

## **Minutes of APUC Board Meeting held at 2p.m. on Thursday 28 February 2008 at 14 New Mart Road, Edinburgh**

### **Present**

Brian Baverstock	APUC Ltd
Gavin Macdonald	Stow College, Chair
Susan Bird	Stevenson College (for Agenda Items 1 to 6 only)
Pat Briggs	Robert Gordon University
Steve Cannon	University of Aberdeen
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
Malcolm Beveridge	Chiene + Tait (For Agenda Item 7 only)
Catherine Hendy	APUC Ltd (For Agenda Items 7 and 8 only)
Lynn Peterson	APUC Ltd
Hugh Ross	APUC Ltd
Frank Rowell	APUC Ltd

### **Welcome**

- 1 The Chair welcomed the two new Directors, Susan Bird and Pat Briggs.

### **Minutes of Previous Board Meeting**

- 2 The minutes of the 29 November 2007 Board meeting were approved as an accurate record of the meeting.

### **Matters Arising APUC/01/2008**

- 3 A paper outlining the actions taken and the current position on matters arising from the previous Board meeting was presented by Brian Baverstock. Two specific issues were brought to the Board's attention.

- 4 A guarantee of up to £500,000 had been provided from the Scottish Funding Council (SFC) to cover any potential buy-out debt for the Universities Superannuation Scheme (USS). The guarantee covers the period up to 31 July 2009, although the SFC may consider extending the guarantee if required. It remains the intention to replace this arrangement with guarantees from institutions
- 5 The SFC has written confirming additional funding of £955,000 to support the procurement elements of FE colleges' capital projects programme. The funding is conditional upon APUC extending this type of support to the HE sector should the opportunity arise.

### **Public Procurement Reform Board Minutes**

- 6 The Chair mentioned that the tertiary education sector would have representation on the Public Procurement Reform Board but who the representative would be had yet to be determined. He drew the Board's attention to the responsibilities of Board members set out in the minutes of the meeting held on 14 January 2008 and suggested that these might be a useful starting point for drawing up key performance indicators/best practice indicators for APUC's Board.(Agenda Item 11 refers.)

### **UUK Strategic Procurement Group for Higher Education**

- 7 Nigel Paul provided an oral update on the activities of the UUK Strategic Procurement Group for Higher Education.

### **Programme Update: APUC/02/2008**

- 8 Douglas Bell introduced this paper and Lynn Peterson and Frank Rowell talked the Board through the information on eProcurement and collaborative procurement. The work of the Collaborative Procurement team was now split equally between Category A and B commodities. However, progress with the collaborative procurement activities has been delayed, now running approximately two months behind plan. The main reason for the delay was the significant amount of time required to deal with institutional queries and concerns and chase up outstanding data.
- 9 The Board had a long discussion about the apparent lack of buy-in from institutions. However, the slow progress on institutions signing the Partnership Agreement should not be taken as a direct measure of

institutional support. The main reason for slow uptake on the Partnership Agreement was the uncertainty over subscription levels. The Partnership Agreement was covered by a later agenda item (APUC/06/2008).

- 10 The Board agreed that efforts should be focussed on the following:
- improving communication with institutions in particular to report planned and actual activities;
  - strengthening links with sectoral groups such as the Heads of Procurement in institutions;
  - delivering collaborative contracts to demonstrate the benefits, although it is recognised that institutions need to fully support these activities if the potential for benefits is to be realised; and
  - clarifying the source of future funding for APUC.
- 11 On the format of the Programme Update report, the Board agreed that the Gantt chart should be replaced by some high level indicators (perhaps 4 or 6) which should reflect progress over time. Consideration should be given to framing those indicators in a balanced scorecard.

#### **Audited Financial Statements: APUC/03/2008**

- 12 Catherine Hendy and Malcolm Beveridge introduced the draft audited financial statements for the period from 16 January 2007 to 31 July 2007 and the external auditor's draft Audit Summary Report. The Board approved the financial statements and authorised the Chair and Chief Executive to sign the financial statements and the Letter of Representation on the company's behalf. They were also content for the Chair to sign the Directors' Report. In line with the Financial Reporting Standard for Smaller Entities, the Directors' Report does not include a business review.

#### **Financial Management Report: APUC/04/2008**

- 13 The Board noted the contents of the Financial Management Report which incorporated all of the suggestions made by the Board at the

previous meeting. It was confirmed that funds can be carried over from one financial year to the next.

### **Future Funding Model: APUC/05/2008**

- 14 In light of the decisions by Scotland Excel (previously abc) and the two central government centres of expertise (Procurement Scotland and CGCOPE) not to apply supplier levies, the Board made the decision that funding of APUC should be by institutional subscriptions. Feedback from institutions shows clearly that the resultant increase in the scale of institutional subscriptions is unwelcomed.
- 15 With the exception of Scotland Excel, there is direct government funding for the other centres of expertise (those listed above plus Health). In addition, because of VAT exemption rules in local government, APUC will be the only CoE which has to apply VAT to institutional subscriptions.
- 16 These facts compound the challenges of introducing institutional subscriptions. Furthermore, the difficulty of getting institutions to commit to paying subscriptions to APUC before the membership benefits and savings could be demonstrated was recognised by the Board. In view of this, the Chief Executive and Chair were asked to pursue the possibility of the Scottish Funding Council or Scottish Government continuing to fund APUC - at least for the year beginning 1 August 2009. The Executive was also asked to consult Universities Scotland and the Association of Scotland's Colleges on this matter.

### **Update on Partnership Agreement: APUC/06/2008**

- 17 Brian Baverstock advised the Board that since this paper had been produced a letter had been received from Glasgow Caledonian University asking for its membership of APUC to be suspended. As a result of this change, only three HEIs were now members of APUC. The number of FE colleges who are members remained unchanged at twelve.
- 18 The Board was content with the measures outlined in the paper to increase the current level of support from institutions. Steve Cannon offered to accompany Brian Baverstock on visits he was arranging

with Principals and sector groups to help boost membership and address issues that institutions might have.

### **Corporate Governance Manual – Chapter 18: APUC/07/2008**

- 19 The Board approved the note that had been prepared on “Mechanisms for Tracking Performance” for inclusion in the Corporate Governance Manual as Chapter 18. It was not considered necessary to hold an away day/night to draw up Key Performance Indicators to measure the Board’s performance. Instead the Executive was asked to draft a paper for consideration at the next Board meeting setting out a list of measurements that could be applied. The paper is to be based upon the considerable volume of work that has already been done in this field by other organisations.
- 20 The Directors felt that the system of tracking and measurements contained in APUC’s Strategic and Operational Plans were very comprehensive and sufficient to effectively measure the company’s operational performance. However, they asked the Executive to attempt to identify between 4 and 6 of the most important indicators from all of those contained in the two Plans and to report on the progress that was being made against them at future Board meetings.

### **Remuneration Committee: APUC/08/2008**

- 21 The Board approved the formation of a Remuneration Committee, consisting of the three non-sectoral members of the Board - Douglas Mackellar, Stuart Paterson and David Ross – with the Chair of the Board in attendance. The Terms of Reference for the Committee set out in paper APUC/08/2008 were approved, subject to paragraph 1.2 being amended to increase the minimum number of members of the committee from 2 to 3; paragraph 8.5 (“Share Incentive Plans”) being deleted and the words “related organisations and sectors” being inserted after the word “companies” at the end of the first sentence of paragraph 8.13.

### **Operational Plan: APUC/09/2008**

- 22 The Board considered the Operational Plan to be comprehensive and a key component of the company’s internal performance review procedures.

## **Minutes of Advisory Group Meeting: APUC/10/2008**

- 23 The draft minutes of the Advanced Procurement Programme Advisory Group Meeting held on 23 January 2008 were noted without comment.

### **Any Other Business**

- 24 No other business was raised.

### **Date of Next Meeting**

- 25 The next meeting will take place on 29 May 2008 in APUC's offices at 14 New Mart Road, Edinburgh.