

**BRIDGEND COUNTY BOROUGH COUNCIL**

**CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE**

**26 JUNE 2014**

**REPORT OF THE ASSISTANT CHIEF EXECUTIVE – LEGAL AND REGULATORY SERVICES**

**SERVICE TRADING AND OPERATIONAL PERFORMANCE**

**1. Purpose of Report**

The purpose of the report is to advise Members of the Service trading and operational performance for the financial year 2013-14 together with the financial year to date.

**2. Connection to Corporate Improvement Plan / 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.

**4. Current situation/proposal**

**4.1 Performance Review – 2013-14**

**4.1.1 Service Turnover  
2013-14**

The value of sales turnover for the last financial year, as measured against the sales target (together with comparison to the same period the previous year) is outlined below.

4.1.2 Final turnover for the year has seen a favourable increase against both target and the previous financial year due to the continuation of project work

undertaken by the majority of authorities, an increase in business from the Cardiff educational sector due to the announcement of the forthcoming closure of Cardiff Supplies and an increase in turnover from the Welsh Government funded Flying Start initiative.

- 4.1.3 The effect of the changed catalogue price strategy last year, with a reduction in prices within designated stocked product categories and a subsequent expected reduction in turnover, did not affect final overall turnover. However, this may be partly attributable to the Easter holiday period falling favourably outside the last financial year.
- 4.1.4 As reflected in the report on the Statement of Accounts for 2013/14, the organisation attained a trading surplus of £176,000 during the year to support the financial objectives of the JSS, increasing overall surpluses of the Service to £1,005,000.

**Table 1: Turnover 2013-14 (Order book)**

	<b>Actual Full Year 2012/13</b>	<b>Target Full Year 2013/14</b>	<b>Actual Full Year 2013/14</b>	<b>% Actual to target</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	
Catalogue Stores	4,312	4,315	4,393	+1.81%
Catalogue Direct	1,849	1,830	2,158	+17.92%
<b>Totals</b>	<b>6,161</b>	<b>6,145</b>	<b>6,551</b>	<b>+6.61%</b>

**Table 2: Turnover (Order book) by Customer Area 2013-14**

<b>Year</b>	<b>Bridgend</b>	<b>Caerphilly</b>	<b>Merthyr Tydfil</b>	<b>Rhondda Cynon Taf</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
2013/14	1,250	1,577	417	2,205
2012/13	1,205	1,444	445	2,244

<b>Year</b>	<b>Cardiff</b>	<b>Neath-Port Talbot</b>	<b>Swansea</b>	<b>Vale of Glamorgan</b>	<b>Other</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
2013/14	515	93	125	148	221
2012/13	225	88	127	120	263

### Service Turnover - April/May 2014-15

The first two-month trading period has provided a positive outcome with growth to target, reflecting the late Easter holiday period and the subsequent delay of educational budgets for some local authority areas. The June/July months are, historically, the most demanding, primarily from the schools sector with approximately 25% of total catalogue-stores turnover for the year being realised during the period.

**Table 3: Turnover to 31 May 2014 (Order book)**

	<b>Actual April-May 2013/14</b>	<b>Target April- May 2014/15</b>	<b>Actual April-May 2014/15</b>	<b>% Actual to target</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	
Catalogue Stores	726	661	670	+1.36%
Catalogue Direct	252	236	170	-27.97%
<b>Totals</b>	<b>978</b>	<b>897</b>	<b>840</b>	<b>-6.35%</b>

**Table 4: Turnover (Order book) – Full Year Comparison**

	<b>Actual 2013/14</b>	<b>Full-Year Target 2014/15</b>	<b>Actual (to Week 09 2014/15</b>	<b>Variance</b>	<b>% of Target to be achieved in remaining 43 wks</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£'000</b>	
Total	6,551	6,177	840	-5,337	86%

**Table 5: Turnover (Order book) by Customer Area (to May 2013 and 2014)**

<b>Year</b>	<b>Bridgend</b>	<b>Caerphilly</b>	<b>Merthyr Tydfil</b>	<b>Rhondda Cynon Taf</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
2014/15	159	187	51	268
2013/14	194	250	86	337

<b>Year</b>	<b>Cardiff</b>	<b>Neath-Port Talbot</b>	<b>Swansea</b>	<b>Vale of Glamorgan</b>	<b>Other</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
2014/15	76	10	15	34	41
2013/14	34	16	19	20	27

**Table 6 – Category Turnover – 2013-14**

Product Category	2011/12 £'000	2012/13 £'000	2013/14 £'000	%Variation (to previous year)	Income Recovery 2013/14 £'000
Art & Craft	615	619	626	+1.13%	136
Audio Visual	74	21	26	+23.81%	3
Books & Paper	957	945	913	-3.39%	164
Canteen & Cutlery	62	60	68	+13.33%	17
Carpets, Curtains & Textiles	293	230	165	-28.26%	25
Computer Supplies	15	18	15	-16.67%	4
Schools Early Years	206	265	412	+55.47%	58
Electrical	157	169	109	-35.50%	24
First Aid Equipment	150	147	150	+2.04%	63
Janitorial	1368	1472	1539	+4.55%	367
Protective Clothing	99	106	85	-19.81%	29
Residential Furniture	42	105	73	-30.48%	8
Schools/Office Furniture	1095	891	1137	+27.61%	122
Sports Supplies	110	101	126	+24.75%	24
Stationery & Office Equipment	948	1020	1107	+8.53%	242
<b>Total</b>	<b>6191</b>	<b>6169</b>	<b>6551</b>	<b>+6.19%</b>	<b>1286</b>

#### 4.1.2 Summary Financial Position at 31st May 2014.

4.1.2.1 A summary of revenue budget expenditure/income for the financial year to 31 May 2014 is provided below for information.

**Table 7- Comparison of budget against projected spend at 31st May 2014**

Expenditure Group	Budget 2014/15  £,000	Adjusted Actual to 31 May 2014  £,000	Projected Outturn 2014/15  £,000	Projected Over/(Under) Spend 2014/15 £,000
Employees	821	128	801	(20)
Premises	112	18	112	0
Transport	113	19	113	0
Supplies/Services	146	22	152	6
Third Party Payments	25	4	25	
Finance/Support Services	51	9	51	0
<b>Total Expenditure</b>	<b>1,268</b>	<b>200</b>	<b>1,254</b>	<b>(14)</b>
Trading	(1,253)	(315)	(1,253)	0
Non Trading	(110)	(18)	(110)	0
<b>Total Net Income</b>	<b>(1,363)</b>	<b>(333)</b>	<b>(1,363)</b>	<b>0</b>
<b>Deficit/(Surplus)</b>	<b>(95)</b>	<b>(133)</b>	<b>(109)</b>	<b>(14)</b>

4.1.2.2 Expenditure during the first two months is generally as anticipated, with exceptions in an overall decrease in Employees due to decreased staff / increased agency costs and an increase in Supplies/Services due to re-costing of annual external Audit fees.

4.1.2.3 The accumulated reserves of the Joint Service were £1,005,000 at the 31<sup>st</sup> March 2014, which are projected to increase to £1,114,000 gross at the 31<sup>st</sup> March 2015, reflecting expected 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 financial year to 31 May 2014, together with the final outcomes for 2012-2013 for information.

**Table 8 - Service Performance Indicators 2014-15**

<b>Performance Indicator</b>	<b>Service Target</b>	<b>2012/13 (Full Year)</b>	<b>2013/14 (To 31 May)</b>
<b>Product Availability</b> Average stock level available for customers on first request	96%	96.56%	97.97%
<b>Stockholding Value</b> Average stock value retained during the trading year.	8 weeks stock equivalent	9.8 weeks (£623k)	12.4 weeks (£681k)
<b>Debt Management</b> Owed debt to the JSS during trading year	Not greater than 5.5 weeks credit income	3.9 weeks (Average £502k)	5.1 weeks (Average £472k)

**Table 9 – Order Breakdown by Value Banding 2014-15**

<b>Row Labels</b>		<b>£0 - £25</b>	<b>£26 - £50</b>	<b>£51 - £100</b>	<b>£100 plus</b>	<b>Grand Total</b>
Corporate	No	4,536	2,731	3,079	5,226	15,572
	%	29.13	17.54	19.77	33.56	
Education	No	4,698	4,000	4,979	10,407	24,084
	%	19.51	16.61	20.67	43.21	
Other	No	732	445	424	454	2,055
	%	35.62	21.65	20.63	22.09	
<b>Grand Total</b>	<b>No</b>	<b>9,966</b>	<b>7,176</b>	<b>8,482</b>	<b>16,087</b>	<b>41,711</b>
	<b>%</b>	<b>23.89</b>	<b>17.20</b>	<b>20.34</b>	<b>38.57</b>	

#### 4.1.4 E-enablement Monitoring

4.1.4.1 A strategic objective of the JSS, 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.

4.1.4.2 The key components in the development are the JSS interactive web-site, the national public sector eProcurement Service (ePs) portal and the enhancement of the Service back-office IT system.

**Table 10 – Sales Order Analysis**

Transaction Medium	2013-14 (Full Year)	2012-13 (Full Year)
eProcurement Service (ePs)	26.2%	32.3%
JSS Web Site	13.3%	9.7%
Other – e-mail, fax, mail, telephone	60.5%	58.0%

#### 4.1.4.3 eProcurement Service (ePs) Portal

The national ePs portal is the primary e-trading medium to the JSS at this time, providing an increasing volume of electronic purchase transactions from the four joint authorities, as the facility is rolled-out, as well as other ePs users, primarily from the South Wales area.

Analysis of the customer usage of the portal is provided below.

**Table 11 – ePs User Analysis April 2013 – March 2014**

BCBC	CCBC	MTCBC	RCTCBC	Cardiff	Newport	Swansea	V of G
8%	27.9%	8.0%	48.3%	0.2%	0.2%	3.7%	2.9%

#### 4.1.4.4 JSS Web Site

The JSS web site provides an interactive, real-time, catalogue product ordering / card payment facility and content information resource available to authorised customers, with the prime target group for the e-trading function being the educational sector and independent customers

4.1.4.5 Turnover usage via the web site has increased steadily during 2013-14, as indicated above, with analysis of the web-site users provided below.

**Table 12 – Web site User Analysis April 2013 – March 2014**

BCBC	CCBC	MTCBC	RCTCBC	Cardiff	NPT	Swansea	V of G	Other
17.1%	19.3%	11.4%	39.9%	3.1%	3.0%	1.5%	3.0%	1.8%

- 4.1.4.6 Purchase Card Transactions  
The JSS provides a facility for payment by Purchase Card via both the on-line web-site and by direct contact with County Borough Supplies (CBS).
- 4.1.4.7 Payment by purchasing card accounted for 4.2% of overall payments during the 2013-14 period to date compared to 2.6% for the full 2012-2013 financial year.

**Table 13 – Purchase Card Usage Analysis April 2013 – March 2014**

BCBC	CCBC	MTCBC	RCTCBC	Other
5.5%	2.9%	Nil	90.8%	0.9%

4.1.5 **Absence Monitoring**

- 4.1.5.1 A summary of sickness absence for the 2013-14 is provided below for information.

**Table 14 - Absence Monitoring 2013-14**

No. of days absence	Average no. of days per person
420 (445)	13.5 (5.4 excl. long-term)
<i>(Previous year in brackets.)</i>	

- 4.1.5.2 The absence level includes five long-term absences (more than 15 days continuous) totalling 298 days within the overall absence of 420 days and compares to 445 days for the previous year. One of the officers has left the Service during the year, with the other officers having returned to work, with one individual having further recurring absence.
- 4.1.5.3 Members have requested an analysis of absence relevant to general post categories and a summary of the figures for 2013-14 is presented below for information

**Table 15 - Staff Group Absence Analysis**

Staff Group	No. of Staff	No. of Absence Days	No. of Staff Sickness Absence	Average No. of Days Absence
Management	3	2	1	0.6
Administrative/Professional	16	182	13	11.4
Warehouse	8	108	5	13.5
Transport	4	128	4	32

4.1.5.4 A summary of the sickness absence for the current financial year to date is provided below.

**Table 16 – Absence Monitoring April/May 2014/15**

No. of Days Absence	Average no. of days per person
43 (88)	1.54 (0.6 excl. long-term)
<i>(Previous year in brackets)</i>	

4.1.5.5 The current year absence includes one long-term absentee, totalling 26 days within the overall absence of 43 days during the first two month period, with the individuals' absence being managed in accordance with the corporate policy guidelines.

4.1.6 **Officers Authorised to enter into Contracts**

4.1.6.1 The Joint Committee annually reviews and authorises the posts within the Service structure which have delegated authority to enter into contracts for the purchase of goods and services, subject to the corporate regulations of the host authority.

4.1.6.2 The operational practice involves the daily ordering of goods and services, of which the majority are included in formal framework contract arrangements.

4.1.6.3 Service requirements have been reviewed and the structure of posts and designated financial levels of responsibility is proposed as below.

Post Designation	Proposed Delegation
JSS Manager (Vacant Post)	All Purposes - £100,000
Materials & Sourcing Manager	All Purposes - £100,000
Business Operations Manager	All Purposes - £100,000
Senior Buyer	Group Purposes - £50,000
Buyer	Group Purposes - £15,000
Purchasing Assistant	Group Purposes - £5,000
Stores – Senior Assistant	Group Purposes - £2,500



4.1.6.4 The Joint Committee is requested to approve the schedule of designated posts

4.1.7 **Debt Management**

4.1.7.1 Further information has previously been requested relating to the JSS long term outstanding debt.

4.1.7.2 The situation regarding aged debt has substantially improved since he return to work of an officer who was previously on long term absence, together with assistance provided by Joint Officers who have helped to resolve issues within their own authorities.

4.1.7.3 Outstanding debt over 120 days currently forms 0.26% of total outstanding debt as at 16<sup>th</sup> June 2014.

Corporate	Education	Outside Authority	Sponsorship
£358 (0.06%)*	£1,115 (0.2%)*	£0 (0.0%)*	£0 (0.0%)*

\* Percentage of overall current outstanding debt at 16<sup>th</sup> June 2014 (£559,805)

4.1.8 **Service Expansion (Award of Contracts)**

4.1.8.1 The Joint Committee were informed at the last meeting of the Service's potential for increased turnover by tendering for supply arrangements previously undertaken by Cardiff Supplies.

4.1.8.2 County Borough Supplies has since been awarded inclusion on the following Cardiff framework contracts:

- Supply of Educational Aids
- Supply for Janitorial and Cleaning

4.1.8.3 In addition, the Service has been working closely with Grwp Gwalia Cyf, the largest housing association in Wales and based in Swansea, in relation to supply arrangements of various product ranges.

4.1.8.4 The organisation has been awarded 12 month contracts for the following supply arrangements, accessible via the national public sector eProcurement Service, with potential for award of further supplies areas in the future:

- Supply of Catering Supplies
- Supply of Arts and Crafts

**5 Effect upon Policy Framework and Procedure Rules**

5.1 None.

**6 Equality Impact Assessment**

6.1 There are no equality implications. .

**7 Financial Implications**

7.1 These are reflected in the body of the report.

**8 Recommendation**

8.1 It is recommended that Members:

- note the content of the report;
- authorise JSS officers to enter into contracts as per the table set out at paragraph 4.1.6.3;

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**Background Documents:**  
None.