

Minutes of APUC Board Meeting held at 11:00 a.m. on Thursday 25 October 2012 at APUC, 14 New Mart Road, Edinburgh

Present

Nigel Paul	University of Edinburgh (Chairman)
Irene Bews	University of Aberdeen
Andrew Haddon	Langside College
John Doyle	Coatbridge College
Douglas Mackellar	Independent
David Ross	Independent
Stuart Paterson	Independent
Angus Warren	APUC Ltd (Chief Executive)

In attendance

Malcolm Beveridge	Chiene + Tait (for Agenda Items 2 and 3 only)
Elizabeth McFarlane	APUC Ltd (for Agenda Items 2, 3 and 4 only)
Michael Caithness	APUC Ltd

Welcome and Apologies

- 1 Apologies were received from Pat Briggs, Alan Williamson and Martin Fairbairn.
- 2 The Chairman welcomed Andrew Haddon to the Board and also thanked Malcolm Beveridge for attending to present the audit view.

Minutes of Audit Committee Meeting: APUC/15/2012

- 3 The draft minutes of the Audit Committee meeting held on 8 October 2012 had been issued to the Board for noting.
- 4 David Ross, representing the Audit Committee, reported that the Committee had considered the unqualified audited financial statements – including the Directors' Report – for the period 1 August 2011 to 31 July 2012. He advised the Board that the audit had noted there may be a tax liability on the COUP surplus fund due to it still being held in an APUC bank account at year end. However APUC had actually gifted the funds to the charity by year end so APUC was confident that any liability could be challenged should it be made as APUC were simply holding the money in our account at the request of the charity as they could not open a bank account in the time available after confirmation of charity status by OSCR.
- 5 Malcolm Beveridge agreed that the tax liability could be an issue but that there was a strong case to make that arrangements had been made before the end of the financial year to transfer the funds. He added that if payment of tax was insisted on by HMRC, APUC could recover it in the following year.
- 6 David recommended that the Board approve the financial statements.

Audited Financial Statements 2011-12: APUC/16/2012

- 7 Malcolm Beveridge gave an overview of the Financial Statements highlighting the key points and noting that they had been prepared in line with accounting practice applicable to smaller entities.
- 8 Malcolm also gave a brief overview of the external auditor's Audit Summary Report. He said that the consolidated financial statements incorporated the financial statements of the company for the year ended 31 July 2012 and of its subsidiary company UCSS Ltd, for the period ended to 31 July 2012.
- 9 He confirmed that the auditors were satisfied that the financial statements gave a true and fair view of the group's and the parent company's affairs as of 31 July 2012 and complimented APUC on a clean audit and thanked Elizabeth McFarlane (EM) for her contribution. The Board also expressed their thanks to EM.
- 10 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.
- 11 There followed a short recess to enable the accounts to be signed after which Malcolm Beveridge left the meeting.

Financial Management Report: APUC/17/2012

- 12 Elizabeth McFarlane highlighted the main features detailed in the Financial Management Report which included a summary of the actual income and expenditure for the period to September 2012 compared to the approved budget; the forecast outturn for 2012 - 13; the forecast balance sheet for the year ending 31 July 2013 and the cash profile for 2012-13.
- 13 The Board noted the contents of the Financial Management Report.

Minutes of Previous Board Meeting

- 14 The minutes of the 19 July 2012 Board meeting were approved as an accurate record of the meeting.
- 15 David Ross asked if future Finance Reports could split out detail of shared services costs. **(ACTION: E.McFarlane)**

Matters Arising: APUC/18/2012

- 16 All matters arising from the previous Board meeting had been actioned or were in progress and the position was as outlined in paper APUC/18/2012.

Summary Report: APUC/19/2012

High level summary

- 17 Angus Warren gave an overview of the information contained in the APUC Summary Report (Paper APUC/05/2012) and highlighted the main features. He reported that membership of APUC was down at 55 due to recent mergers, Edinburgh College and SRUC now being members instead of the previous 7 institutions. He added that there are now 3 associate members and another one in progress.
- 18 Angus advised that there are now 138 agreements in place complete with buyers' guides and that 48 institutions are being supported on e-procurement.

General update

- 19 Angus added that the UHI partnership proposal was now in place and that APUC has provided a resource (Paul Johnstone) to Forth Valley College on a full time basis. Brodie Smithers has been recruited to replace Paul's role in APUC.
- 20 Angus also noted that Emma Nicholson had rejoined APUC in a Special Projects Manager role to support the company on a flexible basis and to lead on some strategic developments. Emma is an experienced senior procurement professional. The Board supported and welcomed this increase in senior management resource which had been an area felt previously by the Board to be quite lean bearing in mind the myriad of initiatives and developments APUC had evolved into managing. The Board highlighted the importance of ensuring that we had a robust and sustainable management structure in place.
- 21 John Doyle asked if the APUC organisation chart could be expanded to highlight this role. (**ACTION: M.Caithness / D.Denholm**)
- 22 Angus introduced Annex C which contained the requested shared service summary and noted that the associate members receiving support were Argyll, Highland Theological and North Atlantic Fisheries Colleges.
- 23 Stuart Paterson asked if APUC was expecting approaches from future merged colleges and Angus explained that, as only 2 colleges originally had dedicated professional level procurement staff, it was likely that APUC will be expected to provide support.
- 24 Andrew Haddon noted that procurement may not be high on the merger agendas for the colleges concerned and that there was a danger of it being over looked.
- 25 Angus advised the Board that Procurement UK had appointed Prof Nick Petford as Chair and that Nigel Paul has been invited to represent Scotland.

- 26 He noted that Annex D in the summary report was added to show how Strategic Plan activities will be tracked and added that it is a live internal management working document but not intended for regular Board presentation.
- 27 Angus explained that a formula developed and agreed with both sector's PSGs will be used to calculate collaborative spend levels. The formula would be reviewed every 4 -5 years.
- 28 Angus explained that the calculations in the summary report were based on 2010/11 data and that 2011/12 data would be available in the next few weeks and was expected to be above target. He informed the Board that APUC is believed to be well ahead of other sectors in percentage of spend under collaborative agreements and that the current year will be even better.
- 29 There followed a discussion on contract usage by institutions and the consensus was that the range of percentage uptake should result in some positive friendly competition between institutions resulting in a further improvement in uptake levels.
- 30 Angus informed the Board that APUC was now using Award links to the government's PCS-Tender solution which allows for multi-lot evaluation (the standard government solution does not allow effectively for it) and that training had taken place. The sector was also very interested in this tool. Evaluation timespans are expected to be reduced by circa 80% as a result.
- 31 The Chair highlighted the importance of the Laboratory Maintenance database being regularly kept up to date when new equipment is purchased by institutions and Angus confirmed that, to enable this, a web-front end was in development that would allow institutional staff to update the content.

Benefits

- 32 Angus advised the Board that benefits achieved will be above the previous year and agreed to add some static KPI type data such as this (and uptake % etc.) related information to the summary report table. (**ACTION: A.Warren**)

OP – College Support Services update

- 33 Angus advised the Board that the Head of College Service role was now in place and that it was helping to ease the administrative workload on the Head of Operational Procurement.

eSolutions update

- 34 Angus noted that mergers were bringing colleges which had previously not subscribed to e-procurement, into PECOS due to the fact that other merger members were already using it.

- 35 He also advised that an e-Invoicing pilot will be run for future inclusion in PECOS.
- 36 Angus informed the Board that integration management for PECOS to finance systems will be undertaken by Amor.
- 37 David and Stuart requested a brief document be sent to the Board that identified the systems landscape both within APUC but also including the eTools in use (supported by us) that are being used / will be used by institutions. (**ACTION: M.Caithness / S.Richardson**)

APUC Procurement Capability Assessment

- 38 Angus advised the Board that APUC had a “Centre of Expertise Procurement Capability Assessment” in September. This was carried out by the Scottish Government using a questionnaire tailored to Centres of Expertise. The same assessment had been carried out in the other sectors. Although the results are not finalised the early indication is that APUC has scored in Superior in the assessment and can expect to be in the ‘Superior’ category. This assessment is highly demanding with world class excellence being required in every question to obtain a high score with evidence being required throughout. The assessment took 8.5 hours.

Strategic Plan Priorities - APUC/20/2012

- 39 Angus explained that APUC are allocating time to analysing the key contract parameters as outlined in the paper and that this work was expected to complete in November.
- 40 Andrew stressed the importance of understanding contract issues during the college merger process to ensure that the best approach is selected for the final merged institution and John Doyle re-iterated that this might not have a high enough priority within colleges during the merge process.
- 41 Stuart cautioned that demand on APUC resource to support merging colleges with their procurement strategy should not be underestimated and Angus explained that APUC already has resource assigned to support in this area and that there were further potential nil-hours contract staff available as a flexible resource if required.
- 42 John asked how difficult recruitment of procurement professionals is at present and Angus advised that demand is high making it challenging to attract good people.
- 43 Angus recommended that Priority Option No1 in the paper should be adopted as the preferred approach to addressing the Strategic Plan in manageable chunks and the Board agreed.

- 44 Nigel suggested that, due to the close proximity (same day) to the contracting priorities workshop, the review of collaborative contracting should be moved to the April Board and eSolutions move forward to January.
- 45 David also suggested moving college service review to July and best practice etc. to October and the Board agreed to these changes.
- 46 The Board therefore agreed the approach outlined in Option 1 subject to re-arrangements noted above.

Sector changes & PRDG/PPRB update

- 47 Nigel informed the Board that Nicola Sturgeon is now the minister responsible for procurement reform and that she has indicated that she would like to review the direction of the reform programme.
- 48 Nigel also noted that the next institutional spending review is being considered and procurement can play a vital role in demonstrating effective shared services as well as the sector optimising the use of available funding.
- 49 Angus updated the Board on the recent PRDG meeting and noted that it was clarifying its role in the reform programme. There is a desire to rationalise the number of “working groups” to improve efficiency and focus action on important issues.
- 50 John stressed the importance of keeping Scottish Government and the Funding Council fully up to date on what services APUC has to offer. He also stressed that legislation to force progress on regionalisations will become stronger.

Procurement Reform Bill / Act Consultation update

- 51 Angus informed the Board that the consultation process on the proposed act started in August. He noted that despite the imminent changes to EU regulations proposing a general relaxation of EU rules, the Procurement Reform Bill had proposed a massive increase in bureaucracy for public procurement in Scotland. He noted that some of the obligations posed significant risks for various aspects of sectoral procurement including research related activity. Some aspects could also be very damaging to the wider Scottish economy.
- 52 He added that APUC had provided feedback on behalf of the sector, taking account of / balancing sector inputs. He agreed to share the document with the Board. **(ACTION: A.Warren)**

Directors' assessment survey update – APUC/21/2012

- 53 The Secretary introduced the results and analysis arising from the recent survey of Board performance by the directors. He noted that the Board members' view is that the Board is fulfilling its remit well and performing to a satisfactory level.
- 54 The consensus of opinion was that more contact with APUC senior management and staff would be beneficial. It was felt that the Strategic Plan Priorities approach noted above would be very helpful in this as the lead manager for each strategic area would be invited to the relevant Board meeting going forward.

Any Other Business

- 55 There was no other relevant business.

Date of Next Meeting

- 56 It was agreed that the next Board meeting would be held on 24 January 2013 at Coatbridge College.
- 57 Proposed dates for the rest of 2013 are the 10th April, the 4th July and the 23rd October.