

MINUTES OF A MEETING OF THE CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE HELD IN THE SUPPLIES BUILDING, WATERTON, BRIDGEND ON THURSDAY, 28 FEBRUARY 2013 AT 2.45PM.

Present:-

Councillor C J Willis – Chairperson

Representing Bridgend County Borough Council

Councillor M Reeves

Representing Caerphilly County Borough Council

Councillor

Representing Merthyr Tydfil County Borough Council

Councillor P Williams **AMEND ATTENDANCE NAMES**

Officers:

P Hughes - Manager, Joint Supplies Service	-	Bridgend County Borough Council
F Mantle - Principal Accountant	-	Bridgend County Borough Council
J Ferris - Corporate Procurement Manager	-	Bridgend County Borough Council
I Evans - Procurement Officer	-	Caerphilly County Borough Council
S Phillips - Business Development Manager	-	Merthyr Tydfil County Borough Council
V Hanly - Service Director Procurement	-	Rhondda Cynon Taff County Borough Council
M A Galvin - Senior Democratic Services (Committees)	-	Bridgend County Borough Council

27 INTRODUCTIONS

The Chairperson introduced two new Officers to their first meeting, Mr Dave Sutherland, Head of ICT and Performance and Mr Leighton Skiltern,*****

28 APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Members/Officers: -

Councillor D T Hardacre – No reason given
Councillor M Gregory – Attending a funeral
Councillor P Williams – Other Council business

29 DECLARATIONS OF INTEREST

Mr Phil Hughes, Joint Supplies Service Manager declared a prejudicial interest in Agenda item 4 (ii), as a member of staff within the Joint Supplies Service. Mr Hughes left the meeting whilst this item was being considered.

30 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the Catalogue Supplies Service Joint Committee meeting of the 27 September 2012, be approved as a true and accurate record.

The Joint Supplies Service Manager advised that in relation to the third paragraph of Minute 23 on page 14 of the Minutes, though Cardiff Council Supplies would not be participating in next year's catalogue production, it was likely that they were still continuing with their Business Case for their Supplies Operation. Further information would be relayed to Members regarding this in early summer. They were presently de-stocking at financial year end in readiness to re-stock for the period of peak demand.

31 UPDATE ON SERVICE TRADING AND OPERATIONAL PERFORMANCE: THE BUSINESS REVIEW REPORT AND PRESENTATION OF REVENUE BUDGET 2013/14

The Assistant Chief Executive – Performance presented a report the purpose of which, was to appraise Members of the service trading and operational performance during the year to date, to update the Joint Committee of the progress being made with the implementation of the approved Business Review report and to present the revenue budget for 2013/14 for the consideration and approval of the Joint Committee.

The report provided some background information, following which it outlined the JSS performance review from April – December 2012/13.

The Joint Supplies Service Manager explained that the first 9 months of the year, and that business was ahead of target by 0.2% as at end of January 2013.

The value of service sales turnover for the relevant period, as measured against the sales target (together with comparison to the same period last year was outlined in Table 1 and 2 of the report in paragraph 4.1.1. The Joint Supplies Service Manager explained that the period to the end of December had been positive with sales above target evident, with some growth in the use of the JSS arrangements by schools in adjacent authority areas.

Table 3 in this paragraph showed the Turnover (Order book) by customer area to December 2012. The income for 2012/13 from other County Borough areas reflected well when compared with the previous year, and reflected a healthy turnover last year in Bridgend that included a 'new build' school in Bridgend, involving the supply of furniture and other equipment by the JSS.

Table 4 then gave a breakdown by product category of the amount of income received for various items sold this year compared to last year, and this reflected that there had been a significant increase in demand for the sale of residential furniture.

The Joint Supplies Service Manager then referred Members to a summary of revenue budget expenditure/income for the financial year to 31 December 2012, as contained in Table 5 of the report. He confirmed to Members that the projected outturn for 2012/13 in terms of expenditure had increased to £1,310m to the date shown and currently stood at £1,420m. The £95k as shown for net reserves had

since grown to £110k in January 2013 and was anticipated to be in the region of £140k by the end of February.

The Joint Supplies Service Manager then explained the reasons for variation between budget and expenditure/income, that were expanded upon in paragraph 4.1.2.2 of the report.

The accumulated reserves of the Joint Supplies Service were projected to be higher than that specified in the report, with an estimated figure of £810k projected by 31 March 2013.

The next part of the report outlined Service Performance Indicators for 2012/13 (to 31 December) compared with the final outcomes for 2011/12 for comparison. Table 6 detailed this information.

The Joint Supplies Service Manager confirmed that the Stockholding value in the future would reduce in value, due to a decrease of shared buying in the future with Cardiff Supplies Service.

The next part of the report gave the staff sickness statistics for the current year to December 2012, that included the cost implications associated with cover requirements for staff on sick leave, particularly long term sick.

The Chairperson requested in respect of sickness absence data that future reports include percentage figures and sickness trends (if any) for the different levels of staff employed within the JSS.

The Joint Supplies Service Manager agreed to this request.

The final part of the report gave the Joint Committee information in relation to Electronic transactions and included in Table 8, under paragraph 4.1.5.4 of the report information with regard to Sales Order Analysis

The Joint Supplies Service Manager then advised of the proposed Revenue Budget for 2013/14 that had been prepared, following the Service Business Review that had been undertaken in 2012.

In respect of paragraph 4.2.4 of the report, the Joint Supplies Service Manager confirmed that the accumulated reserve would increase from £767k to approximately a projection of £810k. This figure included an annual income surplus to facilitate both reinvestment in the Service and also to provide contingency funding

The Joint Supplies Service Manager advised that there was an increasing expectation to wherever possible improve the competitiveness of catalogue selling prices, particularly with the enhanced level of market interest in the Joint Service customer portfolio.

The income surplus target in the Budget 2013/14 had been constructed to incorporate the above objectives with a 1.5% surplus included to provide a £95k trading return for this period increasing the accumulated reserve to what was now around £900k gross at 31 March 2014.

This approach he explained, would also provide for the reduction of catalogue selling prices by approximately £105k derived income (seeing a profit of £95k),

equivalent to a 1.5% reduction to prices overall, structured within specific catalogue products.

The Proposed Revenue Budget therefore based on the above information, was outlined in Table 9 under paragraph 4.2.9 of the report.

The next part of the report gave an update on the Development Action Plan that has taken into account the implementation of service changes. A summary of this was detailed in Appendix 1 to the report, whilst the report itself gave a resume of each of the twelve core areas that required development and change and the Action Plan would address each of these so as to re-define business processes.

These areas were as follows:-

- Organisation Structure
- Operational Processes Review – Transport
- Operational Processes Review – Warehouse and Storage
- Modernisation Programme – IT System
- Marketing Strategy
- Constitution – Joint Agreement
- Catalogue Product Range Review
- JSS Business Plan
- National Procurement Service, and
- Procurement Strategy

A Member suggested that in terms of the second area above, it would possibly be beneficial from a financial perspective if any of the JSS IT departments could assist in the provision of new software required as outlined in paragraph 4.3.2.6.

The Chairperson agreed with this suggestion and requested that Officers look into this and report back further to the Joint Committee at the next meeting.

In terms of extra transport provision to cater for the expansion of trade and business, it was noted that there were plans to look at undertaking an informal arrangement with an external transport provider. Officers were urged to look into issues such as Contract Cover liabilities in any such informal arrangement.

The Joint Supplies Service Manager confirmed that he would take this matter up with the Council's Legal Department, before further considering the use of an external transport provider, and going out to tender for this.

With regard to the Modernisation Programme – IT System, a Member suggested that Members of the Joint Committee who were also School governors, encourage these schools to make more use of purchases electronically.

It was suggested that a further update report be provided at a future meeting on progress regarding the purchase of goods electronically.

The Joint Supplies Service Manager confirmed that the Company that undertook the maintenance of the Joint Supplies Web base were withdrawing their service, and that an alternative Company would be required to replace them.

Members asked if Officers could explore if any assistance could be provided by the IT Department of the Council for the future maintenance of the Web Base.

Members also asked for further information on what the SIMS/Web alignment would actually provide and the cost of this.

In terms of the Catalogue Product Range Review, Members considered that the Joint Supplies Service needed to investigate the possibility of providing "Home Brand value products", as was being provided by rival companies. Members were concerned that these cheaper products being sold by other providers, may result in the Supplies Service losing business in areas such as the provision of stationary, particularly if these products provided value for money.

The Chairperson asked if Officers could try and establish where these products originated from and base price.

In terms of the Procurement Strategy, the Joint Supplies Service Manager confirmed that this was presently being considered by Officers in ready to be presented to the Joint Committee at its next meeting.

An Officer noted that some information contained in Appendix 1 to the report required updating.

The Joint Supplies Service Manager confirmed that he would look into this and make the necessary updates where they are so required.

RESOLVED: (1) That the updates in relation to Service Trading and Operational Performance be noted.

(2) That the Proposed Revenue Budget 2013/14 for the Joint Supplies Service be agreed by the Joint Committee.

(3) That tenders be invited for a distribution partner as recommended in paragraph 4.3.2.11

32 CHANGES TO STAFFING LEVELS AND STRUCTURES IN THE JOINT SUPPLIES SERVICE

The Assistant Chief Executive Performance submitted a report that advised Members of the process to be adopted regarding future changes to staffing levels and the overall structure within the Joint Supplies Service.

The Head of Procurement gave some background information, and advised that it had recently been considered necessary to formally transfer four staff seconded to the Joint Supplies Service in 1996, to the Bridgend County Borough Council, in-keeping with other staff.

He confirmed that this proposal had been the subject of a consultation exercise.

Whilst the issue of staff management had been discussed at the Joint Supplies Service Officer Group, where it was recommended that any operational issues be managed under the Bridgend terms of employment, without referral to Officers or Members, however more strategic decisions such as staff structure changes, retirement, redundancies etc, which involve financial consideration, will need to be referred to the Joint Committee for consideration.

RESOLVED: That the Joint Committee endorsed the recommendation to refer only strategic staff changes which have a financial impact to the Joint Committee.

33 WRITE OFF OF UNRECOVERABLE DEBT

The Principal Accountant presented a report which informed the Joint Committee of the unrecoverable debts over the sum of £1,000 which have been written off during the 2012/13 financial year.

The report outlined relevant background information, and confirmed that a review of the achievability of the payment of aged outstanding debts greater than £1,000 had been undertaken, and Appendix A to the report provided details of this category of debts which had now been approved for write-off during 2012/13.

There were no financial implications arising from the report, as a provision was made in the 2011/12 accounts for aged outstanding debts such as those subject of the report.

RESOLVED: The Joint Committee noted the bad debts that had been written off in the 2012/13 financial year, for the reasons given in the sub-paragraphs of paragraph 3 of the report.

The meeting closed at 3.55pm