

# Joint Supplies Service

## Business Plan

Period: 2010/11 to 2014/15

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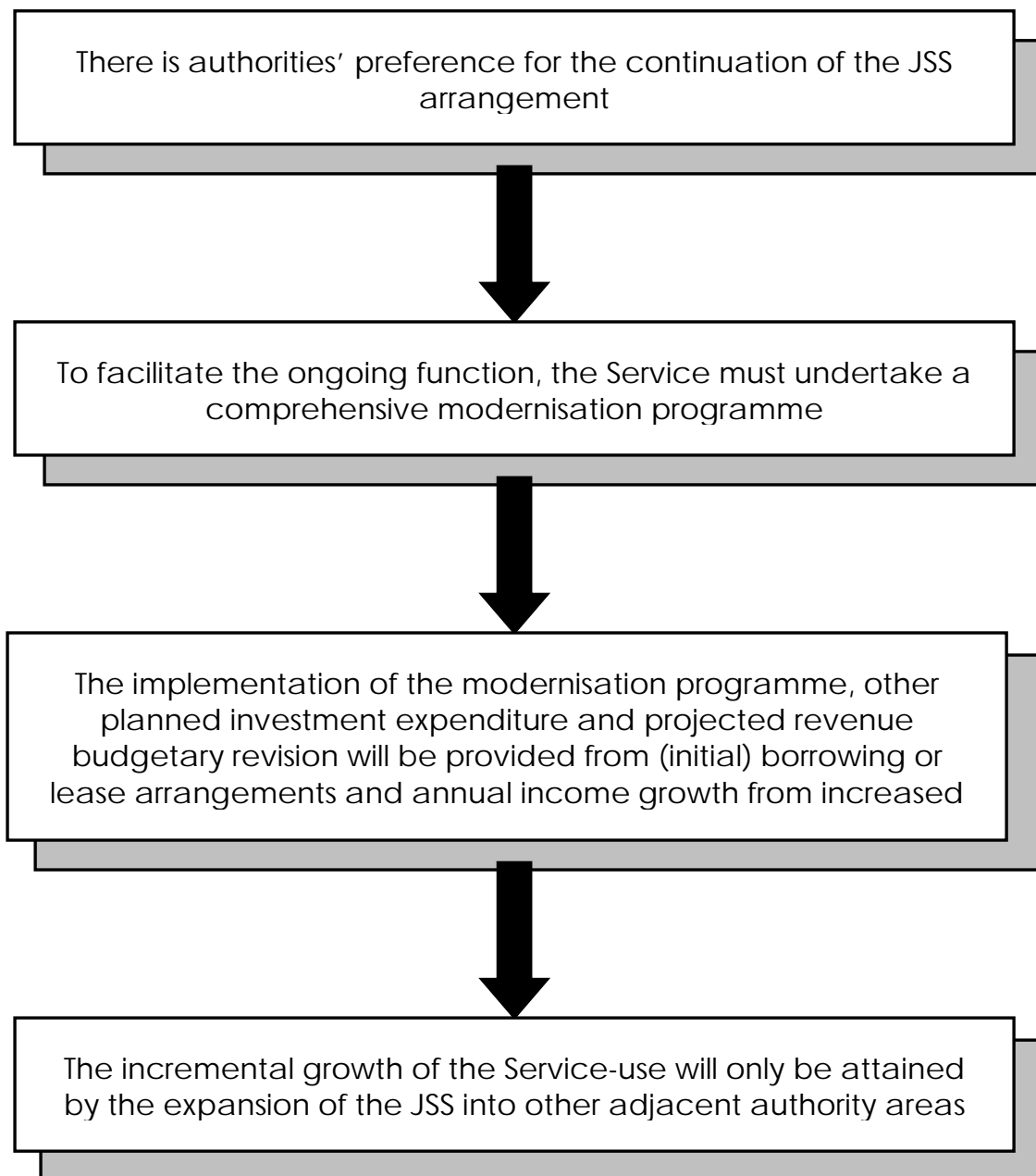
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### Introduction

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. The JSS intends to use 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.
3. The JSS has a very good understanding of school procurement issues and requirements, having a close working relationship with the Schools Education Improvement Service, with positive relationships with schools. The additional marketing and communication attributes, the appropriateness of the current catalogue range and acquired understanding of supply logistics are such that there is confidence within the organisation of being able to take the opportunity to extend the arrangements beyond the existing joint authorities, as has been evidenced with expansion over the last 12-18 months of the customer portfolio (education) to other local authority areas (Appendix 1).
4. The structured expansion will facilitate the continuing supplier, advisory and support role provided across all Services and schools, within the purchasing and supply structures of the respective joint authority Procurement Units.
5. The demonstrated support for JSS continuation was positively evidenced by a 2008 customer survey, with the basics for maintaining the function being a very successful trading financial performance over the last thirteen years, attaining annual financial surpluses with an accumulated reserve of £511k at 31 March 2009.

6. The outline of the way forward planning contained in this document can be summarised as below,



## Strategic Impact

1. The joint authority Procurement Strategies, collectively, have (amongst other objectives) the following expectations,
  - Efficiency and value for money
  - Maximising resources to be devolved to front line Services
  - Planned and effective management of procurement and supply chains in order to meet corporate objectives
  - Internal and external collaboration and partnerships
  - Maintaining a varied and competitive supply base
  - Support of the All Wales Sourcing Plan
  - Local supply supplier encouragement and development
  - Development of procurement to meet new emerging needs
  
2. The respective objectives of WAG (Value Wales) relative to procurement include the following,
  - Shared and collaborative arrangements
  - Provision of efficiencies to redirect resources to front-line services
  - Development of opportunities for local SMEs ('Opening Doors' charter)
  - An All Wales electronic 'market place' for purchase and supply, increasing both efficiencies and opportunity
  - Education and the translation of procurement efficiencies into increased budget provision within schools
  
3. The JSS considers the role which is undertaken fulfils many of the objectives of both the authorities' Procurement Strategies and WAG (Value Wales), 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 (xchangewales) as a major transaction supplier.
  
4. The JSS intends to be part of the future structure, building upon the acquired experience and positive relationships with the broad range of service-users to develop the facility by way of a modernisation programme to maintain its position within the working strategies of authorities.

## JSS Aims and Service Content

The overall aim of the JSS is:-

“To deliver a cost effective, efficient and quality supply service, providing advice, guidance and support to the broad range of customers, both internal and external”

The JSS provides a range of related services beyond that of the original supplier concept, viz:-

- A single source, catalogue-structured supplier facility, locally situated, to facilitate the acquisition of a broad range of commonly-required products across the range of front-line and support services and schools within authorities.
- Provide the same supplier opportunity to other public sector bodies and schools (as facilitated by the Local Authorities Goods and Services Act, 1970).
- 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 facility supporting authorities' front-line service providers, typically Education and Personal/Social Services, undertaking (and managing) new builds/premises refurbishments, guiding on product selection, installation and budgetary advantage.
- A support agency to authorities and across authorities assisting service-specific promotional activities such as educational teaching initiatives.
- An objective and knowledgeable partner and advisory facility, actively supporting the local sustainability agencies and policies of the participating authorities, by way of product guidance, sourcing principles and workshop events.

The above service summary will provide the base content for service delivery in the future.

Excluded from the future service content would be an existing in-house direct service provision, which will be sub-contracted within existing contract arrangements.

The following core-statistics are relevant to the existing service provision (March 2009),

|                               |                   |
|-------------------------------|-------------------|
| Annual Sales Turnover:        | £5,450,000        |
| Revenue Budget:               | £1,340,000        |
| No. of posts:                 | 45 (presently 38) |
| No. of Service Customers:     | 1,700             |
| No. of transactions annually: | 43,600            |

## Way Forward

1. The existing agreed way forward provides for the continuation of the existing joint arrangements until March 2011 (subject to continued financial viability during the period).
2. The strategy for maintaining the facility for a period of 5 years reflects a joint service which will undertake a comprehensive modernisation programme over a period of 12 months (to September 2010).
3. The completion of the modernisation agenda, both from the supplier role and operational processes (Appendix 2/2a), will facilitate a jointly managed operation which will meet the e-procurement objectives of the participating authorities, providing an efficient and effective e-supply access and trading facility to customers comparable with other recognised and successful public sector supplies consortia.
4. The investment financing of both service modernisation and other operational enhancement expenditure (Appendix 3/3a) over the 5 year period will be provided by borrowing/lease arrangements, as included in the Business Plan, with the option of utilising part of the accumulated reserve being available as an alternative strategy.
5. The additional revenue implication costs of the investment programme and other projected additional annual operational costs, as detailed in Appendix 5, will be financed from income generated from the expansion of the use of the JSS to the education sector in other adjacent local authority areas.
6. Specifically, securing growth from the use of the service by schools in the 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, as outlined in the next section and Appendix 4.  
(An outcome appraisal of market-research already undertaken with the designated schools' group is included in the Marketing and Sales Strategy section).
7. The additional financial recovery targets are structured for the expansion of store-sector catalogue range only, encapsulating the core-range of essential educational teaching and premise-related consumables, an area of supply which continues successfully for the JSS.



8. The expansion will be achieved by an active marketing and sales strategy as outlined in "The Business Plan", being reinforced by the reintroduction of an annual, single, omnibus catalogue (and web-version) in 2010/11 in response to the expression of preference by existing customers. It is expected the "non-stores" catalogue product supply service will also expand as a consequence of the establishment of the base supply function to the new customer group, though such expansion is not included in the cost recovery strategy.

Any income surplus would be available to the four participating authorities for agreed retention by the JSS or other allocation.

9. The turnover growth would be incremental over a 3 year period commencing April 2010, with a projected target attainment by March 2013.
10. 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.

## Service Expansion – Scoping Information

### 1. Expansion of Supply to Schools:-

| School Nos. | Swansea Area | Neath/Port Talbot Area |
|-------------|--------------|------------------------|
| Secondary   | 15           | 11                     |
| Primary     | 88           | 65                     |
| Other       | 2            | 2                      |
| Total       | 105          | 78                     |

### 2. Projected Additional Turnover Availability (Annual)\*

(Assessed expenditure of designated schools)

| Authority         | Projected Available Turnover<br>(Catalogue Stores)<br>(£ 000's) | Projected Available Turnover<br>(Total Catalogue)<br>(£ 000's) |
|-------------------|---|--|
| Swansea           | 581   | 735  |
| Neath/Port Talbot | 352   | 444  |
| Total             | 933   | 1,179  |

### 3. Turnover Growth Plan (Incremental)

|                   | Target Growth<br>(£ 000's) | Accum.<br>Growth<br>(£ 000's) | % of Assessed Available Expenditure | % of existing JSS Stores Turnover | Additional Income Attained<br>(£ 000's) |
|-------------------|----------------------------|-------------------------------|-------------------------------------|-----------------------------------|---|
| 2010/11           | 358                        | 358                           | 32%                                 | 9.3%                              | 82                                      |
| 2011/12           | 168                        | 546                           | 49%                                 | 14.9%                             | 127                                     |
| 2012/13<br>(Peak) | 174                        | 720<br>(max)                  | 65%                                 | 19.7%                             | 162                                     |
| Successive        | -                          | 720                           | 65%                                 | 19.7%                             | 162                                     |

|       |  |       |  |  |  |
|-------|--|-------|--|--|--|
| years |  | (max) |  |  |  |
|-------|--|-------|--|--|--|

4. Additional Resources Financing (Staff/Transport)  
(Comparison to base budget 2009/10)

|                  |   |         |
|------------------|---|---------|
| 2010/11          | - | £25,000 |
| 2011/12          | - | £45,000 |
| 2012/13          | - | £70,000 |
| Successive years | - | £70,000 |

*Variable expenditure directly linked to turnover growth and rate of growth.*

5. Additional Stockholding Requirement  
(Average weekly)

|                  |         |
|------------------|---------|
| 2010/11          | £18,000 |
| 2011/12          | £28,000 |
| 2012/13          | £36,000 |
| Successive years | £36,000 |

*\*The assessment and calculation of the potential turnover availability of the designated schools' group reflects analysis of the 'per school' pupil population, as applicable to the average 'spend per pupil' with the JSS from the existing joint-authority schools, to produce an average potential spend per school/authority (Appendix 4).*

## The JSS Benefits (Existing / Future)

### Financial

- Provides overall comparative market product-pricing to service users - Benchmarking Summary attached (Appendix 6).
- Concentrates skills, knowledge and experience, undertaking an “added value” role, which obviates the need and resources for such work to be undertaken within authorities’ Procurement Units - Summary attached (Appendix 7).
- Provides a local, single-source supply facility, avoiding the additional transaction-processing costs (electronic or other) associated with alternative multi-supplier arrangements.  
(JSS manages 43,600 transactions annually with the guideline per transaction processing costs being up to £50 per unit – source OGC NAO).
- Avoids duplication of Procurement activities across authorities.
- Maintains the self-financing JSS arrangements obviating the additional seconded staff salary costs transferring to the contracting authorities. Total salary costs of £263,000 (April 2009).
- Provides a customised product range for major customers.

### Policy/Strategic

- Supports the collaborative procurement and strategic services principle and objectives.
- Supports the E-Procurement strategies of the joint authorities (local/national).
- Supports the preferred local supplier objectives and sustainability agenda.
- Broadens the opportunity and scope for delivering a supporting advisory/guidance service to a wider customer base.
- Presents corporate Procurement Units opportunity to focus upon more complex, strategic procurement activities within authorities.

### Social

- Supports existing “local” employment and presents future opportunity for both existing staff and additional employment.
- Presents sustaining working relationships with local suppliers.

## Expansion Plan – Implementation

|   |  |
|---|--|
| September 2009                            | Preliminary broad contact with designated new customer group to confirm assessed interest in the future supply arrangements (should the Business Plan be agreed).              |
| September /October 2009                   | Commence Modernisation Programme (E-Catalogue Development).  |
| March 2010                                | Complete first phase of Modernisation Programme.   |
| September 2009 to March 2010 Availability | Production of “single-edition” combined catalogue, reverting away from the two-edition existing practice.  |
| March 2010                                | Commence structured marketing (and sales) of JSS to new target customer group (designated staff secondment) to include visits, group presentation and enhanced communications. |
| March 2010                                | Commence supply arrangements.  |
| March 2010                                | Review resource requirements subsequent to initial response with interim provision of service from within existing resources and agency supplement.                            |

## Marketing & Sales Strategy

The success of the Business Plan (and continuing joint arrangements) will depend primarily upon (a) the retention (as a minimum) of the existing level of service-use by the joint authorities and other customers and (b) the recruitment and retention of the additional schools' customer group at the projected expenditure levels.

A market-research exercise has already been undertaken with the designated schools, during September/October, with a very positive response and outcome from the majority of schools which responded. Considerable interest and expression of an inclination to consider and use the JSS was evident, with a mutual understanding of a service content being both price-competitive and meeting performance expectations.

Summary as follows,

| Authority                      | Survey Response | % Positive Interest |
|--------------------------------|-----------------|---------------------|
| Swansea (105 schools)          | 100%            | 98%                 |
| Neath Port-Talbot (78 schools) | 81%             | 100%                |

### Specific

- Reintroduce a single product catalogue for 2010/11, including customer proposals.
- Establish a web-catalogue to provide an e-procurement facility.
- Maintain a supplier e-catalogue within xchangewales for authorities and schools.
- Enhance already established contacts and 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.
- Establish customer group forums via existing user group structures within authorities, developing authority web site presence.
- Provide an initial dedicated 'new customer accounts' officer to provide advice and guidance.

## Performance Measurement

The Business Strategy outline for the continuation of the existing self-financing JSS model is significantly dependant upon the income growth derived from the increased use of the service.

Equally, the specified increase to annual operational costs, both “fixed” and “variable” requires effective monitoring and management to ensure the input finance accords with both budget planning and growth.

The Business Strategy will be assessed against the success of the JSS in attaining these core financial objectives, without diminution of service delivery standards.

The monitoring of the strategy success will be comprised of the following;

| Performance Indicator   | Report Period  |
|---|--|
| a Achievement/improvement of existing ) key performance indicators.   | Quarterly report to Joint Management Committee.                                  |
| b Attainment of the incremental sales ) growth and net income accruing in accordance with the growth profile. | Monthly report to Officers and quarterly report to Joint Management Committee.   |
| c Management of operational costs within ) agreed budget for respective period.                               | Monthly Review with Officers and quarterly report to Joint Management Committee. |
| d Overall comparative price ) competitiveness evidenced by catalogue price benchmarking.                      | Quarterly Report to Joint Management Committee.                                  |
| e Sustained quality of service delivery ) assessed by annual customer survey.                                 | Annual report to Joint Management Committee.                                     |

## Risk to the Business Strategy

1. Failure to maintain existing levels of turnover and customer commitment.
  - a) Public Sector Finance implications.
  - b) Growth of alternative supply arrangements (Public Sector – Value Wales/Welsh Purchasing Consortium)
  - c) Competition generally – public/private sector.
  
2. Failure to attain projected growth levels to finance committed investment and revenue cost increases. As above,
  - a) Public Sector Finance implications.
  - b) Growth of alternative public sector supply arrangements.
  - c) Competition generally – public/private sector.
  
3. Site, additional revenue implications as a consequence of building relocation requirement in the event of site disposal by host authority.
  
4. Job Evaluation, the consequential financial implications as impacting upon operational costs in the event of an outcome with significant increase to JSS structure grades.

### Risks: Financial Considerations – Growth

| % Growth Achieved/Financial Risk - (£ 000's) |      |     |     |     |
|--|------|-----|-----|-----|
|  | 100% | 50% | 25% | NIL |
| 2010/11                                      | NIL  | 31  | 46  | 62  |
| 2011/12                                      | NIL  | 41  | 61  | 82  |
| 2012/13                                      | NIL  | 46  | 69  | 92  |
| 2013/14                                      | NIL  | 46  | 69  | 92  |
| 2014/15                                      | NIL  | 46  | 69  | 92  |



### 1. Key Assumptions

The process of review and preparation of the Business Strategy document is based on some key assumptions and understanding.

- Continued support of the four joint authorities.
- 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, pending added value.
- Residual staff cost implications for authorities.

### 2. The Joint Agreement

The existing Joint Agreement was last revised in 1997 and as part of the way forward for the joint arrangements a review and reassessment would be undertaken, reflecting changes over the past twelve years, which impact upon the current document.

Specifically in regard,

- a) Shared responsibilities and commitments.
- b) Liabilities as part of all service closure.
- c) Borrowing/lease arrangements in the future.

# Appendices

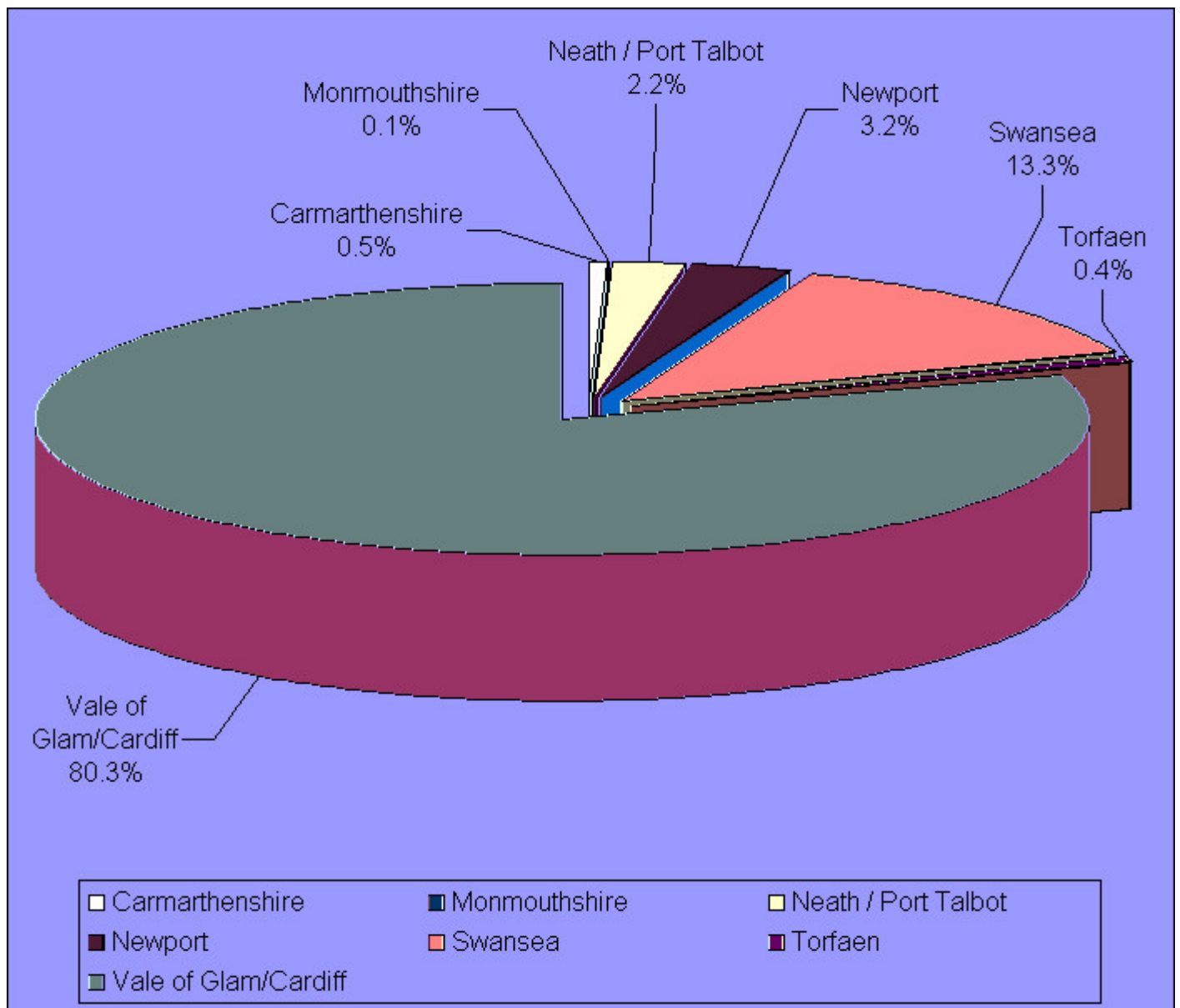
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Supply to Other Local Education Authority Schools

Period: April 2008-September 2009

| Local Authority      | Comprehensive      | Primary            | Overall Total      |
|----------------------|--------------------|--------------------|--------------------|
| Carmarthenshire      | £1,722.94          | £156.78            | £1,879.72          |
| Monmouthshire        |                    | £215.33            | £215.33            |
| Neath / Port Talbot  |                    | £7,639.25          | £7,639.25          |
| Newport              | £8,244.78          | £3,083.56          | £11,328.34         |
| Swansea              | £32,852.15         | £14,553.27         | £47,405.42         |
| Torfaen              |                    | £1,404.20          | £1,404.20          |
| Vale of Glam/Cardiff | £103,954.94        | £181,402.31        | £285,357.25        |
| <b>Overall Total</b> | <b>£146,774.81</b> | <b>£208,454.70</b> | <b>£355,229.51</b> |



## Investment Programme – Financial Projection

| Project  | Impact/Other  | Timescale                                    | Cost               |
|--|---|--|--------------------|
| Service Modernisation  |   |  |                    |
| a) E Catalogue Management System, Back-Office System Integration, Purchasing Card (Supplier) | Provide a web-based e-catalogue for Service users, fully-integrated with the existing CBS back-office system to include the xchangewales project integration to facilitate e-invoice to users; provide for the use of Service from Purchase Card customers. | <u>2009/10</u><br>November 2009 - March 2010 | £65,000            |
| b) CBS E-Procurement (System Enhancement)  | Provide an integrated purchase order, creditor payment and debtor facility to replace the current electronic/manual content practice and structure: e-tender facility.  | <u>2010/11</u><br>June 2010                  | £10,000            |
| c) CRM System (Customer Relationship Management)   | Provide a system-based structure to support and manage all customer-related functions within the Supplier activity, replacing the existing electronic/manual content practice.  | September 2010                               | £10,000            |
| d) SIMS Integration  | Provide facility to schools to directly access JSS Web Catalogue via SIMS (subject to xchangewales development)   | September 2010                               | £15,000            |
| Vehicle Purchase (2 Units)   | Replacement Programme (5-year)  | 2012/13                                      | £48,000            |
| Operational Equipment<br>Fork Lift Trucks  | Renewal of existing lifting equipment (15-year "life" cycle)  | 2010/11<br>2011/12                           | £14,000<br>£14,000 |

## Summary

Total investment costs over period to 2014/15 (including current year): £176,000

Projected Sales Turnover over same period: £31,700,000

## Investment Programme – Financing Options

Financing options to facilitate the investment components, as specified, are as follows:-

Preferred Option

a) Borrowing/lease

or

b) Utilise the JSS Accumulated Reserve

*(with replenishment funding should future trading surplus arise)*

In considering securing the finance from the accumulated reserves (£511K at March 2009) and during the respective financial years, it is considered the benefits of retaining the accumulated reserves as a contingency fund for the future outweigh the relatively minor additional costs of any borrowing arrangement repaid over designated periods, as Appendix.

There are additional revenue cost implications which have been factored into the budget profile and included in the costs to be recovered from the projected sales growth plan.

In the circumstances of a further trading surplus being realised during the respective borrowing period, further consideration could be given to the application of this funding strategy or outright purchase.

## Investment Programme – Financial Projection Summary

|                       | £       |         |         |         |         |         |
|-----------------------|---------|---------|---------|---------|---------|---------|
|                       | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
| Modernisation         | 65,000* | 35,000  | 0       | 0       | 0       | 0       |
| Transport             | 0       | 0       | 0       | 48,000  | 0       | 0       |
| Operational Equipment | 0       | 14,000  | 14,000  | 0       | 0       | 0       |
| TOTALS                | 65,000  | 49,000  | 14,000  | 48,000  | 0       | 0       |

\*Includes £29,000 previously committed from Accumulated Reserves

Overall Total Investment: £176,000

## Financial Projection – Additional Revenue Costs (Annual)

| Element                               | Requirement   | Timescale                               | Cost (Annual)   |
|---------------------------------------|---|---|---|
| Building Improvements/<br>Maintenance | Additional annual maintenance costs to support preferred option of continued existing building/site occupancy.  | 2010/11                                 | £5,000  |
|                                       |   | 2011/12 -2014/15                        | £10,000 (per annum)   |
| Loan Charges/Lease                    | Repayment of borrowing/lease to finance start-up service modernisation, vehicle replacement and operational equipment purchase.   | 2010/11 –2014/15<br>(incl current year) | Varying annual contribution over 5-year period totalling £176,000 |
| Service Modernisation                 | Recurring costs of Systems Support & Licences   | 2010/11                                 | £12,000   |
|                                       |   | 2011/12 – 2014/15                       | £15,000 (per annum)   |
| Resources                             | Additional Resources:-<br>a) Modernisation Implementation & Service Enhancement (2 Units)   | 2010/11 - 2014/15                       | £49,000 per annum (gross)   |
|                                       | b) Service Expansion, variable incremental, subject to growth in turnover<br>(1 – 4 Units)  | 2010/11<br>2011/12<br>2012/13 – 2014/15 | £20,000<br>£40,000<br>£60,000 (per annum)                         |
|                                       | Reduced Resource Requirement:-<br>a) Decommission existing in-house direct service element<br><br>b) Modernisation efficiencies   | 2010/11 – 2014/15                       | £21,000 Cr<br><br>£19,000 Cr                                      |
|                                       | <u>Summary - Net additional cost :-</u><br>Fixed: £9,000 p.a.<br>Variable: £20,000 - £60,000 p.a.   |   |   |
| Transport                             | To Support Service expansion, utilise capacity within existing budget with additional requirement for 1 – 2 vehicles (hire) – 40 weeks annually. Incremental requirement. | 2010/11                                 | £5,000  |
|                                       |   | 2011/12 – 2014/15                       | £10,000 (per annum)   |
| Reduced Income (Non-Trading)          | a) Reduced supplier catalogue production support  | 2010/11 – 2014/15                       | £10,000   |
|                                       | b) Reduced contract rebate income   |   | £25,000   |
| Savings – Miscellaneous               | General expenditure reductions within existing budget   | 2010/11 – 2014/15                       | £10,000 Cr  |
| *Job Evaluation                       | No provision or estimate included with expected project outcome in  |   |   |





## Financial Projection – Additional Revenue Expenditure/Net Income

|  |                            | £            |               |                |                |                |                |
|--|----------------------------|--------------|---------------|----------------|----------------|----------------|----------------|
|  |                            | Period (Yrs) | 2010/11       | 2011/12        | 2012/13        | 2013/14        | 2014/15        |
| Building Maintenance   | Warehouse                  |              | 5,000         | 10,000         | 10,000         | 10,000         | 10,000         |
| Vehicles Loan Charges  | Vans                       | 5(3)         |               |                | 10,000         | 10,000         | 10,000         |
|  | Fork Lift Trucks           | 5(4)         | 3,000         | 6,000          | 6,000          | 6,000          | 6,000          |
| Modernisation  | Licences                   |              | 12,000        | 15,000         | 15,000         | 15,000         | 15,000         |
|  | Loan Charges/              | 5            | 8,000         | 8,000          | 8,000          | 8,000          | 8,000          |
|  | Software Etc               | 4            |               | 9,000          | 9,000          | 9,000          | 9,000          |
| Staff Resources  | Fixed                      |              | 9,000         | 9,000          | 9,000          | 9,000          | 9,000          |
|  | Variable (Growth)          |              | 20,000        | 40,000         | 60,000         | 60,000         | 60,000         |
| Transport (Growth)   |                            |              |               | 5,000          | 10,000         | 10,000         | 10,000         |
| <u>Reduced Income</u>  |                            |              |               |                |                |                |                |
|  | Catalogue Supplier Support |              | -10,000       | -10,000        | -10,000        | -10,000        | -10,000        |
|  | Contract Rebate Income     |              | -25,000       | -25,000        | -25,000        | -25,000        | -25,000        |
| <u>Expenditure Reduction</u>                                     |                            |              |               |                |                |                |                |
|  | Miscellaneous              |              | 10,000cr      | 10,000cr       | 10,000cr       | 10,000cr       | 10,000cr       |
| <b>Amount To Be Generated From Modernisation &amp; Expansion</b> |                            |              | <b>82,000</b> | <b>127,000</b> | <b>162,000</b> | <b>162,000</b> | <b>162,000</b> |

## Turnover Expansion: Assessed Expenditure Threshold of Schools (LEA)

### Analysis of Joint Authority Existing Expenditure

#### Expenditure per Pupil (with JSS)

|               | Highest | Lowest | Average | Average Per School |
|---------------|---------|--------|---------|--------------------|
| Comprehensive | £31.66  | £3.52  | £17.38  | £17,209.00         |
| Primary       | £64.36  | £4.56  | £23.61  | £4,652.00          |

#### Ratio of Catalogue Stores and Direct Expenditure

|               | Stock | Direct |
|---------------|-------|--------|
| Comprehensive | 83%   | 17%    |
| Primary       | 77%   | 23%    |

### Projected Expansion Analysis

#### Projected Available Turnover for Expansion (Average spend Per Pupil)

|                    |              | Swansea            | Neath Port Talbot  |                      |
|--------------------|--------------|--------------------|--------------------|----------------------|
| Comprehensive      | Stock        | £208,533.58        | £132,252.07        |                      |
|                    | Direct       | £42,711.70         | £27,087.77         |                      |
|                    | <b>Total</b> | <b>£251,245.28</b> | <b>£159,339.84</b> |                      |
| Primary            | Stock        | £372,992.90        | £219,374.44        |                      |
|                    | Direct       | £111,413.47        | £65,527.43         |                      |
|                    | <b>Total</b> | <b>£484,406.37</b> | <b>£284,901.87</b> |                      |
| <b>Grand Total</b> |              | <b>£735,651.65</b> | <b>£444,241.71</b> | <b>£1,179,893.36</b> |

Summary: Catalogue Stores £933k / Catalogue Direct £247k per annum

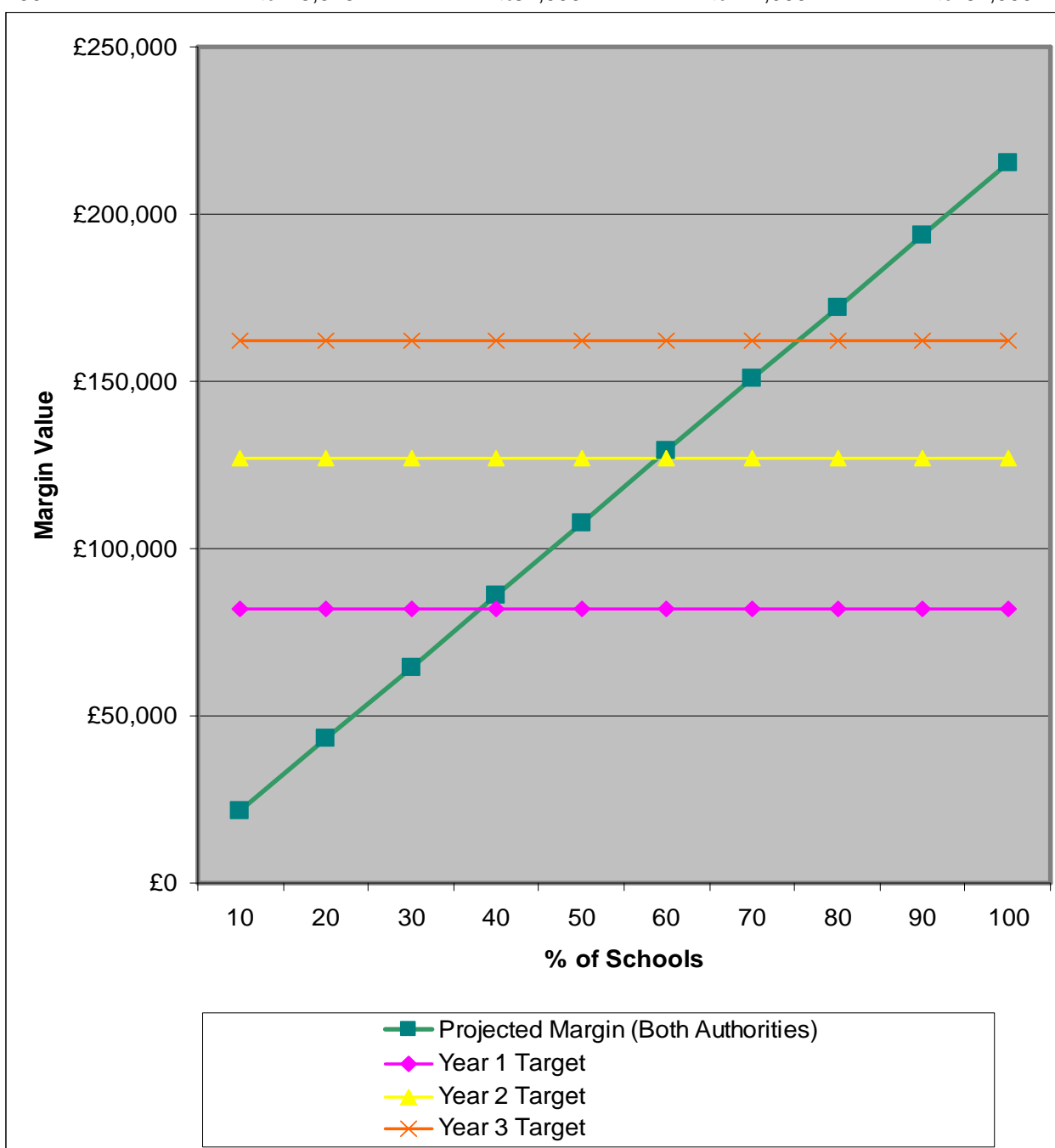
#### Projected Available Net Income (Margin)

|                    |              | Swansea            | Neath Port Talbot |                    |
|--------------------|--------------|--------------------|-------------------|--------------------|
| Comprehensive      | Stock        | £48,123.13         | £30,519.71        |                    |
|                    | Direct       | £3,882.88          | £2,462.52         |                    |
|                    | <b>Total</b> | <b>£52,006.02</b>  | <b>£32,982.23</b> |                    |
| Primary            | Stock        | £86,075.29         | £50,624.87        |                    |
|                    | Direct       | £10,128.50         | £5,957.04         |                    |
|                    | <b>Total</b> | <b>£96,203.78</b>  | <b>£56,581.91</b> |                    |
| <b>Grand Total</b> |              | <b>£148,209.80</b> | <b>£89,564.14</b> | <b>£237,773.94</b> |

Summary: Catalogue Stores £215k / Catalogue Direct £23k per annum

Turnover Expansion: Assessed Income Availability / Income Requirement (Margin)

| % Of Schools | Projected Margin /<br>Nett Income<br>(Both Authorities) | Year 1 Target | Year 2 Target | Year 3 Target |        |
|--------------|---|---------------|---------------|---------------|--------|
| 10           | £21,534   | £82,000       | £127,000      | £162,000      |        |
| 20           | £43,069   | £82,000       | £127,000      | £162,000      |        |
| 30           | £64,603   | £82,000       | £127,000      | £162,000      |        |
| 40           | £86,137   | £82,000       | £127,000      | £162,000      | 38.08% |
| 50           | £107,671  | £82,000       | £127,000      | £162,000      |        |
| 60           | £129,206  | £82,000       | £127,000      | £162,000      | 58.97% |
| 70           | £150,740  | £82,000       | £127,000      | £162,000      |        |
| 80           | £172,274  | £82,000       | £127,000      | £162,000      | 75.22% |
| 90           | £193,809  | £82,000       | £127,000      | £162,000      |        |
| 100          | £215,343  | £82,000       | £127,000      | £162,000      |        |



## Service Budget Projection

|                       | Service Budget Projection - 5 Year Period to - 2014/2015 |         |         |         |         |         |
|-----------------------|--|---------|---------|---------|---------|---------|
|                       | £ 000's  |         |         |         |         |         |
|                       | Base Year<br>2009/10                                     | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
| Expenditure           |  |         |         |         |         |         |
| Fixed                 | 1,400  | 1,427   | 1,447   | 1,457   | 1,457   | 1,457   |
| *Variable             | -  | 20      | 45      | 70      | 70      | 70      |
|                       | 1,400  | 1,447   | 1,492   | 1,527   | 1,527   | 1,527   |
| Income                |  |         |         |         |         |         |
| Trading (Existing)    | (1,110)  | (1,110) | (1,110) | (1,110) | (1,110) | (1,110) |
| Accumulative (Growth) | -  | (82)    | (127)   | (162)   | (162)   | (162)   |
| Non-Trading           | (290)  | (255)   | (255)   | (255)   | (255)   | (255)   |
|                       | (1,400)  | (1,447) | (1,492) | (1,527) | (1,527) | (1,527) |
| Total                 | 0  | 0       | 0       | 0       | 0       | 0       |

\*Staff Resource Related to Growth in Turnover

## JSS Price Benchmarking

| Product Group                  | JSS Annual Turnover | All-Wales Contracts                | Other Consortia | Other Public Sector |
|--------------------------------|---------------------|------------------------------------|-----------------|---------------------|
| Education Curriculum Materials | £830k               | -23% (-£190k)                      | +2% (+£16k)     | n/a                 |
| Paper (core-white)             | £320k               | -8.6% (-£17k)                      | n/a             | n/a                 |
| Stationery - General           | £900k               | +6% (+£54k)                        | n/a             | n/a                 |
| Furniture & Associated         | £979k               | n/a                                | -8.4% (-£82k)   | n/a                 |
| Janitorial                     | £993k               | n/a                                | -2% (-£20k)     | +8% (+£79k)         |
| Exercise Books                 | £228k               | a) -23% (-£52k)<br>b) -11% (-£25k) | +2% (+£4k)      | n/a                 |

## Key

- + JSS Price Disadvantage
- JSS Price Advantage

NB: Commodity turnover above reflects 78% of total JSS turnover.

## 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<br><br>Average 400/450 enquiries/response per month.  | Customer Support<br>Buyers<br>Equivalent to 2.0/2.5 FTE minimum                 |
| General objective advice, guidance and instruction to customers in regard products, H&S, procedures and 'signposting' (usually to Procurement Units).  | All Customer Groups<br><br>Average 150/200 per month.   | Customer Support<br>Buyers<br>Support Services<br>Equivalent to 0.5 FTE minimum |
| Commissioned to undertake new build/refurbishment of premises, typically schools, residential, Day Centres, office general/specific.<br><br>Requires guidance on 'product menus', best fit, H&S related, site visits, supplier management. | Usually Education and Social/Personal Services but could extend over other services<br><br>Variable, requirement budget-driven. | Customer Support<br>Buyers<br>Sales<br>Equivalent to 0.5/1.0 FTE minimum        |

| Service Description   | Scope   | Resources (JSS Current)                                    |
|---|---|--|
| Typically furniture, floor-covering, white goods and curriculum/teaching.   |   |  |
| Support authority service-specific promotional requirements, training and conferences.<br>Support work with ESIS/educational groups, to provide curriculum market knowledge and developments.<br>demonstrations, attendance at various events.  | Various Customer Groups   | Customer Support<br>Advisory<br><br>Equivalent to 0.25 FTE |
| 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. | Various Customer Groups   | Customer Support<br>Advisory<br><br>Equivalent to 0.25 FTE |
| Customer enquiries which whilst related to the designated catalogue-supplier activity will still require input from Proc Units to support customer issues.  | Various Customer Groups<br><br>Average 900-1000 telephone enquiries monthly of which an estimated 20% (180-200) will require support additional to supplier arrangements. | Customer Support<br><br>Equivalent to 0.5 FTE              |
|   |   | Total Resource Assessment<br>(minimum) 4.0/5.0 FTE         |

***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.***

