

**Minutes of APUC Board Meeting held at 10:30 a.m. on Monday 20 January 2014
in the Mackintosh Room at Glasgow School of Art, Glasgow.**

Present

Nigel Paul (Chair)	University of Edinburgh
Gerry Webber (GW)	Edinburgh Napier University
Irene Bews (IB)	University of Aberdeen
Janet Thomson (JT)	Glasgow Clyde College
Mhairi Laughlin (ML)	West Lothian College
David Ross (DR)	Independent
Douglas MacKellar (DM)	Independent
Stuart Paterson (SP)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

In attendance

Andrew Foulner (AF)	APUC Ltd
Claire Skinner (CS)	APUC Ltd
Elizabeth McFarlane (EM)	APUC Ltd (by telephone for item 5 only)
Michael Caithness (MC)	APUC Ltd

Welcome and Apologies

- 1 Apologies were received from Alan Williamson and Martin Fairbairn.
- 2 The Chair thanked everyone for attending and welcomed Janet Thomson, Vice Principal, Glasgow Clyde College and Mhairi Laughlin, Principal, West Lothian College to the Board.
- 3 He also welcomed Andrew Foulner and Claire Skinner who were attending to present agenda item 6 – College Service Review.

Minutes of Previous Board Meeting

- 4 The minutes of the 23 October 2013 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/01/2014

- 5 All matters arising from the previous Board meeting had been actioned as outlined in paper APUC/01/2014.
- 6 DR requested an update on the status of the Construction Review and AW advised that discussions were still ongoing and the government had not yet published a formal response to the review. AW would distribute a summary document of the review to the Board. (**ACTION: AW**)

Summary Report: APUC/04/2014

High level summary

- 7 AW gave an overview of the information contained in the APUC Summary Report (Paper APUC/02/2014) and highlighted the main features. He reported that there are now 157 agreements available to members and noted that the number in progress was 33 and not as shown on the table. He added that there were 23 scheduled and a further 45 in the research stage. A copy of the corrected table is appended to these minutes for reference.
- 8 AW advised that the sector spend on collaborative contracts is currently being finalised with data on local institutional collaborations (C1) were being sought – indicators are that the final overall figure should be well over 30%.
- 9 AW also noted that the PCA results for 2013 continued to show a slight improvement despite the fact that the questionnaire is now more demanding.

General update

- 10 AW advised the Board that, with reference to the requirement for the HE sector to report their Scope 3 (Supply Chain) carbon emission to HESA, the two HEIs that are not in scope for Hub reporting were having their data coded manually by APUC to enable their carbon footprint to be calculated. This should be done before the end of January. Although colleges have not been required to provide this information as yet, APUC can do this for them and indeed offer this service on-request to colleges.
- 11 AW advised the Board that the Sustainable Supply Chain Development Project “Sustain” website is now in phase 2 of its development. The main structure has been completed and it is now in the detailed tools build stage.
- 12 AW explained that the APUC College Services team had taken part in an away day in November to discuss potential changes to their service requirements for their client community. Inputs for this had been gathered from senior stakeholders across the colleges. Since it is expected that the situation will remain dynamic for some time in the merging institutions, it was agreed that there should be a close focus on procurement management support from college services for their in house resources. He added that the

Procurement Reform Bill will most likely create the need for more procurement resources.

- 13 AW explained that feedback on service requirements from universities had been gathered through senior stakeholder liaison and through the client account managers. He noted that institutions had indicated that they would value a new service of flexible shared resource provision possibly for 'fixed periods' when demand was high.
- 14 DR enquired what we would charge for these services, AW advised that there were two levels of overhead charge used for shared resources, one for resources based physically in institutions and a higher one for those based in APUC offices to cover the cost of accommodation etc. AW suggested if the higher overhead was charged for all the flexible resources, that it would likely cover any risk of funding gaps between placements at pretty much actual likely costs as required of a shared service centre. The Board all felt that this was an appropriate and pragmatic approach and gave their support to this service enhancement that could be made available to universities and colleges.
- 15 ML suggested that the Apprenticeship Scheme could be worth considering to provide additional resource, especially for the college sector, and IB added that the University of Aberdeen already use the scheme to cover IT resource shortfalls. ML advised she could provide assistance in the use of the scheme, AW advised that this would be useful and would make contact with ML. **(ACTION: AW)**
- 16 AW informed the Board that it was decided to use the simplest option for web enabling Hunter by using a remote desktop style approach.
- 17 JT asked if Hunter will be used by all institutions and AW explained that Hunter provides a contract register facility that will become an important requirement under the Procurement Reform Bill. The solution is easy to use and provides comprehensive contract spend data, this is available to all member institutions and APUC will encourage all institutions to use it going forward.
- 18 DM asked what the additional support requirements would be for the intended method of web enabling and AW confirmed that it would be slightly more efficient than the current approach.

Staffing

- 19 AW advised that the trainee management programme was working well and that the trainees were all very capable individuals. He added that the scheme has strong support from both PSGs.
- 20 AW informed the Board that APUC was currently recruiting for two procurement managers. One role is a hybrid/dynamic role working on both operational procurement and college services, and potentially with

institutions. The other role is for a Procurement Manager to replace an existing member of staff.

Non Procurement Shared Services

- 21 AW advised the Board that funding for the ICT Shared Service Catalyst (ISSC) was approved and that recruitment of two posts was in progress with good interest shown by potential candidates.
- 22 AW added that help had been provided to UHR and offered in other areas and that he would keep the Board informed of any developments.

Benefits

- 23 AW advised that the benefit statements for the 12/13 FY were issued to institutions on 29 Nov and that we have only a handful of institutions raising queries about the data which are being reviewed (the main query being we appear to be underreporting spend and savings in a few cases, there was also one institution that was not aware of the agreed approach in the benefits reporting methodology).
- 24 The savings review exercise to validate reported benefits was carried out prior to issuing of statements and this was based on the new Scottish cross-sector agreed benefits reporting methodology. Savings are entered as zero if the data is not verifiable.
- 25 DM and SP asked if we were reporting cost avoidance savings - AW advised that although it was possible to report such savings under the new methodology as a cash saving, we were not currently reporting it. We would however include this area of savings when we shortly also start to report savings versus market price.

OP - New Categories

- 26 AW advised that the Labs Category now includes Professional Services (PS) and that a strategy for PS would be developed. He added that the first draft strategies for Labs, HR and Libraries were shortly to be published for consultation with PSGs.

OP – Contracting Priorities Workshop (CPW)

- 27 AW advised the Board that the CPW was scheduled for Friday of that week and that strategies for the priorities for 2014 would be agreed with institutional delegates.

PECOS

- 28 AW informed the Board that resource demands on APUC were expected to increase as the most recently merged colleges began to establish their new organisational structures.

Hunter

- 29 AW advised that spend reported in Hunter for the 12/13 FY now totals £879m and that the supplier MI website is now fully operational across the UK consortia. He added that we plan to migrate all college services C and C1 contracting data into the main data tables within Hunter which will make all contracting information fully available to relevant institutions and APUC staff.

Procurement Capability Assessments (PCAs)

- 30 AW advised the Board that only 15 institutions were liable for a PCA in 2013 with 21 receiving a 'bye' (and have their previous year's scores reported as this year's score) as agreed for previous high scorers and merging colleges. Virtually all institutions will be assessed in 2014. He noted that the scoring was slightly down in some cases due to the more demanding nature of the questions and because some recently merged institutions with reduced scores this year were expected to improve again in the next round of PCAs - it is expected that due to the constraints of merger, that colleges scores will dip in the first PCA after merger as they come to terms with the challenges of merging organisation structures, processes and contracts, and putting professional procurement resources in place. It is expected however if the issues have been properly addressed that the scores will then improve in the second PCA. APUC is supporting those institutions that experienced a lower score to facilitate a quick recovery of results.

e Learning

- 31 AW advised that HEPA was making 5 e learning packages available to the sector and that City of Glasgow College had been given the contract for providing the Moodle platform and developing the courses. This initiative is funded by HEFCE and the Leadership Foundation for HE.

Research Equipment

- 32 IB asked what level of contract coverage there was for research equipment. AW confirmed that there were several frameworks for lab equipment and that framework agreements for the maintenance of lab equipment would now be undertaken based on the data coming from the EDAM project.

Financial Management Report (APUC/03/2014)

- 33 EM joined the meeting by telephone and highlighted the main features detailed in the Financial Management Report (APUC/03/2014) that included a summary of the actual income and expenditure for the period to November 2013 compared to the approved budget; the forecast outturn for 2013 - 14; the forecast balance sheet for the year ending 31 July 2014 and the cash profile for 2013-14.
- 34 The Board noted the contents of the Financial Management Report.

Strategic Plan Review – College Services: APUC/05/2014

College Services

- 35 AF gave a presentation on the work of College Services noting that his team's activities were in line with the company's Strategic Plan.
- 36 He provided a hand-out that covered the following topics and highlighted the fact that on-site shared resources are closely integrated with APUC's core College Services team:
- Progress against Strategic Plan
 - College Service evolution since inception
 - Team structure
 - Client account management role
 - Shared service delivery models
 - UHI shared service role
 - Review of achievements and plans going forward
- 37 JT asked what the timescale was for getting full benefit from shared resources and AW added that results were being achieved quickly because of the high calibre of the people and the fact that they were permanently in the role at their assigned institutions. He added that core APUC College Services Procurement Managers continue to be flexible to cover peaks in demand for their services.
- 38 ML added that her institution's relationship with APUC was very good and needed to be maintained through future challenges.
- 39 IB asked if the embedded resource model would continue and AW advised that the institutions often find it more difficult to recruit good procurement staff and that the collaboration aspect of the shared service from APUC and the wider career opportunities in a Centre of Expertise was a key attraction for staff.
- 40 DM congratulated the College Services team on the good progress made to date.

Procurement Reform Bill Update

- 41 AW gave a brief update on the status of the Bill noting that the committee stage will end in February and it should be in place early next year. A report would be published by the Committee on the 31st January. He added that there was continuing dialogue with SG to get the HE/FE sector inputs fully taken into account.
- 42 [post meeting note, now published see:
<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/72587.aspx>]
- 43 AW noted that all contracts worth more than £50k will need to be advertised EU wide and this may have impacts on the SME community. He also advised that the Bill would make the tendering process more bureaucratic and that there were substantial risks for contracting authorities and winning bidders with the proposed remedies approach for unsuccessful bidders.
- 44 The Chair added that APUC had made its case directly to the Deputy First Minister and the Capital and Infrastructure Committee regarding the sector's competitiveness and research concerns and the Chair and AW were assured that the concerns raised are being duly considered.
- 45 DR enquired if there was any view of the bill expressed by businesses or the CBI and the Chair commented that there may not yet be a full understanding of the impacts of the Bill across these stakeholders.
- 46 DR suggested that the Chamber of Commerce might have some useful inputs and DR committed to make some enquiries with them and revert to AW to follow up. (**ACTION: DR then AW**)
- 47 AW noted that the new EU Directive was now in place and that it would be implemented in England in Summer 2014 with Scotland following before the end of the year. This will mean two regulatory changes taking place in the same timeframe, unless the Government chooses to combine them which would appear the most appropriate solution.
- 48 GW asked if there was a requirement to do local economic impact assessments and AW confirmed this was the case, AW suggested however that APUC would provide guidance to institutions on potentially undertaking them as Category assessments to limit the need to do them on every contract.
- 49 SP suggested that it might be helpful to have a summary of aspects of concern from the Reform Bill (**ACTION: AW**)

Reclassification of FE Sector by ONS

- 50 JT asked what APUC's accounting year end will be and AW confirmed that it would continue to work to the academic year as, after dialogue with College sector FDs, it was established that they will continue to do their management accounts on an academic year basis (but with financial accounts on a fiscal year basis). He also noted that FE institutions will be required to use the government's bankers on conclusion of current institutional banking agreements.
- 51 AW also confirmed (by the Scottish Government) that it had been agreed that APUC would continue as the Procurement CoE for the FE sector and that Colleges would continue to be aligned to the same EU procurement thresholds as Universities and not be required to comply with the lower central government thresholds.

Strategic Plan Update

- 52 AW explained that the current plan only covered activities until 2015. The impending Reform Bill, the new EU Directives and the 3rd phase of Public Procurement Reform will no doubt have an effect on the plan and there are also some inputs to be considered from the Universities Scotland Efficiency Taskforce that will be published this year. In view of these impacts, it was agreed that the Strategic Plan will be revised and extended to cover out to 2018, and that this should be done later in 2014.

Sector Changes and PRGD/PPRB Update

- 53 AW reminded the Board that the PPRB would be merging with the PPAG and that the proposed changes had been submitted to the SG.

UK Update

- 54 A paper proposing that English National Purchasing (ENP) membership be expanded to cover Scotland and form the PUK Advisory Group (the paper had been sent by the Chair of ENP) was discussed. There was general support but AW was requested to feed back that it was essential to have adequate representation from institutional procurement staff (which it currently doesn't have). **(ACTION: AW)**

Funding Process

- 55 AW asked all the Funding Consultation Group (FCG) members present if there had been any feedback on the funding proposal from the sectors or any concerns with the proposals – all confirmed that they had not received any negative feedback and there were no issues so the Chair confirmed that AW should liaise with those not present that make up the FCG to ensure complete agreement. AW would then complete the process in dialogue with Universities Scotland, Colleges Scotland and the SFC. **(ACTION: AW)**

Any Other Business

- 56 AW informed the Board that APUC's new website would be launching on 1 February.

Date of Next Meeting

- 57 The next Board meeting will be held on 1 April at the Sir Duncan Rice Library, University of Aberdeen. Thereafter:
- AGM: 22 May – Stirling Management Centre
 - Board: 2 July – Perth College
 - Board: 21 October – APUC, Edinburgh

Updated Summary Report table

High Level Data Summary	Previous Reported Data Set	Now	Notes
(Full) Member Institutions	51	44	Reduced due to mergers.
Associate Members	4	4	
Collaborative agreements available to sectors with Buyers Guides in place*	152	157	Please see Annex A
Collaborative tenders in progress (led or joint – including replacements for contracts in place but coming to end of life)	31	33	Please see Annex A
Collaborative tenders scheduled (not started)	6	23	Please see Annex A
Contracting categories in research phase	39	45	Please see Annex A
Average Number of Collaborative Agreements in use per institution across HE/FE	55	58	Please see Annex B (but update of data under way)
% HE/FE Sector Spend through collaborative agreements	19 %	27.9%	HE 30.1 %, FE 19.4% (Based on 2011/12 data awaiting C1 collaboration data to complete 2012/13 stats)
Last validated collaborative contracting savings (excludes College services & eSolutions)	£14.7m £11.6m cash £3.1m Non-Cash	£15.6m £12.5m Cash £3.1m Non-Cash	Provisional data, 12/13 Benefit Statements still to be approved.
Institutions being supported as users of e-procurement solutions	42	36	Further reduction due to College mergers
Institutions being supported in use of MI tools and other procurement related etools	51	44	(all in-scope institutions) Further reduction due to College mergers
Number of institutions using APUC provided shared service staff at institutional level.	16	16	(3 HEIs and 13 FEIs)
PCA status HE/FE - % / category	(2012)	(2013)	2012 data based on institutions in existence Dec 2012. 2013 data based on institutions in existence Dec 2013.
Institutions in Superior	6%	6%	
Institutions in Improved	72%	74%	
Institutions in Conformance	22%	20%	
Institutions in Non-Conformance	0%	0%	

All data as of month-end before Summary Report date unless otherwise stated

* A small number of contracts are limited to a specific number of institutions, therefore, this information is not held on GeM as access is restricted. Information is available on how the contracts operate and this is managed by the respective commodity manager.