

**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<br/>April-May<br/>2013/14</b> | <b>Target<br/>April- May<br/>2014/15</b> | <b>Actual<br/>April-May<br/>2014/15</b> | <b>% Actual to<br/>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<br/>2013/14</b> | <b>Full-Year<br/>Target<br/>2014/15</b> | <b>Actual (to<br/>Week 09<br/>2014/15</b> | <b>Variance</b> | <b>% of Target<br/>to be<br/>achieved in<br/>remaining<br/>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<br/>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<br/>Talbot</b> | <b>Swansea</b> | <b>Vale of<br/>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<br>£'000 | 2012/13<br>£'000 | 2013/14<br>£'000 | %Variation<br>(to previous<br>year) | Income<br>Recovery<br>2013/14<br>£'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<br>2014/15<br><br>£,000 | Adjusted<br>Actual to<br>31 May 2014<br><br>£,000 | Projected<br>Outturn<br>2014/15<br><br>£,000 | Projected<br>Over/(Under)<br>Spend<br>2014/15<br>£,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<br/>(Full Year)</b> | <b>2013/14<br/>(To 31 May)</b> |
|---|--|--------------------------------|--------------------------------|
| <b>Product Availability</b><br>Average stock level available for customers on first request | 96%                                      | 96.56%                         | 97.97%                         |
| <b>Stockholding Value</b><br>Average stock value retained during the trading year.          | 8 weeks stock equivalent                 | 9.8 weeks<br>(£623k)           | 12.4 weeks<br>(£681k)          |
| <b>Debt Management</b><br>Owed debt to the JSS during trading year                          | Not greater than 5.5 weeks credit income | 3.9 weeks<br>(Average £502k)   | 5.1 weeks<br>(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<br>(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<br>(0.06%)* | £1,115<br>(0.2%)* | £0<br>(0.0%)*     | £0<br>(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;

**Andrew Jolley**  
**Assistant Chief Executive – Legal and Regulatory**

**Contact Officer:** Steve Evans  
**Telephone:** (01656) 664552  
**E-mail:** Steve.Evans@bridgend.gov.uk

**Background Documents:**  
None.