

Minutes of APUC Board Meeting held at 14:15 a.m. on Thursday 17 May 2018 at the APUC Office in Stirling.

Present

Jim McGeorge (Chair)	University of Dundee
Sheena Stewart (SS)	Abertay University
Janet Thomson (JT)	Glasgow Clyde College
Pete Smith (PS)	Borders College
Douglas MacKellar (DM)	Independent
Fiona Gavine (FG)	Independent
Stuart Paterson (SP)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

In attendance

Liz McFarlane	APUC Ltd (for agenda item 5 only)
Martin Fairbairn	Scottish Funding Council
Michael Caithness (MC)	APUC Ltd

Welcome and Apologies

- 1 The Chair welcomed those in attendance and noted that apologies for absence had been received from Carol Turnbull, Dumfries and Galloway College, Liam McCabe, University of Stirling and Phil McNaul, University of Edinburgh.

Minutes of Previous Board Meeting

- 2 The minutes of the 19 February 2018 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/06/2018

- 3 All matters arising from the previous Board meeting had been actioned or scheduled as outlined in paper APUC/06/2018.
- 4 Item 10: AW advised that not many items defined in the new Strategy were covered on the introductory table of the Summary Report – it was suggested that a refresh of the reported data items might be appropriate. (**ACTION: AW to suggest revised items**)

Summary Report: APUC/07/2018

General Update

AW gave the following updates on the Summary Report:

- 5 Sector spend through collaborative agreements has increased to more than 35% based on provisional 2016/17 data that has still to be validated.
- 6 DM asked for clarification of what the figure of £354m in item 21 related to. AW explained that it is the spend that it is estimated could be achieved on framework agreements if they were used to the maximum of their scope.
- 7 MF stressed that the figure of 35% represented good progress towards achievement of targets and asked if progress on CC2 in the new Strategy document (Implement an optimised, prioritised Contract and Supplier Relationship management service for APUC Framework Agreements) could be reflected somehow in the summary table. (**ACTION: AW to explore**)
- 8 The APUC internal SharePoint site continues to be developed and navigation has now been improved to assist with accessing data.
- 9 Cyber Essentials Plus – following the initial investigation, APUC is actioning the identified enhancements to its organisation to meet the certification. It was noted that the biggest risks were through emails and visiting suspect websites.
- 10 The e-enablement of the Finance system is now completed and operational.
- 11 Western Isles Council are now operational with Hunter and other councils have expressed interest. Further clients will not be taken on without further resources being obtained. The Chair enquired if there was any feedback following the demonstration provided to Edinburgh City Council and AW advised that they had been impressed but had other options to evaluate before making a decision.
- 12 The QC opinion on APUC's shared services was shared with the Board – the advice confirmed that APUC should be exempt from VAT under the CSG rules. The cost of this advice is covered by an insurance policy.
- 13 Scottish Government has released an SPPN (01/2018) noting that all Annual Reports should be submitted within 4 months of the end of the public body's financial year. This means by end of November 2018 for the HE/FE sector.

Staffing

- 14 AW explained recent staff changes. SS asked about disclosing the details of staff changes with respect to GDPR and it was agreed that this information should be brief and not disclose any aspects irrelevant to APUC (i.e they would not say where leaving staff were going to etc).

- 15 The Chair asked if the level of staff turnover was acceptable or of any concern. AW advised that it was not 'unhealthy' given the size of APUC now, but added that it was nevertheless becoming increasingly difficult to recruit good procurement staff. In that context members suggested that staff recruitment issues should feature on the risk register and it was felt that risk R17 might cover this under business continuity.

Health and Safety

- 16 AW confirmed that there were no H&S issues in the reporting period.

GDPR Preparation

- 17 AW advised that APUC's internal operations preparation was completed and ready for the 25 May deadline. He added that there were still some challenges in the supply chain.
- 18 AW noted that for those Framework Agreements deemed as relevant, suppliers have been asked to complete a Contractor assessment assurance form and Contractual Variation to the Terms and Conditions.
- 19 The Chair asked if some suppliers would miss the deadline and AW advised that suppliers are doing their best, but some undoubtedly would. He added that the new Data Protection Act to cover GDPR in the UK has not been passed into law yet.
- 20 Members expressed a wish that institutions and APUC should not duplicate their efforts to get suppliers compliant. AW confirmed that APUC had informed the sector that they would be assessing the suppliers on agreements led by APUC and that other collaborative bodies were doing the same.
- 21 The Chair stressed that APUC should continue to chase suppliers to ensure compliance and that suppliers should be made aware that the Board was concerned about those that had not completed the assurance process.
- 22 DM asked if institutions have queried what APUC is doing regarding GDPR and AW advised that APUC has produced privacy statements for sharing with the sector.

OP - Collaborative Contracting Responsible Procurement / Supply Chain Champions

- 23 AW advised that APUC is introducing Responsible Procurement Champions into every category from Summer 2018. Each Champion will look at their category for ways to incorporate and bring innovative sustainable solutions to the way agreements are tendered, contract managed and delivered. Each Champion will be trained in Sustain use and will be responsible for evaluating / supporting evaluation of responses from suppliers for their category.

OP - Institutional Procurement Shared Service Update

- 24 AW advised that there are 38 members of staff working (part-time and full-time) in the Institutional Procurement Services work-stream providing direct local support to institutions.

eSolutions Update

- 25 AW explained that work continues to develop the spend analytics solution. Over £1.1bn spend has been loaded into the solution for the 2016/17 FY with 95k supplier profiles requiring mapping to Hunter records (25% complete, although this equates to 80% of the spend).
- 26 AW informed the Board that the final date for compliance with the EU eInvoicing requirement has now been moved to April 2020.

D&S - Procurement and Commercial Improvement Programme (PCIP)

- 27 AW explained that it is planned that all Full and Medium institution assessments will be completed by mid-2019, all Lite assessments by end of 2019, and all OPR's in early 2020. In cases where the institution's approach is stable, only areas in the lower two quartiles will be assessed.
- 28 DM asked if those in the 'red' areas on the summary table need focus, but AW advised that there are now no institutions in the 'red' zone and the red items related to the pilot assessments only.
- 29 SP asked if PCIPs could be conducted in smaller chunks over a longer period to alleviate the pressure on resources. AW explained that APUC was looking at 'continuous improvement' and that will allow us to focus more on areas that need to be improved – phasing could be explored when the PCIP Project Board had agreed the approach for the 2019 assessment.

HE/FE Public Sector Organised Crime Prevention Course

- 30 AW informed the Board that the University of Strathclyde and APUC, in collaboration with Police Scotland, will be running a full day course delivered by experienced Police staff and skilled external speakers to provide attendees with the latest guidance and useful techniques in dealing with the challenges of organised crime involvement in public procurement. The Course will take place at the University of Strathclyde in Glasgow on 12 June from 9am till 5pm.
- 31 PS asked for an update on Electronics Watch's investigation into Samsung and unfair treatment of their staff. AW confirmed Electronics Watch were in dialogue with Samsung on this and while some assurances had been provided by the company, concerns remained and the dialogue continued.

Financial Management Report: APUC/08/2018

- 32 EM highlighted the main features detailed in the Financial Management Report APUC/08/2018 which included a summary of the actual income and expenditure for the period to the end of March 2018, the forecast balance sheet as at 31 March 2018 and the cash profile for 2017-18.

- 33 The Chair asked if the underspend on salaries was a result of the difficulty in filling posts and AW advised that this was a factor.
- 34 MF enquired about the regular reporting of reserves with reference to close-down costs as discussed in previous meetings. AW advised that it had been agreed that this would be done annually in November, but could also be included for each Board report if members found this helpful. It was agreed that when potential reserves were noted in the regular Financial reports, then the current status relating to close-down costs would also be noted. **(ACTION: Liz McFarlane)**
- 35 The Chair, on behalf of the Board, formally noted the contents of the Financial Management Report and thanked EM for the paper.

Pay Award

- 36 The Board discussed parameters around this year's pay award in light of the recent CIPS salary survey showing a market increase of 8.5% that was making it extremely challenging to recruit procurement professionals in the education sector.
- 37 SP asked how the sector responds to such survey information, with the Chair noting that university salaries are determined through formal job evaluation systems linked to a national pay framework and agreed scale. This ensured transparency and equal pay for work of equal value (although in rare instances market supplements could be applied).
- 38 Market supplements were discussed. MF stressed that where they are used, the market needs to be continuously monitored with respect to whether such supplements remained applicable for special skill-sets.
- 39 SS asked if the next pay award would be effective from August and AW confirmed that it would.
- 40 After further discussion, it was agreed that the Board would delegate to AW the decision on how to best allocate pay increases within the available budget, taking into account wider sectoral positions and the Scottish Government's pay guidance, when the current recruitment process was complete and the budget could be reviewed for 2018/19 in late June.

2018 – 2020 APUC Strategy Update

- 41 AW explained that the two strategy documents circulated comprised (a) one to close off the 2015-2018 strategy; and (b) one to cover the next period to 2022.
- 42 He noted that activity 2.2 (Develop and Implement a Responsible Procurement Action Plan and work in partnership with other collaborative partners to deliver) on the new plan had been deliberately re-phased till the Summer to allow for the new Procurement Champions to have an input but otherwise the strategy items remained all on plan.

- 43 The Board agreed that a traffic light system should be added to show progress and status for periodic updates of the document. **(ACTION: AW to add a colour column)**

Risk Register

- 44 AW advised that the action from the previous Board meeting to review/clean-up old items/wording was completed and that there were no materially large items to highlight.
- 45 DM asked again about risks to staffing and it was agreed to expand the wording of risk R17 to cover this issue. **(ACTION: MC)**. In doing so, members stressed that there was a need to keep a close eye on salary levels relative to staff losses.
- 46 FG asked how risk registers for institutions in England compare and AW advised that their roles were different and not comparable to APUC.
- 47 It was agreed that risk register formats for Scotland Excel and NHS might be reviewed to identify any learning or best practice which could potentially be adopted. **(ACTION: AW to explore their willingness to share these)**

Information Security Shared Service

- 48 AW informed the Board that, following a consultation period, the InfoSec function has been restructured and three CISOs have been recruited to cover Glasgow, Edinburgh and Fife-to-Highlands areas. The former Deputy CISO is now the Managing CISO.
- 49 He added that seven Data Protection Officers (DPOs) have been recruited to provide a shared service for 30 institutions and they will all be in post by the end of May. Not all institutions will require this shared service as UHI and NESCOL already have a DPO.
- 50 AW advised that the service will be provided at an averaged rate charge plus VAT, noting that it is not eligible for the CSG model. To avoid risks relating to VAT and to potentially enable the development of further shared services that were not compatible with being hosted by a CSG, AW proposed that a new company (HEFESTIS) – should be created as a separate legal entity to host these non-core-to-APUC Information Services shared services. This would mean that they can still be run by APUC for the sector, but would have the freedom for client institutions (through their own Boards) to separately run if they desired. DM asked how pensions would be administered and AW advised that the UCRSS scheme (as used by UCSS Ltd) could be made available to the new company staff. It was noted that the service would be wholly funded by members who use the service.
- 51 The Board agreed this proposal and it was noted that an ideal transition time would be 1/8/18. **(ACTION: AW to form new separate legal entity company)**
- 52 The Board discussed VAT for the InfoSec service. After review of actual uptake versus income, it was felt appropriate to charge VAT for these services for the period from their

commencement. AW had already advised the members that VAT would be applicable for the 2017/18 academic year. With reference to the previous period (June 2016 to July 2017) AW advised that in his view this VAT charge was as a result of the service finding its way and establishing whether the original 'call-off of resource' model worked as originally intended or not. The Board agreed, feeling that this was a natural result of the learning period from establishing a new shared service and as such could be deemed to be part of the start-up facilitation process that the Catalyst grant was provided to support. It was therefore suggested that remaining Catalyst grant funds could be used to cover as much of these pre-18/8/17 VAT costs as possible, with the balance split equally between APUC operational funds and the InfoSec budget. AW advised that he had discussed this proposal with David Beards of SFC and that he was supportive of the use of the grant to cover this early period VAT impact (a position also confirmed in the meeting by MF). The Board therefore approved this approach (**ACTION: it was agreed that when the detailed figures were known, they should be shared for information with the Board and SFC.**)

Brexit Update

- 53 AW reported that it appeared that Procurement remained an area of Brexit "land-grab" by the UK Government, but that dialogue between the two governments continues. If the UK Government position prevails, it is not clear whether or not there may need to be large scale re-training of procurement staff in what would be quite different English Law public procurement rules.

Any Other Business

- 54 There was a short discussion on how to set dates for the 2019 Board calendar and it was agreed to share the proposed dates with the Board before adding them to the diary.

Proposed dates for 2019:

Board	18-Feb
Board	16-May
AGM & PNC	17-May
Rem Com (Chair and NSDs only)	04-Jul
Board	20-Aug
Audit	23-Oct
Board	20-Nov

- 55 AW reported that a meeting had been held with a possible candidate for the non-sector position on the Board that will become vacant when Stuart Paterson steps down. He advised that further candidates would be considered before a final decision is made.
- 56 There being no further business, the meeting closed at 16:00.

Date of Next Meeting

- 57 The next Board meeting will be held on 20 August 2018 at Dumfries and Galloway College (meeting to start at Lunch).

- 58 Already agreed final meeting for 2018: 20 November in Edinburgh (meeting potentially also to start at Lunch).