

MINUTES OF A MEETING OF THE CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE HELD IN THE COMMITTEE ROOM 2, RHONDDA CYNON TAFF COUNCIL CIVIC OFFICES, MERTHYR TYDFIL, ON THURSDAY, 24 JUNE 2010 AT 11.00AM.

Present:-

Representing Bridgend County Borough Council

Councillor R D L Burns

Representing Caerphilly County Borough Council

Councillor C Hobbs

Representing Rhondda Cynon Taff County Borough Council

Councillor C J Willis

Officers:

P Hughes - (Manager, Joint Supplies)	-	Bridgend County Borough Council
J Ferris	-	Bridgend County Borough Council
F Mantle - (Treasurer)	-	Bridgend County Borough Council
E Lucas	-	Caerphilly County Borough Council
V Hanley	-	Rhondda Cynon Taff County Borough Council
G P Jones	-	Bridgend County Borough Council

108 APPOINTMENT OF CHAIRPERSON AND VICE-CHAIRPERSON

It was proposed and seconded that the existing Chairperson and Vice-Chairperson be appointed for the forthcoming year.

RESOLVED: That the following appointments be made to the Catalogue Supplies Service Joint Committee for the forthcoming year.

- (1) Councillor R D L Burns be appointed as Chairperson
- (2) Councillor D D Games be appointed as the Vice-Chairperson

109 APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Members and Officers for the reasons so stated:-

Councillor J Amos	-	Other Council business
Councillor H J David	-	Other Council business
Councillor M Webber	-	
Councillor D D Games	-	Other Council business
Councillor C P Mann	-	Other Council business
P Davies	-	Other Council business

110 MINUTES OF PREVIOUS MEETING

RESOLVED: That the minutes of the Catalogue Supplies Service Joint Committee meeting held on the 22 April 2010, be approved as a true and accurate record.

111 MATTERS ARISING

None.

112 DECLARATIONS OF INTEREST

None.

113 REPORT OF THE TREASURER

The Treasurer presented a report which informed the Joint Supplies Service Joint Committee that the Statement of accounts had been completed and signed by the Responsible Officer. The format and content of the statement was compiled in accordance with the Accounting Standards Board's "Code of Practice on Local Authority Accounting in Great Britain".

She advised that the Joint Committee had previously approved the un-audited accounts but it was proposed that the Joint Committee consider whether they wished to receive the un-audited account for information in June and then approve the audited Statement of Accounts by 30 September of each year. If agreed the Statement of Accounts would be placed on public deposit and be subject to audit by KPMG. Once audited the accounts would be presented to the Joint Committee for approval on 23 September 2010 and by 30 September in subsequent years.

The Treasurer then reviewed the Statement of Accounts. She informed the Joint Committee that the Catalogue Supplies Service had achieved a £25,000 surplus in trading with gross sales increasing from £5.454m to £5.517m. The gross margins had also increased from 19.87% to 20.74% with the net assets of the service standing at £511,000 as at 31 March 2010. However, she advised that there was a decrease in non trading income of £38k due to the current economic climate and a reduction in support for the catalogue from suppliers.

The Treasurer informed the Joint Committee that the Statement of Accounts also included the Statement of Responsibilities and the Annual Governance Statement which were a requirement of the accounting process. She requested that if approved that the Chairperson signed a copy of the documents to then allow the documents to be submitted for audit. She continued by explaining the Statement of Recommended Practice (SORP) before outlining the key areas of the core financial statements. She advised the Joint Committee that the net worth of the service was £520,000 with a decrease of £143,000 in the net revenue cash flow.

Member queried how the net worth of the value was calculated and it was explained that net worth was based on the current stock valuation and that this figure did not include the value of vehicles etc. The Joint Supplies Service Manager informed the Joint Committee that comprehensive stock checks were carried out every October and February and that the vehicles were owned by the JSS and not included in the stock checking process.

Members requested further information on the Performance Management Framework be made available and in particular any indicator that directly impacted on the JSS. The Joint Supplies Service Manager informed the Members that he did not have access to the Corporate Performance Management Framework but would endeavour to circulate a copy to members before the next meeting. He added that there had been a review of the JSS by the Internal Auditor in 2008-09 which had received a rating of “adequate”. He continued that there was a likelihood that the internal auditors would be reviewing the service again in the near future and that details of the audit plan would be provided to the Joint Committee at the next meeting.

Members then queried the future of the Joint Supplies Service particularly in light of the recent Government Budget and the knowledge that further cuts from central government were anticipated. This meant that all Council's across Wales were considering all aspects of service provision to ensure that value for money was being achieved.

RESOLVED: That the Joint Committee:

- (1) approved the Statement of Accounts for 2009/10 as appended to the report.
- (2) agreed to receive the draft accounts in June each year and approve the final (audited) accounts by 30<sup>th</sup> September.

114 JOINT SUPPLIES SERVICE (JSS) TURNOVER – APRIL/MAY 2010

The Joint Supplies Service Manager presented a report which informed the Joint Committee of the Turnover for the period April/May 2010. He explained that the Business Plan objectives for 2010/11 were to maintain the continued use of the service by its core customers and increase the use of the service by other customer groups.

He outlined the financial figures for the last 2 months which showed that the overall financial objectives had been attained but that the demand for non-consumables had fallen short of the target level. He informed the Joint Committee that the planned expansion of the customer base to schools had increased. The JSS was now supplying 31 new schools which had resulted in an increase of turnover from £5k to £30.7k over the period.

He advised that although the initial figures were promising, it would not be until the figures for the first 6 months of the year had been considered, that an accurate picture of whether the annual targets would be achieved.

Members welcomed the turnover figures and suggested that it may be necessary to review the Business Plan particularly in view of the current unprecedented economic situation. It was suggested that the review was dependent on the outcome of the 6 month trading figures. The Chairperson indicated the importance of the need for all members to attend the meeting of the Joint Committee planned for the 23 September 2010.

Members queried if contact had been made with the School Bursars in order to gain additional custom. The JSS Manager informed the meeting that he was in contact with schools and that many of them shared the same bursar and that he

was hoping for an initiation to attend the next Bursars meeting to outline the benefits of the Joint Supplies Service.

Members expressed their concerns regarding the recent Government Budget and the potential effect upon the Joint Supplies Service. Officers informed the Members that they met on a monthly basis and any trends or concerns can be raised as a matter of urgency with the Joint Committee.

Members expressed their concerns regarding the future of Local Government services and the future of the JSS. It was commented that there is likely to be a requirement for greater partnership or joint working or there would be the possibility of a re-organisation of Local Authorities. Enforced joint working may also have an impact on service delivery due to the prescriptive budgets that may be set.

The Chairperson suggested that this matter be taken forward as an item on the agenda of the next meeting. He proposed that a letter be set to all Members informing them of the importance of attending the next meeting and to provide an indication of the impact of the Government Budget on their own Local Authorities and how this may impact their position in respect of the JSS.

- RESOLVED: (1) That the report be noted.
- (2) That a letter be sent to the Members of the Joint Committee informing them of the importance of attending the next meeting and of any potential impacts that the recent budget cuts may have on the JSS.

115 FINANCE - BUDGET MONITORING 2010/11

The JSS manager presented a report which outlined the current financial status of the service and of the projected end of year figures. He advised that the monitoring report indicated the figures that had been adjusted to reflect known financial commitments and that based on these figures for the year to date, that the projected end of year figures would reflect a surplus of £30,000.

RESOLVED: That the report be noted.

116 SERVICE PERFORMANCE INDICATORS

The JSS Manager presented a report outlining current Performance Indicators data for the service. He explained that the level of stock holding value had increased but that it was below the 8 weeks stock equivalent value and that the sales turnover was not as high as anticipated. These figures would be managed as necessary and were expected to be addressed at the next meeting, when a better indication of the progress of achieving the target turnover would be provided. The other performance indicators had been attained or improved upon for this reporting period.

RESOLVED: That the Committee noted the report.

117 CATALOGUE STORES 2009/10 – INVENTORY ADJUSTMENTS

The JSS Manager presented a report which outlined the inventory adjustments that had been made to the stock balances over the year. He advised that over the

previous year that the value of the stock purchased was £2,905,000 and that net adjustments of £3,233 were needed. Previous annual discrepancies had been considered by previous external auditors and considered not to be of major significance. The last internal audit report also reviewed the annual variation. The cost of addressing the reasons for these discrepancies would be substantially in excess of the adjustments being made. Efforts would continue to be made to reduce the level of any adjustments that may be needed in the future.

Members requested further clarification on the reasons for these adjustments. The JSS Manager informed the Joint Committee that a combined review of the associated procedures had been previously undertaken, with no obvious conclusion or weaknesses identified and it was concluded that there was an element of human error (in physically preparing supply transactions) with no evidence of stock misappropriation. Reductions to these stock variations would require that additional checks would need to be undertaken to reduce human error which would need extra staff. To address any suggestion of misappropriation issues would require the installation of a CCTV system at a cost of £10k to both install and operate.

RESOLVED: That the report be noted.

118 JSS CUSTOMER PORTFOLIO – OTHER AUTHORITIES, SCHOOLS AND PUBLIC BODIES

The JSS Manager presented a report which provided the Joint Committee with a summary of external customers. He advised the Joint Committee that the authority to provide a service to other public sector bodies was included in the Local Authorities (Goods and Services) Act, 1970. The service currently supplied 347 other designated bodies which included schools, colleges and police authorities. The value of these arrangements to the JSS was £555,000 or 10% of the total service turnover.

Members considered the summary of customers and queried whether there were incentives which could be introduced to encourage further growth. It was also queried whether those organisations that were furthest from the JSS offices had an appropriate level of spending that actually made the additional transport costs worthwhile. The JSS Manager advised that all such transactions were assessed to ensure financial effectiveness.

RESOLVED: That the report be noted.

119 BUSINESS PLAN – MODERNISATION PROGRAMME

The JSS Manager presented a report which provided and updated to the Joint Committee of the Modernisation Programme. He advised that £16k had been spent in the previous year with £47k being committed for this year. A further £36k was planned to be committed in the second half of this year.

He informed the Joint Committee that the E-Commerce element of Phase 1 was currently being trialled by internal and external customers with the target date of 1 September for the completion/availability of the website. All other tasks were on target.

It was queried by E Lucas, CCBC, that there were concerns regarding delays to e-invoicing system being run by Caerphilly, as relating to the JSS. This was

affecting the trial that they were undertaking and if the situation was not address the service may need to be removed from the trial. The JSS Manager was not currently aware of any issues, advising that agreed trialling had commenced with CCBC and that he understood matters were proceeding satisfactorily but would investigate as a matter of urgency.

RESOLVED: That the report be noted.

120 STAFFING – SICKNESS ABSENCE 2010/11

The JSS Manager presented a report which informed the Joint Committee of the sickness absence within the organisation. He advised that the overall level sickness absence had continued to follow the improving trend of the last months of 2009/10, with a reduction of 13% over the period. He added that there was one staff member with long term certified absence that accounted for 44 days (67%) of the total absence and that the average number of days absence per person was 0.6 days.

RESOLVED: That the Committee noted the report.

121 HOLIDAY PERIOD ARRANGEMENT – CALENDAR YEAR END

The JSS Manager presented a report which requested approval to a shutdown of the service for the period 29 – 31 December to be facilitated by annual and flexible leave. This coincided with the school holiday period and general reduced customer activity over the period and that this practice had worked successfully in previous years.

RESOLVED: That the committee noted the report and approved the closure of the Joint Supplies Service for the period 29 -31 December 2010.

122 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 of the description specified in Part 4 of Schedule 12A of the said Act.

Minute No.

Summary of Item:

123

Contract Variation Report