

MINUTES OF A MEETING OF THE CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE HELD IN COMMITTEE ROOM 2, MERTHYR TYDFIL COUNTY BOROUGH COUNCIL, CIVIC OFFICES, CASTLE STREET, MERTHYR TYDFIL ON THURSDAY, 29 NOVEMBER 2007 AT 10.30AM.

Present:-

Councillor R D L Burns - Chairman
(Bridgend County Borough Council)

Representing Caerphilly County Borough Council

Councillor A Williams

Representing Rhondda Cynon Taf County Borough Council

Councillor W J David
Councillor E Hanagan

Officers:

P Hughes - (Manager, Joint Supplies)	-	Bridgend County Borough Council
L Harris	-	Bridgend County Borough Council
K Fowler	-	Bridgend County Borough Council
E Lucas	-	Caerphilly County Borough Council
P Davies	-	Merthyr Tydfil County Borough Council
C Griffiths	-	KPMG
C Branford	-	Bridgend County Borough Council

176 APOLOGIES FOR ABSENCE

Councillor D D Games	-	Merthyr Tydfil County Borough Council - due to illness
Councillor I W Clarke	-	Merthyr Tydfil County Borough Council
G E Price	-	Caerphilly County Borough Council

177 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the meeting of the Catalogue Supplies Service Joint Committee held on 12 July 2007, be approved as a true and accurate record.

178 MATTERS ARISING

The Committee wished Councillor D D Games a speedy recovery.

179 DECLARATIONS OF INTEREST

None.

180 JOINT SUPPLIES SERVICE - TURNOVER 2007/08

The Manager - Joint Supplies presented a report on the Joint Supplies Service. He began by advising the Committee that there had been a 5% growth in sales for the current year, with a small variation in the stores category, and a 17.5% growth

in the non-stores category. He advised that during October (since the report completion), growth had continued to a position of 7.5% overall for the year to date. He expected the turnover increase to be maintained.

In terms of Turnover by Authority, the Manager, Joint Supplies advised that the Schools Sector, generally, had demonstrated an increased turnover during the period with there being increases in turnover noted for most authorities. He advised that the variation to Rhondda Cynon Taff's turnover could be explained by there having been a large volume of additional activity during 2006/07 as a consequence of the establishment and refurbishment of some offices and other premises which increased turnover during that period.

He advised the Committee that turnover for the first six months was as expected. He informed the meeting that it was important to focus not only on the turnover statistics as there is much additional, non-transaction specific work undertaken such as project support and supply coordination, general advice and guidance, and the increasing role of the Joint Supplies Service (JSS) within the sustainability agenda i.e. workshops, membership of authority groups, and catalogue content.

RESOLVED: That the report be noted.

181 FINANCE BUDGET MONITORING 2007/08

The Manager - Joint Supplies introduced the report, explaining that the full budget projections are based on actual recorded expenditure during the first seven months of the year and expected annual-charged costs.

He advised that the projected full year increase in Supplies and Services (£457,000) reflects the targeted and anticipated early completion of the 2008/09 Joint Catalogue for availability in March 2008. He explained that there would be a corresponding increase in income during the year.

In response to a question from the Procurement Officer - Caerphilly County Borough Council, the Manager - Joint Supplies advised that Swansea and Torfaen County Borough Councils are responsible for directly collecting the energy income and assurances had been received from these authorities that the debts would be collected and repaid to the JSS. He advised that there was an outstanding legal issue in regard to part of the income outstanding which was being pursued by Torfaen County Borough Council on behalf of the Welsh Purchasing Consortium, but that he remained confident that these teams would pursue the debts. He assured the Committee that the debt was under control. He added that the energy rebate income is monitored regularly.

He advised that the income from energy contract rebates has usually been recovered in arrears.

The Principal Accountant, Bridgend County Borough Council advised that the income relating to the rebates should be shown in this financial year and this would add to the surplus.

RESOLVED: That the report and explanation provided by the Manager - Joint Services be noted.

182 FINANCE - JOINT SERVICE ESTIMATES 2008/2009

The Manager - Joint Services advised that the Joint Service Arrangement requires the Joint Committee to determine its estimates for the forthcoming financial year by the November of the current year.

He explained that the target budget was a reduction on the current year estimates, with provision for committed growth and annual inflation only. He advised that the 2008/09 budget reflects a 4.5% reduction on the current year estimate.

He advised the Committee that it is necessary to increase the trading income during the year 2008/2009.

The Principal Accountant, Bridgend County Borough Council explained that he had discussed the estimates with the Treasurer, and he had agreed that they needed to be re-examined in order to create a break-even budget as a consequence of the change of now being without the rebate income mentioned in the previous item.

The Head of Procurement, CCBC questioned the impact of previous planned initiatives to increase trading income. The Manager – Joint Services advised the planned and agreed increase to prices had been limited by the advent of enhanced competition from, primarily, other public sector organisations which has resulted in limited income growth to replace the impending loss of non-trading income.

The Manager - Joint Services advised that the underlying strategy to increase income reflects a planned increase in use of the Service during the coming year. He advised that with increased competition the Joint Supplies Services is limited in further increases to prices.

The Procurement Officer - Caerphilly County Borough Council advised that these reasons needed to be made clear in the report, in order to emphasise the fact that the situation had been assessed previously and a strategy agreed.

- RESOLVED: (1) That the report be noted.
- (2) That the Estimates Summary be deferred to the meeting of the Joint Supplies Service in January 2008 in order for the debated changes to be considered further and a revised budget to be prepared.

183 INCOME - DEBT MANAGEMENT

The Manager - Joint Supplies Service presented a report reviewing the outstanding debt owed to the Joint Service. He explained that the organisation has over 1,600 customer invoice accounts and issues on average 50,000 sales invoices annually. He informed the Committee that the average debt of the organisation was no more than the 5½ week turnover of the organisation.

He advised that the service had succeeded in achieving its objective and will continue the enhanced practice to ensure the improvement is maintained. He informed the Committee that the average monthly debt owed the Service during the period April - September 2007 is £599,000, an increase reflecting extended payments due to the school holiday period.

- RESOLVED: That the report be noted.

184 STORES - INVENTORY ADJUSTMENTS

The JSS Manager outlined the adjustments to stock inventory which had been undertaken during the first six months, noting the decrease in overall value of such adjustments compared to last financial year.

The Principal Accountant explained that stock levels were fairly high over the period, with £600,000 worth of stock being held in the warehouse. He advised that if this level was reduced, significant savings could be made.

The Manager - Joint Supplies Service explained that the stock level is always maintained at a higher level during the first six months of the year to reflect peak periods of activity with schools. Further, he advised the organisation is determined to provide an enhanced level of service to the customer and maintaining a high level of availability has been a factor in this objective this year. He also advised that whilst always being aware of the financial implications, the practical benefits of this stockholding policy need to be noted i.e. reduced delivery visits to customers, particularly schools, to complete orders and also the environmental consideration of reducing vehicle journeys.

He advised that the organisation had already commenced to reduce stockholding as planned following the peak periods of supply to schools, which would continue until April/May 2008. He advised that there is increased competition from private companies and English authorities. Whilst there is a need to compete with these other suppliers, a problem occurs when manufacturers relocate. Illustratively, there are only three or four suppliers of school exercise books in the UK, as most have relocated to other EU states with the consequential impact upon long term supply planning and stockholding.

The Procurement Officer - Caerphilly County Borough Council asked if the stock holding trend over the last five years could be provided in graph form in a future report.

The Manager - Joint Supplies Service agreed that this information would be provided.

- RESOLVED: (1) That the report be noted.
- (2) That graphs indicating stock holding trends over the last five years be produced in the report to the Committee taking place in January 2008.

185 SERVICE PERFORMANCE INDICATORS

The Manager - Joint Supplies Service advised of some of the key performance indicators which are used to measure performance: Stores Delivery, Stores - Product Availability, and Creditor Payments as reported to Committee previously. He advised that Stores Delivery objective during the last quarter had not been achieved primarily as a consequence of the peak period of schools ordering supplies, which is a situation common to most if not all education sector suppliers at this time of the year.

He was pleased to inform the Committee that the target for Product Availability had been exceeded during the period.

He further advised that as indicated in the report, the target for Product Availability had been exceeded during the period.

The Procurement Officer - Caerphilly County Borough Council suggested that in future additional Performance Indicators such as sustainability should be adopted.

The Manager - Joint Supplies Service agreed to this suggestion.

The Principal Officer - Caerphilly County Borough Council asked if there was any way schools could be encouraged to avoid ordering supplies in such a way that created a peak period, causing the delivery cycle to be stretched.

The Manager - Joint Supplies Service advised that marketing strategies had been put in place but had limited impact, as is experienced by other educational suppliers. He advised that there are insufficient resources to compete with rival organisations in terms of the level of their marketing strategies. He added that local schools had demonstrated considerable loyalty in continuing to use the Catalogue Supplies Service in the face of pressure from other organisations providing a similar product. He advised that efforts would be enhanced to maintain a sound communications and marketing approach.

RESOLVED: That the report be noted.

186 STAFFING - SICKNESS ABSENCE 2007/2008

The Manager - Joint Supplies Service advised that staff sickness absence levels had continued to improve since the last meeting of the Joint Committee.

He advised that the long term certified absence of one staff member accounted for 50% of the total staff sickness absence for the service. He advised that all staff with long term sickness are and would continue to be fully supported by the management.

The Chair agreed that the figures are positive, particularly when compared with the absence levels for the same period last year.

RESOLVED: That the report be noted.

187 REPORT OF THE TREASURER - STATEMENT OF ACCOUNTS 2006/2007

The Principal Accountant presented the report, explaining that the post audit Statement of Accounts showed an unchanged surplus for the year of £51,320. He advised that there is a slight change to the format of the accounts this year.

He advised that expenditure on vehicles, plant and equipment under £25,000 has been included as revenue expenditure rather than capital, for the reason that to include this expenditure as capital would conflict with the Joint Supplies Agreement. The De Minimis Capital Expenditure category had therefore been introduced as a change to accounting policy. He added that the Independent Audit report had not been available when the Statement of Accounts 2006/2007 had been produced.

The representative of KPMG explained that the Independent Audit report was now available. She explained that expenditure on vehicles, plant and equipment would normally be treated as capital in a business of this size, but accepted that the arrangement made financial sense as it had enabled the service to make a saving of £15,000. She advised that the vehicles purchased could be considered under the category of fixed assets.

The Manager - Joint Supplies Service advised that should the situation arise again, a report explaining the issue would be submitted to the Committee.

The Chair thanked the Principal Accountant for the report, and advised that the Committee accepted the comments of KPMG.

RESOLVED: That the Statement of Accounts 2006/07 and the report of the independent auditors be noted.

188 EXCLUSION OF THE PUBLIC

RESOLVED: That under Section 100A(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business because of the likelihood that, if members of the public are present during this item, there would be disclosure to them of exempt information as specified in Paragraph 14 of Part 4 of Schedule 12A of the said Act:-

<u>Minute Nos.</u>	<u>Summary of Item:</u>
189	Joint Supplies Service Review.
190	Contract Awards/Extensions