- 9 There followed a short recess to enable the accounts to be signed by the Chair and Chief Executive after which JH left the meeting, hand carrying the accounts for signing by Malcolm Beveridge at Chiene + Tait.

Financial Management Report: APUC/22/2013

- 10 EM highlighted the main features detailed in the Financial Management Report which included a summary of the actual income and expenditure for the period to the end of September 2013, the forecast balance sheet for the year ending 31 July 2014 and the cash profile for 2013-14.
- 11 She drew the Board's attention to a new Annex E that is a summary of the accounts and asked if this should be included in future Board papers in place of the current Annex A. The Board agreed that Annex E was easier to understand and that it should replace Annex A for the next meeting. (**Action: EM**)
- 12 MF commented on the deferred income and cautioned the Board to be aware that the government do not look favourably on high cash balances in public authority accounts at year end.

- 13 DR enquired if the pension fund could be reclassified in some way as it is not in reality APUC's money and AW suggested that it might be transferred to a university (such as Aberdeen) where it would acquire the benefits of the institution's charitable status.
- 14 The Chair requested that a review of what options could be available should be conducted and a report fed back to the Board. (**Action: AW, IB**)
- 15 The Board noted the contents of the Financial Management Report.

Minutes of Previous Board Meeting

- 16 The minutes of the 4 July 2013 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/23/2013

- 17 All matters arising from the previous Board meeting had been actioned as outlined in paper APUC/23/2013.

Summary Report: APUC/24/2013

High level summary

- 18 AW gave an overview of the information contained in the APUC Summary Report (Paper APUC/24/2013) and highlighted the main features. He reported that there are now 152 agreements available to members and that this now includes TUCO catering contracts.
- 19 AW advised that the sector spend calculation was in progress and that it was currently over 30% and on track to achieve the target of 35% by the end of July 2014.
- 20 SP asked if there was any scope for improving on the target and AW added that 35% is considered to be a realistic target. He suggested that some individual institution's spend against contracts could be looked at to see if there was any upside potential. (**Action: AW**)
- 21 AW added that there was no update on the PCA results yet as the next round of assessments had only just commenced.

General update

- 22 AW advised the Board that the new Supply Chain Review and Audit website (for code of conduct compliance checking) was progressing well and now in the testing phase. He also noted that the chief executive of EAUC will join the Sustainable Supply Chain Development project group from the next meeting.
- 23 AW informed the Board that HESA has delayed the requirement for the HE sector to report their Scope 3 (Supply Chain) carbon emissions until February 2014. He added that this does not apply to colleges but that it was likely that a similar requirement will apply also to FE in due course.
- 24 AW highlighted the fact that there were no HE/FE sector issues raised with the Single Point of Enquiry in its recently published annual report, noting that it is a significant achievement of which procurement professionals across the sector can be duly proud.
- 25 AW informed the Board that an away-day has been arranged in November to allow the College Services team to be involved in a discussion with their client community regarding requirement changes due to the merger activities and the constantly changing shape of the sector. The outcome should provide information that will allow the College Services offering to be adapted to ensure that it maximises the benefit it brings to the sector. A review is also in progress for the university sector via account management, PSG and CEO dialogue with senior institutional management. The Board will be kept fully informed of both of these activities and input sought where appropriate. An update will also be provided at the January Board meeting. (**Action: AW**)
- 26 AW informed the Board that an independent consultant had been commissioned to investigate the potential cost of web enabling Hunter and 4 options have been suggested as possible ways forward. 2 of the options would involve starting from scratch with the design of Hunter and this is not a likely outcome. A favoured possibility is to use Remote Desktop Protocol to web enable the product. The report should be shared with the Board. (**Action: AW**)
- 27 SP re-iterated his concern that the full support implications of commercialising Hunter are not really well understood and that APUC needs to give a great deal of thought to how it proceeds with Hunter developments.
- 28 AW added that the HE sector in England had asked if Hunter could be redeveloped and what the likely cost could be. The funding of the current solution via GeM is in doubt and Hunter could be a potential replacement. He added that the consultant's view was that Hunter should remain in its current form and be developed as required to fit the needs of the sectors. He concluded that a full redesign, if deemed appropriate, would definitely not be undertaken by APUC but would be passed to a software company to develop.
- 29 DR agreed with SP's concerns and asked if a member of the Board could be involved in the decision process.

- 30 The Board agreed that it should take a view of the eventual options and determine the best way forward.
- 31 AW advised the Board that 4 new members of staff (1 admin support, 1 Estates procurement and 2 ICT procurement) had been recruited to replace staff lost during the summer period and that they brought additional quality to the team.
- 32 AW informed the Board that The Procurement Reform Bill has now entered the parliamentary process and that APUC will review it and would welcome sector inputs. If appropriate, APUC will arrange to give evidence to the relevant parliamentary committee on behalf of the sector.
- 33 AW advised that the funding was now approved for the ICT Shared Services Catalyst (ISSC) team and that recruitment of 3 staff members would commence in November.
- 34 SP asked for an overview of ISSC and AW explained that it would conduct a review to establish an understanding of the sector's potential for ICT shared services and make recommendations accordingly. The team should be in place and working by Q1 2014.
- 35 AW explained that APUC was assisting UHR-Scotland with a study to explore shared services opportunities in Human Resources (HR). APUC's experience of shared service models is the reason for involvement in this exercise.
- 36 DR asked how the APUC model fits with HR and AW explained that areas such as counselling and occupational health could be good candidates for shared services. He added that Universities Scotland is also keen to develop the shared service approach.
- 37 AW advised the Board that the final Category Strategies for Estates and ICT have been rolled out to the sector and are being implemented. Development of category strategies for Labs, HR and Libraries are in progress.
- 38 He also stated that the EDAM project was now completed and the database is up and running and giving a good insight into equipment availability around the sector. The web based interface is well into its development and will be launched soon.
- 39 AW added that Hunter currently has £708m recorded spend on collaborative agreements and that this is providing extremely valuable information about institutions' spend patterns with contracted suppliers UK wide.

Strategic Plan Review: APUC/25/2013

Sector Structural Development and Synchronisation with Sector Strategies

- 40 AW gave a brief overview of APUC's involvement in sectoral changes noting that the College Services team were actively supporting institutions with procurement implications of mergers. He also added that the eSolutions team continue to provide support on PECOS integration for merged colleges and that the process is being continually refined.
- 41 AWi noted that the PECOS integration process at Edinburgh College had been particularly complex and that APUC's help was extremely valuable.
- 42 DR enquired about the status of the mergers and AW gave an update on the Lanarkshire colleges merger noting that it will be a 2 stage process with Coatbridge College joining later in April 2014.
- 43 AW informed the Board that APUC is now providing shared service support to 13 colleges and 3 universities with discussions continuing on further possible support requirements.

Communications

- 44 MC gave a PowerPoint presentation on APUC's Communications approach highlighting the following areas:
 - Communications objectives
 - Key Stakeholder groups
 - Communication channels (personal and electronic)
- 45 DM enquired if other sectors have effective account management processes and AW explained APUC's model was highly regarded and well advanced and of interest to other organisations.
- 46 MC proceeded to give an overview of APUC's FOI response performance noting that only a few requests are received each year and that responses are provided well within the permitted lead times.
- 47 MC then gave an overview and demonstration of the proposed new website that is designed to improve the experience for visitors and make information easier to access.

Sector Changes and PPRB/PRDG Update

- 48 AW informed the Board that the PPRB had merged with the Public Procurement Advisory Group (PPAG) and that the Centres of Expertise had presented their plans at the first joint meeting. He noted that APUC had received a positive reception from suppliers represented.
- 49 AW explained that the PRDG was focussing of the work to be done going forward and that it was agreed that each sector should drive its own implementation of procurement reform with less involvement from central government.

Procurement Reform Act Update

- 50 AW advised that it was the intention to submit a sector response to the Act by mid to late November and invited feedback from the Board for inclusion. He added that a first draft was expected to be ready in the next 2 weeks.

Construction Review: APUC/26/2013

- 51 AW gave an overview of the status of the Construction Review noting that recommendations were presented to a cross public sector group in July and included the following:
- A separate PRDG for construction
 - Creation of a Centre of Knowledge
 - Appointment of a Chief Construction Adviser

He invited comments from the Board and would send a link to the review documentation for reference. (**Action: AW**)

- 52 AW concluded by noting that the new EU Procurement Directive was due to be passed in January 2014 and that it will be a welcome change as it reduces the level of bureaucracy in the procurement process. It is expected that it will be implemented in Scotland by December 2014 a few months later than in England.

Any Other Business

- 53 There was no other relevant business.
- 54 Post meeting request from GW to consolidate future board papers into a single pdf to eliminate the need for sorting papers. (**Action: MC**)

Date of Next Meeting

- 55 It was agreed that the 2014 Board/AGM meeting schedule would be developed around the dates proposed as follows:
- Board: 20 January – venue west TBD
 - Board: 1 April – venue north TBD
 - AGM: 22 May – venue central TBD
 - Board: 2 July – venue central TBD
 - Board: 21 October – APUC, Edinburgh