

Minute of APUC Board Meeting held at 13:00 on Thursday 17 August 2023 online via MS Teams.

Present

Jim McGeorge (Chair)	University of Dundee
Angus Warren (AW)	APUC Ltd (Chief Executive)
Harpreet Paul (HP)	Independent
Janet Thomson (JT)	Glasgow Clyde College
Pete Smith (PS)	Borders College
Phil McNaul (PM)	Independent
Veronica Strachan (VS)	Robert Gordon University
Margaret Cook (MC)	Perth College UHI
Lee Hamill (LH)	University of Edinburgh

Apologies

Gemma Lines (GL)	Independent
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Also, in attendance

Dawn Mitchell (DM)	APUC Ltd (for Finance item)
Michael McLaughlin (MM)	APUC Ltd (for the Workstream Presentation)
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 and Michael McLaughlin to present his Workstream Update.
2. Chair also advised that an apology had been received from Gemma Lines.

Minute of Previous Board Meeting

3. The minute of the 18 May 2023 Board meeting was approved as an accurate record of the meeting and approved for posting on the website. **(ACTION: Sec)**

Matters Arising: APUC/10/2023

4. All matters arising from the previous Board meeting had been actioned or scheduled as outlined in the paper. AW noted that the offer to support institutions in implementing climate planning etc was open ended.

Summary Report: APUC/11/2023

5. AW highlighted some aspects of the summary report as follows:

Summary highlights

- **Responsible Supply Chain assessment programme** - exceeding objective with over 200 deep-dive reports now received from EcoVadis. This provides excellent information for undertaking supply chain due diligence activity and integrating it into the contract management process.

- Roll out of the **web-enabled Hunter** is progressing well, with all but one institution now live and 232 users trained.
 - **PCIP assessments** – requested early assessments have begun, with one university PCIP already completed with them achieving an improved score.
 - The **Procurement Network Conference (PNC)** took place on 19 May 2023 and attendance from across the sector was the best so far, with over 130 attendees and the feedback on the agenda and workshop sessions has been excellent.
 - The **Procurement Development Workshop** is planned for the 23 November 2023 with the venue still to be confirmed.
 - The **COUP conference**, run by LUPC and SUPC, will start on 5 September in Exeter. APUC will only be sending 12 delegates due to the travel distance and costs.
 - The **next COUP** to be run in September 2025, is due to be hosted by APUC in Scotland and discussions are under way with three institutions that have expressed an interest in hosting the event.
 - The Scottish Government (SG) has announced its intention to introduce a **supplier managed levy** on several of their framework agreements moving forward in order to generate income to fund their central procurement activities. APUC has had a meeting with the Director of the SPPD to raise the sector's serious concerns around these levies related to various aspects that can encourage bad agreement management practice and reduce quality, buyer leverage and value for money.
6. PS suggested that SG must provide a rationale for doing this as it could result in both institutions and suppliers 'pushing back'. PM added that 'taxing' suppliers in this way is not ideal and could create an environment for contract abuse by suppliers.
 7. Chair asked if the Board should write to SG about APUC's concerns regarding this action and AW agreed that a letter to the cabinet minister might be helpful in due course, but preferred meantime to continue the current dialogue process with SG in the hope of securing a preferred outcome.
 8. The Board approved this approach.

Staffing

- APUC has created the recently defined role of **Procurement Project Manager**. These roles are intended to provide agile Advanced/Senior level (although Operational level staff may occasionally be employed) procurement support on an as-needed approach to client institutions, mainly on a digital nomad basis. While digital nomad-based resources appeared to be actively desired circa 12 months ago, APUC is finding a substantial change in the level of interest in such resource models, with many stakeholders now preferring to have staff on site for a substantial portion of time.

Health and Safety

- There have been no reportable accidents or incidents in the last quarter and the Lost Time Injury Frequency Rate (LTIFR) remains at 0.

OP – Brexit / Ukraine War / Support Activity

- The situation regarding **Brexit** etc. is stable at the moment but the Panama Canal is banning heavy ships due to unprecedented low water levels, with substantial queues (of weeks' duration) of all ship sizes building up at either end. It is not impacting our supply chains at present, but we will monitor this as a potential risk.

OP – Collaborative Spend and Savings

- 2021/22 Estimated **Sector Collaborative Spend** on APUC led / facilitated frameworks is still good and in excess of £287m.

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 now effectively 2 APUC member institutions fewer due to **UHI mergers** of certain constituent colleges on 1/8/23 and the UHI / Highland team has already been restructured to address the changes.
- A review of procurement operations within the **Edinburgh Region Procurement Team (ERPT)** has resulted in a change to the resource mix at both Edinburgh Napier University and Edinburgh College. The new delivery model at each institution took effect on 1 August. These reviews have facilitated some internal moves and necessitated some recruitment activity for new roles.

Policy, Process & Compliance – Procurement Reform Bill

- The **UK Government's Procurement Reform Bill** has moved to its third reading in the House of Commons and is entering the final stages before the Bill will become law. The anticipated go-live for the legislation is October 2024. Two consultations (Part 1 and Part 2) on secondary legislation have been opened by Westminster. Part 1 ended on 28 July and Part 2 on 25 August. APUC will be responding to both consultations and has already responded to Part 1. Some staff retraining will be required.

Development - Sector Training

- The **(face to face) Procurement Skills training development programme** for 2022/23 concluded in the Spring as planned. Attendance levels were very high and feedback very positive. Planning for 2023/2024 is now under way.

Development - Sector Development Programmes

- The next cohort of the very successful **Future Leaders Development Programme** (for staff already employed in the sector who have potential to be future Heads of Procurement or equivalent) is due to commence in November 2023 and run until March 2024.
9. PM noted that it was a good summary report and suggested that it would be helpful to see details on how much is spent across the sector in total via procurement team influenced agreements, both on collaborative frameworks and local contracts, versus non-influenced spend, in percentage terms.
 10. AW explained that we have this data easily accessible for collaborative spend but the wider data is normally only collected as part of PCIP data gathering.
 11. Chair suggested that even a rough idea of procurement influence would be helpful and asked AW to explore what is possible for the next meeting if possible or whether we need to wait until the 2023/24 PCIP round is completed. (**ACTION: AW**)

Financial Management Report (APUC/12/2023)

12. DM gave a summary of highlights from the paper as follows:
 - **Actual income** for the period to the end of June 2023 was up £42k compared to budget, as income from shared services, overhead recharge, other shared services service provision and eSolutions had all increased.
 - **Expenditure** has been less than budget, saving approximately £17k. Although salary and recruitment costs have risen alongside our staff numbers and individual pay awards, we have reduced most other costs. Savings have been made in eSolutions, conference and course fees, office expenses and travel.
 - **Forecasted surplus** remains at approximately £1k, as there have been no material changes since the March board meeting.
 - All **income streams** have risen, allowing us to still have a surplus, despite significant rises in salary and recruitment costs throughout this year. Substantial savings in costs, mainly eSolutions, conference and course fees, and travel have been achieved. Any excess savings made, have been deferred to use next year, 2023-24.
 - A healthy **balance sheet**, with adequate cash at the year-end is forecast. Debtors are expected to rise as sales invoices are issued heavily towards the year-end.
 - Beyond the report provided, the Finance team are currently working on preparing the **annual statutory accounts** to July 2023, which will be audited at the end of this month. The draft surplus is now estimated at around £6k, as we have not had to spent forecasted legal fees, which are always carried forward as a contingency to the end of the year. Further accounting adjustments will still be required, mainly the pension provision, which created a large deficit last year, but this year is expected to increase our (FRS102) reported surplus (but not actual).
13. Chair sought reassurance that the budget constraints were not affecting staff development and other positive initiatives and AW advised that the budget is balanced so as 'not to inhibit' development.

14. JT queried the deferred income and why the variance was c£112k and DM explained that it is generated from the release of prior year's deferred grant funding, to use to cover project costs in this current year. We had budgeted to release c£253k of prior funding by the end of June, but project costs this year have been lower than expected, and we have not had to release as much deferred income to cover these costs. The actual deferred income to date is therefore lower at c£141k, creating the variance of £112k. Although deferred income is down compared to budget, so are the related project costs, so there is no effect on the bottom-line surplus.
15. Chair thanked DM for her usual excellent report and wished good luck for a successful accounts audit.

Workstream Update – Information Services Category

16. MM presented his ISC Workstream update using the following PowerPoint slides:
 - Slide 1: Information Service Team
 - Slide 2: IS Category Tree showing all areas of influence
 - Slide 3: IS Category highlights showing agreements and spend
 - Slide 4: UK Universities Procurement Consortia
 - Slide 5: Partnering Organisations
 - Slide 6: Key Challenges
 - Slide 7: New contracts/frameworks
 - Slide 8: Work in Progress
 - Slide 9 - 12: Info on Alternative Frameworks (Laptops etc., Apple devices, Servers etc.)
 - Slide 13: Telephony agreements
 - Slide 14: Corporate systems agreements
 - Slide 15, 16: Teaching & Learning Agreements
 - Slide 17: Software resellers
 - Slide 18: Scottish Procurement agreements
 - Slide 20: Commodity Areas and SHEDL Working Groups
 - Slide 21: SHEDL Contracts
 - Slide 22: Sustainability Benefits & Framework agreements
 - Slide 23: Supply Chain Monitoring
 - Slide 24: Useful resources

17. PS asked why the SG supplier assessment tool had been pulled and MM explained that Scottish Government went to retender for the tool. No bids were received within the budget, so they had to pull the tool.
18. PS asked about suppliers' challenges to terms and conditions and MM explained that the most controversial area for suppliers is around the Data Protection liability. These are not limited by law, therefore the clauses carried an unlimited indemnity, which suppliers are reluctant to sign-up to. He added that we typically now provide a cap range, ranging from £5-20m depending on the institution's own requirement at Call Off. Sometimes public sector terms do not match corporate risk for these software suppliers (predominantly US based ones).
19. MC noted that the behaviour of some suppliers (especially software providers) is shocking, sometimes making it difficult to move forward with shared services. She complemented the IS team on their great support work.
20. Chair recognised the splendid work by a small team and asked MM to pass on the Board's thanks to his colleagues.

Equality Statistics Update (APUC/13/2023)

21. AW presented the APUC Equality Statistics Review 2023 and highlighted the following points:
 - Update now includes ethnicity in addition to gender statistics.
 - Male and female salary gap still exists although closing over the past year.
 - Some ethnicity groups' data has been combined to improve relevance in reporting.
 - The small size of the team results in year-on-year fluctuations.
 - Average earnings are very close across all ethnic groups.
 - Ethnic minority staff level percentages in APUC are higher than the country as a whole.
22. PS noted that the gender pay gap had not improved over the wider 7-year review period and AW agreed that the gap has increased slightly due to the fact that comparisons are based on salary levels, with increases usually being based on percentage which leads to greater increases for those already paid more.
23. VS suggested that more detail by employment grade could be useful moving forward along with options on strategies to improve.
24. Chair asked AW to take forward with HR. **(ACTION: AW)**
25. AW noted that the female bias in trainee numbers tends to skew the results a little but agreed to expand the parameters used to produce the data. **(ACTION: AW)**

Plans for November Board meeting and workshop

26. AW explained the proposal for the November Board in Dundee as follows:

- Board will meet for dinner at Malmaison on 15 November and stay overnight at SleeperZ Hotel at the rail station.
- First half of the Board meeting will be devoted to a workshop on future development of APUC and opportunities to maximise its potential.
- Second half will be the normal November Board with Auditor in attendance.

27. The Board approved this proposal.

Updating of APUC Logo

28. AW explained that there was a feeling identified through the Staff Representative & Consultation Group that the APUC logo was due for a refresh. It was discussed that the basic principle of the logo (the Triquetra shape) would ideally be maintained but updated to be more modern.

29. AW added that a student at the Duncan of Jordanstone College of Art & Design at Dundee University had been asked to produce some proposals and that the final design would be presented to the Board for approval at a later date.

APUC Modern Slavery Statement 2023 (for approval) (APUC/14/2023)

30. AW presented the Modern Slavery Statement to the Board for approval and highlighted the following:

- APUC will keep developing and expanding its approach along similar lines to what Electronics Watch is delivering for us.
- The Sustain Code of Conducts remains a core tool for enablement of action in their area.
- Workshops have been run to keep the sector apprised of developments.

31. Chair noted that the work done by the team is exemplary.

32. The Board approved the statement for posting on the website. **(ACTION: Sec)**

Any Other Business

33. AW advised that there had been a presentation to Tom Arthur, Minister for Community Wealth and Public Finance and that he indicated he was happy with the scope and delivery of APUC's activities.

34. AW also updated the Board in confidence on developments at HEFESTIS including the resignation of the CEO. He added that the Chair of the Board was providing an anchor role until such time as a new CEO has been appointed.
35. Chair advised the Board that JT had decided to step down as a director after many years of service. He noted the significant contribution that JT had made and that she had been a champion for the FE sector on the Board. He expressed huge thanks on behalf of members, who similarly showed their appreciation of JT's service.
36. There being no further business, Chair closed the meeting at 14:30.

Date of Next Meeting

37. Dates for the remaining 2023 calendar:
 - Audit Committee: 18 October, Edinburgh – Chiene + Tait Board Room
 - UCSS Board: 18 October, Edinburgh - Chiene + Tait Board Room
 - Board: 16 November, University of Dundee (Board dinner evening before)

A handwritten signature in blue ink, appearing to be 'D. M. G. G.', is written in a cursive style.