

County Borough Supplies Joint Committee

Joint Supplies Service



Bridgend
Caerphilly
Merthyr Tydfil
Rhondda Cynon Taf

County Borough Councils

25 February 2010

Report of JSS Manager

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Item 1

Joint Supplies Service Turnover – 2009/2010

1. For the information of Members detailed below is a summary of the Service turnover for the year to 31 January 2010, together with the target and previous year turnover for the same period.

2. Total Catalogue Sales – 2009/10 (Week 44)

Category	April – Jan 2008/09 (£'000)	Target 2009/10 (£'000)	Actual 2009/10 (£'000)	Variation
Stores	£3,037	£3,175	£3,192	+ 0.5%
Non-Stores	£1,490	£1,570	£1,408	-10.2%
TOTAL	£4,527	£4,745	£4,600	- 3.0%

3. Turnover by Authority

Service	Authority (£'000)				
	Bridgend	Caerphilly	Merthyr Tydfil	Rhondda Cynon Taf	Total
Education	566	582	226	851	2225
Other Services	506	432	92	857	1887
Other Authorities/Organisations					488
Total	1072 (1004)	1014 (1059)	318 (298)	1708 (1735)	4600
(%)Authorities	26.1%	24.6%	7.7%	41.6%	

(Previous year turnover in brackets)

4. Comments

4.1 The period since the last report to the Joint Committee in November has seen overall turnover increase by £1.09m, being £119k below the target for the three months of £1.21m.

4.2 The main underlying factors impacting upon both the January period and year to date turnover are as follows,

- (a) The adverse impact of the severe weather conditions during January, with the consequential extended schools closure across the four authorities, resulting in a reduction to expected catalogue-stores expenditure of £73k,

This presumed temporary interruption (catalogue-stores) is being gradually reversed, with relevant turnover of £52k in excess of target being evident during early February.

- (b) The anticipated increased service demand from schools within the Swansea local authority area for the catalogue-direct (non-stock) product range has continued to under perform, with a turnover shortfall of £140k for this particular catalogue range.

This position is explained by the advised preference of this customer group and others, to purchase from a single-source facility, a service which has not been available from the JSS during the trading year but which will be available from April as part of the Service Business Plan.

4.3 The net trading income attainment of the Service continues to be in line with target (Report item 2).

Committee is asked to note the report.

Item 2

Finance – Budget Monitoring 2009/2010

1. A summary of the budget expenditure / income, including the projected year end outturn, for the year to 31 January 2010 is provided for information.
2. Expenditure and income, including known commitments for January, are within the overall budget for the period with an under spend of 3.5% projected for the financial year.
3. Members will note the statement advises an under-recovery of £28k for the year to date though this should be regarded as an interim position only with explanation as below.
4. Specific catalogue-production expenditure and associated income has a budgetary profile for completion of related transactions during the last month of the financial year, illustratively this profile reflects £155k (67%) of total non-trading income being generated during March.
5. The pro-rata inclusion of this respective expenditure and income within the monitoring summary would result in an overall notional trading surplus of £14k being attained.

Category	£'000's		
	2009/10 Estimate	Actual to 31 Jan 2010	2009/10 Full Year Projection
Employees	923	769	923
Supplies & Services	267	106	226
Transport	87	56	71
Premises	88	78	96
Finance/Support Services	35	29	35
Total Expenditure	1400	1038	1351
Total Income	(1400)	(1010)	(1360)
(Surplus)/Deficit	0	28	(9)

Committee is asked to note the report.

Item 3**Service Performance Indicators**

- 1 As part of the monitoring of the Joint Service, regular reports are presented to Committee in regard previously agreed core performance indicators.
- 2 As reported to the last meeting, similar information relating to previous years is included for comparison together with summary details for the current year to 31 January, as provided below.

Performance Indicator	2006/07	2007/08	2008/09	2009/10 Actual/ (Projected)
Stockholding Value Average stock value during the year. (Target: 8 weeks stock equiv.)	£546k (£523k)	£582k (£525k)	£507k (£546k)	£515k/ (£510k) (£553k)
Product Availability Average stock level available upon request. (Target: 96%)	98.34%	98.37%	97.45%	96.59%/ (96.70%)
Sales Turnover Trading turnover. (Target: Growth)	£5,251k	£5,419k	£5,393k	£4,560k/ (£5,630k)
Debt Management Measured owed debt to the JSS as an average during year. (Target: No greater than 5.5 weeks credit income)	£666k	£590k Target: £565k	£571k Target: £575k	£523k/ (£520k) Target: £556k
Creditor Payments Payments to suppliers within a standard (national) period. (Target: 97.5%)	95.11%	97.02%	97.79%	98.38%/ (98.4%)

Item 4

Staffing – Sickness Absence

- As part of the regular monitoring reports presented to Committee, the sickness absence within the organisation for April /January 2010 is summarised below.

	No. of Staff Absent	Total No. of Days Absence	Average No. of Days (per person)
Apr-Jun 09	14	153 (135)	3.4
Jul-Sep 09	15	139 (149)	4.3
Oct-Dec 09	18	233(191)	6.3
Total	28	525(475)	13.8

(Previous year/period in brackets)

- As anticipated, the impact of longer-term absences of two staff members during the previous quarter period continued into the period to December 31st as is reflected in the analysis.

During the third quarter-period, the certificated absence of 7 staff members accounted for 84% (196 days) of total absence, with the average number of days (per person) for other absence being 1.2 days.

- A similar profile is reflective of the year to December, with the longer-term certificated absence of 11 staff members accounting for 78% (416 days) of the total, with other absence averaging 3.9 days per person.

For information, two of the above staff have left the Service, seven have returned to work during the year with two individuals having continuing absence.

(Further information will be available at the meeting).

- 4 In all relevant cases of extended sickness absence, the Occupational Health Service is instructed to monitor and advise on the prognosis of individuals.
- 5 JSS Officers have and continue to liaise with the Human Resources Service to maintain practice in the management of absence.
- 6 At the last meeting, Members requested further analysis be presented to include summary details of the ‘absence-nature’ and this information is provided below,

Description	Days	Description	Days
Musculo-skeletal	144	Heart/Blood-Pressure	121
Stress/Anxiety/Depression	136	Infections	32
Stomach/Liver etc	20	Chest/Respiratory	4
Neurological	3	Eye/Ear/Nose	5
Injury	60		

- 7 This has been an exceptional year for the JSS with both the extent and nature of staff sickness absence experienced, though the level of absence since the beginning of January suggesting levels have now peaked as is demonstrated from the analysis provided below.

Year/ Days	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2008/09	45	65	50	48	45	53	50	58	89	59	74	50
2009/10	37.5	33	82.5	72.5	12.5	53.5	61.5	89.5	81.5	38	(45)*	(45)*

*Projected absence.

NB: The absence days includes both current and former staff.

Item 5**Finance – Joint Service Budget 2010/11**

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. At the last meeting of the Joint Committee, in advance of the decision to agree a 5-year Business Plan for the Service, a preliminary budget was submitted for consideration and approved. The budget was structured on the basis of the existing service-level parameters only, reflecting a nil turnover growth platform.
3. The subsequent adoption of the Service Business Strategy by the Joint Committee, incorporating a core modernisation programme together with a planned expansion of the supplies service to schools in adjacent local authority areas, necessitated the preparation of a revised budget to facilitate the first year of the five-year development.
4. Accordingly, since the meeting Officers have undertaken further assessment and review, taken into consideration the positive financial impact of funding the modernisation agenda from accumulated reserves rather than a borrowing strategy, identifying other cost reduction options with consequential opportunity to limit the previous operational budget growth projections within the Business Plan.
5. A change to the budgetary principle adopted by the Joint Committee in previous years is also being proposed, with a move away from the basis of a budget constructed to achieve a ‘breakeven’ outcome for the financial year to that of budgeting for a small trading surplus, with the objective of the surplus contributing to the accumulated balances of the Joint Committee.

- 6 Expenditure growth which is specifically related to the expansion of the Service has been projected at maximum requirements, though implementation will be incrementally developed relative to the rate of growth achieved during the year.
- 7 The Budget for 2010/11, as below, is therefore recommended for acceptance by the Joint Committee.

BUDGET 2010/11				
		Budget 2009/10 (£000)	Projected Outturn 2009/10 (£000)	Budget 2010/11 (£000)
Employees		923	923	977
Premises		88	96	82
Transport		87	71	89
Supplies & Services		267	226	242
Support Services		35	35	36
Total		1400	1351	1426
Income	Trading	(1110)	(1130)	(1226)
	Non -Trading	(290)	(230)	(230)
Total		(1400)	(1360)	(1456)
(Surplus)/Deficit		0	(9)	(30)

Item 6**Business Plan - Implementation**

1. As members will be aware, at the last meeting of the Joint Committee a 5 - year Business Plan for the Joint Service was presented and agreed, subject to any further considerations which may have arisen during the process of respective endorsement.
2. There have been no matters requiring further review subsequently and the Business Plan is now in place for 1st April.
3. The way forward strategy broadly encompasses two inter-related developments:-
 - (a) The extension of use of the catalogue-supply arrangements to schools in adjacent local authority areas, and
 - (b) The modernisation of the Service to facilitate increased efficiency and effectiveness for the managing authorities primarily and other customer groups generally.
4. The process of implementation has been in place since the start of the year, with regular monthly reports being submitted to Officers, as required.
5. For the information of Members, an outline summary of the process being undertaken and progress/timescales for completion is provided overleaf.

Requirement	Process
Restructure/Production of Supplies Catalogue	<p><u>Prime Marketing Facility of Organisation</u></p> <p>Restructure to a single, omnibus, catalogue (presently comprises two separate volumes).</p> <p>Construction/design in process since September. Completion and availability by 19th March.</p>
Marketing of Service to new customer groups, (schools).	<p>Business Development Officer designated. Communications enhancement January-March.</p> <p>Service promotional material distribution February.</p> <p>Selected school visits in process, February.</p> <p>Web Site (Phase 1) – separate note below</p>
Budget Review and Member Assessment	Report to February Joint Committee.
<p>Resources</p> <p>a) Expansion Strategy</p> <p>b) Modernisation</p>	<p>Temporary/agency staff appointments. Training/retraining existing staff (part). Planning meetings with contracted agency in January.</p> <p>Recruitment in process in February.</p> <p>Web Catalogue development/management. Outline resource specification completed. Recruitment during March.</p>
Staff Consultation Equipment upgrade	<p>Completed December.</p> <p>Procurement process completed, trialing completed.</p> <p>(Deferred purchase to August/September).</p>

Modernisation Programme	
Phase 1	
Web-based catalogue/payment facility with integrated catalogue content management system	Major development and sales/marketing facility for JSS. Procurement process completed. Implementation commenced February. (Joint scoping work mid-February). Full web-site completion/availability by mid-June. First phase, web static pages, available 1 April (to include card payment facility).
JSS Core Back-Office System Integration (to other customer-user systems)	Integration with, initially, the xchangewales platform (being utilised by BCBC and CCBC presently, with RCT and MTCBC impending utilisation). Facilitates automatic purchase order transfer with JSS back-office system (March). Provide return transaction, e-invoicing opportunity to user authorities (March). Supports same facility to other customer user systems e.g. SIMS (schools).
(Purchasing) Card-enabling payment facility (schools/other)	Current development, initial facility for RCT. Completion/availability by 22nd March.
Phase 2	
Operational processes re-engineering	Enhancement and re-engineering of existing internal process to support efficiencies objective. Preparatory review work (supported) commencing 23rd February.
Customer Relations Management (CRM) System	Development planned to commence post completion of all Phase 1 works in June but principle to be aligned with current programmes.

Item 7**Posts 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 existing 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 - £7,500
CBS05	Buyer	Group Purposes - £7,500
CBS06	Assistant Buyer	Group Purposes - £2,500
CBS07	Purchasing Assistant	Group Purposes - £2,000
CBS23	Marketing and Catalogue Manager	Group Purposes - £5,000
CBS25	IT & Support Services Manager	Group Purposes - £5,000
CBS12	Stores Supervisor	Group Purposes - £2,500

The Committee is asked to approve the above schedule.

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. The Committee resolved to meet more frequently during the initial months of the new financial year, a requirement which has been incorporated into the schedule of meetings as below.

Meeting Date	Location
22 April 2010	Merthyr Tydfil
24 June 2010	Rhondda Cynon Taff
23 September 2010	Bridgend
25 November 2010	Caerphilly
16 February 2011	Merthyr Tydfil

Committee is requested to note the report.

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