

---

# Joint Supplies Service

## Business Plan

Period: 2015/16 to 2020/21

---



# Contents

	<b>Page</b>
Introduction	2
Executive Summary	3
Vision	5
Values	9
Structure	11
Stakeholders	15
Key Achievements	16
Priorities	17
Resources	18
Key Risks and Other Assumptions	19
<b>Appendices</b>	<b>20</b>
Appendix 1      Supply to Joint Authorities	21
Appendix 1a     Business Growth – Supply to Other Local Authorities	22
Appendix 2      Investment Programme - Financial Summary	23
Appendix 2a     Investment Programme – Financial Breakdown	24
Appendix 3      New Premises Expenditure (Annual)	25
Appendix 4      Service Budget Projection	26
Appendix 5      Price Benchmarking	29
Appendix 6      Service Delivery Information – Customer Type	30
Appendix 7      Service Delivery Information – Educational Sector	31
Appendix 8      Additional Service Provision	32
Appendix 9      Service Key Performance Indicators	34
Appendix 10     Procurement with Welsh Suppliers	35
Appendix 11     Action Plan	36

## 1. INTRODUCTION

- 1.1 The Joint Supplies Service, in its current form, was created following local government re-organisation in 1996 and is owned by four partnering Authorities: Bridgend, Caerphilly, Merthyr and Rhondda Cynon Taf County Borough Councils. The service is directly managed through Bridgend County Borough Council who are also the host Authority and is governed, in line with an agreed Constitution, by the Joint Supplies Officer Group and Management Committee.
- 1.2 The Business plan for 2015-2020 sets out the key objectives and vision for the service, linking to those of both Local Authorities and Welsh Government, and outlines the mechanisms for achieving such. The plan also highlights the Service delivery structure, resource, structure, key risks and details financial planning for the five year period.
- 1.3 Due to the changing business environment, the document will be updated annually by the Joint Supplies Officer Group and reported to the Management Committee for approval in its January meeting.

## 2. EXECUTIVE SUMMARY

- 2.1 The Joint Supplies Service (JSS), established in 1996, is an experienced, respected and trusted public sector supplier and adviser for the broad range of commodities relating to both the school curriculum and other local authority front-line and support services.
- 2.2 The Service represents four partner Authorities, namely Bridgend, Caerphilly, Merthyr and Rhondda Cynon Taf County Borough Councils
- 2.3 The JSS has used this recognised position and knowledge to help further develop and extend the use of the service as part of a modernised, locally-based, public sector facility within South Wales, showing particular growth in the education sectors of Cardiff, Vale of Glamorgan, Neath Port Talbot and Swansea Councils, together with a number of higher education universities and colleges and other public sector organisations such as South Wales Police and various Housing Associations including Valleys to Coast, RCT Homes and Grwp Gwalia Cyf.
- 2.4 Since 2012, the JSS has moved away from obtaining an annual nominal trading surplus to ensuring that it is totally self-financing and also that minimal liability is placed on the Joint Authorities in future circumstances. Existing reserves (a combination of cash and asset funds) have increased to £1,005,000 as at 31 March 2014.
- 2.5 The following core statistics are relevant to the existing service provision.

(April 2014)

Annual Sales Turnover	£6,560,000
Annual Sales Income	£1,272,000
Non-trading income	£121,000
Revenue Budget	£1,270,000
No of Budgeted Posts	33 (31.6 FTE)
No of Service Customers	1,990
No of Transactions Annually	43,890

2.6 The outline of the business plan contained in this document can be summarised as below:

- There is authorities' preference for the continuation of the JSS arrangement and that it is their intention to fully utilise the services it provides, ensuring the existing levels of service undertaken by the JSS are maintained
- Seek to secure growth from other Welsh authorities, specifically the education sector and third sector organisations in line with the Local Authority (Goods and Services Act) 1970.
- To facilitate the ongoing function, the Service must continue to provide an effective single source supply facility and also continue to undertake a comprehensive modernisation programme
- The implementation of the modernisation programme, relocation, other planned investment expenditure and projected revenue budgetary revision will be provided by use of existing surpluses and annual income growth from increased use of the JSS
- The JSS will increase its reserves to ensure minimal liability is incurred by the Joint Authorities in any future circumstances.
- A rebate of annual surplus attained by the JSS to the Joint Authorities will only commence once reserves have reached a pre-determined figure of £1.3 million (which is sufficient to cover all costs of closure, excluding the sale of stock). It is proposed that this rebate is paid to the four partner Authorities on a pro rata basis to the recorded turnover during the relevant trading period. This will be paid in September of the year following that trading period.

2.7 The projected reserves for the next five years, based on the mid case scenario of the budget projection, including the potential costs of modernisation and also including the current base year is presented below:

<b>Projected Estimated Investments on Reserves (Estimated Surplus 2014-15 onwards) (£'000)</b>						
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>Estimate Reserves 1<sup>st</sup> April</b>	<b>(1,005)</b>	<b>(1,232)</b>	<b>(1,118)</b>	<b>(1,185)</b>	<b>(1,326)</b>	<b>(1,468)</b>
Estimated surplus at year end	<b>(227)</b>	<b>(149)</b>	<b>(142)</b>	<b>(136)</b>	<b>(136)</b>	<b>(146)</b>
Costs of planned investment	<b>0</b>	<b>263</b>	<b>75</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>
(Surplus)/Deficit Net of Planned Investment Funding	<b>(227)</b>	<b>114</b>	<b>(67)</b>	<b>(141)</b>	<b>(141)</b>	<b>(151)</b>
<b>Closing Estimate Reserve Balance 31<sup>st</sup> March</b>	<b>(1,232)</b>	<b>(1,118)</b>	<b>(1,185)</b>	<b>(1,326)</b>	<b>(1,468)</b>	<b>(1,619)</b>

### 3. THE VISION FOR THE SERVICE

3.1 The JSS intends to be part of the future public sector procurement structure in Wales, building upon its experience and positive relationships with the broad range of service-users and developing the facility -through continuous modernisation. The JSS will also work with the National Procurement Service to investigate options to both tender and act as a distribution hub for a range of consumable products.

#### 3.2 Objectives

3.2.1 The overall aims of the JSS are:-

- The retention (as a minimum) of the existing level of service-use by the joint authorities (Appendix 1).
- Securing growth from the use of the service by the education sector in the Cardiff, Vale of Glamorgan and other South Wales authorities in addition to sustaining turnover in Swansea and Neath/Port Talbot areas, primarily from the supply of the existing catalogue range, which is known to reflect the requirements of the schools sector generally (Appendix 1a).
- Investigation of supply opportunities with the National Procurement Service's planned framework of contracts.
- Achieving a determined level of net reserves to ensure there is minimum liability on the Joint Authorities for future circumstances.
- Rebating future annual surplus to the Joint Authorities to assist in loss of funding contributing to offset the national reductions in local authority funding.

3.2.2 This will be achieved through a number of key initiatives, which provide the content for future service delivery. These can be summarised as below.

- Continuation of a single source supplier function, locally situated, to facilitate the acquisition of a broad range of commonly-required products across the range of front-line and support services and also schools within authorities.
- Provision of multi content catalogue encompassing both electronic and printed media to meet the requirements of wide range of service users. A full electronic order and payment system is available.
- An independent and objective reference service for customers in providing customer-support for product sourcing, product quality and usage, safety guidance and financial objectives.

- A professional and experienced supply chain facility supporting authorities' front-line service providers, typically Education and Social Services, undertaking (and managing) new builds/premises refurbishments, guiding on product selection, installation and budgetary advantage.
- An objective and knowledgeable partner and advisory facility, actively supporting the local sustainability agendas and policies of the participating authorities, by way of product guidance, sourcing principles including providing a range of ecological catalogue items highlighted by its own separate index and also interaction with Authority's own sustainability groups, such as BEES and ESDGC Beacon, supporting various schemes including Eco Schools and Healthy Schools programmes.

3.2.3 In order to ensure that these achievements are successfully undertaken, a Service Sales and Marketing Strategy has been developed and implemented to maintain and expand the current customer portfolio and trading turnover. This includes:

- Continue to produce a single product catalogue for 2015/16, and each successive year. Currently 4,200 catalogues are produced and distributed.
- Provide a requirement driven product range at competitive prices.
- Maintain a fully functional web based ordering system, enhancing the Services marketing presence to its customer base.
- Maintain a suite of e-procurement related facilities e.g. ePS, SIMS, electronic PDF catalogue version, generic catalogue file downloads.
- The introduction of a range of budget product, Welsh Language and Sustainably friendly products in addition to normal stock range resulting from a combination of customer feedback, market analysis and Welsh Government policy
- Assess feasibility of providing an enhanced product range to the education sector, specifically secondary school requirements.
- Enhance already established contacts and form relationships with new customer groups.
- Regular monitoring of existing and new customer use of the Service.
- Enhance existing customer communications and promotional activities, expanding the e-marketing function.
- Further develop supplier relationships to facilitate joint product initiatives, increasing promotional activity.
- Maintain provision of non-catalogue bespoke sourcing activities.
- Provide advice and guidance to customers for major projects and building refurbishment including project management, design, supply and installation whilst delivering a cost effective solution.

- Provide an initial dedicated 'new customer accounts' officer to provide advice and guidance
- Identifying new business opportunities in neighbouring Authorities and third sector organisations targeting business growth with minimal risk

### 3.3 The Way Forward

3.3.1 In order to continue achieving the overall objectives of the JSS as previously outlined, there is a necessity to undertake both a relocation of premises and continue the reviewed modernisation process of the organisation.

### 3.4 Relocation of Premises

3.4.1 The condition of the current stores and office accommodation has deteriorated to a level where it is not economically viable to continue operating from the existing site.

3.4.2 Alternative options are being explored to re-locate the Business within the Bridgend area, which is considered ideal in terms of distribution logistics and maintains the current management links with Bridgend County Borough Council.

3.4.3 A project plan has been prepared to schedule the move which is planned for August 2015 to coincide with the quietest trading period, when schools are closed for summer vacation. A summary of the high level milestones is included below:

	<b>Key Milestones</b>	<b>Start Dates</b> (2014 unless stated)
1	Officer group approval to relocate	November
2	Requirements brief for property search	October
3	IT requirement & costing	October
4	Scanning of paperwork	October
5	Staff communication	October onwards
6	Disposal of obsolete stock (inc. chemicals)	January 2015
7	Communication (customer and suppliers)	February 2015
8	Surveys and reports	April 2015
9	Design and layout of new property	April 2015
10	Exit of building	August 2015
11	Project completion	August 2015
12	Review Operating Model (Wi-Fi stock control etc.)	Post move

3.4.4 The investment financing of premises, along with the remaining modernisation programme costs, (Appendix 2/2a) over the 5 year period will be provided by utilising



the existing previously committed reserves and from future year's surpluses. A breakdown of cost has been provided in the appendix.

3.4.5 A contingency of £40,000 has been included for any building adaptations if required and subsequent projected financial figures reflect this.

3.4.6 At present, the Joint Supplies Service does not have power under the current Constitution to incur capital expenditure or borrow money for the purchase of plant and the Constitution will need to be amended before future capital expenditure budgets are agreed.

3.4.7 Indicative annual costs for a new leased warehouse and office facility are included in Appendix 3.

### 3.5 **Continuing Modernisation Programme**

3.5.1 The modernisation programme was first approved in the 2010-11 Business Plan, of which, many elements have since been introduced enhancing Service provision. A brief summary of the key elements of the completed programme are as follows:

- Multi-media content software driving both the printed and web based JSS catalogue.
- Upgraded back office system software.
- On-line card payment facilities supporting the Welsh Government Purchasing Card programme.
- E-procurement enablement utilising the Welsh Government ePSWales programme.
- E-invoicing for the customer base not using ePSWales.
- Automated creditor cash posting systems for BACS payments.

3.5.2 It should be noted, some elements of the existing modernisation programme such as the replacement of existing fleet resources are no longer required with alternative practises being undertaken.

3.5.3 The remaining areas of modernisation to the Service can be summarised below:

- Implementation of Warehouse & Distribution e-enablement
- Purchase of fork lift trucks for internal and external use
- Replacement of existing PC Hardware (NB: This a 3-4 year periodical cost).

A breakdown of costs can be found alongside the relocation costs on Appendix 2/2a.

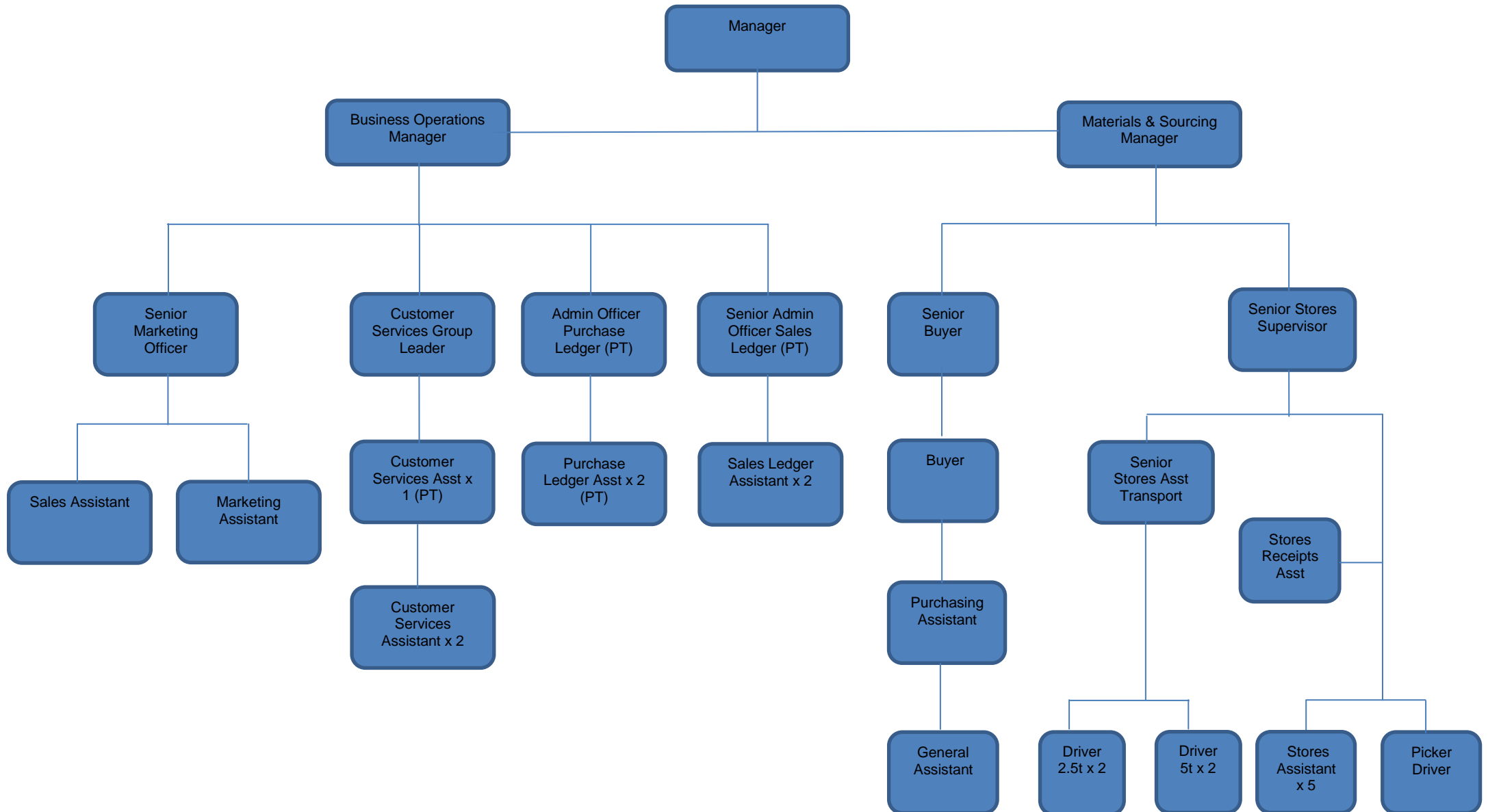
## 4. VALUES

- 4.1 The JSS considers the role which is undertaken fulfils many of the objectives of both the authorities' Procurement Strategies and Welsh Government, being a good example of collaborative working, a local supply and advisory facility, a single-source of access for user-transacting, affording comparative value-for-money and increasingly participating in the electronic market place programme (ePSWales) as a major transaction supplier.
- 4.2 Specifically, the JSS assists each Authority and supports the Welsh Government procurement delivers its objectives of:
- Efficiency and Value for Money.
    - Bulk delivery into a central stores facility taking advantage of economies of scale.
    - Redistribution of stock reflecting customer quantity requirements, passing on procurement savings compared to the open market.
    - Minimising transaction costs via a single source of supply for a broad ranging product base.
    - Maximising resources to be devolved to front line services by undertaking functions that would otherwise have to be directly supported by each of the Joint Authorities (Appendix 8).
  - Electronic Trading
    - Supporting an all Wales electronic market place via the JSS ePSWales catalogue, currently utilised by the Joint Authorities, participating All Wales schools and other local authorities and organisations.
    - Provision of a secure on-line website with shopping cart facility complimenting the existing printed catalogue.
    - Provision of an on-line searchable catalogue utilising page turning technology.
    - Supporting the Welsh Government Purchasing Card scheme by providing a secure on-line payment facility.
    - Electronically invoicing customers not participating in the ePSWales scheme.
  - Development of Sustainable Procurement and the 'Opening Doors' charter.
    - The JSS model represents both an example of collaborative arrangements and a Welsh SME, employing 33 staff from the surrounding regions.

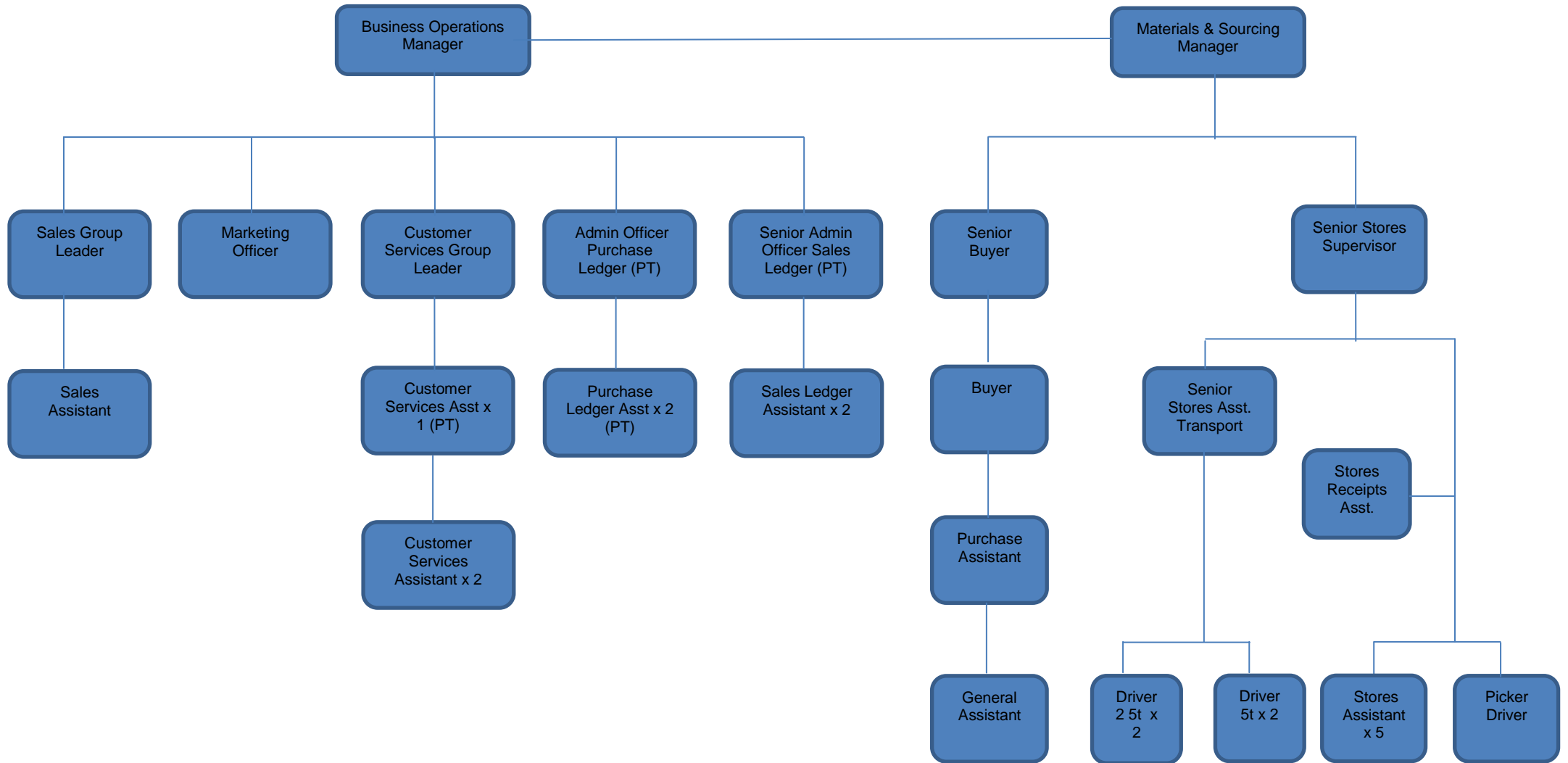
- Subsequently assisting further Welsh based SME's via the following activities and resulting in Welsh based turnover of £756,000 in 2013-14 (Appendix 10):
  - Advertising tender opportunities above £25,000 through Sell2Wales.
  - Reviewing lot strategies to encourage SME's to tender in line with their capability and capacity which fall within their remit.
  - Regular attendance at authorities' 'Meet the Buyer' events.
- Reducing environmental impact and carbon footprint through bulk purchase of goods and single source supply of a varied product range.
- Providing a range of environmentally friendly products with a dedicated 'Green Catalogue Index' including a comprehensive range of EU Ecolabel janitorial items and regularly promoting our recycling range of goods with discounted pricing.

## 5. STRUCTURE

5.1 The existing structure is represented below: (PT – Part Time)



5.2 The proposed structure is represented below: (PT – Part Time)



### 5.3 Structure Summary

5.3.1 The structure currently consists of 33 staff members, equivalent to 31.6 FTE.

5.3.2 Seven posts are currently vacant and these duties have been variously undertaken by existing employees and temporary agency staff.

5.3.3 The organisation is divided into two sections consisting of a Business Support Group and Materials & Sourcing Group overseen by a Manager post.

5.3.4 Each of the two groups comprise of several dedicated departments which are summarised as below:

#### 5.3.5 Business Support Group

Department	No of Staff	FTE	Vacant Posts
Manager	1	1	0
Customer Services	4	3.7	0
Marketing & Sales	3	3	1
Purchase Ledger	3	2.8	0
Sales Ledger	3	2.1	0
<b>Total</b>	<b>14</b>	<b>12.6</b>	<b>1</b>

#### 5.3.6 Materials & Sourcing Group

Department	No of Staff	FTE	Vacant Posts
Manager	1	1	0
Purchasing	4	4	1
Stores: Distribution	5	5	2
Stores: Warehouse	8	8	2
<b>Total</b>	<b>18</b>	<b>18</b>	<b>5</b>

#### 5.3.7 Proposed Restructure

In order to ensure further financial savings, it is proposed that the existing structure be amended to reflect current working practises, reducing the structure from 33 (31.6 FTE) staff to 32 (30.6 FTE) staff.

Proposed Post to be Deleted	Proposed New Post
Manager	None
Senior Marketing Officer	Marketing Officer (Enhanced existing post)
	Sales Officer

5.3.8 The net effect on the employee budget is presented below:

	<b>Existing</b>	<b>Proposed</b>
Manager	51,976	0
Business Operations Group	312,836	318,386
Materials & Sourcing Group	400,612	400,612
<b>Total Cost (including overheads but excluding agency)</b>	<b>765,424</b>	<b>718,998</b>

## 5.4 Constitution

5.4.1 The JSS Constitution provided the framework within which the service operates. It includes hosting, governance and reporting arrangements, nature and level of services, cost apportionment and expectations and liabilities in the event of termination.

5.4.2 The Constitution is consistent with the Business Plan

## 6. STAKEHOLDERS

### 6.1 Partners

6.1.1 The Service represents four partner Authorities, namely Bridgend, Caerphilly, Merthyr and Rhondda Cynon Taf County Borough Councils. Turnover from the four authorities formed 83.1% (£5,449,000) of the total turnover (£6,560,000) for the financial period 2013-14 summarised as a percentage breakdown of the authorities spend only in the table below:

Bridgend	Caerphilly	Merthyr Tydfil	Rhonda Cynon Taf
22.94%	28.94%	7.65%	40.47%

### 6.2 Employees

6.2.1 A comprehensive breakdown of employees has been provided in 5 - Structure

### 6.3 Customers

6.3.1 The JSS is allowed to trade with bodies recognised by the Local Authorities (Goods and Services) Act 1970. This is primarily split into three sectors – corporate, educational and outside authority, with the majority of business concluded with establishments within the Joint Authorities.

6.3.2 During the trading year of 2013-14, the JSS supplied goods to 1,990 customers.

6.3.3 A summary of turnover by these sectors is provided in Appendix 6

6.3.4 A summary of schools supplied by the JSS is provided Appendix 7

### 6.4 Suppliers

6.4.1 The following information is based on suppliers that the JSS has used to procure goods and services from during the financial period 2013-14

No of Suppliers:	284
Total Turnover:	£5,256,013
Welsh Based Turnover:	£756,000 (14.4%)



## 7. KEY ACHIEVEMENTS

- 7.1 Despite the reduction in budgets in the four partner Authorities, growth in turnover has been achieved through realisation of the sales and marketing strategy, with recent business development in Cardiff, Neath Port Talbot, Newport Swansea and the Vale of Glamorgan Councils, South Wales Police and Housing Associations including Gwalia, RCT Homes and Valleys2 Coast (Appendix 1a).
- 7.2 The investment in service modernisation, in particular integrated ICT systems, the introduction of vehicle tracker systems and the introduction of enhanced e-procurement (development of the Service Website, creation of an electronic catalogue on the ePS hub and the facility to accept purchasing cards) has resulted in the operation to become more efficient and enabled the re-structuring of the service in 2012, which has led to a reduction from 41 to 33 staff within the service.
- 7.3 The combined effect of increased business growth and reduced operating costs has produced significant year on year surpluses since 2012, the cumulative effect of which is an overall reserve as at 31<sup>st</sup> March 2014 of £1,005,000.
- 7.4 Collaboration with the Joint Authorities on a number of educational and corporate projects over the past five years, providing guidance on product selection and installation while utilising existing JSS framework contracts and providing cost benefits on over a million pounds of expenditure.
- 7.5 Provision of a bespoke product sourcing service for non-catalogue items, accounting for a quarter of all catalogue direct turnover, including providing advice and guidance thus allowing for maximum utilisation of resources for the Joint Authorities' own front line services (Appendix 8).

## 8. PRIORITIES

8.1 The current and future key Service priorities of the JSS include:

- Provide an ongoing value for money service, with satisfactory service levels to existing customers thereby maintaining the existing customer base and trading turnover. A suite of Key Performance Indicators has been developed which will be reviewed by the Officer Group and reported at least annually to the JSS Management Committee.
- Ensuring that product selection and price competitiveness reflects the requirements of the customer base. This will be measured by benchmarking with key competitors such as ESPO and The Consortium.
- Relocate the premises in 2015 to one which optimises logistics based on projected business growth opportunities, minimises additional operating costs and offers flexibility for future business development.
- Continue to make a trading surplus of £137,000 per year as indicated in Appendix 4
- Review and invest in further modernisation to improve service efficiency, as detailed in Appenices 2/2a
- Review options to secure new business growth with minimal risk, in particular, focussing on:
  - Increasing turnover in education establishments in Blaenau Gwent, Carmarthenshire, Newport and Swansea.
  - Securing enhanced business resulting from the re-tender of the Welsh Purchasing Consortium Educational Aids contract
  - Targeting Welsh Government grant funded initiatives such as Flying Start, together with the 21<sup>st</sup> Century Schools modernisation programme in South Wales.
- Attain a pre-determined level of reserves of £1.3million and rebate surplus annual income to the Joint Authorities based on the previous financial year's turnover.
- Involvement with the NPS future framework of contracts as a distributor or customer.

8.2 An Action Plan has been produced summarising the above priorities' objectives, method of measurement and time frames in Appendix 11.

## 9. RESOURCES

9.1 The JSS currently has accumulated net reserves to the value of £1,005,000 with a breakdown of the cash and assets as at 31<sup>st</sup> March 2014 summarised below:

<b>Cash &amp; Assets Held at 31st March 2014 (£'000)</b>	
<b>Current Assets</b>	
Inventories	392
Short Term Debtors	898
Cash	425
<b>Current Liabilities</b>	
Short Term Creditors	(710)
<b>Total Reserves</b>	<b>1,005</b>

9.2 The projected impact on reserves over the next five years (including the base year of 2014-15), based on the mid case scenario, is presented below:

<b>Financial Projection – Mid Case Scenario</b>						
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Estimate Reserves 1<sup>st</sup> April</b>	<b>(1,005)</b>	<b>(1,232)</b>	<b>(1,118)</b>	<b>(1,185)</b>	<b>(1,326)</b>	<b>(1,468)</b>
Estimated surplus at year end	(227)	(149)	(142)	(136)	(136)	(146)
Costs of planned investment	0	263	75	(5)	(5)	(5)
(Surplus)/Deficit Net of Planned Investment Funding	(227)	114	(67)	(141)	(141)	(151)
<b>Closing Estimate Reserve Balance 31<sup>st</sup> March</b>	<b>(1,232)</b>	<b>(1,118)</b>	<b>(1,185)</b>	<b>(1,326)</b>	<b>(1,468)</b>	<b>(1,619)</b>

9.3 It is proposed that funding for the JSS modernisation programme, specifically the relocation of the business and associated costs, is financed from further accumulated reserves of the base year and 2015-16, ensuring the existing reserve of £1,005,000 remains intact.

9.4 Further resources to support the growth plan would be introduced on a progressive basis, relative to the rate of expansion and by way of temporary or fixed-term contract arrangements.

## 10. KEY RISKS AND OTHER ASSUMPTIONS

### 10.1 Identified Risks

Risk	Priority (Impact and Likelihood)	Mitigation
Failure to maintain existing levels of turnover and customer commitment**	Medium	New Business development (Appendix 1a) Competitive pricing strategy (Appendix 5)
Site, additional revenue implications as a consequence of building relocation requirement which will be effective in August 2015. This is detailed in Appendix 2a.	Low	Costs will have been finalised and assessed prior to commitment. Additional costs have been taken into account in the trading position (Appendix 2).
Failure to maintain service levels impacting on customer support	Low	Service level KPI's are reported to each JSS Management Committee. (Appendix 9)

\*\* Risk identified due to:

- Public Sector Finance implications.
- Growth of alternative Welsh public sector based supply arrangements, most notably, the National Procurement Service in Wales.
- Competition generally – public/private sector.

10.2 Levels of risk are also mitigated by the annual undertaking and assurance of both independent internal and external auditing of operational policies, which are reported to the JSS Management Committee.

### 10.3 Other Key Assumptions

- Continued support of the four joint authorities.
- Finalising the modernisation programme is core to a continuing service.
- Existing schools' customers require the JSS to continue (evidenced).
- Single source supply is the preferred/most cost effective function.
- Preferred local supply solutions with associated sustainability benefits.
- Support for existing and future local employment opportunity.
- Recognition that the JSS facility is beyond that of a basic catalogue-supply function, adding value to the overall procurement process.
- The education budget is ring fenced for the duration of the plan.

# Appendices

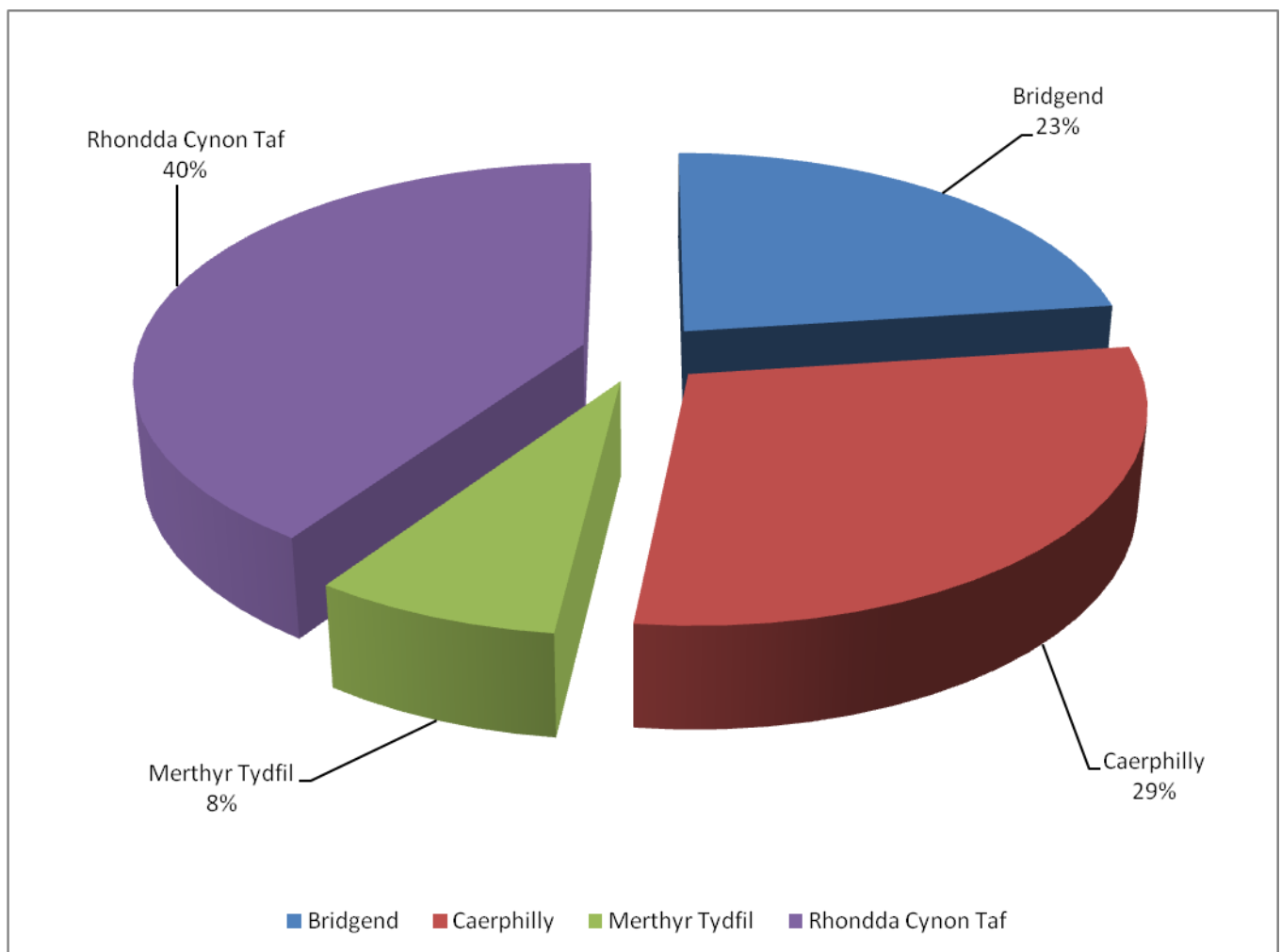
---

Appendix 1	Supply to Joint Authorities	21
Appendix 1a	Business Growth – Supply to Other Local Authorities	22
Appendix 2	Investment Programme - Financial Summary	23
Appendix 2a	Investment Programme – Financial Breakdown	24
Appendix 3	New Premises Expenditure (Annual)	25
Appendix 4	Service Budget Projection	26
	Worse Case	27
	Mid Case	27
	Best Case	28
Appendix 5	Price Benchmarking	29
Appendix 6	Service Delivery Information – Customer Type	30
Appendix 7	Service Delivery Information – Educational Sector	31
Appendix 8	Additional Service Provision	32
Appendix 9	Service Key Performance Indicators	34
Appendix 10	Procurement with Welsh Suppliers	35
Appendix 11	Action Plan	36

# Appendix 1

## Supply to Joint Authorities

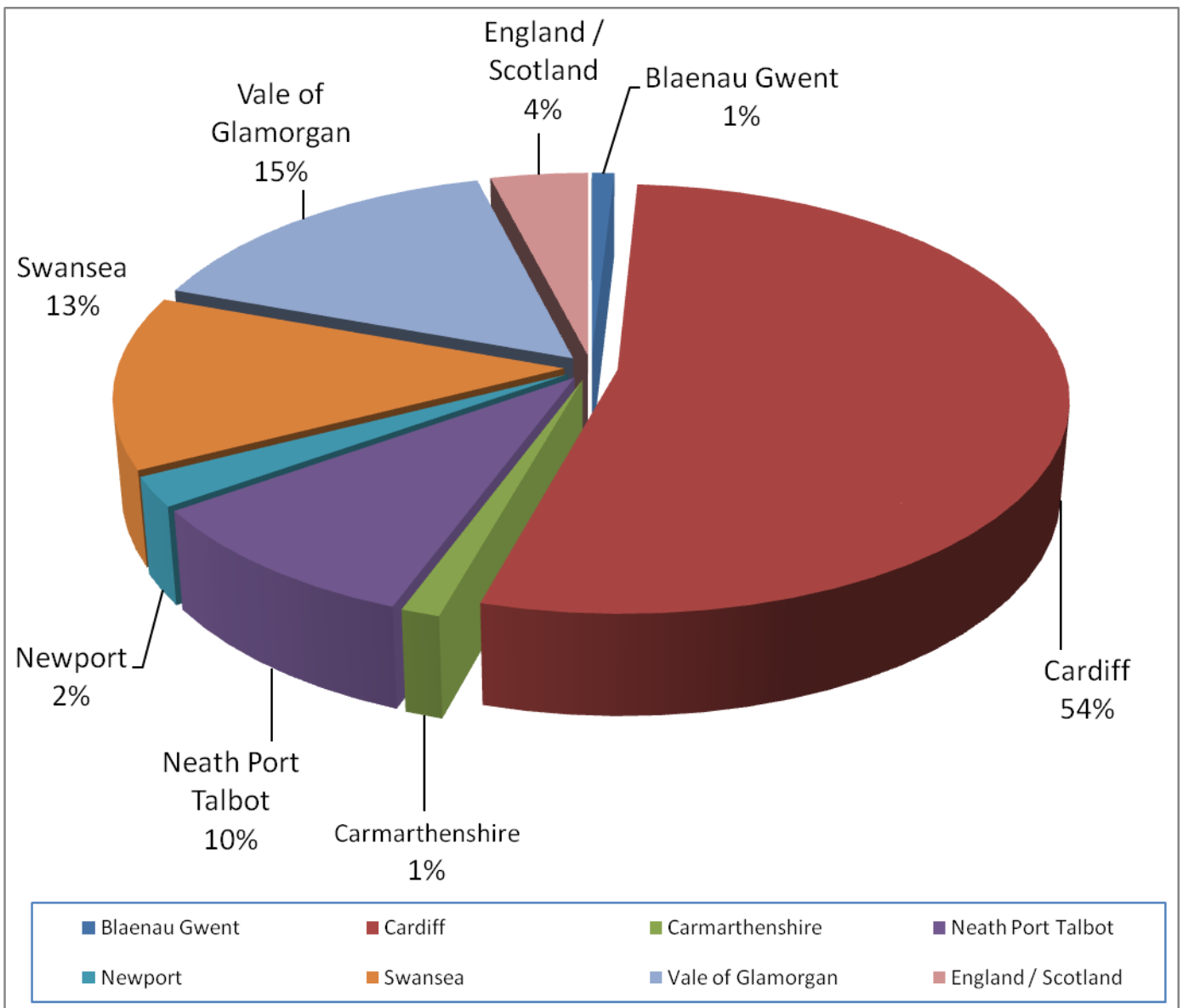
Local Authority	Period 2013-14 (£'000)		
	Education	Corporate	Total
Bridgend	704	546	1,250
Caerphilly	879	698	1,577
Merthyr Tydfil	279	138	417
Rhondda Cynon Taf	1,111	1,094	2,205
	<b>2,973</b>	<b>2,476</b>	<b>5,449</b>



## Appendix 1a

### Business Growth - Supply to Other Local Authorities / Areas

Local Authority / Area	Period: 2013-14 (£'000)			Total
	Education	Corporate	Other	
Blaenau Gwent	7	1	1	9
Cardiff	384	131	5	520
Carmarthenshire	11	0	1	12
Neath Port Talbot	91	2	0	93
Newport	18	4	0	22
Swansea	120	5	2	127
Vale of Glamorgan	139	9	2	150
England / Scotland	35	0	4	39
	<b>805</b>	<b>152</b>	<b>15</b>	<b>972</b>





### Potential Investment Programme – Financial Projection Summary

	£'000					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Modernisation	0	0	70	0	0	0
Moving costs						
Racking (i)	0	170	0	0	0	0
Transport Costs	0	10	0	0	0	0
IT Infrastructure	0	10	0	0	0	0
Building Modernisation Contingency (i)	0	40	0	0	0	0
Operational Equipment (ii & iii)	0	33	10	0	0	0
Savings from cessation of forklift lease	0	0	(5)	(5)	(5)	(5)
<b>Total</b>	<b>0</b>	<b>263</b>	<b>75</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>

- (i) Dependent on new premises leased facilities.
- (ii) Replacement of fork lift trucks (internal x2 and external). Savings accumulated in succeeding years from existing rental costs.
- (iii) Replacement of existing IT Hardware on three year cycle – off-set by 5.5k savings from existing lease of fork lift.

Overall Potential Investment over 5 year period: £323,000

Includes £88,000 previously committed from Accumulated Reserves

### Potential Investment Programme Breakdown – Financial Projection

Project	Impact/Other	Timescale	Cost
<b>Associated Moving Costs</b>			
IT Infrastructure * NB: this presupposes that accommodation is not enabled with network cabling.	Includes requirements for broadband communications line, new switch cabinet, 25 double cable drop points and IT transport costs.	<b>2015/16</b> June-July 2015	£10,000
Racking for new stores * NB: this presupposes that accommodation would not have racking in place.	Based on existing requirements with a small increase in racking space for expansion purposes. Existing costs could be off-set by sale of current racking as scrap metal.	<b>2015/16</b> June-July 2015	£170,000
Building Modernisation Contingency NB: New premises dependent.	Contingency for building operational requirements dependent on level of facilities available at new premises.	<b>2015/16</b> May-July 2015	£40,000
Transport of existing inventory stock holding and office furniture / filing	Requirements for large scale transportation of inventory to new warehouse and also associated office resources including furniture and filing systems via traditional removal company.	<b>2015/16</b> July-August 2015	£10,000
<b>Service Modernisation</b>			
<b>Operational Equipment</b> Fork Lift Trucks 2 x Internal, 1 x External (Currently leasing external truck at cost of 5.5k p.a.)	Renewal of existing lifting equipment (15-year "life" cycle)	<b>2015/16</b> June-August 2015	£30,000
<b>IT Systems</b>			
Warehouse modernisation: IT Systems	Implementation of a Wi-Fi enabled warehouse utilising inventory bar coding and associated hand held devices for enhanced stock control and electronic proof of deliveries.	<b>2016/17</b> April-August 2016	£70,000
Upgrade of IT hardware as part of 3 yearly replacement programme.	Periodical requirement for updating existing IT PC's and associated equipment. Normally funded from the respective financial year's trading and income budget.	<b>2016/17</b> April-May 2016	£10,000

### Financial Projection – New Premises Annual Expenditure

Requirement	Forecast Cost P/A £'000	Current Apportionment Cost P/A £'000	Assumptions / Comments
Building Rental	62	0	Warehouse & office footprint of 20,000 sq. ft. with rental costs of £3.00 per sq. ft.
National Non Domestic Rates (NNDR)	31	34	
Utilities			
	Gas	15	1. New premises have supply of both gas and electricity. 2. Energy efficiencies resulting from modern facilities offset additional costs from larger premises.
	Electricity	11	
	Water	4	
	Sewerage	1	
Waste Disposal	2	2	
Security	3 *	3	* Security costs responsibility dependent on lease agreement
Maintenance	5 *	15	* Maintenance costs responsibility dependent on lease agreement
<b>Total</b>	<b>125 / 133</b>	<b>84</b>	

## Service Budget Projection

Worse Case: Service Budget Projection – 5 Year Period to 2019-20 £'000						
	Base Budget					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Expenditure</b>						
Fixed (i)	1,218	1,273	1,268	1,268	1,263	1,263
Variable (ii)	25	25	25	25	25	25
<b>Total Expenditure</b>	<b>1,243</b>	<b>1,298</b>	<b>1,293</b>	<b>1,293</b>	<b>1,288</b>	<b>1,288</b>
<b>Income</b>						
Corporate % Spend (14/15 To Date) (iii)	28.68	28.68	28.68	28.68	28.68	28.68
Corporate Income (-6% over 3 years) (iv)	(383)	(360)	(338)	(318)	(299)	(299)
Non Corporate Income	(952)	(952)	(952)	(952)	(952)	(952)
Growth (v)		0	0	0	0	0
<b>Total Trading Income</b>	<b>(1,335)</b>	<b>(1,312)</b>	<b>(1,290)</b>	<b>(1,270)</b>	<b>(1,251)</b>	<b>(1,251)</b>
Non-Trading	(120)	(100)	(100)	(100)	(100)	(100)
<b>Total Income</b>	<b>(1,455)</b>	<b>(1,412)</b>	<b>(1,390)</b>	<b>(1,370)</b>	<b>(1,351)</b>	<b>(1,351)</b>
<b>Net Budget</b>	<b>(212)</b>	<b>(114)</b>	<b>(97)</b>	<b>(77)</b>	<b>(63)</b>	<b>(63)</b>

### Key Assumptions

- (i) Excludes budget for frozen CBS Manager Post
- (ii) Additional resources required for existing increase in Cardiff & Vale of Glamorgan turnover and future growth where applicable (5k increase per 30k growth to variable, 5k deduction per 30k contraction to fixed).
- (iii) Financial budget reductions based on Corporate spend only at current % of overall turnover to date - 28.68%
- (iv) Financial budget reduction percentages based on BCBC Mid Term Financial Summary projections of changes in aggregate external funding.

(v) Income of every £5k would equate to £20k of stock turnover based on average 32% on-cost.

**Service Budget Projection**

Mid Case: Service Budget Projection – 5 Year Period to 2019-20 £'000						
	Base Budget					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Expenditure</b>						
Fixed (i)	1,218	1,273	1,273	1,273	1,268	1,268
Variable (ii)	25	25	25	25	25	25
<b>Total Expenditure</b>	<b>1,243</b>	<b>1,298</b>	<b>1,298</b>	<b>1,298</b>	<b>1,293</b>	<b>1,293</b>
<b>Income</b>						
Corporate % Spend (14/15 To Date)	28.68	28.68	28.68	28.68	28.68	28.68
Corporate Income (-4.5% over 3 years)	(387)	(374)	(357)	(341)	(326)	(326)
Non Corporate Income	(963)	(963)	(963)	(963)	(963)	(963)
Growth		(10)	(20)	(30)	(40)	(50)
<b>Total Trading Income</b>	<b>(1,350)</b>	<b>(1,347)</b>	<b>(1,340)</b>	<b>(1,334)</b>	<b>(1,329)</b>	<b>(1,339)</b>
Non-Trading	(120)	(100)	(100)	(100)	(100)	(100)
<b>Total Income</b>	<b>(1,470)</b>	<b>(1,447)</b>	<b>(1,440)</b>	<b>(1,434)</b>	<b>(1,429)</b>	<b>(1,439)</b>
<b>Net Budget</b>	<b>(227)</b>	<b>(149)</b>	<b>(142)</b>	<b>(136)</b>	<b>(136)</b>	<b>(146)</b>

**Key Assumptions**

- (i) Excludes budget for frozen CBS Manager Post
- (ii) Additional resources required for existing increase in Cardiff & Vale of Glamorgan turnover and future growth where applicable (5k increase per 30k growth to variable, 5k deduction per 30k contraction to fixed).
- (iii) Financial budget reductions based on Corporate spend only at current % of overall turnover to date - 28.68%
- (iv) Financial budget reduction percentages based on BCBC Mid Term Financial Summary projections of changes in aggregate external funding.

(v) Income of every £5k would equate to £20k of stock turnover based on average 32% on-cost.

**Service Budget Projection**

<b>Best Case: Service Budget Projection – 5 Year Period to 2019-20 £'000</b>						
	<b>Base Budget</b>					
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>Expenditure</b>						
Fixed (i)	1,218	1,273	1,273	1,273	1,273	1,273
Variable (ii)	25	25	25	25	25	30
<b>Total Expenditure</b>	<b>1,243</b>	<b>1,298</b>	<b>1,298</b>	<b>1,298</b>	<b>1,298</b>	<b>1,303</b>
<b>Income</b>						
Corporate % Spend (14/15 To Date)	28.68	28.68	28.68	28.68	28.68	28.68
Corporate Income (-3% over 3 years)	(393)	(381)	(370)	(359)	(348)	(348)
Non Corporate Income	(977)	(977)	(977)	(977)	(977)	(977)
Growth		(15)	(30)	(45)	(60)	(75)
<b>Total Trading Income</b>	<b>(1,370)</b>	<b>(1,373)</b>	<b>(1,377)</b>	<b>(1,381)</b>	<b>(1,385)</b>	<b>(1,400)</b>
Non-Trading	(120)	(100)	(100)	(100)	(100)	(100)
<b>Total Income</b>	<b>(1,490)</b>	<b>(1,473)</b>	<b>(1,477)</b>	<b>(1,481)</b>	<b>(1,485)</b>	<b>(1,500)</b>
<b>Net Budget</b>	<b>(247)</b>	<b>(175)</b>	<b>(179)</b>	<b>(183)</b>	<b>(187)</b>	<b>(197)</b>

**Key Assumptions**

- (i) Excludes budget for frozen CBS Manager Post
- (ii) Additional resources required for existing increase in Cardiff & Vale of Glamorgan turnover and future growth where applicable (5k increase per 30k growth to variable, 5k deduction per 30k contraction to fixed).
- (iii) Financial budget reductions based on Corporate spend only at current % of overall turnover to date - 28.68%
- (iv) Financial budget reduction percentages based on BCBC Mid Term Financial Summary projections of changes in aggregate external funding.

(v) Income of every £5k would equate to £20k of stock turnover based on average 32% on-cost.

## JSS Price Benchmarking

Product Group	JSS Annual Turnover (Comparison Items Only)	Direct Consortia Competitor
Education Curriculum Materials	£195k	-0.76%
Paper (core-white)	£289k	-11.91%
Stationery - General	£421k	+1.49%
Janitorial	£890k	-1.35%

### Key

- + JSS Price Disadvantage
- JSS Price Advantage

Prices based on 2014/15 catalogue against the nearest competitive supplies organisation.



## Service Delivery Information – Customer Type

Sector	Sub Sector	Turnover 2013-14 (£'000's)	% of Overall Turnover
Education	Comprehensive	1,127	61.3
	Primary	2,638	
	Nursery	11	
	Other	247	
		<u>4,023</u>	
Corporate	Chief Executives	13	36.3
	Direct Services	464	
	Education	273	
	Environmental	34	
	Finance	25	
	Highways & Trans	27	
	IT	70	
	Legal	9	
	Leisure Services	89	
	Libraries	26	
	Other	649	
	Social Services	702	
		<u>2,381</u>	
Outside Authority	Careers	3	2.4
	Colleges	24	
	Housing Associations	19	
	Miscellaneous	81	
	Playgroups	14	
	Probation	1	
	South Wales Police	12	
	Universities	2	
		<u>156</u>	
<b>Total</b>		<b><u><u>6,560</u></u></b>	

## Service Delivery Information – Educational Sector

Area	Secondary		Primary		Nursery	
	No.	Turnover (£'000)	No.	Turnover (£'000)	No.	Turnover (£,000)
Joint Authority Schools						
Bridgend	12	233	59	470	1	1
Caerphilly	16	234	82	645		
Merthyr Tydfil	6	67	26	208	6	4
RCT	22	325	121	782	2	4
Other Local Authorities						
Blaenau Gwent			2	7		
Cardiff	19	150	69	231	1	1
Carmarthenshire	2	1	16	8		
Monmouthshire			3	1		
Neath Port Talbot	9	15	49	76		
Newport	5	1	12	17		
Swansea	13	52	41	68		
Torfaen			3	1		
Vale of Glamorgan	7	40	42	99	2	1
England & Scotland	15	9	49	25		
<b>Totals</b>	<b>126</b>	<b>1,127</b>	<b>573</b>	<b>2,638</b>	<b>12</b>	<b>11</b>

### Additional Service Provision

The core service content of the JSS arrangement is the catalogue product supply function which, in terms of resources, directly requires 90% of the staff time to undertake.

Summarised below are the additional, added value, services undertaken by the JSS on behalf of customers/authorities.

The JSS relates to the broad range of service providers within authorities.

Service Description	Scope	Resources (JSS Current)
Non-catalogue product enquiries – product sourcing, possible site visits/supplier arrangement, product guidance/comparison, formal/informal price quotation to meet customer preference.	All Customer Groups  <i>Average 400/450 enquiries/response per month.</i>	Customer Support Buyers  <i>Equivalent to 2.0/2.5 FTE minimum</i>
General objective advice, guidance and instruction to customers in regard products, H&S, procedures and 'signposting' (usually to Procurement Units).	All Customer Groups  <i>Average 150/200 per month.</i>	Customer Support Buyers Support Services  <i>Equivalent to 0.5 FTE minimum</i>
Commissioned to undertake new build/refurbishment of premises, typically schools, residential, Day Centres, office general/specific. Requires guidance on 'product menus', best fit, H&S related, site visits, supplier management.  Typically furniture, floor-covering, white goods and curriculum/teaching.	Usually Education and Social/Personal Services but could extend over other services  <i>Variable, requirement budget-driven.</i>	Customer Support Buyers Sales  <i>Equivalent to 0.5/1.0 FTE minimum</i>

Service Description	Scope	Resources (JSS Current)
<p>Support authority service-specific promotional requirements, training and conferences.</p> <p>Support work with ESIS/educational groups, to provide curriculum market knowledge and developments. demonstrations, attendance at various events.</p>	Various Customer Groups	<p>Customer Support Advisory</p> <p><i>Equivalent to 0.25 FTE</i></p>
<p>Sustainability Implementation Initiatives, support/advise/guide authorities, attend events and workshops in relation to SD issues in the context of related product advisory and demonstration i.e. Procurement, Energy Officers and Education.</p>	Various Customer Groups	<p>Customer Support Advisory</p> <p><i>Equivalent to 0.25 FTE</i></p>
<p>Customer enquiries which whilst related to the designated catalogue-supplier activity will still require input from Proc Units to support customer issues.</p>	<p>Various Customer Groups</p> <p><i>Average 900-1000 telephone enquiries monthly of which an estimated 20% (180-200) will require support additional to supplier arrangements.</i></p>	<p>Customer Support</p> <p><i>Equivalent to 0.5 FTE</i></p>
		<p><b>Total Resource Assessment</b> <b>(minimum) 4.0/5.0 FTE</b></p>

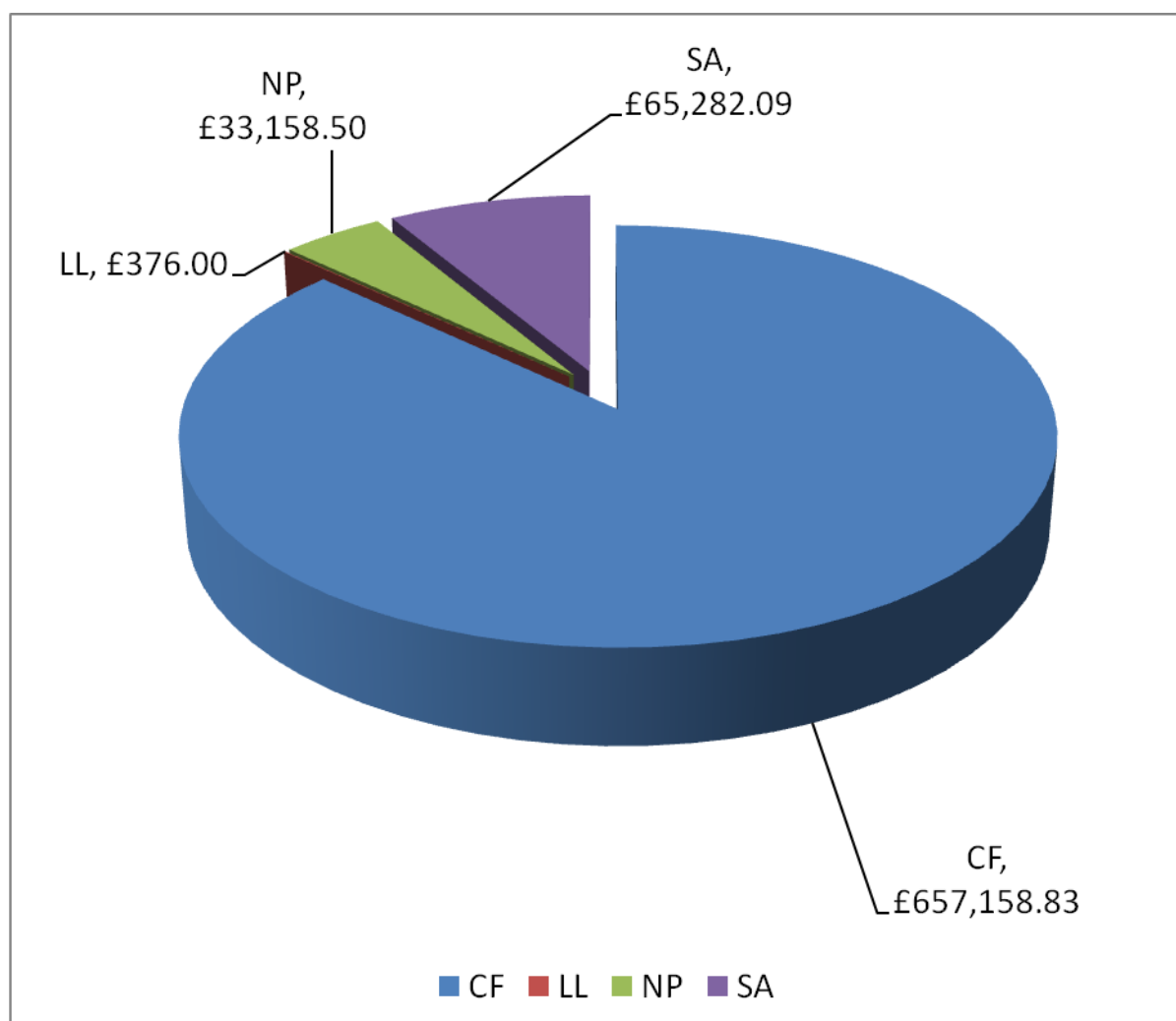
**The above excludes any enquiries which will be directed to Authorities with the introduction of any alternative/replacement supply arrangements i.e. the inevitable ‘signposting’ for customers.**

## Service Key Performance Indicators

Performance Indicator	Report Period
a) Achievement/improvement of newly developed key performance indicators.	Report to Joint Management Committee in February, June and September each year.
b) Maintaining existing sales and net income	Monthly report to Officers and report to Joint Management Committee in February, June and September each year.
c) Management of operational costs within agreed budget for respective period.	Monthly Review with Officers and report to Joint Management Committee in February, June and September each year.
d) Overall comparative price competitiveness evidenced by catalogue price benchmarking.	Annual Report to Joint Management Committee.
e) Sustained quality of service delivery assessed by annual customer survey.	Annual report to Joint Management Committee.

**Procurement with Local (Welsh) Suppliers**

Post Code Area	Turnover 2013-14
CF	£657,158.83
LL	£376.00
NP	£33,158.50
SA	£65,282.09
<b>Grand Total</b>	<b>£755,975.42</b>



## Action Plan

Objective	Measurement	Period
Continuation of effective Service provision	Recognised Key Performance Indicators as outlined in Appendix 9  Customer survey detailing response feedback of product selection, service provision, price competitiveness etc.	Service Performance Report 3 x year  Annual – Report September
Price competitiveness	Benchmarking of catalogue pricing based on product ranges against similar trading models e.g. ESPO, NPS framework contracts etc.	Annual – Report September
Achieve a pre-determined level of reserves ensuring minimum liability on the Joint Authorities.	Attain a net reserve of £1,300,000 from recurring annual surpluses.	Minimum level of reserves target period: 2017-18
Secure new business growth through non Joint Authority South Wales educational areas and establishments covered under the Goods and Services Act via the Sales & Marketing strategy and promotion of the Service.	Overall target growth of £10,000 income annually via: <ul style="list-style-type: none"> <li>• Increase in turnover of existing non-Joint Authority customers relative to the same previous year time period.</li> <li>• Expansion of new customers with a target of 50 new establishments placing an order per year.</li> </ul>	Annual – Report June
Relocation of the Service due to current premises sustainability and the future development of the BCBC Waterton Master Plan.	Achievement of milestones of the relocation project plan as referenced in 3.4.3 of the Business Plan	April - August 2015

<p>Achievement of minimum level of reserves and annual rebate of future surplus to Joint Authorities.</p>	<p>Attain an annual net surplus of £137,000 once an overall pre-determined net surplus of reserves has been achieved and rebate to the Joint Authorities based on percentage of annual turnover from each authority.</p>	<p>Target Date: 2018-19 Annual after this date. Report – September: Statement of Accounts</p>
<p>Involvement in the National Procurement Service suite of contracts.</p>	<p>Successful tender award on suitable framework contracts</p>	<p>Service Performance Report 3 x year as and when contracts are advertised.</p>
<p>All Wales Educational Aids contract</p>	<p>Successful tender award for part or full lot areas of the contract</p>	<p>Target Date: Late 2015</p>
<p>Continuation of project work with the Joint Authorities via:</p> <ul style="list-style-type: none"> <li>• 21<sup>st</sup> Century Schools modernisation programme</li> <li>• WG grant funded initiatives e.g. Flying Start</li> </ul>	<p>Collaboration with the respective authorities ensuring provision of advice, guidance, sourcing and competitively priced product requirements.</p>	<p>Service Performance Report 3 x year as and when projects are undertaken.</p>