

MINUTES OF A MEETING OF THE CATALOGUE SUPPLIES JOINT COMMITTEE HELD IN CAERPHILLY COUNTY BOROUGH COUNCIL, FIRST FLOOR, PENALLTA HOUSE, YSTRAD MYNACH, HENGOED CF82 7PG ON THURSDAY, 29 JANUARY 2015 AT 2.00 PM

Present

Councillor B Stephens – Vice Chairperson in the Chair
Rhondda Cynon Taf County Borough Council

Representing Bridgend County Borough Council

Councillor N Clarke
Councillor C E Smith

Representing Caerphilly County Borough Council

Councillor D Hardacre
Councillor B Jones

Rhondda Cynon Taf County Borough Council

Councillor J Ward

Officers:

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

76. APOLOGIES FOR ABSENCE

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

Councillor D Jones – Other Council Business
Councillor D Sage – In hospital.

77. DECLARATIONS OF INTEREST

None.

78. APPROVAL OF MINUTES

RESOLVED: That the minutes of the Catalogue Supplies Joint Committee of 19 December 2014 were approved as a true and accurate record.

79. SERVICE TRADING AND OPERATIONAL PERFORMANCE

The Corporate Procurement Manager presented a report to apprise Members of the service trading and operational performance during the year to date and presented the proposed Revenue Budget for 2015-16.

He reported that for the period to the end of December 2014 service turnover had been positive with overall sales achieving target with significant growth from schools in the Cardiff and Vale of Glamorgan Councils. The order book turnover to date was up by 1.46% with Catalogue Stores up by 4.22% and Catalogue Direct down by 5.72%. The full year comparison showed a variance of £1,702 which was ahead of target with a % of target to be achieved in the remaining 12 weeks being 27% which he believed was achievable. He outlined turnover by customer area for 2014-15 compared to 2013-14 which had seen lower than expected turnover from the Joint Authorities, particularly the Catalogue Direct range. There had been a continuation of the successful extension of the service into the educational sectors of Cardiff and the Vale of Glamorgan authorities along with increased turnover by various housing associations and South Wales Police had seen an increase in Catalogue Stores turnover against both target and last year's actual figures. He stated that the commencement of the new Aberdare Community School refurbishment in January would contribute to the achievement of the Catalogue Direct overall target for 2014-15.

The Corporate Procurement Manager reported on a summary of revenue budget expenditure / income for the financial year to 31 December 2014 and detailed the reasons for variation between budget and expenditure / income which showed a projected surplus of £220k for 2014-15.

The Committee referred to the increase in transport costs which had seen an overspend of £27k due to the increased usage of the service by schools in Cardiff and the Vale of Glamorgan thereby affecting profitability and whether consideration could be given to increased delivery charges for those customers. The Business Operations Manager informed the Committee that this business was from schools and not from corporate.

The Committee questioned the increase in external audit fees. The Finance Manager Technical and Corporate informed the Committee that the audit fees had been stagnant for several years and that the auditors had reviewed their fees charged so that they were based on activity. She stated that she would request a breakdown of the audit fees for the Committee.

The Corporate Procurement Manager reported on service performance indicators for the year to 31 December 2014 together with comparison for 2013-14 in relation to Product Availability; Stockholding Value and Debt Management. An additional performance indicator had been requested by officers detailing the breakdown of order value by banding. He stated that the average stock level available for customers on first request is above target at 96.72%; with stockholding value at 9.4 weeks compared to the service target of 8 weeks stock equivalent. Debt management was down to 3.6 weeks compared to the service target of not greater than 5.5 weeks credit income. He informed the Committee of the continuing trend in lower value orders.

The Corporate Procurement Manager reported an analysis of sales orders via the e-Procurement Service Portal (ePS); JSS web site and by other means. He provided a summary of the progress of customer usage of ePS reporting an increasing volume of electronic purchase transactions from the four joint authorities. He also reported on an analysis of the usage of the JSS web site which had increased during 2014-15.

Payment by purchase card accounted for 3.39% of overall payments during the period to date compared to 4.22% for the financial year 2013/14.

The Procurement Manager Caerphilly County Borough Council questioned whether consideration had been given to levying a transaction charge for small orders as an incentive for customers to place bulk orders. The Business Operations Manager informed the Committee that the JSS followed the same protocols as its competitors and is price competitive. Most of the small orders came from corporate customers.

The Committee considered that the Officer Group review the orders placed per authority and make a recommendation on the appropriateness of placing a transaction charge on small orders.

The Corporate Procurement Manager reported on a summary of absence monitoring for the year to 31 December 2014. The absence level included five long term absences totalling 184.5 days (164.7 F.T.E days) within the overall absence of 240.5 days (216.2 F.T.E. days). Two of the officers, whose combined absence totalled 71.5 days of the overall absence, had left the Service. He presented a summary of the analysis relevant to general post categories, by gender and absence reasons for the period April to December 2014. He stated that all occurrences of absence were managed in accordance with corporate policy guidelines which had resulted in four welfare meetings, five formal and five informal review meetings, including two sanctions during this period.

In response to a question from the Committee, the Materials and Sourcing Manager informed the Committee that all appropriate staff receive training on an annual basis on manual handling.

The Committee requested an additional column in future reports on absence monitoring to show the average amount of sickness and the number of staff who had not been off sick to show a truer reflection of sickness. The Committee considered whether the condition of the warehouse contributed to sickness levels and could be detrimental to health. The Corporate Procurement Manager informed the Committee that the condition of the warehouse was not good and that the re-location to a new facility during 2015 was being considered.

The Corporate Procurement Manager reported on the proposed Revenue Budget for 2015/16. He stated that the total reserve at the 31 March 2014 was £1,005,000 with an expectation of it increasing to £1,225,000 at the 31 March 2015 reflecting the current trading projection.

The Corporate Procurement Manager informed the Committee that due to the Constitution and the Business Plan awaiting approval, the proposed revenue budget was based on estimates required in order to continue operating the Service from its current location. If the Constitution and Business Plan were approved within the following months, then a revised proposed budget would be submitted incorporating the costs associated with relocating to new premises.

The Corporate Procurement Manager reported that the income surplus target included in the budget for 2015/16 incorporated the required £95,000 trading return based on an inflationary increase in trading only, increasing the accumulated surplus to £1,320,000 at the 31 March 2016. The proposed budget includes inflationary increase on pricing and on expenditure in relation to employee, contractual and other commitments and had been prepared to recover all operating costs together with an income surplus of £95,000. The Procurement Manager Caerphilly County Borough Council requested an explanation of how much of the accumulated surplus of £1,320,000 was made up of stock and cash and how much of the budget was allocated to training and which staff

were the recipients of training. The Business Operations Manager informed the Committee that he would provide breakdown of training costs and confirmed that training was undertaken annually. The Finance Manager Technical and Corporate informed the Committee as at 31 March 2014 there was a surplus cash balance of £425k and a creditors balance of £770k and that an update will be provided at the June meeting of the Committee when the Statement of Accounts would be presented. The Finance Manager Technical and Corporate also informed the Committee that the JSS did not have a separate bank account to Bridgend County Borough Council's bank account. She confirmed the JSS has a healthy surplus and in order to get a picture of the position of stock, cash and debtors there would be a need to close down the accounts.

The Corporate Procurement Manager outlined the position with regard to outstanding debt over 120 days which currently formed 0.18% of total outstanding debt as at 31 December 2014 which was £437,049. The Procurement Manager Caerphilly County Borough Council asked whether there had been full recovery of sponsorship money. The Business Operations Manager confirmed that all sponsorship money had been recovered and that there are an estimated 150 sponsors.

The Corporate Procurement Manager informed the Committee that an audit review of the Joint Supplies Service had been completed by the Internal Audit Service and he outlined the objectives and scope of the review. The audit review found that the effectiveness of the internal control environment was considered to be sound and therefore substantial assurance can be placed upon the management of risks. This assessment maintained the substantial assurance attained from the previous audit review with no recommendation requiring further than a 'Merits Attention' category. The Procurement Manager Caerphilly County Borough Council asked whether the auditors were made aware at the time of conducting the audit that the Business Plan had not been approved. The Business Operations Manager informed the Committee that the auditors were provided with the current and proposed Business Plan.

The Corporate Procurement Manager informed the Committee of the proposed schedule of dates of meetings of the Committee to be held in 2015-16. He stated that the programme of meetings had been structured to reflect key dates for the potential approval of the Constitution and Business Plan and the presentation of the Statement of Accounts. The Constitution and Business Plan would need to be endorsed by all four authorities prior to a commitment being made to re-locate to new premises. The Procurement Manager Caerphilly County Borough Council commented on the need for the Constitution to be agreed as in the case of Caerphilly would need the approval of Council itself. The Corporate Procurement Manager informed the Committee that the issue of seconded staff which had been raised by Caerphilly County Borough Council was being addressed. RCT County Borough Council had confirmed the Constitution and a response was awaited from Merthyr Tydfil County Borough Council.

RESOLVED: That the Joint Committee:

1. Noted the report.
2. Agreed the proposed budget for 2015-16
3. Approved the following schedule of Joint Committee meetings for 2015-16.

<u>Meeting Date</u>	<u>Location</u>
16 April 2015	Rhondda Cynon Taff CBC
25 June 2015	Merthyr Tydfil CBC
24 September 2015	Bridgend CBC
28 January 2016	Caerphilly CBC

80. URGENT ITEMS

There were no urgent items.

81. 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 and report on the County Borough Supplies Stock Holding Principles 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>
82	Exempt Minutes of the Catalogue Supplies Joint Committee of 19 December 2014.
83	County Borough Supplies Stock Holding Principles.