

MINUTES OF A MEETING OF THE CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE HELD IN THE JUNIPER ROOM, ECONOMIC DEVELOPMENT UNIT, INNOVATION CENTRE, SCIENCE PARK, BRIDGEND ON THURSDAY, 26 NOVEMBER 2009 AT 11.00AM.

Present:-

Chairperson - Councillor R D L Burns (Bridgend County Borough Council)

Representing Bridgend County Borough Council

Councillor H J David

Representing Caerphilly County Borough Council

Councillor C Hobbs

Representing Rhondda Cynon Taff County Borough Council

Councillor W J David

Councillor C J Willis

Representing Merthyr Tydfil County Borough Council

Councillor D D Games

Officers:

P Hughes - (Manager, Joint Supplies)	-	Bridgend County Borough Council
J Ferris	-	Bridgend County Borough Council
K Fowler	-	Bridgend County Borough Council
E Lucas	-	Caerphilly County Borough Council
P Davies	-	Merthyr Tydfil County Borough Council
V Hanly	-	Rhondda Cynon Taff County Borough Council
V De Zouche	-	Audit Manager - KPMG
J Monks	-	Bridgend County Borough Council

65 APOLOGIES FOR ABSCENCE

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

Councillor J Amos	-	Prior engagement
Councillor C Mann	-	Other Council business

66 MINUTES OF PREVIOUS MEETING

RESOLVED: That the minutes of the Catalogue Supplies Service Joint Committee meeting held on the 24 June 2009, be approved as a true and accurate record.

67 MATTERS ARISING

None.

68 POST AUDIT STATEMENT OF ACCOUNTS 2008/09

The Principal Accountant - Resources presented the report on behalf of the Treasurer which showed at Appendix 1 the Statement of Accounts for 2008/09. The Statement of Accounts had been presented to the meeting of the Joint Committee on 26<sup>th</sup> June 2009 before the commencement of the audit. KPMG had now completed the audit and the post audit version was attached at Appendix 1 to the report.

He advised Members that the only significant presentational change was the inclusion in the revenue accounts of the cost of the service review which had been undertaken at a cost of £23k. At the Auditors' request this amount had been shown as a cost within the financial year which had reduced the level of surplus but not the balances. In its thirteenth year of trading, the accounts of the Catalogue Supplies Joint Committee had produced a surplus of £476.

The Audit Manager – KPMG referred to page 3 of Appendix 3, 'Going Concern' and advised Members that County Borough Supplies would be able to continue to operate for at least twelve months from the date of the audit report. She advised that the costs had been reflected in the income and expenditure accounts and confirmed that the accounting statements had disclosed all the key risk factors, assumptions made and uncertainties surrounding the continuation of County Borough Supplies as a going concern for the foreseeable future as reflected in the Letter of Representation shown at Appendix 2. She added that the Auditors did not expect to amend their draft of the audit information.

Members questioned whether the use of reserves would be used to fund new software and modernisation as it had been the Committee's intention to rely on that option.

The Audit Manager – KPMG explained that part of the reserves could be ring fenced for specific purposes, but would need to show the costs incurred.

The Chairman commented that this would need to be considered by the Committee alongside possible alternative sources of funding, due to current low interest rates, in order to get the balance right.

RESOLVED: That the Joint Committee approved the following:-

- Statement of Accounts for 2008/09
- Letter of Representation
- Report to those charged with governance

69 JOINT SUPPLIES SERVICE TURNOVER – 2009/2010

The Manager – Joint Supplies Service presented a report which detailed the Service turnover for the year to 31<sup>st</sup> October 2009, advising the total had improved since the last report being just under 2% of the target.

He reported on a summary of the catalogue sales, explaining above target growth in the 'catalogue-stores' product area had been achieved though an under-achievement in the 'catalogue-direct' range (9%), reflecting an assessment of

Swansea schools buying products from other consortia overall. He added that the situation was being monitored daily.

The Manager – Joint Supplies Service summarised trading turnover by each Authority.

RESOLVED: That the report be noted

70 FINANCE – BUDGET MONITORING 2009/2010

The Manager- Joint Supplies Services presented a report outlining a summary of the budget expenditure/income to 31 October 2009. He advised expenditure was in accordance with the budget overall with the underspend in the Supplies/Services group reflecting the working practice of the majority of such spend being related to year-end catalogue production. The total spend was £737k with the actual total income of £702k based on completed transactions. The value of 'in-process' transactions committed from customers at the 31<sup>st</sup> October stood at £345k which would produce a net income of £46k, with a projected net trading surplus of £11k for the period.

RESOLVED: That the report be noted.

71 SERVICE PERFORMANCE INDICATORS

The Manager – Joint Supplies Service submitted a report, outlining Performance Indicators for the current year and three year review in respect of the following areas:-

- Stockholding Values
- Product Availability
- Sales Turnover
- Debt Management
- Creditor Payments

The PI's gave percentage details of the targets and of the Actual achieved in respect of each category.

RESOLVED: That the report be noted.

72 STAFFING – SICKNESS ABSENCE

The Manager – Joint Supplies Services detailed a monitoring report on sickness absence for the period April/September 2009. He informed the Committee that the past 18 months had proved challenging due to high levels of staff sickness absences. There were currently 37 staff employed by the Service and during the last six months 292 days had been lost due to long term sickness, with 79% of absences being related to eight members of staff. Although three of those staff had now left the service, there were still some long term sickness absences and he was working closely with Human Resources (HR) and Occupational Health to monitor the situation and support those staff.

Members were concerned at the recorded high number of sickness absence days during the summer months as figures were usually higher during the winter months due to seasonal illnesses. The Manager – Joint Supplies Services

explained that this was an exceptional period of absences. Members requested that an explanation for such absences should be shown on future reports, together with associated financial information.

Members enquired what the policy was regarding sports injuries, as staff would not normally receive sick pay if the injury occurred outside work. The Manager - Joint Supplies Service had discussed a particular absence with HR and that if a member of staff did not have relevant insurance cover and effectively no other means of income, they would receive sickness payments.

Members further enquired if there was a policy in place to cover long term sickness absence. The Manager – Joint Supplies Service confirmed that Bridgend County Borough Council has a detailed attendance management policy. He advised long-term absence is being managed in conjunction with Occupational Health. He will review general principles with HR and report to the next meeting.

A Member of the Joint Committee added that there was a significant sickness absence drive within the Authority. New contractors in Occupational Health had succeeded in considerably reducing long term sickness absences which had been achieved in conjunction with the trade unions.

RESOLVED: That the report be noted.

73 FINANCE – JOINT SERVICE ESTIMATES 2010/11

The Manager – Joint Supplies Service presented a report outlining the Joint Service Agreement which had required the Joint Committee to determine its estimates for the forthcoming financial year, by November of the current year.

The projected outturn for 2009/10 totalled £1.39m and trading income for the current year totalled £1.3m. The budget had been based on a standstill situation until such time as the decision-making process was completed.

He advised Members of an anticipated reduction to non-trading income.

The estimates recommended for acceptance at this time would be followed by a further appraisal and report for consideration by the Joint Committee consequent to the decision on the proposed Business Strategy.

RESOLVED: That the report be noted.

74 JOINT SUPPLIES SERVICE – SUPPLIER BASE

The Manager – Joint Supplies Service presented a report, requested by Members, on the structure of the Service in relation to the participation of local suppliers and reflected the twelve months catalogue trading purchase activity to October 2009.

He informed the Joint Committee that the Service currently traded with 322 companies across the catalogue and associated product range, with 59 of those companies (18%) designated as locally based.

The annual turnover of the overall trading purchase expenditure totalled £4,320,000, of which the local spend was £727,000 (17%).

He explained the operational basis of the Joint Supplies Service necessitated bulk purchase from manufacturers, by tender, with there being a very limited, relative, manufacturing base in South Wales.

The Procurement Officer – Rhondda Cynon Taff County Borough Council advised Members that both he and the Procurement Officer – Caerphilly County Borough Council had been working with the Welsh Assembly Government (WAG) to identify suitable suppliers in “supplier void” areas. In response to a question from Members he advised that this was being marketed and promoted through local business clubs, workshops and Buy4Wales.

Members were concerned that a lot of supplies were purchased outside Wales and local authorities should be encouraged to attract business into Wales. They requested this concern should be expressed to Value Wales in order to generate business, informing them of the intentions of County Borough Supplies as a collaboration arrangement and the impact locally.

RESOLVED: That the report was noted.

75 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 items of business because of the likelihood that, if members of the public are present during these items there would be disclosure to them of exempt information of the description specified in Part 4 of Schedule 12A of the said Act.

Minute Nos.

Summary of Items:

76	Joint Supplies Service Review.
77	Contract Arrangements (Non Welsh Purchasing Consortium)