

Minutes of APUC Board Meeting held at 12:30 p.m. on Tuesday 18 February 2020 at the Sir Duncan Rice Library, Aberdeen.

Present

Jim McGeorge (Chair)	University of Dundee
David Beattie (DB)	University of Aberdeen
Sheena Stewart (SS)	Abertay University
Fiona Gavine (FG)	Independent
Maureen McCreath (MM)	Independent
Phil McNaull (PM)	Independent
Margaret Cook (MC)	Perth College
Pete Smith (PS)	North East Scotland College
Angus Warren (AW)	APUC Ltd. (Chief Executive)

Present via MS Teams

Janet Thomson (JT)	Glasgow Clyde College
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In attendance

Martin Fairbairn (MF)	Scottish Funding Council
Andy Anderson (AA)	APUC Ltd. (Agenda item 2 only)
Michael Caithness (MCa)	APUC Ltd.
Elizabeth McFarlane (EM)	APUC Ltd. (by phone for agenda item 6 only)

Welcome and Apologies

- 1 There were no apologies for absence, but Janet Thomson joined by Teams and Elizabeth McFarlane joined by phone.
- 2 The Chair thanked everyone for attending and welcomed Margaret Cook to her first meeting and conducted round-the-table introductions. Chair also thanked David Beattie and Aberdeen University for hosting the meeting.

Work stream Review – Estates

- 3 AA delivered a PowerPoint presentation on the status of developments within the Estates work stream. He explained the role and scope of the Estates Category with explanations of the accompanying slides. A copy of the PowerPoint presentation would be circulated to Board Members after the meeting.
- 4 FG commented that AA had made sustainability sound easy when of course it was clear it was not. AA noted that a lot of work had been done with sector colleagues and that

manufacturers and suppliers were also working cooperatively in moving this forward with significant challenges ahead particularly in dealing with climate change.

- 5 PS noted that we are not always good at telling the stories behind our work with the supply chain and asked if we could learn from this experience. AA explained that Scotland is a leader in many instances. It was suggested that case studies and work being done could be periodically shared with the Board and consideration given to publicising it more widely. **(ACTION: AW & Head of Responsible Procurement)**
- 6 Chair thanked AA for the good work and asked for the Board's thanks to be conveyed to the Estates team.

Minutes of Previous Board Meeting

- 7 The minutes of the 20 November 2019 Board meeting were approved as an accurate record of the meeting.

Matters Arising: APUC/01/2020

- 8 All Matters Arising from the previous Board meeting had been actioned or scheduled as outlined in paper APUC/01/2020.

Summary Report: APUC/02/2020

General Update

AW gave the following updates on the Summary Report:

- 9 Collaborative spend was steady in actual cash value terms but slightly down on the previous reporting period expressed as a percentage of total relevant spend terms. This was due to increased overall spend across the sector. The contracting priorities workshop in February had discussed areas for exploration for further collaboration. The level of collaboration by institutions and APUC was however fully meeting that set out in the strategy.
- 10 The formally scored assessments (Full, Medium and Lite) of the Procurement and Commercial Improvement Programme (PCIP) 2019/20 are now complete with significant increases to capability being recorded across the sector. The Operational Procurement Reviews (OPRs) for the smaller institutions would take place as planned across January to April 2020.

- 11 The annual Procurement Development Workshop took place on 13 February at the Stirling Court Hotel and was another very successful event.
- 12 The role of Director of the Scottish Government's Scottish Procurement and Commercial Directorate has been advertised consistent with the planned stepping down of the current postholder.
- 13 The HPDF fund has fully utilised its original funding (from COUP 2011) and the Trustees are exploring ways, in partnership with APUC and member institutions, to potentially top this fund up. SS asked when the next APUC-run COUP will be, and AW advised that it will be in 2023 - unless COUP moves to be annual in which case it would be earlier.
- 14 PM asked if APUC could run conferences for other sectors, AW felt that it could provide relationship challenges as the other sectors' CoEs also ran conferences.
- 15 AW noted that the Trustees may suggest modest partial use of supplier rebates – this would need approval of client institutions - as a way to top up the fund as well as potential sponsorship of APUC events.

Procurement Reform Bill and New EU Directives

- 16 AW advised that Modern Slavery Statements should have been published for in-scope institutions (over £36m t/o) for our sector by the end January. APUC published its statement in August 2019, well ahead of time.

Staffing

- 17 AW advised that APUC, like other procurement organisations / employers, is experiencing a high turnover of staff at the moment and the fast-increasing market pay rates are making recruitment more challenging.
- 18 Chair suggested that we need to ensure we fully promote the 'working for APUC' story and continue to 'grow our own' talent.
- 19 PM enquired about the potential for the creation of a 'bonus pool' to supplement pay – AW noted that there was a limited mechanism for this at present but there were challenges in making this a material factor due to the complexities of having staff in so many institutions, with separate agreements for (non-standard cost of living) changes being required from each relevant host institution.
- 20 It was agreed that this challenge was only going to get worse in the coming years and that this should be addressed in the planned review for later in 2020, feeding into the 2021-2026 strategy and the relevant section of the risk register reviewed.

Health and Safety

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

Operational Procurement (OP) – Collaborative Contracting

- 22 AW advised that there are now 175 collaborative Framework Agreements available to the sector and the potential spend against this portfolio is £353.3m

OP – Benefits Reporting Methodology

- 23 AW informed the Board that there had been significant interest in a Benefits Methodology Workshop. This was not to question the methodology but to understand how best to calculate BT1 and BT2 savings based on various practical scenarios. The workshop was held on 13 February to develop this approach.

OP – Contract Management Tool

- 24 AW informed the Board that the Contract Management Tool is now live and being used. The core Collaborative Contracting teams are using the system to track and monitor their contract management meetings as well as retain the relevant documentation.

Responsible Procurement and Development Activities

- 25 AW advised that following a review of APUC's activities in the Responsible Procurement and Development areas of the business, a new structure has been defined to cover these activities with almost all of the current roles ceasing to exist, and new roles being formed.

The outcome of this is that the following changes will occur:

- A new Responsible Procurement Team (2 staff) will be formed reporting jointly into the Head of Operational Procurement and the CEO.
- D&S compliance matters will be managed by a role within Operational Procurement
- As a result of the above changes, the Development aspects in scope of these changes (coordination of APUC and sector training, managing the graduate training programme - and some aspects of the Procurement Specialist programme etc.) will be the responsibility of the re-defined role of Head of HR, Development and Communications.

D&S Sustain

- 26 AW advised that the APUC Supply Chain Code of Conduct has been updated following a review process. The newly named Sustain Supply Chain Code of Conduct will be adopted from March 2020 onwards. The Chair of (UK) HEPA Responsible Procurement Group has recommended that this updated version be adopted as the HEPA RPG endorsed standard code of conduct for use across UK Higher Education.

APUC Charity of the Year

- 27 AW reported that the 2019/20 APUC Charity of the Year is Guide Dogs for the Blind and that the target has already been exceeded, with more than £3000 raised to date.

Procurement Reports

- 28 PM asked if there has been any feedback from SG on the annual Procurement Reports and AW advised that an SG consultant team was analysing the reports and that a national

report would be created from the combined inputs for putting before Parliament. He added that individual feedback is available on request from the SG to institutions on their own reports. APUC have requested feedback on sector areas of strength / weakness in reports so that they may support institutions in addressing any issues, but it is not clear yet whether this will be forthcoming.

- 29 AW advised that the HE/FE sector had been the best in submitting its reports on time.
- 30 PM suggested that it would be good if the consultants could recommend that other sectors should follow HE/FE's lead. AW noted that APUC has arranged a workshop for the presentation and discussion of results.

Financial Management Report: APUC/03/2020

- 31 EM presented the Financial Management Report APUC/03/2019 and highlighted paragraph 13 regarding the large movement (£351k) between the current year forecast and previous year actuals for staff salaries. She explained that this is due to a charge in the previous year of £251k and a credit this year of £164k both in respect of the USS pension deficit.
- 32 EM added that, in response to PM's previous suggestion about reporting reasons for +/- 5% variances, she and AW had reviewed this and concluded that 15% would be a more appropriate figure to use.
- 33 The Board stressed that notification of differences versus budget should be based on materiality and that a degree of discretion was required. It agreed that it was happy for EM / AW to take this into account and use their judgment to decide what should be highlighted.
- 34 MF queried paragraph 14 regarding the level of reserves and asked if the higher surplus was in line with the Reserves Policy. AW explained that it was due to the USS pension reserves and was a FRS102 paper adjustment with no impact on actual cash which is what the policy itself is based on. Wording to make that clearer would be included in future in relation to such adjustments. **(Action: EM/AW)**
- 35 Chair thanked EM for her report and contribution to the meeting.

Brexit impact

- 36 AW advised the Board that SG doesn't expect there to be any changes to procurement legislation this year and that APUC has made some recommendations and proposed changes to a wider Cabinet Office consultation via the Scottish Government. He added that clarity is needed on what might be exempt from new rules going forward.

- 37 AW added that Brexit work done with suppliers to date has made preparation for the effect of the coronavirus outbreak easier to manage.
- 38 DB commented that the Chamber of Commerce had offered a service that had been very helpful in the processing of import documentation. AW advised he would include this potential service in advice that would be drafted when the outcomes and requirements were made known by the government(s).
- 39 AW committed to keep the Board advised of any further Brexit developments. **(ACTION: AW)**

Funding Process 2020-2022

- 40 AW advised that there would hopefully be a conclusion to the funding process later that week, noting that the FCG had agreed an increase of 1.8% for each of the next two years and that the process was now at the final stage of dialogue. This was slightly less than required for continuation of the steady state, but was a good outcome in the context of the financial pressures on FE/HE institutions.
- 41 Over the coming weeks AW would work through options to minimise impacts of the adjustment and would share an updated budget for the 2020/21 AY during end April / May. **(ACTION: AW)**

Climate Emergency and HE/FE (APUC/04/2020)

- 42 AW introduced the Climate Emergency Paper and advised that, further to the UK and Scottish Governments Declaration of a Climate Emergency, APUC and stakeholders from member institutions have significantly increased their focus on issues associated with climate change and the supply chain and APUC aims to coordinate and maintain an oversight on behalf of the sector to minimise the risk of duplication and overlap, or key required work being missed.
- 43 AW explained that there are a number of groups working on climate emergency issues and that collaboration steps were being taken to minimise any possible duplication of effort.
- 44 AW added that at a UK level, an "HE/FE Climate Commission" has been established, including the leadership of all UK HE and FE institutions, Climate Commissioners (Vice Chancellors / Principals) will lead this group and it has now set an objective for all UK Universities and Colleges to be Net-Zero by 2030 for their on-site emissions. Supply chain experts have not been involved in the dialogue as yet, so the supply chain objectives have not been set beyond national devolved governments targets so far.
- 45 AW noted that APUC is also working with institutional stakeholders to maximum use of the circular economy (and work to develop new circular economies – ideally locally and making maximum use of supported businesses) to extend substantially the life of

purchased goods and equipment, focussing first on doubling the useful life of ICT equipment. This work is being supported by the HE/FE sectors IT leaders.

Any Other Business

- 46 MCA advised that the Board Performance Surveys were now completed. It was suggested that the outcomes of an analysis of the results are included for discussion at the May Board meeting. (**ACTION: MCA**)
- 47 There being no further business, the meeting closed at 14:10.

Date of Next Meeting

- 48 The next Board meeting will be held on Thursday 14 May 2020 at the APUC Office in Stirling followed on Friday 15 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).