

# County Borough Supplies Joint Committee

## Joint Supplies Service



Bridgend  
Caerphilly  
Merthyr Tydfil  
Rhondda Cynon Taf

**County Borough Councils**

10<sup>th</sup> May 2007

**Report of Officers**

## Item 1

**Joint Supplies Service Turnover – 2006 / 2007**

1. For the information of Members, detailed below is a summary of the turnover of the service for the last financial year.

A summary of the trading turnover for the previous year is also included for information.

2. **Total Catalogue Sales**

Category	Turnover 2005/2006	Turnover 2006/2007	% Variation
<b>Stores</b>	£3,098,000	£3,399,000	+9.7
<b>Non- Stores</b>	£1,848,000	£1,852,000	+0.3
<b>TOTAL</b>	<b>£4,946,000</b>	<b>£5,251,000</b>	<b>+6.2</b>

3. **Turnover by Authority**

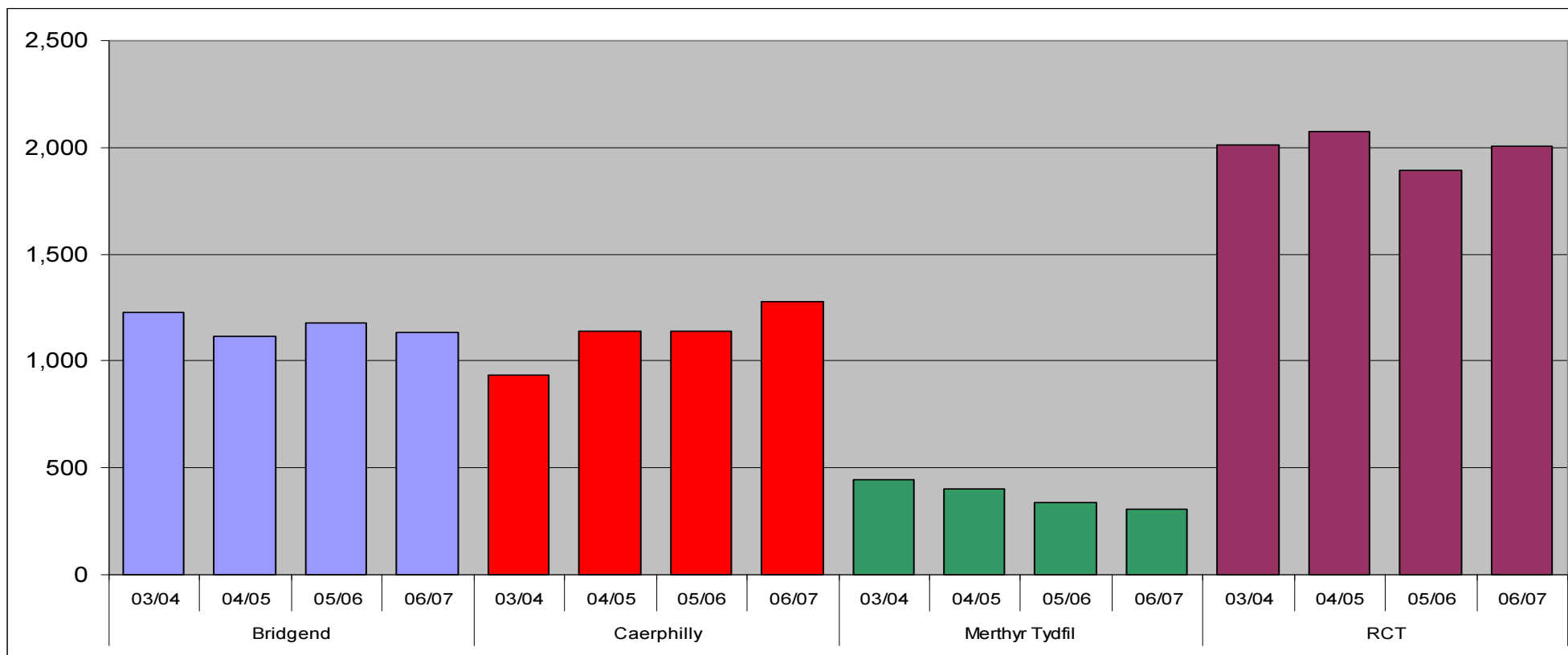
## 3.1 Authority Breakdown

Service	Authority (£'000)				
	Bridgend	Caerphilly	Merthyr Tydfil	Rhondda Cynon Taf	Total
Education					
Nursery	4	0	6	7	17
Primary	317	438	138	542	1,435
Secondary	198	247	71	330	846
Other	36	45	13	78	172
<b>Sub – Total</b>	<b>555</b>	<b>730</b>	<b>228</b>	<b>957</b>	<b>2,470</b>
Social/Personal Services	213	155	52	427	847
Direct Services	137	150	0	130	417
Other Services	228	243	25	488	984
Other Authorities / Organisations					533
<b>Total</b>	<b>1,133</b>	<b>1,278</b>	<b>305</b>	<b>2,002</b>	<b>5,251</b>
<b>(%) Authorities</b>	<b>24.01</b>	<b>27.09</b>	<b>6.46</b>	<b>42.43</b>	

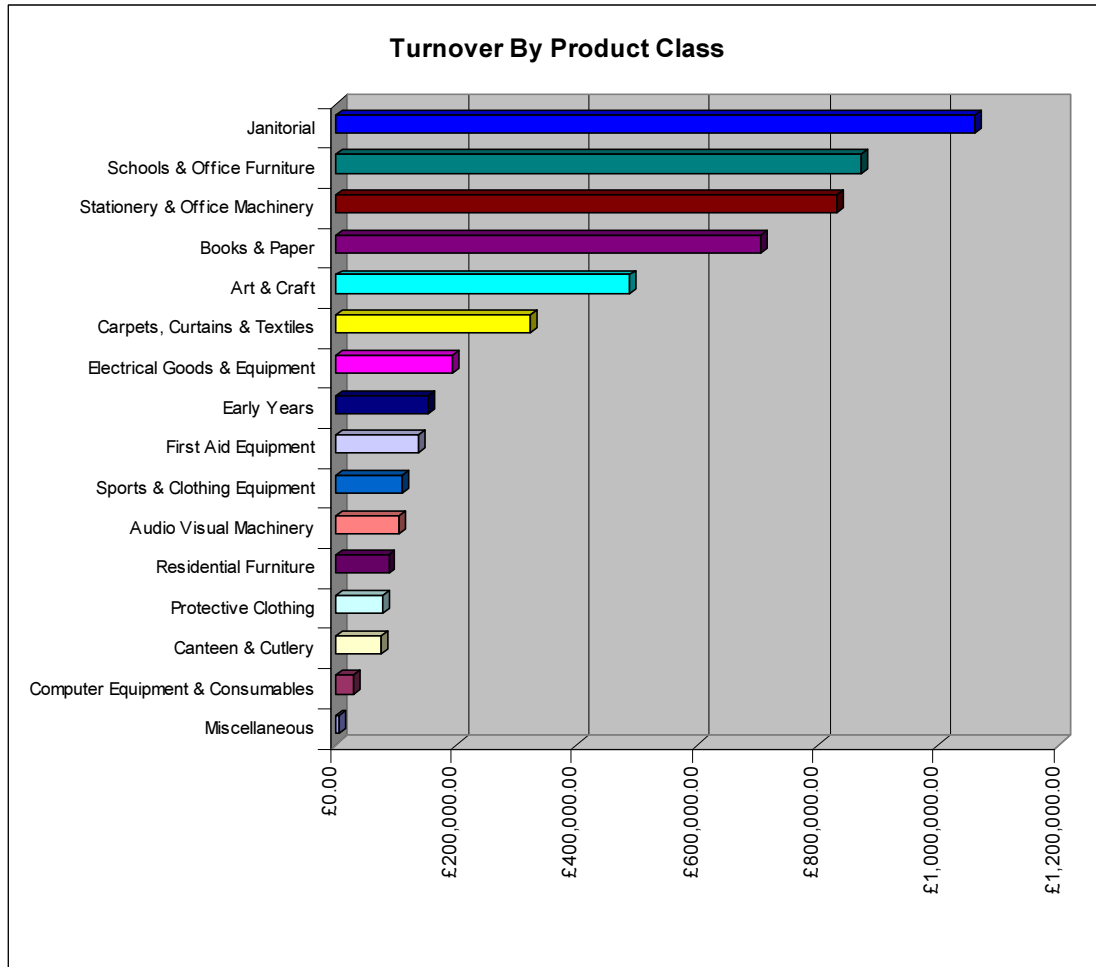
- 3.2 A summary of authority turnover over the preceding three financial years is provided overleaf.

(over)

Service	Bridgend				Caerphilly				Merthyr Tydfil				Rhondda Cynon Taf				Total			
	03/04	04/05	05/06	06/07	03/04	04/05	05/06	06/07	03/04	04/05	05/06	06/07	03/04	04/05	05/06	06/07	03/04	04/05	05/06	06/07
Education	687	516	591	555	492	627	598	730	248	243	236	228	1,010	968	938	957	2,437	2,354	2,363	2,470
Other Services	539	599	587	578	439	512	543	548	194	155	101	77	1,004	1,106	953	1,045	2,176	2,372	2,184	2,248
Other Authorities / Organisations																	422	510	399	533
<b>Total</b>	<b>1,226</b>	<b>1,115</b>	<b>1,178</b>	<b>1,133</b>	<b>931</b>	<b>1,139</b>	<b>1,141</b>	<b>1,278</b>	<b>442</b>	<b>398</b>	<b>337</b>	<b>305</b>	<b>2,014</b>	<b>2,074</b>	<b>1,891</b>	<b>2,002</b>	<b>5,035</b>	<b>5,236</b>	<b>4,946</b>	<b>5,251</b>



4. Sales Turnover – Product Class



Committee is asked to note the report.

## Item 2

**Income - Debt Management**

1. As part of the performance monitoring of the Joint Service, regular reports of the organisation's debtor balances are presented to Committee for information.
2. As Members will be aware, the management of the debtor liability to the Service to ensure minimum risk has been identified as a core financial objective for the organisation, to secure targets agreed with the Service financial advisors.
3. The information provided below summarises the debtor statement (monthly average) for 2006/07, noting the growth in both catalogue service turnover and other income during the year.
4. For information and comparison, statistics for previous years have been included.

	<b>Average Monthly Debt (% of turnover)</b>	<b>Annual Debtor Income</b>
2000/2001	£664k (14.8%)	£4.47M
2004/2005	£579k (11.5%)	£5.061M
2005/2006	£525k (10.4%)	£5.029M
2006/2007	£566k (10.3%)	£5.473M

5. The debt target for the financial year is a sum equivalent to 5.5 weeks annual debtor income i.e. for 2006/07, £577,000.
6. Further analysis of the debtor balance, detailing the aged-debt position is provided below, summarising the position at 31 March 2007. The enhanced catalogue supply activity during the final period of the financial year is reflected in the increased debtor balance, as is regular practice.

	2006/07	2005/06
Current – Up to 60 days	£606k (95%)	£608k (97%)
60 days +	£32k (5%)	£19k (3%)
Total	£638k	£627k

Committee is asked to note the report.

## Item 3

**Stores & Inventory Adjustments**

1. The responsibility for the maintenance and management of appropriate stock and stockholding levels is a core requirement for the organisation, to ensure both availability to meet service needs whilst minimising risk as regards stock investment.
2. Several factors will of course influence the decision on the volume of stock being retained at any time (product range is a separate, joint-organisation consideration) and for the information of Members, a review of the relevant position is provided below,

Financial Year	Turnover	Average Stockholding	Stockturn Ratio
2006/2007	£3,339,000	£546,000	6.1
2005/2006	£3,098,000	£510,000	6.1
2004/2005	£2,925,000	£473,000	6.2

3. As part of the warehouse and distribution function, adjustments to recorded inventory levels/value are required to be undertaken during the relevant financial year, which both increase and decrease stock value, and this detail is required to be presented to Committee for information.
4. Accordingly a summary of the inventory adjustments for the last financial year is provided below, together with comparator information for the previous year,

Category	Value	
	2006/07	2005/06
Stock damaged	- 985.78	-1735.50
Inventory variations (physical)	- 5685.49	- 5185.29
Annual Stocktake	+ 3438.37	+1334.15
Delivery Shortage (customer)	- 1560.11	- 2145.33
<b>TOTALS</b>	<b>-4792.89</b>	<b>-7731.97</b>

Committee is asked to note the report.

## Item 4

**Staffing – Sickness Absence 2006/2007**

1. As part of the Service management monitoring undertaken by the Joint Committee, the sickness absence performance for the relevant period is presented and reviewed at each meeting.
2. A summary of the sickness absence for 2006/2007 is provided below, together with comparator information for the previous year.

Period	Total no. of days absence	Average no. of days per person
2006/07	362	8.4
2005/06	566	13.8

3. The analysis of absence statistics categorised as long/short term is provided as follows,

Absence	Days	Staff
Long-term (20 days +)	204	4
Short-term (less than 20 days)	158	23*

\* 16 staff nil absence

4. Committee is asked to note the report.

## Item 5

Staffing – Annual Review

1. The staffing complement of the Joint Supplies Service comprises employees seconded from the participating authorities, together with other staff employed exclusively by the Joint Service, being contracted to the host authority.
2. As part of the review of the Service staffing arrangements, a report is submitted annually to the Joint Committee for information.
3. A summary of the seconded staff complement at 1<sup>st</sup> April 2007 is provided below.

Designation	Employing Authority
Manager (CBS01) Stores Supervisor (CBS12) Stores Assistant - Transport (CBS13) Carpet Fitter (CBS38)	Rhondda Cynon Taf (5 posts at 1 April 2006)
Customer Support & Sales Manager (CBS08) Senior Administrative Officer (CBS26)	Bridgend (no change)
I.C.T. & Support Services Manager (CBS25) Marketing & Catalogue Manager (CBS23) Customer Services Group Leader (CBS33)	Caerphilly (4 posts at 1 April 2006)

Committee is asked to note the Report.



## Item 6

**Officers Authorised to enter into Contracts****Annual Review**

1. The Joint Committee has previously determined the posts within the Service, which are delegated with authority to enter into contracts for the purchase of goods and services.

The operational requirement is subject to annual review.

2. Members will be aware the Joint Service utilises the contract arrangements of the Welsh Purchasing Consortium for the majority of the catalogue products purchased.
3. The annual review has been completed and the revised schedule of delegation, as detailed below, is recommended to meet the requirements of the service.

POST REF	DESIGNATION	DELEGATION
CBS01	Manager	All Purposes – Unlimited
CBS08	Customer Support & Sales Manager (Senior Coordinating Manager in absence of JSS Manager)	All Purposes – Unlimited
CBS02	Purchasing Manager	Group Purposes - £50,000
CBS03	Senior Buyer	Group Purposes - £10,000
CBS04	Buyer	Group Purposes - £5,000
CBS05	Buyer	Group Purposes - £5,000
CBS06	Assistant Buyer (Stores)	Group Purposes - £2,500
CBS23	Marketing and Catalogue Manager	Group Purposes - £2,500
CBS25	IT & Support Services Manager	Group Purposes - £2,500
CBS12	Stores Supervisor	Group Purposes - £2,500

The Committee is asked to approve the above schedule.

## Item 7

### The Way Forward' - Review

#### Introduction

1. At the meeting of the Joint Committee in January 2006, a report was presented to Members, 'The Way Forward', reviewing the function and development of the Service, outlining the assessed benefits of the arrangements and putting forward an appraisal of the issues, both immediate at that time and in the longer-term, which were of consideration to the future planning for the Service.

A brief summary is provided below.

2. The outcome of the meeting was the agreement to the proposals for the direction of the Joint Service, as contained in the report, which reflected the period to 31 March 2008.
4. It is appropriate at this time to review progress to date, the expectations for the current year and to commence the process of determining the way forward for the organisation for the period beyond March 2008.

#### The Changing Supplies Environment

4. The original review was undertaken, in part, in response to the changing supplies environment, recognising both immediate issues for the Service at that time and also the consideration of other longer-term factors. Specifically,
  - (a) the closure of the former Central Supplies Organisation.
  - (b) the Welsh Assembly Government Report, 'Making the Connections',
  - (c) the realignment of access to Welsh Purchasing Consortium (WPC) contracts.
  - (d) the changing Energy Procurement arrangements within the WPC with the impact upon the relevant Joint Service responsibilities and consequential income implications
  - (e) the future Service plans for the Joint Service Supplies 'partners', the Cardiff and Swansea authorities.
5. In general terms, the changes to date have not had a significant impact upon the organisation in regard supplies turnover, with overall growth being achieved during the last financial year.

It should though be noted that not all of the 'definite' changes have been implemented, either in part or fully eg the changing Energy Procurement function (income loss).

At the same time, the continuing supportive role of the Authorities' Procurement Units is recognised.

- 6 In addition, Members will be aware, since the above review the Welsh Assembly Government has announced the expectation of securing 'efficiency gains in relation to schools' revenue budgets'. The implementation of this directive is being undertaken by Value Wales which has adopted a short-term strategy of increasing the awareness of schools/LEA's as to relevant All-Wales collaborative contract arrangements.

## 7 'The Way Forward' - Progress Update

- 7.1 As commented earlier, in response to the original report changes, the Joint Committee agreed to support a strategy comprising three core elements (a) expansion of catalogue supplies turnover (b) increase the income derived from catalogue sales turnover and (c) to implement the deferred e-supply project.

- 7.2 Accordingly, to facilitate the above, the following initiatives have been implemented during 2006/07

(a) restructured the organisation to provide for first-year supplies expansion and provide a platform for future supplies turnover enhancement, together with developing a changed, proactive, customer-focussed service,

(b) reconstructed the Joint Supplies Catalogue and presentation, to support supplies development,

(c) enhanced the Service transport resource,

(d) upgraded the existing IT 'back-office' system and implemented a first-phase e-supply catalogue, available during May/June as an initial move towards collective electronic trading,

(e) attained the first-year growth in catalogue supplies turnover, increasing the Stores service supplies turnover by 9.6% over the year,

(f) achieved the income growth anticipated as a consequence of the first year of the strategy, with a derived increase surplus accruing (as outlined in the Statement of Accounts).

## 8 Future Considerations

- 8.1 The Joint Supplies Service Officer Group at its last meeting, has considered, generally, the issues outlined in this report (the final statement of surplus accrued in 2006/07 was not available at that time) and there is keen awareness of all the issues which could impact upon future decisions.

At this time, however, there are some external considerations which remain to be resolved and it is therefore difficult to complete a final assessment presently.

- 8.2 Accordingly, the organisation will proceed to prepare a Business Plan to encompass the period beyond the existing strategy outline timescale, to March 2010.

In conjunction with the development of the plan, it is recognised there is a need to enhance or formalise the existing Performance Indicators provided for the Service and this work will be undertaken at the same time.

- 8.3 Officers continue to monitor the initiatives of Value Wales, particularly in regard the Schools Revenue Support project and other impending collaborative supply arrangements.
- 8.4 Consultation with the other Service supplies partners, Cardiff and Swansea authorities will be progressed over the next two months.

## 9 Recommendation

It is proposed that the Joint Committee notes the above report at this time, with implementation of the previously agreed service development plan proceeding and that a further report is presented to the next meeting of the Committee.

**Item 8****Joint Committee Schedule of Meetings**

1. The Joint Service Agreement provides for the Joint Committee to meet on four occasions during the year, unless otherwise determined, for the transaction of general business and may hold other meetings as necessary.
2. For the consideration of Members, provided below is a provisional schedule of meeting dates and venues for the next twelve month period.

<b>Meeting Date</b>	<b>Location</b>
Thursday, 26 <sup>th</sup> July 2006	Caerphilly
Thursday, 25 <sup>th</sup> October 2006	Merthyr Tydfil
Thursday, 24 <sup>th</sup> January 2008	Rhondda Cynon Taf
Thursday, 22 <sup>nd</sup> May 2008	Bridgend

The considerations of Committee are requested.