



**Advanced Procurement
for Universities & Colleges**

Annual Report 2008/09

Contents

	Page
Introduction from Chairman	3
Review of operational activities 2008/2009	4-6
Report of performance against Strategic Dialogue Recommendations	7-9

Annex A

List of institutions	10
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Introduction from Nigel Paul, Chair APUC

In my introduction to the 2007-08 Annual Report, I emphasised the importance of APUC having a clear understanding of how to structure its service delivery to better meet the differing needs of institutions. To this end a 'Strategic Dialogue'¹ was initiated with institutional and other key stakeholders. That process provided the opportunity to gather input directly from institutions on the activities of APUC and to highlight areas for improvement.

The outcome provided a clear indication of how and why the relationship between APUC and the colleges and universities was defined to a significant extent by the differences in perception and expectation that existed between the parties as much as by the interests that they had in common.

While it was appreciated that an enormous amount of valuable work had been done to establish APUC, and to provide the capacity for the delivery of advanced procurement services and benefits to colleges and universities, the Strategic Dialogue recommendations highlighted the key changes necessary for future successful operation of APUC, based upon membership of and long term commitment to APUC on the part of institutions.

2008-2009, therefore, became a year of managing considerable change. The parallel challenge, of course, was to maintain good progress with service delivery for institutions while at the same time demonstrating good progress on the government procurement reform programme. I am pleased to report that the challenges were met successfully, positive outcomes realised and the sense of partnership strengthened.

Whenever an organisation successfully traverses a difficult period of change, as 2008-2009 was for APUC, there are invariably several people whose hard work and commitment should be acknowledged.

Firstly I'd like to thank Gavin MacDonald and Brian Baverstock, who as initial chairman and chief executive respectively, led the setting up of the company and its start up phase. Susan Walsh and Steve Cannon retired as Directors during the year and I extend my appreciation to them for their invaluable contributions to the Board.

On behalf of the APUC Board I should like to give special thanks to the APUC staff for the teamwork, commitment and endeavour shown. In particular we are grateful to Hugh Ross, APUC Company Secretary, for accepting the responsibility of becoming the APUC interim

Chief Executive for 8 months while the Board undertook the recruitment process for a permanent appointment.

In April 2009 at the APUC Annual General Meeting three new Directors were appointed to replace the three retiring Directors. The Board welcomed Jim Crooks from Elmwood College, Stewart McKillop from South Lanarkshire College and Robert Kennedy from the University of Dundee.

In July 2009 the new APUC Chief Executive, Angus Warren, took up his post. Before APUC, Angus worked at City University London, firstly as Director of Purchasing for over four years, then as Commercial Director for over two years. Previously Angus worked for Unilever Plc for 16 years, in various roles, mainly within supply chain, in the UK and overseas. He brings much expertise and experience to his new role with APUC and we look forward to making good progress under his leadership.

An early priority for the Chief Executive has been to undertake a review of APUC's operations to take account of the 'Strategic Dialogue' process outcomes as well as engage in wide client institution consultation. Angus's aim is to visit all 62 client institutions in his first few months in office. This will culminate in re-modelling the way APUC operates to enable an increase in scope of responsibility and outputs from the organisation, within existing budgets.

On behalf of the APUC Board I would also like to record my appreciation to colleagues in universities and colleges who have engaged with APUC over the last year, and who have supported the development of APUC and sector wide procurement development. The collective capability across institutions and APUC is a talent pool that is delivering, and will increasingly deliver significant financial and compliance benefits to all institutions,

The 2008 – 2009 Financial Statements and associated reports are available on the APUC website at:-

<http://www.apuc-scot.ac.uk/home.htm>



Review of operational activities August 2008 - July 2009

The principal focus for APUC activity during 2008-2009 was to address recommendations made as a result of the Strategic Dialogue, while maintaining the provision of services of value to the colleges and universities.

One of the priority tasks, therefore, was to incorporate the areas highlighted for improvement as actions within the APUC Operational Plan. The effect of this was that the Strategic Plan for APUC was largely re-written to reflect the changed focus and emphasis needed to regain momentum.

The table that follows this section of the report outlines the performance of APUC against the Strategic Dialogue recommendations. This will be the subject of scrutiny by the Chief Executive in his forthcoming operational review and will form part of a new strategic vision and business plan for APUC that will be produced in 2009 - 2010.

The change process initiated within APUC was significant enough in its own right, but it was also happening at a time of major change in the economic environment for all publicly funded bodies. The length and depth of the recession highlighted the relevance of public procurement reform. The pressure on budgets meant that existing resources needed to stretch further wherever possible and for the foreseeable future. More was going to have to be done with less.

Against this backcloth, the following key activities were delivered.

- **Collaborative Procurement**

By the end of the year, 21 contracts were in place for the benefit of the institutions. Of these 18 were Category B, or sector-specific, contracts and 3 were Category A, national contracts. The Category A contracts had an annualised value of £25 million while the Category B contracts were valued at around £121 million per annum.

Based on the Benefits Tracking Methodology agreed with the Procurement Advisory Group, in 2008/09, cash savings of £4.4 million and non-cash benefits of £5.3 million were attributed to collaborative contracting activities.

The contracts cover the following areas

Category A

- General Stationery, Paper & IT Consumables

- Desktop, Laptops & Monitors
- Office Equipment (MFD)

Category B

- Electricity Supply & Service (NHH & HH) & Gas Supply & Service
- Electrical Wholesaler Sundries & Components
- Electronic Components
- Industrial, Medical, Research & Special Gases
- Advertising
- Newspapers & Periodicals
- Temporary Staff & Employment Agencies
- Laboratory Consumables
- Microsoft Licences – Campus Agreement
- Laboratory Small Apparatus and Equipment
- Cars, Motorbikes & Commercial Vehicles
- External & Outsourced Printing
- Dairy Products (replacement)
- Car & Van Hire
- Vehicle Lease Hire & Contract Hire (Long Term)
- Small laboratory Equipment
- Water & Sewerage Services
- Computer Supplies and Portable / Laptop Computer Purchase

The introduction of SharePoint (the browser-based collaboration and document management platform) has been used to refine communication and feedback on contract development activity.

The outputs from user intelligence groups and from the annual collaborative contracting priority workshop were used to align the forward contracting programme as closely to institutional needs and priorities as possible.

The capital projects procurement team, funded from a separate grant allocation from the Scottish Funding Council, provided procurement support for projects at the following institutions.

- Anniesland College, project value £0.08M, £8K saving
- Borders College, project value £0.84M, £112K saving
- Dumfries & Galloway College, project value £1.17M, £359K saving
- Elmwood College, project value £0.1M, £29K saving
- Langside College, project value £0.7M, £239K saving

Additionally the capital projects team initiated work on setting up framework contracts that would be of value for future capital project

purposes as well as for institutions to use for day-to-day purposes. The five initial contracts were in the areas of Furniture (annual value estimated at £50-100 million), Audio Visual (annual value estimated at £16-32 million), Floor Coverings (annual value estimated at £1-3 million), Window Coverings (annual value estimated at £1-3 million) and Video Conferencing (annual value estimated at £1.5-8 million).

In consultation with institutions and other relevant bodies, APUC produced a procurement manual and supporting documentation suite for sector use. The manual provided detailed guidance for institutions on compliance with regulatory requirements and on the use of processes that meet the highest professional standards.

During the year several training sessions were provided for APUC and institutional staff on the application of the public procurement rules and on the use of the sector procurement manual.

- **Management Information**

A 'Benefits & Efficiencies Guide' was produced to assist institutions reporting cash / non cash benefits.

The development of 'Measure', a web based version of the Efficiency Measurement tool was developed for sector use in benefits tracking.

Workshops and webinars were organised to provide assistance with data gathering and reporting in support of non-pay spend analysis, Hub usage and Best Performance Indicator (BPI) development.

The Management Information team was given temporary additional resource to allow institutional visits to facilitate delivery of non-pay spend & BPI datasets.

The use of the 'Public Contracts Scotland', advertising portal was introduced to selected universities and colleges as a pathfinder group.

A BPI Pathfinder Group was set up to assess issues with BPI data gathering and reporting

These measures helped to speed up the completion of datasets. As at 1/08/08, 24 out of 53 institutional 2006/07 non-pay spend datasets had been completed, whereas at 31/7/09, this figure had moved to 55 out of 60 datasets complete. Alongside this, 31 out of 59 institutional 2007/08 non-pay spend datasets had also been completed.

Quarterly savings reports continued to be gathered for collaborative procurement activity and ePS implementations.

- **eProcurementScotland (ePS)**

The roll-out of implementation of ePS during 2008/09 saw 6 universities go live. These were:

Edinburgh Napier University with 211 users;
University of Edinburgh with 62 users;
Queen Margaret University with 250 users;
University of Strathclyde with 350 users;
Glasgow Caledonian University with 166 users;
Robert Gordon University with 5 users.

A number of colleges had Phase 2 implementations which built upon the phase 1 by including additional departments and integration with finance systems. These were:

Adam Smith College with 90 users;
Carnegie College with 88 users;
Perth College with 85 users;
West Lothian College with 70 users;
Dumfries and Galloway College with 75 users.

In effect a further 1750 users were enabled to realise benefits through accessing collaborative contracts, simplified purchase-to-pay processes and quicker delivery of items.

During the reporting period 2008/09, the business transacted through ePS from universities and colleges rose from 56,783 Purchase Orders amounting to £28.8 million in value to 118,202 orders amounting to £210.4 million.

During the year APUC sought to ensure that the implementation programme maintained momentum to ensure optimum roll-out of the service while central funding remained available (until September 2010). Those institutions that had yet to commit to either Phase 1 or Phase 2 implementations were invited to take steps to ensure that they remained within the scope of the programme.

- **Communications**

An analysis of communications from collaborative procurement over a six-month period was conducted. This revealed that a large volume of emails were being issued and these were not delivered in a co-ordinated manner. In addition, APUC sat on the Advisory Group for the pan-Scotland communications evaluation. The evaluation findings showed that the above issues were being repeated across the public sector.

A new, co-ordinated communications medium was devised to incorporate all communications from APUC in a fortnightly 'ezine'. Targeting increased, volume reduced and the new communications channel was extremely well-received across the board. The monthly

'advanced procurement' ezine was therefore discontinued in favour of the in-house, fortnightly ezine.

All staff were trained in using best practice guidelines in written communications, to improve clarity and consistency across the board.

APUC engaged with Procurement Scotland from July 2009 to improve targeting and methods of communication from Procurement Scotland to institutions.

The dedicated SharePoint website was expanded to include all relevant data from across APUC's work streams, as a single, secure source of information.

A new Capital Procurement Projects information leaflet was produced.

APUC's Suppliers' Guide was updated and reproduced early in 2009.

The following events were supported: National Conference and Exhibition, October 2008; Graduate Recruitment Fair, October 2008; Heriot-Watt University Supplier Exhibition, November 2008; Scottish SMEs' Procurement Conference, April 2009; Nurturing Talent to Deliver Procurement Reform, June 2009; Supplier Development Programme's Meet the Buyer, June 2009.

Internal communications were supported by weekly update emails for staff, which commenced in November 2008, and a team-building day on 22 May 2009. The day involved breakout sessions for staff to consider how APUC might improve communications and relationships both internally and externally.

The process of updating the Strategic Communications Plan, in conjunction with a working group comprising Board and work stream members, was begun.

- **Human Resources**

Early in the year an objectives setting exercise was completed.

Between November and July an interim CE was appointed, recruitment processes for a permanent appointment were under way and

an appointment was confirmed in April with a starting date in July.

A detailed Job Evaluation and Pay Modelling assessment was begun.

Swine Flu Contingency / Business Continuity Plans were drawn up

- **Governance**

APUC continues to maintain robust governance arrangements in place and these are reviewed on a regular basis.

The operational plan was updated and mapped directly to the recommendations of the Strategic Dialogue and therefore serves as a ready guide on progress and performance with regard to the change programme advocated and agreed. The detailed risks register was updated accordingly and this is monitored continuously with quarterly reports submitted to the Board.

Sound financial policies and procedures are in place that meet audit requirements under the Companies Act 2006. Monthly meetings are held with the Scottish Government and Scottish Funding Council officers to ensure that there is proper stewardship of the funds received, that the funds are being spent for the purposes designated and that programme progress is satisfactory.

Good records management is acutely important in maintaining effective and compliant operations. APUC has invested in a records and contacts management platform that links to the company financial management system. Work is under way to migrate data to the new system and train all APUC staff in its use.

APUC continues to play an active role in the Scottish public sector procurement reform programme. The APUC Chair attends the Public Procurement Reform Board chaired by the Cabinet Secretary, Mr John Swinney. The CE is a member of the Public Procurement Delivery Group, which involves the heads of the various Centres of Expertise. APUC staff play an active part in all of the national working groups and forums that operate in support of the procurement reform programme. At a UK level, the Chairman is a member of the UUK Procurement Strategy Group while the CE participates in the Heads of Regional Purchasing Consortia Group.

Report of performance against Strategic Dialogue recommendations

Subject	Actions	Status
Executive Leadership	Appoint a new, permanent Chief Executive Officer with the right balance of skills, experience and expertise.	Completed
Business Case	Review and develop APUC's operational plan on a regular basis.	Done and ongoing
	Develop and implement detailed training and support initiatives tailored to institutions' varying needs.	Ongoing (linked to outcomes of procurement capability assessment programme)
	Complete and disseminate, with appropriate training, the sector procurement manual.	Completed
Governance & Stakeholder Engagement	Involve the sectors in APUC's activities via key contact groups: <ul style="list-style-type: none"> • Procurement Advisory Group and / or Steering Group • Procurement Network • User Intelligence Groups 	Progressing - subject to Chief Executive (CE) review
	Validate the remit and effectiveness of the above groups, particularly: the Procurement Network for disseminating information appropriately, and the level of influence of the Advisory / Steering Group.	Progressing - subject to CE review
	Demonstrate through real case studies the interconnection and complementary nature of different value propositions.	Work initiated with FE Finance Network
	Develop objective needs assessment in conjunction with institutions to identify and prioritise stakeholders' varying needs.	Ongoing (linked to findings and outcomes of procurement capability assessment programme – due in December 2009)
	Appoint a Steering Group with appropriate levels of sectors' representation, influence and decision-making authority.	Subject to CE review
	Seek buy-in from Principals and other senior staff on the importance and remit of the Procurement Network, to improve its influence and effectiveness as a key communication channel with institutions.	Ongoing
	Develop 'pastoral roles' (account management) with key contacts within institutions.	Subject to CE review
	Develop closer working relationships with: <ul style="list-style-type: none"> • sector representative bodies - Universities Scotland and Scotland's Colleges; and • funding bodies - the Scottish Government and the Scottish Funding Council. 	Established
	Employ customer feedback mechanisms to analyse and map stakeholders' requirements and build a customer care model that ensures APUC's efforts are appropriately focused and targeted. Customer satisfaction feedback will be reported regularly to the Board.	Subject to CE review
	Increase membership of APUC to ensure as many of the institutions' needs as possible are accommodated.	Ongoing – 55 institutional members as at 31/7/09 (see Annex A)
	Communications	Provide feedback to institutions on information requested by and supplied to APUC.
Use the dedicated SharePoint website where possible to store information so that individuals may access what is of relevance to them.		Established
Work with the newly-validated Procurement Network to investigate the need for alternative contacts to allow for more targeting of communications.		Under way

	Share Communications Plan in conjunction with institutions.	Completed and subject to further development
	Create and disseminate a summary of targeted communications to improve forward planning.	To be done in conjunction with revised communications strategy
	Develop and implement detailed training and support initiatives tailored to institutions' varying needs. (As mentioned above under Business Case.)	Ongoing (linked to outcomes of procurement capability assessment programme and development of account management services)
	Disseminate guidance and information from the pan-Scotland forums.	Ongoing, mechanisms established
	Address knowledge and resource gaps with regard to the Best Practice Indicators and Scottish Procurement Information Hub.	Ongoing – training, on-site visits and webinars established
	Use the results from the pan-Scotland Communications Evaluation exercise to inform changes and improvements to communications media and messages.	Completed
	Share access to the UIG area of the SharePoint website with the Procurement Network.	Completed
	Share ideas, lessons learned and best practice examples with other procurement Centres of Expertise (CoEs).	Ongoing, mechanisms established
Transition	Share collaborative procurement plans and contracting strategies via the SharePoint website.	Established
	Use the UIG process to gather institutional input to contracting strategies. Adopt pragmatic approaches where optimum collaboration is not possible.	Established
	Represent institutions' views at National Category A forums and engage with institutions on Category B priorities.	Ongoing
	Disseminate, when available, the Scottish Procurement Directorate's pan-Scotland contract management toolkit.	Pending – awaiting availability
Quality of Service	Deliver contracts as quickly as possible.	Ongoing, improvements to process subject to CE review
	Assess customer requirements using the UIG process and ascribe appropriate weightings within tender assessment criteria.	Ongoing, mechanisms established
	Communicate appropriate legal and policy advice and guidance as contained within the sector procurement manual.	Ongoing
	Provide support and guidance to smaller institutions as required.	Shared service model being developed – subject to CE review
ePS	Gain agreement for ePS implementations from those not yet signed up to the implementation plan.	Process initiated
	Roll out future functionality and service enhancements in line with the pan-Scotland ePS programme, and provide ongoing maintenance and support.	Ongoing
	Provide customer support through the helpdesk. Support the delivery of new national and sectoral contracts.	Established
	Give support and guidance on supplier e-enablement.	Established
	Work with the Scottish Government to define plans post-2010 regarding ongoing maintenance and service for institutions,	Ongoing
Costs of Membership vs. Benefits of APUC	Demonstrate cash and non-cash benefits for institutions. Use more consistent and defined terminology in so doing.	Established and progressing
	Deliver benefits, particularly in relation to knowledge and skills transfer, through the dissemination of the sector procurement manual.	Ongoing

	Promote appropriate contracts available through other procurement consortia.	Process initiated
Future Funding of APUC	Demonstrate commitment to this action plan and deliver benefits to institutions as planned.	Strategic Dialogue action plan adopted as key element of Operational Plan
	Update APUC's operational plan in line with this action plan.	Completed
	Seek central funding from the SFC for three years from July 2009.	Completed. Funding secured for 2009/10. Bids for subsequent years to be submitted and considered on an annual basis.
	Develop a subscription model and seek endorsement from sectors' representative bodies.	Subject to CE review
	Communicate the central responsibilities required during set up and implementation phases and institutional responsibilities for maintaining a state of advanced procurement thereafter, with APUC's support.	Outcome of CE review
	Amend APUC's Articles to remove certain liabilities on members associated with withdrawing membership.	Completed

Annex A

List of institutions (* = non-member as at 31 July 2009)

Higher Education Institutions

Edinburgh College of Art
Glasgow Caledonian University
Glasgow School of Art
Heriot-Watt University
Edinburgh Napier University
Queen Margaret University
Royal Scottish Academy of Music and Drama
Scottish Agricultural College *
The Robert Gordon University
UHI Millennium Institute
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

Further Education Colleges

Aberdeen College
Adam Smith College
Angus College
Anniesland College
Ayr College
Banff and Buchan College
Barony College
Borders College
Cardonald College
Carnegie College

Central College of Commerce
Clydebank College
Coatbridge College
Cumbernauld College
Dumfries and Galloway College
Dundee College *
Edinburgh's Telford College *
Elmwood College
Forth Valley College
Glasgow College of Nautical Studies
Glasgow Metropolitan College
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 Edinburgh
Stow College
West Lothian College

APUC Limited
14 New Mart Road
Edinburgh
EH14 1RL

tel: 0131 442 8930
fax: 0131 442 8931
email: enquiries@apuc-scot.ac.uk
www.apuc-scot.ac.uk

Incorporated in Scotland (No. SC314764)
VAT Registration Number 918175411