

## **Minutes of APUC Board Meeting held at 2p.m. on Thursday 29 May 2008 at 14 New Mart Road, Edinburgh**

### **Present**

Brian Baverstock	APUC Ltd
Nigel Paul	University of Edinburgh, Chair
Susan Bird	Stevenson College
Steve Cannon	University of Aberdeen
Douglas Mackellar	Independent
Stuart Paterson	Independent
David Ross	Independent

### **In attendance**

Douglas Bell	APUC Ltd
Catherine Hendy	APUC Ltd (for Agenda Item 5 only)
Lynn Peterson	APUC Ltd
Hugh Ross	APUC Ltd
Frank Rowell	APUC Ltd

### **Welcome and Apologies**

- 1 Apologies were received from Gavin Macdonald, Pat Briggs, and Alan Williamson. In the Chair's absence, Nigel Paul was appointed to Chair the meeting.

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

- 2 The minutes of the 28 February 2008 Board meeting were approved as an accurate record of the meeting, subject to the amendment of the word "show" to "shows" in the final sentence of paragraph 14 and the insertion of "2009" after "1 August" in the penultimate sentence of paragraph 16.

### **Matters Arising: APUC/11/2008**

- 3 A paper outlining the actions taken and the current position on matters arising from the previous Board meeting was presented by Brian Baverstock. The majority of actions were covered in papers being presented later in the meeting but an oral update was provided

on the latest membership position. The number of HE institutions who were members of APUC stood at 3, while the number of FE institutions that were members had increased to 22.

- 4 The Board was reminded that institutions do not have to sign the Partnership Agreement to become members. However, in addition to being members, one HE institution and 13 FE institutions had also signed the Partnership Agreement. A table showing which institutions were members and which of them had signed the Partnership Agreement was tabled.
- 5 Whilst welcoming the increase in membership and reaffirming the FE sector's support for APUC, Susan Bird reported that institutions remained concerned about subscription fees and future liabilities arising from guarantees. The Board agreed that these were major issues that needed to be addressed and that they should be discussed in more detail under Agenda Item 6. Brian Baverstock reported that two constructive meetings on these issues had already taken place with the Heads of Universities Group.

#### **Programme Update: APUC/12/2008**

- 6 Douglas Bell introduced this paper and issued a new page 2 that contained some minor changes to the numbers in the paper.
- 7 At the previous Board meeting, the Board had asked for high level performance indicators to be included in a balanced scorecard format in future programme updates. It was explained that it had not been possible to fully comply with this request in the table set out on page 2 because not all of the data that were needed were currently available from institutions. This would be rectified when the database was fully populated. The Board confirmed that the format of the table was generally acceptable, although it asked for a column to be added to show the progress that had been achieved in relation to the Operational Plan. It was agreed that this would be included in future reports.
- 8 Lynn Peterson and Frank Rowell expanded upon the information on eProcurement and collaborative procurement in the paper and answered questions the Board had on these subjects.
- 9 As a small minority of institutions had not yet committed to eProcurement, the Board asked the Executive to do everything it

could to encourage participation. It was recognised, however, that this was a decision for institutions themselves to take and, if there was already an effective system in place and the costs of implementing eProcurement outweighed the benefits these were important factors. APUC's role was to facilitate the adoption of eProcurement by ensuring that institutions were provided with the information they needed to make an informed decision and assisting with the implementation. In this regard it was noted that the cost of institutions implementing eProcurement had recently been substantially reduced, making it a much more attractive option for institutions to pursue. The Chair asked for this information to be captured as a benefit to the sector and suggested that institutions should count it as Government efficiency savings.

- 10 Frank Rowell identified a discrepancy between the figures in Annexes A and B of the paper for the contracts that had been placed for dairy produce, water coolers and bakery products. He undertook to resolve the discrepancy outwith the meeting.
- 11 The Board felt that benefits tracking could be improved by making the figures more transparent. It was also considered important to differentiate between actual and planned savings and to have the figures broken down to institutional level. Work was also underway to disaggregate the projected benefits in Annex 2 to institution level.
- 12 The Board was assured that APUC's capital procurement activities would not have an adverse impact upon APUC's core activities as additional funding and staff had been secured for this service. Both staff and the budget were ring-fenced for capital procurement.
- 13 The Board considered the figures for both eProcurement and collaborative procurement to be very encouraging and felt that they were a "good news story" that should be publicised. With a view to ensuring the integrity of the figures, it was desirable for them to be validated, when appropriate, by institutions. The Board asked for the APUC staff to be congratulated for the progress that had been achieved.

### **Financial Management Report: APUC/13/2008**

- 14 Catherine Hendy introduced this paper and highlighted the fact that the forecast Income and Expenditure Account for the current financial year anticipated a year-end cash balance of about £3m and a

surplus on ordinary trading activities of £61k, comprising of bank interest earned. Sufficient funding was already in place to meet the expenditure forecast for 2008-09 and to leave £1.4m available for the 2009-10 financial year. This would not be enough to fully resource the planned operational requirements for 2009-10, therefore, funds from other sources would be needed. The Board noted the figures contained in the paper and that a detailed budget for 2008-09 and forecast for 2009-10 will be provided at the 24 September 2008 meeting.

### **Future Funding and Proposed Review of APUC: APUC/14/2008**

- 15 In regard to the future funding of APUC, the Board considered the position to be satisfactory for the current and next financial years. However, it felt that action needed to be taken now, rather than later, to address the predicted shortfall in 2009-10.
- 16 The Board had a lengthy and wide ranging discussion about the proposal for the establishment of a short-life review group. It was considered appropriate for the Board to participate in a dialogue with other interested parties, but not all Directors were happy with the use of the term review. Moreover, it was not clear what the purpose of the review was. If the issue was APUC's relationship with individual institutions or future funding, other mechanisms were available to address these matters.
- 17 Concerns were also expressed over the timing of the proposed "review" (several Directors felt it was premature for a review to be undertaken at such an early stage of the company's development) and with the Board being an integral part of a process that could – depending on the terms of reference - cut across its statutory responsibilities and result in it appraising its own performance. However, the consensus was that, if a review/dialogue was to take place, APUC should participate positively and proactively. Indeed, the Board members welcomed the opportunity to report the progress that was being made to a wider audience and to resolve the related issues of funding and commitment from the HE and FE sectors.
- 18 Nevertheless, presentation of the "review" would have to be handled carefully as it would send out a negative signal to contractors that might undermine productivity and it could have HR implications for staff retention. Indeed, the proposition that a review might take place had already caused concern amongst the APUC staff.

- 19 A number of diverse views were expressed during debate, but there was unanimity on the following points:
- it would not be acceptable for a review group to be formed whose terms of reference cut across the APUC Board’s corporate governance and fiduciary responsibilities and the Chief Executive’s role as Accountable Officer for the public funding that had been allocated to APUC
  - the review’s objectives need to be clarified (the Board was being asked to commit to something that was not yet defined)
  - the issue of APUC’s future funding should be included in any “review” and not, as stated in Universities Scotland’s letter of 9 April 2008 to the Scottish Funding Council, be “secondary to and contingent on the outcome of the proposed review”
  - liabilities arising from guarantees and other legitimate concerns the institutions may have should also be covered; and
  - the Chief Executive has a legitimate role to play in any review/dialogue.
- 20 The majority of Directors also believed there should not be a fundamental review of APUC, instead the review should be focussed on how best to achieve the objectives set out in the McClelland Report.
- 21 In the light of the above considerations, it was agreed that the Chief Executive should raise these matters at a meeting with the Scottish Funding Council, ASC and Universities Scotland on 4 June and report the response to the Board at the next Board meeting. The Board would then be able to reach an informed decision on this issue.

**Risk Register: APUC/15/2008**

- 21 APUC’s Risk Register and the process for periodic review laid down in paper APUC/15/2008 and in section 19 of the Corporate Governance Manual were approved by the Board.

### **Health and Safety Policy: APUC/16/2008**

- 22 The Health and Safety Policy statement and procedures set out in the Annex to paper APUC/16/2008 were endorsed by the Board, subject to the addition of references to the relevant legislation and the date on which the statement and procedures were adopted by the Board.

### **Terms of Reference of and Appointment to APUC Audit Committee: APUC/17/2008**

- 23 The Board agreed that an audit committee should be formed and approved the adoption of the terms of reference in Annex A to paper APUC/17/2008. As a number of Directors and the Chair of the Board were not present at the meeting, it was agreed that appointments to the committee should be made at a later date.

### **Evaluation of Board's Performance: APUC/18/2008**

- 24 The process and measures for evaluating the Board's performance outlined in paper APUC/18/2008 were adopted. It was also agreed that Chapter 18 ("Mechanisms for Tracking Performance") of the Corporate Governance Manual should be amended to reflect their adoption.

### **Communications Plan 2008: APUC/19/2008**

- 25 The Communications Plan was developed to support the APUC Programme for 2008 and future years. The Board considered it to be an excellent and very useful document and endorsed the processes set out in the Plan. At the Chair's suggestion, it was agreed that the Universities' Heads of Procurement should be included amongst the Stakeholder Groups listed in section 3.2 of the Plan.

### **Management Information Plan: APUC/20/2008**

- 26 Douglas Bell introduced the Management Information Plan and gave Board members a copy of a press release that had been issued earlier that day by the Scottish Government introducing the first ever set of national Best Practice Indicators (BPIs) for public procurement in Scotland. He mentioned that APUC was hosting a series of workshops in June to make institutions aware of what needs to be done to deliver the data necessary for both institutions and APUC to satisfy internal and external management and performance reporting

requirements. As Edinburgh University has considerable expertise in this field, the Chair said that members of the University's procurement team would be willing to participate in the workshops so that other institutions could benefit from the experience they have gained over many years. This offer was accepted and will be pursued by APUC.

- 27 The Management Information Plan was endorsed by the Board.

#### **Minutes of AGM held on 30 April 2008: APUC/21/2008**

- 28 The draft minutes of APUC's first AGM were noted without comment.

#### **Minutes of Advisory Group Meeting: APUC/22/2008**

- 29 The draft minutes of the Advanced Procurement Programme Advisory Group Meeting held on 16 April 2008 were noted without comment.

#### **Any Other Business**

- 30 It was agreed that APUC's second AGM would be held on 28 November 2008.
- 31 The Board noted the resignation of the Company Secretary, Brodies Secretarial Services Ltd, with effect from 29 May 2008 and was content that the work involved could be carried out more cost effectively in-house.

#### **Date of Next Meeting**

- 32 The date for the next meeting was fixed for 2 July so that officials could report back to the Board on the progress made with the issues relating to the proposed review. However, it was recognised that this was dependent on the position that had been reached and that the meeting may have to be postponed to a later date. The following Board meeting will take place on 24 September 2008 in APUC's offices at 14 New Mart Road, Edinburgh to approve the audited accounts for the year ending 31 July 2008.