Minutes of APUC Board Meeting held at 10:30 a.m. on Thursday 24 January 2013 at Coatbridge College, Park Street, Coatbridge

Present

Nigel Paul	University of Edinburgh (Chair)
Andrew Haddon	Langside College
John Doyle	Coatbridge College
Douglas Mackellar	Independent
David Ross	Independent
Stuart Paterson	Independent
Angus Warren	APUC Ltd (Chief Executive)

In attendance

Elizabeth McFarlane	APUC Ltd by teleconference (for Agenda Items 5 and 6 only)
Michael Caithness	APUC Ltd
Stephen Richardson	APUC Ltd

Welcome and Apologies

1 Apologies were received from Pat Briggs, Irene Bews, Alan Williamson and Martin Fairbairn.

2 The Chair thanked John Doyle for hosting the meeting at Coatbridge College and welcomed Stephen Richardson to the Board meeting. He explained that Stephen was attending to present an overview of the status of eSolutions as part of the Strategic Plan update and that Collaborative Contracting would be the focus of the update for the next Board meeting.

Minutes of Previous Board Meeting

3 The minutes of the 25 October 2012 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/01/2013

4 All matters arising from the previous Board meeting had been actioned or were in progress and the position was as outlined in paper APUC/01/2013.

Summary Report: APUC/02/2013

High level summary

5 Angus Warren gave an overview of the information contained in the Summary Report (APUC/02/2013) and highlighted the main points. He reported that there are now 138 agreements in place with 33 in progress and that 48 institutions are being supported on e-procurement although this number will reduce to 46 when Edinburgh College starts operating as a single institution.

6 Angus explained that further areas of data have been added to the high level summary table as follows:

- There is an average of 52 collaborative agreements in use per institution
- 19% of 2010/11 sector spend went through collaborative agreements. Hub data is awaited to enable the figure for 2011/12 to be calculated
- Predicted collaborative contracting savings for 2011/12 are £12m cash and £3m non-cash

7 He added that it is planned to add further data to the high level table to cover additional supported e-tools and PCA status.

General update

8 Angus informed the Board that a shared service agreement is now in place with Edinburgh College and that Pippa Clark is now in post as Procurement Manager.

9 Angus advised that the “sustainable supply chain development project” plans had been shared with the review group made up of Edinburgh and Aberdeen University staff and students that included representatives from the NUS and People and Planet. The drafts, as they now stand, will be shared on the 25th January with joint sectors PSG to discuss any further potential changes and to gain PSG endorsement and support.

10 Angus continued to explain that in-sector job ads for the Management Trainee programme did not initially attract much interest and the deadline has therefore been extended to early February and advertised in the Guardian (on-line) and in a specialist trainee management website.

11 Angus and Nigel advised that they had had a very useful meeting with Prof Nick Petford, Chair of Procurement UK, in December to provide a briefing to him on the arrangements in place in Scotland. The first Procurement UK meeting has now been scheduled for the 6th February in London.

12 Angus noted that the HE/FE Procurement Development Fund had launched on 10 January with a deadline in March 2013 for grants applications to be submitted.

Strategic Framework Agreement Review and Category Management

13 Angus explained that a review of all existing collaborative agreements took place in November with each agreement being classified for its strategic importance, performance and proposed positioning. The proposals will be reviewed at the Contracting Priorities Workshop on 25 January with both sectors' PSGs and the outputs from this will inform a review of collaborative responsibilities within APUC aimed at expanding the category management approach to encompass much more of the portfolio of framework agreements.

14 John Doyle asked if any of the colleges might be disadvantaged by these classifications and Angus assured him that this would be addressed with the college representatives at the Contracting Priorities Workshop which had the highest ever level of college representation.

15 David Ross enquired why some contracts would be classified as very poor ones and Angus explained that some were initially put in place without full sector input, this now being done through more effective UIGs. He added that some had an inappropriate approach to market, Arts and Crafts being a good example, and that contracts such as these might need to be retendered.

16 The Chair asked if APUC had visibility of contracts let by larger institutions and Angus advised that a list of contracts suitable for a collaborative approach had been requested and would be available for consideration at the Contracting Priority Workshop.

OP – PCS – Tender and Award

17 Angus advised the Board that APUC are also now using the e-Evaluation solution called AWARD which works with the Scottish Government Bravo tool and provides a fully auditable and transparent evaluation process and facilitates multi-lot tendering. The number of licenses has been increased from 30-50 for a short term due to high demand related to the highly complex legal tender.

OP – Auto Enrolment Pensions Tender

18 Angus explained that APUC are now in dialogue with the University and Colleges Employers Association (UCEA) regarding its intention to put in place a UK wide agreement for auto-enrolment pensions. APUC are exploring to see if this potential agreement has been tendered in line with the EU regulations (it is a part A service so full EU tendering is mandatory) and will then liaise with SUFDG and UHR-Scotland to discuss next steps.

19 John Doyle suggested that the college sector would not be affected to a large degree by this and expressed caution that trades unions might view this change as a dilution of current arrangements.

eSolutions update

20 Angus noted that the PECOS implementation had been in progress at Cumbernauld College but that due to its intended merger with Motherwell College, it may now be put on hold.

21 Andrew Haddon commented that budget checking in the new version of PECOS was a very important additional feature. Stephen Richardson stressed that, in order for it to work effectively, 100% of procurement spend should go through PECOS.

22 John Doyle recommended that Colleges Scotland's Finance community should be made aware of this new feature. **(ACTION: A.Warren)**

Procurement Capability Assessment

23 Angus advised the Board that three institutions were now in the superior band and that scores were still improving across the HE/FE sector.

24 Douglas MacKellar enquired how HE/FE compares with other public sectors and Angus advised that the Scottish Government (SG) is reluctant to publish comparative sector scores. The Chair suggested that the matter could be raised at PPRB to enable an understanding to be obtained of the comparative position. **(ACTION: N.Paul)**

Financial Management Report: APUC/03/2013

25 Elizabeth McFarlane highlighted the main features detailed in the Financial Management Report (APUC/03/2013) that included a summary of the actual income and expenditure for the period to November 2012 compared to the approved budget; the forecast outturn for 2012 - 13; the forecast balance sheet for the year ending 31 July 2013 and the cash profile for 2012-13.

26 The Board noted the contents of the Financial Management Report.

Banking Strategy – APUC/04/2013

27 Angus explained the background of the Banking Strategy paper (APUC/04/2013) that sets out the proposals to ensure that funds are safely managed, are accessible when required and obtain a reasonable return for the organisation. He stressed that it did not cover the pension funds held by the USS guarantors nor the funds transferred to HPDF that are now nothing to do with APUC and therefore separately controlled by the fund's trustees.

28 He added that APUC Ltd will endeavour to gain the best interest rates available at all times whilst maintaining a low risk balanced approach.

29 Andrew Haddon commented that colleges prefer risk avoidance rather than maximising interest and that some colleges are subcontracting the management of funds to get best performance with minimal risk.

30 David Ross asked if "clearing banks" mentioned in the document, included some of the newer organisations and, if so, the risk of them going under must be managed and explained in the document.

31 The Chair suggested that a clarification noting how the pension guarantee fund (under the control of the University of Aberdeen) is managed should be added to the document.

32 It was agreed to expand the document to include these two points. (**ACTION: E.McFarlane**)

33 Angus informed the Board that a meeting with Chiene and Tait had taken place to prepare an application to HMRC for mutual status to ensure that any APUC end of year surplus can be exempt from corporation tax on shared services costs etc. A very minor tweak to the companies Articles may be required and approved by the Board (**ACTION: A.Warren**)

34 David Ross suggested that we should check whether this proposal may have to go to the AGM for approval, Mike would check the governance arrangements and confirm. **(ACTION: M.Caithness)**

Strategic Plan Review 1 – eSolutions - APUC/05/2013 and APUC/06/2013

35 Angus introduced these two papers and explained that APUC/05/2013 showed the status of eSolutions objectives set out in the Strategic Plan and APUC/06/2013 gave an overview of APUC's ICT systems landscape.

Hunter

36 Stephen Richardson, with the aid of a slide hand-out, proceeded to describe how Hunter interfaces with other e-procurement products and how it processes the data from these sources. He explained that Hunter is a bespoke solution.

37 Stuart Paterson asked how data is gathered into Hunter and Stephen explained that spend data was initially loaded by APUC but that suppliers and other consortia are now able to input information directly via a website. He added that institution finance systems do not input data as yet but it may be something that we should consider as a future development depending on the future of the government Hub.

38 Stephen advised the Board that Hunter was now installed in several institutions and also at all the consortia in England. He added that Fire is also interested and that discussions had been held with SG but that they were not committed at this stage.

39 The Chair added that Hunter could possibly be used by HE/FE institutions in the rest of UK. Currently we have no plans to offer this service.

40 Stuart Paterson suggested that Hunter potentially needs to be covered by a strategy if it is to expand its area of usage and that it will require managing differently if it is to become a universally used tool.

41 Angus agreed that any use outside of APUC's sector would need to be done on a commercial (or at least actual cost recovery, depending on the scenario) basis and the Chair noted that there was interest from Spikes-Cavell. The Board were happy for APUC to explore this initial interest – this could feed into developing a strategy on how to develop the commercial opportunities that Hunter could bring.

42 Douglas MacKellar stated that he was not aware of any direct equivalent solution to Hunter and the Chair agreed that thought needs to be given to how to manage/protect Hunter as a commercial product.

43 Stuart stressed that Hunter should be kept simple and functionality not be allowed to grow by adding too many additional features for external parties. Angus added that Bravo Solutions, for example, was being used for e-tendering and that this feature would therefore not be built into Hunter.

44 It was agreed that a strategy to explore the potential commercial opportunities of Hunter should be prepared and circulated to the Board for comment. (**ACTION: A.Warren / S.Richardson**)

Public Contracts Scotland (PCS) and PCS-Tender (PCS-T)

45 Stephen explained that PCS was an established "one stop shop" for contract opportunities in the Scottish public sector.

46 He added that APUC resource was dedicated to rolling out the Bravo e-tendering tool (PCS-T) that is provided by the SG. 60 sector staff have so far been trained and the remaining training is due to be completed by mid 2013.

PECOS/Parabilis

47 Stephen introduced the slide and explained that PECOS, now hosted in Edinburgh by the SG, is provided free of charge to institutions by SG. Parabilis is provided by eGovernment Solutions (EGS) and is funded by user organisations. Parabilis is used as a content Marketplace only in Scotland so it enables budget checking to be carried out in Finance / ERP system's workflow tools.

48 APUC also provide a helpdesk facility for both solutions which includes the centralised delivery of Cat A & B content (e-catalogues). The choice between the two systems is also dependent on the workflow capability within the finance system. Heriot-Watt recently upgraded Oracle to include workflow (for a variety of functional areas) and therefore was able to switch to Parabilis to support this feature and process all orders within Oracle.

49 Stuart asked what system other institutions are using and Stephen explained that the majority (44) are using PECOS with further implementations on-going.

Collaborative Content Management (CCM)

50 Stephen explained that CCM is a SG provided service hosted by European Dynamics. It provides standard processes supporting the sharing and management of catalogue content, delivering enriched content with the additional catalogue fields. It also has punch-out capability to allow e-procurement platforms to access content.

51 He added that CCM is now rolled out to the University of Dundee and supported by the APUC helpdesk.

Spikes-Cavell Hub

52 Stephen explained that the Hub provides a National dataset of public sector non-pay spend and is provided by SG, allowing analysis of spend data. Spend from 29 institutions currently gets processed through the hub and this represents approximately 90% of the HE/FE spend. The remaining institutions spend data is processed in Hunter by APUC.

53 Andrew Haddon asked how the Hub compares with Hunter and Stephen explained that Hunter does not provide line level classifications.

GeM

54 Angus explained that the GeM website is a UK platform that contains the buyers' guides for all collaborative contracts. It is funded by HEFCE via JISC and is due for review soon.

55 An electronic copy of the presentation slide will be circulated with the minutes of the meeting. (**ACTION: M.Caithness**)

New Associate Member request

56 Angus proposed that APUC offer Associate Membership to a German organisation called Fraunhofer UK. This would be linked initially to their joint working with the University of Strathclyde with a fee of £5,000 pa (plus VAT) for the first full academic year to reflect both this and their relatively low spend levels. This fee would be reviewed annually. It is assumed that the University of Strathclyde Procurement team would be providing a degree of support/advice resulting in a minimum support burden on APUC.

57 Fraunhofer's membership would be for access to contracts and receipt of ezine etc. only, with no added services such as client account management, tender support, eSolutions support, PCAs, Hunter services, sector development activities, membership of PSG etc. These could all be offered but at a higher fee depending on requirements.

58 The Board approved this proposal.

Strategic Plan Update

59 Angus informed the Board that the strategic plan would be over a year old by the time of the next Board meeting – it was agreed that the plan should be updated to take account of any new or changed priorities or timings that have come to light over this time. **(ACTION: A.Warren)**

Any Other Business

60 The Chair informed the Board that the 2011-2012 Annual Report would be published on the website and via the ezine following the Board meeting.

61 Douglas MacKellar commented that the Procurement Reform Bill feedback document on behalf of the sector was excellent. Angus added that the Bill will go to Parliament in May and that it is not known at this stage if any of the sector's inputs have been included in the final document.

62 There followed a brief discussion on possible escalation paths if the sector's input are ignored.

Date of Next Meeting

63 It was agreed that the next Board meeting would be held on 11 April 2013 at APUC's Edinburgh office.