

**Minutes of APUC Board Meeting held at 11:15 a.m. on Monday 20 October 2014
at APUC's office in Edinburgh.**

Present

Nigel Paul (Chair)	University of Edinburgh
Irene Bews (IB)	University of Aberdeen
Gerry Webber (GW)	Edinburgh Napier University
Alan Williamson (AWi)	Edinburgh College
Mhairi Laughlin (ML)	West Lothian College
Janet Thomson (JT)	Glasgow Clyde 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
Malcolm Beveridge (MB)	Chiene + Tait (external auditor up to agenda item 4 only)
Elizabeth McFarlane (EM)	APUC Ltd (for Agenda Items 1-4 only)
Pauline Robertson (PR)	UCSS Ltd (from agenda item 5 onwards)
Michael Caithness (MC)	APUC Ltd

Welcome and Apologies

- 1 All directors were present.
- 2 The Chair thanked everyone for attending and welcomed Malcolm Beveridge from Chiene + Tait. He informed the Board that there would be a short break immediately following agenda item 4 to sign the financial statements and letter of representation. He also informed the Board that, as a result of his retirement from the sector, he will be replaced as an HE representative by Sheena Stewart, University Secretary at the University of Abertay. Chair added that Pauline Robertson would be attending the meeting to present agenda item 8, a progress report on ISSC activities.

Minutes of Audit Committee Meeting: APUC/19/2014

- 3 The draft minutes of the Audit Committee meeting held on 6 October 2014 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 2013 to 31 July 2014. 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 DR requested that Note 9 on page 14 should be changed to make it clear that the pension guarantee fund, whilst it is held by APUC, is actually controlled by the University Guarantors. The Board and Auditor agreed that this change would be made and the wording was agreed.
- 6 AWi recommended that the Board approve the financial statements subject to the agreed wording change.

Audited Financial Statements 2013-14: APUC/20/2014

- 7 MB advised the Board that the introductory paper APUC/20/2014 provided a good overall summary of the key points in the financial statements and reported that it was a clean audit with no matters for concern.
- 8 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 contained within the financial statements.

Financial Management Report: APUC/21/2014

- 9 EM highlighted the main features detailed in the Financial Management Report APUC/21/2014 which included a summary of the actual income and expenditure for the period to the end of September 2014, the forecast balance sheet for the year ending 31 July 2015 and the cash profile for 2014-15.
- 10 DM enquired how associate membership fees were calculated based on APUC's standard cost modelling used for all members.
- 11 IB supported this approach and commented that the taxman would expect to see a fair charge being made for APUC's services.
- 12 AW added that SAMS is currently an associate member and being charged pro rata for the services, defined in an associate membership contract, that they receive. SAMS will likely become a full member of APUC in due course.
- 13 AW advised the Board that all but one recently merged college now has a professional procurement resource in place (or in the process of being recruited), with all but two being provided via APUC under a shared service arrangement with APUC. AWi commented that the shared service gives the

college peace of mind and advised that he is delighted with the service received.

- 14 The Board noted the contents of the Financial Management Report.
- 15 There followed a short break during which the Chair, Chief Executive and Auditor signed the amended financial statements and letter of representation. At this point MB and EM left the meeting.

Minutes of Previous Board Meeting

- 16 The minutes of the 2 July 2014 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/22/2014

- 17 All matters arising from the previous Board meeting had been actioned as outlined in paper APUC/22/2014.

Summary Report: APUC/23/2014

High level summary

- 18 AW gave an overview of the information contained in the APUC Summary Report (Paper APUC/23/2014) and highlighted the main features. He reported that there are now 157 agreements available to members and that there were some additional 'difficult' opportunities to be evaluated.
- 19 AW advised that benefits data were being gathered for the previous academic year and that they should be available by the end of November.
- 20 He added that APUC was now providing 'institution based' shared service support to 20 colleges and that Dundee & Angus and Ayrshire Colleges were in the recruitment stage.

General update

- 21 AW informed the Board that the UHI Shared Service group had paused due to operational challenges and did not go live in September as planned. APUC will maintain them as an associate member and monitor the situation.
- 22 AW reported that the recent UUK PUK board meeting was very positive and it appears to be keen to grasp some matters of long standing debate.
- 23 AW advised the Board that the recent Procurement Network Conference held in Stirling was very successful and that it was over-subscribed with 116 eventual delegates attending. Sir Ian Diamond's talk was well received and there were good opportunities for networking. The consensus of opinion was that this conference should be an annual event and that May 2015 should be considered to avoid a clash with COUP in September.
- 24 AW reported that APUC had smoothly migrated its email service to Exchange 365 with no hitches and that the next step will be to 'virtualise' data and move servers out to a datacentre on JANET.
- 25 DR asked if there was any risk in having email and data in the cloud and AW assured that it improved security and that these services are extremely reliable. He added that the main weakness in the Cloud is the same as internal systems, i.e. users not securing their passwords adequately.
- 26 AW advised the Board that the recent graduate trainee process had recruited 4 new trainees (3 for APUC and 1 for UoE) and that APUC will coordinate their training schedule. The initial trainee intake was very successful and the first two individuals who have completed their training have now been appointed to full time roles in the sector (one more is due to finish shortly and appointment discussions are taking place for her).
- 27 APUC is also evaluating what benefits can be derived from the Modern Apprenticeship Scheme.
- 28 AW commented that there is a view that the significant levels of change resulting from Procurement Reform Act and the new EU Directives might prompt older members of the procurement community to take early retirement and that this makes the intake of new people all the more important.
- 29 AW advised that benefits reporting is now being done on the basis of both versus previous price (BT1) and versus market price (BT2) and that work is ongoing through the Collaborative Leads Group and the Joint Contracting Group to ensure that a consistent approach is adopted across the sector and beyond.
- 30 AW gave a brief update on College Services activities highlighting that there are 189 contracts in the planning stage.

- 31 AW advised the Board that the Sustain website was now live with a small number of suppliers to gather feedback on the process and that it had also been demonstrated to USET on 9 October.
- 32 AW advised that the 2014 PCA programme had started and that the assessments were due to be completed by December. He added that new assessment criteria were being developed for 2015 and that APUC were represented on the board that has been set up to guide this process. The PCA will change its name from 2015 to the "Assessment Regime".
- 33 IB noted that usage of collaborative agreements had gone up significantly and AW agreed that the trend was good and that uptake of contracts such as Legal/Audit Services had helped to achieve this growth.
- 34 MF noted that the number of contracts was flat now and enquired if there was more that could be developed to ensure we evaluate every opportunity. AW advised that some "problem child" contracts had been removed and that others in the same category were being re-evaluated. Some of these problem areas arise out of poor quality information (lack of granularity) in the early years or where there exist incumbent suppliers that are difficult to move away from. Approaches such as using early adopters to encourage others to follow have proven to be advantageous. We are also consolidating contracts (from say 3 separate agreements to one agreement with three lots) to reduce the burden on common supply markets thus reducing the headline number but without reducing the actual scope.

Strategic Review: UCSS ISSC APUC/24/2014

- 35 AW explained that the Information Shared Services Catalyst (ISSC) and been set up to seek out opportunities within the sector for sharing IT knowledge, resources, facilities, procedures etc. It is funded as a result of a successful bid to the Scottish Government and the SFC.
- 36 Pauline Robertson, formerly with UWS, was appointed to head up the team with Owen Freel recruited as Project Manager. It is intended to recruit a further project manager as the work load increases.
- 37 PR then gave a PowerPoint presentation highlighting the approach taken to establish communications with relevant stakeholders in the client community as illustrated in the following slides:
- **ISSC introduction**
Summary of the presentation and introduction to the team
 - **Engagement with the sector**
Approach to establishing contacts and arranging meetings and their outcomes.
 - **Update on activities**
It was quickly established that Moodle was a common tool used for virtual

learning and a workshop was held to identify areas of common interest and opportunities for sharing. 22 institutions are currently using Moodle.

- **Fife and Tayside Sharing Workshop**
This workshop identified several areas (Helpdesk, networks, finance, HR, student records etc.) for possible sharing of IT resources.
- **Office 365 Collaboration Event**
This event was presented by early adopters of Office 365 who shared their experience through the implementation process. There were 60 delegates with only 5 institutions not represented.
- **ISSC Strategy Group**
Composition of the strategy group taken mainly from institution IS leads across both sectors
- **What's next**
To review findings to date and develop a 5 year plan for ICT sharing.

- 38 IB cautioned that cross institution use of finance systems in particular are very complex and different in scope and should not be under estimated. AW added that there was a need to establish what commonality does exist between finance and student record systems.
- 39 ML suggested that each institution currently pays for update work to their systems which could be common across other institutions and that there was scope for minimising costs and resource effort in this area.
- 40 IB commented that the ISSC Strategy Group was very IT oriented and AW explained that it mirrored the Procurement Strategy Group that is made up entirely of procurement people but that significant Strategic input is obtained / is desired to be obtained from the HE/FE Sector Oversight Board and the APUC Group Board itself.
- 41 SP said that he was not clear on how the objectives of ISSC were set. AW advised that it was based on a set of outcomes agreed with the sectors and the funders and as set out in the Strategic Plan. Current work was in moving ahead with early opportunities in parallel to undertaking a full sectoral landscape review.
- 42 AW pointed out that Moodle has been identified as an area to develop shared services and that CIOs are supportive of this approach. He emphasised that willingness to change is key to the success of the exercise.
- 43 MF asked if sufficient progress was being made to enable a good assessment to be made by Easter 2015 and AW added that there is a need to gather more information to allow a 5 year plan to be developed and that work was on plan.
- 44 GW added that it is important to be clear on what specifically could be shared – hardware, software, systems, people etc.

- 45 JT advised it was important that we were clear on priorities - PR confirmed that they are defined in the Strategic Plan document (paper APUC/24/2014).
- 46 IB stressed that other business groups must be consulted, not just IT. AW agreed and advised that the key user groups would be included as part of the engagement process.

NHC Policy APUC/25/2014

- 47 AW introduced the paper APUC/25/2014. He added that there is a need to explore different approaches and that more time was required but asked the Board to approve the approach in principle in the meantime.
- 48 GW commented that there was no reference to non-exclusivity and that the wording of the first bullet should be changed to replace the word 'never'. The Board agreed that the document should be used subject to the changes suggested and form the basis for any alternative approach taken. (**Action: A. Warren**)

Updated Briefing to Sectors on Reform Act and EU Directives

- 49 AW introduced paper APUC/26/2014 and noted that these are the biggest ever changes to public procurement regulation. The document is an evolving one and will be updated and republished when more information becomes available. He added that there will be a consultation on the impact of the changes commencing in the November/December timeframe. The aim was for the document to be shared with Finance, COOs/Secretaries and Principals to ensure wide awareness of the requirements that will be placed on the sector.
- 50 GW suggested rewording the introduction paragraphs to emphasise the scale of change. JT suggested that wording relating to Colleges should be updated to refer to colleges rather than FE.
- 51 AWi asked if the changes would apply only to new contracts and AW confirmed that this was believed to be the case, but we could not be sure.
- 52 DM enquired if other sectors were involved in the process and AW confirmed that NHS and LA CoEs would also be involved in the review process and were working with APUC to develop general guidance for their respective sectors.
- 53 The Board agreed that the document should be updated as discussed and then shared with senior stakeholders (**ACTION: A. Warren**)

Report on Procurement Reform in HE/FE: APUC/27/2014

- 54 AW gave an overview of the document APUC/27/2014 that is designed to provide a status report on progress made by APUC and the HE and FE sectors through their strategic procurement reform and development activities over the period from 2009 to the end of the 2013/2014 academic year.
- 55 JT requested that the word 'approximately' be removed from the first paragraph. (**ACTION: A. Warren**)
- 56 The Board agreed that the document should be shared with senior stakeholders in the sector.

Any Other Business

- 57 There was no other relevant business.

Date of Next Meeting

- 58 It was agreed that the 2015 Board/AGM meeting schedule would be developed around the dates proposed as follows and that the venue for the January meeting would be West Lothian College:
- Board: 19 January – venue West Lothian College
 - Board: 31 March – venue TBC
 - AGM: 21 May – venue TBC
 - Board: 24 June – venue TBC
 - Board: 21 October – APUC, Edinburgh