

Chief Executive

Joanne Roney OBE

Your Ref.
Our Ref

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Date 19 November 2015

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Typetalk calls welcome

To: Members of the Management Committee of the Yorkshire Purchasing Organisation Joint Committee

Chief Executive of the Constituent Authorities (for information)

Dear Councillor

**YORKSHIRE PURCHASING ORGANISATION MANAGEMENT COMMITTEE MEETING
– FRIDAY, 27 NOVEMBER 2015**

You are invited to a meeting of the Management Committee of the Yorkshire Purchasing Organisation Joint Committee which is to be held at **10:30 am on Friday, 27 November 2015** at the **YPO HQ, 41 Industrial Park, Wakefield** to consider the items set out in the agenda detailed overleaf.

Yours sincerely



Joanne Roney OBE
Secretary to the Joint Committee

PLEASE NOTE: A buffet lunch is to be provided at the conclusion of the meeting.

As a courtesy to colleagues will you please turn all electrical devices to silent prior to the start of the meeting.

**YORKSHIRE PURCHASING ORGANISATION MANAGEMENT COMMITTEE -
Friday, 27 November 2015**

AGENDA

1. Apologies for Absence.
 2. Members' Declaration of Interest.
 3. To note any items which the Chairman has agreed to add to the agenda on the grounds of urgency.
 4. Minutes of the Management Committee held on 26 June 2015. (Pages 1 - 6)
 5. Minutes of the Executive Sub-Committee held on 13 November 2015. (Pages 7 - 8)
 6. Minutes of the Audit Sub-Committee held on 6 November 2015. (Pages 9 - 13)
 7. Minutes of the Scrutiny Sub-Committee held on 16 October 2015. (Pages 15 - 16)
 8. Associate Member Proposals. (Pages 17 - 36)
 9. YPO Pay Policy. (Pages 37 - 49)
 10. Risk Management Process. (Pages 51 - 57)
 11. Lead Authority Issues.
A verbal update will be given by the Lead Authority.
 12. In relation to reports containing exempt information to consider, and if approved, pass the following resolution:-
"That the public and press be excluded from the meeting for consideration of agenda items 13 to 15 on the grounds that they are likely to involve the disclosure of exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972, as amended."
- IN PRIVATE**
13. Budget and Business Plans 2016. (Pages 59 - 65)
 14. Business Update. (Pages 67 - 69)
 15. Senior Remuneration Issue.
A verbal report will be given to Members.
 16. Date and Time of Next Meeting.
The next meeting of the YPO Management Committee will be held on 18 March 2016 at 10.30am.

YORKSHIRE PURCHASING ORGANISATION MANAGEMENT COMMITTEE

Friday 26th June 2015

- Present:**
- Barnsley MBC**
Councillor Gardiner

 - City of Bradford**
Councillor Warburton
Councillor Sykes (Vice Chair)

 - Calderdale MBC**
Councillor Pillai

 - Kirklees MC**
Councillor O'Neill
Councillor Richards

 - Knowsley MBC**
Councillor Byron

 - North Yorkshire CC**
County Councillor Mackenzie

 - St Helens MBC**
Councillor Fletcher

 - Wakefield MDC**
Councillor Shaw

 - Wigan MBC**
Councillor Walker
Councillor Stitt

 - City of York**
Councillor Mercer

1:	Members Declaration of Interest
	No declarations of interest were made by members. Paul Smith & Jo Marshall placed on record their interest in agenda item 19 as employees of YPO.
2:	Membership of the Management Committee of the YPO Joint Committee 2015/16.
	The Monitoring Officer asked members to review the information contained in the tabled report regarding Committee representation from member authorities and the Voting members were confirmed as follows:-

	<p>Councillor Gardner - Barnsley MBC Councillor Warburton - Bradford MDC Councillor Pillai - Calderdale MBC Councillor O'Neill - Kirklees MBC Councillor Byron - Knowsley MBC Councillor Mackenzie - North Yorkshire CC Councillor Johnson - St Helens MBC Councillor Shaw - Wakefield MDC Councillor Walker - Wigan MBC Councillor Mercer - City of York</p> <p>Written confirmation of the voting member from remaining Authorities had been received as follows;</p> <p>Councillor Morris - Bolton MBC Councillor Corden - Doncaster MBC Councillor Atkin - Rotherham MBC</p> <p>Resolved – That the report content for Management Committee membership be noted.</p>
3:	Apologies for Absence
	<p>Apologies for absence submitted prior to the meeting were accepted on behalf of Councillors Morris (Bolton MBC), Smith (Calderdale MBC), Corden (Doncaster MBC), Kenny (Wigan MBC), Atkin (Rotherham MBC), Tweed (Rotherham MBC), Waller (City of York), Trotter (North Yorkshire CC).</p>
4:	Election of Chair
	<p>The Monitoring Officer requested nominations for the position of Chair of the Management Committee who in turn would become the Chair of the Executive Sub-Committee and Joint Consultative Committee/Appointments Sub-Committee for the year 2015/16.</p> <p>A nomination was received and seconded on behalf of Councillor Shaw (Wakefield MDC).</p> <p>Resolved – That Councillor L Shaw of Wakefield MDC be elected Chair of the Management Committee of the Yorkshire Purchasing Organisation for 2015/16.</p> <p>Councillor Shaw took the Chair, thanked the Committee for their support and welcomed all new Members. Councillor Shaw also referred to the excellent work carried out by his predecessor Councillor Sharman of Rotherham.</p>
5:	Election of Vice Chair
	<p>The Chair requested nominations to the position of Vice Chair for 2015/16. A nomination was received and seconded on behalf of Councillor Sykes (Bradford MDC).</p> <p>Resolved – That Councillor Sykes of Bradford MDC be elected as Vice Chair of the Management Committee of the Yorkshire Purchasing Organisation for</p>

	2015/16. Councillor Sykes thanked the Committee for their support.
6:	Minutes of the Management Committee – 20 March 2015
	Resolved – That the Minutes of the meeting of the YPO Management Committee held on 20 March 2015 be accepted as a correct record.
7.	Minutes of the Executive Sub Committee – 5 June 2015
	Resolved – That the Minutes of the meeting of the Executive Sub Committee held on 5 June 2015 be accepted as a correct record.
8:	Minutes of the Audit Sub-Committee – 13 March & 15 May 2015
	The Monitoring Officer asked members to note that the Audit Sub Committee of 15 May was not quorate and therefore sign off of the Audited Statement of Accounts could not be completed and members would be asked to agree this in agenda item 13 of today's meeting. Resolved – That the Minutes of the meeting of the Audit Sub Committees held on 13 March & 15 May 2015 be accepted as a correct record.
9.:	Minutes of the Scrutiny Sub-Committee – 6 March and 5 June 2015
	Resolved – That the Minutes of the meeting of the Scrutiny Sub Committees held on 6 March and 15 May be accepted as a correct record.
10:	Appointments to the Sub-Committees and Joint Consultative Committee 2015/16.
	Consideration was given to a report to receive nominations from the Constituent Authorities in relation to membership of Sub-Committees and Joint Consultative Committee and to determine the membership for those meetings for the 12 month period commencing June 2015. The Monitoring Officer stated preferences as shown in the report would be adhered to where this could be accommodated however slight amends would be needed to accommodate the new Chair, Cllr Shaw as the new Chair of Executive Sub Committee and JCC. A completed list of memberships to the Sub Committees would be provided at a later date. Resolved – (1) That the report be noted (2) That the memberships to the Sub Committees be confirmed in writing
11:	Annual Report
	Executive Director Paul Smith submitted the annual report to the Management Committee as set out in YPO Management Agreement. A number of key achievements were highlighted contained within the Annual Report. It was explained that it was intended to circulate the Annual Report to Leaders, Chief Executives and Finance Directors of member authorities and also use it more widely as marketing and promotional material.

	<p>A copy of the report was circulated to Management Committee and individual authority Benefits Statements were included for members.</p> <p>Resolved – That the report be noted.</p>
12:	Audited Accounts
	<p>Consideration was given to a report of the Head of Finance & The Financial Controller which presented to Members’ the 2014 Audited Statement of Accounts.</p> <p>It was noted that the Audited Statement of Accounts should have been signed by the Chair of Audit Sub Committee at the 15 May meeting. However as this was not quorate, agreement to sign off the accounts was requested at today’s meeting.</p> <p>A report from the external auditors KPMG was tabled at today’s meeting and a representative, Alistair Newell gave an overview of the report.</p> <p>Members and Directors of YPO wished to place on record their gratitude to the relatively new finance team at YPO for achieving such high quality accounts in a relatively short space of time. Thanks were also given by YPO to Officers of Wakefield MDC for their support and assistance.</p> <p>Resolved - (1) That sign off of the Audited Statement of Accounts be completed.</p>
13:	Governance Review
	<p>Consideration was given to a report of the Managing Director to review the policies and processes by which YPO is managed.</p> <p>The report highlighted the policies and protocols which have been reviewed within the last 12 months with all showing that no further action was required.</p> <p>The actual policies and procedures will not be provided unless major change is proposed.</p> <p>Resolved – That the report content be noted.</p>
14:	Committee Work Programme and Terms of Reference 2015/16
	<p>Consideration was given to a report of the Managing Director which detailed the work of the YPO Management Committee and its associated Sub-Committees. The report also included the meeting schedule, terms of reference, principal agenda items and training schedule for each Committee and Sub-Committee.</p> <p>It was proposed that the Executive Sub-Committee meetings be reduced from 4 to 3 annually to better align with the Committee cycle.</p> <p>Previously the Terms of Reference have stated that each sub-committee will</p>

	<p>provide a report to Management Committee regarding its activities during the year. However, in reality reports were not produced and the minutes were used as a basis of informing the Management Committee of sub-committee activities.</p> <p>Therefore the Terms of Reference for all Sub-Committees have been amended to say that each committee will “provide an update to Management Committee on their activities of the Committee by way of meeting minutes and responses to any matters arising” as this more accurately reflects the existing process.</p> <p>The Delegated Authority section of the Audit Sub Committee Terms of Reference has also been amended at point 2 with the addition of the wording “In the event the Committee not being quorate the Chair of the Audit Sub-Committee shall have delegated authority from the Management Committee to sign the accounts if confident to do so after consultation with the Section 151 Officer”.</p> <p>Cllr Shaw stated that if Chair of Audit Committee had any issues with the accounts they should always be referred to the Management Committee and the Monitoring Officer confirmed these would only be signed if the Chair of Audit Sub Committee was confident to do so.</p> <p>Cllr Walker proposed that meetings commence at the later time of 10.30 to assist with quoracy.</p> <p>Resolved (1) -That the terms of reference for 2015/16 for the Management Committee, Executive Sub-Committee, Audit Sub-Committee, Scrutiny Sub-Committee and Joint Consultative Committee be agreed.</p> <p>(2) - That the Meeting Schedule, Training Schedule and Principal Agenda Items for 2015/16 be agreed with revised start times of 10.30am.</p> <p>(3) - If the Audit Sub Committee is not quorate the Chair has delegated authority from the Management Committee to sign audited statement of accounts if confident to do so.</p>
15:	Exclusion of the Public & Press
	<p>Resolved - That the public and press be excluded from the meeting during consideration of Agenda Items 16 to 18 on the grounds that they were likely to involve the disclosure of exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972, as amended.</p>
	IN PRIVATE
16:	Dividend Distribution (Exempt Paragraph 3)
	<p>Members considered a report of the Head of Finance which sought agreement on the level and method of dividend distribution for the year ended 31 December 2014.</p>

	<p>Members were asked to note the following;</p> <ul style="list-style-type: none"> ▪ The distribution split remains unchanged – a 25% reward for members risk, a 50% reward for members and associate members usage and 25% loyalty bonus available to all customers. ▪ The members are to be paid by cash in September 2015 a sum covering the risk and usage elements as applicable and the member and associate member authority earned loyalty bonus. ▪ That all other loyalty bonus will be paid to individual customers by way of redeemable voucher. ▪ A dividend distribution of £9.139m, which is a 3.82% increase on the amount distributed in 2013. <p>Cllr Mackenzie thanked the team for providing the largest dividend ever received and reiterated this was testament to the excellent position of the accounts.</p> <p>Resolved - (1) That the calculation of the fund available for distribution and the proposal to pay a full and final 2014 dividend, as calculated in appendix B of the report, be approved.</p>
17:	Managing Directors Report / Business Update – Exempt Paragraph 3
	<p>Members considered the report of the Managing Director which provided Members with an update of the activities of the organisation since the previous Committee meeting and gave an overview of the forthcoming activities and challenges. The report included an update on the organisations operational, financial, procurement, commercial, workforce and business change issues.</p> <p>Resolved - That the report be noted.</p>
18:	RISK ISSUES – Exempt Paragraph 3
	<p>Consideration was given to the report of the Monitoring Officer from Wakefield Council concerning an issue identified as a risk to YPO. Members discussed the issue and;</p> <p>Resolved – That Option 2 be pursued, to include dialogue with the Independent Director and the Chair of the Management Committee, and a report on the issue be brought to the next Management Committee meeting.</p>
19:	<p>DATE AND TIME OF NEXT MEETING Resolved – That the next meeting of the YPO Management Committee will be held on 27th November 2015 at 10.30am</p>

YORKSHIRE PURCHASING ORGANISATION EXECUTIVE SUB-COMMITTEE

13th NOVEMBER 2015

Present: The Chair: Councillor Shaw (Wakefield MDC)
 Councillors – Councillor Sykes (City of Bradford), Councillor A
 Johnson (St. Helens MBC), Councillor Atkin (Rotherham MBC),
 Councillor Byron (Knowsley MBC), Councillor Walker (Wigan MBC),
 Councillor Mercer (City of York)

97:	CHAIR'S INTRODUCTION & WELCOME
	The Chair, Councillor Shaw, welcomed Members to the meeting.
98:	APOLOGIES FOR ABSENCE
	Apologies for absence submitted prior to the meeting were accepted on behalf of Councillor Kenny (Wigan MBC).
99:	MINUTES – 5th JUNE 2015
	Resolved – That the Minutes of the meeting of the YPO Executive Sub-Committee held on 5 th June 2015 be approved as a true and accurate record.
99:	MEMBERS DECLARATION OF INTEREST
	No declarations of interest were made.
100:	YPO PAY POLICY
	A report of the Assistant Director HR & Logistics proposed the 2016 Pay Policy and highlighted minimal changes from the previous policy. Councillors asked for clarification around a number of points and were satisfied with the responses. Resolved: That the Executive Sub-Committee recommended the report to Management Committee for approval.
101:	ASSOCIATE MEMBER PROPOSALS
	A report was submitted detailing applications for seven new Associate memberships from: Halton Borough Council, Liverpool City Council, Fylde Council, Lancaster City Council, Wyre District Council, Merseyside Fire & Rescue, and Lancashire Police. Members asked for clarity on some aspects of the report and were satisfied with the responses. Resolved: That the report was noted and recommended to the Management

	Committee.
102:	EXCLUSION OF THE PUBLIC AND PRESS
	Resolved – That the public and press be excluded from the meeting during consideration of Agenda Items 10 to 13 on the grounds that they are likely to involve the disclosure of exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972 as amended.
103:	PERFORMANCE REPORT (EXEMPT)
	The Executive Director presented the report detailing the latest performance results for the Organisation. Councillors asked for more detail and clarification around a number of points and were satisfied with the responses provided by Officers. Resolved – That the Performance Report be acknowledged and welcomed.
104:	DRAFT BUDGET AND BUSINESS PLANS 2016 (EXEMPT)
	The Executive Director presented the Draft Budget and Business Plans for 2016, including plans to invest reserves in an IT ERP system. Resolved: That the Draft Budget and Business Plans for 2016 be recommended to Management Committee and the same presentation be given.
105:	BUSINESS UPDATE (EXEMPT)
	A report of the Managing Director gave an update on activities since the last sub-committee, including the London and South marketing campaign and the PBO forum. Resolved: That the report be noted.
106:	STOCK LOSSES REPORT (EXEMPT)
	A report of Executive Director detailed the year to date stock losses and plans for improvement. Councillors asked for clarity around some points and were satisfied with the responses given by Officers. Resolved: That the report be noted.
	DATE AND TIME OF NEXT MEETING Resolved – That the next meeting of the YPO Executive Sub Committee will be held on Friday 4 th March at 10.30am

YORKSHIRE PURCHASING ORGANISATION AUDIT SUB-COMMITTEE

Friday 6th November 2015

Present: The Chair: Councillor Johnson (Wakefield MDC)
 Councillors Corden (Doncaster), Walker (Wigan), Waller (York)

1.	ELECTION OF CHAIR
	The Managing Director opened the meeting and requested nominations from Members for the position of Chair of the YPO Audit Sub-Committee for the forthcoming year. A nomination was received on behalf of Councillor Johnson (Wakefield MDC) and seconded.
2.	CHAIR'S INTRODUCTION & WELCOME
	The Chair, Councillor Johnson, welcomed all parties to the meeting.
3.	ACCEPTANCE OF APOLOGIES FOR ABSENCE
	Apologies for absence submitted prior to the meeting were accepted on behalf of Councillor Pillai (Calderdale) and Councillor O'Neill (Kirklees).
4.	MINUTES – 15TH MAY 2015
	The minutes of the YPO Audit Sub-Committee held on 15 th May 2015 were approved as a correct record. These minutes are for information purposes only as the meeting was not quorate.
5.	2016 DRAFT INTERNAL AUDIT PLAN TEMPLATE
	Consideration was given to a report of the s151 Officer which provided Members with details of the 2016 Draft Internal Audit Plan Template. Resolved – (1) That the 2016 Draft Internal Audit Plan Template be noted. (2) The final 2016 Internal Audit Plan will be submitted to the next Audit Sub-Committee on 26 th February 2016. (3) That an update on the IT Programme will be provided to each Audit Sub-Committee Meeting in 2016.
6.	ANNUAL AUDIT LETTER
	Consideration was given to a report of the Financial Controller. Appendix 1 provides members with the 2014 Annual Audit Letter which summarises the findings of the KMPG ISA260 report. Lizzie Wharton (Manager, KMPG) thanked YPO officers for their support

	<p>during the process.</p> <p>Resolved – (1) That the report and appendix be noted.</p> <p>(2) That the intention to issue public notice of the closure of the audit and public inspection period be noted.</p> <p>(3) That Internal Audit consider including a review of Health & Safety issues in the 2017/18 annual plan.</p>
7.	PROGRESS ON 2015 INTERNAL AUDIT PLAN
	<p>Consideration was given to a report which provided an update as to the progress made towards actions resulting from internal audits completed at YPO as part of the Annual Audit Plan by Wakefield Council’s Internal Audit.</p> <p>Full details of the audit work undertaken by Wakefield Council’s Internal Audit between May – October 2015 can be found in Appendix A.</p> <p>Resolved – (1) That the report be noted.</p> <p>(2) That an appendix containing the definitions of the audit opinions to be attached to all future reports relating to the Internal Audit Plan.</p>
8.	RISK MANAGEMENT PROCESS
	<p>Consideration was given to a report of the Executive Director seeking acceptance of the following recommendations in the Risk Management Process:</p> <p>Communicate our risk culture and risk appetite to the organisation so that everyone has a common understanding of them and how they influence our risk taking and decision making. This could be in the form of a short video statement by one of the Board members on SharePoint.</p> <p>Adopt the three step process of Objectives – Risks – Controls throughout the business planning process so that we identify the most relevant risks and proportionate controls.</p> <p>Publish guidance on what to consider and what to include in the ‘risk implications’ section of the report template and monitor usage.</p> <p>Use the workflow option on SharePoint (once implemented across YPO) to circulate draft reports for completion of, or consultation on the ‘implications’ sections.</p> <p>Introduce decision risk registers to support key decisions that set out the risks of taking action and the risks of not taking action.</p> <p>Nominate a member of the Board to be the Senior Information Risk Owner</p>

	<p>(SIRO).</p> <p>Produce an over-arching Information Management Strategy and Action Plan.</p> <p>Produce and publish a Retention Policy and Schedule.</p> <p>Carry out a risk assessment to identify our exposure to Social Media risk.</p> <p>Offer risk workshops to project teams as a way of raising awareness and engaging people in risk management across YPO. If successful, this could be extended to other teams.</p> <p>Introduce a risk and reward matrix and supporting guidance to help recognise and take advantage of opportunity risks.</p> <p>Upload risk registers to SharePoint (with relevant security and access permissions) and work with risk owners to identify key dates and triggers for review, which are then set on SharePoint.</p> <p>Consider the use of exception reports where the status of risks changes and agree triggers e.g. escalation from a medium to a high risk.</p> <p>Introduce a ‘three lines of defence’ model to map sources of assurance to risks and report the results in the Annual Governance Statement.</p> <p>Resolved – (1) That the recommendations for the Risk Management Process be approved by the Management Committee.</p> <p>(2) That members have sight of any high rated risks in future Risk Management Process reports.</p>
<p>9.</p>	<p>APPOINTMENT OF SIRO (SENIOR INFORMATION RISK OFFICER)</p>
	<p>Consideration was given to the report of the Executive Director on the appointment of a SIRO.</p> <p>Members were informed that the Board have formally designated the Executive Director, Paul Smith, as the Senior Information Risk Owner (SIRO).</p> <p>Resolved – That the report be noted.</p>
<p>10.</p>	<p>YEAR END CLOSEDOWN TIMETABLE</p>
	<p>Consideration was given to a report of the Managing Director which informed Members of the contents of the 2015 closedown timetable.</p> <p>The KPMG report to those charged with governance issued in April 2015 stated “Management have provided good quality draft accounts for audit. With the significant changes in the senior finance team it is a great achievement to produce the accounts to such a standard”.</p>

	<p>It was also noted that YPO has good financial reporting processes in place and this has helped ensure a smooth audit process, the quality of the working papers was good and officers resolved audit queries promptly.</p> <p>The Organisation plans to present the Audited Statement of Accounts for approval to the Audit Sub-Committee now planned for 22nd April 2016.</p> <p>Resolved – (1) That the Year End Closedown Timetable and plan be noted.</p> <p>(2) That members note the change of date for the Audit Sub-Committee from 27th May 2016 to 22nd April 2016.</p>
<p>11.</p>	<p>EXTERNAL AUDIT PLAN</p>
	<p>Consideration was given to a report of the Executive Director on the External Audit Plan. Appendix 1 contains the full details of the External Audit Plan.</p> <p>Members were informed by KPMG of the headlines and the two focus areas for the Audit.</p> <p>Resolved – That the 2015 External Audit Plan be noted.</p>
<p>12.</p>	<p>EXCLUSION OF THE PUBLIC & PRESS</p>
	<p>Resolved – That the public and press be excluded from the meeting during consideration of agenda items 9 and 10 on the grounds that they are likely to involve the disclosure of exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972, as amended.</p>
<p>13.</p>	<p>RISK REGISTER</p>
	<p>A report of the Executive Director provided details of the Strategic Risk Register for YPO.</p> <p>The report noted that a review of the risk register and risk assessment has taken place in October 2015 and there are no substantial changes at this time.</p> <p>Resolved – That the report be noted.</p>
<p>14.</p>	<p>TENDER COMPLAINT REVIEW</p>
	<p>Consideration was given to the report of the Executive Director on the Review of a Supplier Tender Complaint.</p> <p>The report noted the background information and information about the tender process and award.</p> <p>An investigation found that the tender process was fully compliant with the Public Contracts Regulations 2006 and there is clear evidence to support this</p>

	<p>with the contract notice, ITT, contract award and tender evaluation.</p> <p>The outcome of the tender is beneficial to our members, customers and the public purse overall. Customers can buy a product that they are happy with at a much lower cost than before and no complaints about the products have been received.</p> <p>Resolved – (1) That the report be noted.</p> <p>(2) That the supplier receives a copy of the minutes taken from the Audit Sub-Committee meeting for Agenda Item 16.</p> <p>(3) Members noted the importance of YPO valuing relationships with suppliers and as an organisation will take action to remind all suppliers to sign up to email notifications for tenders using the YPO e-tendering tool.</p>
<p>15.</p>	<p>DATE AND TIME OF NEXT MEETING</p> <p>Resolved – That the next meeting of the YPO Audit Sub-Committee will be held on 26th February 2016 at 10.00am, at YPO Headquarters.</p>

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YORKSHIRE PURCHASING ORGANISATION SCRUTINY SUB-COMMITTEE

Friday 16th October 2015

Present: The Chair: Councillor Warburton
 Councillors –Barnard (Barnsley MBC), Smith (Calderdale MBC), Cole (Doncaster MBC), Fletcher (St Helens MBC)

1.	ELECTION OF CHAIR
	The Managing Director opened the meeting and requested nominations from Members for the position of Chair of the YPO Scrutiny Sub Committee for the forthcoming year. A nomination was received on behalf of Councillor Warburton (Bradford MBC) and seconded.
2.	CHAIR'S INTRODUCTION & WELCOME
	The Chair, Councillor Warburton, welcomed all parties to the meeting.
3.	ACCEPTANCE OF APOLOGIES FOR ABSENCE
	Apologies for absence submitted prior to the meeting were accepted on behalf of Councillor Graham (Bolton).
4.	MINUTES – 5TH JUNE 2015
	The minutes of the YPO Scrutiny Sub-Committee held on 5 th June 2015 were approved as a correct record.
5.	PEOPLE STRATEGY
	<p>Consideration was given to a report and presentation provided by the Assistant Director of HR & Logistics on the People Strategy for 2015-2017.</p> <p>The report stated the theme for the YPO 2015-2017 strategy is 'Forward Thinking, Outward looking' which captures the growing confidence of YPO to build on previous successes and make significant strides during this period.</p> <p>Members raised a number of questions and detailed responses from YPO Officers were accepted.</p> <p>Resolved – That the report be noted.</p>
6.	EXCLUSION OF THE PUBLIC & PRESS
	Resolved – That the public and press be excluded from the meeting during consideration of agenda items 9 and 10 on the grounds that they are likely to involve the disclosure of exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972, as amended.
7.	SALES ANALYSIS
	Consideration was given to a report and presentation provided by the Head of Trading summarising the business year to date.

	<p>The report detailed specific areas of trading year to date, highlighted areas of decline and areas of growth to provide an overall picture. This report also detailed marketing activity year to date and the plan up to the end of 2015. Efforts continue within the sales team to encourage web based ordering as traditionally the majority of orders are received via fax, and for the first time in YPO's history this is now less than 50% with many customers transitioning to PDF.</p> <p>Cllr Cole asked if the business had plans to increase its framework business and was informed a plan was in place to almost double this. This market for YPO covers insurance, enforcement agencies, energy solutions, bill validation etc.</p> <p>Members raised a number of questions and detailed responses from YPO Officers were accepted.</p> <p>Cllr Warburton thanked the team for an interesting and informative presentation.</p> <p>Resolved – That the report be noted.</p>
8.	WAREHOUSE & LOGISTICS STRATEGY
	<p>Consideration was given to a report & presentation given by the Head of Logistics regarding the Warehousing and Logistics strategic plan. This report provided an update on progress made during the last strategy period and outlined the 2015-2017 approach and recognised the challenges the business will face including warehouse capacity issues, use of own Fleet vehicles and the form which this would take and the introduction of Performance Management into the Operations team.</p> <p>Members raised a number of questions and detailed responses from YPO Officers were accepted.</p> <p>Resolved – That the report be noted.</p>
	<p>DATE AND TIME OF NEXT MEETING Resolved – That the next meeting of the YPO Scrutiny Sub Committee will be held on 5th February 2016 at 10.30am, at YPO Headquarters</p>

	<p>YPO</p> <p>MANAGEMENT COMMITTEE</p> <p>TO BE HELD ON</p> <p>27TH NOVEMBER 2015</p>
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TITLE: ASSOCIATE MEMBERSHIP APPLICATIONS 2015

REPORT OF: STRATEGIC RELATIONSHIP MANAGER

1 PURPOSE OF REPORT

- 1.1 Provide details of formal applications for YPO Associate Membership received from a number of strategic target customers across the North West region for consideration by the YPO Management Committee.

2 SUMMARY

- 2.1 Applications from Merseyside:
Halton Borough Council
Liverpool City Council

Applications from Lancashire Districts:
Fylde Council
Lancaster City Council
Wyre District Council

Applications from NW Emergency Services:
Merseyside Fire & Rescue
Lancashire Police

- 2.2 YPO is continuing with a strategy of building the associate membership base in the North West region. YPO also has a strategy to engage with the emergency services sector to grow the potential market for YPO's services.
- 2.3 These applications are the result of ongoing engagement by the YPO team as we build our presence in the North West particularly through the efforts of our NW Procurement Business Partner.
- 2.4 The engagement with Lancashire Districts is growing and discussions are continuing with Chorley, Ribble Valley, Preston, West Lancashire, Pendle and Burnley. Whilst we are hopeful of adding these authorities in the future, we are processing the applications from Fylde, Lancaster City and Wyre as they have

been outstanding for a while and there is a risk of lost business if we continue to hold off.

- 2.5 The applications from Fylde Council, Lancaster City Council and Wyre should be considered as part of a Lancashire district collaborative engagement. A collective growth criteria of £500,000 (frameworks or supplies) for these three authorities is recommended reflecting their size.
- 2.6 Any future applications from Lancashire districts will be similarly grouped together and will be considered separate to these initial applications.
- 2.6 Adding these 7 associates will bring the total added for 2015 to 8 (Tameside were admitted earlier in the year). This is in line with previous years.
- 2.7 The total number of associate members currently stands at 34 (41 with these applications).
- 2.8 The formal application for each authority is attached as appendices to this report.
- 2.9 The financial impact of adding associate members has been modelled and is detailed in section 5.1.

3 RECOMMENDATIONS

- 3.1 The applications submitted are recommended for approval as they all fall within the criteria established in 2014 for Associate Membership and support continued growth for YPO across the North West region.
- 3.2 The applications from Fylde Council, Lancaster City Council and Wyre should be approved with a collective growth criteria of £500,000 (frameworks or supplies) for these three authorities.

4 BACKGROUND

- 4.1 Halton Borough Council was formed in 1974 as a district of Cheshire and established as a unitary authority on the 1st April 1998 has a population of over 125,000 based on 2011 census information and covers a geographic area of over 30 square miles containing the towns of Runcorn and Widnes.

Within the borough of Halton there are 65 education establishments & Halton has already put in place an action plan to identify opportunities for both catalogue growth and framework engagements through YPO which is encouraging and should create some positive outcomes going forward. They have also committed to promoting YPO widely across the borough as well as through the collaborations with the Merseyside Procurement Partnership.

They have been trading with YPO catalogue through engagements with local schools and have gradually increased spend through during the period 2009 – 2014 to a level of £382k for the full year 2014.

In addition they have also had several contractual engagements through YPO to the value of £2.4 million in 2014 across Liquid Fuels, MSTAR, Insurance Services and Crematoria

- 4.2 Liverpool City Council is a metropolitan district council made up of 30 wards with 90 councillors and an elected mayor and is a constituent council of the Liverpool City Region Combined Authority. The city area has a population of around 500,000 and covers over 43 square miles containing a regional airport, 5 universities and 150 individual educational establishments.

Current framework opportunities exist with Cash Collections, ICT Equipment and Stationery with future possibilities on Energy.

Liverpool City Council have had limited previous engagement on frameworks with YPO although reasonable catalogue spend is enjoyed through Liverpool schools and other public sector establishments.

- 4.3 Borough of Fylde is a district within Lancashire based in Lytham St Annes covering 64 square miles with a population of over 75,000 bordering Blackpool, South Ribble, Preston, West Lancashire and Wyre districts. No procurement function currently exists at Fylde and Head of Governance has responsibility for this portfolio.

Immediate opportunities include Insurance Services as well as office supplies, energy and banking services. Fylde Council do not currently utilise YPO for any category spend and have no dedicated procurement function therefore we have an excellent opportunity to embed our service in this local authority and maximise the potential that exists here as well as securing further YPO's presence in the North West region.

- 4.4 Lancaster City Council is a local government district of Lancashire covering the towns of Morecambe, Heysham and Carnforth with a population in excess of 140,000 and covering 222 square miles.

Lancaster work collaboratively across the sub district area of Lancashire and are committed to exploring potential opportunities for joint working having already identified Postal Services , Liquid Fuels and Vehicle replacement as YPO opportunities for 2015/16.

Lancaster City Council has no catalogue spend and have no responsibility for schools as they fall under remit of the County Council. Existing contractual arrangements through YPO are currently limited to the Energy category with 2014 spend of £680k and this provides an opportunity to protect this area of spend and open up new category opportunities.

- 4.5 Wyre is a local government district with borough status in Lancashire and is based in Poulton le Fylde. It was formed on 1 April 1974 by the Local Government Act 1972, and has a population in excess of 108,000 covering 109 square miles.

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Wyre has already indicated a preference to engage in collaborative frameworks as limited resource exists to procure separately and has engagement with YPO in Energy and MSTAR. YPO opportunities have also been identified in Postal Services Stationery and Washroom Services.

Wyre District Council also has no catalogue spend with YPO and no responsibility for schools as they fall under the remit of the County Council. Existing contractual engagement through YPO totals £200k for 2014 on Liquid Fuels framework.

- 4.6 Merseyside Fire & Rescue Service collaborate with Lancashire Fire and share a joint Head of Procurement therefore with both organisations being Associate Members a number of collaborative opportunities could be developed.

Current usage includes YPO smoke alarms framework valued at £290k with potential opportunities including Liquid Fuel valued at £300k, MFDs valued at £65k and PPE valued at £200k.

- 4.7 Lancashire Police have not previously used YPO frameworks or catalogue offerings so the growth potential here is significant despite budget pressures on expenditure. Growth opportunities exist with Energy, Fleet, Washroom Services and Postal Services.

5. FINANCIAL IMPLICATIONS

- 5.1 Additional associate membership may lead to additional dividends being available for founder members in the following scenario:-

- The distributable fund is £9,139,000 (as per the 2014 dividend distribution).
- The risk proportion of the fund is 25%.
- The usage proportion of the fund is 50%.
- The Loyalty proportion of the fund is 25%

The opening position would be as follows, as per the 2014 dividend distribution:-

	£ 000's
Members total	6,495
Associates and non-members	2,644
Total	9,139

If the additional income from the new membership was £500,000 as mentioned in section 3.2, then this might translate into an additional profit of around £26,000, taking into account the current margins on stock, directs and food, together with the expected income from framework contract rebates. The revised distribution would therefore be as follows:-

	New £ 000's	Original £ 000's	Additional £ 000's
Members total	6,504	6,495	9
Associates and non-members.	2,661	2,644	17
Total	9,165	9,139	26

- 5.2 To qualify for any dividend distribution, associate members must grow from an agreed baseline. The baselines for these applications (based on 2014 spend) are below:

Customer	Stock	Contractual	Total
Fylde Council	£0k	£0k	£0k
Lancaster CC	£0k	£680k	£680k
Lancashire Police	£0k	£0k	£0k
Wyre DC	£0k	£200k	£200K
Halton BC	£382k	£2.4m	£2.8m
Liverpool CC	£1.6m	£0k	£1.6m
Merseyside Fire	£0k	£290k	£290k

6. LEGAL IMPLICATIONS

- 6.1 The admittance of new associate members requires the approval of the YPO Management Committee.

7. RISK IMPLICATIONS

- 7.1 There is a risk that YPO fails to meet its strategic growth plans without attracting new associate members.
- 7.2 There is a risk that increasing associate membership has a negative impact on the share of dividend for founder members. This risk is mitigated by the current dividend formula and the establishment of baselines and growth criteria for new associate members.

8. APPENDICES

- 8.1 Appendices – Letters of Application from Fylde Council, Halton Borough Council , Lancaster City Council, Lancashire Police , Liverpool City Council ,Merseyside Fire & Rescue and Wyre Council.

SERVICE DIRECTOR: JO MARSHALL, COMMERCIAL DIRECTOR

YPO
41 Industrial Park
Wakefield
WF2 0XE

Telephone No: 01924 834976
E-mail address: jo.marshall@ypo.co.uk

CONTACT OFFICER: DAVID BEMROSE, STRATEGIC RELATIONSHIP MANAGER

YPO
41 Industrial Park
Wakefield
WF2 0XE

Telephone No: 01924 834812
E-mail address: david.bemrose@ypo.co.uk



Lancashire Constabulary

police and communities together

Ian Cosh
Director of Resources
Lancashire Constabulary
Headquarters
Saunders Lane Hutton
Preston PR4 5SB
Tel: 01772-0412348
Web: www.lancashire.police.u

Your ref:
Our ref:
Date: 2 July 2015

Dear David,

Please see the information regarding Lancashire Constabulary on the attached YPO Associate Membership application form.

Kind regards

Mr Ian Cosh
Director of Resources

Better value, delivered.



Application for Associate Membership

Name of Authority:

Lancashire Constabulary

Address:

Lancashire Constabulary Headquarters
Saunders Lane
Hutton
Preston
Lancashire

Postcode:

P R 4 5 S B

Contact Name:

Jackie Collett

Position:

Procurement & Contracts Manager

Contact Telephone Number:

01772 412889

Contact Email:

jacqueline.collett@lancashire.pnn.police.uk

Please provide details of your current usage of YPO Catalogue Supplies and YPO contracts:

Lancashire Police do not currently use YPO

Please outline how you will promote YPO Catalogue Supplies and YPO contracts to schools and other Budget Holding Departments/Service Areas within your Authority:

The Procurement & Contracts Team will include YPO Frameworks as an option when going out to Tender. The team will also promote YPO Frameworks to its Budget holders.

Continued overleaf...

Enquiries to: Trevor Ingham
Direct Line: 0151 225 2181
Email: trevor.ingham@liverpool.gov.uk



YPO
41 Industrial Park
Wakefield
Yorkshire
WF2 0XE

Dear Wendy,

Thank you for your time earlier this week.

Please find enclosed Associate Membership Form.

Yours sincerely

Jo Nettleton MCIPS MBA
Senior Category Manager

For and on Behalf of Trevor Ingham
Head of Commercial Procurement
Commercial Procurement Unit

Liverpool City Council
Municipal Buildings, Dale Street, Liverpool, L2 2DH
E: your.name@liverpool.gov.uk www.liverpool.gov.uk



it's liverpool

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Application for Associate Membership

Name of Authority:

LIVERPOOL CITY COUNCIL

Address:

MUNICIPAL BUILDINGS
DALE STREET
LIVERPOOL

Postcode:

L2 2DH

Contact Name:

TREVOR INGHAM

Position:

HEAD OF COMMERCIAL
PROCUREMENT UNIT

Contact Telephone Number:

0151 225 2181

Contact Email:

trevor.ingham@liverpool.gov.uk

Please provide details of your current usage of YPO Catalogue Supplies and YPO contracts:

- CASH COLLECTION

Please outline how you will promote YPO Catalogue Supplies and YPO contracts to schools and other Budget Holding Departments/Service Areas within your Authority:

- CPU will signpost schools requirements to YPO



Mr D Bemrose
Strategic Relationship Manager
YPO
41 Industrial Park
Wakefield
WF2 0XE

Our Ref: IKC

Your Ref:

Please Ask For: Ian Curtis

Telephone: 01253 658506

Email: ianc@fylde.gov.uk

Date: 20 July 2015

Dear Mr Bemrose

APPLICATION FOR ASSOCIATE MEMBERSHIP

Following discussions with Wendy Clark, I enclose Fylde Council's application for associate membership. Please let me know if you require more information.

I look forward to hearing from you when the application has been considered.

Yours Sincerely

A solid black rectangular box used to redact the signature of Ian Curtis.

Ian Curtis, Solicitor
Head of Governance

Better value, delivered.



Application for Associate Membership

Name of Authority:

FYLDE BOROUGH COUNCIL

Address:

TOWN HALL
ST ANNES ROAD WEST
LYTHAM ST. ANNES

Postcode:

F 7 8 1 1 L W

Contact Name:

IAN CURTIS

Position:

HEAD OF GOVERNANCE

Contact Telephone Number:

01253 658506

Contact Email:

IANCO@FYDE.GOV.UK

Please provide details of your current usage of YPO Catalogue Supplies and YPO contracts:

NONE

Please outline how you will promote YPO Catalogue Supplies and YPO contracts to schools and other Budget Holding Departments/Service Areas within your Authority:

FYLDE COUNCIL IS NOT A LOCAL EDUCATION AUTHORITY AND DOES NOT HAVE RESPONSIBILITY FOR SCHOOLS.

THE EXISTENCE OF THE YPO CATALOGUE AND CONTRACTS WILL BE PROMOTED VIA THE STAFF INTRANET AND THROUGH PERSONAL ENGEEMENT WITH BUDGET HOLDERS.

Continued overleaf...



Mr D. Bemrose
Strategic Relationship Manager
YPO
41 Industrial Park
Wakefield
WF2 OXE

Janet Henshaw
Monitoring Officer
Merseyside Fire & Rescue Authority
Legal Services Department,
Fire Service Headquarters,
Bridle Road,
Bootle,
Merseyside
L30 4YD

Telephone: 0151 296 4301

Fax: 0151 296 4141

Web Site: www.merseyfire.gov.uk

Your ref:

Our ref: PROC/1

Date: 14th May 2015

Dear Mr Bemrose,

Application for Associate Membership

Please find attached our Application Form from Merseyside Fire and Rescue Authority.

Please could you confirm that our application has been accepted as soon as convenient?

Should you require any further information please do not hesitate to contact me.

Yours sincerely

Janet Henshaw
Director and Solicitor to the Authority



2004-2005
Services for Older People
2006-2007
Early Intervention (Children at Risk)
2008-2009
Reducing Health Inequalities



INVESTORS
IN PEOPLE



Stonewall
DIVERSITY CHAMPION



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Application for Associate Membership

Name of Authority: **Merseyside Fire and Rescue Authority**

Address: **SHQ
Bridle Road
Bootle
Liverpool**

Postcode:

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Contact Name: **Sharon Matthews**

Position: **Head of Procurement**

Contact Telephone Number:
0152 296 4556

Contact Email:
sharonmatthews@merseyfire.gov.uk

Please provide details of your current usage of YPO Catalogue Supplies and YPO contracts:

See attached

Please outline how you will promote YPO Catalogue Supplies and YPO contracts to schools and other Budget Holding Departments/Service Areas within your Authority:

Regular Procurement updates and intranet

YPO FRAMEWORKS – MERSEYSIDE FIRE & RESCUE SERVICE

FRAMEWORK REF NUMBER	FRAMEWORK NAME		MFRS SPEND 2014/15
413	ELECTRONIC SUPPLIES	MIGHT USE	
RM1042	CORPORATE SOFTWARE SOLUTIONS	MIGHT USE	
RM1059	LOCAL AUTHORITIES SOFTWARE APPLICATIONS	MIGHT USE	
RM1599	MULTIFUNCTIONAL DEVICES	MIGHT USE	£64982
295	EMERGENCY SERVICES UNIFORMS	USE UNDER NORTH WEST FRS	
299	FIREFIGHTER PPE	MIGHT USE	
377	MANAGED SERVICES FOR FF PPE	MIGHT USE	
301	LIQUID FUEL	MIGHT USE	£318860
106	VEHICLE LUBS, OILS, GREASES, ANTIFREEZE	MIGHT USE	
	VEHICLE PURCHASES	MIGHT USE	
109	OFFICE SUPPLIES & EQUIPMENT	MIGHT USE	
217	MAILROOM EQUIPMENT	USE	£1000 APPROX
RM1034	TRAVEL MANAGEMENT SERVICES	MIGHT USE	
RM1063	POSTAL GOODS/SERVICES	MIGHT USE	
	FOOD AND CATERING	MIGHT USE	
246	INDUSTRIAL GASES	MIGHT USE	£8789
520	DRIVING LICENCE VERIFICATION SYSTEM	WILL USE	
RM958	INSURANCE SERVICES	MIGHT USE	
561	INCIDENT GROUND FEEDING	MIGHT USE	
591	SMOKE ALARMS	USE	£339869
	FURNITURE	MIGHT USE	



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wyre
council

Please ask for: Allan Williams
Email: allan.williams@wyre.gov.uk
Direct Line: 01253 887440
Our Ref:

Date 16 April 2015

Dear Sir

Please find attached the application form for Wyre Council for associate member for Yorkshire Purchasing Organisation (YPO).

Yours faithfully,

Allan Williams
Procurement Officer

Civic Centre, Breck Road, Poulton-le-Fylde, Lancashire FY6 7PU

Web: wyre.gov.uk Email: mailroom@wyre.gov.uk Tel/text: 01253 891000



Better value, delivered.



Application for Associate Membership

Name of Authority:

Wyre Council

Address:

Civic Centre, Breck Road, Poulton-le-Fylde, Lancashire

Postcode:

F Y 6 7 P U

Contact Name:

Allan Williams

Position:

Procurement Officer

Contact Telephone Number:

01253 887440

Contact Email:

allan.williams@wyre.gov.uk

Please provide details of your current usage of YPO Catalogue Supplies and YPO contracts:

- Fuel
- Transport
- Agency staff
- Wheeled bins
- Furniture
- Clinical waste

Please outline how you will promote YPO Catalogue Supplies and YPO contracts to schools and other Budget Holding Departments/Service Areas within your Authority:

The council will promote YPO frameworks to its spending officer rather than go out to procure separately.



Contact: Helen McMahon
Telephone: (01524) 582122
E-mail: hcmahon@lancaster.gov.uk
Website: www.lancaster.gov.uk
Our Ref:
Your Ref:



FAO Mr David Bemrose
Yorkshire Purchasing Organisation
41 Industrial Park
Wakefield
WF2 0XE

Resources

Nadine Muschamp
Chief Officer (Resources)
Town Hall
Dalton Square
LANCASTER LA1 1PJ

15 December, 2014

DX63531 Lancaster

Dear Sir

Please accept this letter as a formal request for Lancaster City Council (LCC) to be considered as an Associate Member of Yorkshire Purchasing Organisation (YPO).

LCC currently access the YPO framework for electricity and gas. Work is currently underway to establish a business case for using the liquid fuel framework and the framework for vehicles. The current annual spend on liquid fuel is £500k and the projected spend for this replacement vehicle program is £160k

LCC is committed to explore collaborative opportunities where it has a proven benefit to the authority. This is reiterated in the authorities Contract Procedure Rules and is actively explored when determining the route to market.

Yours faithfully

A large black rectangular redaction box covering the signature area of the letter.

Nadine Muschamp
Chief Officer (Resources)



Mr David Bembrose
 Head of Business Development
 Yorkshire Purchasing Organisation
 41 Industrial Park
 Wakefield
 WF2 0XE

Our ref Associate Member
 If you telephone Ashley McDonald
 please ask for
 Your ref
 Date Weds 11th February 2015
 E-mail address ashley.mcdonald@halton.gov.uk

Dear Mr Bembrose,

Halton Borough Council's Associate Member Application

I would like to apply for Associate Membership to Yorkshire Purchasing Organisation (YPO) for Halton Borough Council. The council already utilises a number of frameworks within your portfolio of contracts and has identified this route to market to be considered as part of our options appraisal for future contract awards.

Please find below details of the frameworks currently utilised by Halton BC via YPO:

Framework	REF:	Lot	Value £
MSTAR	653F	1a	1,700,000.00
Grounds Maintenance	222	2 – Med Equipment	180,000.00
Crematoria Solutions	248		396,000.00
Travel	808		67,000.00
Hoists	364		53,000.00
Total			2,396,000.00

Please find below details of Future Frameworks to be considered by Halton BC

Framework	Ref:	Lot	Indicative Value £
Beers, Wines & Spirits			155,000.00
Frozen Food	124		500,000.00
Soft Drinks			100,000.00
Bottled Water			40,000.00
Street Food	449		60,000.00
Grocery			500,000.00
Vending Machines			150,000.00
Catering Disposables	98		60,000.00
Catering Equipment	264		15,000.00
Specialist Vehicles – above 7.5 tonne	324		80,000.00
Total			1,660,000.00

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Policy & Resources

Municipal Building, Kingsway, Widnes, Cheshire WA8 7QF



The future opportunities stated above provide indicative figures based on the past 12 months spend, which may be subject to change to reflect the Council's demand in specific areas i.e. specialist vehicles. This illustration shows the potential business growth from Halton via access to existing YPO Frameworks, alternatively potential collaboration in working together on new category areas.

The Council is a member of the Merseyside Procurement Partnership (MPP), whose members include the following Organisations:

- Halton BC
- Liverpool CC
- St. Helens MC – YPO Member
- Sefton MBC
- Knowsley MC – YPO Member
- Wirral MBC
- Cheshire West and Chester Council
- Mersey Travel

The 8 members work closely together on a number of collaborative arrangements, with most already utilising the services of YPO. Halton would explore collaborative opportunities with YPO, either as an individual authority or as a member of MPP.

A potential area for collaboration identified for review is the Catering category which has a variety of common areas of spend that are currently purchased by Halton and MPP, that may benefit from existing Frameworks established with YPO.

Halton's Procurement Division works very closely with the 57 schools within the Borough and offers Procurement support and guidance on an SLA basis. Schools already benefit from a variety of corporate and catering contracts in place.

All contract awards are published to our internal stakeholders to support awareness and understanding of the relevant contracts to be used for Council requirements, this also includes frameworks that are accessed by the council, which are referenced to the relevant organisation i.e. YPO.

Halton Borough Council is committed to working with organisations within the supply market to assist us to identify the most efficient and effective routes to market, to provide value for money by means of both cashable and non-cashable savings, in order to sustain delivery of our front line services.

If you require any further information to support our application to become an associate member of YPO, please contact me.

Yours sincerely



Richard Rout

Head of Procurement and Efficiency
Halton Borough Council



**YPO
MANAGEMENT COMMITTEE
TO BE HELD ON
27TH NOVEMBER 2015**

SUBJECT: YPO PAY POLICY (COMPLIANCE WITH THE LOCALISM ACT 2011 AND THE LOCAL GOVERNMENT TRANSPARENCY CODE 2014)

REPORT OF: ASSISTANT DIRECTOR HR AND LOGISTICS

1 PURPOSE OF REPORT

- 1.1 To agree a Pay Policy for YPO in line with our statutory requirements to comply with the 2011 Localism Act.
- 1.2 To agree the additional information to be published to comply with the Local Government Transparency Code 2014.

2 RECOMMENDATIONS

- 2.1 To agree the Pay Policy for 2016.
- 2.2 To agree the information to be published in line with the revised transparency requirements.

3 BACKGROUND

- 3.1 Sections 38 – 43 of the Localism Act 2011 require that local government employers produce a policy statement that covers a number of matters concerning the pay of their staff and principally senior officers. This policy statement meets the requirements of the Localism Act in this regard.
- 3.2 The Local Government Transparency Code 2014 outlines information that each Local Authority must publish and additional information that is recommended for publication, following the principle that all data held and managed by local authorities should be made available unless there are specific sensitivities (e.g. protecting vulnerable people, commercial or operational considerations).

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The information concerning staff that must be published is outlined in Appendix B and the information to be published by YPO is attached.

- 3.3 YPO currently has an Apprenticeship pay rate of £140 per week in year one and £175 per week (or age related payments if applicable) in year two. This equates to £3.78 per hour in year one and £4.73 per hour in year two. Both amounts are in excess of the Governments minimum pay for apprentices of £3.30 per hour. Board have delegated responsibility to review the rates on an annual basis in line with any public sector pay increases.
- 3.4 In 2013 as part of the pay policy review for 2014 YPO Management Committee agree to implement the living wage at YPO. This was not via an accreditation process and therefore we are not bound to accept any increases proposed by the living wage foundation. There are currently 14 people in receipt of a living wage supplement.

4 OPTIONS APPRAISAL (WHERE APPLICABLE)

- 4.1 To accept the pay policy and additional transparency information as currently written.
- 4.2 To reject the policy in whole or in part and make recommendation for changes.

5. FINANCIAL IMPLICATIONS

- 5.1 Any changes to pay will have a financial impact, however the detail as outlined in the pay policy is fully accounted for and includes provision for agreed incremental progression and nationally agreed pay awards.

6. LEGAL IMPLICATIONS

- 6.1 Publication of a pay policy is a statutory requirement of the Localism Act 2011. The publication of additional information is a requirement of the Local Government Transparency Code 2014.

7. EQUALITY IMPLICATIONS / EQUALITY OF OPPORTUNITY IMPLICATIONS

- 7.1 The Pay Policy is fully compliant with the Equality Act 2010.

8. ECONOMIC IMPLICATIONS

- 8.1 As one of the largest employers in Wakefield, YPO's continuing success in maintaining satisfactory pay and conditions support the local economy.

9. HUMAN RESOURCE IMPLICATIONS

- 9.1 The pay policy is fully aligned with YPO's job evaluation policy and terms and conditions and does not propose any variations.

10. RISK ASSESSMENT

10.1 None as a statutory requirement to publish information.

11. CONSULTATIONS AND ENGAGEMENT

11.1 None in relation to this report, however all changes to roles, pay and terms and conditions are subject to consultation with staff and recognised trade unions.

12 APPENDICES

YPO Pay Policy 2016

YPO Senior Management Pay as at 31'12'15

YPO Transparency policy information 2016

SERVICE DIRECTOR: JULIE WRAY, ASSISTANT DIRECTOR HR AND LOGISTICS

YPO
41 Industrial Park
Wakefield
WF2 0XE

Telephone No: 01924 834897

E-mail address: julie.wray@ypo.co.uk

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YPO - Statement of Pay Policy 1st Jan 2016 to 31st December 2016

1. Introduction

- 1.1 Sections 38 – 43 of the Localism Act 2011 require that local government employers produce a policy statement that covers a number of matters concerning the pay of their staff and principally senior officers.

This policy statement meets the requirements of the Localism Act in this regard and also meets the requirements of the Local Government Transparency Code 2014.

- 1.2 YPO is a formally constituted joint committee of 13 Local Authorities with Wakefield Council as lead authority. All YPO employees are local government officers and employed by Wakefield Council on behalf of YPO. A management agreement is in place signed by all 13 Authorities this states that:

- (i) The management committee shall determine the size, scope and conditions of service of the Board of Directors of YPO, after receiving appropriate professional advice from the lead authority
- (ii) The Management Committee shall appoint annually an appointments committee with responsibility for the appointment and disciplinary procedures of the Board of Directors and appraising the performance of the Managing Director
- (iii) The Board of Directors shall make arrangements to establish and appoint all other staff in accordance with the approved budget and officer delegation scheme, and to ensure all HR policies and procedures are in accordance with best practice.

- 1.3 This policy is to be considered by Management Committee on the 27th November 2015 and if agreed will be made public on the first working day of January 2016

- 1.4 This pay policy is in addition to the data on pay and rewards for senior staff which is published separately in line with the Local Government Transparency Code 2014). It should be noted that some of the requirements to publish data under the Local Government Transparency code may differ from the data requirements of the Code of Practice and the Accounts and Audit Regulations and both are complied with as stated. The transparency information relevant to people is attached at Appendix B

2. Definition of officers covered by the Policy Statement

- 2.1 This policy statement covers the following posts, which are referred to as “Chief Officers” throughout the statement in line with the Localism Act. As YPO do not have a Statutory Chief Officer this definition is expanded to include YPO Directors:

- Managing Director

- Executive Director
- Executive Director

Deputy Chief Officers (as defined in the Local Government and Housing Act 1989 as posts reporting to a Chief Officer (statutory or non-statutory) which in YPO are posts which are part of the Senior Leadership Team:

- Assistant Director HR and Logistics *
- Head of Logistics
- Head of Procurement Services
- Head of Trading
- Head of Sales and Marketing
- Head of Customer Experience
- Head of Finance
- Head of Business Change and IT

* This post is a Board level position and reports directly to the Managing Director but was not appointed at Chief Officer level

3. Policy on remunerating Chief Officers

- 3.1 The policy on remunerating Chief Officers is set out at schedule A at the end of this policy statement. It is YPO's policy to establish a remuneration package for each officer post that is sufficient to attract and retain staff with the appropriate skills, knowledge, experience, abilities and qualities that are consistent with the requirements of the post in question at the relevant time.

4. Policy on remunerating the lowest paid in the workforce

- 4.1 YPO applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of internal decisions, these are then incorporated into contracts of employment.
- 4.2 The lowest pay point in YPO (not including apprentices) is spinal column point 5 within Grade 1, this relates to an annual salary of £13,500 and can be expressed as an hourly rate of pay of £7.00 This pay point and salary was determined by the pay scale for employees employed on Local Government Services Terms and Conditions from 1st January 2015. The pay rate is increased in accordance with any pay settlements which are reached through the National Joint Council for Local Government Services.
- 4.3 From the 1st April 2014 YPO implemented the living wage to pay a contractual supplement to YPO employees to a minimum of £7.85 per hour on base pay only but not on enhancements such as overtime. YPO did not seek accreditation to the living wage foundation and therefore the supplement will be reviewed annually when figures are released in November each year and a decision taken at that point as to if the increases proposed should be adopted.

There are currently 14 people at YPO in receipt of the living wage supplement.

The living wage supplement does not apply to apprentices, however we will continue to review apprentice pay rates on an annual basis.

5. Policy on the relationship between Chief Officer Remuneration and that of other staff

- 5.1 The highest paid salary in YPO is £121,210 which is the substantive salary of the Managing Director. The average salary in YPO (not including apprentices) is £23,762. The ratio between the two salaries, the 'pay multiple' is 1:5.1 The median salary is £19,048. The ratio between the highest and median salary points is 1:6.4

YPO does not have a policy on maintaining or reaching a specific 'pay multiple', however we are conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the organisation as expressed in this policy statement.

- 5.2 YPO's approach to the payment of other staff is to pay that which needs to be paid to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time (in accordance with an agreed job evaluation scheme), and to ensure that YPO meets any contractual requirements for staff including the application of any local or national collective agreements, regarding pay.

6. Policy on other aspects of Chief Officer Remuneration

- 6.1 Other aspects of Chief Officer remuneration that covered by this policy statement are defined as recruitment, pay increases, additions to pay, lease car, performance related pay, earn back, bonuses, termination payments, transparency and re-employment when in receipt of an LGPS pension or a redundancy/severance payment. These matters are addressed in Appendix A of this policy statement

7. Approval of Salary Packages for Chief Officers (Directors)

- 7.1 YPO will ensure that any salary package for appointment at Director level will be considered by the appointments committee.
The salary package will be defined as base salary, any bonuses, fees, routinely payable allowances and benefits in kind that are due under the contract.
Salary packages for all other senior posts will be determined via the job evaluation process.

8. Flexibility to address recruitment issues for vacant posts

- 8.1 In the vast majority of circumstances the provisions of this policy will enable YPO to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. The appointments committee will have delegated powers to make decisions to increase the stated salary without referral to the full management committee.

9. Amendments to the policy

- 9.1 It is anticipated that this policy will not need to be amended during the period it covers (January 2016 – end December 2016), however if circumstances dictate that a change of policy is considered to be appropriate during the year then a revised draft policy will be presented to the Management Committee for consideration.

10. Policy for future years

- 10.1 This policy statement will be reviewed each year and will be presented to Management Committee in November each year for consideration in order to ensure that a policy is in place for YPO prior to the start of each financial year.

Pay Policy Statement – Appendix A

Recruitment

All posts will be advertised and appointed to at the appropriate approved salary for the post in question level unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package is appropriate under YPO's policy and any variation will be approved through the appropriate decision making process. If the salary is to be over £100,000 then the appointments committee / JCC will have to approve the terms of the appointment

Lease Cars

YPO operate a lease car scheme that is governed by a lease car policy which defines the eligibility. On inception of this policy eligibility will be agreed on a case by case basis and not be automatic even though existing employees undertaking the same role have a car.

For a position to be deemed eligible it must comply with the following criteria:

1. The role requires regular use of a car and regular business travelling (regular is determined as in excess of 5000 miles per year)
2. Market conditions dictate high levels of competition and the inclusion of a car as part of the overall remuneration package is required to secure candidates in a competitive market. This is a criterion that must be agreed at Board level and will be determined via a business case supported by market factor evidence and considered on a case by case basis.

Pay Increases

YPO will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. YPO will also apply any pay increases that are as a result of decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts.

Additions to pay

YPO would not make additional payments beyond those specified in the contract of employment, other than the Living wage supplement for those earning less than £7.85 (as at November 2014)

Performance Related Pay

YPO does not operate a performance related pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Earn-Back (Withholding an element of base pay related to performance)

YPO does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Bonuses

YPO does not pay bonus payments to officers

Termination payments

YPO applies its normal redundancy payments arrangements to senior officers and does not have separate provisions for senior officers (although on occasion there may be circumstances, as with any member of staff, where a negotiated agreement is made with an individual). YPO also applies the appropriate Pensions regulations when they apply. YPO has agreed policies in place on how it will apply any discretionary powers it has under Pensions regulations. Any costs that are incurred by YPO regarding senior officers and their termination payments are published in the authority accounts as required under the Accounts and Audit (England) Regulations 2011

Transparency

YPO meets its requirements under the Localism Act and the Local Government Transparency Code 2014 in order to ensure that it is open and transparent regarding senior officer remuneration.

Re-employment of staff in receipt of an LGPS Pension or a redundancy/severance payment

YPO is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. YPO will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed for the post. YPO will therefore consider all applications for candidates to try to ensure the best available candidate is appointed. If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment this will not rule them out from being re-employed by YPO.

Clearly where a former employee left YPO on redundancy terms then the old post has been deleted and the individual cannot return to the post as it will not exist. YPO

will apply the provisions of the Redundancy Payments Modification Order regarding the recovery of redundancy payments if this is relevant. Pensions Regulations also have provisions to reduce pension payments in certain circumstances to those who return to work within the local government service.

Election Fees

Section 68 Electoral Administration Act 2006 amended S29 RPA 1983 details the expenses that can be paid to the returning officer, and the Charges Order specifies what constitutes a Returning Officer's services.

This role is undertaken by officers at Wakefield and therefore does not apply to any senior officer at YPO

Expenses

Travel and other expenses are reimbursed through normal procedures and are the same for all officers regardless of grade or seniority.

Honoraria and Ex Gratia Payments arrangements would be in accordance with relevant terms and conditions and relevant legislation

Pay Policy Statement – Appendix B

Summary of staff data requirements of the Local Government Transparency Code

The revised code outlines information that each Local Authority must publish and additional information that is recommended for publication, following the principle that all data held and managed by local authorities should be made available unless there are specific sensitivities (e.g. protecting vulnerable people, commercial or operational considerations)

The information concerning staff that must be published is outlined below::

Organisation Chart

- Publish an organisation chart covering staff in the top three levels of the organisation. The following information must be included for each member of staff included in the chart:
 - grade
 - job title
 - local authority department and team
 - whether permanent or temporary staff
 - contact details
 - salary in £5,000 brackets, consistent with the details published for Senior Salaries
 - salary ceiling (the maximum salary for the grade)

Senior Salaries

- Local authorities must place a link on their website to the following data or must place the data itself on its website:
- the number of employees whose remuneration in that year was at least £50,000 in brackets of £5,000
- details of remuneration and job title of certain senior employees whose salary is at least £50,000
- employees whose salaries are £150,000 or more must also be identified by name.
- a list of responsibilities (for example, the services and functions they are responsible for, budget held and number of staff) and details of bonuses and 'benefits in kind',

Pay Multiple

- Publish the pay multiple on their website defined as the ratio between the highest paid salary and the median salary of the whole of the authority's workforce. The measure must:
- cover all elements of remuneration that can be valued (eg. All taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) use the median

earnings figure as the denominator, which should be that of all employees of the local authority on a fixed date each year, coinciding with reporting at the end of the financial year

- exclude changes in pension benefits, which due to their variety and complexity cannot be accurately included in a pay multiple disclosure.

Trade Union Facility Time

Publish the following information:

- total number (absolute number and full time equivalent) of staff who are union representatives (including general, learning and health and safety representatives)
- total number (absolute number and full time equivalent) of union representatives who devote at least 50 per cent of their time to union duties
- names of all trade unions represented in the local authority
- a basic estimate of spending on unions as a percentage of the total pay bill (calculated as the number of full time equivalent days spent on union activities multiplied by the average salary divided by the total pay bill).

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YPO
MANAGEMENT COMMITTEE
TO BE HELD ON
27TH NOVEMBER 2015

TITLE: DEVELOPING RISK MANAGEMENT

REPORT OF: EXECUTIVE DIRECTOR

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to advise the Management Committee on options to develop Risk Management by building on its existing strengths and maximising the opportunities arising from new ways of working at YPO and developments in the risk management discipline.

2. BACKGROUND INFORMATION

- 2.1 YPO has effective, well-managed risk management arrangements in place. These include a Risk Management Policy and Strategic Framework; qualitative and quantitative techniques for identifying, evaluating and managing risks such as the risk management lifecycle, FIRM (financial, infrastructure, reputational, marketplace) classification, a 3 x 3 risk matrix and clear risk treatment options (tolerate, treat, transfer, and terminate) that link into insurance, business continuity planning and internal audit; and strategic and operational risk registers that are reported on a regular basis. Arrangements were reviewed earlier in 2015 and changes were made to the risk matrix, the frequency or reporting and to better embed risk management in business planning.
- 2.2 Our existing arrangements are strong and provide a stable grounding from which to develop risk management further. There are also opportunities arising from new ways of working that we could take advantage of. The implementation of SharePoint will mean that many routine areas of work can be automated freeing up time and resources, and information can be managed and communicated more easily. Also, risk management as a discipline is evolving and improving, developing new techniques and guidance.
- 2.3 This report sets out for discussion some of the ways YPO could build on its strengths and maximise its opportunities to develop its overall approach to risk management and enable it to add more value.

Risk Culture and Risk Appetite

- 2.4 Risk Culture is the values, beliefs, knowledge, attitude and understanding of risk shared by the employees of an organisation. Every organisation has a risk culture, whether recognised or not, which makes it significantly better or worse at managing the risks it takes to achieve its objectives. An effective risk culture enables and rewards individuals

and groups for taking the right risks in an informed manner.

- 2.5 Risk appetite is the amount and type of risk that an organisation is prepared to take to achieve its objectives. It means different things to different people and is influenced by individuals' and groups' perceptions and experience of risk. Risk appetite expresses our inclination to take risks whilst risk tolerance sets the limit beyond which we will not take a risk (and is often given as an absolute such as a financial value). YPO already has a risk appetite, the question is whether we recognise it and how it influences decision making.
- 2.6 We could communicate our risk culture and risk appetite to the organisation so that everyone has a common understanding of them and how they influence our risk taking and decision making. This does not need to be a written statement, for example it could be a short video message by one of the Board members, uploaded on SharePoint.

Risk Management and Business Planning

- 2.7 Risk Management and Business Planning are interdependent. The first stage of the Risk Lifecycle is to establish context and business planning provides that context by setting out the organisation's objectives. Risk management helps to contribute to the successful delivery of business planning objectives by identifying risks to their achievement.
- 2.8 YPO has started to integrate risk management more closely with business planning. In 2015 risks identified as part of the business planning process were passed to the Risk Audit & Assurance Officer, who worked with SLT to reassess them into the new format for inclusion on operational risk registers. Milestone 5 of the 2016 business planning cycle is a report to the Board in November 2015 summarising the risks emerging from the business planning presentations day in September and follow up meetings in October between SLT and the Risk Audit & Assurance Officer (Interim), and whether they should be incorporated into risk registers.
- 2.9 An effective way to capture and analyse business planning risks is to use the three step process of objectives – risks – controls. By starting with objectives (Step 1) we are more likely to identify the key risks to our success. If we start the discussion mid-way through at Step 2 (risks) then it's more likely that we will focus on the risks we are familiar with and already know how to control. Business planning is about looking forward and doing something different so we should expect the risks to be different too. And if we start at Step 3 (controls) then we are likely to put in place disproportionately high levels of control that can lead to inefficiency and waste. More importantly, we may be managing the wrong risks and not managing the right ones.

Risk Management and Decision Making

- 2.10 Decision makers have a responsibility to consider the risks associated with the decisions they take, whether that involves choosing or rejecting options. To do so effectively they need information on those risks. Our standard report template has recently been revised to include sections on risk (and other) implications, but a quick check shows that this is rarely completed. Even when it is, there is no formal mechanism for risks identified in reports to feed into, or be escalated up to, risk registers if appropriate.
- 2.11 There are several things we could do to address this including:
- Provide guidance on how to complete this section, either in the report template (to be deleted in the actual report) or by hyperlinks to online guidance
 - Use the workflow function on SharePoint to circulate the draft report to anyone who may need to comment on, or be aware of comments in, all the 'implications'

sections (the benefit of using SharePoint over email is that everyone will be working on the same draft of the report)

- Introduce decision risk registers that prompt consideration of both the risks of doing something and the risks of not doing it (these do not have to be used for every decision but are especially useful for strategic, programme or project decisions).

2.12 In addition to providing better risk management information in reports these measures should also increase awareness of risks and YPO's risk management approach for report authors, decision makers and across the organisation in general.

Information Risk

2.13 Information risk is currently high on the agenda for risk managers and their professional bodies across the public and private sectors. It is a complex and rapidly changing area of risk and guidance is beginning to emerge on how best to approach it. Information risk includes, but is not limited to, cyber risk: it applies across the organisation and is not just an IT matter. There are many factors to information risk including:

- Non-compliance with regulatory requirements (more than 20 pieces of legislation including Data Protection Act, Freedom of Information Act, Transparency Code)
- Data and information security breaches (again the risk is not just electronic)
- Risks at each stage of the information management life cycle: creation / collection / capture; storage and retrieval: analysis and use; maintenance; disposal / deletion
- The nature of information eg structured and unstructured formats: often held in multiple versions / sources: all media (including photos, video and audio recording)
- Data quality: is it complete, accurate, valid, available, timely and consistent (when held in more than one place)?
- Not understanding and recognising the value of our information assets
- What is being said about the organisation on social media and web sites such as 'WhatDoTheyKnow.com' (where our FOI responses are collated by others)

2.14 We have not appointed a Senior Information Risk Owner (SIRO). This role is mandatory in some areas of the public sector (including Government Departments and the Health Service) but not yet in Local Government. However, the appointment of a SIRO is good practice and is usually seen by the Information Commissioner's Office (ICO) as a mitigating factor in the event of a data security breach. The SIRO will usually:

- Be a member of the management board, or have direct access to them
- Have overall ownership of information risk management arrangements and lead and champion them
- Have received training to ensure they understand their role and can deliver it effectively
- Maintain incident management protocols including reporting and escalating data security breaches
- Be the first point of contact with the ICO especially in regard to security breaches

2.15 Other options we might consider to improve information risk management include:

- Produce an Information Management Strategy and associated Action Plan: this would be an over-arching document building on existing work and setting out our information management objectives (from which we determine the risks to them)
- Produce a Retention Policy and Schedule: most service areas are aware of the length of time they need to keep documents and records but there is no over-

arching policy. This will be particularly useful as we implement SharePoint as documents can be tagged with their approved retention and deletion dates on upload. It will also help to ensure that information we are required to keep eg for FOI requests is not deleted inadvertently and will complement our existing Access to Information Policy and Guide to Information

- Carry out a risk assessment to determine our exposure to Social Media risk

Risk Management and Change Management

- 2.16 Change is essential for growth and success. Change brings risk, but so does ignoring change. We often perceive the risks of making changes but don't always perceive the risks of not making changes, which can be just as significant. Risk is sometimes used as a reason for not doing something new or different, but this should only be acceptable once the risks have been identified, evaluated and assessed against our risk appetite. A low risk appetite can be a barrier to change and undermine successful change management. A common response to change is to put more controls in place but this is inefficient, it can lead to waste and becomes a barrier to change itself.
- 2.17 By raising awareness of risk management and providing opportunities for people to engage with it, we may help to overcome their risk concerns and barriers to change. A good way to do this is through risk workshops, and taking part in a risk workshop in the early stages of a project can often help new project groups to start to work as a team. Also, by always using the 3 step objective – risk – controls process in change management initiatives we can ensure controls are proportionate and efficient.

Opportunity Risk Management – Risk and Reward

- 2.18 The same risk management techniques we use to manage threat risks (things that might go wrong, sometimes known as negative or downside risks) can also be used to manage opportunity risks (things that might go right, sometimes known as positive or upside risks). Just like threat risks, opportunity risks should ideally be considered from the start of a programme, project or process such as business planning.
- 2.19 True opportunity risks are not just the flipside of threat risks (if this doesn't happen then this risk won't come about) and identifying them can take practice, but techniques such as SWOT analysis can help if we take the approach that:
- As a result of [strength] [opportunity risk] may occur
 - As a result of [weakness] [threat risk] may occur
- 2.20 Another approach to opportunity risk management is to consider risk and reward: this is a familiar concept from investments. The ideal position is to exploit low risk / high reward options whilst avoiding high risk / low reward options. Low risk / low reward options will be part of everyday activities and decision making while high risk / high reward options need close oversight by the Board. A risk and reward matrix, based on the same format as the risk matrix, could be introduced to assess options.

Real Time Risk Management

- 2.21 YPO is currently implementing SharePoint and this has many benefits for risk and assurance because it will enable us to:
- Raise awareness of risk management across YPO and help everyone fulfil their responsibilities under the Risk Management Policy to consider, identify and manage risks associated with their actions and within their control

- Save time on routine work such as version control and policy review reminders
- Reduce duplication in policies because they can be linked electronically
- Workflow documents such as draft reports and policies around the organisation for consultation and contributions
- Automate aspects of compliance such as electronic 'return slips' to say policies have been read and understood
- Assign and manage audit recommendations (in place of the SHE Assure system)
- Implement real time risk management, if we choose to

2.22 We have well documented risk registers that are reviewed, updated and reported to the Board and relevant Committees on a regular basis. However, risks rarely conform to a quarterly timetable. Uploading and managing risk registers on SharePoint (giving careful consideration to security and access rights) would enable risk owners to update their risks as and when relevant (e.g. after a decision, deadline or incident), using built in functionality to send reminders, alert updates and version control to manage changes. The Board and SLT would have access to look at the most up to date risk registers at any time without waiting for a quarterly report. The Risk Audit & Assurance Officer would retain oversight of the registers to provide advice, quality assurance and exception reports, for example when a risk is escalated across a threshold (e.g. from medium to high / amber to red).

Assurance

2.23 We gain assurance about our risk management arrangements and systems of internal controls from a range of sources but we could adopt a more formal assurance model, which could be overseen by the Audit Sub-Committee and feed into the Annual Governance Statement. These are usually known as 'three lines of defence models':

- 1st line of defence: Business Operations – everyday risk and control environment
- 2nd line of defence: Oversight Functions – responsibilities and accountabilities, strategies, frameworks, policies, procedures, internal audit (may also be 3rd line)
- 3rd line of defence: Independent Assurance Providers – internal audit (but see above), external audit, benchmarking and reviews by professional bodies

The results of assurance reviews can be captured in an assurance map which is in a similar format to the risk matrix and is used to inform where resources need to be allocated or scaled back.

3. STRATEGIC IMPLICATIONS

3.1 The proposals would enable risk management to contribute further to strategic planning and decision making, and to take advantage of new technology to increase efficiency.

4. FINANCIAL IMPLICATIONS

4.1 At the time of writing there are no financial implications arising directly from this report. If investment is required in the longer term it will be delivered from existing budgets or new funding will be requested through YPO's business planning process.

5. LEGAL IMPLICATIONS

5.1 Appointing a SIRO will help us to comply with Government guidance and best practice (a SIRO is mandatory in some but not all areas of the public sector). Publishing an overarching Information Management Strategy, Retention Policy and Schedule will further strengthen our good practice on compliance with information related regulation.

6. RISK IMPLICATIONS

- 6.1 The report sets out options to develop our risk management capability by building on its existing strengths and maximising the opportunities arising from new ways of working at YPO, and developments in the risk management discipline such as new and emerging techniques and guidance.

7. RECOMMENDATIONS

- 7.1 Communicate our risk culture and risk appetite to the organisation so that everyone has a common understanding of them and how they influence our risk taking and decision making. This could be in the form of a short video statement by one of the Board members on SharePoint. (Para 2.4 – 2.6)
- 7.2 Adopt the three step process of Objectives – Risks – Controls throughout the business planning process so that we identify the most relevant risks and proportionate controls. (Para 2.7 – 2.9)
- 7.3 Publish guidance on what to consider and what to include in the ‘risk implications’ section of the report template and monitor usage. (Para 2.10 – 2.13)
- 7.4 Use the workflow option on SharePoint (once implemented across YPO) to circulate draft reports for completion of, or consultation on the ‘implications’ sections. (Para 2.11 – 2.13)
- 7.5 Introduce decision risk registers to support key decisions that set out the risks of taking action and the risks of not taking action. (Para 2.11 – 2.12)
- 7.6 Nominate a member of the Board to be the Senior Information Risk Owner (SIRO) (Para 2.13 – 2.14)
- 7.7 Produce an over-arching Information Management Strategy and Action Plan. (Para 2.15)
- 7.8 Produce and publish a Retention Policy and Schedule. (Para 2.15)
- 7.9 Carry out a risk assessment to identify our exposure to Social Media risk. (Para 2.15)
- 7.10 Offer risk workshops to project teams as a way of raising awareness and engaging people in risk management across YPO. If successful, this could be extended to other teams. (Para 2.16 – 2.17)
- 7.11 Introduce a risk and reward matrix and supporting guidance to help recognise and take advantage of opportunity risks. (Para 2.18 – 2.20)
- 7.12 Upload risk registers to SharePoint (with relevant security and access permissions) and work with risk owners to identify key dates and triggers for review, which are then set on SharePoint. (Para 2.21 – 2.22)
- 7.13 Consider the use of exception reports where the status of risks changes and agree triggers e.g. escalation from a medium to a high risk. (Para 2.21 – 2.22)
- 7.14 Introduce a ‘three lines of defence’ model to map sources of assurance to risks and report the results in the Annual Governance Statement. (Para 2.23)

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