

Advanced Procurement
for Universities & Colleges

**Annual Report
2010/11**

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Introduction from Nigel Paul, Chair APUC

On behalf of the Board of APUC Limited, I am delighted to again introduce APUC's Annual Report, this time for the 2010 -11 year. APUC has continued to make considerable progress towards reaching its intended steady state as set out at the end of 2009 in its Strategic Vision.

As APUC ended the 2010-11 academic year and embarked on the 2011-12 year, it can be seen to be a much leaner organisation, with it being roughly half the size of its former self at the time of the Strategic Dialogue process, and operating to a budget of almost 60% less.

Despite this significant reduction in operating costs to the sectors, the outputs have increased several fold over this time in terms of contract availability, but also with additional aspects of service being provided within its core offering at the reduced funding levels.

Significant focus was put on increasing, in the most efficient way possible, the number and range of collaborative agreements available for use by client institutions. APUC aims to work wherever possible in partnership with other collaborative contracting bodies in the delivery of collaborative agreements in order to maximise leverage and value for money and make most effective use of resources. The greatest area of sharing is with other HE/FE regional consortia across the UK, with a well developed structure in place to co-manage delivery of this joint work programme. APUC also continues to work closely, and in positive partnership, with the Scottish Government Procurement teams and with the other sectoral Centres of Expertise.

Although the formal stage of the ePS (PECOS) roll-out came to an end early in the year, implementations have actually continued, managed from the eSolutions team, as further institutions see the benefits of automating their procurement process based on a common platform and shared content managed for the sector by APUC. APUC also began to support the other (UK) HE/FE sector standard e-procurement platform, Parabilis, used initially by two Scottish Institutions. During the 2010-11 year, APUC worked with the University of the West of Scotland in implementing Parabilis to bring the number of institutions in Scotland using the system to three.

The client account model put in place by APUC at the beginning of 2010 continues to develop and evolve and is universally positively received by client institutions. Angus Warren, the Chief Executive, also continues with regular stakeholder engagement including a continuous programme of visits to client institutions in order to ensure that

high levels of customer satisfaction are being delivered and to allow him to ensure he is fully aware of sector developments, thus allowing the APUC delivery model to evolve continually to meet the constantly changing and varied needs of the sectors.

The University and College sectors continue to perform well in the Procurement Capability Assessment programme. However, improvement targets are quite demanding, particularly for smaller institutions, so APUC put in place in the Spring of 2011, the first phase of an accelerated support approach, offered to relevant institutions. This has met with very positive engagement and it is predicted that this will bring significant improvement to assessment results when each of the institutions involved are next assessed. A second phase is planned for later in the 2011/12 academic year for institutions that remain in the "Conformance" area at that time (the aim being to support institutions to reach at least "Improved" (the third quartile of performance measures).

APUC has been able to achieve considerable success for the sectors through both APUC and institutions working together as one professional team to enhance the value that is obtained from Advanced Procurement. I would like to extend my thanks to all institutional staff involved in procurement activity and to all staff of APUC for this outstanding example of sustained and highly productive collaboration.

I should also like to convey my warm thanks to my colleagues on the APUC Board whose guidance and support for the development of APUC has been, and continues to be, extremely valuable and is much appreciated by the management team.

The 2010-11 Financial Statements and associated reports are available on the APUC website at www.apuc-scot.ac.uk/corpinf.htm



Summary of key actions and achievements August 2010 – July 2011

Area	Key actions and achievements
Operations	<ul style="list-style-type: none"> • Further operational reviews completed to enhance shared service offering. • Procurement resource shared services with 3 institutions. • New Finance system installed and operational. • Edinburgh Office consolidated into 50% of space previously occupied. • Glasgow Satellite Office opened in Glasgow Caledonian University.
Client Engagement	<ul style="list-style-type: none"> • Chief Executive meeting with all institutions annually. • All HE and FE institutions are now members of APUC. • Client account management model well received by institutions and producing impressive results. • Significant cost savings for colleges through tender support. • Planning activities for Conference on University Purchasing 2011.
Operational Procurement	<ul style="list-style-type: none"> • 116 contracts now available to institutions valued at £288M. • Contract availability increased by 21% over previous year. • Contract usage report introduced using supplier data.
Benefits Tracking	<ul style="list-style-type: none"> • Benefits completed for 2009/10 and 2010/11 data gathering in progress.
eSolutions	<ul style="list-style-type: none"> • 50 institutions now being supported on e-procurement solutions (PECOS (47) and Parabilis (3)). • eSolution team formed from ePS and MI teams in October 2010 • Hunter database developed to include College Services, Contract Uptake and Contract Management. • A Contract Management website was launched in April 2011. The site allows institutions to update their contract usage data and to provide feedback on supplier related issues.
Process and Best Practice	<ul style="list-style-type: none"> • Annual review of procurement training and development needs. • Training Plan for institutions maintained. • Second round of Procurement Capability Assessments (including new “Lite” version for smaller institutions) completed with significant improvements achieved. • Workshop held to report PCA results to sector.
Governance	<ul style="list-style-type: none"> • Pensions Guarantee Solution agreed and implemented with the backing of 7 institutions.

High level data summary year end comparisons

Key Parameters	2009-10	2010-11
Member institutions	61*	60*
Collaborative contracts available with Buyers Guides in place	96	116
Tenders in progress, scheduled and being researched	43	55
ePS implementations live in total	11	50

*Increased to 62 in August 2010 when all institutions had joined, then reduced by 2 due to the merger of 3 Glasgow Colleges.

Review of operational activities August 2010 - July 2011

General

Further operational reviews were conducted to refine and strengthen the team and to provide flexibility to offer an enhanced shared service approach to institutions.

A new Finance system was installed to replace the previous software and enable an improved level of functionality.

APUC reviewed its accommodation requirements and consequently contracted the Edinburgh office into 50% of the space previously occupied. A satellite office was also taken in Glasgow Caledonian University to provide a base for staff and to enhance the ability to recruit and retain staff from the West as this is where the majority of Scotland's procurement professionals live.

Conference on University Purchasing (COUP)

COUP is the bi-annual procurement professionals' conference for the Higher and Further Education sectors across the UK and beyond. Each of the UK's regional consortia takes a turn to host this so it comes to Scotland every 12 years. APUC managed the (September) 2011 Conference, hosted at the University of St Andrews – most of the planning took place in the 2010-11 year. Next year's Annual Report will contain a report on the delivery of the conference.

Benefits Tracking Reporting

Benefits statements for 2009/10 were completed and shared with institutions.

For a spend level of £114M, £10.5M savings plus £3M non-cash savings were achieved.

College Services and Capital

A college contracting plan was created specific to the sector's requirements, as well as ad hoc tender support projects.

The total number of contracts supported by the college services team in the year to the end of July 2011 was as follows:

- Contracted: 69
- total value: £19.8M
- number of colleges: 21
- savings cash: £3.06M
- savings non-cash: £601,000

Communications

New Strategic "Public sector wide" Communications strategy is under development in conjunction with Scottish Procurement via the Communications Forum. This strategy is in line with the priorities

outlined in the Scottish Government's Delivery Plan for Procurement Reform.

The APUC eZine continues to be a principal communication channel with institutions and has proved popular and become, along with the account management approach, the key method of communicating procurement news and activities to institutions.

A video conferencing facility was installed in the Edinburgh office to allow members from remote locations to take part in discussions and consultations. This facility has proved to be very successful.

Governance

The APUC USS pensions deficit guarantee for 2010-11 had been secured from the Scottish Funding Council (underwritten by the Scottish Government). However, this was on condition that APUC had by the end of July 2011, a permanent guarantee solution in place, either from its own resources or in collaboration with institutions. After a dialogue process, it was clear that USS would not accept APUC's assets as a guarantee. However, seven Universities agreed to enter into a joint guarantee to provide this for APUC. These were the University of Aberdeen, the University of St Andrews, the University of Stirling, the University of Strathclyde, the University of Dundee, Heriot-Watt University and the University of Edinburgh. The APUC Board has expressed its sincere thanks to these institutions for providing this guarantee for the ultimate benefit of APUC and the whole sector.

The APUC permanent funding model was agreed through a consultation process at the end of 2010, in collaboration with Universities Scotland, Scotland's Colleges and the SFC. This was agreed as being a sector validated model based on a 50/50 top slicing of each sector's funding (before any institutional allocations are made and not allocated against individual institutions).

At the APUC Annual General Meeting in April 2011, the University sector director retiring by rotation, Rob Kennedy, was re-elected. Stewart McKillop had resigned from the Board during the year and, prior to the AGM, John Doyle had been elected to take his College sector place. The appointment was formally confirmed by election as part of the AGM formalities. Rob Kennedy left the sector however in July 2011 and consequently resigned his post on the APUC Board. Irene Bews was appointed to take Rob's place and did so from the end of July. The three non-sectoral Directors, David Ross, Stuart Paterson and Douglas MacKellar also remain in office, and are now on a 3 year appointment cycle (as per sector directors) allowing for majority continuity in the event of routine change of appointees.

Procurement Capability Assessments (PCAs)

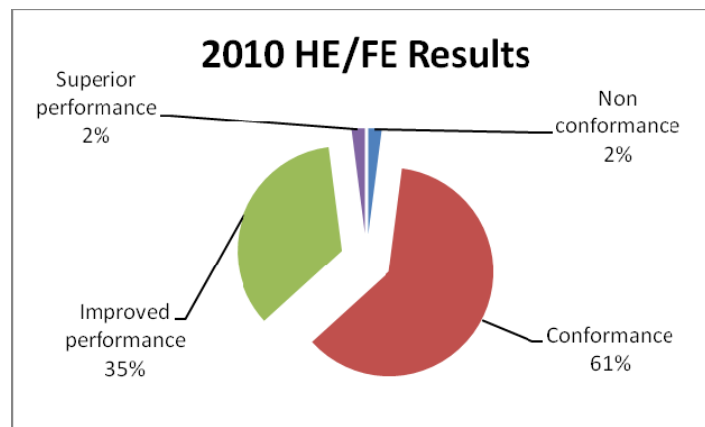
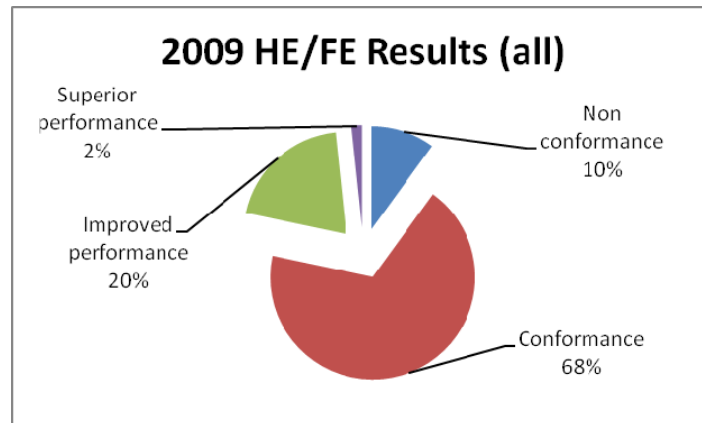
The second year of the Scottish Government Procurement Capability Assessments (PCAs) took place across the sectors during the reporting period. This programme was managed for universities and colleges by APUC. The PCA process was modified following a review of the outcome of the first year and the questionnaire modified to improve clarity of some questions and associated definitions of capability levels and remove

some that were not applicable to smaller organisations.

The results show the improvements achieved since the initial PCA with 8% moving from “non-conformance” into “conformance” and 15% moving from “conformance” into the “improved performance” section.

Institutions in the “improved” and “superior performance” sections accounted for 72% of the sector’s total spend in the reporting year.

The results for the HE/FE sector showing the improvements achieved are as follows:



The National results, comprising the data for all publicly funded sectors in Scotland is displayed below for comparison.

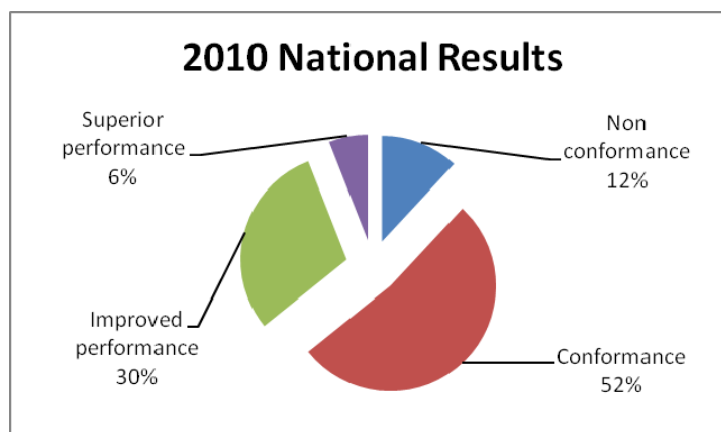


Fig 1 - Collaborative Contracts available with Buyers' Guides

<ul style="list-style-type: none"> • Advertising/media Buying • Air Filters • Applicant Tracking Systems+ • Applications and Web Development Services • Audio Visual Consumables • Audio Visual Equipment • Automatic Meter Reading • Bakery (Wholesale) • Bedding & Bathroom Textiles & Accommodation Packs and window coverings • Beverage Systems and Associated Products • Business Travel and Student Travel Services • Business/Management Consultancy • Cleaning Materials and Disposable Paper Products • Courier & Parcel Services • Courier Services • Culture Media • Dairy Products • Debt Collection Services • Decorators Materials (Goods) • E-books • Electronic Components • External Print Services • Facilities Management • Fine Chemicals • Fire Protection Services (non-alarm) • Fixed Telephony Services • Fixed Wire Testing • Franking Machines • Fresh Fish & Seafood • Fresh Fruit & Vegetables • Fuel Cards • Government Merchant Acquiring Framework Agreement • Hand Dryers • Healthcare Student Uniforms • Industrial Gases • Insurance (Non Life) for 5 colleges in Scotland • Insurance - Framework (Focus on Colleges/Small HEI's) • International Airmail • IT Hardware - Mobile and Desktop • IT Hardware Maintenance • IT Peripherals • IT Related Accessories and Parts • IT Services Managed Services • Janet - Telecommunications Framework • Janet txt - SMS for Education • Laboratory Consumables • Laboratory Equipment (Purchase) • Library - Security Including RFID • Library General Supplies • Liquid Fuels - Fuel Cards • Mass Spectrometry and Chromatography Equipment • Media Buying & Planning • Microscopes and Imaging • Microsoft Campus Agreement (Universities) • Microsoft Licence - Campus Agreement • Mobile Communications • Multi Modality • National Contract for the supply of Footwear, First Aid Equipment, Clothing, Safety & Maintenance and Personal Protection Equipment 	<ul style="list-style-type: none"> • National Desktop and Notebook Agreement • Network Equipment • Occupational Health for Staff and Healthcare Students • Office Supplies (Stationery, Paper) • Office Supplies (Stationery, Paper, Computer/IT Consumables) • Other telecoms including lines & calls and converged solutions • Pan Government Vehicle Leasing and Fleet Outsource Solution Framework - RM858 • PAT testing • Payment Card Solutions & Associated Services Framework Agreement • PC Power Management • Photocopying - Rental, Lease, Purchase, Maintenance, Charges • Photographic Equipment & Consumables • Pipette Service and Repair • Postal Services • Pre Paid Envelopes • Printers and Peripherals • Provision of Lift Maintenance Services • Radiochemicals • Rail, Air, Hotel and Conferencing for 8 Institutions • Recruitment Advertising • Recycling Bins • Retirement of Obsolete IT Equipment • Road Surfacing • Salt For Winter Maintenance • Sanitary Disposal and Related Services • Servers and Storage • Short Term Vehicle Hire • Signs / Signage • Solvents, Alcohols, Acids and Dueterated Solvents • Sports Equipment / Vocational • Supply (and Installation) of Microcomputers with Apple Operating Systems • Supply and Delivery of Floor Coverings • Supply and Delivery of Library Periodicals • Supply of Audio Visual Equipment (Audio Visual Equipment, Purchase, Maintenance, Repair and Hire) • Supply of Building Materials • Supply of Electrical Sundries • Supply of Electricity to NHH sites (<100,000KWh per annum) • Supply of Fresh Butcher Meat • Supply of HH Unmetered and Domestic Electricity • Supply of Natural Gas • Supply of Plumbing & Heating Consumables • Supply of Print Books & Standing Orders • Supply of Specialist Printing Papers (Not Photocopy Paper) • Supply of Timber Products • Supply of Water & Wastewater Services • Supply, Delivery & Installation of Furniture (including Teaching Boards and Storage Solutions) • Synthetically produced DNA and RNA Oligonucleotides • Temporary Agency Staff - Office/Business Support, Accountancy/Finance Support and Catering and Hospitality • Temporary and Interim Staff • The Supply and Delivery of a Childcare Vouchers Scheme • Uninterrupted Power Supply • Vehicle Purchase • Vending Machines • Video Conferencing • Water & Wastewater Services • Water Coolers (Pan Government) - Plumbed in • White Goods • Window Coverings
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Annex A

List of member institutions

Full members - HE Institutions

Edinburgh College of Art¹
Glasgow Caledonian University
Glasgow School of Art
Heriot-Watt University
Napier University
Queen Margaret University
Royal Conservatoire of Scotland²
Scottish Agricultural College
The Robert Gordon University
University of the Highlands and Islands³
University of Aberdeen
University of Abertay
University of Dundee
University of Edinburgh
University of Glasgow
University of St Andrews
University of Stirling
University of Strathclyde
University of the West of Scotland

Full members – FE Institutions

Aberdeen College
Adam Smith College
Angus College
Annie'sland College
Ayr College
Banff and Buchan College
Barony College
Borders College
Cardonald College
Carnegie College
Clydebank College
Coatbridge College
Cumbernauld College
Dumfries and Galloway College
Dundee College
Edinburgh's Telford College
Elmwood College
Forth Valley College
City of Glasgow College⁴
Inverness College
James Watt College
Jewel and Esk College
John Wheatley College
Kilmarnock College
Langside College
Lews Castle College
Moray College
Motherwell College
Newbattle Abbey College
North Glasgow College
North Highland College
Oatridge College
Orkney College
Perth College

Reid Kerr College
Sabhal Mòr Ostaig
Shetland College
South Lanarkshire College
Stevenson College
Stow College
West Lothian College
West Highland College⁵

Associate members

Scotland's Colleges

¹ Edinburgh College of Art merged with the University of Edinburgh with effect from 1/08/11

² Formerly known as the Royal Scottish Academy of Music and Drama. Name change registered with APUC on 4/10/11

³ Formerly known as the UHI Millennium Institute. Name change registered with APUC on 7/04/11

⁴ Formerly Glasgow College of Nautical Studies, Glasgow Metropolitan College and Central College of Commerce. Name change registered with APUC on 26/04/11

⁵ West Highland College became a member on 20/07/11

Annex B

Directors for the year ended 31 July 2011

Nigel Paul, *Director of Corporate Services, University of Edinburgh (Chairman)*
Patricia Briggs, *Vice-Principal Planning and Resources, Robert Gordon University*
Irene Bews, *Director of Finance, University of Aberdeen*
Jim Crooks, *Principal, Elmwood College*
John Doyle, *Principal & CEO, Coatbridge College*
Alan Williamson, *Director of Finance, Jewel and Esk College*
David Ross – *non sectoral director*
Stuart Paterson – *non sectoral director*
Douglas MacKellar – *non sectoral director*
Angus Warren – *Chief Executive, APUC Ltd*

As noted earlier, Robert Kennedy, University of Dundee and Stewart McKillop, South Lanarkshire College resigned from the Board during the reporting period and were replaced by Irene Bews and John Doyle respectively.

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