

MINUTES OF A MEETING OF THE CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE HELD IN COMMITTEE ROOM 1, THE PAVILIONS, RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL, CAMBRIAN PARK, CYDACH VALE, TONYPANDY ON THURSDAY, 30 JANUARY 2014 AT 2.00PM.

Present:

Councillor M Reeves - Vice-Chairperson
Bridgend County Borough Council

Representing Caerphilly County Borough Council

Councillor D T Hardacre

Representing Merthyr Tydfil County Borough Council

Councillor D Jones

Representing Rhondda Cynon Taf County Borough Council

Councillor C J Middle

Officers:

P A Jolley	- Assistant Chief Executive - Legal and Regulatory Services	-	Bridgend County Borough Council
F Mantle	- Finance Manager, Technical and Corporate	-	Bridgend County Borough Council
W Wood	- Materials and Sourcing Manager, Joint Supplies Service	-	Bridgend County Borough Council
S Evans	- Business Operations Manager, Joint Supplies Service	-	Bridgend County Borough Council
J Ferris	- Corporate Procurement Manager	-	Bridgend County Borough Council
E Lucas	- Head of Procurement	-	Caerphilly County Borough Council
S Lock	- Head of Operational Procurement	-	Rhondda Cynon Taf County Borough Council
J Monks	- Democratic Services Officer	-	Bridgend County Borough Council

48 APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Members:

Councillor M Gregory	-	Other Council business
Councillor K V Reynolds	-	Other Council business
Councillor C J Willis	-	Other Council business

49 DECLARATIONS OF INTEREST

None.

50 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the meeting of the Catalogue Supplies Service Joint Committee held on the 26th September 2013 were approved as a true and accurate record, subject to the name of Councillor C J Middle being added to the list of Members who were present at that meeting.

51 PROGRESS REPORT REVIEW OF KEY PERFORMANCE INDICATORS FOR THE JOINT SUPPLIES SERVICE

The Corporate Procurement Manager presented a report on the Officer Group review of existing Key Performance Indicators (KPIs), which briefly outlined the process and conclusions. The review had been carried out as requested by the Joint Committee, to ensure that the KPI's reflected the Service needs, as concerns had been expressed for some time regarding the relevance of the existing ones. The review first looked at the service requirements in their entirety; broken down by business function against the current KPIs. The review also considered the Welsh Government's proposed KPIs; however the Group considered that they were more aligned to corporate business rather than supplies and were therefore discounted.

As part of the review the Group challenged the frequency of collection and also whether it was necessary to report all KPIs back to the Committee for noting. He referred Members to Appendix 1 of the report which outlined the current KPIs as well as the proposed ones. Under 2(b) the service currently reported on payments to suppliers within the legislative payment period, and the review had concluded that as the target of 97.5% for payment within 30 days had been exceeded year-on-year, and is a legislative requirement, there seemed no point in continuing to report it.

He then referred Members to Stores, Stock and Management, shown under 1(a). He explained that the proposed KPI would introduce a stock turnover ratio, reporting on a retrospective basis, as seasonal variations of stock holding were linked to demand. This means that during the course of the year there are occasions when stockholding will increase to reflect demand, such as the purchase of school exercise books during June/July. An additional indicator has been included to look at average order values with the intention to increase the average order value over time, as it had been noted that 25% of all current orders were each valued below £25, thus creating a high transaction cost. This would assist in targeting low value transactions and reducing cost over the longer term.

The Corporate Procurement Manager then referred Members to 3(a) and 3(b) under the proposed KPIs, which covered sickness absence management. The review had concluded that although that particular KPI was still appropriate, it should be benchmarked against BCBCs average, as this would create consistency in the method of collection and comparison, in order to reduce time lost through sickness absence.

The review had also recommended a new section covering e-enablement, with two KPIs to monitor the number and value of card and electronic transactions processed. The number and value of customer purchase orders and invoices would be split and managed electronically in order to reduce the overall costs.

The Corporate Procurement Manager further reported that the review had proposed an annual customer questionnaire to assess the following:

- Quality of products and services;
- Delivery compliance;
- Value for money;
- Areas for improvement.

He explained that whilst they were currently recorded, they were not formally reported and although ad-hoc customer surveys had been carried out in the past, there had been a low response from customers. The intention was to review products on an annual basis, to coincide with the catalogue price review which takes place in November each year.

One Member asked whether the results of the customer survey would be benchmarked against a similar service.

The Assistant Chief Executive - Legal and Regulatory Services agreed that some comparative data would be required and this could be discussed with the Welsh Health Supplies, Bridgend. He commented that the purpose of the customer survey was to build relationships with the clients, and he recommended that a draft questionnaire be prepared and presented to the next meeting of the Joint Committee.

RESOLVED: That the Joint Committee noted the report.

52 SERVICE TRADING AND OPERATIONAL PERFORMANCE

The Assistant Chief Executive - Legal and Regulatory Services presented a report to apprise Members of the service trading and operational performance during the year to date. The period to the end of December 2013 had been positive, with sales achieved above target; the order book turnover to date was 1% up on the full year comparison and the day-to-day levels of trading had been maintained to target. The effect of the changed catalogue price strategy this year, with a reduction in prices within designated product categories had also contributed to a limited year-on-year value turnover growth, which had been supported by an increase in actual quantities turnover.

The summary of the financial position was outlined, showing a surplus of projected spend and the reasons for variation between budget and expenditure were reported in Table 4, under paragraph 4.1.2.1 of the report. He advised that having recently taken on the responsibility for procurement in Bridgend, he did have concerns regarding agency staff being employed within the Joint Supplies Service; however there had been valid reasons for that, and overall there had been an underspend due to three vacant posts. There was a projected overspend of £12,000 on finance/support service costs as a consequence of increased central finance recharges and a projected increase in trading income of £30,000 reflecting the expected continuation of forecasted product price margins and turnover. He informed Members that there would be a re-profiling of budgets.

He reported that product availability was above target, with the stockholding value service target of 8 weeks, stretching to 9 weeks in 2013/14. Debt management was causing some concern and he explained that this had been due to a member of staff who dealt with debt collection having been on long term sickness absence; however since her phased return to work, there had been improvement in collection. He expressed his concerns regarding outstanding debt and advised that it would need to be considered in detail. Order breakdown by value banding, was detailed in Table 6 of the report and he advised that larger orders in bulk would be needed as currently the majority of orders were smaller in value, which was not cost effective.

The Assistant Chief Executive - Legal and Regulatory Services provided a summary of the progress of customer usage of the e-Procurement Service Portal (ePS) reporting a slight decrease in the service with an interestingly steady increase in website customers during 2013/14. Payment by purchase card accounted for 2.6% of overall payments during the period to date compared to 2.2% for the full financial year 2012/13.

In response to a question from Members, the Corporate Procurement Manager explained that the actual e-procurement service for each of the four participating local authorities had increased; however taking into account the new business areas which were not trading electronically, this had led to the overall figure being reduced. The Business Operations Manager advised that the majority of new customers were mainly from the joint service with

Cardiff Council Supplies, which had increased shared buying by £50,000 to date. The Vale of Glamorgan Council had also added an extra £7,500 as the education sector of both authorities still used traditional methods of ordering. He explained that it was hoped the website would influence the local authorities to use ePS rather than the traditional method of ordering, but it was reliant on them having that facility in place.

One Member referred to the fact that purchase card usage at Rhondda Cynon Taf Council amounted to 91%, and he assumed that with this form of transaction goods were paid for straight away. He therefore requested analysis on those local authorities who did not pay promptly. The Assistant Chief Executive – Legal and Regulatory Services confirmed that this would be dealt with as a priority.

The Assistant Chief Executive - Legal and Regulatory Services provided comments on the absence monitoring statistics and the difficulties that sickness absence created within a small workforce; as the service only employed 30 staff. He referred Members to Table 12 of the report and advised that excluding the four long term sickness absences which amounted to 311.5 days, the actual number of absence days only amounted to 2.4 per person. He explained that it had been relatively straightforward to successfully introduce a new Sickness Absence Policy in BCBC (his department now had the best figures for absence management); however the Policy would take longer to establish in the Joint Supplies Service due to its location.

The Assistant Chief Executive - Legal and Regulatory Services then advised of the proposed Revenue Budget for 2014/15 which had been prepared. The total reserve at the 31st March 2013 was £830,000 with an expectation of it increasing to £968,000 by the end of March this year, reflecting the current trading projection. The income surplus target included in the budget for 2014/15 incorporated the required £95,000 trading return based on an inflationary increase in trading only and slight growth in catalogue sponsorship, increase the accumulated reserve to an estimated £1,048,000 at the 31st March 2015, after modernisation of the existing content management system had been factored in as a one-off payment of £15,000 for data migration from the existing management system.

Councillor Jones asked whether the JSS was tied into the new management system and if the Service Level Agreement was with BCBC. The Business Operations Manager advised that BCBC was a third party and the actual supplier is an independent company who delivers on-line ordering as well as producing the catalogue, resulting in an improvement in the number of users. The same Member asked for details of the costs incurred. The Finance Manager, Technical and Corporate explained that an additional £11,000 had been forecast during 2014/15 as the recharging calculation had identified that the IT costs had not been recharged and at the time it was decided to waive the charge rather than burden the Service. However, this year the actual cost of data support would include amongst others, broadband and the Help Desk, which should have previously been charged. The cost is based on the number of network users within the Service calculated at £557 per head.

The Assistant Chief Executive – Legal and Regulatory Services reported that the budget had been constructed without any further major reduction in catalogue pricing after achieving last year's objectives of price competitiveness and customer cost efficiencies, which had resulted in pricing moving in line with inflation only. The proposed budget included an inflationary increase on expenditure in relation to employee, contractual and other commitments. The employees estimate included provision for pay negotiations associated with the NJC pay claim at 1% and an additional provision for superannuation contributions for two vacant posts, which was offset by £5,000 for the ending of Job Evaluation pay protection post-August 2014. He advised that the increase in the cost of the Service's premises had arisen due to the expected reduction in occupation by other

BCBC organisations. The Finance Manager, Technical and Corporate explained that a slight increase in energy costs had been factored into the building's operating costs based on the assumption that it would be fully occupied. However, some occupants had moved out in June 2013 and those costs, as well as an element of maintenance costs, would now need to be shared between the remaining occupants. She added that the running costs of the building would always fall to the current occupants. The Assistant Chief Executive – Legal and Regulatory Services advised that this was an issue for BCBC, which would be discussed internally and reported back to the Joint Committee.

The Assistant Chief Executive then reported on the proposed Revenue Budget based on the information outlined in Table 13 of the report.

The next part of the report outlined the Audit recommendation and resulting action detailed at Paragraph 4.3.

A breakdown of outstanding debt over 120 days was outlined in Table 15 of the report, and the current outstanding debt as at the 21st January 2014 stood at £508,979. One of the JSS business development plan objectives is the assessment, review and implementation of IT modernisation, which would include a fully automated electronic transfer of customer invoice transactions which were not currently utilising the EPS portal.

The Chairperson asked what was being done to try and bring down the debt.

The Head of Procurement – Caerphilly County Borough Council advised that a lot could be done by the individual Councils. She informed Members that a number of years ago, the Service provided a list showing details of outstanding debt, and the relevant Officer from each Authority would chase up those debts. She advised that this information was required as a matter of urgency and should be progressed, with a revised list of debtors being issued every six months. The Head of Operational Procurement – Rhondda Cynon Taf County Borough Council commented that this demonstrated the need for electronic payments.

Stockholding as at the 31st December 2013 amounted to £399,000 compared to £433,000 at the same date in 2012. A breakdown of the stockholding was illustrated at Table 17 of the report.

He further reported that due to a full product range that can be offered by individual alternative suppliers, Cardiff Council Supplies intended to implement a pilot scheme and issue a mini tender based on their janitorial requirements, which JSS already fully stock. The tender is due for completion, evaluation and implementation on the 1st February 2014. A mini framework based on the existing WPC educational aids contract will be issued, utilising the existing contracted supplier as a basis for the tender. He advised that the Service had already seen a considerable increase in spend from the educational sector in Cardiff since the closure announcement was made.

RESOLVED: That the Joint Committee:

1. Noted the report.
2. Agreed the proposed budget for 2014/15
3. Approved the revised schedule of Joint Committee meetings.

The meeting closed at 3.08pm.