

MINUTES OF A MEETING OF THE CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE HELD IN CONFERENCE ROOM 1, CIVIC CENTRE, MERTHYR TYDFIL, COUNTY BOROUGH COUNCIL, MERTHYR TYDFIL ON WEDNESDAY, 16 MARCH 2011 AT 11.00AM.

Present:-

Councillor R D L Burns - Chairperson

Representing Bridgend County Borough Council

Councillor H J David

Representing Caerphilly County Borough Council

Councillor C Hobbs
Councillor C P Mann

Representing Merthyr Tydfil County Borough Council

Councillor J Amos
Councillor D D Games

Representing Rhondda Cynon Taff County Borough Council

Councillor C J Willis

Officers:-

P Hughes - (Manager, Joint Supplies)	-	Bridgend County Borough Council
J Ferris	-	Bridgend County Borough Council
F Mantle	-	Bridgend County Borough Council
E Lucas	-	Caerphilly County Borough Council
C Lewis	-	Merthyr Tydfil County Borough Council
V Hanly	-	Rhondda Cynon Taff County Borough Council
A Rees	-	Bridgend County Borough Council

141 APOLOGIES FOR ABSENCE

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

Councillor M Webber	-	Other Council business
P Davies - Merthyr Tydfil County Borough Council	-	Leave

142 MINUTES OF PREVIOUS MEETING

RESOLVED: That the minutes of the Catalogue Supplies Service Joint Committee meeting held on the 23 September 2010, be approved as a true and accurate record.

143 COUNTY SUPPLIES WEBSITE

In response to a question from the Committee, the Joint Supplies Service Manager gave a verbal update on the County Supplies Website which had gone live in September 2010. Activity levels on the website had been lower than forecast, however, some 550 purchase orders had been made to date on the

website mainly from the four constituent authorities, which represented 3% of turnover for the service. Approximately 10% of schools are registered users on the website and transactions had been made by colleges, the South Wales Police and also from the Royal Marsden Hospital in Surrey and an embassy in London. He stated that there is a drive to get more business via the website. He commented that the website is user friendly and the products in the catalogue are competitive. There was a need however, to align SIMS with the website which will enable greater use by schools and this will be undertaken in Phase 2 of the Modernisation Programme. It was preferable that all schools use the website in order to increase turnover and reduce paper transactions.

The Joint Committee considered a suggestion by the Procurement Officer, Caerphilly County Borough Council that a newsletter from the Joint Supplies Service be distributed to all schools highlighting the website and the work being undertaken by RCT in relation to the use of purchase cards. RCT Members publicised the Joint Supplies Service and the use of purchase cards by schools on the Governing Bodies which they were members of. The Procurement Manager, Bridgend County Borough Council informed the Joint Committee of a system called OTIS which would give e-procurement access to the xchange Wales hub via the website.

The Joint Supplies Service Manager informed the Committee that the website was marketed continuously to schools however, some schools still preferred to place orders by more traditional means.

The Committee considered that the Officer Group should discuss a marketing plan. The Joint Committee considered that it had a responsibility for moving the service forward through modernisation and that the various communication networks available to all should be exploited to keep the service uppermost in mind.

The Committee considered that the Officer Group should get together to produce a marketing plan with regular updates on the performance of the website, with input from the finance officers. The Joint Supplies Service Manager could be assisted on the work on the marketing strategy by officers being responsible for different strands as in the operational process re-engineering project in order to share the work on the plan and report back on a regular basis to the Joint Committee. The Action Plan would contain targets and reports would be made on an exception basis.

RESOLVED: That the Officer Group work on a Business Plan which would have various sub-sets in order to make a business decision on the way forward for the Joint Supply Service.

144 SLOW MOVING PRODUCTS

The Committee questioned the progress being made on inventory levels of slow moving products. The Joint Supplies Service Manager informed the Committee that the Officer Group was looking at product rationalisation and driving down the number of items which were slow moving in an attempt to produce a standardised range of products. Caerphilly County Borough Council was currently looking at standardising the range of cleaning products in order to produce savings. An interim report would be made ahead of the Action Plan on the standardisation of products.

145 DECLARATIONS OF INTEREST

None.

146 JOINT SUPPLIES SERVICE TURNOVER - 2010/2011

The Joint Supplies Service Manager presented a report which summarised the turnover of the Service for the period April - February. He stated that the turnover structure for the trading year had 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. The first quarter had proved excellent, whilst the second quarter was down 20% with a recovery in the current quarter with turnover running above target.

He reported that the service had set a turnover growth objective for the year, particularly from the schools sector in adjacent areas and whilst some growth had been attained from this customer group, overall the original planned increase would not be attained though the service was expected to achieve the revised overall turnover target introduced for the second half of the year. He stated that what was apparent from the sales figures was that whilst acknowledging the absence of a targeted growth there was 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.

He summarised the trading turnover by each Authority showing comparisons with the previous year. He stated that the expansion of the use of the Service by schools in the Neath-Port Talbot and Swansea local authority areas is an objective within the Business strategy and an increase in demand from this customer group is almost 100% had been achieved though the turnover level represented growth of 26% compared to the target for the year.

He reported that the JSS Officers had continued to implement a practice to reduce budgeted operational costs expenditure whilst maintaining a practical sales and marketing strategy with existing and new Service users.

In response to a question from the Committee, the JSS Manager confirmed that the service did engage with voluntary organisations and nurseries to derive some business from them and they also had access to the web facility. The Procurement Officer of RCT informed the Committee that all corporate services in RCT now use Catalogue Supplies for the purchase of all its stationery, whereas they used to purchase stationery from a competitor. The Procurement Officer, Caerphilly County Borough Council informed the Committee that voluntary sector organisations were targeted and the only means by which the authority could purchase stationery was through County Supplies due to the e-procurement strategy.

The Committee asked whether Buy One Get One Free offers could be offered to its customers in order to offer incentives as part of the marketing strategy to highlight the existence of the service. The JSS Manager informed the Committee that discounted prices were offered to schools on exercise books during last summer. He also informed the Committee that the offering of other initiatives and incentives would be reviewed.

The Committee suggested that consideration could be given by the Officers to incentivise sales staff as part of the marketing strategy and the modernisation of the service which would be the subject of a further report to the Joint Committee.

The Procurement Officer of RCT stated that the Officer Group should have an established constitution to drive forward initiatives so that the JSS Manager had the support he needed. The Procurement Officer Caerphilly County Borough Council stated that the Officers roles were not particularly clear in the constitution and there was a need for clarity and purpose to be reflected.

The Committee questioned the reason for the revision of turnover targets. The JSS Manager informed the Committee that revised turnover targets had been set as it had become clear that the original targets for the first two quarters would not be met. For January and February the actual was about both the original and revised targets.

- RESOLVED: (1) That the report be noted.
- (2) That Officers produce a marketing strategy in 7/8 weeks to be reported to the Joint Committee and that it was noted that a revision constitution to clarify the role of officers was required.

147 FINANCE - BUDGET MONITORING 2010/1011

The Joint Supplies Manager reported on a summary of budget expenditure/income, including projected year end charges and commitments, for the period April - February 2011. He informed the Committee of an adjusted trading surplus of £22,000 which had been attained for the period to the end of February, with a projected final trading surplus of £15,000 at the budget outturn. Total expenditure as at the 31 March 2011 was projected at £1.258m with projected total income of £1.273m producing a projected final trading surplus of £15k. The projected under-spend compared to the original budget is £128k (9.2%) and £53k (4%) below the final budget outturn in the last financial year.

The Committee considered a proposal to incentivise sales staff to achieve targets, however it would need to be mindful of the terms and conditions in place for local government staff.

- RESOLVED: That the report be noted.

148 SERVICE PERFORMANCE INDICATORS

The Joint Supplies Service Manager submitted a report outlining Performance Indicators for the period April - February 2010/11 in respect of the following areas:-

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

The Performance Indicators gave details of the targets and of the actual achieved in respect of each category.

He stated that the average stock holding value for April - February 2010/11 was £535k, which was likely to increase due to the increased costs of products which would be bought in advance.

The Joint Supplies Service Manager informed the Committee that he would like to hold no more than six weeks of stock but it was currently running at eight weeks in terms of product availability. There was currently no charge for express delivery of products, but this was under consideration, however competitors did not charge for this service.

RESOLVED: That the report be noted.

149 STAFFING - SICKNESS ABSENCE 2010/11

The Joint Supplies Service Manager presented a report which informed the Committee of the sickness absence within the organisation for the period April - December 2010. He advised that the overall level of sickness absence had continued to improve with a 45% reduction achieved over the last quarter period and a 58% total reduction during the overall year. The long term certificated of three members of staff had accounted for 136 days (62%) of the total absence with the average number of days (per person) for other absence during the year being 2.5 days.

RESOLVED: That the Committee noted the report and expressed its appreciation that there had been a vast improvement in sickness absence and that this be conveyed to staff, the Committee acknowledged the efforts made by staff of the Joint Supplies Service in reducing sickness absence.

150 JOINT SUPPLIES SERVICE BUDGET 2011/12

The Joint Supplies Service Manager reported that the preparation of the 2011/12 budget had been undertaken in association with the Officers' review of the Service which would be reported separately to the next meeting of the Committee.

He reported that the current year's budget had been constructed to reflect the new Joint Supplies Service Business Plan, implemented in April 2010 with growth in the use of the Service being planned and financial provision for the consequential expansion of resources to support the growth plan having been included in the budget process. The level of projected growth had not occurred this year and following the UK Government comprehensive spending review and the subsequent Welsh Assembly Government Local Government Settlement for 2011/12 any further significant turnover growth could not be anticipated for the next financial year and probably for the remaining period of the Business Plan. The 2011/12 Budget had therefore been prepared to reflect potential reduction to catalogue trading income together with the previously reported reduction to other income sources. He summarised the proposed budget which reflected savings on both employee and non-employee spend. The proposed budget for 2011/12 included specific inflationary increases on expenditure in relation to contractual and other commitments. Employee budgets had been adjusted to reflect contractual salary commitments where applicable, the budget assumes that there would be a pay freeze in 2011/12 in line with the current pay policy advocated by the UK Government for public sector employees.

He reported that the budget reduction included the removal of £50k included in the 2010/11 budget in respect of resources to support planned turnover growth which had not been attained. There would be no provision for planned service expansion in 2011/12. The remaining £44k budget reduction would be achieved through a combination of natural wastage, a review of temporary resources, and the review of operational efficiencies and management costs. The premises budget had been reduced by £5k to reflect a review of specific cleaning area

requirements. The transport budget had been reduced by £18k to include reduced contingency provision for front line vehicles downtime which may impact upon service delivery. The Supplies and Services budget had 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 e.g. print, stationery and postage.

He reported that the income budget had been decreased by £179k which reflected the potential reduction to catalogue trading and other income sources. Additional income of £33k is included in respect of catalogue price inflation. Projected trading income had been budgeted on the basis of a median between an assessed best case/worst case scenario. The budget had been constructed on the principle of a self financing arrangement.

The Committee questioned whether a contingency be allowed in the budget for the consequences of job evaluation. The accounting guidelines were not to include the costs of job evaluation in the budget and it was likely that it would be funded from reserves.

RESOLVED: That the Budget for 2011/12 be approved subject to it being noted that any costs associated with job evaluation had not been included and that a further report be presented on the matter upon the conclusion of the project.

151 OFFICERS AUTHORISED TO ENTER INTO CONTRACTS

The Joint Supplies Service Manager reported that the Joint Committee had previously determined the post within the service structure which were delegated with authority to enter into contracts for the purchase of goods and services with such delegation being subject to annual review. The operational requirement related to the day to day procurement of products, for which the majority were included in formal framework contract arrangements awarded following tender procedures. The annual review had been completed and increases to the authorised financial levels of some posts had 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.

RESOLVED: That the Joint Committee approved the schedule of Officers given delegated authority to enter into contracts for the purchase of goods and services as outlined in the report.

152 CATALOGUE PRICE BENCHMARKING

The Joint Supplies Service Manager reported that as part of the continuous monitoring of the Joint Supplies Service arrangements a comparison of catalogue prices was undertaken and reported periodically to the Joint Committee to support Performance Management.

The Committee at its last meeting had received a report on the outcome of a comprehensive review of comparable catalogue prices, which comprised of a comparison of primarily high turnover items, measured against other known or designated public and private sector suppliers which the Committee noted the continuing overall price competitiveness of the catalogue as a single source supplier arrangement.

He reported that in order to consider 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. 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'. 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 findings of the JSS price benchmarking exercise'.

RESOLVED: That the report be noted and a copy of the internal audit service report be sent to all Officers.

153 **BUSINESS PLAN MODERNISATION PROGRAMME**

The Joint Supplies Service Manager presented a report which provided an update reviewing progress of the Service modernisation programme which is an integral requirement to the way forward for the organisation. He summarised the development work undertaken to date, timescales, financial and future plans. He advised that £16k had been spent in 2009/10 with actual expenditure of £39k in 2010/11. There was further planned expenditure of £38k, however the second phase of the modernisation programme had been deferred initially as a consequence of the early year trading figures and subsequently the outcome of the ongoing service review.

The Committee was informed that the integration with the xchange Wales Service platform had been completed and was available for use in relation to transactions received from BCBC, CCBC and RCT with MTCBC presently implementing the xchangewales facility.

The Procurement Officer Caerphilly County Borough Council informed the Committee that a report on operational processes re-engineering would be reported to the next meeting.

RESOLVED: That the report be noted.

154 **JOINT COMMITTEE SCHEDULE OF MEETINGS - 2011/12**

RESOLVED: That the following dates of the Joint Committee meetings at the locations listed below during the 2011/12 municipal year be approved with a special meeting of the Committee to be arranged.

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

155 EXCLUSION OF THE PUBLIC

RESOLVED:

That under Section 100A(4) of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation)(Wales) Order 2007 that the public be excluded from the meeting during consideration of the following items as the reports contain exempt information as defined in Paragraph 14 of Part 4 of Schedule 12A of the Act.

Following the application of the public interest test it was resolved that pursuant to the Act referred to above to consider the Joint Supplies Service Review, Contracts Arrangements Report and Confidential Minutes of the Catalogue Supplies Service Joint Committee of the 23 September 2010 in private with the public excluded from the meeting as it would involve the disclosure of exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) by virtue of Paragraph 14 of Part 4 of Schedule 12A of the Act.

Minute Nos.

Summary of Items:

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| 156 | Confidential minutes of the Catalogue Supplies Service Joint Committee of the 23 September 2010. |
| 157 | Contracts Arrangements Report. |