

**Minutes of APUC Board Meeting held at 10:30 a.m. on Monday 22 August 2016
at Abertay University, Dundee.**

Present

Gerry Webber (Chair)	Edinburgh Napier University
Sheena Stewart (SS)	Abertay University
Janet Thomson (JT)	Glasgow Clyde College (by phone)
Douglas MacKellar (DM)	Independent
Fiona Gavine (FG)	Independent
Stuart Paterson (SP)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

In attendance

Chris Sutherland (CS)	APUC Ltd (for Agenda Item 13 only)
Elizabeth McFarlane (EM)	APUC Ltd (by phone for Agenda Item 5 only)
Michael Caithness (MC)	APUC Ltd

Welcome and Apologies

Apologies were received from:

Martin Fairbairn	Scottish Funding Council
Liam McCabe	University of Stirling
Mhairi Harrington	West Lothian College
Pete Smith	Borders College

- 1 The Chair thanked everyone for attending and SS for kindly hosting the meeting. He also noted that Alan Williamson had stepped down from the Board after 9 years and extended a sincere thank you for his valued contribution.
- 2 Chair added that Pete Smith, Vice Principal – Finance and Resources at Borders College will replace Alan as an FE representative on the Board.
- 3 Chair changed the agenda order to move item 13 to just after item 10 to ensure that Chris Sutherland was allowed sufficient time for his InfoSec Work Stream presentation.

Minutes of Previous Board Meeting

- 4 The minutes of the 26 May 2016 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/14/2016

- 5 All matters arising from the previous Board meeting had been actioned, in progress, or were covered in the agenda as outlined in paper APUC/14/2016.

Summary Report: APUC/15/2016

High level summary

- 6 AW gave an overview of the information contained in the APUC Summary Report (Paper APUC/15/2016)

General Update

- 7 The new PCIP (replacing PCA) results will be included on the high level summary table when all first wave assessments have been processed – this should be in time for the November meeting.
- 8 The Procurement Networking Conference (PCN) was well supported with over 130 delegates attending. Feedback on content was very good and the venue was well liked. The venue for the 2017 PNC will be the Stirling Court Hotel and it has already been booked for Friday 19 May 2017.
- 9 The fibre internet connection to the Edinburgh office is now in place and working well.
- 10 Item 6 should read Operations and Communications and not Development and Sustainability.
- 11 eSolutions has implemented the changes to enable service coverage from each core office (please see detail under Staffing).
- 12 The [APUC Buyers Portal](#) is now fully operational and contains all buyers guide information for the 173 available agreements. Institutions in Wales will also use the Buyers Portal.
- 13 The Ministerial Strategic Group - Procurement (MSG-P) has not met since the last Board meeting. As noted before, it is possible that the role of the group may be reviewed now that a new Cabinet Minister (Derek McKay) has been appointed.
- 14 The (UK wide) Higher Education Procurement Association (HEPA), is holding its bi-annual conference on the 8th and 9th of September – it is being held this year in Scotland, at the Golden Jubilee Hotel (NHS) in Clydebank.

Staffing

- 15 AW advised the Board of the recent staffing changes as follows:
- Mary Matheson has left her post at ERPT/Edinburgh College to take up a position in Saudi Arabia and she will be replaced by new hire Ron Beckett in September.
 - Rica Bieke is taking a career break to travel and will return in February 2017.
 - Hayley Crawford is leaving to move down south as her partner has taken a new post London.
 - Gemma Stenhouse is joining the ERPT and will work 0.5 at West Lothian College and 0.5 at Edinburgh College.
 - Alison Lees is now working at the University of Strathclyde where two of the institution's senior staff are leaving in September.
 - Cheryl Spence has moved from GCU to head up procurement at New College Lanarkshire and Jen Robertson has been recruited to take her place at GCU.
 - Callum Brown is now the eSolutions representative based in the Stirling Office as previously mentioned.

Procurement Reform Bill and New EU Directives

- 16 AW advised that the last minute aspect of scope of the new legislation, the European Single Procurement Document (ESPD), continues to cause challenges in effectively using it, both for the Buy and Sell side. The Westminster government has not yet implemented this (for England, Wales or NI).

Benefits

- 17 AW advised that a full picture of benefits won't be available until the year-end but that spend recorded for the 9-month period Aug 15 to Apr 16 was £163m with forecast BT1 savings of £12.9m, BT2 £19.7m and cost avoidance £1.25m. These figures are not validated so could change slightly either way.
- 18 Spend levels of energy are being impacted materially due to the reduced cost of energy (these cost reductions for energy are not reported as savings).

Health and Safety

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

Operational Procurement – Collaborative Contracting

- 20 AW informed the Board that the new Category eBulletins were issued to PSG, the Procurement Network and to professional groups across HE/FE at the end of June for the period July to September. The Category eBulletins will be quarterly with the next period being October to December 2016 and will be issued in late September 2016. Feedback received so far has been very positive. These and the most recent Category Strategies issued will always be available on the Buyers Portal.
- 21 AW noted that there are now 30 APUC shared service members based in institutions.
- 22 AW advised that a number of C1 collaborative opportunities are being pursued: Metals, taxi hire, coach hire and Teaching Qualification in Further Education (TQFE). A collaborative agreement for debt collection has also recently been let.
- 23 AW informed the Board that a reporting format, mechanism and timetable had been put in place and the first round of reports were produced for client institutions in July 2016. This will be in the form of an annual report.

eSolutions Update

- 24 AW advised that implementation of the PECOS “Gateway” is progressing well. A demonstration of the solution to Forth Valley College is planned and an increasing number of institutions are now looking to adopt this solution.
- 25 AW advised that following the release of the Buyers Portal, we are now in the process of creating the first of the institution portals. The format will be as per the APUC site but allowing institutions to host own contract documentation and make it available to their own users. The Heriot-Watt site is in the final stages of development and will be made available shortly to the institution.
- 26 AW added that the APUC contracts register element of the website is now fully live. The webpage is a direct live feed of nearly 2,000 contracts from Hunter.
- 27 AW noted that following the release of new PCS functionality, users have been experiencing problems when awarding call off contracts as they are required to reference the originating framework. As not all frameworks are awarded in PCS this resulted in a high proportion of frameworks not being available and an exercise to back fill was required placing increased admin burden on the CoE’s and Millstream. This exercise is still underway at Millstream to add the missing agreements. As a result of this, changes are planned for Sept in PCS to allow users to add links to non-Scottish agreements.
- 28 AW informed the Board on the status of eInvoicing noting that Abertay University is now starting to increase the number of suppliers providing electronic invoices. West Lothian College will start receiving invoices again following the work to include a new vat segment on PECOS.

29 AW advised that the overall status of the Scottish Government (SG) eInvoicing project across all sectors is as follows:

- 11 orgs live
- 11 implementing
- 30 engaging
- 49 noted interest,

108 suppliers have been adopted but only 43 are currently submitting invoices in total across all sectors. The deadline for implementing eInvoicing for the HE/FE sector is currently estimated to be Nov 2019.

D&S – Sustain

30 AW advised that part of APUC's 2015-18 Delivery Plan required over 50% of APUC's member institutions to adopt APUC's Sustainable Procurement Code of Conduct (CoC). We have contacted every full member to assess the status of this and can confirm 79% of HE members and 70% of FE members already use, or are in the process of adopting, the CoC.

D&S - PCIP

31 AW explained that PCIPs have been delivered within the tolerances set by the PCIP Board. He noted that scores are slightly down on the previous PCA scores but that this was due to changes in the questions and a wider range of subjects covered by the new assessment. The two Full PCIP institutions assessed to date have achieved F1 (highest banding) for the Full PCIP.

D&S – Training

32 AW advised that training in the new regulations has now been delivered by APUC to more than 600 staff in member institutions.

ISSC

33 AW noted that Chris Sutherland would be presenting an update on the status of InfoSec later in the agenda.

Financial Management Report: APUC/09/2016

34 EM highlighted the main features detailed in the Financial Management Report APUC/16/2016 which included a summary of the actual income and expenditure for the period to the end of June 2016, the forecast balance sheet for the year ending 31 July 2016 and the cash profile for 2015-16.

35 Chair thanked EM for another very well structured financial report.

- 36 The Board noted the contents of the Financial Management Report.
- 37 AW explained that the income of £45k deferred into 2016-17 is to fund a staff development / conversion programme. This is to bring new staff members, coming from the private sector, up to speed on the regulations that apply for public procurement. This use of these funds was supported by the Board.
- 38 FG enquired about £51k recruitment cost overspend and EM explained that it was mainly for agency costs. AW added that APUC has needed to use agencies to get the right level of staff this year due to the quick increase in institutional staff but that this situation would stabilise as most of the institutional shared service requirements have now been filled and through use of the development / conversion approach.

Annual Review / Update of APUC Strategy and Delivery Plan

- 39 AW explained that the documents in Papers APUC/17/2016A, B and C were largely updated with housekeeping changes based on ongoing experience. He also noted that the new eExpense system was now active and being used exclusively.
- 40 Chair stated that he was happy to accept the textual changes and the Board agreed.
- 41 Chair enquired about the timeframe for looking beyond 2018 and AW advised that item CS11 in the Delivery Plan requires a review one year before the end of the period covered by the current plan. This work would commence Q2/2017 but consideration of strategic matters could occur earlier.
- 42 DM stated that the Strategy is correct and may only require minor adjustments year by year. He added that the plan shows a very tight running of the ship.
- 43 Chair suggested that the Board continues to revisit the Strategy and Delivery Plan annually to ensure that any adjustments are effected.

Office Premises Update

- 44 AW explained that the Stirling office had been moved to another part of the Business Centre offering more space and that the move was conducted without any issues. He added that STEP had offered another alternative office with a lower cost but this was rejected as it had no windows. The meeting room could also be used for further expansion should it be necessary and alternative arrangement could then be made for meeting space elsewhere in the building. The new office facility also has a semi-separate space for the InfoSec team as it grows and smaller desks have been used to maximise the accommodation utilisation throughout.
- 45 AW added that broadband facilities were being reviewed for both the Stirling and Glasgow offices, with fibre a possibility.

40% Target Work Update

- 46 AW thanked DM for the good work on preparing a template document and that APUC had been working to see how to approach the task of achieving the 40% target. He added that future Board summary report would provide a status update on progress being made and new formats would be used from November.
- 47 Chair also thanked DM and questioned if 40% was still an achievable target.
- 48 AW stated that it was very stretching but achievable with the co-operation of the institutions. He added that the good work being done on supporting C1 contracting and the issue of Category Bulletins would also be contributing factors to achievement of the target. AW asked if DM would be willing to continue to be the liaison point for development of the reporting activity, DM confirmed he was happy to do this. The Board confirmed they were happy to leave this with AW and DM to develop.

Brexit Impacts

- 49 AW informed the Board that there were three main areas of likely impact from the UK leaving the EU as follows:
- Legislation requirements – If the UK got the same deal that Norway etc. has, then the existing rules would still apply.
 - Cost Sharing Groups (CSGs) – CSGs are formed under EU legislation.
 - Price impacts – due to currency exchange movement and tariffs
- 50 FG asked if there would be any benefits from Brexit and AW thought that there would be none and added that APUC might even lose highly valued EU staff members.
- 51 SP commented that the relationship between Scotland and England might be adversely affected where Scotland was using contracts let by English consortia and that this might constitute a 4th area of Brexit impact.
- 52 AW added that Brexit might result in English consortia placing contracts that were not EU compliant and that APUC is reviewing contracts that we have access to from England. He also noted that English consortia are using supplier rebates as a funding source, a model that APUC rejected.
- 53 JT asked if the Scottish Government had given any guidance on Brexit and AW confirmed that it was now a regular agenda item at the PRDG.
- 54 Chair suggested that it should also be an agenda item for future APUC Board meetings. **(ACTION: M.Caithness)**
- 55 DM recommended that APUC should adhere to its published Strategy but keep tabs on Brexit developments.

- 56 SP suggested that Brexit should also be added to the Risk Register. **(ACTION: M.Caithness)**
- 57 An approach to exploring revising our VAT status was discussed which could limit risks, the Board confirmed that it was happy to proceed with the 'non business' approach outlined by AW should it become an HMRC acceptable option.
- 58 DM asked if Brexit issues had been communicated to institutions and AW confirmed that it would be covered in PSG and other stakeholder meetings. He added that senior level staff at institutions are concerned about the possible impact on research and EU capital funding.

Gender Statistics: APUC/18/2016

- 59 AW presented the paper APUC/18/2016 noting that APUC was predominantly male in the early days but that this has changed significantly over the years.
- 60 AW added that female progression was good and most trainees were female and that they would be the future procurement managers.
- 61 DM asked if APUC needs to also consider ethnicity and other issues and AW added that APUC already has staff from ethnic minority groups and that care is taken to ensure that our offices are accessible for disabled people. We gather the stats on these aspects also and can report on them whenever required [APUC ethnic minority staff levels are generally in line with the Scottish population average of ethnic minority staff].
- 62 Chair stated that APUC's gender status is felt to be in an appropriate place at present and that it should be reviewed annually. **(ACTION: A.Warren)**

Work stream review – Introduction to the InfoSec Shared Service

- 63 CS joined the meeting and gave an overview of his background and role as Chief Information Security Officer (CISO) as follows:
- Formerly CISO for a large US bank.
 - Current signed up membership for InfoSec: 11 - comprising 5 HE, 5 FE and APUC, verbal commitments received from 4 additional HEs.
 - Identified first new team hires.
 - Met with all new members, identified common baseline business impact analysis approach.
 - Partnering with Scottish Gov't for sector alignment.
 - Leading shared service working groups in various InfoSec topics (ransomware, breach response etc.).
 - Providing sector wide breach response training (target date November 2016). Partnering with law enforcement and Scottish Gov't for additional resources.

APUC Modern Slavery and Human Trafficking Statement: APUC/19/2016

64 Chair thanked AW for preparing the document and noted that the Board was happy to give its approval for its adoption.

Any Other Business

65 There being no other relevant business, the meeting closed at 12:30.

Date of Next Meeting

66 The next Board meeting will be held on 16 November 2016 at APUC's office in George Street, Edinburgh. It was agreed that the dates for 2017 meetings would be as follows:

- Board, 15 February 2017 (venue West Lothian College)
- Board, 18 May 2017 (venue APUC, Stirling Business Centre)
- AGM, 19 May 2017 (venue Stirling Court Hotel)
- Board, 21 August 2017 (venue Borders College)
- Board, 15 November 2017 (venue APUC, Edinburgh)

(ACTION: M.Caithness)