

Better value, delivered.

**YPO**<sup>®</sup>

# Working together to do more with less

Annual Report 2016

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# Chairman's statement

**Councillor Les Shaw**  
Wakefield Council

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***“To outperform the market and still make profit while delivering dividend, is a great achievement and is well recognised by members.”***

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**On behalf of the YPO Management Committee, I'm delighted to introduce the YPO Annual Report and Financial Summary 2016-17.**

2016 was a remarkable year for global politics as the world watched unexpected changes unfold. We witnessed globalisation continuing to progress, with clear indications that it's here to stay. In our world at YPO, we've continued to embrace change right from the Board and senior managers to all staff across the organisation that maintain adaptability and rise to meet challenges.

There's no denying that the marketplace is tough at the moment, with councils and schools under severe financial pressure. Despite this, YPO continues to carry out an excellent job and I'd like to thank all staff for their efforts and challenge them to keep up their great work in delivering the service.

The challenges we face from our customer base also present opportunity. YPO was established over 40 years ago to help the public sector save money. This is equally true, if not more important than ever before, as YPO can

continue to provide great value to councils and schools that are suffering from lack of funds. Our ethos remains the same as we strongly believe in good education for our children and their future, which means supplying schools with quality resources, at a reasonable price. Dividends will also continue to be delivered back to the heart of the public sector, as YPO invests directly back to where it's needed most.

Myself and the other founding members are confident that the opportunities presented to YPO will help the organisation not just develop but also grow, as it focuses on its existing business as well as new business opportunities. To outperform the market and still make profit while delivering dividend, is a great achievement and is well recognised by members.

Embracing and sustaining change means not only to develop the internal workings of the organisation, which YPO has proved it's capable of, but it also means that we have to look externally for partners that we can turn to, going forward. The strength in collaboration is evident in our growing number of associate members and with other strategic bodies such as the British

Education Suppliers Association, Institute of Customer Service and the National Association of School Business Managers, to name but a few.

Change never stops and organisations need to constantly develop as we see shifts in educational reform such as academisation, and operations being digitally transformed. If we keep changing, adapting and listening to customers, YPO will be able to sustain its great value to the public sector.

# Managing Director's statement

**Simon Hill**  
Managing Director YPO

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***“Year-on-year, we continue to recruit local authority member associations, as well as increase our range of frameworks that offer compliant, efficient and good value routes to market when it’s needed most.”***

**2016 has presented unprecedented challenges for the public sector. Despite this, YPO has performed well and still managed to increase market share.**

As we entered into the second-year of our three-year strategy, YPO’s key customer base continued to face significant financial anxiety, with pressure to find efficiency and value for money in everything they do.

Spend in the education market was down 6-8% on 2015, due to a combination of higher teacher national insurance rates and a considerable uncertainty on the availability of future funding. Local authority expenditure was cut by over 40%, as councils endeavour to provide a service that meets increasing customer expectations.

In spite of this, YPO only experienced a downturn of around 3% which was marginal in comparison to our competitors that we outperformed. This means we could increase our market share and continue to invest in our future growth as a profitable organisation, producing a surplus which is returned to the public purse.

We’ve continued to invest in our IT systems and upgrades, as well as our front-end customer facing website to help drive forward our business efficiency and increase productivity.

Year-on-year, we continue to recruit local authority member associations, as well as increase our range of frameworks that offer compliant, efficient and good value routes to market when it’s needed most. Our collaborative approach to procurement will allow us to continue to demonstrate strength and good value in our partnerships and re-enforce our shared mission to help the public sector save money.

**Key highlights from 2016 include:**

- Additional investment in London and the south as we recruited three new Area Sales Managers to service schools, and two Procurement Business Partners to build relationships with local authorities and the wider public sector.
- Continued growth in our associate membership, with nine new members in 2016 reaching 50 in total. These included two London boroughs,

highlighting our efforts in the south and our position as a national player in public sector procurement (see page 26 for full list of new members).

- We’ve introduced a next day delivery option which allows us to be competitive and meet customer demand.
- Introduction of new major framework contracts for food, training for emergency services and low energy lighting.
- Our partnership with the Roald Dahl Literary Estate as the official educational resource provider for Roald Dahl 100, a celebration of the author’s centenary.
- For the third year running, we achieved a place in the Sunday Times 100 Best Companies to Work for (not-for-profit), demonstrating our commitment to our current workforce and our aim to be an employer of choice.
- Ranking top of the annual Institute of Customer Service (ICS) survey for satisfaction, ahead of John Lewis and Amazon in the retail industry.

# Future proofing for a changeable marketplace



**Two years into our three-year strategy and the marketplace continued to pose relentless challenges. Our core customer base faced further austerity meaning our ‘forward thinking, outward looking’ approach at YPO couldn’t be any more important and relevant.**

Our focus remained on our key customer base within education and local authorities which continued to be stable, with profit reaching £7.4m in 2016. Within our core business, we’ve developed marketing propositions that present new opportunities for YPO to continue to add value to the public sector.

For instance, we’ve invested time and resource into an offering for multi-academy trusts (MATs) that enables us to partner with MATs across the country and help drive efficiencies to achieve cost savings, all while improving education outcomes.

Our Limited Company trading arm has allowed for diversification in target markets which included a judicious move into the early years sector and care industry. Both new markets make practical and commercial sense to YPO,

as we already provide a wide range of good value products applicable to these sectors.

Further leverage of the Limited Company has opened up windows of opportunity for strong and mutually beneficial partnerships. For instance, we’ve invested in tactical sponsorship of events, awards and marketing activity with Nursery Management Today which allows us to become more visible in a sector that isn’t traditionally familiar with YPO.

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***“Our outward thinking approach helps us to plan ahead and consider what the future might look like.”***

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The outlook for local authorities is persistently changeable meaning we constantly need to look ahead for opportunities to meet the needs of the marketplace. Our forward thinking approach helps us to plan ahead and consider what the future might look like.



This ensures we'll have procurement solutions in place to help ease pressures in the wider public sector, including health and social care, to find good value when making purchasing decisions.

Future proofing has taken place across the entire business as we continue to invest in technology, including our website and mobile access, which has been upgraded to become quicker and more agile, to further meet customer

needs. Behind the scenes, we've also invested in ERP to better integrate all our systems that have been inherited from the local authority.

The objectives of our three-year strategy remain the same – focusing on external benchmarking, customer insight research, best practice development and market trend analysis, all supported by our flexible and adaptable approach to market conditions.

# Achievements in 2016

## JANUARY

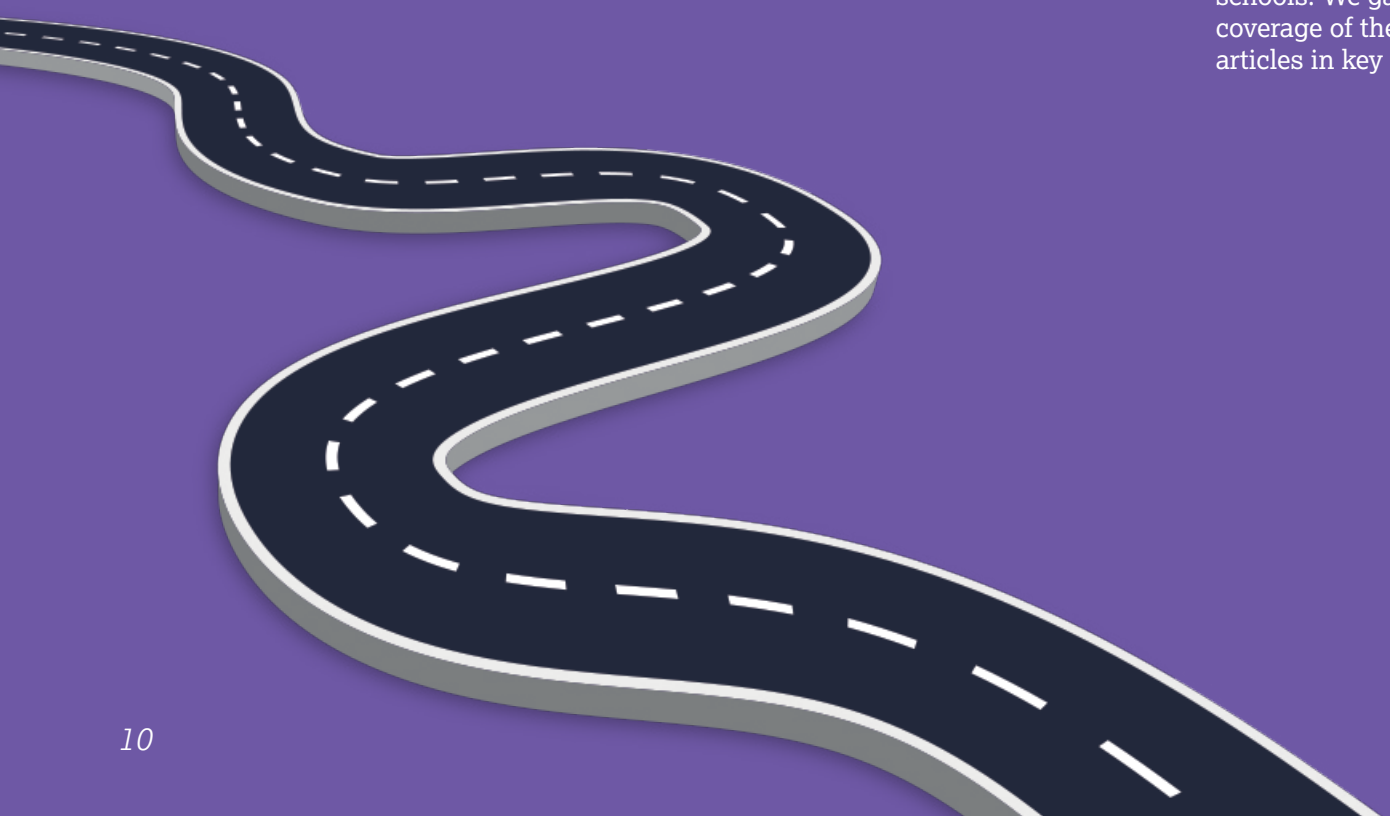
From the start of 2016, we launched a free next-day delivery service following a successful trial period. Our customers were buying differently and expected more from our delivery service. We listened to their feedback and set up our free next-day offering which would put us in line with our competitors. The investment has paid off as our customer survey revealed an increase of 5% from 2015 in satisfaction with our delivery service.

## MARCH

With our expanding energy service and customer base developing at pace, we held our first 'Know Watt' event to offer advice and support on energy efficient solutions. The well attended event and included guest speakers from sector experts including Corona Energy and Severn Trent Water. Feedback was extremely positive which enabled us to further develop our service and turn the event into an annual offering.

## MAY

In May, YPO formed an extraordinary partnership with the Roald Dahl Literary Estate to become official sponsors of the world-famous author's centenary celebrations. Our role was to support the creation and promotion of 'Roald Dahl 100 Party Packs' that were distributed to around 23,000 schools and academies across the UK. The brand association that came with the partnership was invaluable and helped to strengthen our credibility within schools. We gained great local press coverage of the partnership as well as articles in key trade publications.



## JULY

Beating off tough competition from the likes of Utilitywise and Make It Cheaper, YPO won two awards at the prestigious The Energy Live Consultancy Awards (TELCA) in July. The awards were for 'Best Customer Service' for our commitment to outstanding customer support and advocacy, as well as an 'Industry Expert of the Year' award for Georgina Penfold. The awards celebrate the achievements of the UK's very best energy consultants, brokers and other third party intermediaries. YPO was the only public sector organisation shortlisted at the awards, competing in a field made up entirely of commercial energy professionals.

Since the start of YPO in 1974, we've been selling food to schools and local authorities from our warehouse in Flanshaw, Wakefield. 2016 marked a momentous year in the food side of our business when we identified an opportunity to better meet the needs of our customers, and took a bold step with our food strategy and offering. We brought together all of our frameworks under one easy-to-use contract known as The UK Food Deal which we launched in July at the Lead Association for Catering Education (LACA) event.

YPO became the first public sector buying organisation in the UK to create a brand new role dedicated to supporting a growing customer base of multi-academy trusts (MATs). The role of the Multi-Academy Trust Relationship Manager is to forge relationships with MATs to work together and create an effective partnership that delivers outstanding customer care, value for money and an exceptional service. We've also launched a new area on the YPO website providing MATs with further information and resources to help them be more efficient and deliver educational excellence.

## NOVEMBER

Riding on the successes we see on an annual basis from our 'Budget Stretcher' catalogue, we made a tactical decision to create a similar offering six months later, reducing the gap teachers have to wait to access great offers. In November, we launched the YPO 'Own Brand' catalogue which for the first time included curriculum products, branded as YPO. Sales increased by 5% in the last 12 months and once we were able to certify our efforts in supplying good value products, during times of continuing budget cuts.

In November, YPO was invited to Bett Asia in Malaysia, by trade association British Education Suppliers Association (BESA). Our role was to provide quality products including furniture, books, and arts and crafts to re-create and help showcase 'The Great British Classroom'. The conference was attended by around 1,600 international education leaders, experts and policy-makers, from over 35 countries. Ran in partnership with the Malaysian government, the event brought together the region's education community to discuss the transformation of education and to discover new innovations that will inspire change.

# From school meals to energy

## Helping multi-academy trusts buy better

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**“ In a combined effort between our sales and marketing teams, we launched a proposition to MATs across the country.”**

**In 2016 we spent some time researching a customer group that not only presented an opportunity for us to combine both our products and services offering, but would also help drive considerable savings within the education sector.**

With the rising trend of multi-academy trusts (MATs) emerging across the UK (the number of MATs tripled from 364 in 2011 to 1,121 in 2016), we identified a gap in the market and created a brand new role dedicated to supporting MATs.

As one of the first public sector buying organisations to create a role of this stature, Liann Read was recruited to forge relationships with MATs and to create effective partnerships that help deliver education excellence as well as value for money.

In a combined effort between our sales and marketing teams, we launched a proposition to MATs across the country that would introduce us to new customers and present solutions to help centralise services and drive efficiency.

Key messaging centred on collaboration, planning ahead, looking for added value, being compliant, generating income and continuously improving. Focusing on these areas would help MATs on their journey to buying better.

Using the research conducted into MATs buying habits, we were able to identify key categories –which included ICT, food, energy, furniture, and facilities management – that would be most beneficial to the procurement decision-makers within MATs. This is one of the first pieces of work in which we’ve been in a strong enough position to promote not just products to the education sector but also frameworks.



*“As a large multi-academy trust, we rely on organisations like YPO to support us when making cost-effective purchasing decisions. YPO supplies a large range of products to all our academies which helps save time and money, allowing us to better focus our resources and attention on our future generations. We are pleased to have chosen YPO as one of our approved suppliers and procurement partners.”*

**Clive Hammond**

Head of Procurement, Academies Enterprise Trust



# An introduction to the early years sector

**“ In 2016 we launched our biggest ever marketing campaign to the early years sector with the aim of seizing the opportunities available and promoting our great value and quality products.”**

**According to research undertaken by the Family and Childcare Trust (on behalf of BESA members), demand for early years education and childcare is at an all-time high. By 2020, the 0-14 year old population is set to increase by 300,000, creating a need for extra nursery places, as well as more after-school and holiday childcare.**

The day nursery market is diverse, in terms of ownership and size of businesses. In England, most day nursery providers are private sector organisations. Recent data shows there are nearly 23,500 day nurseries in the UK, providing 950,000 full-time places for children aged six months to four years.

The Department for Education has estimated that an additional 45,000 full-time places for three to four year olds will be needed in 2017 to cope with the extra demand created by the Government's new 'free 30 hours' childcare policy. It's

expected that at least 500 new private nurseries will open in England to cope with the need for extra places after 2017.

The private nursery sector has been one that YPO, as a public sector organisation, has not been able to target, until our Limited Company trading arm was established.

In 2016, we launched our biggest ever marketing campaign to the early years sector with the aim of seizing the opportunities available, and promoting our great value and quality products.

As an introduction to YPO, we created a brand new early years catalogue that was mailed out to nurseries and childcare centres across the UK. The campaign was deemed a success as following the mailing, 1,177 establishments shopped with us, spending on average £445 each, totalling to £523,223.



# An extraordinary partnership



“*The campaign presented a fantastic opportunity for us to engage in some social media activity with our customers, as well as some internal engagement with staff.*”

**During spring, we embarked on what would be one of our most memorable brand awareness campaigns, and what would eventually lead to an opportune partnership.**

We were approached by The Roald Dahl Literary Estate to become official sponsors of the world-famous author’s centenary celebrations. Our role was to support the creation and promotion of ‘Roald Dahl 100 Party Packs’ that were distributed to around 23,000 schools and academies across the UK. The packs were made up of fun and creative

templates such as face masks, games and colouring in, to encourage teachers and school children to take part in the 100th birthday celebrations. We were able to promote our products throughout the pack, offering great value to teachers delivering the activities.

The campaign presented a fantastic opportunity for us to engage in some social media activity with our customers, as well as some internal engagement with staff. We held our very own Roald Dahl Day at YPO, which involved a dress up day and a special themed canteen menu. External coverage of the campaign was seen in local and trade press, helping to raise our profile locally and within schools.

For us the brand association that came with this partnership was invaluable - it not only strengthened our credibility as an education resource supplier, but also allows us to meet the needs of teachers across the country by helping them deliver literacy and PSHE objectives.

The partnership is set to continue in to the next year, as we assist with the development of Roald Dahl themed lesson plans.





# A dynamic force in the marketplace

## UK Food Deal launches

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**“ I’d definitely recommend YPO to other schools: they offer you reputable suppliers who’ve already been vetted and checked. You may well be able to stay with suppliers you already use but by buying from them via YPO, you’ll make sure you’re getting that best deal. Cheaper isn’t always the best, and YPO has done the shopping around for you.”**

**Michelle Williams**

Catering Manager, Holy Trinity School

Unlike any other public sector buying organisation, YPO has been providing customers with food from our food warehouse in Wakefield since 1974. Today it serves around 2,000 customers per week. Over the years, we’ve built up a unique understanding of our customers’ needs and in 2016 we identified an opportunity to better meet those needs.

In a bold step with our food strategy, we brought together all of our frameworks under one easy-to-use framework known as the UK Food Deal. For the first time, the UK Food Deal enables us to provide public sector customers across the UK with fresh and frozen food including meat, fruit and vegetables, as well as chilled foods, canned goods and drinks.

The creation of the UK Food Deal took nearly 12 months from start to finish. We discussed the plans in a series of networking events with self-caterers and local authorities and with suppliers, providing a clear outline of our customers’ needs and expectations.

It’s a unique and innovative framework that sources local and regional suppliers that can deliver nationwide, and is a service unlike any other in the marketplace. The food supplier base is made up of over 60% small to medium enterprises with regional and national coverage.

What also makes this service so innovative is the collaboration across the public sector that has helped create the UK Food Deal. We’ve worked with the NHS, local authorities (including London Boroughs), academies and schools across the country.

As the marketplace evolves, we’re continuing to work with local authorities to ensure they have access to great value food, as well as rise to challenges presented by the onward push of private sector catering providers.

*“It’s been fantastic to work with YPO who have guided us through this process to find a good quality and great value food supplier. To make efficiency savings during times of budget cuts and high food price inflation is critical, as it allows us to focus more efforts on meeting the needs of our communities.”*

**Mark Batchelor**  
Senior Category Advisor, London Borough of Havering



# Topping the charts in customer service



Each year, we work hard to strengthen our customer service offering. Again in 2016, we were part of the Institute of Customer Service survey to benchmark our performance with our customers against the UK Customer Satisfaction Index. The survey questions around 10,000 individual customers and this year we achieved a customer satisfaction score of 90.6 out of 100. This put us ahead of retail giants Amazon and John Lewis at the top of the table nationally, of all benchmarked ICS members. The score also towers high above the UK all-sector satisfaction average which is currently 77.8.

Of those surveyed, we received a rating of 9.4 for helpfulness of staff, 9.0 for ease of doing business and 9.3 for on-time delivery. We also achieved strong scores for our product range, price and quality, praising excellent online shopping experience. YPO ranked within the top three for complaints handling, alongside Amazon and M&S, which reflects our success.

We also conducted our own customer satisfaction survey which enables us to further gauge the perceptions of our

***“Part of our customer service success story is due to our ‘Customer Connected’ strategy, highlighting ways in which we can better connect with our customers and enhance our service, starting with internal systems and digital experience.”***

customers, informing future strategy and planning and ensuring we’re consistently meeting the needs of our customers.

**Some results from 2016:**

- 98% of customers are satisfied or highly satisfied with the level of service
- 98% of customers are satisfied or highly satisfied with product range
- 87% of customers would be likely or highly likely to recommend YPO

Part of our customer service success story is due to our ‘Customer Connected’ strategy, highlighting ways in which we can better connect with our customers and enhance our service, through internal engagement and digital experience.

In 2016, we revisited our systems to ensure that we could identify trends or areas of improvement and analyse customer interaction on an individual basis. Revisiting our systems played an integral role in allowing us to create a personalised Customer Relationship Management System, which enables staff to manage and analyse customer



interaction and other data related to the customer from the start of their relationship with YPO to the very end.

Over the summer, we implemented a customer review platform ‘Feefo’ which is hosted on our website and emails our customers after they’ve bought a

product, asking for their feedback. The review is published on our website for all customers and potential customers to view, along with a timely and efficient reply from our YPO customer service team. This demonstrates our growing confidence and our open and honest approach to great customer service.

# Our best partnership, our employees

“ We took a more strategic long-term approach to our training, which helped us to put the customer at the heart of our training and development aims and objectives.”



In 2016 we implemented an internal communications strategy, aiming to ensure that staff know exactly what the business plans are and are engaged to contribute to the organisations objectives. We did this through campaign awareness, staff magazine, weekly bulletins, employee recognition and many more incentives. We've also seen our organisation grow to a Sunday Times 100 Best Non-for-Profit Organisation to work for.

Our communications don't stop there as this year we encouraged staff to follow us on social media. Not only is social media great for customer engagement, it's also a great resource for employee engagement too.

Part of our social media engagement saw the introduction of our own employee hashtag #lifeatYPO where staff can share their experiences and stories.

Employee engagement isn't possible without our dedicated central learning and development team, who brought together customer service and employee training. We took a more strategic long-term approach to our training, which helped us to put the customer at the heart

of our learning and development aims and objectives. We worked back from identifying the customer's needs and designed training for staff that would help us meet them.

We also trained people managers on how to give feedback in the right way. The training was tailored to different personality types, and staff are now more confident to give feedback within their roles. We've also provided a leading change programme, to help managers drive change in the right way and get employees involved. Within the first four weeks of our leading change programme, 20% of managers had attended the course.



## Apprentices

Through our apprenticeship programme we take a great deal of care to recruit hard working, dynamic and motivated people. We look for the best young people and offer exciting career opportunities and progression in a stimulating, friendly and rewarding environment. The next generation of YPO employees is important to us, that's why since 2011 we've recruited 48 apprentices, providing opportunities for young people to gain valuable training and work experience.

Two of our past apprentices are ambassadors for the Yorkshire and Humber Apprenticeship Ambassador Network and attend career fairs, school and college events promoting the opportunities that apprenticeships can bring.

*“I started my apprenticeship with YPO in 2014. During the programme, I studied three qualifications, and gained invaluable work experience that would enable me to secure a permanent role within the HR department. In 2016, I became an Apprentice Ambassador, visiting schools and careers fairs to promote apprenticeships to young people across the Yorkshire and Humber area. YPO has become a fundamental business in the growth of apprenticeships and we've developed our scheme to give our apprentices the best start in their career.”*

### **Abi Chew**

HR Assistant

Former apprentice and Yorkshire and Humber Ambassador

# A newfound strategy approach for procurement services

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**Following the appointment of a new Head of Procurement in May 2016, a new strategy for the Procurement Services department was developed to support delivery of the final year of our company-wide three-year strategy, and as a precursor into the next strategy period.**

The team of around 25 staff members cover category areas including energy, fleet, highways, buildings, ICT, professional services and social care.

The function has seen significant growth in recent years with spend under management increasing from £285m in 2011 to £560m in 2016.

To continue to grow, the department set out driving factors which are underpinned by five strategic themes:

- **Training and Development:** investment in skills to better meet customer needs
- **Category and Market Intelligence:** trusted knowledge and expertise
- **Commercial Results:** using intelligence and analysis for growth
- **Social Value and the Environment:** making a difference
- **Suppliers and Supply Chains:** innovation and relationships

Since 2011, YPO have significantly diversified the range of frameworks that are offered including areas such as energy solutions, HR services, social care, insurance and business travel. Our customer base is expanding outside of local authority and in 2016 several universities also accessed our frameworks, specifically in professional services.

We've also been able to differentiate ourselves from the competition through a focus on customer service. Category Councils have proven a success with more focused workshops around innovation and tabling real issues in procurement being developed, to help build on our reputation for understanding our customers.

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***“Since 2011, YPO have significantly diversified the range of frameworks that are offered including areas such as energy solutions, HR services, social care, insurance and business travel.”***

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Going forward, we'll continue to bring new services to the market, meeting our customers' needs. In particular, we'll develop our social care knowledge to help understand what products and services we need to host to be most beneficial to our customers. We'll do this both autonomously and through the development of strategic relationships.

*“Through a business partnership approach we commit to listening well, being part of our customers’ teams and working side-by-side with them to help deliver the right solutions. We’ll continue to put our customers first and help connect supply chains to customers’ needs effectively.”*

**Gillian Askew**  
Head of Procurement



# Continuing collaboration to strengthen partnerships

**We welcomed nine new associate members in 2016 which included Cheshire Fire and Rescue, Greater Manchester Fire and Rescue, London Borough of Hackney, London Borough of Waltham Forest, Mersey Travel, Oldham Council, Salford City Council, Sefton Council, and Solihull Metropolitan Borough Council, bringing the total to 50.**

Including our 13 member authorities, YPO is the largest formally constituted public sector buying organisation in the UK with 63 member organisations. This number has continued to rise year-on-year, as we work hard to strengthen our partnerships, remaining focused on key regions in the North West, Midlands and London.

Alongside all our key strategic regions, 2016 has brought a renewed focus on our heartland area of Yorkshire and Humber. This region is YPO's heritage and has received a particular focus to ensure we're much more engaged with the regional strategic procurement group. This way, we can better understand the key activity streams across the region to determine how we can support procurement and collaborative projects

right across Yorkshire and Humber. We also remain committed to better understand the strategic ambitions of each member authority to provide any relevant help and support we can to the successful delivery of these objectives.

YPO works closely with other collaborative procurement organisations to deliver extra value by extending our collaboration to other areas of the country and to other sectors. In particular, we work closely with Crown Commercial Service and with our local government colleagues at ESPO and NEPO.

We host the Public Sector Buying Organisation Forum where we bring together the largest collaborative buying organisations in the public sector to ensure that we learn from each other and discover ways of delivering ever increasing value to our customers and stakeholders.

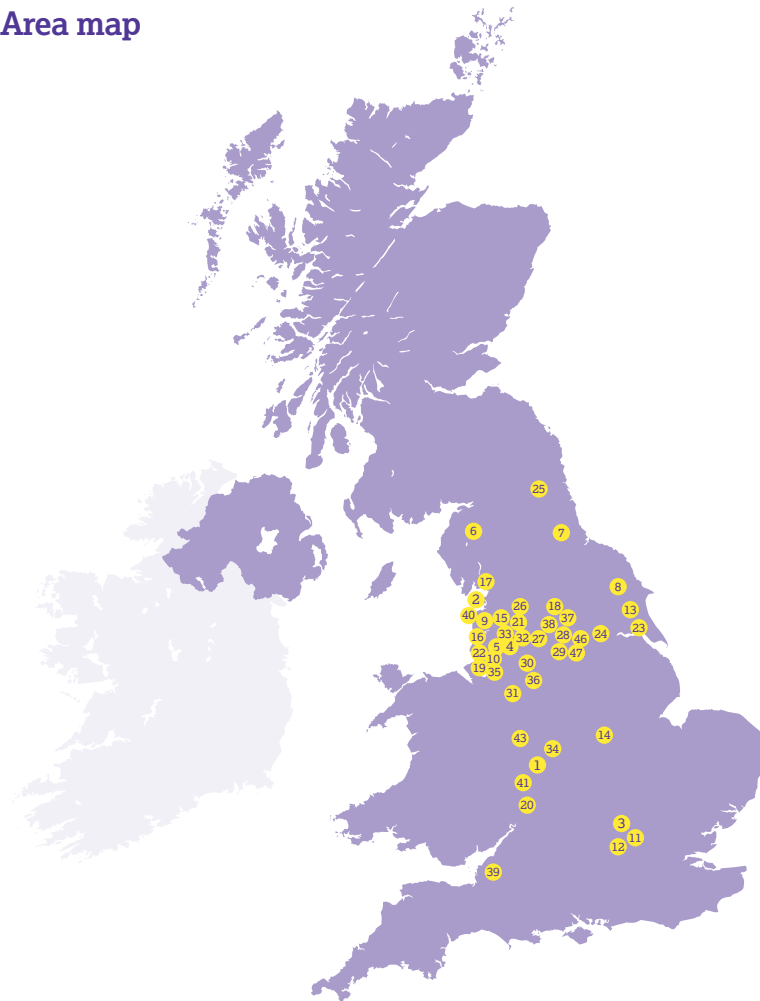
We've continued to develop our association with the iNetwork group in the North West and the cross sector network group 'Connected Procurement' where we've attended events to build relationships, share knowledge and align

objectives for collaborative procurement. We've also been working with the North of England NHS Commercial Procurement Collaborative to further increase our presence amongst procurement peers.

A highlight from 2016 was our work with a group of seven London Boroughs to award a £50m contract to Thomas Ridley Food Service to provide food for school meals. The seven authorities (part of the London Boroughs Procurement Collaborative) include the London Boroughs of Havering, Barking and Dagenham, Enfield, Tower Hamlets, Waltham Forest, the Royal Borough of Greenwich and Thurrock Unitary Authority, all benefit from the new agreement by receiving a 5% saving on a contract worth £50m over four years.

Customer spend under management, on YPO collaborative framework solutions in 2016 has remained strong at around £560m - despite continued downward pressure on public sector spending - which reaffirms our position as a leader in public sector procurement.

### Area map



### Our founding member authorities



### Our 2016 associate members authorities



# Giving back when it's needed most

**“** *We were delighted to receive our vouchers through YPO's Share of Profits Loyalty Scheme. We worked with YPO prior to opening our doors in September 2015 to obtain a range of resources, as well as specialist advice, to help us deliver quality lessons. The loyalty vouchers have been invaluable for our school, helping us to reinvest in campus resources and the futures of our pupils.”*

**Stephen Farmer**

Head of Secondary,  
Cranbrook Education Campus

**The financial pressures that our customers are facing pose challenges that we're constantly striving to ease. Our three-year strategy sets out our aims to benchmark, gather customer insight and take calculated commercial risks, while also ensuring we remain consistent and offer great value on our products and services.**

Great value comes from more than competitive pricing and good quality. At YPO, it comes in many forms – such as our CPD programme, which gives back £100 in YPO vouchers to teachers that pay £129 to attend a course, costing them only £29. For local authorities, value is also delivered through activity such as Category Councils – events that we organise for customers and suppliers to get together and share market insight and best practice.

Every year, thousands of schools across the country benefit from our Share of the Profits Loyalty Scheme, which has given back over £12m since its introduction in 2011. This year, we have given back £2.2m. Schools receive vouchers to spend with YPO, depending on how much they've spent over the year, which is effectively reinvested back into the public sector. The added-value achieved by the scheme is a welcome boost to schools that are suffering grave cuts to their resources budget.

Every year, our Area Sales Managers hand-deliver vouchers to some of the schools in their patch. This year, the largest amount to be given back to a single school was £5,206. Cranbrook Education Campus in Essex topped the list of most bought items by schools in 2015-16.

## School gets a windfall thanks to loyalty scheme

A SCHOOL in Cranbrook is celebrating after receiving funds to spend on resources, thanks to a public-sector loyalty scheme.

Cranbrook Education Campus has received £5,206 as part of YPO, the UK's largest publicly owned buying organisation. This particular scheme sees profits shared across the UK, and this year, the Cranbrook school topped the list of most bought items by schools to receive a bumper loyalty voucher.

The loyalty scheme sees a share of YPO's profits given back to its public-sector customers, based on how much they spend on resources each year. YPO's managing director Simon Hill said: "With budgets at a breaking point, schools are facing the persistent challenge of balancing providing an exceptional education with the pressures of keeping costs low.

"We're delighted to play a part in helping schools and regularly buy equipment and resources from us by offering them a share of our profits through our longstanding loyalty scheme. Through this scheme, we're able to offer a

significant bonus to schools, which enables teachers to allocate funds into reinvestment projects they think would benefit their pupils the most."

Cranbrook Education Campus is just one of the schools benefiting from YPO's loyalty scheme this year.

The school's head of secondary Stephen Farmer said: "We were delighted to receive our vouchers through YPO's Share of Profits Loyalty Scheme.

"We've worked with YPO prior to opening our doors on September 1, 2015, to obtain a range of resources, as well as specialist advice, to help us deliver quality lessons."

The school's head of primary Samantha McCarthy

benefiting from the scheme this year. The school's head of secondary Stephen Farmer said: "We were delighted to receive our vouchers through YPO's Share of Profits Loyalty Scheme.

"We've worked with YPO prior to opening our doors on September 1, 2015, to obtain a range of resources, specialist advice, to help us deliver quality lessons."

The school's head of primary Samantha McCarthy



Bonus: Cranbrook Education Campus celebrates its windfall

## Loyalty pays off in windfall for school

MORE than 1,000 have given to a primary school for its loyalty scheme this year.

The school's head of secondary Stephen Farmer said: "We were delighted to receive our vouchers through YPO's Share of Profits Loyalty Scheme.

"We've worked with YPO prior to opening our doors on September 1, 2015, to obtain a range of resources, as well as specialist advice, to help us deliver quality lessons."

The school's head of primary Samantha McCarthy



Southway pupils with their voucher

## School's £5,206 boost to aid innovative teaching

CRANBROOK Education Campus is celebrating a bumper windfall of £5,206 to spend on resources, thanks to a public sector loyalty scheme which sees profits shared with more than 1,000 schools across the UK.

The UK's largest publicly-owned buying organisation, is rewarding schools with a share of £200m through its Share of Profits Loyalty Scheme.

The loyalty scheme sees a share of YPO's profits given back to its public sector customers based on how much they spend on resources with YPO each year. Cranbrook Education Campus (CEC) topped the list of most bought items by schools in a single school.

Cranbrook Education Campus (CEC) head of secondary, said: "We were delighted to receive our vouchers through YPO's Share of Profits Loyalty Scheme.

"We've worked with YPO prior to opening our doors on September 1, 2015, to obtain a range of resources, as well as specialist advice, to help us deliver quality lessons."

The school's head of primary Samantha McCarthy Patmore, the school's head of primary said: "The loyalty vouchers have been invaluable for our school, helping us to reinvest in campus resources and the futures of our pupils."

The school plans to use its loyalty vouchers to purchase more educational resources to support the innovative teaching and learning in 2016.

Since the loyalty scheme's introduction in 2011, it has given back almost £10million to YPO customers across the public sector.



Cranbrook Education Campus receives £5,206.37 from YPO. Oliver Wright, YPO sales area manager, presents the voucher to headteacher Stephen Farmer and primary headteacher Sam McCarthy Patmore. Photo: Chris Saville Photography.

## School gets a windfall thanks to loyalty scheme

A SCHOOL in Cranbrook is celebrating after receiving funds to spend on resources, thanks to a public-sector loyalty scheme.

Cranbrook Education Campus has received £5,206 as part of YPO, the UK's largest publicly owned buying organisation. This particular scheme sees profits shared across the UK, and this year, the Cranbrook school topped the list of most bought items by schools to receive a bumper loyalty voucher.

The loyalty scheme sees a share of YPO's profits given back to its public-sector customers, based on how much they spend on resources each year. YPO's managing director Simon Hill said: "With budgets at a breaking point, schools are facing the persistent challenge of balancing providing an exceptional education with the pressures of keeping costs low.

"We're delighted to play a part in helping schools and regularly buy equipment and resources from us by offering them a share of our profits through our longstanding loyalty scheme. Through this scheme, we're able to offer a

significant bonus to schools, which enables teachers to allocate funds into reinvestment projects they think would benefit their pupils the most."

Cranbrook Education Campus is just one of the schools benefiting from YPO's loyalty scheme this year.

# A new approach to HR

**“ YPO were a relatively ‘new kid on the block’ when they let the HR Services Framework, but have clearly worked hard and invested a lot of time and energy into asserting their position in the market. YPO has created a very viable framework option for public sector bodies to use to effectively manage their expenditure on temporary recruitment. The framework has enabled its customers to create outcome based specifications, which is becoming so important in what is a rapidly changing market.**

**All in all YPO have shown just what can be achieved in a short time through sheer determination, professionalism and hard work.”**

**Jon Milton**  
Director, Comensura

**Prior to 2016, YPO provided a framework for temporary recruitment through collaborative partnership. This framework was used by many of our members and associates and allowed us to engage with suppliers to better understand this critical market.**

Through some extensive research and customer engagement, we decided to move away from the partnership and establish our own framework for a wide range of HR recruitment services and solutions. Our customers were telling us they wanted a more flexible and innovative way to buy services for recruitment and consultancy.

The strategic move allowed us to create a partnership approach with the suppliers on the new framework. We were able to help develop innovation in service delivery, through increasing engagement with us and our customers to truly understand their needs.

The HR Services and Solutions framework provides a platform that allows both customers and suppliers to think differently about how services can be delivered. By partnering with suppliers, we’ve been able to deliver free

seminars, which have supported both HR and procurement professionals to build an engaged workforce while considering new government legislation in relation to the treatment of consultants, for example.

The framework would potentially capture £2 billion of public spend that could be procured over four years. We exceeded our target to gain 20 new customers within the first year of launching as we actually gained 46.

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**“Our customers were telling us they wanted a more flexible and innovative way to buy services for recruitment and consultancy.”**

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# Upping our digital game

**“ We needed to invest some time and resource in making sure our customers could firstly find us online, and secondly experience a satisfying journey.”**

**It goes without saying that we’re well-known for our ‘big book’ catalogue which has made us somewhat of an institution within schools. Schools still place orders by fax and telephone which we’ll continue to welcome. Nevertheless, to achieve our objectives in providing an outstanding customer experience, we needed to open up more channels for our customers, not only just to buy from us, but also to engage with us.**

Whether to buy from us or to engage with us, both required YPO to become more visible online. We needed to invest some time and resource in making sure our customers could firstly find us online and secondly experience a satisfying journey.

We started with our website, which needed a front-end overhaul so customers could search better, find what they’re looking for as well as access and manage their accounts. We also started the enormous task of reviewing our product data which will lead to future improvements and better efficiencies. Going back to the catalogue, we’ve taken offline content such as the Christmas and Own Brand catalogues, as well as the Everything Curriculum magazine for

teachers and digitalised it so they can all now be found and used online.

Staying on the theme of content, we know that video is the most popular way customers are consuming and sharing information. Our YouTube channel developed in 2016, now contains a range of short videos with everything from corporate messaging to ‘how-to-videos’ clips for arts and crafts.

Our work with Google AdWords means that consumers that have never heard of YPO are now coming across us online. Our social media channels have increased significantly in activity levels, as we learn more about our customers and how to engage with them. This will continue to increase as we work closer at developing and sharing useful, interesting and engaging content.

And it’s not just on computers or laptops that our customers are searching for us, but also on mobiles and tablets where our website is now fully optimised for simple ordering and accessing information.





# Meet the team

During 2016 we heavily invested in our customer-facing workforce at a time when both schools and the wider public sector needed additional support in locating the best value for money.

Our Area Sales Managers are responsible for visiting schools and talking to teachers at events, helping them make

the right purchasing decisions on products and generating sales leads.

Our Procurement Business Partners focus on collaboration and supporting our customers in local authorities and the wider public sector in decisions mainly around accessing frameworks and finding the right solution for them.

We've also moved towards more cross-departmental working as both the Area Sales Managers and Procurement Business Partners are working closely together to offer schools and academies comprehensive support when buying our products and services to meet their needs.

## New Area Sales Managers



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**Chris Cordy-Allen**

Chris is responsible for schools and academies in north east London Boroughs (Havering, Barking and Dagenham and Redbridge), Essex, Suffolk, Norfolk, and Lincolnshire. Chris has been selling into the education market for over 10 years and previously worked for companies such as Findel and Viking Schools..



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**Zoe Kirkby**

Zoe is responsible for schools and academies in 29 local authorities from north west London to the Isle of Wight, also known as Wessex and the Thames Valley. With a background also in education, Zoe spent eight years working for Pearson in various Account Manager positions.



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**Toyosi Adeloje**

Toyosi is responsible for schools and academies in 15 local authorities within south east London, as well as south east England including West Sussex, Brighton, Surrey. Before YPO, Toyosi worked in a similar role for an engineering company.

## Procurement Business Partners



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**Wendy Clarke**

Wendy is responsible for local authorities and public sector customers in north west UK and regularly attends supplier events to build relationships. As well representing YPO at the iNetwork Connected Procurement group.



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**Neil Dickens**

Neil is responsible for local authorities and public sector customers across the midlands and south west UK attending various events and one-to-ones, to help customers get the most out of their relationship with YPO.



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**Kim Sharpe**

Kim is responsible for local authorities and public sector customers across London and the south east. Helping Heads of Procurement, Category Managers and Procurement Mangers with their requirements.

# Our plans for the future



**2017 is the final year for our current three-year strategy ‘Forward thinking, outward looking’ focusing on utilising resources available to us from our external environment.**

As we move into this final year, we will be reviewing our progress and making plans to take us through the next operational period. We’ve already made significant progress in expanding our range to meet our customers’ needs, developing our website and digital innovations and forming new partnerships to strengthen our brands throughout our markets.

This will continue into the future, with our main focus being the customer. Customers’ input and feedback will be gathered in a more correlated way so we can make improvements to our process and enhance their experiences. We’ll be implementing customer journey mapping ensuring we can tailor our website, digital experience and sales experience directly to the customer.

We’ll be entering the care sector, with a new care catalogue. The private sector wasn’t a sector we could address effectively, until the introduction of our

YPO Limited Company arm a couple of years ago, which has enabled us to deliver better value for money in the care sector. The catalogue will be a first introduction to YPO in the care market and demonstrates our confidence in a branded product range valuable to the customers. Our care range is still running on the same ethos, which is helping our customers’ money go further when buying products.

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***“As we move into the final year of our current strategy, we will be reviewing our progress and making plans to take us through the next operational period.”***

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We’ll continue to strengthen our relationship with customers to uncover invaluable insight, and invest in enriched data and research to help us reach the right people at the right time with the right messages. Investing in a more digital customer interface, working on search engine optimisation, better product data, social media, our YouTube channel and making it easier for



customers to use multiple devices with ease when ordering from our website.

In the education sector, we're supporting teachers by not only supplying their essentials such as stationery and curriculum products, but also forming a partnership of trust and providing advice and support through Ofsted inspections and how they can raise awareness on important issues like mental health.

Our procurement services business will continue to grow and develop to meet the increasing needs of our core customers in local government, education and emergency services. We'll continue to develop an increasing range of collaborative frameworks, delivering better value for money.



# Our Board of Directors

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## Simon Hill Managing Director

Simon joined YPO in July 2011 from former regional development agency Yorkshire Forward, where he was an Executive Director. Previously, Simon was Managing Director for electronic automotive manufacturer Kostal UK Limited. With experience across procurement, sales and general management, Simon also has 10 years public sector and 20 years commercial experience.



## Jo Marshall Executive Director

Jo joined YPO as a Business Development Manager in September 2010 from her position as Head of Public Sector at Samsung Electronics, and was promoted to Commercial Director the following August. With a strong sales background, Jo has been working with the public sector for over 20 years. She leads the organisation's commercial and trading functions including sales and marketing, quality, trading, customer experience and employee development. Jo is the board strategic lead for customer service and is also a vice president with the Institute of Customer Service.



## Paul Smith Executive Director

Paul joined YPO as a Director in November 2010 having previously held senior roles with Aviva, Capita, RM and Ford. He leads the organisation's Business Change and IT, Finance and Procurement functions. Paul currently represents YPO with our key partners including Society of Procurement Officers, Crown Commercial Service, Local Government Association, other public purchasing organisations and the EU. In 2016 Paul was named Finance Director of the Year (Public Sector) at the Yorkshire FD Awards.



## Julie Wray Assistant Director

Julie joined YPO in September 2010 as Head of HR and she currently looks after HR, Business Support, Facilities Management, Health and Safety, and the Warehouse and Logistics teams.

Julie has a mix of public and private sector experience. She joined YPO from Wakefield Council where she spent nine years working in HR and organisational development roles, and prior to that she spent 13 years working for Barclays Bank in various regional and national roles.



## Dennis Heywood Independent Director

Dennis was appointed in October 2014 to provide independent guidance to the organisation as a member of our Board of Directors. He has over 30 years of experience in the board room in both private and public companies, and in organisations where governance and risk management has been a priority. He is currently Vice Chairman of Mid Staffordshire NHS Foundation Trust, Independent Non-Executive Director of The Royal Institution of Chartered Surveyors (RICS), and Chairman of a growing chain of high street giftware stores.



# Performance summary

## Dividend paid back to the public sector

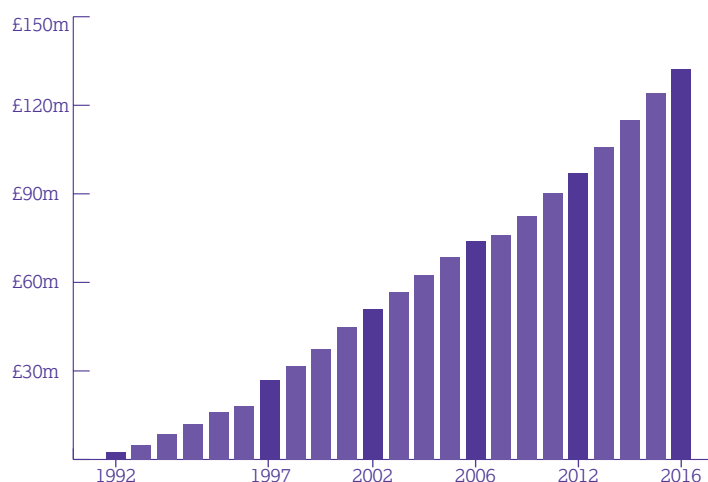
Dividend paid back to the public sector	2014	2015	2016
	£9,139,000	£9,230,000	£7,928,000

## Turnover by category (£000s)

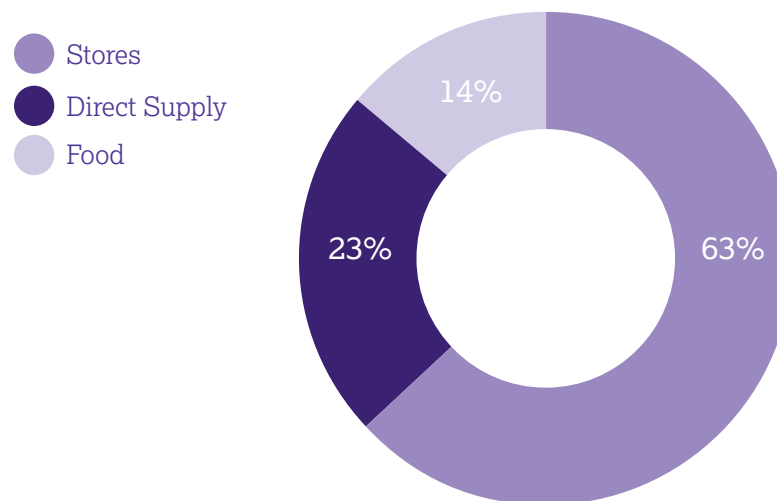
Turnover by category	2015	2016
Stores	£72,448	£71,924
Direct Supply	£28,510	26,355
Food	£16,445	£15,625

## Cumulative Dividend Distribution

Total dividend paid 1992 - 2016 - £132.2m



## Turnover by category 2016



This table is an extract from the YPO  
Audited Statement of Accounts. to view  
the full document visit [www.ypo.co.uk](http://www.ypo.co.uk)

## Income and expenditure account (£000s)

Income and expenditure account	2016
Invoiced turnover	113,904
Cost of sales	(83,926)
<b>Gross margin</b>	<b>29,978</b>
Discounts	142
Rebates	4,335
Other Income	2,905
<b>Gross surplus</b>	<b>37,360</b>
<b>Operating expenses</b>	
Employees	(17,705)
Premises	(1,115)
Supplies and services	(6,994)
Transport	(4,583)
S.L.A Costs	(102)
Financial and miscellaneous	(143)
Depreciation and revaluation increase/(decrease)	(475)
Pension service gain (cost) net of charges made to the general fund	(962)
	(32,079)
Surplus/(deficit) on trading operations	5,281

## Performance summary (continued)

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Total spend under management	£560,154,624
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### Accounts activated in 2016

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Joint Committee accounts	3828
Limited Company accounts	7719

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### Institute of Customer Service Benchmarking (Customer Satisfaction Index)

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YPO CSI	90.6
Our category average CSI	82.5
Overall CSI	77.8

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### YPO Customer Survey

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Customers satisfied or highly satisfied with the level of service received from YPO	98%
Customers were satisfied or highly satisfied with the price	97%
Customers that would recommend YPO	87%

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### Money saving in 2016

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	Saving	Projected saving 2017
How we deliver small parcels	£40,000	£100,000
Renegotiated our maintenance contract	£31,250	£127,000

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## New associate members

Chester Fire and Rescue
Greater Manchester Fire and Rescue
London Borough of Hackney
London Borough of Waltham Forest
Mersey Travel
Oldham Council
Salford City Council
Sefton Council
Solihull Metropolitan Borough Council

## Employees by age

<21	34
21-30	66
31-40	116
41-50	138
51-60	151
>60	28

## Employees by Gender

Male	298
Female	235
<b>Total</b>	<b>533</b>

## Social Value Figure (2015/16 inc.)

£25,858,823

## Tenders completed

47

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