Minutes of APUC Board Meeting held at 10:30 a.m. on Wednesday 3 February 2016 at STEP John Player Building, Stirling.

Present

Gerry Webber (Chair)	Edinburgh Napier University
Liam McCabe (LM)	University of Stirling
Sheena Stewart (SS)	Abertay University
Alan Williamson (AWi)	Edinburgh College
Douglas MacKellar (DM)	Independent
Stuart Paterson	Independent
Angus Warren (AW)	APUC Ltd (Chief Executive)

In attendance

Elizabeth McFarlane (EM)	APUC Ltd (for Agenda Item 5 only)
Emma Nicholson (EN)	APUC Ltd (for Agenda Item 11 only)
Michael Caithness (MC)	APUC Ltd

Welcome and Apologies

Apologies were received from:

Fiona Gavine (FG)	Independent
Janet Thomson (JT)	Glasgow Clyde College
Mhairi Harrington (MH)	West Lothian College

1 The Chair thanked everyone for attending and informed the Board that Fiona Gavine had become an Independent director with effect from 1 Jan 2016 but that due to pre-arranged holiday, could not attend this meeting.

2 The Chair also reminded the Board that there would be a 'Meet the Board' session with APUC staff over lunch immediately following the Board meeting.

Minutes of Previous Board Meeting

3 The minutes of the 21 October 2015 Board meeting were approved as an accurate record of the meeting. Chair thanked Sheena Stewart for chairing the last meeting in his absence.

Matters Arising: APUC/01/2016

4 All matters arising from the previous Board meeting had been actioned as outlined in paper APUC/01/2016.

5 Item 8: HMRC/CSG status
AW advised the Board that the dispute resolution process was proceeding and that the HMRC local team had withdrawn their instructions to issue VAT invoices for the time being. At a meeting with the local team in January, APUC demonstrated the entire funding chain including systems and budget processes, explaining our budget. The planned ADR hearing was subsequently postponed until March.
Chair thanked AW and team for the progress made and felt that the outlook now had more potential to be positive.

Summary Report: APUC/02/2016

High level summary

6 AW gave an overview of the information contained in the APUC Summary Report (Paper APUC/02/2016) and highlighted the main features as follows:

- Number of contracts is now steady in the desired banding area at 169.
- Savings for 2014/15 are £16.4m (BT1) and £27.2m (BT2) and these figures exclude a potential further £1.5m (BT1) that has still to be validated.
- No PCAs have been conducted in 2015. New PCIPs commence in Q2 2016.

General Update

7 Office moves were completed successfully.

8 New format Category Strategies have been developed based on the new strategy format and all pre-existing relevant strategies have now been updated and extended where applicable into the new format. These strategies will be held on SharePoint.
Copies of each to be shared with Board. (**ACTION: MC**)

9 uniBuy is coming to an end and the cross consortia team reviewing it have put forward a proposal for the development of a website which has considerably increased functionality from the original requirement to simply host buyers' guides. Since the only element not already provided by Hunter is buyers' guides, APUC has declined to take part and will instead develop its own Buyers Portal to host buyers' guides with an expected pilot launch date of end Q1/2016, uniBuy is available until August 2016.
DM requested an example of a buyers' guide. (**ACTION: MC**)

10 APUC has just been given the go-ahead to provide shared service procurement resources for Abertay University Dundee, Edinburgh Region Procurement Team (Edinburgh Napier University and Edinburgh College) and New College Lanarkshire.

Staffing

11 AW advised the following staff updates:

- Sarah Leitch (SL) has been appointed to work at GSA plus having some of her time for flexible allocation.
- Alison Lees has replaced SL as a West flexible resource – currently at University of West of Scotland.
- Peter Jackson has been recruited to work 0.5FTE in APUC's ICT team and 0.5FTE at GCU.
- Iain Skene is leaving to join the University of Glasgow and Kathleen Harper has been recruited to take his place at Ayrshire College.

Health and Safety

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

Operational Procurement – Collaborative Contracting

13 AW advised that there were a number of new agreements in place and that the new Library Systems framework might provide a future shared service opportunity in supporting the relevant systems.

14 DM enquired if there had been any adverse effects on pricing due to the slump in oil prices and AW advised that Liquid Fuels was tracking the market. We would monitor wider supply chains going forward as forward pricing commitments end and the lower market rates start to be reflected in suppliers' costs.

Operational Procurement – Contracting Priorities Workshop (CPW)

15 AW advised that the CPW held in January was very successful and that there was an update given on the C1 Collaboration Workshop and the agreed priorities going forward. Key criteria for C1 contracting support are both value of contracts and for taking pressure off local resources (sometimes only the latter).

16 Chair asked if any contracts were not working well and AW advised that Boiler Maintenance had been removed as it was not proving to be a justifiable commitment of resources.

17 DM asked if we had sufficient resources for C1 support and AW explained that it was operating on a 0.5FTE basis and would be reviewed on an ongoing basis.

18 Chair noted that although the collaborative spend levels were constant, the percentage of HE/FE spend through collaborative contracts had gone down slightly (circa 30%) and that achievement of our target of 40% might not be realistic.

19 AW agreed that it would be a challenge but noted that improvements in C1 contracting would help. He also added that the publication of category bulletins would keep a high level of awareness and should encourage more

usage of contracts. There are enough contracts in place to achieve 40% but the use of long term suppliers can be an issue (and the resulting reluctance to change), albeit on occasions this can be fully justified. APUC has several aspects in the new Strategy that are specifically aimed at increasing ease of use of agreements to facilitate the increase in their use.

20 LM noted that it would be more difficult to move institutions away from long term suppliers for professional service providers.

21 Chair re-iterated that APUC needs to focus on how to achieve 40% or redefine what an alternative realistic target should be. It was agreed that AW would bring an issues and options paper to the next meeting for the Board to discuss. (**ACTION: AW**)

eSolutions Update

22 AW advised that the PECOS marketplace, known as "Gateway" was being fine-tuned and that discussions are now underway with a number of institutions to see how this development can be implemented.

23 AW added that a new version of Hunter (Version 18) was now being tested. The new release has regional collaboration functionality, task reminder and additional reports.

24 AW informed the Board that changes to make PCS-T compliant with the forthcoming EU Directive have not yet been done but are expected to be ready by 18 April when the new rules come into effect.

25 AW advised that an issue with eInvoicing had arisen due to the way in which some of our organisations have to deal with VAT recovery.

ICT Shared Service Catalyst

26 AW advised that 2 shared service projects were in initial stages as follows:

- Moodle eLearning – Edinburgh Napier University are offering their support to get other institutions started and ISSC are promoting this to the sector.

- Information Security (InfoSec) – 8 institutions have indicated they wish to proceed and a further 12 are interested.

D&S – Training and Development

27 Chair enquired about the best way to keep the Board members up to date on EU and PRA regulation.

28 AW explained that there are 2 awareness sessions, jointly developed by APUC and the University of Edinburgh, aimed at different non-procurement groups as follows:

- Senior Stakeholders short presentation (30mins)

- Senior Stakeholders/Budget holders longer presentation (1-1.5hrs)

AW proposed that the 30 min session would be appropriate for Board members and training could be arranged to coincide with the next Board meeting and it was agreed to include it in the agenda. (**ACTION: MC**)

Financial Management Report: APUC/03/2016

29 EM highlighted the main features detailed in the Financial Management Report APUC/03/2016 which included a summary of the actual income and expenditure for the period to the end of December 2015, the forecast balance sheet for the year ending 31 July 2016 and the cash profile for 2015-16.

30 AW recommended that due to fairly low level of reserves, we should retain any surpluses into reserves. This was discussed by the Board and was then agreed by the Board **(ACTION: EM to prepare accounts at year end accordingly).**

31 DM complimented EM on the quality of the financial report and the Chair concurred.

32 The Board noted the contents of the Financial Management Report.

EU Directive and Procurement Reform Act update

33 AW noted that we don't have all of the statutory guidance details from SG yet and that this might delay training plan completion.

34 AW advised that most of the new regulations would come into effect on 18 April 2016, further information would be provided at the D&S part of the agenda.

Business Continuity: APUC/04/2016

35 AW explained that APUC's owned servers are now hosted in a Tier IV datacentre with backup to a datacentre located in a different geographical location. He added that an additional manual backup of Hunter is also carried out. The Finance system is also located on the servers in this datacentre.

36 He added that APUC email is backed up to multiple sites as routine by Microsoft.

37 AW explained that the Edinburgh Office is waiting for a dedicated fibre line to be installed to facilitate fast internet access for eSolutions database usage and also for the finance system.

38 There followed a discussion on the merits of using a university or college facility to enable fast internet access by relocating staff on a temporary basis and AWi and GW offered their facilities if necessary. AW thanked them for their offers and would revert if connectivity became a more serious issue.

39 AW explained that the sudden loss of an office would not be a disaster as staff could be accommodated in the other 2 APUC locations or could work remotely.

40 AW noted that continuity of the finance manager role was a potential risk but that there was an experienced resource available to stand in if necessary. This had already been used in the past.

41 It was discussed that the CEO was the trickiest to cover but that the current deputy could take over in an emergency with relevant delegations already in place.

42 Chair suggested that the Board should consider the CEO succession offline and be prepared to discuss at a future meeting. (**ACTION: Board members**)

Core Team Funding 16/17 and 17/18

43 AW advised that a meeting of the Funding Consultation Group was planned and that Tracey Elliott, Glasgow Clyde College and Malcolm Cutt, Queen Margaret University would be in attendance alongside the sector members of the Board.

44 He added that the process normally starts in November but that it was appropriate to wait until the institutions, or at least an indication of the sectors' funding levels were known. APUC is looking at how lean it can make its operation and still provide the valued services. He asked the Board if we should consider 2 options, one slightly above / around and one more materially below last year's levels, with a reduction in service.

45 AWi suggested that APUC should work on a flat cash basis for the next year and not require a higher top slice from institutions' funds. LM agreed, and stressed that we should not cut anything that would reduce the levels of savings that we can achieve for the sector.

46 LM asked if there was any contingency fund in the 2016/17 Budget, AW confirmed that there was only a very small strategic development budget line but that there are reserves of circa £450k.

47 Chair suggested that we should propose the one funding option as per the inputs provided and stress the importance of APUC's value to the sector. This was agreed by the Board.

Location(s) of Business update & Pensions Fund Utilisation: APUC/05/2016

48 The Board confirmed that they believed that pulling out of the Ashgrove House option was the right decision. As time was limited, it was agreed that we should keep a look out for possible properties and investigate if anything suitable comes on the market.

Board performance survey: APUC/06/2016

49 Due to lack of time, it was agreed to defer this item until the next meeting. (**ACTION: MC**)

Work stream review – Development and Sustainability: APUC/07/2016

50 EN gave a short presentation based on handout slides as follows:

- Strategic Aims – Supplier development/ liaison programme, Procurement and commercial improvement programme, Carbon reduction guides, Training, Legislative changes, Ethical and sustainable procurement practices
- Readiness for legislative changes – Achievements, Training modules, Procurement reform act schedule
- PCIPs – Overview and trial scores
- Sustainable Procurement – Tools and templates, Sustain website status
- Training – Training modules, Trainee programme
- Other Activities – Supplier development programme, Conferences, PCAs

51 AW explained that the new PCIP assessment has a much wider scope, covering areas outside of pure procurement not covered by assessment before under the PCA and that scores would initially go down generally across the board versus PCA scores. The assessments factors were not directly comparable however so it was noted that drawing comparisons between the two would be misleading. This year's PCIP would define a new benchmark.

52 EN informed the Board that 2 suppliers have now completed their sustainability profile on the Sustain website and more were in progress. There would be a substantial increase in suppliers put through this process in the next 12 months.

53 SS asked if all of the new regulations affected our sector and AW confirmed that they do because of organisation structures and / or the level of public funding. Institutions have to be not designated as public bodies or general central government bodies AND have over 50% of income from private sources to be able to opt out of the public procurement rules. Most HEIs and some FEIs only need to consider the funding test but currently private funding levels in Scotland do not enable that test to be met.

54 AWi asked if APUC collaborates with Excel and NHS and EN confirmed that we do where appropriate.

55 AW stressed that the education sector is driven on sustainability issues by pressure/expectations/encouragement from the student population. This involvement was seen as positive and welcome.

56 EN advised that feedback on training to date for senior staff was very positive.

57 DM commented that all this good work on training etc. was an excellent example of the ‘value’ of APUC.

Any Other Business

58 There was no other relevant business

Date of Next Meeting

59 The next Board meeting will be held on 26 May 2016 at Glasgow Clyde College (Anniesland).