

Minute of APUC Board Meeting held at 15:15 on Thursday 16 May 2024 at APUC, Stirling.

Present (in person or via Teams)

Jim McGeorge (Chair)	University of Dundee
Angus Warren (AW)	APUC Ltd (Chief Executive)
Veronica Strachan (VS)	Robert Gordon University
Tracy Elliott (TE)	Glasgow Clyde College
Pete Smith (PS)	Borders College
Margaret Cook (MC)	Perth College UHI (via Teams)
Gemma Lines (GL)	Independent (via Teams)
Harpreet Paul (HP)	Independent (via Teams)
Phil McNaull (PM)	Independent

Apologies

Lee Hamill (LH)	University of Edinburgh
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Also, in attendance

Dawn Mitchell (DM)	APUC Ltd
Michael Caithness (Sec)	APUC Ltd

Welcome

1. The Chair thanked everyone for attending and noted that Dawn Mitchell would be joining to present the Finance papers.
2. Chair also advised that apologies had been received from Lee Hamill.

Minute of Previous Board Meeting

3. The minute of the 20 February 2024 Board meeting was approved as an accurate record of the meeting.

Matters Arising: APUC/05/2024

4. All matters arising from the previous Board meeting had been actioned or scheduled as outlined in the paper.

Summary Report: APUC/06/2024

5. AW highlighted some aspects of the summary report as follows:
 - Responsible Supply Chain deep-dive assessment programme is exceeding objectives with over 235 deep-dive reports now received from EcoVadis. The EcoVadis deal expires at the end of July, and it has been very good with forty-two institutions covered for the price of one.
 - 2023/24 Collaborative Spend on APUC led / facilitated frameworks in first 6 months was £189m.
 - Circa 177 Framework Agreements are available for use (led by or facilitated via APUC).

- The next Procurement Network Conference taking place on 19 May 2023 at the Stirling Court Hotel is well supported with over 120 attendees and 80 booked for the networking dinner the night before. SG Procurement will be presenting.
 - There have been no Health and Safety reportable accidents or incidents in the last quarter.
 - There are now 178 collaborative Framework Agreements available to the sector.
6. PM asked if collaborative data could be referenced to the overall spend for the sector for comparison i.e. percentage of total. AW advised that it is 35% of sector spend and that it was 40% pre-COVID. He added that the figure for England was only 10%. **(ACTION: AW)**
- The 2024 Contracting Priorities Workshop took place online on the 29 February and that well over 100 delegates took part in the multi-stage event.
 - The Procurement Network Conference (PNC) will take place on the 17 May 2024 at the Stirling Court Hotel and there will be 138 delegates attending. A small suppliers' exhibition will also be present with funds raised to support the HPDF charity.
 - Work is being finalised on institutional customer portal improvements based on proposals from PSG sub-group, the Member Services Development Forum (MSDF). This is a popular request and will be category focussed.
 - The committee that will be managing the COUP 25 conference will hold its first meeting on 28 May.
 - There have been no Health and Safety issues in the reporting period.

Responsible Procurement

- The Responsible Procurement Team continues to support stakeholders to discuss the best actions to take to move towards net zero at institutional level and support the work of Institutional Sector Climate Groups such as the Universities Scotland Efficiency and Climate Emergency Committee (USECEC) and the CDN Climate Emergency Expert Group (CEEG). APUC is awaiting feedback following inputs to the group.
 - With the initial version of SCM Section 1 having been in use for some time, it is felt that a review of the content and scope would be useful during the 2023/24 AY. This will be done by the end of this year.
 - The anticipated go-live for the UK Government's (rUK) Procurement Reform legislation is 28 October 2024.
7. PS asked what the differences will be compared to the previous rules and AW advised that the new rules would allow England/Wales to define their own procurement process, whereas Scotland will continue working to the current system. Direct award will however still be the same for all of the UK. It is anticipated that there will likely be legal complications in interpretation and application of the new rules UK wide.
- The Scottish Parliament Economy and Fair Work Committee has been undertaking Post-Legislative Scrutiny of the Procurement Reform (Scotland) Act 2014. The Committee has been examining whether the Act is achieving its aims and how it is operating in practice. A series of sessions were held in February and March 2024. APUC gave evidence at one of the sessions on 6 March. The Committee will summarise their findings and make any recommendations following completion of the process.

Policy, Process & Compliance - Procurement and Commercial Improvement Programme (PCIP) – Interim Pulse Check Assessments.

- The 2023/24 PCIP and Pulse Check Programme commenced in October 2023 and will run through to summer 2024. This (Pulse Check) is intended to be a lighter touch, interim assessment before a new assessment model is developed. The Pulse Check has been streamlined to reduce the burden on organisations being assessed.

Institutional Procurement Services (IPS)

- There are 52 members of staff working (part-time and full-time) in the Institutional Procurement Services workstream providing direct local support to Institutions. There are more IPS roles than this, but we have a small number of vacancies at present at Fife College, UWS and another in discussion.
- The review of our Edinburgh Region Procurement Team (ERPT) that took place last year has been completed and recruitment activity required as a result of this is now complete.

eSolutions

- Supply Chain GHG reporting – APUC, alongside HEPA, are investigating the use of Standard Industrial Classification options for future reporting. This has been requested by the UK HEPA GHG reporting group.

Development

- Release 2 of the Procurement Skills Development programme for 2023/24 has been published with further courses added since the start of the year. At the time of writing, 244 sector colleagues had attended a course on this programme.
 - Additions to the programme are likely to focus on Commercial Skills development, as we have identified demand for this in dialogue with PSG. Course content is currently in development and will form a more significant part of the programme as we move into next year.
 - We have also added APUC-led run webinars to the 2023/24 programme throughout the year such as the SAAS webinar (by APUC & University of Edinburgh) which was offered as a workshop at the Procurement Development Workshop in November 2023.
8. PM asked if Hunter IP was secure, and AW advised that all design documentation and backup was in place.
- The second iteration of the Future Leaders Development Programme (for staff already employed in the sector who have potential to be future Heads of Procurement / equivalent) commenced in October 2023, and will run until June 2024.

Financial Management Report: APUC/07/2024

9. DM gave a summary of highlights from the paper to the end of March as follows:

Annex A

- **Actual income** is lower than budget to the end of March, by c£265k, mainly as we've not had to release as much deferred income as expected. Also, because income from shared services is lower than we originally budgeted. We've recently taken on 2 new institutions, and we have filled new roles this year, all generating additional income.
- **Actual expenditure** to March is also down compared to budget, by c£356k, mainly as seconded salaries have fallen, but this is in line with the related income reduction. Permanent savings have already been made this year to date, in eSolutions costs and travel.
- **Forecasted outturn** by the year end is a surplus of £200, which is overall as budgeted, however there are movements expected within budget areas, mainly a reduction in deferred income released. These amounts remain deferred, we can therefore save this money for next year (or use it later this year if any unforeseen costs arise). We are also forecasting a reduction in shared service income, and as such, a related fall in shared service salaries, due to placement reallocation and the timing of filling new roles. Core team salaries are also forecast to fall compared to the budget, as some roles have been streamlined, and

spending on development roles will now run into next year, due to the timing of onboarding trainees. Savings are now forecast for travel and for eSolutions, as strategic development costs will not be required in full this year.

Annex C – The Balance sheet

- Forecasting a healthy result, with adequate cash and reserves at the year-end. Debtors are expected to reduce due to the timing of invoicing cycles. Creditors are expected to rise as the value of supplier rebates held to distribute to institutions is rising. Deferred income creditor is however reducing, as we carry out projects throughout this year, for which we have previously deferred funding.

10. The Board noted the content of the update and Chair thanked DM for the report. At this point DM left the meeting.

Strategic Sourcing & SMT Changes

11. AW gave a PowerPoint presentation highlighting the following points:

- APUC regularly reviews the senior management structure, and a new model has been implemented as follows:
 - To recognise organic development organisation and actual CEO deputization scope.
 - To ensure staff are recognised for their leadership contribution.
 - To facilitate resilience and wider options in succession planning.
 - To provide more effective CEO absence cover.
- There are now four heads of category instead of five.
- Strategic sourcing team has changed as follows:
 - To increase service flexibility and resilience.
 - To increase opportunities for staff development and structured to support personal role development.
 - To maximise use of high-level expertise to focus on expert level activity, increase focus on institution and stakeholder liaison – including beyond frameworks.
 - To provide more effective use of resources.
 - Team names changed to better recognise purpose.
- New category directors for Estates, Information Services and Corporate & Labs. Portfolios will focus on a specific category but there will be flexibility to balance workloads and enhance experience and development of staff.
- eSolutions is unaffected by these changes.

FCG / SFC Funding Update

12. AW updated the Board on the status of funding as follows:

- APUC submitted a bid for 2024/25 of £20k more than the current year but SFC have advised that it will be a flat cash year.
- APUC had planned to restart its graduate training scheme, but SFC advise that the flat cash funding will also apply in 2025/26.
- These changes reflect either SFC wanting to take more control of spending, or it might be due to a change of management at SFC.

- The funding letter confirms flat cash and any changes to be approved by SFC, any surplus is to be refunded.
 - APUC gave SFC feedback highlighting its good financial controls over the last 15 years and SAFC are reviewing this information.
13. TE commented that SFC were making hard decisions with no real understanding of the consequences to the sector.
 14. PS suggested that, if APUC do not get a positive response, the Board should write a letter to SFC reinforcing the position. **(ACTION: Chair)**
 15. AW concluded that he was working with DM to optimise the budget going forward.

Reserves Policy

16. AW asked the Board if reserves should be used to support the funding of the business noting that policy does not allow this and that there was a need for caution.
17. PM stressed caution not to reduce reserves too much and that it should be a last resort solution. He concluded that he was not in favour of using reserves in this manner.
18. VS suggested that dipping into reserves might 'take the eye' of the current business situation.
19. PS agreed with PM, and they suggested that APUC should demonstrate why its model has worked so well over the years.
20. Chair noted that the APUC service is providing good value in the sector in difficult times.
21. AW advised that there are some ring-fenced funds for getting other shared services launched some of this (£75k) could be deferred into 2025/26 to sustain the service.
22. The Board was happy to approve this suggestion. **(ACTION: AW)**

APUC Corporate Strategy Status Report: APUC082024

23. AW introduced the Strategy Tracker noting that objectives were being met overall and highlighting the following:
 - Hunter is developing functionality beyond plan.
 - We are reviewing the models across shared services.
 - Maximising collaborative activities to provide value for money.
 - EcoVadis assessments are ahead of target.
 - Responsible procurement has a new working model.
 - Electronics Watch now has more than 1000 members across Europe.
 - PCIP is progressing to plan.
 - Looking at other ways of developing staff out-with the Graduate Training Scheme.

- PM noted that it was a good summary and requested a traffic light system be introduced to make progress against plan more visible. (**ACTION: AW**)
 - PM also asked if there was a common dashboard for metrics across institutions and, if so, it would be useful to share it and expand it into Finance and Estates etc. (**ACTION: AW**)
24. AW advised that KPI reporting tend to be institutions specific but noted that PCIP capability is standard across the sector.
25. Chair noted that the strategy report format was very good.

Supply Chain Volatility

26. AW advised the following impacts on the supply chain:
- Cargo ship diversions due to Middle East unrest are causing cost increases but that it was having a minimal effect.
 - Food crops in the UK are affected by adverse weather conditions such as flooding, and price increases are expected.
 - New Brexit rules affecting imports are coming soon.
 - APUC publishes regular updates to Heads of Procurement.

Potential Shared Service Update

27. AW advised that four universities are interested in the Complaints and Investigations Shared Service plus some colleges.
28. He added that activities are paused pending the outcome of the SFC funding decision.
29. This is the only proposed shared service at the moment.

Risk Register (APUC/09/2023)

30. AW presented the status of the Risk Register as follows:
- The format has been simplified to focus on specific key risks.
 - Back to a single continuous flow of risks.
31. PM suggested that it would be useful to see what we are doing to 'exploit' any crises situations.
32. AW added that the focus was more on climate than efficiency.
33. AW advised that the cost of the new PECOS solution has increased from £30k to £200k and that it requires all integrations to be rebuilt. A challenge to the Government has resulted in Elcom having overall control and they will honour all current pricing. A meeting with Elcom and Leidos (the previous supplier) could result in us staying with Leidos if necessary.

34. AW stressed that duplicate agreements should be avoided as a result of new UK rules vs old EU rules.
35. PM suggested that risk actions need to be more dynamic to remove them from the register when risk is mitigated. He noted that some are highlighted in red but not the actions. He committed to send comments to AW. (**ACTION: PM**)
36. Chair suggested that a risk should be added regarding funding. (**ACTION: AW**)

Any Other Business

37. AW proposed that pay award should be a fixed amount rather than a percentage and TE added that colleges were already using this approach.
38. The Board was happy to approve this proposal.
39. There being no further business, Chair closed the meeting at 17:05.

Date of Next Meeting

40. The next Board meeting will be held on Thursday 15 August 2024 online via MS Teams.

A handwritten signature in blue ink, appearing to be 'D. M. G. G.', is located in the lower right quadrant of the page.