

Better value, delivered.



Annual Report

Invest for
Success

2022



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Chairman's statement

Councillor Les Shaw



On behalf of the YPO Management Committee, I'm delighted to introduce the YPO Annual Report and Performance Summary for the 2022 financial year.

I'm still amazed when I think back to how we worked through the pandemic together as an organisation and I wanted to take a moment to recognise that. Our schools have since faced various difficulties, and the lives of young people were impacted disproportionately. At YPO, we'll always be there to support schools with products to deliver lessons and services to help keep schools running.

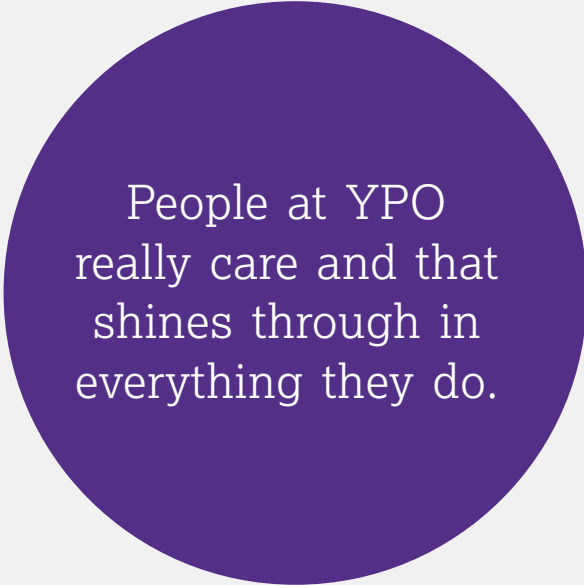
On reflection, this set us up to tackle more challenges together that would impact our lives even further.

In 2022, our new working arrangements became more permanent, as many of us now have hybrid provisions in place, with some home working and some office working. This has brought both positive and negative implications for businesses as we learn to adjust to the new norm.

We also faced the start of what's turned out to be a cost-of-living crisis, stemming from increased energy bills but felt in almost all areas of life, especially with food costs. It's really pushed us to think about the value of money, what we spend, when and how we spend it.

As Chairman of the YPO Board for eight years, it's time for me to move on. I'm immensely proud to have chaired such a fantastic organisation and everything it's done for schools and the wider public sector. People at YPO really care and that shines through in everything they do. I've seen the organisation go from strength to strength, no matter what challenges it's faced.

I'd like to thank Simon, the other directors, senior leaders and to everyone else at YPO for all that they do to support our communities and schools, and long may it continue.



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Managing Director's statement

Simon Hill



2022 was YPO's first full year of trading since the disruption and difficulties we all faced during the pandemic. It was also the first year of our new 3-5 year strategy period.

For both these reasons, I'm particularly proud that the organisation met all its financial and operational targets, demonstrating an impressive level of resilience. However, in common with the rest of the economy in 2022, we really started to face the challenges of the cost-of-living crisis, rising inflation and particularly the impact of the Ukraine war on the energy market.

Like many others, YPO felt the impact of these conditions across the full range of its activities, but this was especially evident in our food and energy offerings. We took the decision that the time was right to transition our supply of food from our own warehouse delivery model and to focus on a more economic way of supplying food through framework contracts. This ensures that our customers will continue to receive a sustainable source of food supply into the future. We also felt the huge effects of the volatile and fluctuating energy market which caused worry and uncertain times for many customers. Despite the challenges, our teams managed to secure vital energy supplies throughout this period in very difficult market conditions.

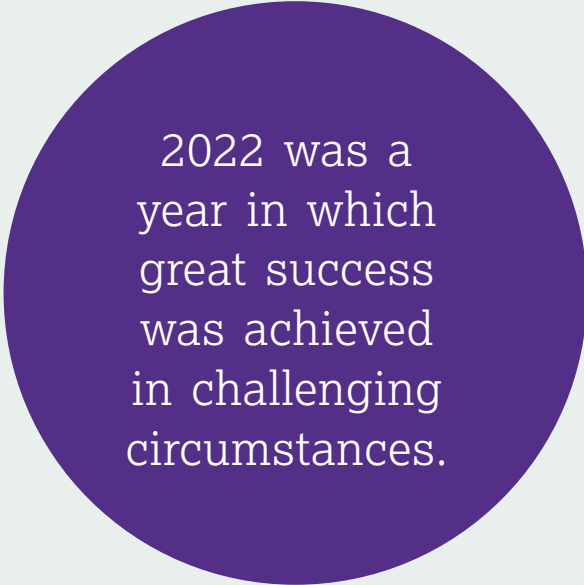
Our new 3-5 year strategy had already identified 2022 as a 'year of recovery'. This turned out to be particularly true, but we had everything in place to tackle these challenges head on, putting in as

much resource and time as necessary to achieve the best possible outcomes for our customers and members.

Customers, and the communities in which they operate, remain at the heart of everything we do and 2022 was no different. In fact, we took it a step further by launching an exclusive three-year partnership with the NSPCC to support the charity in its work to change children's lives for the better. The partnership demonstrates our commitment to social value by supporting positive change across society.

As a result of the efforts of the whole YPO team, supported by its suppliers and partners, 2022 was a year in which great success was achieved in challenging circumstances. We're therefore delighted that we're able to return to distributing significant dividends to our members and associates, helping them to fund the delivery of vital front-line services.

As always, I'd like to thank our staff, members, suppliers, and customers for their hard work, commitment and resilience and look forward to delivering even more value together in the future for the public sector.



2022 was a year in which great success was achieved in challenging circumstances.

Invest for SUCCESS

RECORD PROFITS
2022-2026

OUR PURPOSE

To help the public sector achieve the best possible value for money when buying products and services

BIG THREE

Grow public sector income Digital transformation Board's strategic initiatives



**BRILLIANT
BASICS**



DIGITALISATION



PARTNERSHIPS



GROWTH



ASSETS

OUR PEOPLE 

SOCIAL VALUE 

BRAND 

2022 marked the first year of our new business strategy, Invest for Success.

The previous year saw yet another challenging time for YPO following more lockdowns and disruption within our public sector customers and education settings. So, our first year of Invest for Success was warmly welcomed by our people and stakeholders.

The strategy sets out our plans on how we'll grow YPO over the next five years and importantly how we'll achieve them.

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

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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.

Throughout this annual report, you'll recognise that all our efforts, link back to our key themes and pillars.

We are social value



YPO exists to serve our communities. We believe in reducing our negative impacts while increasing positive ones to create a better world through our actions.

We already do lots of great work, including supporting charities and exploring more environmental ways of working, to our successful apprenticeship programme and sourcing more ethical products.

In 2022 we developed a social value strategy showing the valuable work we're already doing, while at the same time, creating a plan, so we know, as an organisation the opportunities where we can make an even greater positive impact.

We've also implemented a social value working group. Social value is an organisation-wide responsibility. So it was important to us that we involved members of staff, from across the organisation to develop the social value strategy and embed social value in our everyday work.

Our four themes which are embedded in our everyday work are:

Procurement

As a public sector buying organisation, it's our responsibility to make sure we have diverse, sustainable, and ethical supply chains free from modern slavery.

The environment

With a large warehouse and distribution network, we recognise the impact our buildings and operations have on the environment.

Communities

Many different charities are close to the hearts of people at YPO. In 2022 we donated over £40,000 to local and national charities.

Our people

We put employee engagement at the centre of our organisation. We continually capture staff feedback to drive change and innovation across the workforce.

You can see more of our positive impact at ypo.co.uk/social-value

Digital transformation

The digital world is moving at a rapid pace, especially since Covid. We're constantly evolving to make sure we remain relevant, while providing our customers with the best experience and our people with a great place to work.

We've made significant progress in this area. This includes several developments to our website to improve our customers' experience online, as well as improvements and upgrades to our internal systems.

We're continuously evolving our website, from changing how we categorise our products to updating the menu and navigation. Customers can now easily navigate directly to categories and subcategories of products and frameworks and also find links to relevant content such as blogs, videos, and landing pages for their sector.

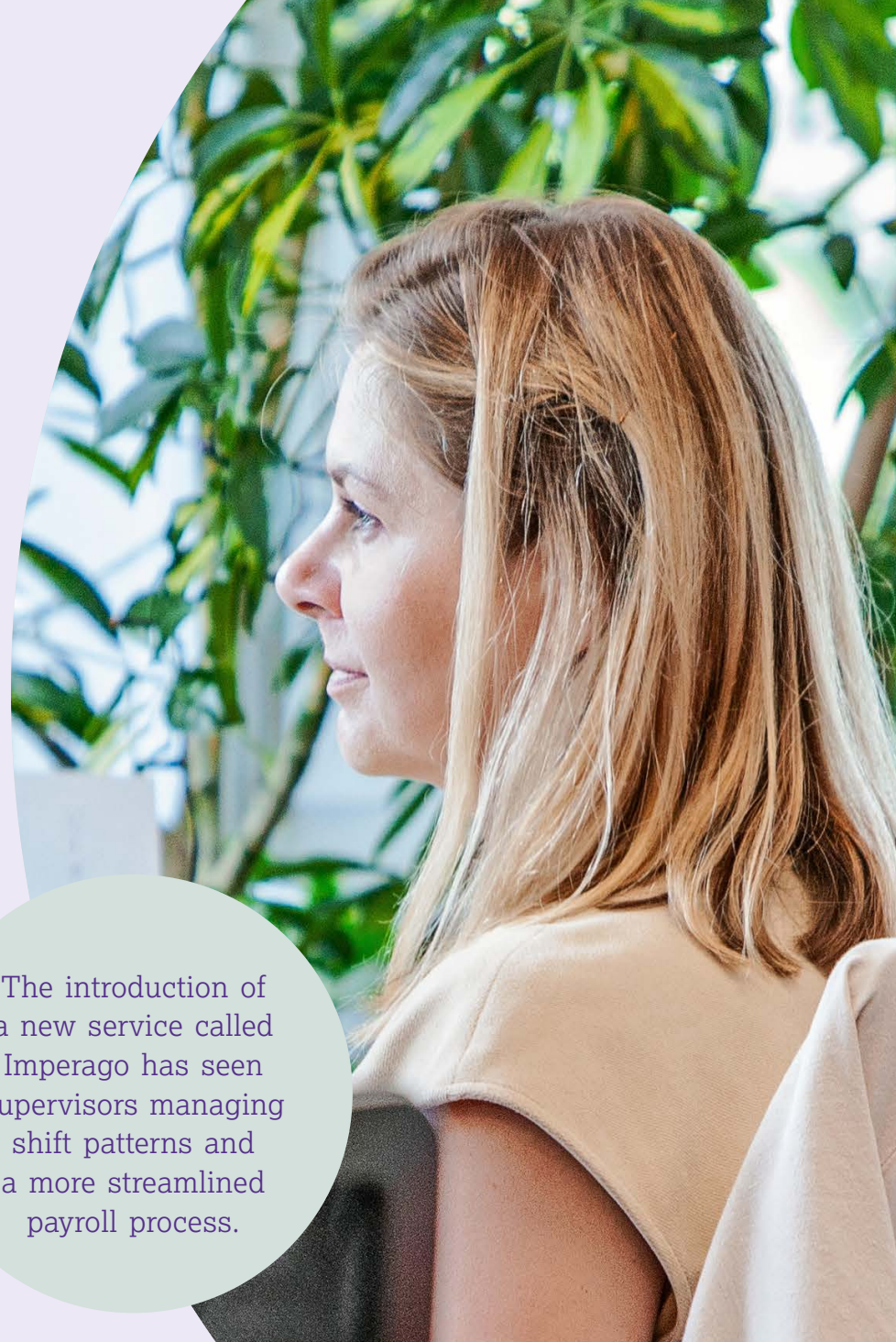
As we encourage more customers to use our website, we've implemented a new online chat tool, Intercom, which has both AI-operated conversations and connects to key teams like customer service and finance.

Our operations and HR teams had a lot of manual processes to deal with, every day. The introduction of a new service called Imperago has seen supervisors managing shift patterns and a more streamlined payroll process.

The installation of our new benchmarking tool revolutionised the way we benchmark competitor pricing by replacing what was a very manual process. It's enabled £2m in margin savings and is keeping us competitive on pricing.

We also have a specific programme of activity in our five-year strategy to modernise our warehouse and logistics area of the business. 2022 brought new structures and the award of a 3PL tender which will support our logistics needs.

The introduction of a new service called Imperago has seen supervisors managing shift patterns and a more streamlined payroll process.



Celebrating our people

The Big Day has always been an opportunity for everyone in our organisation to come together, and finally, after two years, we could.

Following the launch of our five-year strategy at the start of the year, our Board updated everyone on why YPO needs to evolve and how our plans over the next five years will achieve this, so we can grow the organisation.

We spent time reflecting on and remembering YPO's purpose, 'YPO exists to help the public sector achieve the best possible value when buying products and services', as well as our values that underpin everything we do.

We celebrated the hard work and achievements of colleagues across the business in our staff awards ceremony. And, for the first time, our awards also recognised the contribution of our suppliers to social value.

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Education in a post- Covid world

There's no doubt that over the past two years, the pandemic has created huge challenges across the public sector, and education was no exception.

Almost overnight schools, teachers and students were forced to adapt to and embrace what was later characterised as 'the new normal', leading to an increased reliance on online technologies and digital methods of learning.

Thanks to the digital revolution most of us have embraced, this transition was straightforward for many people, but access to the best technologies and internet services is not universal, and this realisation led to a heightened awareness of a digital divide across the country.



As a procurement organisation that works closely with the education sector, we explored what impact the pandemic had, and continues to have, on education, and what role procurement can play in shaping and supporting educators and schools in a post-Covid world.

ask*ola*

Our research showed that **79%** of education professionals believe that the future of education is hybrid. Combining traditional and technology-led teaching methods.

We partnered with askOLA to close education gaps widened by the pandemic. Developed by GLUU, askOLA is an online, on-demand alternative to private tutoring designed to support the whole student, both academically and emotionally. Through the platform, young people can access professional academic support from online learning assistants (OLAs). Each OLAs is a qualified and vetted individual who delivers personalised academic coaching in key subjects – English, maths, and science – as well as wellbeing support for young people aged 11 to 16, via interactive whiteboards and a live chat function on askOLA.

Navigating the energy market storm

For over 20 years we've been providing energy frameworks for the public sector to set up contracts compliantly and efficiently, for various utility services including the supply of gas and electricity.

Both our gas and electricity frameworks are amongst our highest performing frameworks so when the Ukraine war hit and the energy market went into turmoil, YPO's role became pivotal in navigating a way through the storm for many of our customers.

Most of our customers are on flexible contracts, which traditionally offers many benefits with little risk for all

customers in the buying group (basket) on the framework. In steady times, this is usually the case, and the market fluctuations are minimal - so much so some customers were under the impression that the pricing was fixed. Annual bills were then reconciled each year to cover any fluctuations. *(Continued on next page)*

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Navigating the energy market storm

(Continued)

However, when energy prices hit record highs, and suppliers, brokers and other intermediaries like YPO were pressured into trading during the peak period, changes had to be made quickly to manage large end of year reconciliations. Our gas supplier Corona energy introduced monthly billing, so the higher pricing could be spread month by month, and also so the government Energy Bill Discount Scheme could be applied.

We proactively started contacting customers a month before the change from annual to monthly billing came into place in October 2022. We advised them of the annual reconciliation and how this would be paid going forward on a monthly payment plan. We also provided FAQs, webinars and monthly meetings to talk customers through the latest energy market conditions and insights, monthly pricing and cost of gas forecasts, the latest government support and we also took this as an opportunity to explain how the YPO frameworks works and the benefits of purchasing in this way.

It goes without saying that things have been challenging for everyone involved but it's provided us with an opportunity to strengthen our energy team, review our trading strategies and open up more channels for communication. Long term, the focus remains on growing the frameworks, and also the public sector's journey to net zero, through our range of energy efficient options and green offerings.

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Food review

Following a review of our food stock business and consultation with Unison and the impacted staff, we've made the decision to change the way we supply food to customers.

We've moved away from storing and delivering ambient and chilled food products through our own fleet and warehouses. We now focus on dedicated food suppliers who can deliver directly to customers through our fully compliant, framework award.

Despite our best efforts, our direct food provision which accounts for 10% of our business has been operating at a loss for several years. While we've made every attempt to cover the loss and make changes to the provision, recent increases experienced by all organisations in the cost of food, energy, fuel, and equipment, coupled with changes in customer buying patterns since the start of the pandemic, have caused those losses to rise beyond what we can manage responsibly into the future.

The decision impacted our staff, customers, and suppliers. For staff, we're committed to ensuring long-term job protection and the remodelling of our food business means there is a role for everyone. For our customers and suppliers, we're committed to ensuring the change is as seamless as possible, they are supported, and crucially there's no gap in service for our customers.

In March 2023 we ceased storing and delivering ambient and chilled food products through our own fleet and warehouses.

We're committed to ensuring long-term job protection and the remodelling of our food business means there is a role for everyone

The power of partnerships



During the pandemic, we adapted our operations to support the public sector, food banks and charities across the UK - one of those charities was the NSPCC.

For over 135 years, the NSPCC has been fighting tirelessly to protect children. The covid-19 pandemic presented one of the most significant challenges that the NSPCC had ever faced. The charity was in desperate need of IT equipment and phones to support the surge in calls. We managed to donate **£3,710** worth of equipment. From then, we've joined forces with the NSPCC to help our future generations.

We're honoured to have an exclusive partnership with the NSPCC. Throughout a three-year partnership, we'll work with the NSPCC to support its invaluable work to change children's lives for the better. We're incredibly proud of the work that we've achieved together in the first year of our three-year partnership.

In 2022 we donated **£32,987.12** from the

sales of our own YPO-branded products to support the NSPCC, going above and beyond our minimum £20,000 donation. This donation enables the NSPCC to be there for children and families during an incredibly difficult winter. The cost-of-living crisis is being felt across the country and we know that children are feeling it too. It's estimated that one-third of children in the UK live in poverty.

In August we took part in the 'Best Companies' employee engagement survey and through the number of completed surveys by our staff raised **£111.50** for the NSPCC.

Other events such as our business briefings and our Christmas Family Fun Day raised a further **£805**. Every pound that YPO donated helped to make sure that the NSPCC can fight for every childhood.

We're incredibly proud of the work that we've achieved together in the first year of our three-year partnership.

YPO goes international

In 2022 we entered an exclusive partnership with CES Holdings, a worldwide education supplies business, to supply our products to schools internationally.

The deal sees YPO's recognisable school supplies being distributed across key markets with English-medium schools globally.

With nearly 50 years of experience in the UK's education sector, our own brand products are instantly recognisable to teachers and families due to their iconic yellow and purple branding. Established to amalgamate buying demands and achieve efficiency savings, we have a reputation for delivering value to the education sector while returning profit to the wider public sector.

CES Holdings, which provides international schools with first-class educational resources, is our only distribution partner, and the collaboration will enable over 1,200 public and private schools across the globe to purchase our products via YPO's international website for the first time since early 2020.



Our Little Learners

We're well known for providing primary and secondary schools with everything they could possibly need to run their schools, but we're not very well known for providing early years everything they need to kit out their settings.

So, in 2022, we started looking at our early years offering. We introduced a sector focus on early years like never before. Creating a strategic group of key people from across the business, we've conducted research, carried out sub sector activities, delivered more content and early years exclusive promotions. More campaigning, PPC, and events. Invested more in thought leadership and utilised our strategic partners and media relationships. Overall, more visibility in the market.

Little Learners is our free early years magazine packed full of ideas and inspiration to help early years setting flourish. With each new issue comes a collection of early years resources and activities that we know little learners will love. Each issues covers a different topic from physical development, fine and gross motors skills to open-ended play and outdoor learning and understanding our impact on the environment. This is just one of the ways we're helping our customers with added value content.

Little Learners is our free early years magazine packed full of ideas and inspiration to help early years setting flourish.



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

Even with the backdrop of a cost-of-living crisis and a war in Europe, we remain optimistic about the future as we reach a significant milestone in our organisation's history.

In 2024, YPO turns 50! We've so many exciting plans to look forward to – reflecting on our heritage and purpose, celebrating our success, and cementing our legacy. *Watch this space.*

But before then, 2023 will deliver more of our strategic objectives focusing on our foundations of brand, social value, and our people. We'll also see more growth, partnerships, digital transformation, and development of our assets which are all our key strategic pillars.

In the public sector side of our business, our growth will come from the delivery of around 23 new frameworks, supported by brand campaigns focusing on food waste management, net zero, apprenticeships and the upcoming procurement reform.



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Our plans for the future

(Continued)

The procurement reform provides a unique opportunity for us to position ourselves as pioneers in this space by providing unrivalled support and guidance to the public sector and our suppliers, as they navigate through the changes and challenges brought by the new public procurement regime.

In education, we'll focus on four topics throughout the year. Catalogue transformation while accelerating digital product data optimisation, leading to digital sales growth. To grow our supplier marketing through enhancing supplier relationships, delivering new revenue work streams and creating supplier sales and marketing plans that maximise rebates.

To raise our early years profile and grow profits significantly, becoming a viable alternative in the early years that customers rely on for value and that competitors fear. Moving with digital change, continuing to support the wider reach of e-commerce, and growing our digital channels.

Moving with digital change, continuing to support the wider reach of e-commerce, and growing our digital channels.

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.

Julie Hawley

Executive Director

Julie joined YPO in May 2021 as finance director from her previous role as managing director of Office Friendly, a buying group specialising 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.

Helen Lisle

Non-Executive Director

Helen Lisle has had a career spanning over 35 years holding senior executive and non-executive roles in Local Government, the NHS and the Charitable sector.

Helen is currently the Managing Director of CPP LLP, a wholly owned NHS organisation delivering procurement services at a national level to the NHS. She is also very active outside of her executive role sitting as a Public Governor of Northumbria Healthcare NHS Foundation Trust and until recently a Board Member and Trustee of the City of Newcastle Gymnastics Association. As a dedicated commercial professional, Helen has also held senior voluntary positions in Health Care Supply Association (HCSA) and the Chartered Institute of Procurement and Supply (CIPS). She is a Fellow of both the CIPS and the Chartered Management Institute.



Performance summary

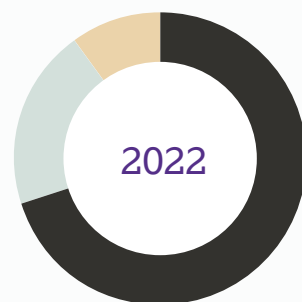
Total spend under management **£2.03bn**

Account activated in 2022

Joint committee accounts	2,686
Limited company accounts	8,509

Turnover by category (£000s)

	2021	2022
Stores	£70,068	£82,878
Direct Supply	£19,917	£24,708
Food	£9,804	£12,135



Income and expenditure account (£000s)

Income and expenditure account	2021	2022
Invoiced turnover	£99,789	£119,722
Cost of sales	(£69,276)	(£82,691)
Gross margin	£30,513	£37,031
Rebates	£5,939	£5,998
Other income	£2,047	£2,386
Gross surplus	£38,499	£45,415
Operating expenses		
Employees	(£20,095)	(£21,033)
Premises	(£1,299)	(£2,219)
Supplies and services	(£8,103)	(£8,493)
Transport	(£5,210)	(£6,295)
S.L.A costs	(£103)	(£167)
Financial and miscellaneous	£297	£130
Depreciation and revaluation increase/(decrease)	(£260)	(68)
Interest received / (paid)	(£19)	(£37)
Net operating expenditure	(£34,792)	(£38,442)
Net profit / (loss) on trading operations	£3,707	£6,973
Exceptional Costs	£9	(£2,032)
Net profit / (loss) after Exceptional Costs	£3,716	£4,941

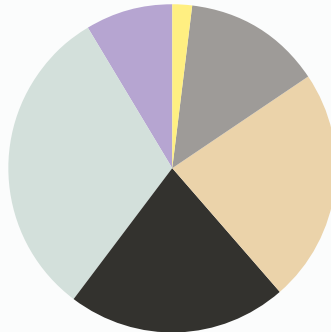
This table is an extract from the YPO Audited Statement of Accounts. to view the full document visit www.ypo.co.uk

Energy consumption

Environmental KPI's	2021	2022	Difference
Electricity usage (kWh)	1,647,668	1,593,583	6.70%
Gas usage (kWh)	3,134,361	2,627,855	20.03%
Diesel (litres)	245,702	226,151	1.51%
CO2 emissions (tonnes)	1,645	1,486	8.73%
Water usage (m ³)	2,234	2,548	(-15.16%)

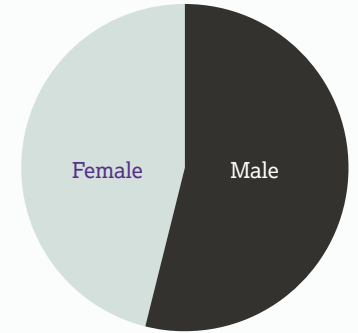
Employees by age

	Total	%
<21	18	3.56%
21 to 30	79	15.64%
31 to 40	105	20.79%
41 to 50	107	21.19%
51 to 60	148	29.31%
>60	48	9.5%



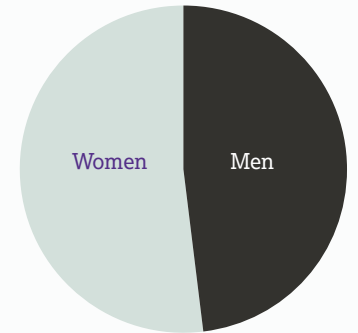
Employees by gender

Male	●	274
Female	●	228



Gender pay gap

Mean hourly rate for men	●	£14.59
Mean hourly rate for women	●	£15.54



You can take a look at our gender pay gap 2022 report and our gender pay gap action plan [here](#) »

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