

Minutes of APUC Board Meeting held at 10.30 a.m. on Wednesday 25 March 2009 at 14 New Mart Road, Edinburgh

Present

Nigel Paul	University of Edinburgh (Chairman)
Steve Cannon	University of Aberdeen
Douglas MacKellar	Independent
Stuart Paterson	Independent
David Ross	Independent
Hugh Ross	APUC Ltd
Susan Walsh	Cardonald College

In attendance

Martin Fairbairn	Scottish Funding Council
Douglas Bell	APUC Ltd
Louise Burke	APUC Ltd
Helen Foster	APUC Ltd
Elizabeth McFarlane	APUC Ltd
Lynn Peterson	APUC Ltd
Frank Rowell	APUC Ltd

Apologies

Pat Briggs	The Robert Gordon University
Jim Crooks	Elmwood College
Alan Williamson	Jewel & Esk College

Welcome

- 1 The Chairman welcomed Martin Fairbairn, Director of Governance & Management Appraisal & Policy at the Scottish Funding Council (SFC) to the meeting as an observer. The SFC will continue to attend future meetings.

Minutes of Previous Board Meeting

- 2 The minutes of the 9 January 2009 Board meeting were approved as an accurate record of the meeting, apart from a request to change “Principals’ Forum” to “Principals’ Convention” at paragraph 2.

Matters Arising: APUC/05/2009

- 3 The Pay Policy Working Group (PPWG) has been established and will undertake an objective review of job descriptions and job gradings as a necessary precursor to establishing a pay policy, which, it was confirmed, will include equal pay issues. The Board agreed that an independent assessor will be commissioned to take this forward.
Action: Hugh to communicate this to Dee Denholm, APUC's HR Manager.
- 4 Douglas MacKellar has completed a presentation designed to demonstrate the journey towards Advanced Procurement and the benefits it will bring, which is aimed at non-procurement professionals. A draft version of the presentation was delivered to the Board and comments invited. (Paragraph 42 refers.) The final version of the presentation will be delivered at the seminar which follows APUC's AGM on 29 April 2009.
- 5 The Universities Superannuation Scheme (USS) requires a guarantee for the potential buy-out debt relating to the 16 permanent APUC staff. The SFC has provided a guarantee until 31 July 2009 and an extension for three years is being discussed with the SFC. A new Pensions Working Group (PWG) has been established to advise the Board on the optimum way forward with regard to APUC pension arrangements. The PWG membership includes the Chief Executive and HR Manager of APUC; two Finance Directors from colleges; two from universities; and one independent non-executive Director of APUC viz. David Ross
- 6 APUC's Articles were amended to delete Article 3. (The change was effected by means of a Members' Written Resolution.) The Chairman has approached Universities Scotland and Scotland's Colleges to encourage institutions to become members. APUC has subsequently seen its membership rise to 37 institutions and the Board expects further institutions to join over the coming weeks. At various recent meetings, including the meeting of University Secretaries and the Principals' Convention, it was noted that there are no further perceived barriers to joining APUC and APUC's current approach has been broadly welcomed.
- 7 The appointment of Jim Crooks, Principal of Elmwood College, to APUC's Board on 21 January 2009 was seen as a positive addition. Jim received induction training at APUC's offices on 19 March.

- 8 APUC has received a positive response from all key stakeholders to its Response to the Strategic Dialogue Report and Action Plan.
- 9 The Chairman has agreed with John McClelland to meet with himself and the three non-sectoral Directors. **Action:** Chairman to arrange a date for the meeting.
- 10 All future monthly progress reports will be copied to the Board, and following discussions with Heads of Procurement, wider distribution to institutions is also welcomed. **Action:** Hugh Ross to arrange distribution.
- 11 **Action:** The Chairman will write to institutions that have not yet committed to the ePS programme to remind them that there is a finite time in which they can take advantage of APUC's resources in implementing the service. It was noted that an SFC-run workshop on ePS is not required at this time due to an improvement in the numbers of institutions committing to ePS. **Action:** Hugh Ross to review the situation over the coming weeks. (See related information at paragraph 29.)
- 12 The Annual Report has been edited in light of comments received from individual members of the Board and the final version will be circulated to Directors. **Action:** Hugh Ross.
- 13 A strategic 'away day' for the Board, senior management and key stakeholders will be progressed with the new Board following the AGM on 29 April.
- 14 The four short-listed candidates for the position of Chief Executive will be interviewed in early April. Meetings are arranged for the week commencing 30 March with Tony Newjem (Heriot-Watt University), David Alexander (Stevenson College), Ian Howie (Scottish Government), Nigel Paul, Hugh Ross and APUC's senior management team, to give the candidates an insight into APUC and its key stakeholders' perspectives.

Strategic Dialogue: oral update

- 15 The Chairman thanked the Board for the work that went into APUC's Response to the Strategic Dialogue Report and Action Plan. The Response has been welcomed by Universities Scotland, Scotland's Colleges and John Swinney, Cabinet Secretary for Finance.

- 16 The Action Plan has now been assimilated into APUC's Operational Plan. (See paragraph 41.)
- 17 Three working groups have been established: the PPWG (see paragraph 3); the PWG (see paragraph 5); and the Three Year Funding Working Group (FWG). The last group includes Finance Directors from colleges and universities to review APUC's cost plans over the next three years so that institutions can understand, challenge and support the plans before they're submitted to the SFC. The representatives are: David Alexander, Stevenson College; Douglas Paxton, Reid Kerr College; Rob Kennedy, Dundee University and Irene Bews, Aberdeen University.
- 18 The Chairman advised the Board that John McClelland is seeking to review progress of the Centres of Expertise (CoEs) and plans to look at APUC from May 2009. John McClelland will then report findings to the Public Procurement Reform Board (PPRB). **Action:** Directors to feed their views into that process via the Chairman.
- 19 When considering APUC's progress in comparison to other CoEs, it is clear that all CoEs are at differing stages in various operational areas. For example, APUC is ahead with eProcurement Scotland (ePS) implementations and in disseminating guidance on Corporate Social Responsibility (CSR) as part of the new procurement manual for the sector (see paragraph 37), and is roughly comparable with other CoEs in reporting against Best Practice Indicators (BPIs). However, with the additional support being offered to smaller institutions, APUC expects levels of this vital management information reporting to improve.
- 20 The Chairman noted that, in many respects, APUC is dealing with the most complex client base viz. 62 members autonomous HE and FE institutions.
- 21 The Board requested a set of Key Performance Indicators (KPIs) to chart APUC's progress. To that end, the Chairman distributed a high level progress report in tabular format to Directors.
- 22 Hugh Ross confirmed that APUC meets with the other CoEs on a regular basis via various fora to share ideas and best practice. Douglas Bell further noted that CoEs are currently working on aligning their business plans with a balanced scorecard approach for the purposes

of efficient reporting to the Procurement Reform Delivery Group (PRDG).

Financial Management Reports

Results and Forecast 2008/09: APUC/06/2009

- 23 Elizabeth McFarlane, APUC's Finance Manager, submitted the financial results and forecasts for 2008-2009, including actual expenditure against original budget for the period to 31 January 2009 and the revised forecast and profile to 31 July 2009.
- 24 The Chairman queried whether the low cash balance at year end means a lack of flexibility. Elizabeth replied that the Scottish Government prefers that the company does not hold large amounts of cash, but that cash could be drawn down at any time.
- 25 In answer to a question about the reallocation of funds from ePS licenses to institutional support work. Hugh Ross stated that a common approach for all ePS implementations is not possible, as the existing financial systems and the way they are used varies enormously between institutions. In light of experience, the amount of resources required to accommodate this was under-estimated and so redirecting those funds allows APUC to support smaller institutions with limited staffing and also to accommodate larger, complex implementations. It was noted that APUC's ePS team has dealt with the issues that arose efficiently and effectively.

Draft Three Year Budget: APUC/07/2009

- 26 The above paper was submitted to the Board to report on the proposed bid to the SFC on the funding that APUC needs over the next three years to deliver its Operational Plan - which in turn incorporates the Action Plan included in APUC's Response to the Strategic Dialogue Report that was endorsed by institutions' representative bodies and the Scottish Government's Cabinet Secretary, John Swinney MSP. At the end of that developmental period - to get APUC and institutions to where they need to be - it was noted that APUC will focus on ongoing procurement activities with a reduced staff.
- 27 APUC needs additional resources in two workstreams: Collaborative Procurement and Support Services. After some discussion regarding

the proposed Account Management approach, which was a recommendation in the Strategic Dialogue Report, it was noted that the raison d'être of Account/Relationship Managers is to improve communications and relations with institutions rather than provide hands-on procurement support. It was agreed that while the Board guides APUC's strategic direction, the operational deployment of resources is the responsibility of the Chief Executive.

- 28 The application process for the bid to the SFC will be completed by the end of April 2009.

Progress Report

Programme status ePS: APUC/08/2009

- 29 As detailed at paragraph 11, APUC, with the Chairman's support, is making efforts to engage with institutions to commit them to timescales to implement, or continue with implementation of, ePS. Lynn Peterson, APUC's Head of eProcurement, noted that some institutions using Coda finance system do have understandable reasons for delaying implementation, but that commitment is essential for institutions to benefit from APUC's resources while they are available (until September 2010). Martin Fairbairn offered for the SFC to write to institutions in the summer, if further encouragement was still needed.
- 30 35 out of 62 institutions are now live on ePS. 21 institutions have committed to progressing with implementations during 2009 - 2010.
- 31 As at February 2009, 119,856 purchase orders have been processed with £92.7 million throughput. The estimated process efficiency savings achieved so far amount to £351,531. Further baselining exercises are planned to calculate the actual figures.

Programme status CP: APUC/09/2009

- 32 Frank Rowell, APUC's Head of Collaborative Procurement, highlighted that 17 category B collaborative contracts have been awarded with an estimated annualised sector value of £109 million. For category A and B contracts, the annualised contract value awarded is £128 million. The forecasted recurring cash savings are £12.44 million and non-cash savings £5.77 million.

- 33 A workshop was held on 4 February to scope out requirements for standard approaches to measuring and realising benefits across APUC and institutions. A Benefits Realisation Sub-Group was formed to take this forward.
- 34 A further workshop is planned with institutions to improve the operation and effectiveness of the Procurement Network and User Intelligence Groups (UIGs), in line with Strategic Dialogue recommendations.
- 35 A further Strategic Dialogue recommendation was to increase the influence of the Procurement Advisory Group and Hugh Ross confirmed that APUC and institutions are also looking at this as part of the process to improve the Procurement Network and UIGs.
- 36 To improve commitment to contracts, it was agreed that APUC and institutions need a shared agenda with agreed contracting priorities.
- 37 Helen Foster, Procurement Development Specialist, summarised the status and purpose of the forthcoming procurement manual for the HE and FE sectors and demonstrated the draft online tutorial. The manual has been developed with a working group of sector representatives and external consultees with various areas of specialism. The manual will not be mandatory and doesn't replace legal advice, but is designed as a reference guide for best procurement practice. The draft online tutorial was well-received by the Board.

Progress Report Summary: APUC/10/2009

- 38 **Action:** The Board were invited to report their views to Hugh Ross on the format and content of the one-page Progress Report Summary. It was agreed that this should illustrate “where we are and where we're going”.

Benefits Tracking Report: APUC/11/2009

- 39 Douglas Bell, APUC's Head of Support Services, provided the Board with management information showing the benefits for institutions from take-up of Category A and B contracts.
- 40 The Board requested clearer figures to demonstrate the exact benefits for each institution. It was noted that this is dependent on institutions feeding in information to the Scottish Procurement Information Hub

(over half have yet to supply data), using the contracts that have been set up, realising efficiency savings from ePS and defining, via the Benefits Realisation Sub-Group, the standard approach to measuring and realising benefits. Douglas also stated that the Scottish Government is seeking a consistent measurement methodology in benefits tracking. The Board agreed that reporting benefits is an issue of some urgency and felt that producing case studies on the benefits accruing to individual institutions would be of help in taking this matter forward. **Action:** Frank Rowell to progress this issue with the Benefits Realisation Sub-Group.

Revised Operational Plan and Risk Register: APUC/12/2009

- 41 Douglas Bell introduced the papers on the revised operational plan and risk register, pointing out that the operational plan now contains: the Action Plan actions; core actions that are not included in the Action Plan; and non-core project specific items that are nonetheless vital in the period ahead. The Board endorsed the revised operational plan and risk register.

What Advanced Procurement looks like: PowerPoint presentation by Douglas MacKellar

- 42 Douglas MacKellar prepared this presentation as a consequence of the Strategic Dialogue, when it was recognised that many institutions do not know what advanced procurement means. The presentation was well-received by the Board. **Action:** Douglas to incorporate some minor updates as suggested by the Board.

AGM and location of future meetings – institutions/format

- 43 The Chairman outlined the proposed format for APUC's second AGM and follow-on seminar. The latter event will include presentations from himself, Douglas MacKellar (as described at paragraph 42) and Ian Howie, Head of Procurement Scotland. The location was confirmed as the University of Edinburgh's Pollock Halls and the date as 29 April 2009. Formal notice of the AGM will be issued to member institutions between 5-12 April, in line with legal requirements. The audience for the seminar is likely to include Finance Directors, Heads of Procurement and Principals. Member and non-member institutions will be invited to attend both the AGM and the seminar.

- 44 Nominations for the Board have to be with APUC by 5.00pm on 26 March 2009.

Any Other Business

- 45 No issues were raised.

Date of Next Meeting

- 46 The date of the next Board meeting will be determined after the AGM on 29 April 2009, once the new Board is in place.