

**Minutes of APUC Board Meeting held at 10:30 a.m. on Tuesday 31 March 2015 at Forth Valley College, Stirling.**

**Present**

Gerry Webber (Chair)	Edinburgh Napier University
Liam McCabe (LM)	University of Stirling
Sheena Stewart (SS)	Abertay University
Janet Thomson (JT)	Glasgow Clyde College
Mhairi Harrington (MH)	West Lothian College
Nigel Paul (NP)	Independent
David Ross (DR)	Independent
Douglas MacKellar (DM)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

**In attendance**

Martin Fairbairn (MF)	Scottish Funding Council
Elizabeth McFarlane (EM)	APUC Ltd (by telephone for Finance Report only)
Michael Caithness (MC)	APUC Ltd

**Welcome and Apologies**

- 1 Apologies were received from Alan Williamson and Stuart Paterson.
- 2 The Chair thanked everyone for attending and extended a special vote of thanks to the outgoing Chair (Nigel Paul) for his significant contribution to the guidance of APUC over the years. He also expressed, for the record, the Board's thanks to Irene Bews for her contribution and extended a welcome to her HE replacement Liam McCabe from the University of Stirling.

**Minutes of Previous Board Meeting**

- 3 The minutes of the 19 January 2015 Board meeting were approved as an accurate record of the meeting.

**Matters Arising: APUC/07/2015**

- 4 All actions arising from the Board meeting held at West Lothian College on 19 January 2015 have been completed or are in progress as outlined in paper APUC/07/2015.
- 5 AW informed the Board that item 43 was now complete and that £140k had been returned to the Scottish Funding Council.
- 6 He also advised that item 58 regarding office accommodations was in progress and the Board would be kept advised of developments.

## **Summary Report: APUC/08/2015**

### ***High level summary***

7 AW gave an overview of the information contained in the APUC Summary Report (Paper APUC/08/2015) and highlighted the main features as follows:

- **Membership** is now stable at 43 but a research centre based in Dundee, has expressed an interest in joining as an associate member.
- **Sector spend** through collaborative contracts has dropped slightly to 30% due mainly to the fact that spend on C1 contracts is lower. Institutions don't have the resources to do much collaboration on C1 contracts and APUC plans to provide more support in this area where required.

Chair noted that there is a commitment to double C1 collaborative contracting in the 2015 – 2018 Strategy documents and asked what the confidence level was given the current decline in C1 collaborations. AW added that this is a reasonable target due to the fact that the current level is so low.

NP enquired if institutions had reduced their resource levels and AW noted that institutions' teams are lean and that C1 collaboration is lower on their list of priorities versus their own procurement activity.

DM cautioned that C1 support is moving away from APUC's original remit although APUC appeared the natural choice to move this forward.

- **Sector savings** for 13/14 are £16m (BT1) and £30.6m (BT2).
- **PCA scores** for 2014 showed good sector performance with 91% of institutions in the upper two levels. 9% are in the conformance level, mainly due to 'settling in' in the period following the college mergers.
- The proposed new **PCA Assessment Regime 2015** (AR 15) will change the way that the PCA process is managed and scored and re-benchmarking will be necessary. AR 15 will make achievement of reaching level 4 very difficult.

JT suggested that there is a danger of 'switching people off' with this new process if it is perceived to significantly reduce the scores that they have achieved to date.

AW noted that the PSG groups were concerned that the process proposed would be more like an audit than a capability assessment. He added that a recent trial run of a university assessment resulted in a reduction of their score from 74% to 44%. APUC intends to propose that the scoring system should only apply to the first 3 levels and that a possible special award (out with the scoring calculation) could be made for achievement at level 4.

MH stated that the PCA was a developmental process for smaller institutions and that this new, more severe approach could have a very negative effect.

Chair asked when the AR 15 would be finalised and AW confirmed that there is still time for APUC to affect the final outcome and that it was hoped to have level 4 removed from the scoring calculation at the project board in April before going to PPRB for endorsement. AW added that there is also concern at the amount of preparation work required, both for APUC and the institutions, prior to the new assessments.

Chair asked if there were any alternatives if we are not successful in getting any concessions and AW confirmed that it was unlikely due to this being a mandatory aspect of the Public Procurement Reform Programme.

### ***General update***

- 8 AW advised that the first meeting of the merger between PPG and HEPA had taken place on 30 January and that he and Tony Newjem, H-W University, represented the sector. It was agreed that the new organisation would be called HEPA (A changing meaning from Academy to Association). Although HEPA is not so relevant to Scotland, it is felt that it is important to maintain membership for the purpose of maximising UK collaboration.
- 9 AW informed the Board that the second Procurement Network Conference is now confirmed for 19 June at the Westerwood Hotel, near Cumbernauld/Croy and gave an open invitation to the Board members to attend if they wished, including and ideally also for the networking meal and overnight stay the night before. He noted that the HPDF fund would be supporting 2/3 of the cost for procurement staff attending with APUC funding the other 1/3 for members. The AGM would immediately precede the event. APUC would fund attendance of any Board members that could attend.
- 10 AW advised that the first meeting of the new Construction Reform Delivery Group (CRDG) had taken place on 17 February and that the second meeting was today. He added that the CRDG is chaired by Barry White who is CEO of the Scottish Futures Trust. The University and College sector is represented by AW and Alasdair Tweedie (University of Stirling and SAUDE). Andy Anderson (Head of Estates Category) is deputising for AW at the meeting today.
- 11 AW advised that further to the change of Cabinet Minister for Infrastructure, PPRB is now chaired by Keith Brown MSP. APUC's new Chair has taken over on the PPRB as the senior HE/FE institutional representative. Barry White, Scottish Futures Trust has also joined the PPRB.
- 12 AW informed the Board that Alastair Merrill has now taken up his new post as VP Governance and Planning at the University of St Andrews and that Ainslie McLaughlin has been appointed as his replacement as Director, Procurement and Commercial at Scottish Government Procurement.

### ***Staffing***

- 13 AW informed the Board that Barbara Munro, one of the longest serving APUC employees, is retiring at the end of May 2015 and that Ricarda Bieke will be taking over her portfolio.
- 14 AW advised that there are several new roles to be filled one of which is to address the need for supporting collaboration in C1 contracting. This role will be filled by the shared service currently at Forth Valley College and a replacement will be recruited for the college role.
- 15 JT enquired how these new (2 x 0.5 FTEs Procurement Manager plus the 1 FTE Special Project Manager) roles would be funded and AW confirmed that they (the 2 x 0.5 FTE roles) will be funded from a combination of factors including staff savings from some restructuring, a reduction in non-staff budgets (including from locating the North area College Services Manager in the Highlands rather than in Edinburgh) and allocation of the management aspect of the shared service overhead away from the CE office to the new role. The role to support the implementation of the PRA/EU changes and assist in the first cycle AR15 PCA is for a fixed period and is funded from agreed deferred income.
- 16 The overhead for shared services was reduced as part of this recalculation of budgets with the relevant institutions receiving a rebate back to August 2014.

## **Procurement Reform Act and New EU Directives**

- 17 AW advised that the consultation was now in progress for feedback by the middle of April. APUC has invited sector inputs for 1 April and will collate them for presentation on the sectors behalf.
- 18 LM asked if institutions had a consistent approach to the new regulations and AW advised that the Procurement Strategy Groups were in agreement on the impacts and challenges.

## **eSolutions**

- 19 AW Advised that work was continuing with the evaluation of the PECOS Trading hub (e-Marketplace) at Fife College. Accessing content is working successfully and issues raised will be addressed in the release of PECOS v14. This feature is not compatible with older versions of IE used by the NHS and steps are being taken to ensure that it does work with at least IE8 onwards. This has delayed the national roll out.

## **D&S Training and Development**

- 20 Chair enquired why so much training (5 – 10 sessions in total per relevant person) for the Reform Act and EU Directives was required and AW confirmed that this is because there are around 150 areas of change to regulations to be covered. He noted that APUC has funding deferred from last year to cover the cost of this training for the whole sector (per item 15 above)

## **Financial Management Report (APUC/09/2015)**

- 21 EM joined the meeting by telephone and highlighted the main features detailed in the Financial Management Report (APUC/09/2015) that included a summary of the actual income and expenditure for the period to end of February 2015 compared to the approved budget; the forecast outturn for 2014 - 15; the forecast balance sheet for the year ending 31 July 2015 and the cash profile for 2014-15.
- 22 DR asked if the expected surplus of £7k was against a budget of zero and EM confirmed that it was.
- 23 JT cautioned against increasing staff costs against the general financial pressures in the college sector at the moment and AW confirmed that current and projected future staff costs are within existing agreed budgets or lower.
- 24 The potential deferral of funds budgeted for office moving was discussed, it was agreed that funds remaining that were estimated to be incurred in the 15/16 year would be proposed for deferral at the June Board meeting. **(ACTION: AW)**
- 25 The Board noted the contents of the Financial Management Report.

## **APUC Strategy 2015 – 2018 (APUC/10/2015A/B)**

- 26 AW explained that the Strategy consisted of two documents, one of which was for external publication and one for internal to sector purposes which was much more operational. He noted that page 3 and 4 was an introduction with 4 bullets on page 3 highlighting achievements to date. Page 4 looks forward to the difficulties that the sector faces with funding constraints and increasingly demanding legislation creating significant challenges for procurement.

- 27 AW read out the inputs received from Alan Williamson by email on the draft strategy so that his observations could be incorporated into discussions.
- 28 There followed a discussion on the content and presentation of the Strategy and the following changes were agreed and summed up by the Chair:
- Remove "+" from front cover title
  - In section 1, reiterate the vision and mission, include value in £ for collaborative agreement spend %, incorporate risk into forth bullet and fine tune wording as noted in meeting. Emphasise that APUC will continually evaluate its activities through the plan timescale to ensure full compliance with client expectations and needs.
  - Re-order the bullets in section 2 and the content within them; make them more punchy and embolden initial parts of each; incorporate the ISSC into the bullet on shared services; highlight APUC role in reducing burden and include link to the Reform Programme in rep body bullet.
  - Section 3 is OK as is.
  - Section 4 – slight updates to wording and move to be Annex 1
  - Section 5 – OK as is but move to be Annex 2
  - Section 6 – slight changes to wording and make this section 4.
- 30 The Board agreed that the document summed up the desired direction of travel well but agreed it should be updated as above to aid understanding and make the document as concise as possible. Any suggested updates to the Delivery Plan not already suggested should be sent by email to AW. (**ACTION: Board**)
- 31 The Strategy should be updated to incorporate the suggested changes and circulated to members by email for approval with a view to sharing it then with PSG and have a final document by the time of the AGM in June. (**ACTION: AW**)

### Risk Register (APUC/11/2015)

- 32 AW explained that the main addition to the Risk Register was to cover the potential impact on APUC and the sector of the Procurement Reform Act and new EU Directives. The Board felt all risks were being adequately addressed.

### Client Satisfaction Survey Update

- 33 AW advised the Board that the response to the recent client satisfaction survey was very poor with only 8 completing the survey. Since this is not a significant sample size, he suggested that delegates at the forthcoming Procurement Network Conference could be asked to complete a simpler version on the day and the Board agreed that this was a good approach. (**ACTION: MC**)

### Any Other Business

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

### **Date of Next Meeting**

35 The remaining 2015 dates are as follows:

- AGM (combined with APUC Annual Procurement Network Conference – overnight stay option the night before): Friday 19 June – Westerwood Hotel, near Cumbernauld / Croy.
- Board: Wednesday 24 June / Abertay University
- Board: Wednesday 21 October / APUC, location tbc.