

The Manager of the Joint Supplies Service presented a report which provided the Joint Committee with an appraisal of the Service trading and operational performance for 2011/12.

Service 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. Sales performance had been consistently positive in both sectors of the catalogue supply range with growth evident from all customer authority areas as well as the independent customer group. The Joint Supplies Service Manager summarised the turnover by full year comparison and by customer area. He informed the Joint Committee that growth had been seen across each Local Authority with a variance of £513k (9.02%) being achieved, including furnishing two major new school schemes at Williamstown and Archbishop MacGrath in Bridgend. Growth of 14% had been achieved in local authorities outside the Joint Supplies Services' area. He stated that it was the objective to maintain this turnover in 2012/13. He believed that the increase in turnover was due to the product offer at the right prices and the website giving credibility to the Service. The Assistant Chief Executive - Performance informed the Committee that the new business was also attributable to the 21st Century Schools Programme which was still continuing for the time being. He stated that there was a need to keep costs down and to exploit markets elsewhere. The Joint Committee considered that investment in schools and increasing the market is an area which needed to be at the forefront of officers' minds. The Joint Supplies Service Manager attributed the 9% increase in turnover amongst the four authorities and the 14% increase in turnover from local authorities elsewhere was due to an active marketing strategy with products being pushed actively each month. The Joint Supplies Service Manager summarised the financial position for the financial year to the 31 March 2012, with projected outturn expenditure 1.5% below budget which equated to £19k and total income being 9.6% above target which resulted in a £141k surplus. He stated that there had been an increased investment in stock, but with a related reduction to transport costs. The Committee requested that greater clarity was required in future reports to explain the figure of total income as it related to turnover information provided.

The Joint Committee thanked the Officers for their efforts in producing a surplus.

The Joint Supplies Service Manager provided the Joint Committee with an update on the service performance indicators which had seen an above target level being achieved in product availability, debt management and creditor payments over the full trading year. He stated that the stockholding value was higher but it was all saleable. The issue of obsolete stock was being addressed with it being sold back to the suppliers or being disposed of.

The Committee requested that the ratio of the use of the purchase cards for sales be included in future reports on key performance indicators.

The Joint Supplies Service Manager reported on a summary of sickness absence for the current year to 29 February 2012. The absence level included three long term absences totalling 223 days, with overall absence of 323 days, compared to 282 days for the same period last year. This represented an average of nine days per person, compared to three days per person for short-term absence only. The cost of sickness absence, including both contractual sickness payments and the provision of any additional resource cover requirements to meet service performance demands at actual salaries is £27,759. The Joint Committee

expressed concern at the cases of long term sickness absence and whether the employees had returned to work prior to their sickness pay coming to an end. The Joint Committee also asked whether the HR processes in relation to the long term absences had been followed within Bridgend County Borough Council. The Joint Supplies Service Manager confirmed that the Council's HR policy had been followed and also confirmed that all the sickness absence was certificated, Occupational Health was involved throughout the absence periods. He highlighted the reasons for the long term absences. The Joint Committee was informed that Bridgend County Borough Council has a rigorous attitude to sickness management with reports being presented on sickness absence levels to the Authority's Quarterly Business Review. In response to a question from the Joint Committee, the Joint Supplies Service Manager confirmed that he or the line manager undertook return to work interviews with the employees.

The Joint Committee requested that an analysis be reported to the next meeting of the Joint Committee showing the action taken by management and HR/Occupational Health in relation to the cases of long term sickness absences in the Joint Supplies Service. A comparison with the sickness absence statistics and practice for BCBC is to be included in the next report to the Joint Committee.

The Joint Supplies Service Manager reported that the Committee reviews annually and authorises posts within the Service structure along with authority to enter into contracts for the purchase of goods and purchases. The requirement, effectively, reflects the day to day purchase practice of requirements for which the majority are included in formal framework contract arrangements. He stated that the outcome of the review of the Joint Supplies Service was likely to impact upon designated posts and it was proposed to maintain the existing structure of 'authorised posts', for the interim period and review further following completion of the Service reorganisation.

The Joint Supplies Service Manager also reported on the process of stock rationalisation which was being implemented as part of the change process. The disposal could include the sale of designated products of members of staff. The Joint Supplies Service had 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. The value of the residual obsolete stock is £2,445, comprising 106 product lines and their sale is currently being progressed by advertisement to customers on the Joint Supplies web site until the end of April, as the preferred option for disposal. Any residual items remaining after this date were intended to be made available to staff of the four authorities, where appropriate, by way of the respective council web sites.

The Joint Supplies Service Manager reported that the marketing strategy of the Service included an objective of promoting the use of the Joint Supplies Service web site to facilitate operational efficiencies. The Joint Committee had 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 the ordering of goods. The planned process of implementation included consultation with schools, the SIMS system supplier and officers of the four authorities. This process had produced an outcome which had not supported the expectations and financial objectives of the Joint Supplies Service relative to the project. Also, the large scale commitment of schools to utilise the enhanced facility has not been achieved and this would require further marketing. He stated that the investment and annual operating costs as

determined by the SIMS system supplier were higher than anticipated. Authorities were 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 potentially used to replace the transaction processing element of SIMS within schools. Dialogue was still continuing with schools and authorities as part of the modernisation strategy of the organisation. The Joint Supplies Service Manager considered that it was not appropriate to proceed with this development at this time, with the project being incorporated with the review of the Service back office IT system being undertaken by the Officer Group. The Joint Committee considered that this be undertaken as part of the review of the Service and requested that the Officer Working Group report on this issue at the next meeting of the Joint Committee. The Head of Procurement Caerphilly County Borough Council considered that it was essential for the Officer Group to have sight of the data collected from the consultation with schools and the four authorities prior to it being presented to the Joint Committee. The Officer Group needed to be aware of the nature and level of liaison within the four authorities so that it was in line with Corporate Governance arrangements. Members of the Joint Committee stressed the importance of the Officer Group reporting to the next meeting of the Committee with a recommendation on whether or not to proceed with the web site to facilitate operational efficiencies. The Head of Procurement Rhondda Cynon Taf County Borough Council commented on the need for officers to review the volume of transactions made electronically. The Assistant Chief Executive - Performance commented on the need for the Officer Group to progress the issue of the web site and the interface with the schools via SIMS to be considered alongside the COA system integration issue that was currently being explored.

The Joint Supplies Service Manager reported on a schedule of proposed meetings of the Joint Committee for 2012/13, which had been 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.

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

The Joint Committee requested that dates of the Officer Group meetings be reported to the next meeting of the Joint Committee, with meetings being scheduled to take place in advance of each of the Joint Committee's Meetings.

- RESOLVED:**
- (1) That the Joint Committee noted the report of the Performance Review.
 - (2) That greater clarity is required in future reports to explain the figure for total income as it relates to trading turnover.
 - (3) That the Joint Committee thanked the Officers for their efforts in producing a surplus.
 - (4) That the ratio of the use of purchase cards for sales be included in future reports on Key Performance Indicators.

- (5) That an analysis be reported to the next meeting of the Joint Committee showing the action taken by Management/HR Occupational Health in relation to the cases of long term absences in the Joint Supplies Service with comparisons being shown in relation to the action taken in similar cases of long term absences in other Departments in Bridgend County Borough Council.
- (6) That the development of the web site to facilitate operational efficiencies be not proceeded with at this time, with the project being incorporated within the review of the Service back office IT system and the Officer Group report on this issue to the next meeting of the Joint Committee.
- (7) That dates of the Officer Group meetings be reported to the next meeting of the Joint Committee.

191 PROGRESS REPORT ON THE IMPLEMENTATION OF THE REVIEW OF THE JOINT SUPPLIES SERVICE

The Treasurer reported on an update in relation to the progress being made with the implementation of the recommendations approved by the Joint Committee at its meeting on 16 February 2012. He was aware that the Officer Group had met since the last meeting of the Joint Committee and there was a need for the Officer Group to have full involvement in the Development Action Plan which was submitted to the Joint Committee. He stated that the majority of the elements within the plan had been agreed and implementation commenced and a summary of progress being made on each action was presented. Individual actions were being undertaken concurrently by the Joint Supplies Service and Bridgend County Borough Council Officers.

The Treasurer reported that the review identified the need to explore integration of the business systems used by the Joint Supplies Service and BCBC as the host authority. Initial investigations with the system provider COA indicates that the system functionality offered by them (via COA financials) is similar to the current Syspro products used. He outlined the outcome of the discussions with COA who are also currently engaged in further talks regarding the functionality and interfaces for the system, with arrangements being made to test the application. The annual licence fee for using the COA modules is likely to be lower than the current fee paid to Syspro, however this may be partially offset by extra recharges for invoice distribution, debt collection and central support. Officers were now exploring the cost implications of migration in greater detail and will prepare a business case to highlight costs and benefits, which will be presented to the next meeting of the Joint Committee.

The Treasurer stressed the need for a facility for e trading and for Officers to see the system being demonstrated and that change had to be for the right reasons for the business. There was a need to undertake an analysis on strengths and weaknesses of the system. The Joint Committee considered the need for user input into the process from schools and mainstream services on the interface with COA and that the Officer Group be involved in the discussions on what the COA system modules can offer, particularly in relation to the interface with their authorities and schools. The Joint Committee requested that a report on the COA system be presented to the next meeting of the Joint Committee, with it having been endorsed by the Officer Group.

The Treasurer to the Joint Committee reported that following discussions between Officers of all four authorities, a slightly modified organisational structure was proposed, consistent with the Officers report recommendation of a two-group organisation with a reduced number of staff and consequent financial savings. As a result of those discussions on the operational needs and reflecting on the importance of strengthening the marketing function, a Senior Marketing Officer post was proposed in this area, reporting to the Business Operations Manager, with a vacant sales assistant post providing the majority of the budget needed for this post. Formal consultation with Joint Supplies Service staff and staff representatives was scheduled to commence on the 19 April 2012, to involve weekly meetings with staff over a period of four weeks. The Treasurer commented that informal consultation had been undertaken with staff and the trade unions. He stated that there was a need to capitalise on the skills within the organisation in order to take the organisation forward. The Joint Supplies Service Manager commented that the deferred reduction of operational posts pending the outcome of reviews of the transport and warehouse storage operations would go a long way to keeping the staff on board. The restructure was intended to produce savings of a possible £120k per annum throughout the organisation. The Joint Committee commented that it was pleased that the marketing function was being addressed. The Joint Committee requested that it be provided with a briefing following the first consultation with staff and trade unions on the new organisational structure.

The Treasurer to the Joint Committee reported on the operational process used which identified that efficiencies may be secured from within the warehouse and distribution function as a consequence of the introduction of revised working methodologies and practices. Opportunities would be identified for optimising the use of resources within a transport consultancy being engaged to undertake detailed analysis and develop distribution modelling options. This project had commenced and the final report was scheduled to be presented by 19 April 2012. A similar approach would be considered for the review of the existing storage and in stores operational practice, to identify opportunities to improve operational processes and equipment. In the interim period, JSS Officers were meeting with other Welsh public sector colleagues who maintain similar storage and distribution facilities to identify what lessons can be learnt from their arrangements. The Joint Committee expressed their disappointment at the commissioning of a consultant to undertake a detailed analysis and develop distribution modelling options and that there was no expertise amongst the four authorities to undertake this review. The Treasurer informed that the four authorities did not have the expertise or software required to undertake the transport and logistics review, however the review of the warehouse storage/in-house operation could be undertaken amongst the four authorities. The Joint Committee stressed the importance of the transport and logistics consultant being given terms of reference and a start and end date for reporting on the review. The Treasurer commented that the brief to the consultant had been agreed by the Officer Group. The Head of Procurement, Caerphilly County Borough Council confirmed that there was no expertise or software in-house to undertake the logistics and transport review and therefore the Officer Group had agreed to engage a consultant. She believed that there was expertise in-house to undertake the review of the stores facility. On the transport and logistics review, there was a need to have an independent and unbiased view on future delivery arrangements.

The Treasurer reported that the existing Marketing Strategy was being reviewed to reflect consideration of the way forward for potential growth included in the Officers Report to the Joint Committee. An on-line customer survey was initiated during March to be concluded later this month and the outcome of this work would

support the development process. The future strategy was expected to be significantly impacted by the outcome of the Value Wales National Procurement Service review of common and repetitive spend which is scheduled to complete and report during June 2012. A report on the Joint Supplies Service marketing strategy will be reported to the Joint Committee following publication of the national report.

The Treasurer to the Joint Committee reported on the need for the existing joint agreement between the four authorities to be reviewed and updated and Legal Officers from each of the authorities were being engaged to undertake the process with an expectation of an early conclusion. The draft revised Agreement was scheduled for consideration by the Joint Committee and will also require the approval of each authority within the respective processes of each Council.

The Treasurer also reported that the review of the current stocked range in line with the principles and recommendations of the Business Review report was to begin in May 2012, though the disposal of obsolete stock had been in process since February. The Head of Procurement, Caerphilly County Borough Council commented on the need for a commitment from customers to take committed stock.

The Treasurer further reported that the reconstruction of the Joint Supplies Service Business Plan was planned to begin later this month as with the marketing strategy, its final content will be influenced by the outcome of the Value Wales National Procurement Service review project. The Business Plan, for a three year period to March 2015 will be presented to the Joint Committee once consideration has been given to the national report.

The Treasurer informed the Committee that a joint e:tendering project was to be undertaken between Bridgend County Borough Council's Procurement Section and Joint Supplies Service Officers commencing in August 2012. The outcome of the Value Wales Review of common and repetitive spend will potentially have a significant impact upon the existing Catalogue Supplies arrangement of the Service. Officers would be assessing the implications for the future direction and operation of the JSS as soon as the national is published.

- RESOLVED:**
- (1) That the Committee receive and consider the progress report on the Review.
 - (2) That there is input from users on the interface with COA and a report on the COA system be presented to the next meeting of the Joint Committee, with it having been endorsed by the Officer Group.
 - (3) That the Joint Committee be provided with a briefing following the first consultation meeting with staff and trade unions on the new organisational structure.
 - (4) That a copy of the brief to the Consultant engaged to undertake the transport and logistics review be provided to Councillor Willis.
 - (5) That a meeting of the Officer Group be arranged to consider the report of the Consultant on transport and logistics.

192 VOTE OF THANKS

The Joint Committee thanked Mr David MacGregor for the expertise he had brought to the role as Treasurer of the Joint Committee and wished him well in his retirement.

The Chairperson on behalf of the Joint Committee thanked all staff who had been involved in the review which was being undertaken during a period of difficulty for the service. He thanked the Joint Supplies Services Manager for his advice to the Joint Committee and the Head of Procurement of Caerphilly County Borough Council who had taken forward the review of the Service and delivered the Officer Group report. He also thanked the members of the Joint Committee for their participation and for bringing their expertise to the business which would serve the organisation well in the future.

Members of the Joint Committee complemented the Chairperson on the excellent way in which he had chaired meetings of the Joint Committee.

The meeting closed at 12.26pm.