

**Minutes of APUC Board Meeting held at 13:15 p.m. on Monday 18 February 2019 at Abertay University, Dundee.**

***Present***

Jim McGeorge (Chair)	University of Dundee
David Beattie (DB)	University of Aberdeen
Sheena Stewart (SS)	Abertay University
Janet Thomson (JT)	Glasgow Clyde College
Douglas MacKellar (DM)	Independent
Fiona Gavine (FG)	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

***In attendance***

Martin Fairbairn (MF)	Scottish Funding Council
Stephen Richardson (SR)	APUC Ltd (Agenda item 11 only)
Michael Caithness (MC)	APUC Ltd

***Welcome and Apologies***

- 1 Apologies for absence were received from Pete Smith, North East Scotland College and Elizabeth McFarlane (EM), APUC.
- 2 The Chair thanked everyone for attending, welcomed David Beattie to his first meeting and noted that EM was on annual leave and that AW would present the Finance items on the agenda. Chair also thanked Abertay University for hosting the meeting.

**Work stream Review – eSolutions (This item was moved from Agenda Item 11 to enable SR to attend another event)**

- 3 SR delivered a PowerPoint presentation on the status of developments within the eSolutions work stream. He explained that eSolutions is now responsible for the following functions:

**Internal functions**

- IT Infrastructure – making sure all the IT works in each of the offices and those working remotely.
- Cyber Security.
- GDPR.
- Internal systems – Finance systems.
- Data storage and back up.

## External functions

- P2P.
- Content Management.
- eInvoicing.
- Reporting.

- 4 SR showed two bar charts with collaborative spend figures and advised the Board that usage of collaborative agreements by the sector is now up to 46% from 35% last year and that collaborative spend by category is also up across the board.
- 5 MF commented that collaborative spend for Professional Services shows a huge increase and AW noted that this was due to increased usage of the available contracts.
- 6 FG asked how accurate the 46% figure was and AW explained that APUC is now collating a lot more detailed spend information, thus allowing better accuracy and validity in reporting.
- 7 SR then showed a slide with a graphic of the Hunter database and all the sources of data and the outputs. He highlighted the fact that more system areas (shown in purple) were now under direct APUC control resulting in greater accuracy and improved data coverage.
- 8 DM asked if this meant that we are less dependent on the Spikes Hub data and SR confirmed that this is the case and that Hunter now captures more data than the Hub.
- 9 JT raised a question regarding living wage suppliers and SR explained that many suppliers are paying a living wage but are not formally accredited as living wage employers.
- 10 SR concluded his presentation by advising that it is intended to create an online version of Hunter and that there is a demand for access to APUC's spend analysis software from the rest of the UK. There is a wish from other consortia to have inputs/analyses by the August 2019 timescale.
- 11 In welcoming the opportunity this might provide, the Board stressed that it was important that APUC did not overstretch itself. In that regard, the Chair noted that APUC is not averse to sharing this capability but agreed it must consider the resource demands on the eSolutions team. AW advised that APUC would not proceed with providing a UK-wide solution unless it was fully funded and additional resources were in place before commencement.
- 12 Chair thank SR for his presentation and expressed the Board's appreciation for the good work being done by his team.

## **Minutes of Previous Board Meeting**

- 13 The minutes of the 20 November 2018 Board meeting were approved as an accurate record of the meeting.

### ***Matters Arising: APUC/01/2019***

- 14 All Matters Arising from the previous Board meeting had been actioned or scheduled as outlined in paper APUC/01/2019.
- 15 AW noted that item 18 in the Matter Arising document, that proposed input from other sector key external practitioners (for example, the NHS or Excel) on their experiences, would be deferred to the August Board meeting due to the current level of activities on Brexit and other priorities already planned for the May meeting. (**ACTION: AW**)

### **Summary Report: APUC/02/2019**

#### ***General Update***

AW gave the following updates on the Summary Report:

- 16 Collaborative spend has exceeded £300m for the first time.
- 17 There has been a drop in Cat-C1 spend due to the much-increased use of national agreements (Cat-B) covering spend that had initially been targeted for C1 collaboration. This was clearly positive, but would mean that the particular item on C1 on APUC's Strategy may need to be changed or removed at the May Strategy Review. The Board agreed this made sense and welcomed the significant increase in spend. 0
- 18 Savings for the 17/18 year were £17m (BT1) and £35m (BT2).
- 19 The new PCIP round is starting soon, with larger universities generally being assessed first.
- 20 APUC will be applying for Cyber Essentials certification in the next few weeks. We believe Cyber Essentials+ certification should be achievable with little additional work and we are arranging this with the external assessment body and aim to have certification by Summer 2019. This accreditation is optional for most of our sector but strongly encouraged by the Scottish Government. The Board strongly supported the approach being taken.

### ***Procurement Reform Bill and New EU Directives***

- 21 The HE/FE sector managed to submit most of its Annual Procurement Reports by the end of November 2018, with just a few submitting later or in December due to their respective governing body meeting dates and approval processes. The HE/FE sectors have the best report coverage in the public sector.
- 22 DM enquired if there had been any feedback on the reports and AW advised that consultants were currently reviewing them for compliance and to compile a national cross-sector report for Ministers.

### ***Staffing***

- 23 A new member of staff has started at Glasgow Caledonian University and there are two new roles to be filled in the Highlands.

### ***Health and Safety***

- 24 AW confirmed that there were no Health and Safety issues in the reporting period.

### ***Procurement Conferences / Workshops***

- 25 The first new Procurement Development Workshop (PDW) event (originally planned to take place every second year with a Contracting Priorities Workshop taking place in the alternative years) took place on the 7 February 2019. The workshop was very well received by delegates and the consensus was that it should be an annual event, with the CPW content now to occur on the following morning before the JPSG meeting.
- 26 The Procurement Networking Conference, to which all the Board members are invited (also to stay for a networking dinner, B&B the night before), will take place in Stirling on 24 May (the day after the next Board meeting in the same city)
- 27 The biennial Conference on University Purchasing (COUP) will be held in Leicester in September this year and will be hosted by NEUPC.

### ***Operational Procurement***

- 28 AW advised that there are currently 175 collaborative agreements available to stakeholders.

### ***Collaborative Contracting Responsible Procurement***

- 29 AW advised that the Supply Chain Champions and the Heads of Category have been working to put in place a Responsible Procurement Action Plan. The category teams are working on their targets and goals and will report on progress on a regular basis. The second update is due to be released shortly.

## ***Brexit impact***

- 30 AW explained that APUC has assessed all Framework Agreements for Brexit Impacts (for example staffing, supplies, shortages, increased risk of modern slavery, waste impacts and border blockages) and has categorised them into low/medium/high risk impact. For every medium and high risk Framework Agreement, risks are being identified for each supplier with an action plan to further assess/mitigate them.
- 31 AW added that in some cases imports are being moved away from south coast ports by suppliers to alternative ports to avoid possible congestion problems.
- 32 AW advised that the Scottish Government will continue to work to EU and PRA procurement rules for the time being, but in the case of a no-deal Brexit will not publish contracts on OJEU, but rather they will be diverted out of PCS into the new UK Government eNotification Portal which is to be WTO compliant.
- 33 DM asked if this will result in us being disadvantaged and AW advised that there would be no material change.
- 34 AW stressed that APUC is doing as much as possible to mitigate the effects of Brexit and is publishing an updated status report every 2 weeks to both PSG groups. In the event of a no deal Brexit, there is a very likely risk that food prices will increase materially due to shortages caused by stock piling, increases to duties, blockages at ports and a lack of migrant workers to pick crops in the UK etc.
- 35 DB added that some institutional estates contracts in the sector are not being signed off due to uncertainties regarding short term visibility of materials supplies/costs and construction staff availability.
- 36 Chair concluded that the Board is happy that the situation is being adequately monitored and managed.

## ***Supply Chain Management Programme and Apprentice+***

- 37 AW informed the Board that the current group of graduate trainees are nearing the end of their course and roles are being sought for them when they have completed their training. The recruitment for the next group will commence soon.
- 38 He notified the Board that a previous trainee has recently been appointed as Head of Procurement at Heriot-Watt University. This is testament to the quality of output from the trainee scheme.

## ***Contract Management***

- 39 MF repeated his concern about the importance of contract management and asked about the status of contract management approaches.

- 40 AW explained that priorities were being set depending on the supplier and that an online tool was in testing phase. He added that processes were already fully in place and having a positive effect.
- 41 MF asked if this would be visited again in relation to its fit with the strategy at future Board meetings and AW advised that it could be considered when the strategy is reviewed at the next meeting on 23 May.
- 42 FG asked if any recent changes were affected by GDPR and AW noted that there was nothing significant but that some aspects of the legislation were unclear and needed clarification. He added that there had been a few minor data breaches in the sector, but none identified with framework suppliers.

### **Financial Management Report: APUC/03/2019**

- 43 AW presented the Financial Management Report APUC/03/2019 which included a summary of the actual income and expenditure for the period to the end of December 2018, the forecast balance sheet as at 31 December 2018 and the cash profile for 2018/19. He had suggested that any specific questions regarding the detail of the report should be addressed by email to EM prior to the meeting.
- 44 Some minor queries were raised by the Board on matters within the report that were answered by AW.
- 45 MF cautioned that SG is actively scrutinising cash surpluses currently and advised that APUC should make sure that any available surpluses are clearly reported and accounted for in a manner that was distinct from funds that are already committed / ringfenced and not available to spend. The Board requested that AW review this issue to ensure, for example, that agreed reserves and the pension GF are not reported in a way that could lead to any incorrect assumptions or interpretations being made. **(ACTION: AW)**

### ***CSG Status Update***

- 46 AW provided an update which noted that dialogue had recommenced with HMRC.

### **Staff Life Cover Update**

- 47 AW advised that the life cover insurance was now in place and that it had been very well received by all staff.

## **HEFESTIS Update**

- 48 AW advised that the HEFESTIS Board is now appointed and that the first meeting is scheduled for 19 March at APUC's Stirling office. This initial meeting will adopt governance documents, agree financial procedures and APUC services required and appoint an auditor.
- 49 AW explained that the Board has representatives from HE (1), FE (1), CISO Steering Group (2) and DPO Steering Group (2) and that a non-sector director might also be appointed.
- 50 AW added that a bank account has been set up but that online access has still be finalised via the bank's (HBOS) internal processes. This has taken 8 months so far.
- 51 He also noted that the plan was to switch to HEFESTIS's own payroll on 1 April and that staff pensions will also need to be transferred to a different UCRSS option (equivalent arrangement for staff).
- 52 Chair asked if clients were happy with the service to date. AW confirmed that they were, to such an extent the service would benefit from more CISO resource and this is being reviewed by the MCISO and the Steering Group.

## **Any Other Business**

- 53 AW explained the status on replacement of members who have resigned, retired or stepped down from the Board. Separate dialogue will occur shortly between MC and Board members nearing the expiry of their terms of office. **(Action: MC)**
- 54 There being no further business, the meeting closed at 14:55.

## **Date of Next Meeting**

- 55 The next Board meeting will be held on Thursday 23 May 2019 at the APUC Office in Stirling followed on Friday 24 May by the AGM and Procurement Networking Conference at Stirling Court Hotel (transport can be provided from APUC's offices after the meeting to the Stirling Court Hotel where the networking dinner and overnight accommodation is provided).