

Better value, delivered.

YPO[®]

Annual Report

Recovery
and Growth

2021





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Chairman's statement

On behalf of the YPO Management Committee, I'm delighted to introduce the YPO Annual Report and Performance Summary for the 2021 financial year.

I would like to continue my gratitude that I showed in 2020's Annual Report – thank you to the public sector and the NHS and emergency services for continuing to pull together through the most challenging period of our life during the pandemic.

Again, huge praise to all frontline workers for their dedication during this time. Continued thanks to my local authority colleagues for adapting to the unprecedented pressures that continued into 2021 and a thank you to YPO staff for continuing to meet the needs of customers and the public sector – and finally a thank you to YPO customers for their continued patience, understanding, and loyalty to our organisation.

In this year's report, you'll read about how 2021 was a year of recovery and stabilisation for YPO. Aside from the pandemic, the past few years had

been a particularly challenging time and YPO hadn't been able to provide the high levels of customer experience they're known for due to several factors.

To recover successfully, the organisation focused on customer retention, regaining trust and confidence, and accelerating our digital experience across the organisation coming out stable and stronger.

The other founding members and I would like to thank all the staff at YPO for their hard work over the year, and I look forward to seeing how we continue to meet our objectives in the challenging times ahead.

To recover successfully, the organisation focused on customer retention, regaining trust and confidence, and accelerating our digital experience

Councillor Les Shaw
Chairman

Managing Director's statement

Like so many others across the world, YPO continued to face significant challenges in 2021. I'm pleased to say that the organisation maintained its ability to quickly respond to these unprecedented challenges and to thrive in the face of adversity.

The ever-changing market showed that we needed to continue to look for new ways to engage in order to retain customers and to attract new ones. Customer needs were continually evolving, and we needed to be able to meet their ever-increasing expectations. Our focus on our customers remained as firm as ever.

For the education side of our business, our key themes were to recover and grow. Recovery was achieved through rebuilding our customers' trust and confidence in our overall service offering. We continued to enhance and improve the way we did business, making sure we had a solid foundation in terms of stock availability, delivery options, and customer experience. Alongside this, we continued to focus on our ranges and to continually develop and strengthen our digital customer experience.

The grow theme was pursued through expanding our core education offering in the early years, primary and secondary sectors, alongside enhancing our multi-academy trust offer by engaging with key stakeholders in education. We grew business in London and the South while

protecting our heartland areas and also focused heavily on growing our newly - developed Contracts for Schools offering.

For our public sector business, we achieved an ambitious return to growth for 2021 in challenging circumstances have to put in place growth plans for 2022-2024 to align with our new five-year strategy. This will be delivered by having a great customer experience, investing in our people, and harnessing the power of data and digital transformation.

In 2021, we continued to work in partnership and collaborate with other public sector buying organisations (CCS, ESPO, and NEPO). We've had considerable success with this model, which benefits both YPO and the public sector as a whole.

I'm immensely proud of YPO's response to the pandemic and our strong recovery period in 2021 and would like to thank staff, members, suppliers, and customers for the hard work, commitment and resilience shown during this time.



Customer needs were continually evolving, and we needed to be able to meet their ever-increasing expectations

Simon Hill
Managing Director



"We put our employee's wellbeing at the forefront of everything we do"



Our staff, our greatest asset, our modern workplace

Having such a committed and hardworking workforce is one of the main reasons we've been able to continue to be a helping hand to our customers during these challenging times.

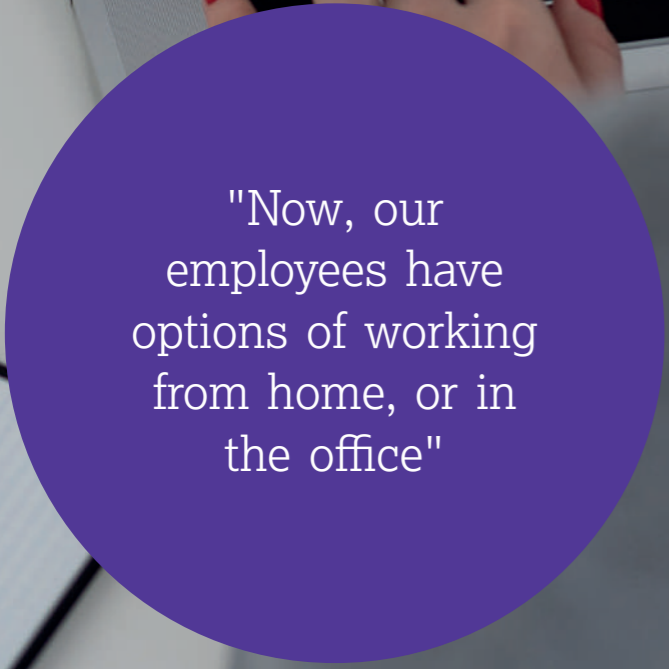
It's important that just like our customers, we put our employee's wellbeing at the forefront of everything we do.

One of the ways we looked at how we can help staff during these challenging times and how can we make sure that as an organisation, we're working in the best possible way for our staff was by asking them to complete a survey on how they would like to work moving forward. From this, our modern workplace was born.

Based on the survey feedback, we introduced a blended way of working. We looked at new ways of working and formed an approach to a steady return to the workplace for our non-operational colleagues, who may not have been in the workplace for 18 months or more.

Now, our employees have options of working from home, or in the office and we've changed our offices to have more collaboration areas. We've created a hot desk environment, collaborating pods, and more calming lounge areas for creative meetings and thought-sharing to take place.

We've made every effort to support our employees, taking into consideration that some may be worried or have concerns about returning to site. We wanted to share and remind everyone of our employee assistance programme, and we continually assessed what measures we needed in the workspace, which included mask wearing, temperature checks and social distancing, whilst constantly reviewing the guidance.



"Now, our employees have options of working from home, or in the office"

Our brand, our future

As we worked together to implement the 2021 recovery plan, we revisited our brand proposition to make sure it fully supported where we were on our journey.

Our mission

What drives us. What sets YPO apart is our public-ownership model, which sees every penny of profit given back to our customers and owners.

"We champion public value, helping education and public sector organisations get the most from their resources when buying products and services"



Our purpose

The 'why' behind our existence. Along with our values, it defines the soul of our organisation.

YPO exists to help the public sector achieve the best possible value when buying products and services



The fundamental meaning of our brand didn't change but small changes were made, helping us be more consistent in our communications and behaviours.

Our purpose is the 'why' behind our existence. Along with our values, it defines the soul of our organisation:

'YPO exists to help the public sector achieve the best possible value when buying products and services'

Our mission is what drives us. What sets YPO apart is our public-ownership model, which sees every penny of profit given back to our customers and owners:

"We champion public value, helping education and public sector organisations get the most from their resources when buying products and services"

On our journey to work towards our mission, our values are the things we always carry with us. The things we believe in. Above all, our values are practical. They directly inform the decisions we make and the actions we take:

- We care
- We are helpful
- We're straight-talking
- We don't like waste

Our personality introduces human characteristics to our brand. You'll recognise YPO at its best in the following descriptions:

- Kind, friendly and approachable
- Trustworthy, encouraging and supportive
- Professional, determined and ambitious'

[View our brand video here »](#)

A reflection of last year – positive procurement

Our public sector team have been at the forefront of procurement throughout the pandemic. Delivering a high level of service, guidance, and support, was more critical than ever - and simultaneously we continued to adapt and work on new solutions to make sure we provided the most appropriate service.



Staffing solutions

Staffing resource was a problem facing local government and NHS Trust partners. Procurement offered many solutions, a great example was seen in the health sector, testing antibody rich plasma and it's potential for therapeutic treatment. The trials needed a robust staffing solution and a platform to deliver the services. Through effective procurement, Reed won the contract through our framework and implemented an interviewing team, managed onboarding, and built an application tracking system. Within six weeks, Reed deployed **270** staff over **14** sites.

Since March 2020, we have onboarded hundreds of SME suppliers onto our frameworks



Deep cleaning

Local authorities faced huge pressures to maintain 'business as usual' in schools. Through a framework designed specifically for speedy procurement during Covid-19, we assisted primary schools with urgent deep clean projects following outbreaks, allowing schools to get back into classrooms safely and efficiently.

Through a framework designed specifically for speedy procurement during Covid-19, we assisted primary schools with urgent deep clean projects



What we learnt

We've always understood that the pressures on local government can change quickly, but the pandemic highlighted just how dynamic and agile we have to be in finding adaptable solutions.

It was vital to provide local authorities with support and develop new, compliant services as quickly as possible. Small and medium enterprises were a valuable resource when combined with our dynamic purchasing systems, as their size permitted maximum flexibility in responding to requirements quickly.

Since March 2020, we have onboarded hundreds of SME suppliers onto our frameworks, and we hope to grow this number in conjunction with larger supply chain players to provide a balanced supplier ecosystem.

The lessons we learnt from Covid-19, have enabled us to provide better support to local governments facing change and needing to make quicker decisions than before.

Putting wellbeing at the forefront of everything we do

Since the pandemic hit, we've known the importance of highlighting teacher and pupil wellbeing. Providing resources to schools and education establishments that will help them during these challenging times and in the future.



At YPO, we continue to put products and resources together, making sure we're not just a supplier of choice, but a partner of choice.

Everything Curriculum

We've been working hard to equip teaching staff with resources to create and improve the wellbeing of pupils and their colleagues in our *Everything Curriculum* magazine. The free magazine is packed with content to help teachers. Each edition includes insight from primary education specialists, the chance to learn what other schools are getting up to and an exclusive competition.

Twinkl Partnership

We joined forces with Twinkl to become a driving force in helping teachers and learners across the UK. With our 45 years' experience in education and Twinkl's expertise in education resources, we're the perfect match. Our collaboration delivers a wide range of classroom solutions for schools, as well as discounts and giveaways, to further a shared mission to support teachers and learners in personal, PSHE, RSE and wellbeing. We also worked very closely with Twinkl during the launch of the recovery curriculum.

Recovery Curriculum

The uncertainty of Covid-19 brought challenging times soon after a need for schools to develop a recovery curriculum. It was recommended that schools built this around the five levers of relationships, community, transparent curriculum, metacognition, and space.

To help support bringing these areas to life in the classroom, we worked with Twinkl highlighting key products from our PSHE/RSE range that relate to the levers and on each of these products we handily

matched to a Twinkl resource best related to that product.

At YPO, we continue to put products and resources together, making sure we're not just a supplier of choice, but a partner of choice. Putting wellbeing at the forefront of our thoughts.





Over several months, we worked closely with stakeholders to discuss the best ways to recognise educators' efforts.



Against all odds, educators battled through, passionately, and tirelessly, doing everything in their power to support our youngest generations.



Taking our hats off to all educators

In partnership with Twinkl, we developed the #WaveOfThanks campaign to recognise teaching team efforts to keep the world learning during the pandemic.

The pandemic had a significant impact on schools and teachers' 'normal' ways of working. Socially distanced classrooms, sanitised environments, masks, school lockdowns and remote teaching meant that millions of educators continued to go above and beyond their daily duties.

2021 was such a challenging year for everyone, and it included plenty of unexpected hurdles and obstacles. But against all odds, educators battled through, passionately, and tirelessly, doing everything in their power to support our youngest generations.

To show our appreciation, we developed the #WaveofThanks campaign in partnership with Twinkl. Over several months, we worked closely with stakeholders to discuss the best ways to recognise educators' efforts. We were able to produce gifts,

hampers and thank you cards that were delivered to schools and early years settings across the UK.

In addition to these donations, we ran two competitions to express our thanks further. We asked educators to nominate colleagues who deserved recognition for their outstanding work, with the incentive to have their names printed on our extensive YPO fleet.

We also worked with our transport team to have one of our vans wrapped with the hashtag #WaveofThanks and asked educators to send us a picture of the van if they saw it on the road to win extra prizes.

Resourcing challenges facing local authorities because of the pandemic

To help understand our customers' current and future needs, we ran a study in partnership with IGov Survey to examine local authority resourcing challenges and procurement during the pandemic.

Looking back at the start of the UK's first national lockdown, we wanted to reflect on the various resourcing challenges our customers had faced, to make sure we were effectively continuing our support by responding, recovering, and building back from the pandemic.

In collaboration with IGov Survey, we asked a large number of UK authorities several questions in the form of a survey, to find out how they felt the role of procurement had aided them with these challenges.

One of the key findings from the survey was that the challenges presented by the pandemic had led to greater collaboration across local authorities with their procurement function (72% of the participants reported collaborating

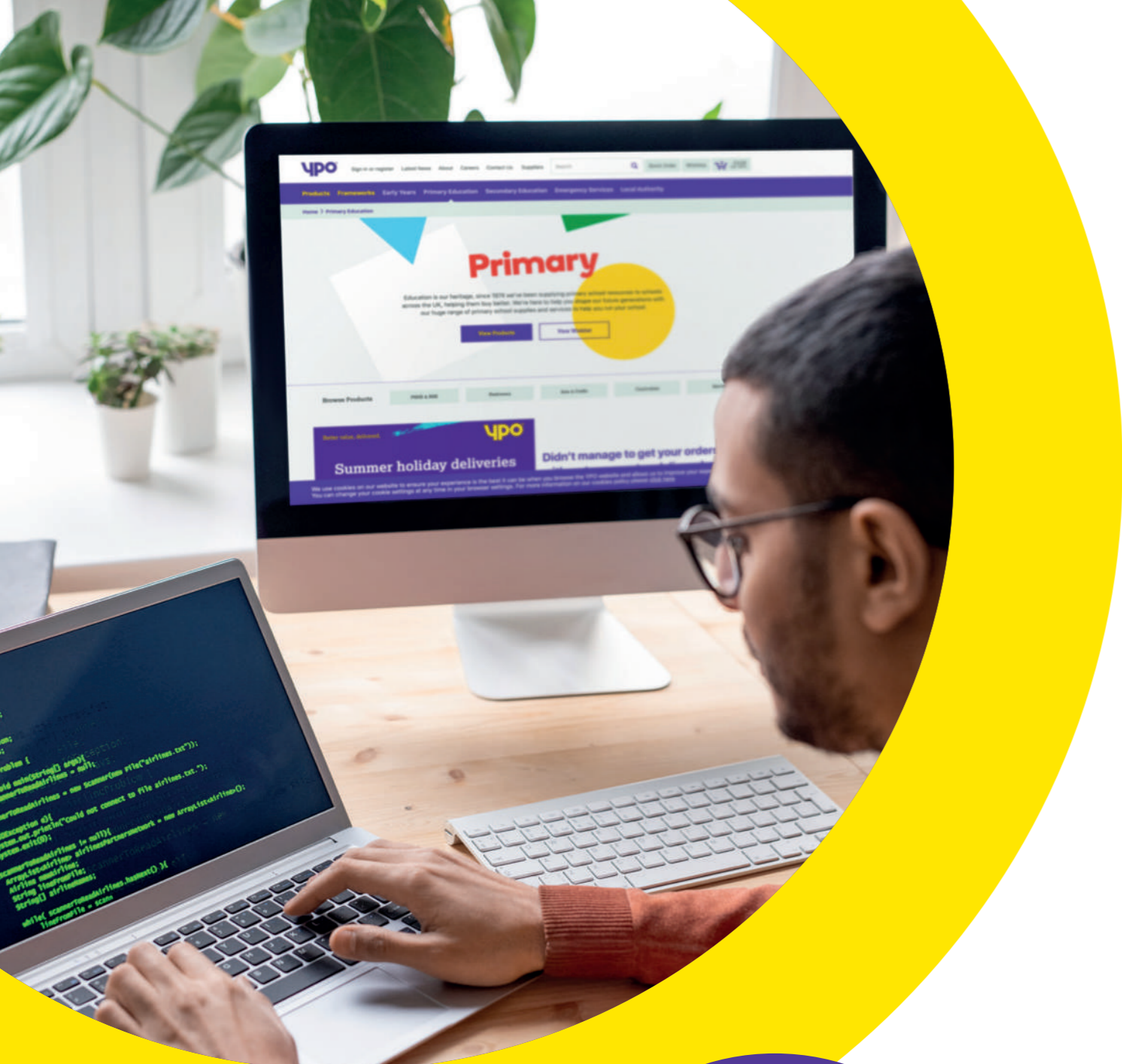
more closely with their procurement teams). Collaboration underpins everything we do, so this was encouraging to see.

From the study, we gained many more valuable insights into our customers' thoughts and feelings on the benefits of procurement, allowing us to continue and streamline our mission to deliver quality, compliance, innovation, increased social value and savings to our local authorities.

[View our survey here »](#)

72%
of the participants reported collaborating more closely with their procurement teams





In case our customers miss anything, we've also introduced a carousel that shows frequently bought items together

Starting our digital transformation

The outbreak of Covid-19 has accelerated the digital journey and brought the customer of 2023 to 2021. As an organisation, we needed to make sure that we leap ahead digitally, not just by playing catch-up but how can we go above and beyond.

The transformation is a deliberate and strategic use of relevant and current emerging channels and technologies to better connect and engage with target audiences.

We focused on digital transformation as a major project for the year, to elevate our overall performance and build resilience across the business. The transformation is a deliberate and strategic use of relevant and current emerging channels and technologies to better connect and engage with target audiences. We recognise this is no small task and will be a three-year project. But we've made good progress so far, below are just a few of the things we've worked on.

Product pages

We invested a lot of time to make our product pages user-friendly, fulfilling a more e-commerce shopping experience. Customers can now see if the product they want to order is in or out of stock, can easily add products to their basket or wishlist, and have more product options if it's available in a different colour or size. Product images can now be expanded, and you can now see the product in action along with customer reviews. In case our customers miss anything, we've also introduced a carousel that shows frequently bought items together.

Introducing our sector pages

We have dedicated areas for each of our customers. The pages have a unique design and are a centre point for the most important, helpful, and latest content we have to offer. Including videos, blogs, promotions, webinars, and more. As well as content tailored to our customers, there are quick links to product or contract categories they need most, with sections dedicated to the things they might be interested in.

Check out basket

Our new basket now overlays on the page customers are currently viewing allowing users to quickly check the items they have without having to navigate to another page. Meaning they can easily continue to shop whilst checking, editing, or removing products and they can add promo codes before going to checkout.



NET ZERO WEEK

In June 2021, YPO in partnership with iNetwork hosted Net Zero Week, an event to assist our public sector customers in meeting their net-zero targets.

Following the introduction of the government's net zero-emission goals for 2050, the public sector has already started its journey by responding to the target, with nearly all local authorities in England declaring climate emergencies.

To assist public sector organisations in furthering their plans to create, change, and comply with the net-zero target, Net Zero Week was developed.

Working closely with iNetwork, we planned and hosted a week of free online webinars and content to provide some perspective, expertise, and guidance on the role of procurement in helping local authorities and the wider public sector meet their net-zero targets.

The webinars included debate opportunities, case study experiences, and Q&A sessions, and attendees were able to take away practical suggestions and techniques that they could apply within their industry. Key industry specialist suppliers such as NHS North West and the Energy Saving Trust were among the speakers.

Feedback from the event was tremendously positive, and over 2,000 delegates registered their attendance.

[View our webinars here »](#)

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Organisations were relying on digital technology to be able to provide continuous service delivery, which in some areas had drastically increased.



The impact of Covid-19 on digital strategies in the public sector

During the Covid-19 crisis, we worked closely with iGov Survey and Consultancy+ on a study to reveal how digital technologies were enabling organisations to maintain essential services.

The rapid re-prioritisation of digital strategies and the adoption of digital solutions to enable areas such as remote working was undoubtedly a core part of the public sector's response to the pandemic. Organisations were relying on digital technology to be able to provide continuous service delivery, which in some areas had drastically increased.

With this in mind, we partnered with iGov Survey and our valued supplier Consultancy+ to examine what technologies were crucial to this delivery, what challenges, in particular, were driving change, and how organisations planned to deliver this.

We produced a report to highlight the findings and gained some considerable insight into the public

sector's view on the rapid digitalisation and any challenges they faced from this. [**You can take a look at it here »**](#)

Alongside the report, we hosted a webinar to discuss the findings in more detail – contributions were welcomed from Phil Swan, Director of Digital at the Greater Manchester Combined Authority and James Bridgland, Director at Consultancy+. All attendees were from across the public sector, including local authorities, central government, housing, emergency services and more.

Our member authorities

Including our 13 member authorities, YPO is the largest formally constituted public sector buying organisation in the UK with 84 member organisations.

Our members



Our associate members



Our plans for the future

As we leave yet another challenging year following more lockdowns and disruption within our public sector customers and education settings. We look forward to 2022 where we're introducing our three-to-five-year strategy 'Invest for Success'.

Our strategy has foundations and for us, these are the things that will steer our approach to deliver our plans for the business. They include our brand, the positive impact we can make to the environment, communities (social value) and our people.

We also have five pillars, brilliant basics, digitalisation, partnerships, growth, and assets - these are the key projects and initiatives we'll be undertaking to give us structure and focus for what we need to do and achieve, ultimately enabling us to reach our profit targets for the next five years.

Education

The vision for the education business is:

To be the best provider of supplies and services to the UK education sector. Delivering quality compliance, innovation, value for money and world-class customer service to all that support the effective teaching and development of children.

In a robust market that is still showing a decline in funding, we need to have a clear and robust plan to deliver our budget targets and the education rebates and marketing contributions. We will continue to use external data and customer insight to inform our decisions and develop the market, geographic and category plans.

Alongside this, we need to make sure we continue to focus on range and continually enhance our digital customer experience, this forms part of the digital transformation project.


We will continue to develop our core education offering into early years, primary and secondary alongside enhancing our multi-academy trust (MAT) offer by engaging with key stakeholders in the education market, particularly the Department for Education (DfE), British Educational Suppliers Association (BESA) and Institute of School Business Leadership (ISBL). We will grow business in London and the South whilst protecting member areas. We will focus heavily on growing the services into education developing a strong marketing plan to support this.

Public Sector

The vision for public sector is:

To support the UK recovery by creating opportunities via leading class procurement and commercial activity for local, regional and national public sector organisations with positive social, economic, and environmental impacts in the communities we serve.

We aim to see further growth, productivity and efficiency benefits through revised processes, the



By working closely with our partners, we can mitigate the risks that are presented to us to ensure that our aims, objectives, and targets are met.

delivery of the public sector people strategy delivering career pathways and consistent development, digital transformation, enhanced professional business to business communications and a robust strategic marketing approach to underpin what we are trying to achieve in 2022. By working closely with our partners, we can mitigate the risks that are presented to us to make sure that our aims, objectives, and targets are met.

As an organisation we listen to what the public sector needs and requires, and with the support of our partners, owners, customers, and suppliers we continue to remain relevant and accessible to the wider sector. From a sector economic overview, we anticipate that there's optimism for 2022.

Our board of directors



Simon Hill
Managing Director

Simon joined YPO in July 2011 from former regional development agency Yorkshire Forward, where he was Executive Director. Previously, Simon was Managing Director of electronics automotive manufacturer Kostal UK Ltd. With experience across procurement, sales and general management, he also has 10 years public sector and 20 years commercial experience. Simon is also an elected Executive Council Member of BESA, the British Educational Suppliers Association and Company Secretary of YPO Procurement Holdings Limited.



Jo Marshall
Executive Director

Jo joined YPO as a Business Development Manager in 2010 from her position as Head of Public Sector at Samsung Electronics, and was promoted to Commercial Director the following year. With a strong sales background, Jo has been working with the public sector for over 25 years. She leads the organisation's commercial functions including Sales, Marketing, Customer Experience, and Trading. Recently shortlisted for Businesswoman of the Year, Jo is also the board strategic lead for customer experience and is Vice President with the Institute of Customer Service.



Julie Hawley
Executive Director

Julie joined YPO in May 2021 as Finance Director from her previous role as Managing Director of Office Friendly, a leading buying group in office products. She previously worked for Kingfield Heath Wholesale and has over 30 years' experience in the office products industry and joined the board of Boss federation in 2022. Julie was awarded Professional of the Year in 2018 and European Professional of The Year in 2019. Julie leads the organisation's Finance, Business Change and HR functions.



Jacquie Lightfoot
Executive Director

Jacquie joined YPO in July 2021 and is responsible for leading the organisation's Warehouse, Logistics and IT teams. She joined from Arla foods where she held the position of Head of Logistics and Warehousing for the UK. Jacquie's career has been dedicated to logistics. She's worked for several blue-chip organisations including Carlsberg, Hallmark Cards, DHL and Whitbread. Jacquie has experience of managing both insourced and outsourced operations and a strong background in leading large teams and instigating business change



Jon Towler
Independent Director

Jon was appointed in 2020 to provide independent guidance to YPO as a member of the Board of Directors. He has over 20 years senior management experience in both public and private sector organisations, spanning international sales management and operational improvement, through to Chair and Non-Executive Director across several health and NHS bodies. Jon is currently Chair of the governing body for Nottingham and Nottinghamshire Clinical Commissioning Group, in addition to serving as Vice Chair of the wider Integrated Care System Board.

Performance summary

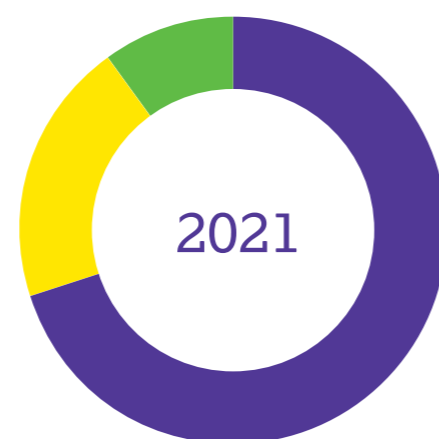
Total spend under management **£1.15bn**

Account activated in 2021

Joint committee accounts	2,424
Limited company accounts	5,962

Turnover by category (£000s)

	2020	2021
Stores ●	£70,460	£70,068
Direct Supply ●	£19,770	£19,917
Food ●	£9,391	£9,804



Income and expenditure account (£000s)

Income and expenditure account	2020	2021
Invoiced turnover	£99,620	£99,789
Cost of sales	(£70,250)	(£69,276)
Gross margin	£29,370	£30,513
Rebates	£5,046	£5,939
Other income	£1,799	£2,047
Gross surplus	£36,215	£38,499
Operating expenses		
Employees	(£19,290)	(£20,095)
Premises	(£1,047)	(£1,299)
Supplies and services	(£17,378)	(£8,094)
Transport	(£4,531)	(£5,210)
S.L.A costs	(£127)	(£103)
Financial and miscellaneous	(£225)	£297
Depreciation and revaluation increase/ (decrease)	(£452)	(£260)
Interest received / (paid)	£13	(£19)
Net operating expenditure	(£43,037)	(£34,783)
Net Profit / (Loss) on trading operations	(£6,822)	£3,716

This table is an extract from the YPO Audited Statement of Accounts. to view the full document visit www.ypo.co.uk

Performance summary

(continued)

Energy consumption

Environmental KPI's	2020	2021	Difference
Electricity usage (kWh)	1,544,159	1,647,668	6.7%
Gas usage (kWh)	2,611,398	3,134,361	20%
Diesel (litres)	242,058	245,702	1.5%
CO2 emissions (tonnes)	1,513	1,645	8.7%
Water usage (m ³)	2,717	2,234	(17.8%)

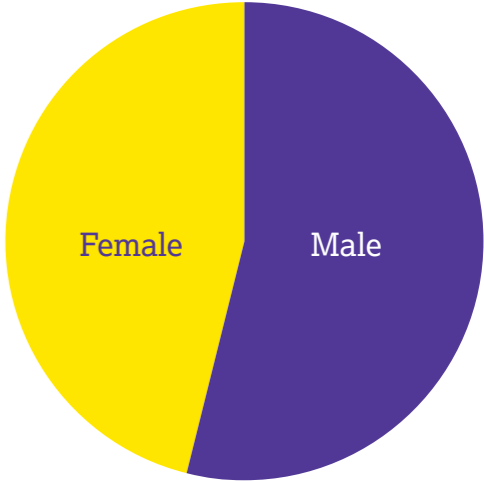
Employees by age

	Total	%
<21	10	2%
21 to 30	66	14%
31 to 40	110	23%
41 to 50	104	22%
51 to 60	150	31%
>60	41	8%



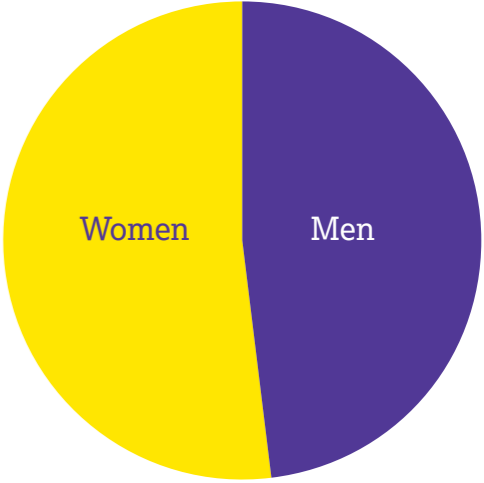
Employees by gender

Male	260
Female	221



Gender pay gap

Mean hourly rate for men	£14.10
Mean hourly rate for women	£15.17



You can take a look at our gender pay gap 2021 report and our gender pay gap action plan [here](#) »

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