

MINUTES OF A MEETING OF THE CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE HELD IN THE PAVILIONS, CAMBRIAN PARK, CLYDACH VALE ON WEDNESDAY, 28 SEPTEMBER 2011 AT 10.45AM

Present:-

Councillor R D L Burns - Chairperson

Representing Caerphilly County Borough Council

Councillor C P Mann

Representing Merthyr Tydfil County Borough Council

Councillor D D Games

Representing Rhondda Cynon Taff County Borough Council

Councillor M Webber

Councillor C J Willis

Officers:-

D MacGregor - Assistant Chief Executive - Performance Bridgend County Borough Council

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 Hanley - RCT County Borough Council

M A Galvin - Bridgend County Borough Council

171 APOLIGIES FOR ABSENCE

Apologies for absence were received from the following Members:-

Councillor J Amos	- Holiday
Councillor H J David	- Holiday
P Davies	- Reason not given

172 DECLARATION OF INTERESTS

None.

The Treasurer confirmed that in relation to a query raised by Members at the last meeting (i.e. Minute 165 refers), he had taken legal advice and could now confirm that all Joint Committee Members shared equal representation in terms of their membership on the Joint Committee. Therefore, there was no reason to declare interests in items considered at meetings, unless it was on something that had either a negative or beneficial effect on individual authorities.

173 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the Catalogue Supplies Service Joint Committee meeting held on 14 July 2011, be approved as a true and accurate record.

In terms of Minute 166, the last paragraph that preceded the resolution, Members advised that they had not yet received details of the interim proposals via e-mail, though it was understood that this had been circulated to Officers. The Group Manager Procurement for Bridgend County Borough Council apologised for this oversight and confirmed that he would address the situation.

174 COUNTY BOROUGH SUPPLIES

The Chairperson advised those present, that he had circulated an e-mail a few days before the meeting, suggesting that Members of the Joint Committee engage in a pre-meeting before they commenced today's meeting. Having seen the report when it was circulated with the agenda, he had considered that the information contained therein did not adequately explain the future proposals regarding the review of the Joint Supplies Service, nor was the information outlined in the report presented in an entirely satisfactory manner.

The Members who attended the pre-meeting had unanimously agreed after discussing the above, to consider deferring the report and requesting that a revised version of this be presented to a future meeting of the Joint Committee.

The Joint Committee were concerned, the Chairperson announced, that improvements made to the service two or three years ago were not continuing in terms of the ongoing development and improvement of the service, and Members considered this was required to take the service forward, particularly in the current difficult economic climate.

The Treasurer agreed with the Chairperson's directive that had been supported by Members. He considered that improvement was required in areas such as product range and marketing, and that the service required modernising. He added that it was also important to look at other organisations who provided a similar business to ascertain what methods they were turning to in order to increase their business.

Officers accepted the views of Members and the suggestion that the report be withdrawn, and that a revised report be prepared and finalised for circulation within a period of six weeks.

It was agreed that the Head of Procurement in Caerphilly County Borough Council leads on the production of the revised report.

Members therefore, following debate on this item

- RESOLVED:
- (1) That the report on County Borough Supplies be withdrawn and that a revised report be developed for consideration at a future meeting.
 - (2) That the Head of Procurement, Caerphilly County Borough Council be the lead Officer in terms of re-submitting a revised report, with input from representatives of each of the other three local authorities, in consultation with the Treasurer.
 - (3) That the above report be finalised within six weeks of today's meeting.
 - (4) That the modernisation/restructuring proposals be deferred pending the outcome of the continuing review. The future report should include an appraisal of the marketing

strategies deemed required to improve the County Borough Supplies trading position.

175 PERFORMANCE REVIEW AUGUST 2011

The Manager - Joint Supplies Service presented a report, the purpose of which, was to provide the Joint Committee with an appraisal of the service trading and operational performance in the current year.

The report contained certain background information, then in Paragraph 4.11 outlined a summary of revenue budget expenditure/income for the first five months of the financial year, and projected outturn for 2011/12.

The Manager - Joint Supplies Service indicated that the end of year surplus would be approximately £57k which would be committed to the Joint Supplies Service restructure proposals, with this forecast being dependent upon current business being maintained in the second part of the year.

The next section of the report gave a summary of turnover during the period April to August (week 21) in tabular form, and Table 3 confirmed that the turnover analysis for 2011/12 was £2,749m compared with £2,252m the previous year.

The Manager - Joint Supplies Service advised that the development of the website had assisted significantly in attracting new custom and therefore had increased turnover.

The Joint Committee Members thought it would be helpful if details regarding new business accounts obtained in the current year could be shared with them at a future meeting, including details of what these organisations purchased.

Table 4 of the report included information regarding performance indicators, whilst Table 5 outlined a breakdown of the existing customers.

In terms of Table 5, Members requested a further breakdown in future reports of the Category Type listed as 'Other'.

Joint Committee Members also felt that it would be beneficial if they could be provided with an analysis of Exchange Wales usage per Authority, including details regarding the value of turnover, as well as Officer's considering to undertake further research on whether more work was required to target independent customers.

It was also suggested that in future reports, income generated from the custom of the Vale of Glamorgan Council be itemised separately, due to them being a higher spending customer than others.

The report then outlined in Table 6, the sickness absence statistics for the period 1 April - 31 August 2011.

Members acknowledged this information, and asked if future reports on sickness absence could also include costs attached to levels of absenteeism.

Table 7 of the report then gave summary of web usage analysis for the period of July to mid September. This reflected a marked improvement with regard to web-based turnover, web transactions, activated customer accounts and customer accounts in use.

The Joint Committee further added, that details of the promotion work carried out on the Joint Supplies Services website to promote business, including the method of marketing initiatives and purchasing card usage, would be useful.

In respect of obsolete stock, this had now reduced from a value of over £40k to around £33k, and it was hoped that in the next six months some of this could be sold off and the above figure would reduce further.

Members asked the Manager - Joint Supplies Service if he could establish from the Legal and Regulatory Services Department, if an invitation could be made for staff of the local authority to have an opportunity to purchase obsolete items of stock. He confirmed he would pursue this accordingly.

In terms of spend associated with SME's, the Manager - Joint Supplies Service confirmed that he could provide an analysis of the Joint Supplies Service supplier structure to the next scheduled meeting.

The report then concluded by confirming that the year end holiday period would be December 28th - 30th, with the closure being accommodated by way of staff taking annual leave and/or flexible working arrangements.

RESOLVED: That Members noted the content of the report.

176 STATEMENT OF ACCOUNTS 2010/11

The Treasurer submitted a report that presented the Joint Committee's Statement of Accounts for the financial year ending 31 March 2011, due to be signed off by external auditors KPMG, and to receive the auditors report to those charged with governance.

The Statement of Accounts was attached at Appendix 1 to the report.

The Principal Accountant confirmed that there was a trading deficit of £3k during the year net of the modernisation expenditure costs of £39k. Although it was agreed that this cost would be met from reserves, all expenditure and income had to be included in the income and expenditure account. Before doing this, the surplus for the year was £36k she added.

Non trading income was up by £15k or 8%, whereas catalogue sales (trading income) went down by £105k or 9% when compared to budget.

The net effect of the above was £90k under achievement of income at the year end.

In terms of expenditure, the Principal Accountant summarised the main elements as follows:-

- | | |
|---------------------------------|--|
| Employee costs | - £74k underspend |
| Transport costs | - Reduced by £11k or 9% |
| Bad debt and stock obsolescence | - Expenditure exceeded budget by £18k, as a result of the necessity to increase provisions identified in the annual audit. |

Bad debt provision - increased by £5k.

Provision of stock obsolescence - increased by £12k.

In relation to the previous year, the Principal Accountant explained that sales had increased by 1.76% compared with an average 4% increase in CPI over the 12 month period (2.24% drop in real terms).

In respect of performance, the gross profit margin decreased from 20.74% in the previous year to 19.99%.

The Principal Accountant advised that the last year had seen an improvement in the average number of day's debt was outstanding against the Joint Supplies service.

The Principal Accountant then briefly gave Members a résumé of progress in the last year with regard to the Statement of Responsibilities for the Accounts, the Annual Governance Statement, Statement of Accounting Policies and information on the core Financial Statements.

With regard to the balance sheet, the following information was provided:-

Inventories (formerly stock)	- Increased from £502k to £528k
Debtors	- Increased from £672K to £850k
Cash	- Overdrawn decreased from £281k - £161k
Creditors	- Increased from £355k to £660k
Reserves	- Usable Reserves (accumulated and earmarked) decreased from £519k to £518k - after using reserves of £39k to fund agreed service initiatives

Also attached to the report were letters of representation (Appendix 2) and an Audit of Financial Statements Report for 2010/11, (Appendix 3).

A request was made at the meeting for information to be supplied further explaining the net worth of the organisation, i.e. comprising of stock, other equipment and cash.

RESOLVED: That the Joint Committee

- (1) Approved the audited Statement of Accounts for 2010/11.
- (2) Noted and agreed the Letters of Representation to be provided to KPMG and the Wales Audit Office (Appendix 2).
- (3) Noted the auditors Audit of Financial Statement Report for 2010/11 (Appendix 3).

The meeting closed at 12.40pm.