

County Borough Supplies Joint Committee

Joint Supplies Service



Bridgend
Caerphilly
Merthyr Tydfil
Rhondda Cynon Taf

County Borough Councils

13 November 2008

Report of JSS Manager

Item 1**Joint Supplies Service Turnover – 2008/2009**

1. For the information of Members, detailed below is a summary of the turnover of the Service for 2008/09 together with the previous year for comparison, for the period April – September.
2. The increased use of the Joint Service as reflected primarily by the level of catalogue sales turnover, is an objective for the organisation during the current financial year, with a planned overall target of 14% growth in catalogue sales.
3. Service catalogue activity is strictly monitored, and to date, growth of 6.2% has been attained during the year.

Further growth during the current financial year is not now anticipated.
(A separate note on the financial implications arising from the position is included as part of the budgetary monitoring item later in the report).

4. A summary of the catalogue sales turnover and respective authority expenditure analysis is provided below.

4.1. Catalogue Sales - April to September

Category	April – Sep 2008/2009	April – Sep 2007/2008	% variation
Stores	£1,929,000	£1,896,000	+1.75
Non-Stores	£1,073,000	£931,000	+15.2
TOTAL	£3,002,000	£2,827,000	+6.19

4.2 Turnover by Authority

(a) April – September 2008/09
(2007/08 turnover in brackets)

Service	Authority (£'000)				
	Bridgend	Caerphilly	Merthyr Tydfil	Rhondda Cynon Taf	Total
Education	340 (335)	406 (422)	155 (155)	602 (528)	1,503 (1,440)
Other Services	330 (271)	302 (324)	41 (32)	542 (425)	1,214 (1,052)
Other Authorities / Organisations					285 (335)
Total	670 (606)	708 (746)*	196 (187)	1,144 (953)	3,002 (2,827)
(%) Authorities	24.65 (24.32)	26.03 (29.94)	7.23 (7.50)	42.09 (38.24)	

* Variation reflects enhanced project and supply requirements during 2007/08 with usual fluctuations in demand between trading years.

Item 2

Finance – Budget Monitoring 2008/2009

1. For the information of the Joint Committee, a summary of the current year financial monitoring for the first six months period to 30 September 2008, is provided below.
2. The budget for the Joint Service was prepared in the knowledge that a large part of the traditional non-trading income in respect of energy rebates would no longer be forthcoming.
3. To compensate for the reduction in non-trading income, the budget aimed to both reduce operating costs and extend the use of the service in order to increase catalogue sales related income.
4. To date, whilst there has been a 6.2% growth in supply as reported earlier, a combination of factors has prevented this from materialising to the required increased trading income level.
5. The organisation has experienced an unprecedented volume of purchase price increases from suppliers, reflecting the current economic climate, which has reduced margins as these increases could not be immediately passed on to customers.
6. The organisation has responded by
 - introducing further reductions to employee operational costs, which will continue into the next financial year, and
 - also revising the selling price structure of 14% of catalogue product prices last month.
7. A summary of the financial position to the end of September is provided below, together with the projected outturn for the year end.

8. The deficit to 30 September is due to the fact that the non-trading income, primarily relating to the production of the joint catalogue, is not received evenly throughout the year, but is recovered during the final quarter of the financial year.

Category	£'000's		
	2008/09 Estimate	Actual to 30 Sept 2008	2008/09 Full Year Projection
Employees	970	448	915
Supplies & Services	160	39	160
Transport	85	39	80
Accommodation	86	43	86
Finance/Support Services	39	21	39
Total Expenditure	1340	590	1280
Total Income	(1340)	(554)	(1280)
(Surplus)/Deficit	0	36	0

Committee is requested to note the report.

Item 3**Finance – Joint Service Estimates 2009/2010**

1. The Joint Service Agreement requires the Joint Committee to “determine its Estimates for the forthcoming financial year” by the November of the current year.
2. Members will be aware that the financing of relatively major, expenditure initiatives for the organisation, typically, I.T. enhancement and warehouse & distribution vehicles/plant, is committed from trading surpluses which have been previously been accrued and are not, therefore, part of this budgetary process.
3. In considering the service budget, JSS Officers are mindful of the current year limited growth in use of the service and have consequently implemented a continued reduction in operational costs to facilitate what is considered to be a relatively modest income growth target from catalogue sales, in conjunction with a change to catalogue price policy.
4. At the same time, increases to expenditure have been contained to that which is essential only, specifically the production of the now bi-annual joint catalogue.
5. Members should note that there is no provision within the Estimates for any costs arising from the current Job Evaluation review.
6. A summary of key elements of the budget is provided below together with the Estimates content.

Employees	<ul style="list-style-type: none"> - continued non-filling of existing vacancies (four) and an identified future vacancy (one). - essential growth of increments only. - pay award inflation (2.5%)
Supplies & Services	<ul style="list-style-type: none"> - production costs of the joint bi-annual catalogue and increased level of related income surplus distribution to trading partner.
Other Expenditure Groups	<ul style="list-style-type: none"> - expenditure increase contained to assumed inflation factor only (2.5%)
Income (Non-trading)	<ul style="list-style-type: none"> - increased support income from catalogue suppliers - increased recovery of shared production costs from trading partner
Income (Trading)	<ul style="list-style-type: none"> - inflation related increase (£26k) - increased use of Service and catalogue price policy (£34k)

Estimates Summary

Joint Service Estimates – 2009/2010

		Budget 2008/2009 (£000)	Projected Outturn 2008/2009 (£000)	Budget 2009/2010 (£000)
Employees		970	915	923
Premises		86	86	88
Transport		85	80	87
Supplies & Service		160	160	261
Support Services		33	33	34
Finance		6	6	7
Total		1340	1280	1400
Income	Trading	(1110)	(1050)	(1110)
	Non- Trading	(230)	(230)	(290)
Total		(1340)	(1280)	(1400)

Item 4

Service Performance Indicators

1. As part of the monitoring of the Joint Service, regular reports are presented to Committee in regard service delivery information.
2. The following summary of operational Performance Indicators for period April – September is provided below.

<p><u>PRODUCT AVAILABILITY</u></p> <p>The measurement of the average stock demand availability to the 'first request' (of customer)</p> <p>TARGET: 96% average over full year</p> <p>ACTUAL: 97.8%</p>
<p><u>STOCKHOLDING VALUE</u></p> <p>Reduce average value of stockholding by 20% (£130k) by the end of the financial year</p> <p>QUARTER 1: -1.5%</p> <p>QUARTER 2: -14.6%</p>
<p><u>CREDITOR PAYMENTS</u></p> <p>The measurement of the payment to suppliers within a standard period (National Standard Target).</p> <p>TARGET: 97.5%</p> <p>ACTUAL: 98.8%</p>
<p><u>DEBT MANAGEMENT</u></p> <p>The measurement of owed debt to the Joint Service as an average during the year.</p> <p>TARGET: Average of no greater than sum equivalent to 5.5 weeks credit income i.e. £635k over last three months</p> <p>ACTUAL: £606k</p>

Committee is asked to note the report.

Item 5**Staffing – Sickness Absence 2008/2009**

1. As part of the regular monitoring reports presented to Committee, the sickness absence within the organisation for April / September 2008 is summarised below.

	No. of Staff Absent	Total No. of Days Absence
Qtr 1	12	135
Qtr 2	19	149
Total	-	284

2. During the period, the long term certificated absence of 4 staff members accounted for 74% of total absence, with the average number of days (per person) for other absence being 2.0 days.

Committee is asked to note the report.

Item 6**Holiday Period Arrangements – Year End**

1. Over the last three years the Joint committee has authorised the holiday period closure of the Joint Service during the Christmas and New Year period.
2. The increasing tendency of Service customers to extend the statutory public holiday period, the usual schools closure at this time and extended supplier shut down periods collectively have a significant effect upon the requirement of the service.
3. Previously the closure of the organisation over the period has been accommodated successfully and has assisted the organisation with service provision during the rest of the year.
4. It is proposed therefore to close the Joint Service for the period 29th December 2008 to 2nd January 2009 with the closure being attained by way of a combination of staff annual leave and flexible working arrangements.
5. The Service would, of course, continue to be available in the event of any emergency requirement as is current practice.

The considerations of the Committee are requested.