

FOR PUBLICATION

DISPOSAL OF OBSOLETE STOCK (H000)

MEETING: EXECUTIVE MEMBER FOR HOUSING

DATE: 10 APRIL 2015

REPORT BY: HOUSING SERVICE MANAGER -
OPERATIONAL SERVICES DIVISION

WARD: ALL

COMMUNITY FORUM: ALL

KEY DECISION REFERENCE
(IF APPLICABLE): 506

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1.0 **PURPOSE OF REPORT**

1.1 To seek approval to write off obsolete stock at OSD in preparation for the new COINS IT contractor system going live with an accurate and up to date stock database.

2.0 **RECOMMENDATIONS**

2.1 That approval be given to write off and dispose of obsolete stock which is presently based within the stores section of OSD and for which there are no requirements for its future use.

2.2 The items to be written off can be found at **Appendix A** (Stores obsolete stock) and **Appendix B** (uPVC factory).

3.0 **BACKGROUND**

- 3.1 The Councils Operational Services Division carries out building maintenance principally to the Councils 9500 Housing stock. These works are carried out primarily by the in house Direct Labour Organisation.
- 3.2 As part of the operational process the OSD has historically utilised an in house stores section which is based at the Stonegravels depot and forms the principle supplier in supply chain of materials to the Councils 150 strong in house team.
- 3.3 The stores section provides materials on a day to day basis direct to operatives across the variety of trades and also maintains a monitored van stocking system to ensure the provision of materials on a mobile basis for the workforce.
- 3.4 The stores section forms part of the Central Services department at OSD which is responsible for the supply chain of all plant machinery and materials at OSD and is also responsible for the procurement of these items.
- 3.5 The value of stock turnover is approximately £1 million per annum.
- 3.6 From time to time and as part of the annual stock taking process it is necessary to identify and itemise items of stock that are no longer required. This can be for two reasons:
- 3.6.1 The OSD is no longer fabricating PVC windows in house and has been left with a residual profile and materials that is out of date and no longer of use.
- 3.6.2 Within the industry there are changes to appliances and improvements in technology which means that some parts and materials within stores are superseded and become out of date.

4.0 **FINANCIAL AND AUDIT CONSIDERATIONS**

- 4.1 The audit requirements of the Council ensure that an annual stock take takes place which includes identifying year on year the parts and materials which are unlikely to be used in the future.
- 4.2 A stage is reached when considerable space is taken within the stores by obsolete items when coupled with the fact that these items will no longer be used then from time to time it becomes necessary to remove and dispose of such items. This request is for the removal of such items.
- 4.3 The timing of this request links with the fact that the new COINS IT contractor system is scheduled to go live in May 2015 and as part of this process it is beneficial to ensure that the stock at OSD is accurate up to date as it is inputted into the new COINS system.
- 4.4 The full list of items identified can be seen at **Appendix A**. The value of the items recommended to be written off is £39,754.98. This valuation however reflects the original purchase price and not the present value which is considered to be close to zero following depreciation.

5.0 **VALUE FOR MONEY, BENCHMARKING AND EXTERNAL ACCREDITATION**

- 5.1 Part of the process of seeking approval to dispose of obsolete stock is to be satisfied that the items in question cannot be utilised and that they have no significant monetary value.
- 5.2 Under the Councils Value for Money Policy this includes exploring the possibility of selling the said materials off to third parties or seeking scrap value.
- 5.3 Attempts will be made to sell off and dispose of the obsolete stock for any scrap value.

6.0 **HUMAN RESOURCE IMPLICATIONS**

6.1 There are no Human Resource implications. From a day to day point of view these items need to be removed to facilitate the improved working environment of the stores staff.

7.0 **RISK ASSESSMENT**

These risks may be summarised in the following table -

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Materials miss-identified and actually still useable	Low	Low	To double check items prior to disposal	Low	Low
Materials miss-identified and actually has a value	Low	Low	To double check items prior to disposal	Low	Low
Some materials omitted from the list of obsolete stock	Low	Low	The items should be identified at the next stock take	Low	Low

8.0 **CONSULTATION**

8.1 There are no issues in respect of consultation

9.0 **EQUALITY ISSUES**

9.1 An Equality Impact assessment is attached at **Appendix C**.

10.0 **SUMMARY**

- 10.1 The recent depot relocation whereby Environmental Services now occupy the depot as a shared site with OSD means that the site is fully occupied and the physical removal of some obsolete stock (uPVC window profiling) will provide additional parking space.
- 10.2 The imminent move to the COINs IT contractor system presents an opportunity to update the Stores database by removing obsolete stock and material which has been ongoing and occupying space for a number of years.

11.0 **RECOMMENDATIONS**

- 11.1 That approval be given to write off and dispose of obsolete stock which is presently based within the stores section of OSD and for which there are no requirements for its future use.
- 11.2 The items to be written off can be found at **Appendix A** (Stores obsolete stock) and **Appendix B** (uPVC factory).

12.0 **REASONS FOR RECOMMENDATIONS**

- 12.1 To cleanse the data of the stores section based at OSD.
- 12.2 To have an efficient and up to date stores system
- 12.3 To prepare for the implementation of COINs within Stores
- 12.4 To clear much needed space within Stores and the depot area

**MARTYN BOLLANDS
HOUSING SERVICE MANAGER - OPERATIONAL SERVICES
DIVISION**

Further information on this report can be obtained from Martyn Bolland on 5020

Officer recommendation supported/not supported/modified as below or Lead Members' recommendation/comments if no Officer recommendation.

Signed

Lead Member

Date

Consultee Lead Member/Support Member comments (if applicable)