

MINUTES OF A MEETING OF THE CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE
HELD IN THE COUNCIL CHAMBER, CIVIC CENTRE, MERTHYR TYDFIL COUNTY BOROUGH
COUNCIL, CASTLE STREET, MERTHYR TYDFIL ON THURSDAY, 27 JUNE 2013 AT 10.45AM.

Present:

Representing Bridgend County Borough Council

Councillor M Gregory
Councillor M Reeves

Representing Caerphilly County Borough Council

Councillor K V Reynolds

Representing Merthyr Tydfil County Borough Council

Councillor D Jones

Representing Rhondda Cynon Taff County Borough Council

Councillor C J Willis

Officers:

J Ferris - Corporate Procurement Manager	-	Bridgend County Borough Council
P Hughes - Manager, Joint Supplies Service	-	Bridgend County Borough Council
F Mantle - Finance Manager - Technical & Corporate	-	Bridgend County Borough Council
L Skilton - Business Support Manager	-	Bridgend County Borough Council
E Lucas - Head of Procurement	-	Caerphilly County Borough Council
S Phillips - Business Development Manager	-	Merthyr Tydfil County Borough Council
V Hanly - Service Director Procurement	-	Rhondda Cynon Taff County Borough Council
J Monks - Democratic Services Officer	-	Bridgend County Borough Council

34 ELECTION OF CHAIRPERSON

RESOLVED: That Councillor C J Willis was re-elected Chairperson of the Catalogue Supplies Service Joint Committee for the municipal year.

(Councillor Willis took the chair).

35 ELECTION OF VICE-CHAIRPERSON

RESOLVED: That Councillor M Reeves was re-elected Vice Chairperson of the Catalogue Supplies Service Joint Committee for the municipal year.

36 APOLOGIES FOR ABSENCE

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

Councillor C Barry	-	Other Council Business
Councillor D T Hardacre	-	Holiday
Councillor C J Middle	-	Other Council business

37 DECLARATIONS OF INTEREST

None.

38 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the Catalogue Supplies Service Joint Committee meeting held on the 28th February 2013, were approved as a true and accurate record.

39 STATEMENT OF ACCOUNTS 2012/2013

The Treasurer presented the un-audited Statement of Accounts for the financial year ended 31 March 2013. The audited Statement of Accounts required approval by the 30 September 2013 in compliance with the Accounts and Audit Regulations. The format and content of the statement is governed by those regulations and the 2012/2013 accounts were produced in line with the Code of Practice on Local Authority Accounting in the United Kingdom, in line with International Financial Reporting Standards.

The Finance Manager – Technical and Corporate informed the Committee that the accounts would now be placed on public deposit and be subject to audit by KPMG, the appointed auditors, by 30 September 2013. The accounts showed a net surplus of £158k as reported in the Comprehensive Income and Expenditure Statement, and included an adjustment in respect of holiday entitlements as required by accounting practice. The accumulated usable reserves for the Catalogue Supplies Service as at 31 March 2013 was £833k, compared to £668k the previous year. The financial position as at 31 March 2013, which excluded holiday accruals, showed a surplus during the year of £165k. The table at paragraph 4.5 of the report, provided a summary of the financial position for 2012/13, compared to the budget which was set at the start of the financial year. The main reasons for the significant variances were detailed at paragraph 4.6 of the report. Other income included catalogue sponsorship which amounted to £87k, contract rebates of £29k, site recharge income of £7k and a one-off inventory data recharge of £2k, totalling £125k.

RESOLVED: (1) That the Joint Committee noted the unaudited Statement of Accounts for 2012/13.

(2) That a Committee date was arranged for September 2013 to approve the audited accounts.

40 SERVICE TRADING, OPERATIONAL PERFORMANCE AND THE IMPLEMENTATION OF THE APPROVED BUSINESS REVIEW REPORT

The Joint Supplies Service (JSS) Manager presented a report to advise the Committee of the Service's trading and operational performance during 2012/13 together with the year to date, and to update Members on progress regarding the implementation of the approved Business Review report.

The JSS Manager reported the value of Service sales turnover for the last financial year, as measured against the sales target. He advised that although the turnover was slightly below target it was still a positive outcome during a time in which the Service was undergoing a period of transition. The day to day levels of trading were generally

maintained despite the closure of schools during the severe weather last winter, which had contributed overall to trading performance, resulting in £40k of lost resources in just one week and noting also a reduced level of 'capital' project work expenditure from Service users.

He advised that the Statement of Accounts for 2012/13 had reflected the trading surplus the organisation had attained during the year to support the financial objectives of the Service. A series of tables at paragraph 4.1.4 of the report provided details of the turnover for the year which he reported was almost 10% up on the first two months of trading for both the catalogue stores and catalogue direct. The months of June and July were the busiest for the Service, and although they had not seen growth during June to date, the Service had held its own and was approximately 7% on target.

The JSS Manager referred to the maintained level of support from the four joint authorities and reported that Neath Port Talbot schools' turnover had slightly fallen away last year, however it was hoped it would recover during the current year. He advised that turnover growth from the independent customer group was up by 14% last year, including growth of almost £50k from targeted colleges in the South Wales region. The Marketing strategy was proceeding to include Authorities' Head Teacher and other events had taken place in order to promote the Service and the website was proving to be a good method of communication. Illustratively, this month, the Service is aligning marketing activity to the Wimbledon Tournament, promotional flyers were being distributed to promote the sale of tennis accessories, and the Sales Team is currently canvassing both the Carmarthenshire area and the South Wales Police. He informed the Committee that approximately £1.1m income had been generated from warehouse sales and £215k from the direct supply product area.

The Chairperson asked whether targets for the new financial year had been set against last year's targets and if there were any plans to increase them.

The JSS Manager advised that targets were based on last year's results, and reviewed the changed price policy strategy this year following a reassessment of considered high margins evident during 2012/13 resulting in a £120k reduction of potential income this year compared to last year.

The JSS Manager then summarised for Members the revenue budget expenditure/income for the financial year to 31 May 2013. He reported that budgets were on target with the income target ahead by £30k during June, due to a high level of trading during April and May. However, it was too early to project any underspend and overspend at this stage.

The JSS Manager provided the Committee with an update on the Service's performance indicators in relation to product availability, stockholding value, debt management and creditor payments to 31 May 2013. He advised the Service was holding more stock partly as a consequence of Cardiff supplies service provision as impacting upon their stock purchase needs but this should fall off during the year. He reported that debt management had improved further from the already high performance standards in the previous year.

One Member questioned whether the stockholding value would require further consideration in the future, necessitating the target being increased from eight to just over nine weeks

The JSS Manager advised that discussion had taken place regarding the impact on the Service stockholding of the potential Cardiff Supplies service direction, which had proved greater than expected which may permanently impact upon average stock levels. This together with other procurement reasons may impact upon the eight weeks average target.

Separately, the continuing target of reducing low-turnover/income stock range is expected to produce a 5% stocked-line reduction for 2013/14. He informed Members that he would provide progress reports to future meeting.

The JSS Manager reported on a summary of sickness absence for the current year to 31 May 2013.

He advised that the absence level had increased since last year, which was an exceptional year in terms of cause of absence, and explained that the absence levels had included nine long term sickness absences (more than 15 continuous days), which totalled 302 days, with an overall absence of 445 days, compared to 352 days in the previous year.

In response to a question from a Member, the JSS Manager reported that absences were not related to the physical aspects of any particular post. He added that all staff underwent related health and safety training.

The Business Support Manager explained that BCBC treated sickness absences seriously and each Directorate had an average target of eight days; unfortunately, the Service was outside that target. He informed Members that an Officer was recently employed to support the Authority to reduce absenteeism and to explore, for example, why the Transport Section level of absence seemed to be disproportionate. and whether a culture change was required.

He then reported on electronic transactions as part of the e-supply programme, a strategic objective to increase and enhance electronic transacting with customers; which included e-ordering, e-sales invoicing/payment and e-communications generally to provide current and easily accessible information and enhanced marketing opportunities. He advised that the key components in the development were the Service's interactive website, which was the national public sector e-procurement service Xchange Wales portal, and the enhancement of the Service's internal IT system. He reported that the proportion of e-sales transactions had increased from 32.4% to 42% compared to last year, with orders received via the Service website having almost doubled. He commented that the website was a great medium for contacting customers and was now the core marketing tool of the Service.

The JSS Manager also reported on the analysis of purchase card usage and advised that there had been little use of the card by three of the authorities. Targets for purchasing card use were not set as there is limited potential usage as reflecting authorities' corporate policies; however targets could be considered in the future if circumstances should change.

The Chairperson advised that Councillors who were also School Governors should highlight the benefits of the purchasing cards to their respective schools, and also encourage them to use the Service's website as part of e-procurement. The Head of Procurement, Caerphilly County Council advised that Purchasing Cards are not part of their e-programme noting their development of e-payment systems generally.

The Business Support Manager, BCBC, advised that their use of purchasing cards would be reviewed this year and consideration was being given to the Authority moving towards automated payments to reduce the number of transactions it makes. He stated that although they could encourage schools to use less paper and faxes, it was not within the Authority's gift to prevent them from doing so. Also, contractors would be encouraged to use e-procurement.

The JSS Manager provided Members with the proposed schedule of meetings of the Committee for 2013/14. The programme was structured to include key dates for the presentation of financial reports to the Committee:

<u>Meeting Date</u>	<u>Venue</u>
26 th September 2013	- Caerphilly County Borough Council
30 th January 2014	- Rhondda Cynon Taff County Borough Council
24 th April 2014	- Bridgend County Borough Council
26 th June 2014	- Merthyr Tydfil County Borough Council

The JSS Manager reported that since the last meeting of the Committee, Officers had continued to pursue efficiency improvements in the Transport Section, with consideration being given to contracting with a distribution partner to take on an estimated 50% to 60% of the distribution. He advised that the JSS has been in discussion with the Government Procurement Service, which has a national framework contract in place, and a further-competition exercise was due to take place in July with completion in August; the arrangement would then be introduced in October 2013 if it proved to be satisfactory.

The JSS Manager then referred Members to the modernisation of the warehouse, which would include e-based practices to replace the existing paper-based procedures. The budget for this work was in the region of £54/55k, which included a Wi-Fi system, and the second phase progression would depend on the outcome of a current Service review being undertaken by BCBC.

The Business Support Manager informed the Committee that the Corporate Director - Resources had requested an internal review of the Service as part of the roll-out throughout the Authority to scrutinise all services, including the non-statutory areas. It was hoped to conclude the review by September 2013, and he would report back to the Committee with possible recommendations. He advised that modernisation of the warehouse-related functions had consequently been deferred, noting the poor condition of the building, and the outcome of a building condition survey in July. He would report back to the next Committee with the outcome of the review.

The JSS Manager reported that a preliminary review of the Catalogue Stores product range had resulted in the deletion of obsolete and low turnover products, resulting in the removal of around 100 items with a further 100 to 150 lines being considered for withdrawal from the warehouse range. Market-research is being carried out with schools to review product requirements. He then referred to budget products available from competition-led development, which could impact on the catalogue stores range, as budget products were in the region of 75% lower than the Service was buying at. Product testing to examine the quality was being carried out on those products that were imported typically from China and Eastern Europe.

- RESOLVED: That the Joint Committee:-
- (1) Noted the content of the report.
 - (2) Approved the schedule of JSS Officers to enter into contracts as outlined at paragraph 4.1.6.
 - (3) Approved the proposed schedule of meetings outlined at paragraph 4.1.7.

The meeting closed at 11.50am