



# Colne Town Council Stock Policy

DRAFT

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**Date of Review: March 2025**

**Review Term: Annually**

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## 1. Purpose

This policy has been written to allow Officers of the Council to effectively manage any stock held and stored either within the Town Hall, or at any of the Council's official storage facilities, and to help identify any significant variances that may need to be investigated.

This Policy will provide stronger controls for inventory management and will allow for better informed decisions to be made.

## 2. Scope

This policy relates to any stock held that is for sale to the general public and includes, but is not limited to:

- Blues Festival Merchandise – e.g. T-Shirts, Pin Badges, Hats, Posters etc.
- Sweets & Snacks – e.g. Sweet Bags, Chocolate, Crisps, Nuts etc.
- Alcoholic Beverages – e.g. Champagne/Prosecco, Wines & Spirits, Draught Beer, Lager & Cider, Canned Beer, Lager & Cider.
- Soft Drinks & Mixers – e.g. Canned fizzy & still drinks, Canned & Bottled mixers such as tonic, Ginger Beer and Soda Water, Canned & Bottled fruit Juices, Fruit Shoots and Cordial.
- Slush Syrups
- Glassware & Polycarbonates

## 3. Definitions

**The Council (CTC)** – Colne Town Council

**Senior Officers** – The Town Clerk/RFO, The Deputy Clerk and the Finance Officer.

**Stock Take** – An assessment and record of the volume of stock held on a particular day, noting any breakages and/or damaged stock.

**Par Level** – The par level sets the maximum and minimum quantities of a product, prompting the staff to re-order at the correct time.

**Product Lead Time** – The total amount of time between ordering a product and actually receiving it.

**FIFO (First In, First Out)** – FIFO is a stock policy used to prevent spoilage and ensure freshness.

**Tenth Method** – To visualise each bottle of liquor to be divided into ten equal parts. A bottle that is half full will be recorded as 0.5 or 5/10.

**Inventory Variance** – The amount of inventory that has been sold, compared with the amount that has been used.

**POS System** – A system that allows the user to process sales, track inventory, manage customers and view reports.

**FOC** – Free of charge

## 4. Policy Statement

Colne Town Council is committed to achieving value for money (VFM) for both its constituents and its customers. As part of this commitment, the Council is looking at ways to bring in additional income that can be used to support the services that it delivers for its residents. As the Council is now undertaking such activities with increasing regularity, the management of stock has become more important.

Effective inventory control plays a pivotal role in facilitating seamless operations, curtailing unnecessary losses, managing expenditures and upholding a consistent standard of service for customers.

## 5. General Provisions

Colne Town Council uses a versatile POS system that allows you to add multiple locations with different bank accounts. You can set up individual products with differing par levels and system alerts. The system accepts payments from credit cards, debit cards, reward cards, digital wallets such as Apple Pay and Google Pay, online, over the phone and in person, either contactless or via Chip & PIN and can be used on any iPad, iPhone, Android device or designated payment terminal.

The system automatically updates stock levels as sales are made, allows you to send customer receipts and invoices, and to generate various different sales reports.

This system, together with the completion of periodic physical stock takes and ad hoc stock checks, will form the basis for the inventory management process.

## 6. Procedures

### Products

All current products held for sale should be added to the POS system and the appropriate parameters set as follows:

Item name, type and description – a thumbnail image can be added to aid identification.

Product Category – i.e. Merchandise, Clothing, Snacks and Beverages etc.

Item location information – i.e. where the product is stored and which locations it can be sold from.

Product information such as size, weight and colour.

Par Levels for maximum and minimum quantities – These will be set based on the re-order lead time, minimum order quantities and whether the item is perishable.

Online order quantities – remembering to add any discounts which may apply for larger quantities.

Pricing information – Purchase price and Sale Price and also any discounts that may apply.

Current Stock Level

Any age restrictions

All new products should be added to the POS system at the time of ordering, ensuring that all relevant information is added as above.

### Sales

## Blues Box Office, Indoor and Outdoor Bars

At the beginning of the shift, all devices to be used should be signed into the correct location, this will limit the stock display to the items available for sale at the chosen location, making this easier for the operative, and will also ensure the accuracy of stock records and the ability to track back any discrepancies.

All sales must be put through the POS system whether payment is made by card or cash, as this will ensure the stock records are more accurate. Options will be added for any FOC items such as soft drinks and snacks for Event Staff, which must be utilised as and when necessary to maintain the correct stock levels.

If the correct denomination of currency used is entered, the system will automatically calculate the amount of change required, removing the need for the operative to work this out in their head and minimising the risk of errors being made.

## Online Sales

Online sales for merchandise bought independently from Festival Tickets, is linked to the Council's chosen POS system meaning that stock will be updated once payment of the order has been confirmed. Any such sales will trigger an email to be sent to both the Town Clerk and the Deputy Clerk, alerting them that an order has been placed. The item required will then be hand picked from stock and either placed in reception ready for collection or posted out to the customer.

Online sales for Festival Tickets and/or camping placed through the Blues website, are linked to an alternative payment provider. Any orders received for merchandise via this source will be for the upcoming Blues Festival and, depending on how early this is ordered, stock may not yet be physically on site.

Once the relevant stock has been received, a report will be initiated to gain full details of all the pre-orders made to date. All customers must then be notified that the stock has arrived. The stock will be picked as appropriate and adjustments made to the stock levels on the Council's POS system, to give a true representation of current stock levels. The orders can then either be placed in reception for collection, or posted out to the customer, depending on which method the customer has chosen.

## Stock Takes and Ad Hoc Stock Checks

Physical stock takes should be performed twice over a set period, once at the beginning to establish the initial level of stock before any sales are made, and again at the end of the chosen period to determine the amount of stock that you are left with.

Officers will complete a physical examination of all stock items at least monthly and as and when deemed necessary, the closing stock for the previous period becoming the opening stock for the current. Any periods longer than this will make it difficult to implement corrective measures, if necessary, or trace accountability.

Items to consider when conducting a stock take should include:

1. **Plan / Schedule** – A detailed outline of the responsibilities, process and timeline.
2. **The time chosen** – The stock takes should be done when the bar is closed, giving enough time to complete the examination in between events.
3. **Consistency** – Standard measurements should be used for all counts to avoid unwarranted discrepancies. The Council will use the Tenth Method for evaluating liquor bottles. Whilst

this is not the most accurate method, it is simple and fast and is more than adequate for the Council's current level of activity.

4. **Attention to detail** – The recorder should ensure that they are thorough and accurate and that all stock items, e.g. in fridges, chillers, and storerooms are counted, and any damages noted. All storage areas should be kept organised and well-lit.
5. **Frequency** – All stocktakes should take place at regular intervals (daily, weekly, bi-weekly or monthly).
6. **Separation of duties** – Ideally, the Council would avoid using the normal bar staff to run the stocktakes. However, due to having a small staff team, this is not currently an option. Instead, as a secondary check, Senior Officers will run ad hoc stock takes at least quarterly and as and when deemed necessary.
7. **Documented** – The outcome of each stock take should be recorded for future reference, showing the levels of stock for each product / category and the inventory variance for each. Any measures put forward for implementation should also be documented, and, if necessary, a review of this policy should be presented to the Councillors.

### Inventory Variance

Inventory Variance (also known as Inventory Shrinkage) is the amount of inventory that's been sold compared to the amount that's been used. Essentially, any ingredient used without being sold. It indicates, either in monetary value or as a percentage, how much product has been paid for and used without revenue.

An element of Inventory shrinkage is inevitable, however, this will differ depending on the product i.e. draft ales and lagers are sensitive to temperature and can be typically problematic, a certain amount of product will also have to be pulled through before the product can be sold. An acceptable variance will be somewhere between 1 – 5%.

It is worth noting that the monetary value of any inventory variance will come straight off the bottom line, so it is vital to ensure that any variances are minimised in order to remain profitable.

A number of methods will be employed in order to minimise excessive inventory Variance including:

Establishing Par Levels for each product.

Accurate receipt of stock – checking quantities and quality based on product specifications.

Adequate Storage – All products should be stored in optimal conditions and a FIFO policy observed to prevent spoilage and ensure freshness.

Portion Control – Implement standard recipes and maintain strict controls over serving sizes and pouring. All optics are fitted with standard shot measures, and single and double measures will be provided to bar staff for liqueurs and shots.

Audits and Stock Takes – Scheduled and impromptu audits (for sales) and stocktakes (for inventory) will be conducted to identify potential discrepancies.

Once the results of each stocktake have been recorded, a report will be downloaded from the POS System and cross referenced to establish the variance for each product / category.

Any variances above 5% will be put forward for further investigation.

## 7. Training

Full training on the POS System will be given to all operatives and bar staff before their shift begins. The training session will be tailored to the operative, depending on which location they will be working from i.e. Box Office / Indoor Bar / Outdoor Bar.

The system is intuitive and relatively easy to use.

## 8. Responsibilities

### Operatives

All operatives and bar staff must ensure that they are happy with the system and how to work it, before their shift begins. They should endeavour to ensure that all sales are put through the POS system and that this is done accurately and efficiently. Should the till already be in use by another user, a notepad and pen will be provided per staff member, so that notes can be made of the sale which should then be keyed in as soon as practicable thereafter.

### Bar Manager

In addition to that of an operative, the bar manager will also need to schedule the periodic stock takes, with guidance from Senior Officers. They must ensure that all processes documented within this policy are followed when conducting the examination and should note all relevant information.

At the end of each stock take, all documentation completed will be forwarded to the Deputy Clerk, Events & Facilities Officer who will arrange for the results to be added to the appropriate stock spreadsheet and saved accordingly.

### Senior Officers

In addition to the monthly stock takes completed by the Bar Manager, Senior Officers must ensure that quarterly examinations of inventory levels are also undertaken by themselves.

It is the responsibility of Senior Officers to ensure that any excessive inventory variances are investigated and appropriate measures taken to reduce them.

Slow moving inventory should also be taken into account when re-ordering stock and the product portfolio periodically reviewed to ensure that it is relevant and competitive.

## 9. Review and Revision

### Inventory variances

Identifying that there is a variance (and how high it is) is only the first step. Senior Officers must ensure that any variances above the accepted level of 5% are fully investigated and that any necessary steps are taken to prevent further losses.

In general, inventory variances are caused by some combination of the following reasons:

- Theft
- Inconsistent Portion Control
- Over pour and/or spillage
- Unrecorded breakages, spoilage, wrong orders or complimentary drinks

- Error in billing / inaccurate keying of orders

The main causes for the variances should be identified and actions taken to eliminate, reduce or minimise any arising losses.

#### Slow moving inventory

The inventory turnover of all items of stock should be reviewed on a periodic basis to identify any slow moving inventory.

Has the product lost popularity? Is it too niche a product. Is there an option to substitute with an alternative product that may sell better?

Any procedural changes implemented will lead to a review of this policy, which otherwise will be reviewed at least every three years or on any significant changes in activity.

### **10. Communication**

All investigations undertaken will be done so with decorum and in an open and honest manner.

Any measures put forward for implementation will be discussed with operatives before any changes are made.

Should any investigation lead to theft or employee negligence then this will be dealt with accordingly by following the CTC Grievance and Disciplinary Procedures as deemed appropriate.

### **11. Legal Considerations / Considered Good Practice**

The Town Council's Financial Regulations state that all Members and Officers are responsible for having regard to following good practice where possible and obtaining value for money at all times.