

Minutes of APUC Board Meeting held at 10:30 a.m. on Wednesday 15 February 2017 at West Lothian College.

Present

Gerry Webber (Chair)	Edinburgh Napier University
Liam McCabe (LM)	University of Stirling
Janet Thomson (JT)	Glasgow Clyde College
Mhairi Harrington (MH)	West Lothian College
Pete Smith (PS)	Borders College
Douglas MacKellar (DM)	Independent
Fiona Gavine (FG)	Independent
Stuart Paterson (SP)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

In attendance

Martin Fairbairn (MF)	Scottish Funding Council (SFC)
Michael Caithness (MC)	APUC Ltd
Stephen Richardson (SR)	For Agenda item 11 only

Welcome and Apologies

- 1 Apologies were received from Sheena Stewart, Abertay University
- 2 The Chair thanked everyone for attending and MH, West Lothian College for hosting the meeting. He noted that Elizabeth McFarlane was on annual leave and that AW would present the Finance Report highlights. He also noted that there would be a 'Staff meet the Board' session over lunch.
- 3 Chair informed the Board that MH was stepping down, one year early, in March and expressed the Board's sincere thanks for her valuable contribution over her 'three year' service. He also thanked JT who was happy to continue for a further year to ensure continuity of FE representation on the Board.
- 4 AW suggested that in order to maintain the concept of the three year appointment cycle, that JT who otherwise would be stepping down / standing for re-election this year, could extend her current tenure to next year (and then stand for re-election or stand down as she wished at the time) and we therefore would appoint to the Principal reserved Board position in line with this year's AGM timings for a duration of 3 years. JT noted that this had been discussed with her and she was happy with this approach. The Board agreed this proposal so this would be proposed as the way forward as part of the election process.

Minutes of Previous Board Meeting

- 5 The minutes of the 16 November 2017 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/01/2017

- 6 All matters arising from the previous Board meeting had been actioned or scheduled as outlined in paper APUC/01/2017.

Summary Report: APUC/02/2017

High level summary

- 7 AW gave an overview of the information contained in the APUC Summary Report (Paper APUC/02/2017) and highlighted the main features as follows:

High Level Summary Table

- 8 The front page table has been updated with the latest PCIP data. The table shows that, overall, institutions on Full, Medium and Lite assessments have improved from their 'Trial' assessment to their actual first results. Some of the lower spend institutions have still to be go through the Operational Procurement Review (not scored) but this will be completed by the end of March and it has been agreed with the Scottish Government and other sectors that the next formal PCIP assessment round would occur in 2019. In the interim period, the focus will be on continuous development and APUC will support institutions in this effort. The data on the summary report will be kept up to date on an ongoing basis however as institutions can request (partial or complete) interim updates of their PCIP assessment.
- 9 Spend on collaborative agreements is currently reported as lower (than last year) at 27% due to a slight dip in some areas and some spend being misallocated on the Spikes Hub (a major piece of work is under way to try and resolve this). Construction spend has been removed from the baseline in England and it is also intended, after dialogue with both sectors PSGs, to do this in Scotland for the sake of consistency – this will not make a huge difference across the total sector but will impact some institutional scores and improve the recurrent value of the data. Updated data will be provided to the next meeting. England also include funding council direct funding to JISC in their figures (as well as other shared service spend) which can increase percentage levels materially but this is not the case in Scotland and we do not intend to do this as part of our formal reporting.

General Update

- 10 The APUC Buyers Portal is now the single portal for accessing information on framework agreements and continues to increase its scope with wider collaborative activity. This has been enhanced to include a D&S site and shortly we will be making available an eSolutions page. Usage figures show 378 unique users for the month of January. An exercise is underway to identify any additional users requiring access.

- 11 All data previously hosted on the Scottish Government (SG) SharePoint site have now been removed and where required loaded into the APUC Buyers Portal providing a single external portal for collaborative procurement information.
- 12 All staff are now upgraded to Office365 and Windows 10 OS enabling the migration of data to OneDrive for business. eSolutions and D&S staff have now migrated their data and remaining staff will migrate over the next 2 months.
- 13 AW advised that dialogue is commencing on options for a fourth regional procurement team approach. LM asked if this required Board approval and AW explained that it does not as APUC already provides shared service resource to Tayside institutions and this would consolidate it under the new proposed team banner.
- 14 As expected, it has been confirmed that the Ministerial Strategic Group - Procurement (MSG-P) will migrate to a new structure over the coming months. The group will meet once per year but no date has been set as yet for the initial meeting.

Staffing

- 15 AW advised the following staff updates:
- Anne Martin will be withdrawing from Glasgow Caledonian University (GCU) and will be joining the core Collaborative Contracting team to lead the General (including C1), Professional Services, HR Categories. Angela Van Gelder has been appointed to replace Anne as Head of Supply Chain at GCU.
 - Michael McLaughlin will be withdrawing from the Glasgow School of Art (GSA) and will be joining the core Collaborative Contracting team to look after the Information Services (IS) Category on a fully dedicated basis. Sarah Leitch will become the Head of Supply Chain for GSA from 1/3/17.
 - Rica Bieke returned from her career break early and took up a position in the GRPT based at Glasgow Clyde College.

Procurement Reform Bill & New EU Directives

- 16 AW reported that all elements of the Procurement Reform Act are now in force. SG is currently checking that all institutions with greater than £5M regulated annual spend have published their Corporate Procurement Strategy. A report on the status after the first year is due in December 2018.

Operational Procurement (OP) – Collaborative Contracting

- 17 AW confirmed that there are now 179 collaborative agreements available to the sector.
- 18 He added that the next Category eBulletins will be issued late March and that feedback remains positive.

- 19 AW advised that the Contracting Priorities Workshop on 9 February agreed to revisit some of the commodities that were previously in the 'too-difficult box' to establish if it is worthwhile expending resource time on them.
- 20 JT enquired if work had stopped on any commodities areas and AW advised that a small number are dropped each year, for example, book-binding and boiler maintenance.
- 21 AW noted that the Joint Procurement Strategy Group (PSGJ) included a PCIP workshop to highlight areas where some institutions had scored highly. This could help to focus other institutions' efforts to improve their scores.

eSolutions Update

- 22 AW advised that implementation of the PECOS "Gateway" continues and that institutions had expressed their preference that APUC manage the process as opposed to SG.
- 23 AW added that the new helpdesk solution is in place and is proving to be very successful.

eS – Spikes non pay spend Data Gathering

- 24 AW advised that work has been undertaken to map some categories in the Spikes data to the APUC contracting categories and a report created allowing further analysis to identify where data is missing and establish future opportunities for collaboration. Spikes are contracted to code 90% value of public sector spend resulting in a proportion of our sector spend not being coded. Additional work has been undertaken to start filling this gap in the data and will continue over next few months.

D&S Sustain

- 25 AW noted that a total of 37 suppliers have been invited to undertake the Sustain assessment and that 27 have already commenced the process.

New BT14 Methodology

- 26 AW advised that the methodology for the new BT14 (Sustainability Based Benefits) has now been approved by the PSGs and that APUC will now work with other sectors to embed this methodology where possible.

D&S – Supply Chain Management Programme & Modern Apprenticeship

- 27 AW informed the Board that one of the current trainees has decided to leave the scheme and that APUC will shortly be appointing a Modern Apprentice in Procurement, to be based out of the Stirling head office.

D&S Charity of the Year

- 28 AW advised that APUC staff had raised £1380 as a result of various events to date and that further activities were underway at present (a 2 month 'Dryathlon' and a Sugar and Alcohol Free February).

IS Catalyst/InfoSec

- 29 AW informed the Board that Owen Freel has now been confirmed to continue as Head of IS Catalyst.
- 30 The pilot MoodleShare shared service (between Edinburgh Napier University and Edinburgh College) has now successfully completed its first academic year and continues to work well.
- 31 AW advised that the InfoSec Shared Service continues to grow, with two new institutions, Glasgow Caledonian University and Strathclyde University signing up in the previous quarter.
- 32 AW added that business modelling for shared service options for Project Management and Business Intelligence services have been developed and were presented to the IS Strategy Group on the 23rd of November. Enterprise Architecture has also been raised by a number of institutions as a space where Shared Service could provide value to the community.
- 33 AW noted that Project Management was challenging and invited the Board's view on risk appetite regarding resource employment. Chair suggested that this should be a subject for a future discussion as part of the future strategy.

Further discussion

- 34 Chair asked if there was any potential reputation risk in the implementation process of the PECOS Gateway and AW confirmed that it was 'business as usual' for APUC.
- 35 FG asked if the reduction in HE/FE spend from 30% to 27% was significant and AW explained that it did reflect a dip in some areas but that it was also skewed by construction data. He added that a detailed analysis of the available data was ongoing to gain a better understanding of where to target collaborative resources and where data management resources would be required to identify missing spend.

Financial Management Report: APUC/03/2017

- 36 AW highlighted the main items detailed in the Financial Management Report APUC/03/2017 which included a summary of the actual income and expenditure for the period to the end of December 2016, the forecast balance sheet as at 31 December 2016 and the cash profile for 2016 -17.
- 37 DM asked how APUC charges for Shared Services and AW explained that the full actual costs are charged for each with the overheads split equally across all employees.

- 38 JT queried the salaries overspend and AW explained that the budget was originally set in December 2015 and the current level of support for institutions was not anticipated at that time.
- 39 LM suggested that a simple table should be prepared to explain the I&E related to shared service staffing versus core staffing. LM also suggested changing the terminology and not reporting it as 'overspend' when it was actually appropriate spend related to realigned resources. **(ACTION: AW / Liz McFarlane)**
- 40 The Board were happy with the financial report but would welcome the noted changes for the next Board meeting.

Reserves Policy and deferrals update (APUC/04/2017)

- 41 AW presented the paper APUC/04/2017 that contained a detailed list of the reasons for retaining reserves and the cost levels (approximately 3 months combined running costs) required should the company be wound up.
- 42 MF noted that APUC's relationship with its sector is very good and that it has a 'unique relationship' with the SFC. He agreed that reserves held should be for an orderly winding up if necessary but thought that some of the reasons listed were actually planning matters and not specifically applicable to reserves. He added that the SFC would be open to re-phasing funding to cover any cash flow phasing issues.
- 43 MF asked why 3 months winding up cost was suggested and AW advised that it was to cover the timescales for notice periods and redundancy costs taking into account HR law around statutory consultation but factoring in how such a situation would align with funding round timings (he added that the winding up costs could possibly be equivalent to up to 5 month's salary costs).
- 44 It was agreed that an annual update on winding up costs should be prepared and included in supplementary info to accompany the policy. **(ACTION: AW)**
- 45 LM suggested that there should be an allowance in the reserves to cover any unforeseen issues in addition to winding up costs and SP concurred.
- 46 FG asked if HMRC had any guidelines that dealt with reserves for winding up a company and AW advised that he had looked but could not identify any.
- 47 Chair summed up by stating that a decision was not expected at the meeting and that AW should reflect on the points made by the Board and report back at the next meeting. He also suggested that a periodic review of reserves policy should be held every 3 years. **(ACTION: AW)**
- 48 SP suggested that APUC might be able to use an institution's reserve policy as a template.

Brexit Update

- 49 AW explained that the Westminster Government was planning a 'hard Brexit' and that this would mean new procurement rules for the public sector – the WTO-GPA rules.
- 50 PS asked if the rules would need to be rewritten and AW confirmed that they would.

Collaborative Procurement % Targets

- 51 AW noted that the Work stream presentation later in the agenda would concentrate on 'spend analysis' and that the topic could be discussed in more detail at that point.
- 52 He suggested that APUC should be looking at 'appropriate targets' instead of a blanket target of 40% and noted that SG now realises that 40% might not be feasible and are increasingly keen on appropriate variable targets rather than generic ones.
- 53 DM felt strongly that spending needs to be reviewed more often than annually and a more 'real time' approach, perhaps monthly, would yield more meaningful information.
- 54 AW noted that much HE/FE spend is not consistent year on year and therefore difficult to interpret.
- 55 Chair recommended that this topic should be considered in ongoing strategy discussions.

New APUC Corporate Strategy (Main discussion item)

- 56 AW reminded the Board about the timescales for the new strategy and suggested that a Board 'away day' might be required to discuss and agree the best approach. He suggested August 2017 as an appropriate time.
- 57 Chair stated that the Board was happy about extra time to discuss and develop the strategy and suggested working it around the existing date in August. The Board agreed this would be useful.
- 58 AW invited inputs from the Board on the subject of 'What is APUC's role?'
- 59 SP asked if the drive for new services is coming from institutions and AW confirmed that this was mainly the case and that APUC does not actively market additional shared services, except via the IS Catalyst. MF reminded the Board that the IS Catalyst was a request from the sector. DM added that the original remit was for Category B Procurement and that moving into procurement shared services made sense. Other areas could also make sense but might mean a fundamental change to APUC's strategy.
- 60 A discussion on scope and where it was felt best to position it followed.

- 61 Chair summarised discussions by noting that the focus must remain clearly on APUC's defined purpose (being a Procurement CoE) but that other shared services may be appropriate to deliver also where they interacted or overlapped on the efficiency / effectiveness agenda and in particular when delivering service collaboratively brought something of extra value beyond the efficiency saving of a shared service alone. He suggested that the discussion should be summarised by AW and shared with the Board in preparation for the next meeting. (**ACTION: AW**)

Work Stream Review - eSolutions

- 62 SR presented the contents of a handout and explained the diagram showing the inter-relationships between Hunter and the various inputs and sources of spend data. He added that the spend data coming from the HUB (Spikes-Cavell) is not robust or always specific enough to allow a detailed understanding of institution spend.
- 63 SP asked why all institutions couldn't use the same system such as PECOS.
- 64 SR explained that institutions choose what system they use and some use their finance system. He added that Spikes only codes down to £1000 resolution and that APUC has coded £85m worth of spend down to £400 level thus providing more detail for out-of-Hub-scope institutions. Some spend is also incorrectly coded which further complicates the situation.
- 65 SP asked if the Hub could be bypassed and spend data gathered directly into Hunter instead and SR advised that it could be done but reminded the Board that the Hub is used by all of the public sector not just education and we would still need to take part in national reporting platforms
- 66 AW added that it would be a big resource demand to recode all of the Hub data.
- 67 SP added that, despite it being likely to consume a vast amount of resource to recode all of the Hub data, we should explore how it could be done and DM agreed that it could be very valuable to have complete control over spend reporting/gathering.
- 68 MF concluded that we should think strategically but pragmatically about how we deal with information within the context of the sector.
- 69 It was agreed that the session had provided useful insights into the data landscape that could be taken account of in the new strategy development.

NSD Principals Dialogue / 10 Years of APUC

- 70 AW expressed the intention to celebrate the company's 10th anniversary year and requested the Board to recommend reward ideas for long service staff based on what is done within institutions and / or other organisations with which they have experience of.
(ACTION: Board)
- 71 Chair suggested that AW should then make a proposal for the Board to consider.
(ACTION: AW)
- 72 AW reminded the Board about the proposal for dialogue between NSDs and principals on their views on APUC services and expectations for the future. The 10th anniversary appeared a suitable anchor / reason for such dialogue especially as we move towards our new strategy. AW noted that through stakeholder dialogue, 5 or 6 principals in each sector representing a cross-section of institution types, had been identified to be invited to take part in the exercise.
- 73 DM was leading on planning for this in liaison with the other NSDs. The plan was to first liaise with the nominated Principles by email with some high level questions then offer the opportunity for a meeting / telephone call to discuss any particular areas of interest.
- 74 DM would liaise with AW on taking this forward.

Any Other Business

- 75 There being no further business, the meeting closed at 12:50.

Date of Next Meeting

- 76 The next Board meeting will be held on 18 May 2017 at APUC's Stirling office.