

Advanced Procurement
for Universities & Colleges

**Annual Report
2011/12**

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Introduction from Nigel Paul, Chair APUC

On behalf of the Board of APUC Limited, I am delighted to again introduce APUC's Annual Report, this time for the year 2011 -12.

APUC continued to successfully operate as a trusted partner to colleges and universities. Over recent years it has achieved significant increases in outputs and expansion of service provision whilst taking considerable steps to make the organisation much leaner. This culture of lean management is now fully embedded in the organisation. The resourcing now in place and in-plan represents a significant reduction in its operational budget versus the earlier years of APUC's existence and provides a good platform for future developments. The benefits validation process undertaken during the year (for the previous academic year) identified over £11m of savings from collaborative contracting alone, with the price saving element being generally measured against previous prices paid. APUC are also developing a versus market methodology (savings versus the price an institution would have paid had it not had access to a collaborative agreement) to report in parallel to that above to demonstrate the sustained savings being obtained from continued use of collaborative contracting. It is estimated that, under this measure, these benefits alone would well exceed £20m for the period. Early indications are that savings for the 2011/12 year, which will be validated in 2012/13, will be significantly higher.

APUC's Strategic Plan for the period from 2012 to 2015 was published in May 2012. Within this Plan, the expectations of the community form the core of APUC's responsibilities and strategic organisational scope. The plan was formulated through regular dialogue with senior stakeholders across all institutions to ensure that their expectations are fulfilled. The Plan also links the University and College sectors and the Scottish Government in moving forward the Public Procurement Reform Programme in a manner appropriate to the sector.

The work done by APUC was highlighted in the UUK report "Efficiency and Effectiveness in Higher Education" published last September. This report cited the structures and processes we have with APUC and the institutional Procurement community in Scotland as good practice and encouraged the rest of the UK to learn from our example. APUC has also worked closely with the Universities Scotland Efficiency Taskforce (USET) in setting strategic procurement related objectives and will continue to work with USET in delivery of these. APUC works in partnership with all of the other UK regional HE/FE purchasing consortia and a new umbrella brand was launched to cover the UK wide approach. This is called the "UK Universities Purchasing Consortia" (UKUPC) and will be used for activities that are delivered jointly across the UK.

During the reporting period, APUC has focussed strongly on expanding the use of collaborative contracting. 131 collaborative contracts were made available to the HE/FE sectors by the end of July 2012 and these had an estimated potential spend value of £326M. Strategic Category work streams were put in place for Estates and ICT to focus resource on these areas and formulate contracting strategies for the next three year period. The ICT work stream will focus

strongly on supporting the Government and Sector Digital/ ICT Strategies, working in partnership with HEIDS and the Colleges Scotland ICTCoP in taking forward procurement and shared service opportunities.

Building on the benefits already achieved by the client account model, APUC has developed its shared service offering and now provides procurement resources to a number of institutions. Support was also provided to merging colleges to assist with the procurement planning for the combined organisation.

The eSolutions team continued to support existing PECOS and Parabilis eprocurement systems and will undertake, in the 2012/13 year, a major programme of rolling out of newly available etools provided by the Scottish Government

Angus Warren, the Chief Executive, and senior managers also continued with regular stakeholder engagement including a rolling programme of visits to institutions. These ensure that high levels of customer satisfaction are being delivered, and allow APUC to be aware of the constantly changing and varied needs of the sectors, so that it can evolve its delivery model appropriately.

The University and College sectors continued to perform well in the third round of the Procurement Capability Assessment programme. They have responded well to the challenging targets set by the Government and have achieved or exceeded them in the reporting period. APUC has been supporting institutions by focussing on areas for potential improvement and providing appropriate guidance. This approach has been very successful and well received by the institutions involved. The targets for the following period are increasingly demanding and we are confident that client institutions will work closely with APUC to achieve them.

APUC has continued to achieve considerable success for the sectors through working closely with its client institutions collaboratively as one team. I would like to extend my thanks to all institutional staff involved in procurement activity and to all staff of APUC for this outstanding example of sustained and highly productive collaboration.

I should also like to convey my warm thanks to my colleagues on the APUC Board whose guidance and support for the development of APUC have been, and continue to be, extremely valuable and are much appreciated by the management team.

The 2011-12 Financial Statements and associated reports are available on the APUC website at www.apuc-scot.ac.uk/corpinf.htm



Summary of key actions and achievements August 2011 – July 2012

Area	Key actions and achievements
Operations	<ul style="list-style-type: none"> • New Strategic Plan implemented. • Updated Performance Review and Development process introduced with staff objectives set against the Strategic Plan • Procurement resource shared services with 4 institutions. • APUC providing support to merging colleges to ensure effective procurement is in place for the planned organisations. • Glasgow Satellite Office moved to Buchanan House in November 2011.
Client Engagement	<ul style="list-style-type: none"> • Chief Executive meeting with all institutions annually. • Senior managers also meeting with institutions on a regular basis. • Three more institutions indicated that they intended to join APUC as Associate Members during 2012. • Client account management model continues to be well received by institutions and is producing impressive results. • Significant cost savings for colleges continue to be achieved through support for tender preparation. • Conference on University Purchasing (COUP) 2011 was generally agreed to be a very successful event.
Operational Procurement	<ul style="list-style-type: none"> • Claire Skinner appointed Head of Operational Procurement and Deputy Chief Executive replacing Frank Rowell who moved to the role of CEO of the North East Universities Purchasing Consortium in England. • 131 contracts now available to institutions valued at £326M. • Contract availability increased by 13% over previous year. • Strategic Category work streams established for Estates and ICT.
Collaborative Contracting Benefits Tracking	<ul style="list-style-type: none"> • Benefits from collaborative contracting in 2010/11 were validated during the 2011/12 year; they were £8.3 cash and £2.8m non-cash. • Benefits for 2011/12 will be validated during 2012/13 but are projected to be circa £12M cash savings and £3M efficiency savings. • Spend on contracts was £161M, an increase of 16.7% over the previous year.
eSolutions	<ul style="list-style-type: none"> • 48 institutions were supported on e-procurement (PECOS and Parabilis) in the reporting period, and all institutions were supported in other aspects of eSolutions support. • Hunter database developed to be a multi-user tool and is being well received by institutions and other purchasing consortia as a means of recording collaboration and reporting of benefits. • A Contract Management website now fully rolled out to institutions which can now update contract usage on a regular basis as well as provide feedback on contracts.
Process and Best Practice	<ul style="list-style-type: none"> • Annual review of procurement training and development needs. • Training Plan for institutions maintained. • Third round of Procurement Capability Assessments (including a “Lite” version for smaller institutions) completed with significant improvements achieved.
Governance	<ul style="list-style-type: none"> • HE/FE Procurement Development Fund (HPDF) set up as a Scottish Charitable Incorporated Organisation (SCIO) to manage the COUP 2011 surplus for the purposes of providing training support for the sector’s procurement community.

High level data summary and year end comparisons

Key Parameters	2010-11	2011-12
Member institutions	60	60
Collaborative contracts available with Buyers Guides in place	116	131
Tenders in progress, scheduled and being researched	55	49
Institutions supported by the APUC eSolutions Team	60	60

Review of operational activities August 2011 - July 2012

General

The new APUC Strategic Plan (2012 – 2015) was approved at the AGM in May 2012 and formed the basis of a comprehensive set of staff targets and objectives.

An updated Performance Review and Development process was also implemented to drive progress against the Strategic Plan.

APUC's satellite office in Glasgow moved to a new location in Buchanan House in November 2011.

Conference on University Purchasing (COUP)

The biennial Conference on University Purchasing was held in St. Andrews on 6-8th September. The event was organised by APUC and hosted by the University of St. Andrews. 230 delegates from 104 HE institutions from across the UK and overseas (with several delegates from as far away as South Africa) attended the conference which offered a mixture of keynote speakers, training seminars and a supplier exhibition with 100 stands.

The event was a huge success and received extremely favourable feedback. The organising committee had a "wrap-up" session at the end of October and findings and lessons learned were passed on to the North Western Universities Purchasing Consortium in order to assist them in preparation for COUP 2013 in Liverpool.

The event made a substantial surplus and, as agreed with the sector, most of this will be used to provide procurement staff development support through a new charity HPDF which was set up in July 2012.

College Services

The total number of contracts supported by the college services team in the year by the end of July 2012 was as follows:

- Contracted: 33
- total value: £4.3M
- number of colleges: 18
- savings cash: £330K
- savings non-cash: £270K

A further 33 were in progress (£6.9M) and 86 planned (£16.2M) across 26 colleges.

The team also provided support for merging institutions such as the new Edinburgh College.

eSolutions

Hunter development was on-going to enhance its capabilities and the quality of spend data made available to the sector.

Contract Uptake website now gathering inputs on contract usage and feedback from users.

Communications

A Strategic "Public sector wide" Communications strategy is under continual development in conjunction with Scottish Procurement via the Communications Forum. This strategy is in line with the priorities outlined in the Scottish Government's Delivery Plan for Procurement Reform.

The APUC weekly eZine continues to be the principal communication channel with institutions and is now a reliable and well proven medium for communications.

Governance

The letter to the APUC USS pension guarantor institutions setting out how USS membership will be managed was approved by all relevant parties and signed in May 2012 and copied to all guarantor institutions. This closed all outstanding issues in relation to the legacy USS pension guarantee position.

APUC funding for the next 2 years was agreed with Universities Scotland, Scotland's Colleges and the SFC.

The HE/FE Procurement Development Fund (HPDF), as mentioned earlier, was formally established as a SCIO with the Scottish Charities Regulator to administer the surplus funds from COUP 2011 for the purpose of procurement staff development.

At the APUC Annual General Meeting in May 2012, College sector representative Jim Crooks, Elmwood College, resigned from the Board and, prior to the AGM, Andrew Haddon, Langside College was elected to take his place. The appointment was confirmed by election as part of the AGM formalities.

The three non-sectoral Directors, David Ross, Stuart Paterson and Douglas MacKellar, also remain in office and are now on a 3 year appointment cycle (as per sector directors) allowing for majority continuity in the event of routine change of appointees.

Procurement Capability Assessments (PCAs)

The third year of the Scottish Government Procurement Capability Assessments (PCAs) took place across the sectors during the reporting period, concluding in December 2011. This was a transitional year for reporting, switching from assessments being carried out in winter and spring to being done in a single calendar year. As such the number of institutions assessed by the end of 2011 was reduced. A full round of PCAs will be carried out through 2012.

The results for the 2011 assessments show the continuing improvements achieved since the initial PCA with 0% institutions now in “non-

conformance” and 66% now in the “improved performance” section. This achieves the targets set of 0% and at least 60% (to be in Improved or Superior categories) respectively by end of March 2012.

Some institutions were identified that could move from Conformance to Improved rating with some individual support from APUC. Building upon this tailored support work most have now achieved this rating following their latest PCA assessment and others are on course to do the same. Similar improvement work was offered to help other institutions during 2012.

The results for the HE/FE sector showing the improvements achieved are as follows:

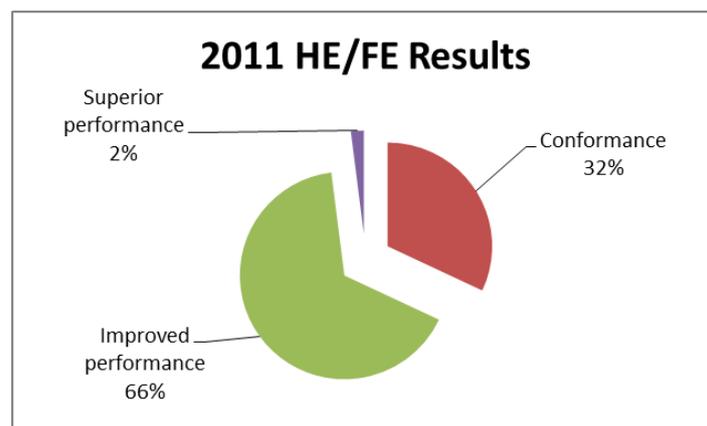
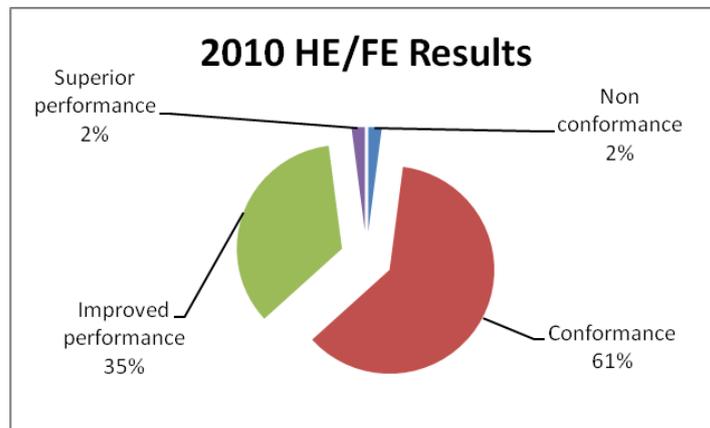
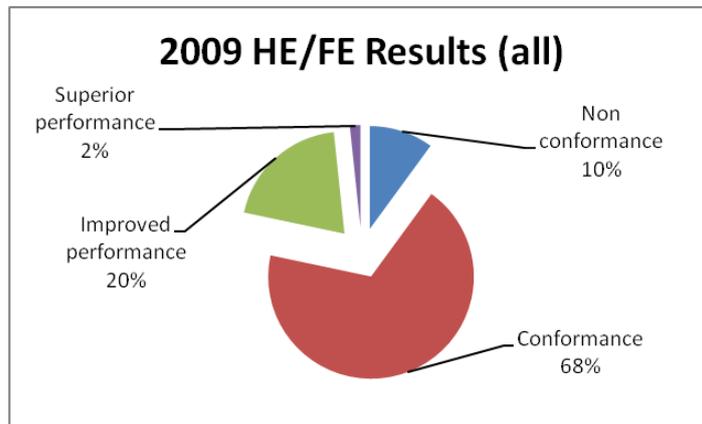


Fig 1 - Collaborative Contracts available with Buyers' Guides

- Healthcare Student Uniforms
- Computer/IT Consumables
- HH Unmetered and Domestic Electricity
- Natural Gas
- Water & Wastewater Services
- Art Supplies 1
- Veterinary Supplies
- Vending Machines
- IT Hardware Maintenance
- Network Equipment
- Servers and Storage
- Bedding & Bathroom Textiles & Accommodation Packs and window coverings
- Air Filters
- Industrial Gases
- Short Term Vehicle Hire
- Library Periodicals
- Recruitment Advertising
- Temporary Agency Staff - Office/Business Support, Accountancy/Finance Support and Catering and Hospitality
- Laboratory Consumables
- Photocopying - Rental, Lease, Purchase, Maintenance, Charges
- Audio Visual Equipment
- Video Conferencing
- External Print Services
- Books & Standing Orders
- E-books
- Occupational Health for Staff and Healthcare Students
- Dairy Products
- Fresh Fish & Seafood
- Fresh Fruit & Vegetables
- Cleaning Materials and Disposable Paper Products
- Microscopes and Imaging
- Solvents, Alcohols, Acids and Dueterated Solvents
- Mass Spectrometry and Chromatography Equipment
- Plumbing & Heating Consumables
- Provision of Lift Maintenance Services
- Floor Coverings
- Furniture (including Teaching Boards and Storage Solutions)
- Window Coverings
- Sports Equipment / Vocational
- Fixed Telephony Services
- Rail, Air, Hotel and Conferencing for 8 Institutions
- Courier Services
- Water & Wastewater Services
- Fresh Butcher Meat
- Timber Products
- Building Materials
- National Desktop and Notebook Agreement
- Pipette Service and Repair
- Automatic Meter Reading
- Boiler Maintenance
- Decorators Materials (Goods)
- Door Maintenance, Repair, Inspection and Including Supply
- Fire Protection Services (non-alarm)
- Fixed Wire Testing
- PAT testing
- Road Surfacing
- Signs / Signage
- Waste Management / Multi Lot
- Hair & Beauty
- Insurance (Non Life) for 5 colleges in Scotland (Avail to James Watt, Adam Smith, Jewel & Esk, Dumfries & Galloway and Stevenson College Only)
- Recycling Bins
- Business/Management Consultancy
- Cash in Transit
- Salary Sacrifice Management Service
- Office & Special Moving Services INCL Storage
- Electricity to NHH sites (<100,000KWh per annum)
- Fuel Cards
- Electrical Sundries
- Electronic Components
- Employee Assistance Programme
- Childcare Vouchers Scheme (The Supply and Delivery of)
- Computer and Stationery Supplies
- Applications and Web Development Services
- Liquid Fuels - Fuel Cards
- Debt Collection Services
- Multi Modality
- Culture Media
- Temporary and Interim Staff
- Media Buying & Planning
- Janet txt - SMS for Education
- Library General Supplies
- Laboratory Equipment (Purchase)
- International Airmail
- Insurance - Framework (Focus on Colleges/Small HEI's)
- National Education Printer Agreement
- IT Peripherals
- IT Services Managed Services
- Retirement of Obsolete IT Equipment
- Courier & Parcel Services
- Facilities Management
- Professional Buying Tools
- Salt For Winter Maintenance
- Payment Card Solutions & Associated Services Framework Agreement
- Tool Hire
- Advertising/media Buying
- Microsoft Campus Agreement (Universities)
- Fresh Bakery Products
- Janet - Telecommunications Framework
- White Goods
- Applicant Tracking Systems
- Sanitary Disposal and Related Services
- Audio Visual Consumables
- Photographic Equipment & Consumables
- IT Hardware - Mobile and Desktop
- Fine Chemicals
- Office Supplies (Stationery, Paper)
- Apple Agreement
- Vehicle Purchase
- Business Travel and Student Travel Services
- Pan Government Vehicle Leasing and Fleet Outsource Solution Framework - RM858
- Software License Reseller - Microsoft Software
- Routing and Switching Equipment
- Postal Services
- Synthetically produced DNA and RNA Oligonucleotides
- Data Centre Equipment
- Radiochemicals for use in Research and Teaching
- Pre Paid Envelopes
- Magnetic Resonance Imaging Scanners
- Scanning Electron Microscopes
- Transmission Electron Microscopes
- NMR Mass Spectrometers
- Diffraction Apparatus
- Sequencers
- PPE (Personal Protection Equipment)(Supply of), First Aid, Corporate Wear and Staff Uniforms, Food Industry Clothing, Sports Clothing, Personalised Clothing and Medical Clothing
- JA.net Brokerage
- Audiovisual Equipment Supply, purchase, maintenance, repair & Hire
- Pecos Integration Support
- Supply of Cleaning Materials & Janitorial Supplies
- Road Maintenance Materials
- Mobile broadband service
- IT Related Accessories & Parts (ITRAP)

List of member institutions

Full members – FE Institutions

Aberdeen College
Adam Smith College
Angus College
Anniesland College
Ayr College
Banff and Buchan College
Barony College
Borders College
Cardonald College
Carnegie College
City of Glasgow College
Clydebank College
Coatbridge College
Cumbernauld College
Dumfries and Galloway College
Dundee College
Edinburgh's Telford College
Elmwood College
Forth Valley College
Inverness College
James Watt College
Jewel and Esk College
John Wheatley College
Kilmarnock College
Langside College
Lews Castle College
Moray College
Motherwell College
Newbattle Abbey College
North Glasgow College
North Highland College
Oatridge College
Orkney College
Perth College
Reid Kerr College
Sabhal Mòr Ostaig
Shetland College
South Lanarkshire College
Stevenson College
Stow College
West Lothian College
West Highland College

Full members - HE Institutions

Edinburgh Napier University
Glasgow Caledonian University
Glasgow School of Art
Heriot-Watt University
Queen Margaret University
Robert Gordon University
Royal Conservatoire of Scotland
Scottish Agricultural College
University of the Highlands and Islands
University of Aberdeen
University of Abertay
University of Dundee
University of Edinburgh
University of Glasgow
University of St Andrews
University of Stirling
University of Strathclyde
University of the West of Scotland

Associate members

Scotland's Colleges

Directors during the year ended 31 July 2012

Nigel Paul, *Director of Corporate Services, University of Edinburgh (Chairman)*
Patricia Briggs, *Vice-Principal Planning and Resources, Robert Gordon University*
Irene Bews, *Director of Finance, University of Aberdeen*
Andrew Haddon, *Principal, Langside College*
John Doyle, *Principal & CEO, Coatbridge College*
Alan Williamson, *Director of Finance, Jewel and Esk College*
David Ross – *non sectoral director*
Stuart Paterson – *non sectoral director*
Douglas MacKellar – *non sectoral director*
Angus Warren – *Chief Executive, APUC Ltd*

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