

BRIDGEND COUNTY BOROUGH COUNCIL

CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE

REPORT OF THE ASSISTANT CHIEF EXECUTIVE – LEGAL AND REGULATORY SERVICES

25 SEPTEMBER 2014

SERVICE TRADING AND OPERATIONAL PERFORMANCE

1. Purpose of Report

The purpose of the report is to appraise Members of the Service trading and operational performance during the financial year to date.

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

- 2.1 The Joint Supplies Service (JSS) provides a purchasing and supply 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 – April-August 2014/15

4.1.1 Service Turnover

2014/15 April-August (week 22)

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 five month period has been positive with sales achieving target overall, as summarised in the following tables, with significant growth in the use of the JSS arrangements by schools in the Cardiff and Vale of Glamorgan authority areas.

Table 1: Turnover to August (Order book)

	Actual April-Aug 2013/14	Target April- Aug 2014/15	Actual April-Aug 2014/15	% Actual to target
	£,000	£,000	£,000	
Catalogue Stores	1,947	1,936	2,032	+5.0%
Catalogue Direct	765	720	630	-12.5%
Totals	2,712	2,656	2,662	+0.23%

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

	Actual 2013/14	Full-Year Target 2013/14	Actual to August 2013/14	Variance	% of Target to be achieved in remaining 30 wks
	£,000	£,000	£,000	£'000	
Total	6,551	6,177	2,662	3,515	57%

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

Year	Bridgend	Caerphilly	Merthyr Tydfil	Rhondda Cynon Taf
	£,000	£,000	£,000	£,000
2014/15	469	567	154	806
2013/14	521	663	207	921

Year	Cardiff	Neath-Port Talbot	Swansea	Vale of Glamorgan	Other
	£,000	£,000	£,000	£,000	£,000
2014/15	320	40	73	102	131
2013/14	130	44	65	64	97

4.1.1.1 As expected, a decrease in turnover from the Joint Authorities, compared to the previous financial year period, has been experienced and can be attributed to a number of factors:

- Local Government Budget Reductions.
- The late Easter holiday period and budget allocation.
- Lack of project work for 2014/15.
- Cessation of start-up funding of the Welsh Government Flying Start initiative.
- Introduction of alternative economy product ranges.

4.1.1.2 However, the reduction in turnover has been offset by the successful extension of the service into the educational sectors of the Cardiff and Vale of Glamorgan authorities, due to both a strategy of competitive

pricing and enhanced delivery service and also customer familiarisation of the existing product ranges.

- 4.1.1.3 The increase in turnover of stock items, traditionally a higher on-costed product range, is highlighted in the comparison table of order book income for the April to August period of the current and last year:

Table 4: Income Target by Order Book – April to August

	Expected Target Income	Achieved Target Income	Income Above Expected Budget Surplus
£'000's			
2014-15	529	587	58
2013-14	542	561	19

4.1.2 Summary Financial Position at 31 August 2014.

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

Table 5: Comparison of budget against projected spend at 31 Aug 2014

Expenditure Group	Budget 2014/15	Adjusted Actual to 31 Aug 2014	Projected Outturn 2014/15	Projected Over/(Under) Spend 2014/15
	£,000	£,000	£,000	£,000
Employees	821	327	778	(43)
Premises	113	44	102	(11)
Transport	112	57	112	0
Supplies & Services	146	61	158	12
Third Party Payments	25	23	25	0
Finance/Support Services	51	23	54	3
Total Expenditure	1,268	522	1229	(39)
Trading	(1,253)	(622)	(1,253)	0
Non Trading	(110)	(46)	(110)	0
Total Net Income	(1,363)	(668)	(1,363)	0
Deficit/(Surplus)	(95)	(146)	(134)	(39)

- 4.1.2.2 Expenditure during the first five months is generally as anticipated with some notable exceptions to overall projected outturn as follows:
- 4.1.2.2.1 Employees – an expected underspend of £43,000 due to decreased staff costs.

4.1.2.2.2 Premises – an expected underspend of £11,000 due to an extension of shared building costs with other departments located at County Borough Supplies.

4.1.2.2.3 Supplies & Services – an expected overspend of £12,000 due to an increase in External Audit fees, both current and historic.

4.1.2.3 For comparative purposes, the Adjusted Actual financial position for the April to August period in 2013 was a surplus of £107,000.

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 August 2014, together with the final outcomes for 2013/14 for comparison.

Table 6: Service Performance Indicators for 2014/15

Performance Indicator	Service Target	2013/14 (Full Year)	2014/15 (To 31 Aug)
Product Availability Average stock level available for customers on first request	96%	96.56%	96.38%
Stockholding Value Average stock value retained during the trading year.	8 weeks stock equivalent	9.8 weeks (£623k)	9.75 weeks (£672k)
Debt Management Owed debt to the JSS during trading year	Not greater than 5.5 weeks credit income	3.9 weeks (Average £502k)	4.3 weeks (Average £470k)

Table 7: Order Breakdown by Value Banding

Full 2013/14 % figures in brackets

Row Labels		£0 - £25	£26 - £50	£51 - £100	£100 plus	Grand Total
Corporate	No	1,537	964	1,144	1,185	5,530
	%	27.79 (29.13)	17.43 (17.54)	20.69 (19.77)	34.09 (33.56)	
Education	No	1,413	1,329	1,738	4,354	8,834
	%	16.00 (19.51)	15.04 (16.61)	19.67 (20.67)	49.29 (43.21)	
Other	No	272	177	159	193	801
	%	33.96 (35.62)	22.10 (21.65)	19.85 (20.63)	24.09 (22.09)	
Grand Total	No	3,222	2,470	3,041	6,432	15,165
	%	21.25 (23.89)	16.29 (17.20)	20.05 (20.34)	42.41 (38.57)	

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 8: Sales Order Analysis

Transaction Medium	2014 Apr-Aug	2013/14 (Full Year)
eProcurement Service (ePs)	29.4%	26.2%
JSS Web Site	13.2%	13.3%
Other – e-mail, fax, mail, telephone	57.4%	60.5%

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 9: ePs User Analysis April to August 2014

BCBC	CCBC	MTCBC	RCTCBC	Cardiff	Newport	Swansea	V of G
9.2%	25.6%	9%	43%	0.2%	0.1%	6.4%	4.2%

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 The value of orders placed via the website for the April to August 2014 period was £419,000.

Table 10: Web site User Analysis April to August 2014

BCBC	CCBC	MTCBC	RCTCBC	Cardiff	NPT	Swansea	V of G	Other
15.9%	16.3%	12.2%	31.7%	8.6%	2.9%	2.3%	7.3%	2.8%

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 for the April to August 2014 period accounted for 2.7% of all transactions, a total of £71,000. For comparison purposes, payment by purchasing card for the full 2013/14 financial period was 4.2%

Table 11: Purchase Card Usage Analysis April to August 2014

BCBC	CCBC	MTCBC	RCTCBC	Other
5.8%	2.9%	Nil	87.1%	4.2%

4.1.5 **Absence Monitoring**

4.1.5.1 A summary of sickness absence for the April to July 2014 period is provided below for information. Retrospective absence figures for BCBC for the full 2013/14 financial period are included for comparison.

Table 12: Absence Monitoring April – July 2014

No. of days absence	Average no. of days per person	BCBC No of Days Absence per F.T.E.
134 (181.5)	4.6 (1.2 excl. long-term)	(9.8) 2013/14 Full Yr.
<i>(Previous year in brackets.)</i>		

4.1.5.2 The absence level includes five long-term absences (more than 15 days continuous) totalling 100 days within the overall absence of 134 days and compares to 181.5 days for the same period the previous year. Two of the officers, whose combined absence totalled 71.5 days of the overall absence, have now left the Service.

4.1.5.3 Members have requested an analysis of absence relevant to general post categories and a summary of the figures for April to July 2014 is presented below for information.

Table 13: Staff Group Absence Analysis

Staff Group	No. of Staff	No. of Absence Days	No. of Staff Sickness Absence	Average No. of Days Absence
Management	2	0	0	0.0
Administrative/Professional	16	36.5	7	2.3
Warehouse	8	67	5	8.4
Transport	3	30.5	2	10.2

4.1.5.4 Members have also requested further information as to a breakdown of absence by gender and the reasons for absence which is reported below.

Table 14: Staff Absence by Gender

Gender	Total Staff	No. of Staff Sickness Absence	No. of Absence Days
Male	13	7	97.5
Female	17	7	36.5

Table 15: Staff Absence Reasons

Reason	No. of Staff	No. of Absence Days
Eye/Ear/Throat/Nose/Mouth/Dental	1	2
Infections	2	4
MSD including Back & Neck	6	118.5
Neurological	1	3
Stomach / Liver / Kidney / Digestion	5	6.5

4.1.5.5 All occurrences of absence are managed in accordance with corporate policy guidelines and have resulted in three welfare meetings, five informal review meetings and four formal review meetings including two with sanctions during the April to August period.

4.1.6 Debt Management

4.1.6.1 Further information has previously been requested relating to the Joint Supplies Service long term outstanding debt.

4.1.6.2 Outstanding debt over 120 days currently forms 0.4% of total outstanding debt as at 9th August 2014.

Table 16: Debt Over 120 Days

Corporate	Education	Outside Authority	Sponsorship
£108 (0.02%)*	£2,264 (0.35%)*	£191 (0.03%)*	£0 (0.0%)*

* Percentage of overall current outstanding debt at 9th August 2014 (£639,690)

4.1.7 Extraordinary Joint Committee Meeting

4.1.7.1 The Joint Committee have previously approved the reduction of annual reporting from four meetings to three.

4.1.7.2 However, due to the requirement of the agreement and ratification of the JSS Constitution and Business Plan before the proposed relocation of the Service in August 2015, it is proposed that an additional meeting be re-instated, if required, for 24 April 2015 at Bridgend.

4.1.7.3 It is recommended that the additional meeting is accepted by the Joint Committee.

4.1.8 Year End Holiday Period

4.1.8.1 The JSS office closure during the Christmas/New Year period, practiced successfully over several years, will include the period December 29 to 31 with the closure being accommodated by way of staff annual leave and flexible working arrangements.

4.1.8.2 For information, the host authority will be closing all main offices on 2 January 2015 with the same staff leave or flexible working arrangements in place.

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

It is recommended Members note the content of the report and agree the recommendation of paragraph 4.1.7.2 namely the proposed additional Joint Committee meeting if required.

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Background Documents:
None.