

# **BRIDGEND COUNTY BOROUGH COUNCIL**

## **CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE**

**24 JANUARY 2013**

### **REPORT OF ASSISTANT CHIEF EXECUTIVE – PERFORMANCE**

#### **UPDATE ON SERVICE TRADING AND OPERATIONAL PERFORMANCE; THE BUSINESS REVIEW REPORT AND PRESENTATION OF REVENUE BUDGET 2013/14**

#### **1. Purpose of Report**

The purpose of the report is to appraise Members of the Service trading and operational performance during the year to date, to update the Joint Committee of the progress being made with the implementation of the approved Business Review report and to present the revenue budget for 2013/14 for the consideration and approval of the Joint Committee.

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

- 2.1 The Joint Supplies Service (JSS) provides a purchasing and supply function 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 JSS provides a single-source supplies 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 customers and schools through economies of scale. The Joint Supplies Service Committee endorsed the findings of an Officer review requiring the Service to modernise and consolidate aspects of its business operations in order that it can meet the expectations of the four participating authorities and respond to the changing public sector supply environment.

#### **4. Current Position**

##### **4.1 Performance Review – April-December 2012/13**

#### 4.1.1 Service Turnover

2012/13 April-December (week 39)

As part of the regular reports to the Joint Committee, the value of Service sales turnover for the relevant period, as measured against the sales target (together with comparison to the same period last year) is outlined below.

The period to the end of December has been positive with sales above target being evident as summarised in the following tables with some growth in the use of the JSS arrangements by schools in adjacent authority areas.

**Table 1: Turnover to date (Order book)**

|                  | Actual<br>April-Dec<br>2011/12 | Target<br>April- Dec<br>2012/13 | Actual<br>April-Dec<br>2012/13 | % Actual to<br>target |
|------------------|--------------------------------|---------------------------------|--------------------------------|-----------------------|
|                  | £,000                          | £,000                           | £,000                          |                       |
| Catalogue Stores | 3,136                          | 3,257                           | 3,302                          | +1.4%                 |
| Catalogue Direct | 1,402*                         | 1,246                           | 1,275                          | +2.3%                 |
| <b>Totals</b>    | <b>4,538</b>                   | <b>4,503</b>                    | <b>4,577</b>                   | <b>+1.6%</b>          |

\*Includes major school project, as below.

**Table 2: Turnover (Order book) – Full Year Comparison**

|       | Actual<br>2011/12 | Full-Year<br>Target<br>2012/13 | Actual to<br>December<br>2012/13 | Variance | % of Target<br>to be<br>achieved in<br>remaining<br>13 wks |
|-------|-------------------|--------------------------------|----------------------------------|----------|--|
|       | £,000             | £,000                          | £,000                            | £'000    |  |
| Total | 6,200             | 6270                           | 4,577                            | 1,693    | 27%  |

**Table 3: Turnover (Order book) by Customer Area (to December)**

| Year    | Bridgend | Caerphilly | Merthyr Tydfil | Rhondda Cynon<br>Taf |
|---------|----------|------------|----------------|----------------------|
|         | £,000    | £,000      | £,000          | £,000                |
| 2012/13 | 878      | 1073       | 314            | 1661                 |
| 2011/12 | 1067*    | 996        | 310            | 1602                 |

| Year    | Cardiff | Neath-Port<br>Talbot | Swansea | Vale of<br>Glamorgan | Other |
|---------|---------|----------------------|---------|----------------------|-------|
|         | £,000   | £,000                | £,000   | £,000                | £,000 |
| 2012/13 | 177     | 69                   | 104     | 95                   | 167   |
| 2011/12 | 157     | 78                   | 101     | 67                   | 153   |

\*Turnover during 2011/12 included a major school 'new build' project in Bridgend, involving the supply of furniture and equipment by the Joint Supplies Service.

**Table 4 – Category Turnover, April – December**

| Product Category                 | 2011/12<br>£'000 | 2012/13<br>£'000 | %Variation<br>(to previous<br>year) | Income Recovery<br>2012/13<br>£'000 |
|----------------------------------|------------------|------------------|-------------------------------------|-------------------------------------|
| Art & Craft                      | 474              | 483              | +1.9%                               | 123                                 |
| Audio Visual                     | 46               | 12               | -73.9%                              | 2                                   |
| Books & Paper                    | 732              | 751              | +2.5%                               | 162                                 |
| Canteen & Cutlery                | 48               | 43               | -10.0%                              | 12                                  |
| Carpets, Curtains &<br>Textiles  | 191              | 151*             | -20.4%                              | 19                                  |
| Computer Supplies                | 11               | 14               | +36.7%                              | 3                                   |
| Schools Early Years              | 142              | 170              | +20.0%                              | 29                                  |
| Electrical Supplies              | 109              | 125              | +15.3%                              | 25                                  |
| First Aid Equipment              | 113              | 114              | +0.9%                               | 37                                  |
| Janitorial                       | 988              | 1,103*           | +11.5%                              | 279                                 |
| Protective Clothing              | 70               | 78               | +10.3%                              | 18                                  |
| Residential Furniture            | 25               | 57               | +126.4%                             | 7                                   |
| Schools/Office Furniture         | 809              | 643              | -20.4%                              | 77                                  |
| Sports Supplies                  | 81               | 66               | -17.7%                              | 15                                  |
| Stationery & Office<br>Equipment | 696              | 767              | +10.0%                              | 199                                 |
| <b>Total</b>                     | <b>4534</b>      | <b>4,577</b>     | <b>+0.9%</b>                        | <b>1,007</b>                        |

\*Includes revised categorisation of some product lines

#### 4.1.2 Summary Financial Position at 31st December 2012.

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

**Table 5 - Comparison of budget against projected spend at 31st Dec 2012**

| Expenditure Group | Budget<br>2012/13<br><br>£,000 | Adjusted<br>Actual to 31<br>Dec 2012<br><br>£,000 | Projected<br>Outturn<br>2012/13<br><br>£,000 | Projected<br>Over/(Under)<br>Spend<br>2012/13<br><br>£,000 |
|-------------------|--------------------------------|---|--|--|
| Employees         | 910                            | 698   | 890  | (20)   |
| Supplies/Services | 164                            | 145   | 184  | 19   |
| Transport         | 109                            | 76  | 104  | (4)  |

|                          |             |              |              |             |
|--------------------------|-------------|--------------|--------------|-------------|
| Premises                 | 87          | 68           | 89           | 2           |
| Finance/Support Services | 38          | 29           | 38           | 0           |
| <b>Total Expenditure</b> | <b>1308</b> | <b>1016</b>  | <b>1305</b>  | <b>(3)</b>  |
|                          |             |              |              |             |
| Trading                  | 1,250       | 1,039        | 1,285        | (35)        |
| Non Trading              | 135         | 86           | 115          | 20          |
| <b>Total Net Income*</b> | <b>1385</b> | <b>1,125</b> | <b>1,400</b> | <b>(15)</b> |
|                          |             |              |              |             |
| <b>Deficit/(Surplus)</b> | <b>(77)</b> | <b>(109)</b> | <b>(95)</b>  | <b>(18)</b> |

#### 4.1.2.2 Reasons for variation between budget and expenditure/income

- A projected under-spend of £20k in the Employee budget as a consequence of delayed/deferred filling of vacancies during the period of service process and structure change.
- A projected over-spend on Supplies & Services (£19k) as a consequence of an intention to finance the Phase 1 modernisation investment (£29k to date) from within the overall Service revenue budget and consequently not utilising the accumulated reserves as originally planned. The funding of an external review and report on the JSS distribution service, which was not included in the budget, also contributes to the projected outturn sum.
- A projected under-spend on Transport (£4k) in respect of budget contingency provision and reduced travel expense expenditure.
- A projected increase (£2k) on the Premises budget to finance changed practice within the warehouse to support Health & Safety enhancements.
- A projected under-recovery of non-trading income (£20k) as a consequence of reduced catalogue-production related income reflecting a decision by the JSS trading-partner, Cardiff Council Supplies, not to participate in next year's catalogue production arrangements together with reduced catalogue-supplier support contributions.
- A projected increase in trading income (£35k), reflecting turnover/income during the year to date and anticipated continued levels of trading activity.

4.1.2.3 The accumulated reserves of the Joint Service were £672k at the 31<sup>st</sup> March 2012, which are projected to increase to £767k at the 31<sup>st</sup> March 2013 reflecting trading performance during the year.

### 4.1.3 Service Performance Indicators

Monitoring reports are presented to the Joint Committee in relation to core performance indicators of the Service, with the following summary information provided for the year to 31 December, together with the final outcomes for 2011/12 for comparison.

**Table 6 - Service Performance Indicators for 2012/13**

| Performance Indicator   | Service Target                              | 2011/12<br>(Full Year)       | 2012/13<br>(To 31 Dec)      |
|---|---|------------------------------|-----------------------------|
| <b>Product Availability</b><br>Average stock level available for customers on first request | 96%   | 97.2%                        | 96.76%                      |
| <b>Stockholding Value</b><br>Average stock value retained during the trading year.          | 8 weeks stock equivalent                    | 9.1 weeks<br>(£546k)         | 9.3 weeks<br>(£585k)        |
| <b>Debt Management</b><br>Owed debt to the JSS during trading year                          | Not greater than<br>5.5 weeks credit income | 4.1 weeks<br>(Average £511k) | 3.9 weeks<br>(Average 458k) |
| <b>Creditor Payments</b><br>Supplier payments within the legislative payment period         | 97.5%                                       | 98.58%                       | 99.06%                      |

### 4.1.4 Absence Monitoring April- December 2012/13

4.1.4.1 A summary of sickness absence for the current year to 31 December is detailed below for information.

**Table 7 - Absence Monitoring to 31st December 2012**

| No. of days absence                 | Average no. of days per person |
|-------------------------------------|--------------------------------|
| 292 (262)                           | 8.4 (3.1 excl. long-term)      |
| <i>(Previous year in brackets.)</i> |                                |

4.1.4.2 The absence level includes five long-term absences totalling 200 days within the overall absence of 292 days and compares to 262 days for the same period last year. Three of the officers have left the Service during the year with the other officers having returned to work.

4.1.4.3 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 demands. For the information of Members

the assessed overall cost of sickness absence as above, at actual total salary/temporary replacement costs is £28,320.

#### **4.1.5 Electronic Transactions**

- 4.1.5.1 A strategic objective of the Joint Service, as part of the e-supply programme, is the increase and enhancement of electronic transacting with customers, to include e-ordering, e-sales invoicing/payment and e-communications generally, to provide current and easily accessible information and enhanced marketing opportunity.
- 4.1.5.2 The key components in the development are the JSS interactive website, the national public sector xchangewales portal and the enhancement of the Service back-office IT system.
- 4.1.5.3 Periodic reports are presented to the Joint Committee appraising Members of the progress of the e-supply objective and a summary of the current position for the April-December period is provided below together with details of the last reported period for comparison.
- 4.1.5.4 As is indicated, the proportion of e-sales transactions has increased from 33% to 40% of total transactions during the year to date.

**Table 8 - Sales Order Analysis**

| <b>Transaction Medium</b>    | <b>April/Dec 2012/13</b> | <b>April/Aug 2012/13</b> |
|------------------------------|--------------------------|--------------------------|
| Xchangewales                 | 31.3%                    | 24.2%                    |
| JSS Web Site                 | 9.7%                     | 8.8%                     |
| Other – fax, mail, telephone | 59.0%                    | 67.0%                    |

#### **4.2 Proposed Revenue Budget 2013/14**

- 4.2.1 Members will be aware the conclusions of a Service Business Review undertaken during 2012 are being implemented presently and the proposed budget for 2013/14 has been prepared to reflect the principles of the Review, the operational efficiencies introduced to date and future anticipated, together with the financial objectives of the Service encapsulating the change process.

- 4.2.2 The budget for 2013/14 reflects the full-year financial implications of the restructuring of the organisation completed at the end of 2012, with the consequential reduction to employee costs. Members would need to note the employee budget for 2012/13 was increased, by agreement, to accommodate the early retirement of two officers as part of the restructuring process (£25k net). The estimate includes provision for pay negotiations associated with the NJC pay claim.
- 4.2.3 Similarly, projected reduced expenditure to non-employee costs as a consequence of the efficiencies programme has been factored into the Supplies and Services cost base.
- 4.2.4 A specified objective of the Joint Service is to attain an annual income surplus to facilitate both future reinvestment in the Service and also to provide contingency funding. The accumulated reserve at the 31<sup>st</sup> March was £672,000 with an expectation of the reserve increasing to £767,000 at the 31<sup>st</sup> March 2013 reflecting the current trading year projection.
- 4.2.5 At the same time, there is an essential expectation of customers, the joint managing authorities and the Joint Service itself to maintain and wherever possible improve the competitiveness of catalogue selling prices, particularly with the enhanced level of market interest in the Joint Service customer portfolio as reported to the last meeting of the Committee.
- 4.2.6 The income-surplus target included in the budget for 2013/14 has therefore been constructed to incorporate both these objectives, with a 1.5% (of turnover) surplus included, to provide a £95,000 trading return during 2013/14, increasing the accumulated reserve to £862,000\* gross at the 31<sup>st</sup> March 2014. (The same strategy would result in an accumulated reserve of £957,000\* gross at the end of the current Business Plan period in March 2015 with the same level of trading activity over the next two financial years).
- 4.2.7 This approach will also provide for the reduction of catalogue selling prices by approximately £100,000 derived-income during 2013/14, equivalent to a 1.5% reduction to prices overall, structured within specific catalogue product categories.

4.2.8 The proposed budget includes inflationary increases on expenditure in relation to employee, contractual and other commitments.

4.2.9 The budget does not include provision for the financial implications arising from Job Evaluation, which has not been finalised at this time, though the preliminary projections are that the costs to the Joint Service would not be significant and the funding source would be assessed at the time of completion.

\*Excludes further investment funding.

**Table 9 – Proposed Revenue Budget 2013/14**

| <b>Category</b>         | <b>Budget<br/>2012/13<br/>£'000</b> | <b>Revised<br/>Budget<br/>2012/13<br/>£'000</b> | <b>Pay &amp;<br/>Price<br/>Inflation<br/>£'000</b> | <b>Committed<br/>Growth<br/>£'000</b> | <b>Budget<br/>Reductions<br/>£000</b> | <b>Budget<br/>2013/14<br/>£000</b> |
|-------------------------|-------------------------------------|---|--|---------------------------------------|---------------------------------------|------------------------------------|
| Employees               | 885                                 | 910   | 6  | 0                                     | 103                                   | 813                                |
| Premises                | 87                                  | 87  | 3  | 4                                     | 0                                     | 94                                 |
| Transport               | 111                                 | 109   | 3  | 0                                     | 2                                     | 110                                |
| Supplies & Services     | 155                                 | 155   | 4  | 0                                     | 14                                    | 145                                |
| Third Party<br>Payments | 9                                   | 9   | 0  | 0                                     | 0                                     | 9                                  |
| Support Services        | 38                                  | 38  | 1  | 0                                     | 0                                     | 39                                 |
| <b>Total</b>            | <b>1285</b>                         | <b>1308</b>                                     | <b>17</b>  | <b>4</b>                              | <b>119</b>                            | <b>1210</b>                        |
| <b>Income</b>           | <b>1315</b>                         | <b>1385</b>                                     |  |                                       | <b>80</b>                             | <b>1,305</b>                       |

4.2.10 The budget is recommended for acceptance by the Joint Committee.

### **4.3 Development Action Plan – Implementation Progress**

The implementation of the Service change has been incorporated into a Development Action Plan and a summary of progress since the last meeting is provided on the attached Appendix 1, with more-detailed



commentary provided below. The Action Plan provides for twelve core areas of development and change.

#### **4.3.1 Organisation Structure**

4.3.1.1 Implementation of the new Service structure has proceeded since the last meeting with all post appointments and staff placements having been completed since the last meeting.

4.3.1.2 The transfer and alignment of new responsibilities and amalgamation of the previous service units into the two new business groups has been finalised and the new structure is operational.

4.3.1.3 The planned reduction of three posts (to 33 posts) has been implemented with the associated voluntary redundancies of two officers being completed on 31st October. The third post, non-filled, has been deleted from the structure.

#### **4.3.2 Operational Processes Review - Transport**

4.3.2.1 At the last meeting, three options which had been identified as the way forward for the JSS distribution service were outlined, with a recommendation by JSS Officers to trial the option of extending vehicle monitoring and other operational process changes.

4.3.2.2 This option required minimal cost investment and provided opportunity for potential efficiency improvements whilst also supporting the collection of information relevant to the longer term development of the distribution function.

4.3.2.3 This information had not been available at the time of the previous review undertaken last year.

4.3.2.4 The three-month trial period has completed and whilst improved vehicle monitoring, operational-change processes and extended vehicle utilisation have been introduced, the outcome had not produced a reduction to the number of operational transport units or subsequently costs during the period.

4.3.2.5 An early conclusion from the project was the recognition of the complexity of the transport planning function being undertaken as a daily manual process, noting the relevant information to be assimilated within the limited timescales available.

4.3.2.6 The introduction of vehicle routing and utilisation software, as identified in the consultancy report, potentially would considerably support both

the distribution function and also the efficiencies objective, though there is an annual additional cost to such an acquisition of approximately £10,000.

- 4.3.2.7 Relevant to the assessment is the Business Plan objective of further expanding the customer portfolio of the JSS, into areas immediately beyond the existing distribution structure with the marketing of the Service already in place.
- 4.3.2.8 There are service delivery implications for the objective which, subject to the level of take-up by new customers, has been provisionally planned to be provided by a combination of expanded in-house resource together with the increased use of an, informal arrangement with a transport carrier
- 4.3.2.9 In considering both of the above, the conclusion of JSS Officers is that the future distribution structure of the Service should, subject to financial considerations, comprise both an in-house resource together with a distribution-partner to provide both a regular transport facility, with the additional advantage of access to a resource to support the flexibility required in the function.
- 4.3.2.10 It is estimated the external distribution partner could undertake up to 50% of the existing and future transport service.
- 4.3.2.11 It is therefore proposed to invite tenders for this requirement, to assess the operational and financial benefits which would accrue (or otherwise).

### **4.3.3 Operational Processes Review – Warehouse and Storage**

- 4.3.3.1 The report to the last meeting detailed the expectations arising from changes to operational practice being introduced to support a reduction to the volume of resources used within the warehouse as a consequence of improvements to designated work areas.
- 4.3.3.2 The early outcome of the project has been encouraging, with the withdrawal of an average sixty hours support resource to the warehouse function being introduced (following the early retirement of an officer) and a reduction in recorded manual errors of 7% during October/November.
- 4.3.3.3 Monitoring of the exercise is continuing and further reports will be presented to the Joint Committee.

#### **4.3.4 Modernisation Programme – IT System**

- 4.3.4.1 Since the last meeting, the first phase of the Modernisation/IT programme has progressed with the upgrade of the JSS back-office system being completed and the roll-out of the particular applications commencing, to include software testing, documentation and process review and problem-resolve.
- 4.3.4.2 The first application, Automail, which will provide a fully automated electronic communications transfer of core financial and purchasing transaction documents has been successfully commissioned and progressively introduced. The application provides an e-purchase order function together with an e-sales invoice facility. Both developments are operational, with 280 (of 540 school customers) now receiving e-invoices as part of the first-phase group of customers.
- 4.3.4.3 Completion of this particular customer group roll-out is scheduled for January, with expansion to other customers to follow during next month.
- 4.3.4.4 The other phase-1 IT development applications are nearing completion, with joint working between the Joint Service and system supplier, specifically, Contact Management, Automatic Stock Purchase Ordering and Purchase Card Posting.
- 4.3.4.5 The planned upgrade and replacement of all computer hardware was completed during November.
- 4.3.4.6 The development of the final phase-1 application, the SIMS/Web alignment has not yet commenced and may require additional resource to implement and is therefore expected to initiate development next month, following the completion of the other current implementation work. JSS Officers will assess the resource requirement and financial implications over the next few weeks, which it is anticipated will be achieved from within the existing revenue budget or accumulated reserves earmarked for modernisation investment.

#### **4.3.5 Marketing Strategy**

- 4.3.5.1 The enhanced Marketing Strategy, reflecting the recommendations of the Business Review, was presented to the last meeting of the Joint Committee.
- 4.3.5.2 Implementation of the way forward has continued, to include the continuing production of the 2013/14 Supplies Catalogue, regular sales and marketing promotions, with the enhanced customer communications with the designated target customer group.
- 4.3.5.3 The level of sales-related activity has been supplemented with the recent recruitment of a sales resource, within existing budget provision, earlier this month. The new post of Senior Marketing Officer will not be

filled during the period and until further assessment of operational requirements.

4.3.5.4 Monitoring of the marketing/sales initiatives is integral to the marketing strategy and a progress update will be presented to the next and future meetings of the Joint Committee.

4.3.5.5 Previous reports have advised the future direction and marketing strategy of the organisation will be potentially impacted by the outcome of the Welsh Government (Value Wales) National Procurement Service review of common repetitive spend, which will be discussed separately at this meeting.

#### **4.3.6 Constitution – Joint Agreement**

4.3.6.1 As reported previously, the existing Joint Agreement between the four authorities requires reviewing and updating, with the objective of a new document being introduced.

4.3.6.2 Since the last meeting, BCBC Officers have continued to review the planned changes to the Agreement and a formal consultation process with the designated staff has commenced and is continuing presently.

4.3.6.3 The outcome of the review will require consideration by the Joint Committee and also the approval of each authority within the processes of each Council.

4.3.6.4 Progress reports will be presented to future meetings of the Joint Committee.

#### **4.3.7 Catalogue Product Range Review**

4.3.7.1 The preliminary review of the catalogue-stores product range commenced towards the end of 2011/12 with the enhanced assessment and deletion of obsolete and low turnover products sales lines as determined by previous JSS guidelines.

4.3.7.2 The Business Review report proposed consideration of future changes to the catalogue-product range, as part of the modernisation programme, measured against a financial criteria of specified low turnover value and/or with the objective of reducing inventory value.

4.3.7.3 Preliminary review and assessment of this recommendation has commenced though has not yet proceeded to a position of completion at this time as a consequence of operational priorities and resource availability, with the project work continuing currently.

4.3.7.4 The initial assessment is that significant income loss could arise in the 'worst case' situation which, together with recognition of the increased market competition which has developed over the last six months and the consequential increased risk to both financial viability and customer retention, is such that careful detailed assessment of the proposal is essential.

4.3.7.5 The 2013/14 catalogue production timescales together with the structural and operational change processes within the Service during the last months have been such that the planned objective of completing the review by this month has not been achieved and a full report will be presented to the next meeting.

#### **4.3.8 JSS Business Plan**

4.3.8.1 The Business Plan report was presented to the last meeting of the Joint Committee, being constructed on the basis of a three-year business period to March 2015 reflecting the recommendations of the Business Review.

4.3.8.2 The business planning incorporates the planned service-provision portfolio, the core theme of modernising the Service, the changing supplies environment in which the JSS competes and recognises the potential implications and uncertainty arising from the National Procurement Service initiative, issues which have been discussed previously in this report.

4.3.8.3 The proposed financial strategy for the remaining two years of the Plan, to March 2015, as reflected in the 2012/13 and 2013/14 business reports presented to the Committee earlier at this meeting, if agreed, will impact upon the three-year budgetary profile included in the Business Plan.

4.3.8.4 A summary of these proposed changes are included in Appendix 2 to this report.

#### **4.3.9 National Procurement Service**

4.3.9.1 Expressions of interest to host the National Procurement Service have been submitted by three parties -Value Wales, Welsh Health Supplies and Powys County Council.

4.3.9.2 These bids are being evaluated with a recommendation being presented to the Procurement Board on the 23<sup>rd</sup> January, the outcome of which will be made known during early February.

4.3.9.3 A consultant from Capita has been appointed on a part-time basis to identify contractual 'early' wins and to produce an implementation plan for the National Procurement Service.

4.3.9.4 Further update reports will be presented to the Joint Committee.

#### **4.3.10 Procurement Strategy**

4.3.10.1 A Procurement Strategy review has been developed by BCBC and JSS Officers, which further aligns the Joint Service with the strategy and practice of the host authority.

4.3.10.2 The draft strategy document is being considered by joint officers presently.

### **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 and agree the recommendations of paragraph 4.2.10 of the report, namely to agree the proposed budget for 2013/14, and paragraph 4.3.2.11 of the report, to invite tenders for a distribution-partner.

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**Background Documents:**

None other than identified within the report.

## Appendix 1

### County Borough Supplies

#### Development Action Plan 2012/13

| Action  | Responsible Officer (s) | Start Date | Completion Date | Progress   | Dependencies                  |
|---|-------------------------|------------|-----------------|------------|-------------------------------|
| <b>Organisation Structure</b>                     |                         |            |                 |            |                               |
| Finalise structure                                | DM/JF/PH                | Feb 12     | Mar 12          | Completed  |                               |
| Staff Consultation                                | DM/JF                   | Apr 12     | June 12         | Completed  |                               |
| Implementation                                    | PH                      | June 12    | Sept 12         | Completed  | Consultation Outcome          |
| a) Job Descriptions                               | JF/PH                   | Apr 12     | May 12          | Completed  |                               |
| b) Displaced staff                                | JF/PH                   | July 12    | Sept 12         | Completed  |                               |
| c) Phased introduction                            | PH                      | July 12    | Dec 12          | Completed  |                               |
|   |                         |            |                 |            |                               |
| <b>Logistics</b>                                  |                         |            |                 |            |                               |
| <b>Transport</b>                                  |                         |            |                 |            |                               |
| Appoint consultant                                | JF                      | Mar 12     | Mar 12          | Completed  |                               |
| Review Process                                    | PH                      | Mar 12     | Apr 12          | Completed  |                               |
| Report Outcomes                                   | Officer Group           | Apr/May 12 | June 12         | Completed  |                               |
| Trialling/Review                                  | PH                      | July 12    | Dec 12          | Completed  | Recommendation in main report |
|   |                         |            |                 |            |                               |
| <b>Warehouse Storage/<br/>In-house Operations</b> |                         |            |                 |            |                               |
| Review Process                                    | PH                      | June 12    | July 12         | Completed  |                               |
| Completion & Report                               | Officer Group           | Aug 12     | Aug 12          | Completed  |                               |
| Implementation                                    | PH                      | Sept 12    | Nov 12          | Continuing | Note in main report           |
|   |                         |            |                 |            |                               |



|  |               |             |             |   |                                     |
|--|---------------|-------------|-------------|---|-------------------------------------|
| <b>IT Systems Review</b>                         |               |             |             |   |                                     |
| Preliminary scoping of requirements/availability | JF/PH         | Mar 12      | Apr 12      | <b>Completed</b>  |                                     |
| Assess integration requirements                  | JF/PH (IT)    | May 12      | June 12     | <b>Completed</b>  |                                     |
| Determine suitability                            | JF/PH         | June 12     | July 12     | <b>Completed</b>  |                                     |
| Assess investment and annual operating costs     | JF/PH         | June 12     | July 12     | <b>Completed</b>  |                                     |
| Assess efficiency opportunities/savings          | JF/PH         | June 12     | July 12     | <b>Completed</b>  |                                     |
| Produce Business Case (or otherwise)             | JF/PH         | June 12     | July 12     | <b>Completed</b>  |                                     |
| Progress Report to Officers/JC                   | JF/PH         | 28 June 12  | 28 June 12  | <b>Completed &amp; Decision</b>                                       | Committee Programme                 |
| Final Report to JC                               | JF/PH         | 27 Sept 12  | 27 Sept 12  | <b>Completed</b>  |                                     |
| Implementation:<br>Option 1: New system          | PH            | Jan 13      | Apr-June 13 | Not applicable  | BCBC Host system upgrade            |
| Option 2: Modernise existing system              | PH            | Aug 12      | Sept 12     | In process, progressive implementation continuing to January/February |                                     |
| Resource Implications<br>a) HR<br>b) Operational | JF/PH         | Oct 12      | Mar 13      | As Action Plan  |                                     |
|  |               |             |             |   |                                     |
| <b>Marketing Strategy</b>                        |               |             |             |   |                                     |
| Confirm JSS objectives, review existing strategy | Officer Group | June 12     | June 12     | <b>Completed</b>  | National Procurement Service Review |
| On line customer survey                          | PH            | Mar 12      | Apr 12      | <b>Completed</b>  |                                     |
| Assess/develop changes                           | PH            | July 12     | Aug 12      | <b>Completed</b>  |                                     |
| Implementation Plan                              | PH            | July 12     | Aug 12      | <b>Completed</b>  |                                     |
| Implementation                                   | PH            | Aug/Sept 12 | Mar 15      | <b>Completed</b>  | <b>Ongoing structure of</b>         |

|  |               |            |            |  |   |
|--|---------------|------------|------------|--|---|
|  |               |            |            |  | <b>implementation</b>                                 |
| Progress Report to JC                                | PH            | 28 June 12 | 28 June 12 | <b>Completed</b>   | Committee Programme                                   |
| Review business opportunities resulting from NPS     | Officer Group | Sept 12    | Dec 12     | As Action Plan<br><b>Continuing review as determined by progress of NPS implementation</b> | Report Completion/Outcome                             |
|  |               |            |            |  |   |
| <b>Constitution</b>                                  |               |            |            |  |   |
| Finalise planned changes                             | BCBC (Legal)  | June12     | Aug 12     | In Process April   |   |
| Produce draft deed of variation                      | BCBC (Legal)  | June12     | Aug 12     | As above   | Final determination of content                        |
| Obtain agreement from Legal Officers                 | BCBC (Legal)  | Aug 12     | Sept 12    | As above   | Final determination of content                        |
| Agreement of Authorities                             | Officer Group | Sept 12    | Sept 12    | As above   | Council Business Programmes                           |
| Progress Report to Joint Committee                   | Officer Group | 28 June12  | 28 June 12 | <b>Completed</b>   | Committee Programme                                   |
| Final Report to Joint Committee                      | Officer Group | 27 Sept 12 | 27 Sept 12 | Next meeting January 2013  |   |
|  |               |            |            |  |   |
| <b>Stock Range (Effective new catalogue 2013/14)</b> |               |            |            |  |   |
| Confirm requirements                                 | Officer Group | June 12    | Sept 12    | In Process   |   |
| Determine future stock range                         | Officer Group | Sept 12    | Oct 12     | As Action Plan   | National Procurement Service Review/Market Conditions |
| a) Slow-moving                                       | PH            | Oct 12     | Oct 12     | In Process   |   |
| b) Standardisation                                   | PH            | Oct 12     | Nov 12     | In Process   |   |
| Assess customer implications                         | PH            | Oct 12     | Nov 12     | In Process   |   |
| Assess alternative supply arrangements/practices     | PH            | Nov 12     | Nov 12     | Deferred (Jan-March)   |   |
| Customer communications                              | PH            | Dec 12     | Mar 13     | Deferred   |   |
| Implementation                                       | PH            | Apr 13     | Apr 13     | Deferred   | Catalogue Publication                                 |

|   |               |            |            |   |                               |
|---|---------------|------------|------------|---|-------------------------------|
| Disposal of surplus products                        |               | Jan13      | Mar13      | Deferred  |                               |
|   |               |            |            |   |                               |
| <b>Business Plan</b>                                |               |            |            |   |                               |
| Produce new business plan for next 3 years          | Officer Group | July 12    | July 12    | <b>Completed</b>  | NPS Outcome                   |
| Establish PI's and mechanism for calculating        | Officer Group | July 12    | July12     | <b>Completed</b>  |                               |
| Evaluate outcomes of NPS and impact on organisation | Officer Group | Sept 12    | Sept 12    | Continuing  | NPS Consultation Outcome      |
| Report to JC  | Officer Group | 27 Sept 12 | 27 Sept 12 | <b>Completed</b>  |                               |
| Implementation and produce revised action plan      | PH            | Sept 12    | Sept 12    | <b>Completed</b>  | <b>Subject to NPS outcome</b> |
|   |               |            |            |   |                               |
| <b>E-Tendering (Joint Project)</b>                  |               |            |            |   |                               |
| Process Review/Trialling                            | JF/PH         | Aug 12     | Dec12      | In process  |                               |
| Implementation                                      | PH            | Jan 13     | Mar 15     | As Action Plan  | Subject to Outcome            |
|   |               |            |            |   |                               |
|   |               |            |            |   |                               |
| <b>Staff Development</b>                            |               |            |            |   |                               |
| Assess requirement                                  | PH            | July 12    | Sept 12    | <b>In process but deferred (Jan-March) to align with changed BCBC Staff Appraisals programme.</b> |                               |
| Implementation                                      | PH            | Apr 13     | Mar 15     | As above  |                               |
|   |               |            |            |   |                               |
| <b>National Procurement Service</b>                 |               |            |            |   |                               |
| Assess impact of Review                             | Officers      | Sept 12    | Sept 12    | In process  | NPS Outcome                   |
| Determine way forward                               | Officers      | Oct 12     | Dec 12     | In process  |                               |
| Implementation                                      | PH            | Apr 14     |            |   |                               |

|                                    |       |         |         |                  |                              |
|------------------------------------|-------|---------|---------|------------------|------------------------------|
|                                    |       |         |         |                  |                              |
| <b>Procurement Strategy Review</b> |       |         |         |                  |                              |
| Review requirements                | PH/JF | Aug 12  | Sept 12 | <b>Completed</b> |                              |
| Finalise Outcome                   | PH/JF | Sept 12 | Sept 12 | In process       | <b>Update in main report</b> |
| Implementation                     | PH    | Sept 12 |         | In Process       |                              |
|                                    |       |         |         |                  |                              |
|                                    |       |         |         |                  |                              |
|                                    |       |         |         |                  |                              |
|                                    |       |         |         |                  |                              |

*Updated pjh 070113 (Update 7)*

## Business Plan - Financial Projection

| Service Budget Projection - 3 Year Period to 2014/2015 |         |         |         |
|--|---------|---------|---------|
| £ 000's  |         |         |         |
|  | 2012/13 | 2013/14 | 2014/15 |
| <b>Expenditure (Revenue Budget)</b>                    | 1,305   | 1,210   | 1,210   |
| <b>Income</b>  | 1,400   | 1,305   | 1,305   |
| Surplus  | 95      | 95      | 95      |
| Investment (Reserves)                                  | 0       | 88      | 0       |
| Accumulative Reserves                                  | 767     | 774     | 869     |

