

Minutes of APUC Board Meeting held at 12:30 p.m. on Tuesday 20 November 2018 at Charles Stewart House, University of Edinburgh.

Present

Jim McGeorge (Chair)	University of Dundee
Phil McNaull (PM)	University of Edinburgh
Pete Smith (PS)	North East Scotland College
Douglas MacKellar (DM)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

By Telephone

Janet Thomson (JT)	Glasgow Clyde College
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In attendance

Malcolm Beveridge (MB)	Chiene + Tait LLP (external auditor up to agenda item 3 only)
Elizabeth McFarlane (EM)	APUC Ltd (for Agenda Items 1-4 only)
Claire Skinner (CS)	APUC Ltd
Michael Caithness (MC)	APUC Ltd

Welcome and Apologies

- 1 Apologies for absence were received from Sheena Stewart (Abertay University), Carol Turnbull (Dumfries and Galloway College), Fiona Gavine (Independent) and Martin Fairbairn (Scottish Funding Council).
- 2 The Chair thanked everyone for attending, welcomed Malcolm Beveridge from Chiene + Tait LLP and noted that EM was attending for the Finance items on the agenda. Chair also noted that CS was attending the meeting as an observer. He also thanked PM for hosting the meeting.

Minutes of Audit Committee Meeting: APUC/17/2018

- 3 JT, as Chair of the Audit Committee, reported that the Committee had considered the unqualified audited financial statements, including the Directors' Report, for the period 1 August 2017 to 31 July 2018 and 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. She noted that there were a few minor 'tidy up' items to be updated and recommended that the Board approve the financial statements.

Audited Financial Statements 2017 - 18: APUC/18/2018

- 4 MB gave an overview of the Auditor's Report as follows:
 - a. The audit was conducted in accordance with FRS102 Section 1A that permits reduced disclosures for small entities.
 - b. It is an unqualified audit and there were no control matters of any concern.
 - c. The Executive Summary confirms that the audit is complete subject to signing of the Financial Statements and Letters of Representation.
- 5 The audit report adds that:
 - a. Based on given assurances that there are sufficient funds to meet the budgeted expenditure, APUC is considered a going concern.
 - b. The Auditors are satisfied that income has not been misstated.
 - c. Related party transactions have been adequately disclosed within the financial statements.
 - d. Payroll process and costs are accurately reported.
 - e. Control systems for fraud are considered robust and there is no evidence of any irregularities.
 - f. MB concluded by praising the finance manager for her assistance provided during the audit.
- 6 PS requested a copy of the Auditor's Report and Letter of Representation and it was agreed that they would be circulated to the board members and included in the papers for future year-end board meetings. (**ACTION: MC**)
- 7 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.
- 8 Chair expressed the Board's thanks for MB's and EM's contribution to the audit process.
- 9 There followed a short break during which the Chair, AW and MB signed the letter of representation and the Financial Statements where required. After this MB left the meeting.

Financial Management Report: APUC/19/2018

- 10 EM highlighted the main features detailed in the Financial Management Report APUC/19/2018 which included a summary of the actual income and expenditure for the period to the end of September 2018, the forecast balance sheet as at 30 September 2018 and the cash profile for 2018-19.
- 11 DM commented that the position regarding secondments was a healthy one and enquired if it was expected to continue. AW advise that it was and that there were a further two institutions interested in using APUC's services.
- 12 JT enquired about the support costs for HEFESTIS and AW advised that 'back office' services (eSolutions, finance, CEO etc.) provided to HEFESTIS by APUC would be reviewed when the HEFESTIS Board was established.
- 13 DM noted that commercial rates for the services provided would be significantly higher.
- 14 The Chair, on behalf of the Board, noted the contents of the Financial Management Report and thanked EM for the report.
- 15 After this, EM left the meeting.

Minutes of Previous Board Meeting

- 16 The minutes of the 20 August 2018 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/20/2018

- 17 All matters arising from the previous Board meeting had been actioned or scheduled as outlined in paper APUC/20/2018.
- 18 DM, referring to item 6 (inviting key external practitioners to present at Board meetings), suggested that APUC could invite other CoEs to advise on their experiences and AW advised that CS meets quarterly with other CoEs to compare activities.
- 19 DM felt that NHS and Scotland Excel would be interesting to hear from and Chair suggested including this in the next Board meeting. (**ACTION: AW/MC**)
- 20 PM asked if, in the event that HMRC closes APUC out, there would be opportunities in the wider market to exploit APUC's services and AW noted that there could be commercial 'open doors' with institutions/consortia south of the border.

Summary Report: APUC/21/2018

General Update

AW gave the following updates on the Summary Report:

- 21 Figures for collaborative spend are now circa 40% and spend is up on last year.
- 22 There is now an online tool allowing access to spend information.
- 23 The Edinburgh office change is now complete with consolidation into the large room only. The newly constructed meeting room is proving to be a good asset.
- 24 The Tayside Region Procurement Team went live in August and has been well received by stakeholders.

Procurement Reform Bill & EU Directives

- 25 The Reform Bill Annual Reports are due by the end of November 2018 and institutions are working to publish by that time. The Scottish Government is providing updates on who has published to date.
- 26 JT asked if there was a standard format for the reports and AW advised that there was. He also noted that SRUC were the first educational establishment to publish its report due to their different year end date.

Health and Safety

- 27 AW confirmed that there were no Health and Safety issues in the reporting period.

Procurement Conferences / Workshops

- 28 AW reported that the HEPA Conference took place in Loughborough on the 12th and 13th of September and that the event was well attended.
- 29 AW advised that the first new Procurement Development Workshop (PDW) format event will take place on the 7th February 2019, with the Joint PSG taking place on the following day.

Operational Procurement

- 30 AW advised that there are now 173 collaborative agreements available to stakeholders with a potential value of £338.6m.

Supply Chain Champions

- 31 AW explained that APUC has introduced Responsible Procurement Champions into every category in the core team. Each Champion will look at their category on ways to incorporate and bring innovative sustainable solutions to the way Framework Agreements are tendered, contracts managed and delivered. LUPC is a strong supporter of this idea.

Institutional Procurement Services

- 32 AW advised that there are now 41 members of staff working (part-time and full-time) in the Institutional Procurement Services workstream providing direct local support to Institutions.

eSolutions Update

- 33 AW advised that the Supply Chain Contract Management website is now complete and undergoing internal testing. This allows contract managers to schedule supplier meetings.
- 34 AW explained that work continues on the development of APUC's spend analytics solution. 98% of the spend data has now been coded v only 70% by the Spikes hub.
- 35 DM asked if APUC could extend the use of the tool, but AW said it would cost around £40k - £50k per year to support.
- 36 AW advised that the SG eInvoicing solution now has a change freeze and that institutions are not really engaged with it yet. It may ultimately turn out not to be a preferred option.

D&S Responsible Supply Chain Category Guides

- 37 AW informed the Board that APUC and LUPC are working together to assess how their respective supply chain verification systems (Sustain and Equiano) can be aligned and shared.
- 38 AW also added that the Electronics Watch affiliates meeting and conference will be held on 10 and 11 December in Amsterdam.

D&S - Procurement and Commercial Improvement Programme (PCIP) & Continual Improvement Programme

- 39 AW advised that D&S was providing support to institutions that had the lowest scores in the last round to enable them to improve. He added that there would be a 'lite touch' for high performers, but help would be offered for areas where scores were lower than 50% if requested.

Sustainable Procurement Leaders Group (SPLG)

- 40 AW informed the Board that the APUC Sustainable Procurement Leaders Group (SPLG) met again on 1 Nov and provided an update to members on recent events and developments and that it was well received.

D&S – Supply Chain Management Programme & Apprentice+

- 41 AW advised that the trainee scheme was progressing well and that recruitment for the next round would begin in the new year. He added that the Supply Chain Specialist Trainees were now working within the APUC Estates team and on a placement at GCU.

UCSS Collaboration Catalyst

- 42 AW informed the Board that Norice Bain had been appointed as the Collaboration Manager for the Shared Service Collaboration Catalyst with the extended brief to provide shared service development activity and collaboration support activities across business areas which are no longer limited to information services.
- 43 AW explained that UniDesk, an IT Service Management Tool, had been developed to meet all the conditions of a Shared Service under the Hamburg exemption. The shared service is provided by the University of Edinburgh and assistance in the marketing of UniDesk as a shared service is being provided by the Collaboration Catalyst.
- 44 AW advised that UCSS had been awarded a £55K grant from the Scottish Government to deliver solutions to common needs around the Cyber Resilience Public Sector Action Plan. APUC will be working on this circa 2 days per week until Q2/2019.

HEFESTIS Update

- 45 AW explained that there had been some delay in setting up a bank account for HEFESTIS, but that invoicing capability should be available soon.
- 46 He added that APUC was still paying HEFESTIS staff, but payroll was expected to be transferred in April 2019.
- 47 AW advised that the HEFESTIS Governance Manual was in draft and should be completed soon.
- 48 AW expressed conflict of interest concerns regarding his role as CEO of HEFESTIS and invited the Board's view on the matter. It was agreed that Jordan Schroeder, COO and MCISO, should be coached and appointed to the role. **(ACTION: AW)**
- 49 AW advised that the team was performing well and receiving positive feedback. CISOs now have unanimous support from the client community. DPO team is also working well despite one of its number having resigned due to the demands of the role and the amount of travel involved.

- 50 JT commented that this resignation was not unexpected during the settling in period for the service and Chair added that market demand for DPOs was high.

CSG Status Update

- 51 AW advised that he had given a brief update on APUC's developments with HMRC to date to the Finance Directors Groups and that there was strong support for the approach being taken.
- 52 He added that there had been no feedback from HMRC on the tribunal proposal but on a positive front they won't require VAT to be paid up front ahead of a tribunal. An informal approach will be made prior to Christmas for discussion on the status. All service recipients have been made aware of the situation.

Brexit Update

- 53 AW reported that meetings with SG were being held every 4 weeks to gauge the likely effects of Brexit. He added that the Westminster Government has advised its business priorities stating that 'commercial loss' is low but 'danger to health' is high.
- 54 AW advised that APUC was working on frameworks to identify weaknesses against Brexit outcomes and are categorising them into Low, Medium and High with effort being concentrated on Medium and High risks.
- 55 DM asked if frameworks allow any increased costs to be 'passed on' and CS advised that this was not generally the case although there might be exceptions if the increase is significant.
- 56 DM asked if there was any likelihood of sensitivity to exchange rate and AW advised that high cost items such as lab equipment tended to be quoted in US dollars. He added that this subject would be discussed further at the forthcoming Procurement Strategy Groups to keep institutions up to date on developments.

GDPR update and Public-Sector Action Plan on Cyber Resilience

- 57 AW informed the Board that work was nearing completion on GDPR consultation with suppliers and that terms and conditions had been updated to cover the data protection regulations.
- 58 AW added that APUC was working towards accreditation with the SG Cyber Resilience Action Plan and all staff are now using two-factor authentication for connection to Office 365 and SharePoint. The next stage will be encryption of all laptops and this could be problematic so will be done as a gradual roll out. HEFESTIS are supporting the sector towards the achievement of accreditation.

Risk Register (APUC/22/2018)

- 59 AW introduced paper APUC/22/2018 relating to the Risk Register and noted that a few updates had been made and old items removed. He added that there was not much else that to note that hadn't been covered in the agenda but highlighted that the migration of data to SharePoint was now complete and that funding was now in place until 2020.
- 60 PM commented that the Risk Register has too many risks on it and that some date back 10 years. He felt that risks should be 'dynamic current' risks and the register should be like a 'heat map' highlighting where they could affect APUC's business activities. A controlled approach on how to get them off the register should also be specified.
- 61 AW explained that the register recorded every possible risk that could happen.
- 62 PM asked if a 'risk workshop' had ever been run and AW advised that it had not.
- 63 PM offered the services of the University of Edinburgh's risk manager to help rationalise and focus the risk register.
- 64 It was agreed that a review should be conducted by senior management at the board meeting prior to the next AGM in May 2019. (**ACTION: AW/MC**)
- 65 The Board was otherwise content with the Risk Register.

Staff Life Cover (APUC/23/2018)

- 66 AW explained that staff who are members of the USS pension scheme currently have life cover but members of the UCSS pension scheme do not. He proposed that cover should be provided to members' families to the level of 1 year's salary in the event of death in service and that this could either be provided internally by APUC or externally via an insurance policy.

- 67 PM suggested that the risk should be covered by an insurance policy and felt that this would be viewed as a good staff benefit.
- 68 After some discussion, the Board approved the option of setting up an external insurance policy for UCSS staff life cover. (**ACTION: AW**)

2018 Client Satisfaction Survey Report & Actions (APUC/24/2018)

- 69 AW presented the 2018 Client Satisfaction Survey Report (APUC/24/2018) for information purposes.
- 70 Chair commented that the responses to the survey were generally good and DM added that it was important that stakeholders have a clear understanding of who is accountable for the relationships with APUC.
- 71 AW noted that the highest 'disagrees' were related to communications, UIGs and eSolutions workshops and added that some respondents may not be exposed to these activities. These client satisfaction surveys are conducted every two years.
- 72 JT asked how the results were communicated to institutions and AW confirmed that it was on the agenda for the forthcoming Procurement Strategy Group meetings.

APUC PRA Procurement Report (APUC/25/2018)

- 73 AW presented the APUC PRA Procurement Report (APUC/25/2018A) and explained that its purpose was to share the future direction of APUC with the sector/stakeholder and to comply with the requirements of the PRA to publish an annual procurement report. He noted that the document was for the approval of the Board.
- 74 AW also informed the Board that the other document (Public Procurement in Scotland - Summary Report of National Activities 2016 to 2018) was provided for background information purposes.
- 75 **PM commented on 'thresholds' in footnote on page 3???**
- 76 Chair complimented CS on the good work and the Board approved the draft report.

Staff Meet the Board

- 77 AW explained the logistical problem in arranging 'Staff meet the Board' sessions and suggested that they be scheduled to coincide with staff Open Forums when most staff are present in the one location and the Board agreed to this approach. (**ACTION: MC to schedule for the next Open Forum**)
- 78 AW also asked the Board if they would prefer the arrangement of starting future board meetings at lunch time and it was agreed that this approach was preferred. (**ACTION: MC to reschedule future meetings**)

Any Other Business

- 79 Chair suggested that the Remuneration Committee should meet immediately prior to the August 2019 Board Meeting as was the case in 2018 and it was agreed that this would be implemented for future meetings. (**ACTION: MC to schedule the Remuneration Committee to coincide with the August 2019 Board meeting**)
- 80 There being no further business, the meeting closed at 14:25.

Date of Next Meeting

- 81 The next Board meeting will be held on Monday 18 February 2019 at the University of Dundee.