

BRIDGEND COUNTY BOROUGH COUNCIL

CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE

16th April 2012

REPORT OF THE MANAGER OF THE JOINT SUPPLIES SERVICE

PERFORMANCE REVIEW – MARCH 2012

1. Purpose of Report

The purpose of the report is to provide the Joint Committee with an appraisal of the Service trading and operational performance for 2011/12.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

- 2.1 The Joint Supplies Service (JSS) provides a purchasing facility which secures savings to corporate customers and schools through economies of scale and thereby contributes to the financial prudence of the Authority.

3. Background

- 3.1 The Joint Supplies Service (JSS) provides a one stop purchasing facility for each of the partnering Authorities, through delivery via stores and a direct sourcing function for items of common and repetitive spend. It demonstrates savings to corporate customers and schools through economies of scale, which can be used in service delivery.

4. Current Position

4.1 Service Turnover – 2011/12 Full Year

- 4.1.1 Turnover during the months since the last report maintained the growth attained throughout the trading year, with final turnover being 9% above target for 2011/12.
- 4.1.2 The sales performance has been consistently positive in both sectors of the catalogue-supply range and with growth evident from all customer authority areas as well as the independent customer group.
- 4.1.3 Summary and preliminary analysis of turnover is provided in Tables 1 and 2 below, with related budgetary and a trading surplus summary being included in the report item 4.2.

Table 1: Turnover (Order book) – Full Year Comparison

	Actual 2010/11	Target Full-Year 2011/12	Actual Full-Year 2011/12	Variance	Variation %
	£,000	£,000	£,000	£'000	
Total	5,661	5,690	6,203	+513	+9.02

Table 2: Turnover (Order book) by Customer Area

Year	Bridgend	Caerphilly	Merthyr Tydfil	Rhondda Cynon Taf
	£,000	£,000	£,000	£,000
2011/12	1,442	1,415	416	2,198
2010/11	1,361	1,326	340	1,994

Year	Cardiff	Neath-Port Talbot	Swansea	Vale of Glamorgan	Other
	£,000	£,000	£,000	£,000	£,000
2011/12	206	96	126	94	208
2010/11	184	82	108	83	183

4.2 Summary Financial Position – Financial Year 2011/12

- 4.2.1 A summary of revenue budget expenditure/income for the financial year to 31 March 2012 is provided below for information.

Projected outturn expenditure is 1.5% below budget with total income being 9.6% above target.

Table 3 - Comparison of budget against projected spend at 31st March 2012

Expenditure Group	Budget 2011/12	Projected Outturn 2011/12	Projected Over/(Under) Spend 2011/12
	£,000	£,000	£,000
Employees	885	881	(4)
Supplies/Services	158	146	(12)
Transport	107	100	(7)
Premises	83	87	4
Finance/Support Services	37	37	0
Total Expenditure	1270	1251	(19)
Total Income	1270	1392	(122)
Deficit/(Surplus)	0	(141)	(141)

4.2.2 Reasons for variation between budget and spend/income

Explanations for variances from budget are given below:

- A projected under-spend of £4k on employees in respect of the management of vacancies.
- A projected under-spend of £12k on supplies & services due to collective minor variances on budget heads.
- A projected under-spend of £7k on transport reflecting planned reduction to the operational costs group
- A projected budget surplus of £141k reflecting primarily increased sales/turnover growth of 9% together with the overall under-spend against operational costs explained above.

4.3 Service Performance Indicators

4.3.1 As part of the monitoring of the Joint Service, regular reports are presented to the Joint Committee in relation to core performance indicators, with the following summary information provided for the full trading year.

Table 4 - Service Performance Indicators for 2011/12

Performance Indicator	Service Target	2010/11 (Full Year)	2011/12 Full-year
Product Availability Average stock level available on first request	96%	96.65%	97.2%
Stockholding Value Average stock value during the trading year.	8 weeks stock equivalent	8.8 weeks (£523k)	9.1 weeks (£546k)
Debt Management Owed debt to the JSS during trading year	Not greater than 5.5 weeks credit income	4.8 weeks (Average £528k)	4.1 weeks (Average £511k)
Creditor Payments Supplier payments within legislated period	97.5%	97.6%	98.58%

4.4 Absence Monitoring 2011/12 April-February

4.4.1 A summary of sickness absence for the current year to 29 February is detailed below for information.

Table 5 - Absence Monitoring to 29th February 2012

No. of days absence	Average no. of days per person
323* (282)	9.0 (3.0 excl. long-term)
<i>(Previous year in brackets.)</i>	

4.4.2 The absence level includes three long-term absences totalling 223 days, within overall absence of 323 days and compares to 282 days for the same period last year.

4.4.3 Committee has requested financial information to be provided in regard the costs of sickness absence, including both contractual sickness payments and the provision of any additional resource cover requirements to meet service performance demands. For the information of Members the assessed overall cost of sickness absence above, at actual salaries, is £27,759.

4.5 Officers Authorised to enter into Contracts

4.5.1 The Joint Committee annually reviews and authorises the posts within the Service structure which are delegated with authority to enter into contracts for the purchase of goods and services.

4.5.2 The requirement, effectively, reflects the day to day purchase practice of products for which the majority are included in formal framework contract arrangements.

4.5.3 Members will recognise that the structure of the JSS is presently under review and consultation, with the outcome likely to impact upon designated posts and it is therefore proposed to maintain the existing structure of 'authorised posts, as the attached Appendix, for the interim period and review further following completion of the Service reorganisation.

4.6 Stock Rationalisation - Obsolete Stock

4.6.1 As reported to the last meeting, the disposal of aged and obsolete stock is one of the objectives of the broader stock rationalisation programme being implemented as part of the change-process strategy. The disposal can include the sale of designated products to members of staff.

4.6.2 Following a detailed assessment, the JSS has undertaken a process of containment of designated stock obsolescence, to include return sale of goods to suppliers, alignment of items with current stock ranges, stocktaking adjustments to incorporate removal of non-saleable products.

4.6.3 The value of the residual, obsolete stock is £2,445, comprising 106 product lines and their sale is currently been progressed by advertisement to

customers on the JSS web site until the end of April, as the preferred option for disposal.

- 4.6.4 Any residual items remaining after this date are intended to be made available to staff of the four authorities by way of the respective council web sites.

4.7 JSS Web Site

- 4.7.1 The marketing strategy of the Service includes the objective of promoting the use of the JSS Web Site to facilitate operational efficiencies.
- 4.7.2 Following a report to the last meeting, Members endorsed and encouraged the progressing of a designated modernisation proposal which would potentially facilitate the significantly increased use of the web site by schools, requiring the alignment of the web site with SIMS, a commonly-used facility in schools which includes ordering of goods.
- 4.7.3 The planned process of implementation included consultation with (a) schools (on-line customer survey) (b) the SIMS system supplier and (c) officers (Education/other) of the four authorities.
- 4.7.4 This process has produced an outcome which has not supported the expectations and financial objectives of the JSS relative to the project.
- 4.7.5 The large-scale commitment of schools to utilise the enhanced facility has not been achieved (from the customer survey) and will require further marketing process to finalise conclusions. The investment and annual operating costs as determined by the SIMS-system supplier are higher than anticipated. Authorities are actively considering the continued use of SIMS as a transaction ordering/financial facility for schools in the future, with alternatives of using the Xcwales portal and/or the respective corporate financial management systems being potential options to replace transaction processing element of SIMS within schools.
- 4.7.6 The project is still in process within the JSS, as part of the modernisation strategy of the organisation, with continuing dialogue with schools and authorities.
- 4.7.7 It is therefore considered appropriate not to proceed with this development at this time, with the project being incorporated with the review of the Service back-office IT system which being undertaken by Officers of BCBC and the JSS.

4.8 Joint Committee Meetings Schedule 2012/13

- 4.8.1 A proposed schedule of meetings for the Service for 2012/13 is provided below for information of Members.

4.8.2 The programme is structured to reflect key-dates for the presentation of financial reports to the Joint Committee (Statement of Accounts) which will need to be considered during the next six months.

Meeting Date	Location
28 June 2012	Bridgend
27 September 2012	Caerphilly
24 January 2013	Merthyr Tydfil
25 April 2013	Rhondda Cynon Taff

5 Effect upon Policy Framework and Procedure Rules

None.

6 Equalities Impact Assessment

There is no impact on specific equality duties.

7 Financial Implications

These are reflected in the report.

8 Recommendation

It is recommended that Members note the content of the report.

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Background Documents:
None other than identified within the report.

APPENDIX**County Borough Supplies****Officers Authorised to enter into Contracts**

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 - Senior Assistant	Group Purposes - £2,500	No change