

BRIDGEND COUNTY BOROUGH COUNCIL

CATALOGUE SUPPLIES SERVICE JOINT COMMITTEE

26th June 2015

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's trading and operational performance for the financial year 2014-15 together with 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 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 – 2014-15

4.1.1 Service Turnover 2014-15

- 4.1.1.1 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.

- 4.1.1.2 Final turnover for the year has seen a favourable increase against target, and in the case of stock turnover, against the previous financial year, due to a combination of furniture project work, mainly the RCT CBC Aberdare Community School new build, a further increase in business from the Cardiff and Vale of Glamorgan educational sectors, increased business resulting from the service sales strategy from expansion into other adjacent authorities' educational sectors and third sector organisations,

most notably housing associations and the continuation of turnover from the Welsh Government funded Flying Start initiative.

4.1.1.3 The increase in turnover derived from the areas referred to above has helped to more than offset the decrease in business that had been expected in relation to budgetary reductions experienced by the joint authorities.

4.1.1.4 As reflected in the report on the Statement of Accounts for 2014-15, the organisation attained a larger than expected trading surplus of £300,000 during the year to support the financial objectives of the JSS, increasing the net assets of the Service to £1,306,000. Included in this balance was a cash surplus of £618,000.

Table 1: Turnover 2014-15 (Order book)

	Actual Full Year 2013/14	Target Full Year 2014/15	Actual Full Year 2014/15	% Actual to target
	£,000	£,000	£,000	
Catalogue Stores	4,393	4,431	4,578	+3.30%
Catalogue Direct	2,156	1,881	2,042	+8.56%
Totals	6,549	6,312	6,620	+4.88%

Table 2: Turnover (Order book) by Customer Area 2014-15

Year	Bridgend	Caerphilly	Merthyr Tydfil	Rhondda Cynon Taf	Cardiff	Neath-Port Talbot	Swansea	Vale of Glamorgan	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2014-15	1,111	1,508	335	2,114	728	101	140	243	340	6,620
2013-14	1,246	1,576	416	2,183	515	93	125	147	248	6,549

4.1.2 Service Turnover – April-May 2015-16

4.1.2.1 The first two-month trading period has provided a generally positive outcome with targets being achieved and in the case of direct supplies(?), exceeded by a comprehensive margin. Initial surveys in the educational sector suggest that some budgets are still to be allocated to the schools. 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 this period.

Table 3: Turnover to 31 May 2015 (Order book)

	Actual April-May 2015/16	Target April- May 2015/16	Actual April-May 2014/15	% Actual to target
	£,000	£,000	£,000	
Catalogue Stores	621	620	659	+0.16%
Catalogue Direct	233	169	182	+37.87%
Totals	854	789	841	+8.24%

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

	Actual 2014/15	Full-Year Target 2015/16	Actual (to Week 08) 2015/16	Variance	% of Target to be achieved in remaining 44 wks
	£,000	£,000	£,000	£'000	
Total	6,619	6,402	854	-5,548	86.6%

Table 5: Turnover (Order book) by Customer Area (to May 2014 & 2015)

Year	Bridgend	Caerphilly	Merthyr Tydfil	Rhondda Cynon Taf	Cardiff	Neath-Port Talbot	Swansea	Vale of Glamorgan	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2015-16	124	198	44	269	108	15	14	36	46	854
2014-15	159	187	51	268	76	10	15	34	41	841

Table 6 – Category Turnover: 2014-15

Product Category	2012/13 £'000	2013/14 £'000	2014/15 £'000	%Variation (to previous year)	Income Recovery 2013/14 £'000
Art & Craft	619	626	702	+12.14	162
Audio Visual	21	26	45	+73.08	5
Books & Paper	945	913	1077	+17.96	224
Canteen & Cutlery	60	68	91	+33.82	28
Carpets, Curtains & Textiles	230	165	126	-23.64	16

Computer Supplies	18	15	11	-26.67	3
Schools Early Years	265	412	344	-16.50	51
Electrical	169	109	114	4.59	18
First Aid Equipment	147	150	137	-8.67	68
Janitorial	1472	1539	1506	-2.14	399
Protective Clothing	106	85	94	10.59	39
Residential Furniture	105	73	48	-34.25	3
Schools/Office Furniture	891	1137	1038	-8.71	100
Sports Supplies	101	126	115	-8.73	25
Stationery & Office Equipment	1020	1107	1170	5.69	275
Total	6169	6551	6618	1.02	1416

4.1.3 Summary Financial Position at 31st May 2015.

4.1.3.1 A summary of revenue budget expenditure/income for the financial year to 31 May 2015 is provided below for information.

Table 7- Comparison of budget against projected spend at 31st May 2015

Expenditure Group	Budget 2015/16	Adjusted Actual to 31 May 2015	Projected Outturn 2015/16	Projected Over/(Under) Spend 2015/16
	£,000	£,000	£,000	£,000
Employees	797	138	769	(28)
Premises	110	18	110	0
Transport	136	21	136	0
Supplies/Services	155	27	152	(3)
Third Party Payments	25	4	25	0
Finance/Support Services	54	8	46	(8)
Total Expenditure	1,277	216	1,238	(39)
Trading	(1,272)	(220)	(1,272)	0
Non Trading	(100)	(17)	(100)	0
Total Net Income	(1,372)	(237)	(1,372)	0
Deficit/(Surplus)	(95)	(22)	(134)	(39)

4.1.3.2 Expenditure during the first two months is generally as anticipated, with exceptions relating to an overall decrease in Employees due to decreased staff / increased agency costs and a decrease in Finance/Support Service charges due to a reduction in recharges via reduced corporate budgets. A breakdown of the estimated support service charges are provided in the table below:

Table 8 – Estimated Support Service Charge 2015-16

Support Service Charge	Estimated Costs 2015-16
Accountancy	12,999
IT	10,249
Creditors / Purchasing	1,545
Human Resources	6,386
Legal Services	2,884
Procurement	8,786
Cash Control	10
Internal Audit	3,183
Total	46,041

4.1.3.3 The accumulated stock and cash reserves of the JSS were £1,306,000 at the 31st March 2015. These are projected to increase to £1,401,000 gross at the 31st March 2016, reflecting expected trading performance during the year. Included in the stock and cash reserves of the JSS was a cash balance of £618,000 as at 31 March 2015.

4.1.4 Service Performance Indicators

4.1.4.1 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 2015, together with the final outcomes for 2014-2015 for information.

Table 9 - Service Performance Indicators 2014-15 and 15-16

Performance Indicator	Service Target	2014/15 (Full Year)	2015/16 (To 31 May)
Product Availability Average stock level available for customers on first request	96%	96.72%	97.58%
Stockholding Value Average stock value retained during the trading year.	8 weeks stock equivalent	9.4 weeks (£613k)	12.9 weeks (£667k)
Debt Management Owed debt to the JSS during trading year	Not greater than 5.5 weeks credit income	3.4 weeks (Average £423k)	4.2 weeks (Average £453k)

Table 10 – Order Breakdown by Value Banding 2014-15

Row Labels		£0 - £25	£26 - £50	£51 - £100	£100 plus	Grand Total
Corporate	No	4,019	2,488	2,885	4,940	14,332
	%	28.04	17.36	20.13	34.47	
Education	No	4,586	4,063	5,321	11,004	24,974
	%	18.36	16.27	21.31	44.06	

Other	No	656	455	419	532	2,062
	%	31.81	22.07	20.32	25.80	
Grand Total	No	9,261	7,006	8,625	16,476	41,368
	%	22.39	16.94	20.85	39.83	

4.1.4.2 A further performance indicator has been requested i.e monitoring the success of the Service's sales and marketing strategies, with a target of achieving 50 new customers using the organisation over the course of the financial year.

4.1.4.3 For comparison information, 213 new customers placed an order with the Service during the 2013-14 financial year totalling £166,000 of turnover, with the majority of customers located in either Cardiff (£74,000) or England (£35,000) areas.

Table 11 – New Customers Analysis 2015-16

Target	Achieved	Remaining	Turnover
50	32	18 (36%)	£8,000

4.1.5 E-enablement Monitoring

4.1.5.1 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 opportunities.

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

Table 12 – Sales Order Analysis

Transaction Medium	2014-15 (Full Year)	2013-14 (Full Year)
eProcurement Service (ePs)	25.7%	26.2%
JSS Web Site	15.2%	13.3%
Other – e-mail, fax, mail, telephone	59.1%	60.5%

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

4.1.5.4 Analysis of the customer usage of the portal is provided below with the % usage figure based on the turnover value.

4.1.5.5 The number of order transactions is also provided for comparison purposes.

Table 13 – ePs User Analysis April 2014 – March 2015

Area	BCBC	CCBC	MTCBC	RCTCBC	Cardiff	Swansea	V of G	Gwalia
%	8.73	30.37	7.17	40.06	4.95	4.48	3.15	1.10
Value (£'000)	149	518	122	683	84	76	54	19
Orders	1,092	5,040	1,066	4,089	282	578	375	72

4.1.5.6 JSS Web Site

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

4.1.5.7 Turnover resulting from use of the web site has increased steadily during 2014-15, as indicated above, totalling £1,008,000 of turnover compared to £821,000 in 2013-14, with an analysis of the web-site users provided below.

Table 14 – Web site User Analysis April – Mar 2015

Area	BCBC	CCBC	MTCBC	RCTCBC	Cardiff	NPT	Swansea	V of G	Other
%	15.63	15.06	9.73	39.64	6.49	2.76	1.96	6.26	2.46
Value (£,000)	158	152	98	400	65	28	20	63	25
Orders	1,168	945	436	2,176	381	257	137	389	180
Accounts	109	57	27	143	37	24	12	24	44

4.1.5.8 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).

4.1.5.9 Payment by purchasing card accounted for 3.8% of overall payments during the 2014-15 period, totalling £250,000, compared with 4.2% for the 2013-2014 financial year (£274,000). Adoption of purchasing cards by the higher education sector has seen an increase in the 'Other' category over the course of the year.

Table 15 – Purchase Card Usage Analysis April 2014 – March 2015

Area	BCBC	CCBC	MTCBC	RCTCBC	Other
%	1.2%	0.1%	0.1%	81.1%	17.5%
Orders	11	4	4	1,216	263

**4.1.6 Absence Monitoring
April-March – 2014-15**

4.1.6.1 A summary of sickness absence for the financial year 2014-15 is detailed below for information.

Table 16 - Absence Monitoring April 2014 – March 2015

No. of Days Absence	Average No. of Days per Person	Average No of Days Absence per F.T.E	BCBC No of Days Absence per F.T.E
341 (420 previous year)	11 (3.03 excl. long-term)	9.8 (based on 304.2 F.T.E total days)	9.8 2013-14 Full Year

4.1.6.2 The absence level includes six long term absences (more than 15 days continuous) totalling 247 days (215.4 F.T.E days) within the overall absence of 341 days (304.2 F.T.E. days). As previously reported, two of the officers, whose combined absence totalled 71.5 days of the overall absence, have now left the Service.

4.1.6.3 A summary of the analysis of absence relevant to general post categories is provided below for the financial period April 2014 – March 2015.

Table 17 - Staff Group Absence Analysis (2014-2015)

Staff Group	No. of Staff	No. of Absence Days	No. of Staff Sickness Absence	Average No. of Days Absence (All staff)	Average No. of Days Absence (Absent Staff Only)
Management	2	0	0	0.0	0.0
Administrative/Professional	16	216	11	13.5	19.7
Warehouse	8	94.5	8	11.8	11.8
Transport	3	30.5	2	10.2	15.3

4.1.6.4 Members have also requested further information on the breakdown of absence by gender and the reasons for absence, which is reported below.

Table 18 – Staff Absence by Gender

Gender	Total Staff	No. of Staff Sickness Absence	No. of Absence Days
Male	12	10	216
Female	17	10	125

Table 19 – Staff Absence Reasons

Reason	No. of Staff	No. of Absence Days
Chest & Respiratory	4	9.5
Eye/Ear/Throat/Nose/Mouth/Dental	3	7.5
Infections	6	17.5
MSD including Back & Neck	8	154.5
Neurological	2	5
Stomach/Liver/Kidney/Digestion	7	13
Stress/Anxiety/Depression/Mental Health	3	134

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

4.1.7 Officers Authorised to enter into Contracts

4.1.7.1 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.

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

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

Post Designation	Proposed Delegation
Materials & Sourcing Manager	All Purposes - £100,000
Business Operations Manager	All Purposes - £100,000
Senior Buyer	Group Purposes - £50,000
Buyer	Group Purposes - £20,000
Purchasing Assistant	Group Purposes - £7,500

General Assistant (Purchasing)	Group Purposes - £2,500
Stores – Senior Assistant	Group Purposes - £2,500

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

4.1.8 Debt Management

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

4.1.8.2 Outstanding debt over 120 days currently forms 1.1% of total outstanding debt as at 16th June 2015.

Table 20 – Debt Management

Corporate	Education	Outside Authority	Sponsorship
£2,477 (0.47%)*	£2,437 (0.46%)*	£857 (0.16%)*	£0 (0.0%)*

* Percentage of overall current outstanding debt at 16th June 2015 (£526,096)

4.1.9 Training

4.1.9.1 Members have requested further information related to training of staff, specifically those employed within the Warehouse and Distribution area of the service.

4.1.9.2 Training is conducted either on or off-site site and is undertaken by a professionally recognised body.

4.1.9.3 All current employees based in the Warehouse and Distribution section are fully qualified in each area of training that is specific to their duties.

Table 21 – Warehouse and Distribution Training

Training Area	Qualification Validity Period
Manual Handling	2 Years
Pallet Mover	3 Years
Forklift: Reach	3 Years
Forklift: Counterbalance	3 Years
Health Surveillance	Every 5 years or on recommendation
Driver Certificate of Professional Competence (CPC)	5 Years

- 4.1.9.4 In addition to necessary Health and Safety training undertaken by the Warehouse and Distribution area of the service, training is also undertaken by administrative staff for both Bridgend County Borough Council policy and personal development.
- 4.1.9.5 The training budget of the Service for 2015-16 is £1,460. However, it is anticipated that any further requirement above this value will be met from the financial year's trading surplus.
- 4.1.10 **Sponsorship**
- 4.1.10.1 Members have requested further information relating to the breakdown of catalogue sponsorship from participating suppliers to the Service which forms part of the organisation's non-trading income revenue and contributes to the production of the annual catalogue.
- 4.1.10.2 Catalogue contributions for the financial year 2014-15 amounted to £89,100.
- 4.1.10.2 A breakdown of banding by value and number of suppliers contributing is represented below:

Table 22 – Catalogue Sponsorship Banding

Banding	Under £100	£101-£500	£501-£2,000	Over £2,000
Number of Contributors	25	65	20	14
Total Value Sponsored	£1,200	£16,000	£19,470	£52,440

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 Recommendations

It is recommended that Members:

8.1 note the contents of the report; and

- 8.2 delegate authority for officers to enter into contracts in accordance with the designations and the values shown in paragraph 4.1.7.3 of this report.

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Background Documents:
None.