

County Borough Supplies Joint Committee

Joint Supplies Service



Bridgend
Caerphilly
Merthyr Tydfil
Rhondda Cynon Taf

County Borough Councils

16 March 2011

Report of JSS Manager

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Item 1

Joint Supplies Service (JSS) Turnover – April- February 2010/11

1. A summary of the Service turnover for the period April-February of the financial year is provided below.
2. The turnover structure for the trading year has been unpredictable in comparison to previous years, with unexpected variations to the anticipated customer expenditure profiles during the respective quarter periods, with the outcome of turnover to date having recovered considerably from the early year period.
3. Members will be aware the Service set a turnover growth objective for the year, particularly from the schools sector in adjacent areas and whilst some growth has been attained from this customer group, overall the original planned increase will not be attained though the Service is expected to achieve the revised turnover target introduced for the second half of the year.
4. Apparent from the sales figures is that whilst acknowledging the absence of the targeted growth there is no evidence of expenditure, overall, reducing across both the consumable and non-consumable catalogue ranges, taking into consideration the usual year on year variations which historically occur.

Catalogue Turnover – April- February

Period	Original Target	Revised Target	Actual	Variation
April-June	£1,500,000	£1,498,000	£1,498,000	-0.1%
July-Sept	£1,742,000	£1,386,000	£1,386,000	-19.8%
Oct-Dec	£1,415,000	£1,299,000	£1,183,000	-8.9%
Jan/Feb	£865,000	£791,000	£1,051,000	+32.9%
Totals	£5,522,000	£4,974,000	£5,118,000	

- 5 A summary of the turnover by Authority, together with the previous year for comparison, is provided below for information.

Service	Authority (£'000)				
	Bridgend	Caerphilly	Merthyr Tydfil	Rhondda Cynon Taf	Total
Schools	664(613)	619(646)	188(246)	986(932)	2457(2437)
Other Services	562(553)	551(501)	130(99)	823(951)	2066(2104)
Other Authorities/Organisations					595(508)
Total	1226(1166)	1170(1147)	318(345)	1809(1883)	5118(5049)
% Authorities	27.1%	25.9%	7.0%	40.0%	4523

- 6 As commented earlier, the expansion of the use of the Service by schools within the Neath-Port Talbot and Swansea local authority areas is an objective within the Business strategy. As summarised below, an increase in demand from this customer group of almost 100% has been achieved, though the turnover level represents growth of 26% compared to the target for the year.

Target Growth - Full Year	£360,000	
Target Growth – April to February	£332,000	
Turnover – April-February	£175,000	(£88,000 April-Feb 2009/10)
No. of schools supplied	116	(59 Neath PT: 57 Swansea)(59%)
Target Schools Growth – Full Year	73	(Minimum quantity target)
Additional schools since April 1 st	79	

7. JSS Officers, in response have continued to implement practice to reduce budgeted operational costs expenditure whilst maintaining a practical sales and marketing strategy with existing and new Service users.

Committee is requested to note the report.

Item 2

Finance – Budget Monitoring 2010/2011

1. A summary of the budget expenditure / income, including projected year end charges and commitments, for the period April–February 2011 is provided as follows,

Outturn 2009/10		Estimate 2010/11	Adjusted Actual to 28 Feb 2011	Projected 31 March 2011
925,000	Employees	977,000	819,000	902,000
184,000	Supplies/Services	202,000	153,000	165,000
68,000	Transport	89,000	65,000	71,000
96,000	Premises	82,000	77,000	84,000
35,000	Finance/Support Services	36,000	33,000	36,000
3,000	Bad Debt Provision	0	0	0
1,311,000	Total Expenditure	1,386,000	1,147,000	1,258,000
1,336,000	Total Income	1,416,000	1,169,000	1,273,000
+25,000	Deficit/(Surplus)	(30,000)	(22,000)	(15,000)

2. Members will note an adjusted trading surplus of £22,000 has been attained for the period to the end of February, with a projected final trading surplus of £15,000 at the budget outturn.
3. The previous report item referred to the implementation of a reduced operational costs/resource standstill strategy introduced earlier in the year in response to the projected non-growth to turnover. The projected under-spend compared to original budget is £128,000 (9.2%) and £53,000 (4%) below the final budget outturn last financial year.

Committee is requested 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. The following summary of operational Performance Indicators for the period April - February is provided below.

Performance Indicator	2007/08 (Full Year)	2008/09 (Full Year)	2009/10 (Full Year)	2010/11 (Apr-Feb)
Stockholding Value Average stock value during the year. (Target: 8 weeks stock equiv. max)	£582k (£525k)	£507k (£546k)	£510k (£553k)	£535k (£612k)
Product Availability Average stock level available upon request. (Target: 96%)	98.37%	97.45%	96.87%	96.7%
Sales Turnover Trading turnover. (Year Target (Initial) : £6.17m, (Revised) : £5.62m (Period Target £4.97m)	£5,419k	£5,393k	£5,543k	£5,118k
Debt Management Measured owed debt to the JSS as an average during year. (Target: No greater than 5.5 weeks credit income)	£590k Target: £565k	£571k Target: £575k	£528k Target: £602k	£433k Target: £570k
Creditor Payments Payments to suppliers within a standard (national) period. (Target: 97.5%)	97.02%	97.79%	98.48%	97.5%

Committee is requested to note the report.

Item 4**Staffing – Sickness Absence 2010/11**

1. As part of the regular monitoring reports presented to the Joint Committee, the sickness absence within the organisation is reported.
2. A summary of absence within the organisation for the period April-December 2010 is provided below.

	No of Staff Absent	Total No of Days Absence	Average No of Days (per person)
April-June '10	8	66 (153)	1.8
July-Sept '10	9	27 (139)	0.7
Oct-Dec '10	14	128 (233)	2.6
Totals	23 (28)	221 (525)	6.0 (13.8)

(Previous year in brackets)

- 3 The level of sickness absence during the year to date has continued the improving trend evident towards the end of last financial year, with a 45% reduction achieved over the last quarter-period and a 58% total reduction during the overall year.

Year/Days	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
2009/10	37.5	33	82.5	72.5	12.5	54	61	89	81.5	38	45	45
2010/11	30	35	1	4	14	9	17	57	54	-	-	-

- 4 As has been the underlying cause in previous years, longer term certificated absence during the year to the end of December accounts for 136 days (62%) of total absence, affecting three staff members, with the average number of days (per person) for other absence during the year being 2.5 units.

Committee is requested to note the report.

Item 5**Joint Supplies Service Budget 2011/12**

1. The preparation of the 2011/12 budget has been undertaken in association with the Officers' review of the Service, the details of which will be reported separately to the next meeting.
2. The current year budget had been constructed to reflect the new JSS Business Plan, implemented April 2010, with growth in the use of the JSS being planned and financial provision for the consequential expansion of resources to support the growth plan having been included in the budget process.
3. As commented earlier, the level of projected growth has not occurred this year and following the Coalition Government Spending Review intentions and the subsequent Welsh Assembly Government Local Government Settlement for 2011/12 any further significant turnover growth cannot be anticipated for next financial year and probably for the remaining period of the Business Plan.
4. The 2011/12 Budget has therefore been prepared to reflect potential reduction to catalogue trading income together with the previously reported reduction to other income sources.
5. The achievement of budget savings will impact upon most elements of Service expenditure, reflecting both employee and non-employee spend, as summarised in Table 1 below.

Table 1

	Budget 2010/11 £000	Pay/Prices £000	Committed Growth £000	Budget Reductions £000	Budget 2011/12 £000
Employees	977	0	2	(94)	885
Premises	82	6	0	(5)	83
Transport	89	4	0	(18)	75
Supplies & Services	202	6	19	(37)	190
Support Services	36	1	0	0	37
Total	1386	17	21	(154)	1270
Income	1416	33	0	179	1270

5.1 The proposed budgets for 2011/12 include specific inflationary increases on expenditure in relation to contractual and other commitments.

5.2 Employee budgets have been adjusted to reflect contractual salary commitments where applicable. The budget assumes that there will be a pay freeze in 2011/12 in line with the current pay policy advocated by Central Government for public sector employees.

The budget reduction includes the removal of £50k included in the 2010/11 budget in respect of resources to support planned turnover growth which has not been attained. There will be no provision for planned service expansion in 2011/12. The remaining £44k budget reduction will be achieved through a combination of natural wastage (continued non-filling of vacancies), a review of temporary resources, and the review of operational efficiencies and management costs.

There is not anticipated to be a requirement to utilise existing accumulated reserves for any restructured staffing budgets.

- 5.3 The premises budget has been reduced by £5k to reflect a review of specific cleaning area requirements.
- 5.4 The transport budget has been reduced by £18k to include reduced contingency provision for front-line vehicles downtime which may impact upon service delivery.
- 5.5 The Supplies & Services budget has been reduced by £37k as a consequence of reduced catalogue production/costs, deferred equipment purchase, maintained storage rationalisation practice and a targeted reduction of other cost areas eg print, stationery, postage.
- 5.6 The income budget has been decreased by £179k, which reflects the potential reduction to catalogue trading and other income sources, as previously mentioned in the report. Additional income of £33k is included in respect of catalogue price inflation (3%).
- Projected trading income has been budgeted on the basis of a median between an assessed best case/worst case scenario.
- 5.7 The budget for 2011/12 has been constructed on the principle of a continuing self-financing arrangement.

Committee is requested to agree the budget report.

Item 6

Officers authorised to enter into Contracts

1. The Joint Committee has previously determined the posts within the Service structure which are delegated with authority to enter into contracts for the purchase of goods and services with such delegation being subject to annual review.
2. This requirement, in practice, relates to the day to day procurement of products, for which the majority are included in formal framework contract arrangements awarded following tender procedures.
3. The annual review has been completed and increases to the authorised financial levels of some posts have been proposed to accommodate the anticipated enhanced collaborative working practices with the City and County of Cardiff Council, as part of the catalogue-service partner arrangements.

Post Ref	Designation	Current Delegation	Proposed Delegation
CBS01	JSS Manager	All Purposes – Unlimited	No change
CBS08	Customer Support & Sales Manager (Senior coordinating manager in absence of JSS Manager)	All Purposes – Unlimited	No change
CBS02	Purchasing Manager	Group Purposes - £50,000	No change
CBS03	Senior Buyer	Group Purposes £10,000	Group Purposes - £20,000
CBS04	Buyer	Group Purposes - £7,500	Group Purposes - £10,000
CBS07	Purchasing Assistant	Group Purposes - £2,000	Group Purposes - £2,500
CBS23	Marketing and Catalogue Manager	Group Purposes - £5,000	Group Purposes - £7,500
CBS25	IT & Support Services Manager	Group Purposes - £5,000	Group Purposes - £7,500
CBS12	Stores Supervisor	Group Purposes - £2,500	No change

Committee is requested to approve the proposed amended schedule.

Item 7

Catalogue Price Benchmarking

1. As part of the continuous monitoring of the JSS arrangements, the comparison of catalogue prices is undertaken by the organisation and reported periodically to the Joint Committee to support Performance Management.
2. At the last meeting, the outcome of a comprehensive review of comparable catalogue prices, comprising comparison of primarily high turnover items, measured against other known or designated public and private sector suppliers, was presented to Members for information, noting the continuing overall price competitiveness of the JSS Catalogue as a single-source supplier arrangement.
3. In considering the benefits of such price benchmarking as a supportive facility to the Service sales and marketing function of the organisation, it was determined to obtain an independent assessment and review of the price comparison work undertaken for future use in the context of Service marketing.
4. For the information of Members, since the last meeting, the Internal Audit Service of Bridgend County Borough Council was commissioned to undertake independent analysis of the related work and the report prepared by the Joint Service 'to ensure accuracy and transparency in the benchmarking exercise performed by the JSS' and 'to examine and verify the findings'.
5. The review, based upon a random sample check analysis, was completed with a positive endorsement for future marketing initiatives, with the Audit Opinion being that 'the findings of the audit work support the findings of the JSS price benchmarking exercise'.

Committee is requested to note the report.

Item 8

Business PlanModernisation Programme

1. As part of the implementation of the Service 5-Year Business Plan, regular reports are presented to the Joint Committee reviewing progress of the Service modernisation programme which is an integral requirement to the way forward for the organisation.
2. Accordingly, for the information of Members, a summary of the development work to date, timescales, financial and future plan is provided below (and over-page).
3. The second phase of the modernisation programme has been deferred pending the outcome of the ongoing service review.

Financial (Reserve funding)

Programme	Expenditure (2009/10)	Planned Expenditure (2010/11)	Actual Expenditure (2010/11)	Future Planned Expenditure
System Integration	£13k	£1k	£2k	Nil
E-Commerce - Web Development	£3k	£44k	£35k	£2k
E-Payment Facility (Purchasing Card)	Nil	£2k	£2k	Revenue only
Process re- engineering	Nil	£12k	Nil	£12k (Deferred)
Customer Relations Management System	Nil	£10k	Nil	£10k (Deferred)
Operational Equipment	Nil	£14k	Nil	£14k (Deferred)
Total	£16k	£83k	£39k	£38k

Committee is requested to note the report.

<u>Modernisation Programme</u>	
Phase 1	
E-Commerce. Web-based catalogue ordering/payment facility with integrated catalogue content management system	Full web-site completion/availability. <i>Completed.</i> (www.countyboroughsupplies.org)
JSS Core Back-Office System Integration (to other customer-user systems)	Integration with the xchangewales service platform (being utilised by BCBC and CCBC presently, with RCT and MTCBC impending utilisation). <i>Completed.</i> Purchase order export from xcwales to JSS 'back-office' system enabled. <i>Completed.</i> Development of 'user authority specific' data import from xcwales facility. <i>Completed.</i> Development of the return transaction, e-invoicing facility, for service users. <i>Completed.</i>
Electronic Debtor Payment Facility Purchasing Card-enabled	Development completed and operational. <i>Completed.</i> Enhanced payment facility available. <i>Completed.</i>
Phase 2 (DEFERRED PENDING SERVICE REVIEW)	
Operational processes re-engineering	Enhancement and re-engineering of existing internal process to support efficiencies objective. Project commencement post completion of all Phase 1 developments, (<i>Deferred</i>).
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. Commence (<i>Deferred</i>).

Item 9**Joint Committee Schedule of Meetings - 2011/12**

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 additional meetings as necessary, as has been practiced during the current period.
2. At the request of the host authority, the schedule of meetings for the period May 2011-May 2012 is required to be agreed and the proposed dates are as below.

Meeting Date	Location
19 May 2011	Rhondda Cynon Taff
21 July 2011	Bridgend
20 October 2011	Caerphilly
19 January 2012	Merthyr Tydfil
26 April 2012	Rhondda Cynon Taff

Committee is requested to agree the report.