

MINUTES OF A MEETING OF THE CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE
HELD IN UNIT 5, TRIANGLE BUSINESS PARK, PENTREBACH, MERTHYR TYDFIL COUNTY
BOROUGH COUNCIL, ON THURSDAY, 25 SEPTEMBER 2014 AT 10.45AM

Present:

Representing Bridgend County Borough Council

Councillor N Clarke

Representing Caerphilly County Borough Council

Councillor B Jones

Representing Merthyr Tydfil County Borough Council

Councillor D Jones

Representing Rhondda Cynon Taf County Borough Council

Councillor B Stephens

Officers:

S Evans	- Business Operations Manager, Joint Supplies Service	- Bridgend County Borough Council
F Mantle	- Finance Manager, Technical and Corporate	- Bridgend County Borough Council
J Ferris	- Corporate Procurement Manager	- Bridgend County Borough Council
W Wood	- Materials and Sourcing Manager, Joint Supplies Service	- Bridgend County Borough Council
E Lucas	- Head of Procurement	- Caerphilly County Borough Council
V Hanly	- Service Director Procurement	- Rhondda Cynon Taf County Borough Council
P Davies	- Team Leader - Purchasing	- Merthyr Tydfil County Borough Council
M A Galvin	- Senior Democratic Services Officer	- Bridgend County Borough Council

60 APOLOGIES FOR ABSENCE

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

Councillor D Sage - Unwell
Councillor D T Hardacre
Councillor P Williams
Councillor J Ward

61 APPOINTMENT OF VICE-CHAIRPERSON

The Corporate Procurement Manager, Bridgend County Borough Council, referred Members to Minute 54 of the previous meeting of the Joint Committee, where it was resolved that the election of the Vice-Chairperson be deferred to today's meeting.

In the absence of the Chairperson, he asked for nominations.

It was duly moved, seconded and carried unanimously that Councillor B Stephens be nominated to fill this role for the forthcoming year.

RESOLVED: That Councillor B Stephens be elected Vice-Chairperson of the Catalogue Supplies Service Joint Committee for the forthcoming year.

Councillor Stephens took the Chair, and thanked Members for their backing of confidence in appointing him in this role.

62 DECLARATIONS OF INTEREST

None.

63 MINUTES OF THE PREVIOUS MEETING

RESOLVED: That the minutes of the meeting of the Catalogue Supplies Service Joint Committee of 26 June 2014 were approved as a true and accurate record.

In terms of Minute 57 and the fifth paragraph on page 43 of the minutes, the Corporate Procurement Manager - Bridgend County Borough Council confirmed that the Officer Group were now receiving monthly reports on debt management.

He also added that in the first report on the agenda, where there was an update on sickness absence, this now also included a breakdown of sickness in terms of gender, and this trend would continue in future such reports, as requested by Members/Officers.

64 SERVICE TRADING AND OPERATIONAL PERFORMANCE

The Corporate Procurement Manager, Bridgend County Borough Council, presented a report that updated members regarding the service trading and operational performance from 1st April to 31st August 2014.

He advised that Table 1 in 4.1.1 showed turnover for the 5 month period with a modest overall service growth of 0.23% against target to the end of August.

Stores turnover has shown an increase of 5% whilst catalogue directs were down by 12.5%.

The growth has been achieved through increased sales to Cardiff (up 250%) and Vale (up 60%) schools, with modest growth for independents and Swansea.

Each of the 4 trading partners has shown a downturn resulting from overall budget cuts, the late easter holiday period and a lack of project work. (catalogue directs)

Table 3 shows that BCBC has fallen by 10%, Caerphilly by 14.5%, Merthyr by 25.5% and RCT by 12.5%

The Head of Procurement - Caerphilly County Borough Council, noted that catalogue direct trade was down and asked what the reasons were for this, and what could be done if anything to improve trade in this area.

The Business Operations Manager Joint Supplies Service, Bridgend County Borough Council confirmed that this would rise near end of financial year, February/March 2015,

when there would be the usual increase in the purchase of furniture for schools etc. In terms of looking to improve trade in this area he felt there was nothing that really could be carried out to guarantee this only to ensure prices remain competitive in comparison with the Joint Service trading competitors.

The Corporate Procurement Manager, Bridgend County Borough Council, then continued by confirming that year to date Income had risen from £561,000 to £587,000 and is £58K above target.

Table 5 in the report profiled expenditure and income.

Total expenditure year to date was £522,000, broken down as indicated, and the projected outturn for the year was running at a £39,000 underspend.

Variances of note are:

- Employee underspend of £43,000 (due to manager post and a delay in recruiting the Purchasing Officer post)
- Premises underspend of £11,000 (due to another service sharing building remaining in situ)
- An overspend of £12,000 resulting from an undercharge for audit fees for 2013 and 2014.

Net income was projected as per target at £1,363,000 although almost half of this had been achieved within the first 5 months of trading.

The overall surplus was currently £146,000 with the projected end of year surplus of £134,000. This was £39K above target, and this compared with a trading surplus of £107,000 at same period in 2013, he added.

The Corporate Procurement Manager, Bridgend County Borough Council then reminded Members that a number of core PI's are collected and reported to the Joint Committee for monitoring, and some of these confirmed that there was:-

- A stock availability for first time pick - 96.38 against target of 96%
- A stockholding value - currently £672k or 9.75 weeks against target of 8 weeks as we stock up for new school term. In the first week of September, this fell to £612k, compared with 625K same time last year
- Debt management - running at 4.3 weeks of credit income compared with target of 5.5 weeks (average£470K)
- 0.4% of this debt was over 120 days

A breakdown of orders by value was provided in table 7, which highlighted success in moving from lower value to higher value transactions, despite budget cuts.

The volume of orders below £25 fell from 23.89% of total to 21.25% while orders above £100 increased from 38.57% to 42.41%.

The Service Director, Procurement Rhondda Cynon Taf County Borough Council asked how the Stockholding Value measured in comparison with other organisations in terms of benchmarking. He felt this would be worth examining in conjunction with the Business Plan, particularly in relation to turnover, and with a view to finding a building with sufficient space within it to hold larger quantities of stock.

The Business Operations Manager, Joint Supplies Service, Bridgend County Borough Council, advised that it was difficult to obtain details on how well or otherwise competitive companies were trading, as they obviously did not want to share this information with rival companies. He added that it was possible to obtain this information on-line or perhaps through a Freedom of Information request. He added that it was possible to look at ways of improving the stockholding situation, perhaps by working on a once a week ordering basis as opposed to twice per month, though this would impact on staff resources. He further added that the stock supplies would reduce through customers buying later in the year as was the trend in previous years, i.e. the nearer to school term time etc.

The Corporate Procurement Manager, Bridgend County Borough Council confirmed that Service E-enablement was key to improving operational efficiency and a strategic objective for the service. This was primarily achieved through the Service website, ePS portal (XCW) and the back office IT system.

Sales order analysis by volume of orders on table 8, showed the percentage breakdown of electronically received sales orders, highlighting increased use of the EPS hub. A breakdown was given profiling use of the ePS hub by main customer as per table 9 in the report, showing that Caerphilly and RCT are the main users. In contrast, very few Cardiff and Newport sites used this method of ordering.

Whilst we have reported a slight downturn for web usage, the comparator figure last year was distorted, as there was an increase in web usage at the end of the year (effecting the overall full year figure) which was probably due to customers paying by card in order to have a commitment on their system before the end of the financial year.

In respect of Table 8: Sales Order Analysis in this section of the report, a request was made for a further breakdown at the next meeting in terms of percentages split between each of the Authorities that make up the service, particularly in relation to the Joint Supplies Service Website, to include details of transactions of an education or corporate nature.

The Head of Procurement, Caerphilly County Borough Council, felt that the service needed to maximise more the use of supply chains and requested that a report be presented to the next meeting on this, stockholding, and how we planned to modernise and improve these elements of the service going forward. Members agreed with this request.

The Business Operations Manager, Joint Supplies Service, Bridgend County Borough Council could confirm to the Joint Committee that the service was turning over more stock than last year.

The value of orders placed via the web was £419,000 year to date accounting for 15.7% by value, with the four partners accounting for 76.1% of the overall total by value.

As indicated previously, RCT County Borough Council, advised the Corporate Procurement Manager, Bridgend County Borough Council, were the main users of Purchasing cards and this financial year a total of £71,000 or 2.7% of transactions were processed via this method.

In relation to Sickness Absence and the monitoring of this, Members noted that the figures indicated in tables 12 to 15 inclusive, were from 1 April 2014 to 31 July 2014

During this period 134 days absence occurred equating to an average of 4.6 per person. (This compares with a BCBC average of 9.8 days)

Of this explained the Corporate Procurement Manager, Bridgend County Borough Council, 100 days were long term (over 15 days) and 2 officers who made up 71 days have now left the service.

He added that Table 13 broke down absence by staff group, and it could be clearly seen that the warehouse and transport staff form the largest proportion of sickness. This is also reflected in tables 14 and 15 which show breakdown of sickness by gender and reason for absence. i.e. male and muscular and skeletal.

As indicated in previous meetings, all absence is rigorously managed in line with BCBC policy and has resulted in:

- 3 welfare meetings
- 5 informal sickness absence meetings
- 4 formal review meetings two of which imposed sanctions (one was stage 2 - termination of contract, the other stage 1 which is written warning)

The Head of Procurement, Caerphilly County Borough Council stated that it was very important to ensure that all equipment stored within the County Supplies Service were fully compliant with Health and Safety regulations and requirements and that staff were regularly trained to this end also.

The overall debt at 9th August 2014, which included 30 days trading, was £639,690, and the Corporate Procurement Manager, Bridgend County Borough Council confirmed that of this 0.4% was long term over 120 days.

Table 16 in the report then showed a breakdown of this long term debt, split into corporate, schools, outside bodies and catalogue sponsorship, with schools as the main offenders. He confirmed that issues regarding breakdown of long term debt would be shared with each of the Officers in the participating Authorities on a monthly basis.

A Member noted that the Joint Supplies Service was going to be re-located elsewhere from the Waterton Depot to another establishment. He asked Officers when this would take place.

The Business Operations Manager, Joint Supplies Service, Bridgend County Borough Council, confirmed that this was scheduled for next August, and the move would result in the business not trading for around a month whilst the move proceeds.

The Corporate Procurement Manager, Bridgend County Borough Council advised that some soft market testing had been undertaken in order to establish a list of suitable sites/buildings where to re-locate the Depot. A new building could be provided with racking in place which would result in saving. However, some equipment and plant would be made obsolete as a result of moving and this would need to be replaced.

The Corporate Procurement Manager, Bridgend County Borough Council reminded that at a previous Joint Committee meeting Members agreed that the number of meetings be reduced from 4 to 3 per year, the next being on 29 January then June 2015. Due to the need to agree the revised constitution and business plan, it may be necessary to hold a further meeting, and the report recommended this be on the 24 April 2015 in Bridgend. Members agreed to this meeting being added to the calendar, if considered necessary.

He then advised that, as in previous years, it was planned to close the service between Xmas and New Year when business was traditionally quiet. The proposal therefore this

year was to close the service from 25 December to 2 January 2015, with it re-opening for business on 3 January 2015. Staff were expected to take annual leave during this period

RESOLVED: That Members noted the content of the report and agreed the recommendation made in paragraph 4.1.7.2, that an additional Joint Committee meeting be convened if required on the above mentioned date in April 2015.

65 REVISED CONSTITUTION FOR THE SUPPLIES SERVICE

The Corporate Procurement Manager, Bridgend County Borough Council, advised that this report was intended to advise Members of progress and proposed changes to the JSS Constitution, as the existing version was no longer fit for purpose in several key areas.

At the Joint Committee on 26 June 2014, the Chairperson requested Officers to prepare a draft version for consideration at today's meeting.

The report so presented, highlighted the key principles agreed by Officers, which if endorsed by Members would form the basis of formal legal drafting of the document.

He explained that Members should note that there are two documents in existence. One is the original document dated 4 April 1996, included within the report as Appendix 1. This has been signed under seal by all four Authorities and is the only document held by the host Authorities Legal department, who are the document owners.

A later document was drafted in 1997, however, it appeared that this was neither dated or sealed, and has never been formally completed and sealed.

The Corporate Procurement Manager, Bridgend County Borough Council stated that when considering the changes to be made, it was felt that fine tuning Deed of Variation was not an option.

A number of key principles were proposed based on the 1996 document therefore, these included:-

- Bridgend County Borough Council to continue to act as the host organisation.
- The new agreement being effective for a 3 year period with a 12 month extension option to link in with Local Government re-organisation.
- Termination will be amended to a provision for any party giving a minimum of 12 months' notice. This will allow sufficient time for other members to consider its future.

Where just one partner decides to terminate and the organisation continues to trade, a compensatory payment based on stock valuation less any liabilities incurred will be made to that partner.

- If closure does occur, the value of reserves less any liabilities due (staff costs, creditors etc.) will be reimbursed on a percentage of population basis. The baseline for the population measure will be defined in the agreement
- Reference to seconded staff will be removed as all staff are now employed by BCBC on behalf of the Joint Committee.

- A schedule of Officer Group posts will be included in the document together with those of staff employed by the JSS and the responsibilities of the Management Committee and the Officer Group will be made clear in the document, together with the frequency of meetings.

Reporting lines would also be made clear via flowcharts.

- A mechanism for appointing new posts will need to be outlined. It was proposed that all posts below Principal Officer will be managed by BCBC with reference back to the Officer Group and JSS Committee after the appointment has been made. The Officer Group will be consulted regarding the appointment of all Principal Officer posts.
- Finally confirmed the Corporate Procurement Manager, Bridgend County Borough Council in order to make provision for control of capital expenditure, it was proposed that the Joint Committee has delegated powers conferred on it by the partnering Authorities to spend up to £100,000.

Any expenditure above this limit would require each individual Authority to seek permission for the Joint Supplies Service to incur.

Each of the above principles had been endorsed by both the Procurement and Legal Officers in each Authority, and as there were no questions on the report, it was

RESOLVED: The Joint Committee endorsed principles 4.4.1 to 4.4.10 inclusive in the report, as well as the recommendation that Legal Officers prepare and agree a draft and final version for approval by Members at the meeting of the Joint Committee on 29 January 2015.

66 AUDITED STATEMENT OF ACCOUNTS 2013 - 2014

The Finance Manager, Technical and Corporate submitted a report, the purpose of which was to present the Joint Committee's Statement of Accounts for the financial year ended 31 March 2014

She confirmed that the (unaudited) Statement of Accounts was reported to the Joint Committee on the 26 June 2014 and were placed on public deposit and subject to audit by KPMG, the auditors appointed for the Joint Committee by the Wales Audit Office.

She then explained that KPMG, had carried out their audit of the 2013-14 Statement of Accounts and have made some minor amendments including some suggested minor presentational adjustments and additions to the disclosures which had been incorporated into the financial statements. The surplus for the year remained at £176,000, with total reserves of £1,005,000 which included an accumulated surplus of £920,000 as at 31 March 2014. The revised Statement of Accounts was attached as Appendix 1 to the report.

The Finance Manager Technical and Corporate stated that the only significant change to the Statement of Accounts was a reclassification of a provision of £23k against inventory balance to appropriately net off against the inventory balance as the provision balance is not separable from inventory. This adjustment did not have any impact on the surplus she added.

The mutual responsibilities of auditor and the audited body were expressed in the two other appended documents. The letter of representation, which was attached as Appendix 2 to the report, confirms to the best of one's knowledge and belief, having made appropriate enquiries of other officers of the Catalogue Supplies Joint Committee, certain assurances

to the auditors regarding the financial statements for Catalogue Supplies Joint Committee for the year ended 31 March 2014.

The auditors had prepared an "Audit of Financial Statements to the report for 2013-14", which appeared as Appendix 3, which summarised the key issues identified during the consideration of the statement of accounts and annual governance statement.

RESOLVED: That the Joint Committee:

- (1) Approved the audited Statement of Accounts for 2013-14 at Appendix 1 to the report.
- (2) Noted and agreed the Letter of Representation to be provided to KPMG and the Wales Audit Office at Appendix 2 to the report.
- (3) Noted the auditors' Audit of Financial Statements Report for 2013-14 at Appendix 3 to the report.

67 WRITE-OFF OF UNRECOVERABLE DEBT

The Finance Manager Technical and Corporate presented a report, the purpose of which was to inform the Joint Committee of the unrecoverable debts over £1,000 which had been written off during the 2013-14 financial year.

She explained that the Joint Committee's accounts included a provision sufficient to cover all long-standing debt and a proportion of recent debt, which was generally collected in total within six weeks. The level of provision was reviewed on an annual basis to ensure it is maintained at a sufficient level.

The process for the authorisation of write-off's was dependent on the value of debt as outlined in bullet point format in paragraph 3.4 of the report.

The Finance Manager and Technical and Corporate went on to state that a review of the achievability of the payment of aged outstanding debts greater than £1,000 had been undertaken.

Only one account which met this criteria was approved for write off during 2013-14, namely a debt raised in March 2009 for a gross amount of £2,875 in respect of 'catalogue sponsorship' which was no longer recoverable and therefore has been written off. The debtor had gone into liquidation and as such County Borough Supplies were advised by the Administrators that payment will not be made.

She concluded her submission, by advising that there were no financial implications regarding the report, as a provision was held for aged outstanding debts.

RESOLVED: That the Joint Committee noted the bad debts written off in the 2013-14 financial year.

68 EXCLUSION OF THE PUBLIC

RESOLVED: That under Section 100A(4) of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation)(Wales) Order 2007 that the public be excluded from the meeting during consideration of the following item as the minutes

contained exempt information as defined by Paragraph 14 of Part 4 and Paragraph 21 of Part 5 of Schedule 12A of the Act.

Following the application of the public interest test it was resolved that pursuant to the Act referred to above to consider the exempt minutes of the Joint Committee in private, with the public excluded from the meeting, as it was considered that in the circumstances the public interest in maintaining this exemption outweighed the public interest in disclosing the information because of the prejudice disclosure would cause to the individuals concerned by virtue of Paragraph 14 of Part 4 and Paragraph 21 of Part 5 of Schedule 12A of the Act.

<u>Minute No.</u>	<u>Summary of Item:</u>
69	Exempt minutes of the previous meeting of the Joint Committee dated the 26 June 2014.