

Minutes of APUC Board Meeting held at 11.30 a.m. on Tuesday 12 January 2010 at South Lanarkshire College, East Kilbride

Present

Jim Crooks	Elmwood College
Douglas MacKellar	Independent
Stewart McKillop	South Lanarkshire College
Stuart Paterson	Independent
Nigel Paul	University of Edinburgh (Chairman)
Angus Warren	APUC Ltd (Chief Executive)
Alan Williamson	Jewel & Esk College

In attendance

Martin Fairbairn	Scottish Funding Council
Hugh Ross	APUC Ltd

Welcome and Apologies

- 1 Apologies were received from Pat Briggs, Robert Kennedy and David Ross.
- 2 The Chairman thanked South Lanarkshire College for agreeing to host the meeting which was preceded by a meeting with representatives from Anniesland, Coatbridge, Kilmarnock and North Glasgow Colleges at which issues relating to APUC's activities and performance were discussed with the Board.
- 3 Stewart McKillop, the College's Principal, gave an interesting talk on the College and spoke warmly of the assistance the College had received from APUC's Capital Procurement Team during the building of the new College.
- 4 The Chairman informed the Board that the Scottish Government was developing a paper on Public Procurement in Scotland for consideration by the Public Procurement Reform Board (PPRB). He also mentioned that a paper on the Economic Impact of Public Procurement had recently been considered by the PPRB and the Scottish Government's Sustainable Procurement Action Plan was now in the public domain. APUC was currently reviewing the last of these documents but the HE and FE sectors were clearly well ahead of others in many respects.
- 5 As it is now 1 year since APUC's Chairman sent APUC's response to the Strategic Dialogue Report to the Cabinet Secretary, he planned to write again to the Secretary to inform him of the considerable progress that has been made in the last 12 months. He will share his response with Board members. (**Action:** Nigel Paul)
- 6 The decision of the Scottish Government to formally withdraw from Assurance meetings (Procurement Scotland would continue to be involved from a

communications / information sharing perspective) and the Scottish Funding Council (SFC) approach to replace the (at one time) monthly Assurance meetings with APUC with 6-monthly meetings, at which topics of mutual interest would be discussed, was an indicator of the increasing confidence these two key stakeholders had in APUC.

Minutes of Previous Board Meeting

- 7 The minutes of the 21 October 2009 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/01/2010

- 8 The Chairman reported that the action arising from paragraph 9 of the minutes of the previous Board meeting, namely “drafting the 2008-09 Annual Report for the Board’s Approval”, was being dealt with under Item 8 of the meeting agenda, instead of by means of written procedure.
- 9 Once the outcome of the Scottish Government’s strategic procurements plans is known, the Chairman plans to invite Alastair Merrill to an APUC away-day rather than to the April Board meeting. (Paragraph 28 of the minutes of the 21 October 2009 Board meeting refers.) (**Action:** Nigel Paul)
- 10 The position on all other matters arising from the last meeting was as set out in Paper APUC/01/2010.

Chief Executive Report: APUC/02/2010

- 11 Angus Warren talked through paper APUC/02/2010 and highlighted the fact that APUC’s membership now stands at 60 institutions, comprising 19 HE institutions (100%) and 41 FE colleges (95%). Only Inverness and Orkney Colleges have yet to join.
- 12 The Board was advised that APUC has been approached by various publicly funded bodies who would like to benefit from APUC’s contracts. In response to a suggestion that it may make sense to create a new category of affiliate membership for such organisations, the Board decided that: because such bodies often have linkages with individual universities and colleges they should be encouraged to discuss the possibility of “piggy-backing” on APUC’s contracts with the university/college with which they are associated; and at some point in the future, e.g. when institutions are asked to jointly fund APUC’s operations, that consideration should be given to extending APUC’s membership to include them.
- 13 He reported the outcome of the Pension’s Working Group’s meeting on 11 December 2009 and explained the rationale for creating a subsidiary company for employing appropriate members of APUC’s staff, who are currently employed on fixed term contracts, or will be employed in future, on a permanent basis. The Board agreed that this approach should be explored further since it would not expose APUC to an increased risk of potential

liabilities arising from membership of the Universities Superannuation Scheme. Once the actions outlined to the Board have been taken, a paper, updating the Board on the progress that has been made, will be produced for the Board's consideration after it has been cleared by the Pensions Working Group. (**Action:** Hugh Ross & Dee Denholm)

- 14 The Board was advised that the ePS team is being reformatted to operate in a more flexible way and a plan is in place, covering its operations for the remainder of the project period (end Sep 2010). Several Directors confirmed they shared APUC's concerns over the future development of ePS and its ability to deal with key issues such as commitment accounting. APUC was asked to continue to pursue this matter with the Scottish Government. Accordingly, the Chairman undertook to cover this subject in the letter he plans to send to the Cabinet Secretary. (**Action:** Nigel Paul)
- 15 Angus Warren advised that government had begun reviewing how it would deliver the SPD's services going forward as part of its strategy review and development, including exploring options as it saw them in relation to management of Cat A & B (and indeed C) contracts. The Board noted that it would have concerns if there was to be a transfer of responsibility of Cat A contracts to CoEs, as of course APUC was not staffed to undertake such work and it would be a distraction from APUC's core activities.
- 16 Angus Warren advised the Board that APUC was about to review its accommodation requirements due to the significant reduction in staff numbers that will result from the completion of the main ePS programme in September of this year and from functional reviews being carried out by the Chief Executive. As the lease on APUC's existing premises is due to be reviewed in November, the review of accommodation requirements is planned to be completed by April. (**Action:** Angus Warren)
- 17 An updated version of APUC's Key Actions and Deliverables Plan was handed out at the meeting. Board members were asked to consider the Plan format and to provide feedback if applicable to the Chief Executive in due course. (**Action:** All Board members)

Financial Management Report: APUC/03/2010

- 18 Hugh Ross introduced paper APUC/03/2010. The Board considered the financial position to be satisfactory and noted the forecasts which were included as annexes to the paper.
- 19 Alan Williamson pointed out that the heading of Annex B should be amended to read "APUC 2009-10 Forecast Outturn" instead of "APUC 2010-11 Forecast Outturn" (**Action:** Elizabeth McFarlane)
- 20 He also felt that the way in which the financial projections were presented could be improved upon. It was agreed that he and APUC's Finance Manager, Elizabeth McFarlane, should discuss this matter outwith the Board meeting with a view to agreeing a revised format for future use. (**Action:** Alan Williamson & Elizabeth McFarlane)

Report on APUC by John McClelland: APUC/04/2010

- 21 Nigel Paul informed the Board that John McClelland's report on APUC had been favourably received at the PPRB by the Cabinet Secretary who appeared to be satisfied with the progress that has been made since the Strategic Dialogue Report was published.
- 22 In regard to the Report itself, Stewart McKillop felt that it was overly ambitious to expect APUC to have its ultimate business and funding model in place by the end of June 2010 (Recommendation D, page 6 of the Report). This sentiment was endorsed by Jim Crooks who said that before Recommendation D could be resolved a robust process and reporting system that demonstrates the collaborative arrangement, take up, and realisation of savings (Recommendation B, page 5 of the Report) had to be tackled. Institutions would only agree to meet APUC's costs if they could be convinced that APUC represented good value for money.
- 23 Nigel Paul said that he and Angus Warren were about to enter into talks with Universities Scotland and Scotland's Colleges about how best to address the subject of future funding and hoped to agree a timetable with them for taking matters forward. He recognised that it was essential for institutions to be comfortable with what was being done, particularly as a number of them had only recently become members of APUC.
- 24 Martin Fairbairn said that the SFC expected APUC to engage with both sectors as Nigel Paul had just described. He emphasised SFC's requirement that, by the end of July, APUC should have developed clear options with the sectors' representatives that could then be consulted on more widely and formally. This did not mean that the final decision on long-term funding arrangements had to be made by 31 July 2010 – but it did mean that clear and specific options had to be developed over the next few months.
- 25 A discussion about the support APUC should provide for Category C contracts was triggered by Recommendation A viz. setting a target for the optimum APUC facilitated collaborative or advanced procurement contract coverage of Category C procurement spend. Angus Warren explained that this recommendation did not relate to all Category C procurement but to capital support and contracts above the threshold for advertising in the EU's Official Journal. APUC's College support team had 4 FTEs based on only becoming involved in supporting above EU /Capital tendering on a shared service model (Angus Warren pointed out that a fully outsourced Cat C tendering team (covering also below EU-threshold tendering) would likely require more like 15-20 FTEs).
- 26 There was agreement that, to avoid raising institutions' expectations of what might be expected of APUC, there needed to be a clear statement of what precisely APUC would and wouldn't do in relation to Category C procurement. It was recognised that APUC's Contracts Prioritisation List would go some way towards clarifying this point. An A5 client guide was also being drafted and would be distributed to institutions shortly.

APUC Strategic Vision: APUC/05/2010

- 27 The Board was invited to comment on the updated draft Strategic Vision document (APUC/05/2010) which was developed from the updated Strategic Plan discussed at the 21 October 2009 Board meeting and incorporated changes subsequently suggested by key stakeholders. Sector feedback had also been provided to the Board with the meeting papers. The Directors unanimously approved the draft in its current form and invited the Chief Executive to produce a final version for distribution to interested parties. (**Action:** Angus Warren)

APUC Draft Annual Report 2008-09: APUC/06/2010

- 28 The draft had been previously issued to Board. Several comments / inputs had been received in relation to the draft before the meeting. Several Directors commented that the report was very good and, following a remark from Douglas MacKellar that he liked the way in which capital savings were presented on page 4, it was agreed that this information should be highlighted in a box and the same treatment should be accorded to the ePS information on page 5.
- 29 The Chairman agreed to incorporate required changes based on input received (including any final comments received from Board members) as appropriate and publish the then final document.

Any Other Business

- 30 No other business was raised.

Date and Venue of Next Meeting

- 31 It was agreed that the next Board meeting should be held at Elmwood College on 19 April and that the AGM should be held at Stirling University Management Centre on 28 April. It was further agreed that the AGM should be followed by a seminar that included presentations on:
- An update on APUC's current position;
 - The Remedies Directive;
 - The Scottish Government's perspective on the future direction of public sector procurement (including ePS);
 - ePS – the sectoral position.

The Chairman thanked Stewart McKillop for the hospitality extended by South Lanarkshire College.

