

Better value, delivered.



Transforming with you in mind.

Annual Report 2013

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Striving for an efficient future, together.

At YPO, our vision is that every single public organisation achieves the best possible value for money when procuring its goods and services.

We have been striving to achieve efficiencies for the public sector since 1974. In the current economic climate, we understand our customers' demand for quality products and services.

We are also acutely aware of the challenging financial circumstances which our customers are facing. It's why we're committed to achieving the very best standards, so we can deliver a more efficient public sector together.

We're on the road to becoming your number one.

Times have certainly changed since we began supplying things like ink wells and carbon paper to schools and local authorities, but we have never forgotten the purpose for which we were created.

Established in 1974 by local authorities as a direct result of government legislation to aggregate demand and achieve buying efficiencies, YPO is working to achieve the same goal in a new era of public sector spending cuts.

We're working harder than ever to transform the ways in which we do business so we can become your leading public sector buying organisation. By becoming more effective we'll be able to deliver more savings back to you, achieving the best value and customer service you deserve.

Cllr Terry Sharman,
Chairman,
YPO Management Committee
(Rotherham Metropolitan Borough Council)

Chairman's Statement

On behalf of the YPO Management Committee, I am delighted to introduce the YPO Annual Report and Financial Summary 2013-14.

It's pleasing to report yet another year of progress for YPO, where outside challenges were met with significant developments and progress, in line with the organisation's strategic goals.

Within local authorities and the wider public sector, substantial changes are taking effect. With the pressure of delivering more for less, the way in which we deliver public services needs to be more efficient and cost-effective to sustain future demand.

YPO is a key outlet for its members in driving change in the way in which we buy goods and services, ultimately delivering efficiencies. Like its customers, the organisation is implementing some revolutionary changes that span many areas of the business, achieving savings and creating a solid base for future growth.

Nevertheless, these plans to transform YPO have not altered the core values on which it was founded; the organisation's commitment to achieving the best value for every public organisation remains and continues to set it apart from competitors.

Despite the challenging marketplace, members are continuing to place their trust in YPO. The result of this support and investment is proving successful, as this year we've seen the greatest dividend ever returned to member authorities. With over £105 million returned over the course of the organisation's history, YPO is contributing significantly to the protection of public services.

On the journey towards providing more sustainable public services, we are committed to partnering with other authorities to achieve benefits for the whole of the sector. Through centralised initiatives and collaboration opportunities with YPO, we are demonstrating how this can result in significant procurement savings. Most recently we've welcomed another group of associate members to the ranks, and we look forward to working together in future.

As we move into the final stretch of the organisation's three year strategy, I look forward to seeing the overall progress and final outcomes we have achieved against the challenging objectives originally set. With substantial progress already made, I am confident that YPO will successfully achieve its goals through positive business transformation.



Simon Hill,
Managing Director, YPO

Managing Director's Statement

With many changes, 2013 was another challenging yet rewarding year for YPO. Following the introduction of our new brand with our annual catalogue range, we looked to implement our fresh look in all areas of the organisation. We made sure that we did this in a measured and economical way, with due regard to our guardianship of public money. Along with our renewed vision, we launched our new employee values to help staff identify with our purpose and mission, which is *to become the UK's leading public sector buying organisation*.

In the middle year of YPO's 2012-2014 strategy, our focus remained on the key areas of Growth, New Products, Competitiveness, and Customer Service to drive the organisation forward. While introducing YPO to new geographies and territories, we have continued to collaborate with a broad network of public sector buying organisations to combine requirements and achieve the best achievable contract value from the supplier base.

We are all still experiencing a tough financial climate, so getting great value for money for the public sector continues to be our top priority at YPO. We aim to solve our customers' procurement challenges, identifying requirements and finding the most appropriate solution in each case. Ultimately, we hope this will achieve our vision *that every single public organisation achieves the best possible value for money when procuring its goods and services*.

We continually review what we offer and make regular improvements in response to customer feedback. This helps us ensure that the framework contracts, advice and procurement activity we offer are fulfilling requirements, are fit for purpose and in line with current best practice. We also recognise the pressure on all public bodies to strike a balance between best value and support for the local economy.

We have been investing in systems which help us achieve this on your behalf and are proud of the diverse nature of our current supply chain.

Key highlights of 2013 include:

- Further growth in turnover, partly boosted by the collaboration with the Department for Education on the Phonics programme, but including underlying growth in core business.
- The increase of associate memberships to 28, making YPO the largest collaborative procurement group in the public sector.
- Membership of the British Education Suppliers Association (BESA) and the Institute of Customer Service (ICS), and a formal partnership with the National Association of School Business Managers (NASBM).
- Negotiation of a major new Electricity Supply Framework with reduced management fees and rebate levels, offering even better value to customers in our energy consortium.
- Success in becoming a supplier to the Northern Ireland Schools and Libraries Board, opening up new opportunities for geographic expansion.
- The launch of the YPO Procurement Service for Academies, offering advice on how to achieve best value in goods and services for newly formed academies.

As the organisation enters 2014, the final year of our existing business strategy will see further developments and investments in enhanced customer service across many areas of the organisation.

With our 40th anniversary falling in 2014, the year will provide a significant milestone for us to reflect on our progress to date and prepare ourselves for the further challenges to come.



Achievements in 2013

Our support for the Department for Education's Phonics match funding initiative for primary schools was extended until October 2013, providing additional turnover for YPO. Our national campaign raised significant awareness, with 6647 schools placing their orders through YPO. This accounted for over 50% of orders placed during the initiative.

Growth in base turnover was driven by our first national marketing campaign which had taken place in late 2012, and the introduction of the new YPO brand across the business – positioning YPO as a key supplier for the wider public sector.

We tendered successfully for business in Northern Ireland for the first time, securing a contract to supply schools with educational play equipment, and arts and crafts materials initially until December 2015. The first catalogues introducing YPO to the region were issued in January 2014.

Maintaining and improving our customer service is key to achieve our goal of becoming the UK's leading public sector buying organisation. To support this, we introduced twice weekly deliveries and joined the Institute of Customer Service to help train our staff and benchmark against national standards.

We made £12.1 million savings on behalf of our member authorities.

2013 saw the first full operational year of NYPS, our dedicated procurement service for North Yorkshire County Council, based in Northallerton. Over the course of the year, the team managed £88.1m of spend, with savings for the authority totalling £3.75m.

With an increasing number of schools converting to academies, we launched our dedicated Procurement Service for Academies in November 2013 to assist newly independent school bursars and business managers with navigating purchasing processes.

The number of associate member authorities grew to 28 organisations. With a total of 41 members (13 founders and 28 associates), YPO continues to be the largest collaborative procurement organisation in the UK.

Significant investment was made to our IT infrastructure, in addition to the introduction of customer relationship management and systems to prepare for the launch of our brand new website with enhanced online shopping facilities.

April saw our first event for all employees, at which future plans for YPO were introduced along with staff recognition awards. The initiative formed part of a major investment in internal communications designed to increase workforce engagement and effectiveness.

Over 100 UK public sector organisations have accessed RM958 Insurance Services, achieving over £2m savings and a further £15m to be invoiced by March 2014.

Achieving savings through the first national insurance framework agreement

Without a national solution in place to cover non-life insurance requirements for the public sector, we worked with Crown Commercial Service (formerly Government Procurement Service) and partner procurement organisations to develop and launch a single national EU compliant insurance framework in February 2013.

Developed in collaboration with NHS, police and local government authorities, the aim was to reduce duplication across the public sector, introducing a consistent approach and achieving time and cost savings for all. 26% of the 37 suppliers that achieved a place after tendering were small to medium enterprises (SMEs). In addition, the procurement was delivered 30% under budget and ahead of schedule.

Following its launch, we hosted a number of events and webinars to introduce customers to the agreement and share best practice. Over 100 UK public sector organisations have since accessed RM958 Insurance Services.

Invoiced spend reached £15.7m by December 2013, with over £2m savings and a further £15m to be invoiced by March 2014. The current forecast is a total framework (2013-2017) turnover of £400m with £40m savings.

“The framework was easy to use and allowed us to shorten our timescales. It has delivered us savings of £500,000 which will be invested back into delivering frontline services. We have shared detailed feedback on our experiences so that the lessons we learnt can be used to assist other public bodies.”

Pauline Tinnelly, Insurance Manager, Hertfordshire County Council.

Collaboration was an integral part of the framework project. By developing this, we realised that further partnership opportunities with CCS existed, and the benefits that could be achieved by pooling resources and working together on category areas across our respective areas of market focus.

The success of the insurance services framework demonstrates the true power of collaboration, and success can be achieved when organisations agree common goals and work in partnership. This drives down costs, ultimately creating efficiencies and value for our customers.

Supporting education in transition

Emma Fisher,
Procurement Business Partner –
Schools & Academies, YPO

Becoming independent from their local education authorities has provided academies with new freedoms, such as the ability to design their own curriculum. Perhaps less well-known are some of the challenges that they, and particularly, their school business managers may face during and after the transition period.

The new responsibility for procurement can be daunting, but if academies get contract negotiation and management right, there is potential to achieve considerable cost savings.

Emma leads our brand new procurement support and advice service, designed to assist academies and schools undertaking the conversion process.

Launched in November 2013, the service is designed to help school business managers navigate through procurement processes and help them achieve best value when buying services such as insurance and energy.

As a number of factors need to be considered in any procurement process, the service helps support academies with dedicated industry and market expertise, ensuring that services are cost effective, compliant, and meet the needs of the academy.

Better value, delivered.



Delivering localised procurement efficiencies

Simon Toplass,
Head of Procurement & Contract
Management, NYPS

Following the successful tender to run the outsourced procurement function for North Yorkshire County Council, North Yorkshire Procurement Service (NYPS) became part of YPO in November 2012. Despite being only the first full calendar year in operation, 2013 proved to be prosperous for the service.

Based at the authority's headquarters in Northallerton, Simon's team seamlessly integrated into the organisation, and is now able to deliver the localised procurement support required, while accessing category expertise from their colleagues based at YPO in Wakefield.

The year saw a vastly improved level of engagement with the Council's officers, maximising the benefits of a close working relationship with the aim of delivering maximum value for money. The value of the procurement exercises reached £88.1m, with savings for the authority totalling £3.75m.

Better value, delivered.



Through amalgamating its depots, Wigan Council has forecasted between £750,000 and £1 million in initial savings per year.

Rationalisation of authority operational depots set to save up to £1 million a year for Wigan

With a view to rationalising its property portfolio and achieve efficiency savings, Wigan Council looked to decrease its operational depots, amalgamating four separate sites into a single unit.

The authority aimed to utilise a vacant former retail distribution warehouse, refurbishing the space available to accommodate various teams and functions such as fleet, waste collection, street cleansing, highways, street lighting and storage. While releasing their existing sites for potential sale or redevelopment, the new site was designed to house 150 office staff, circa 250 operational staff and act as a base for up to 600 field based employees.

The new site required a complete workshop refit in order to house and help maintain the authority's fleet of vehicles, including vans, waste collection vehicles, road sweepers, minibuses and grounds maintenance plant. This involved relocating existing equipment from the four sites and replacing kit where necessary to ensure efficient use of resources, forming part of a wider project to modernise and further develop working methods in line with current health, safety and well being best practice.

As a member authority of YPO, the Council were already aware of a well-established framework which would deliver their requirements, Garage & Workshop Equipment (Ref: 267). With ambitious timescales to meet, the contract provided a perfect compliant route for quick implementation of the procurement.

Following the appointment of the supplier in December 2012, removal and relocation of equipment began early February, with completion and handover achieved by the end of May 2013.

Through amalgamating the depots, the Council has forecast between £750,000 and £1 million in initial savings per year with the added capacity that the new site offers to further modernise the services and grow a competitive, forward thinking business. In addition, further efficiencies have been realised through the rationalisation of buildings and teams to be accommodated under a single roof.

Through utilising an established public sector framework the authority were able to achieve competitive pricing, whilst enjoying further cost savings by not having to tender for their requirements alone. Often this can elongate the process, unnecessarily wasting precious time and resources.

"We required a quick implementation as our existing sites were already running over capacity and were in many cases not fit for purpose.

The procurement was much simplified through YPO, and meant we could implement a solution both quickly and cost-effectively. We are now looking to implement other initiatives within the build to seek out efficiencies and create cost savings in current and future working practices."

Tom Shuttleworth – Project Manager, Wigan Council

“It is very encouraging to see a large public sector buying organisation taking an interest in its economic, social and environmental influence across the country.”

Encouraging local economic development through the supply chain

Within local authorities, the economic, social and environmental benefits of procurement are increasingly sitting alongside efficiency as core outcomes of progressive policy and practice.

We seek to support local authorities in their objectives around procurement efficiencies by providing products and services through a single supplier base. However, whilst efficiency is the key objective, increasingly we are required to demonstrate that services are bringing benefits directly to local and regional economies. Indirectly, this can be measured through the employment, supply chain, and environmental practices of our suppliers.

In 2013, we commissioned the Centre for Local Economic Strategies (CLES) to undertake research and demonstrate our impact by exploring the geographic and demographic profile of our suppliers, and subsequently their economic, social and environmental influence.

In the past twelve months, we used a total of 708 suppliers based across the UK. £56 million was spent directly with organisations defined as small to medium enterprises (SMEs), representing 57% of our total expenditure. What's more, our customers spent a further £98 million with SMEs through YPO frameworks.

Other key findings included:

- 84.1% of our suppliers had an environmental management strategy in place.
- Our framework providers spent 61% of their own budgets with SMEs.
- 43% of our suppliers created apprenticeships, with some as a direct result of their relationship with YPO.

Whilst demonstrating these positive findings, our research highlighted some key areas for improvement. We discovered that through refining our procurement practices and influencing our suppliers, we can maximise the overall impact on local economies.

During 2014 and beyond, we aim to increase engagement with our suppliers to improve knowledge of our economic, social and environmental priorities. This will enable our suppliers to think about improving their own local and regional supplier choices, creating employment and apprenticeship opportunities, and managing their impact upon the environment.

“It is very encouraging to see a large public sector buying organisation taking an interest in its economic, social and environmental influence across the country. The research clearly demonstrates the significant impact that YPO already makes on local economies, and will aid the development of organisational practices to further maximise these outcomes.”

Matthew Jackson, Associate Director – Centre for Local Economic Strategies



Ryan Downes,
Route Planner, YPO

Enhancing our delivery service

With fierce competition in the marketplace offering quicker order fulfilment, we worked harder than ever in 2013 to improve our delivery frequency and timescales. Feedback clearly indicated that our customers wanted to see improvements to our service.

Ryan was part of our team that efficiently implemented our improved schedule for stock deliveries, with minimum negative impact on the existing service. From the previous single weekly delivery to a minimum of twice weekly, the result means that our customers will never have to wait more than 3-5 days for their orders to arrive.

Nevertheless, the enhanced service is still efficient and cost-effective because we combine multiple orders placed and deliver them at the same time.

This means we can spend less on the cost of deliveries and give back more through our loyalty scheme, whilst enhancing the customer delivery experience at the same time.

Better value, delivered.



Providing routes into employment

Rhian Binns,
Health & Safety Apprentice, YPO

With the current economic climate and cost of education rising, securing employment is tougher than ever and young people in particular are struggling to find work. We are trying to tackle this challenge head on by providing routes into employment, including initiatives such as our apprenticeship scheme and work experience opportunities.

Our employees are important to us. As our greatest asset, we take a great deal of care to recruit hard working, dynamic and motivated people who are committed to delivering excellent service to the public sector. Our workforce is vital in achieving our goals, which is why we are dedicated to providing stimulating, friendly and rewarding workplaces.

In 2013, our first intake of eight apprentices celebrated the end of their two year placements by successfully gaining permanent employment with us. The programme involves a combination of education and work placements across the business. Rhian is currently progressing through our two year apprenticeship scheme, where she is learning about all aspects of health and safety in relation to our working environments.

Better value, delivered.



Looking forward to 2014

In addition to celebrating our 40th anniversary, 2014 is the year in which our existing organisational strategy comes to an end, having been approved by YPO member authorities in 2012. It is expected that the cumulative profit committed in the strategy will be exceeded by £3 million, and work is underway on the development of the next strategy for presentation to the YPO Management Committee.

2014 will see the organisation build upon the key strategic areas of Growth, New Products, Competitiveness, and Customer Service. We will continue to reinforce our national presence across our existing customer base and in new geographical areas, particularly with the introduction of YPO to schools in Northern Ireland.

As the marketplace becomes ever more competitive, we aim to continually improve our business processes and practices in order to improve our customer service. Having made significant investment throughout 2013, we look forward to launching our new website to make online ordering the most efficient and cost-effective way of ordering from YPO.

Making ordering more efficient

We have seen a lot of changes in purchasing habits over the years, but one of the greatest shifts has to be the growth of online ordering and services. This is by no means limited to personal shopping habits, and we are committed to developing our digital offering to realise cost and efficiency savings for the public sector.

Customer feedback told us that we needed to make improvements to our website, so we have been working hard to streamline and modernise our back office systems and deliver an improved online experience. 2014 will see the launch of our new site, with features designed specifically with our public sector customers in mind.

Our considered move aligns with the Government's Digital Strategy, through which increasing numbers of public services are moving online to be delivered more efficiently and cost effectively. On average, an online service is 20 times cheaper than a phone transaction, 30 times cheaper than by post and 50 times cheaper than face-to-face.

Our aim at YPO has always been to deliver our customers the best value deals in terms of price and quality, with the assurance of full compliance. Our new website will be most efficient, accurate and cost-effective way of ordering with us, meaning we can return even more to the public purse.

The new and improved www.ypo.co.uk will offer:

- Our full product catalogue to provide the most up to date pricing, promotions and imagery available.
- Access to our contracts offering including user guides and relevant documentation.
- Faster and more accurate search to help customers find exactly what they need.
- Better online account management with order tracking, order history, user management and invoice payment for audit purposes.
- Wishlists to help customers manage orders across their organisations and share favourite items with their colleagues.
- Product reviews and feedback to inform better buying decisions.

Equipping schools to meet new challenges

In 2013 the government announced that, from September 2014, it would fund free lunches for every child in reception, year 1 and year 2 state-funded infant schools. The aim is to improve academic attainment, and save families money – up to £437 per year on average.

Few would argue against the benefits that school meals bring. Not only do children eat healthily during their formative years, they are also educated in the benefits of a healthy diet, which will stand them in good stead as adults. Health experts and teachers alike agree that the policy will also lead to higher levels of concentration and performance amongst pupils.

However, the changes will have a big impact on schools' kitchen or canteen resources, which may not be geared to cope with the increase in demand. It has been estimated that over 2,700 schools in England will require improved kitchens in order to provide free meals for pupils. These modifications range from a new microwave or dishwasher to a full kitchen refurbishment. Figures obtained by the BBC also highlight that more than 1,700 schools have no kitchen at all, with many resorting to portable 'kitchen pods' located in school grounds.

With these challenges in mind, procuring quality supplies that are both sustainable and affordable is more important than ever. Schools will need to consider a wide range of resources, including appliances, dining room furniture, tableware, uniforms and safety equipment for catering staff, not to mention the provision of food items.

The government also announced radical changes to the national curriculum, with schools under statutory requirement to deliver this from September 2014. The overhauled curriculum aims to raise standards and is designed to produce creative, industrious and well-educated students.

One of the most significant transformations will be to ICT education, with the introduction of 'computational thinking' - a way of finding and solving problems – and a new computing curriculum for primary and secondary schools.

Traditionally, ICT has taught children how to use computers, but the new curriculum will see a shift in emphasis to explain and demonstrate how they actually work. This aims to ensure that children have the necessary skills to become immersed in the fast-paced digital world we find ourselves today.

At YPO we understand that these changes will have a big impact on already stretched time and resources. That's why we've spent the last year focusing on developing our high-quality and cost-effective range to help schools with the changes.

Preparing for the changes to school meals need not be a daunting task - alongside our products and services, we offer expert and complementary advice from design specialists who can work with schools to help them get the most out of their dining areas. Furthermore, we have developed our specialist range of CPD courses to help teachers develop the necessary skills to deliver the new curriculum. Add to this great service and best value pricing, schools can be assured that they are prepared come September.

Improving practices and processes

Gavin Rimmington,
Head of Business Change and IT, YPO

To support our ambitions to grow, we established a centralised team in April 2013 to manage and maintain standards for all project management across YPO. Gavin leads our newly formed Programme Management Office, which is tasked with coordinating several of our plans that have shared objectives and aim to improve overall organisational performance.

Although a relatively new concept for the organisation, the team ensures that all knowledge, learning and experience are collated effectively. By doing so, we will be guaranteed to have the right tools in place to manage and control all projects to the overall benefit of the business.

Through streamlining and modernising systems and processes, we aim to develop a robust infrastructure which will serve the organisation and deliver efficiencies over the years to come.

Better value, delivered.

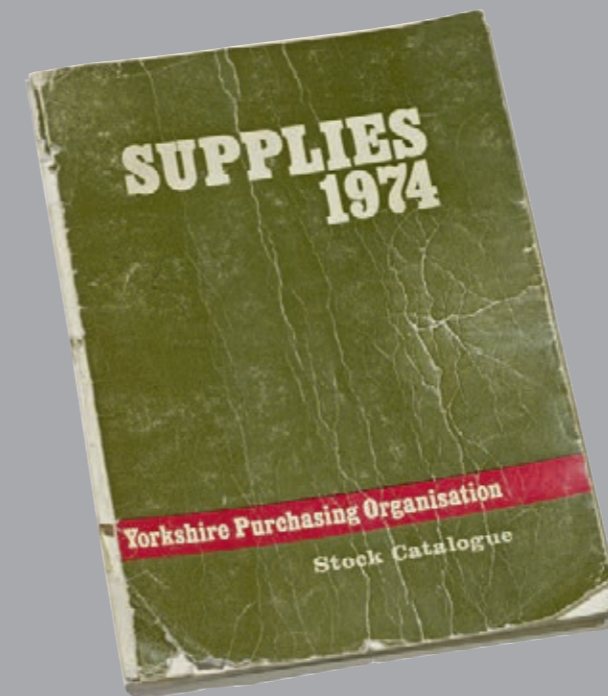


Marking 40 years of public service

2014 will mark the fortieth anniversary since we were established by public sector authorities to make taxpayers' money go further.

Whilst there have been many changes to policy, legislation and the marketplace over the years, our core purpose has remained constant. To date, we're proud to have delivered over £100 million directly back to organisations for reinvestment in public services.

Although we'll be celebrating our fortieth, we can actually trace the organisation's roots as far back as 1915, when it began life as West Riding County Supplies. With decades of procurement expertise behind us, we know that we are well placed to continue driving efficiency savings into the future.



Our public sector member authorities

YPO is governed by a management committee of elected representatives from 13 public sector member authorities. Free of subsidy from all member authorities, YPO is self-supporting and budgets each year to make a small surplus which is used for business development and expansion.

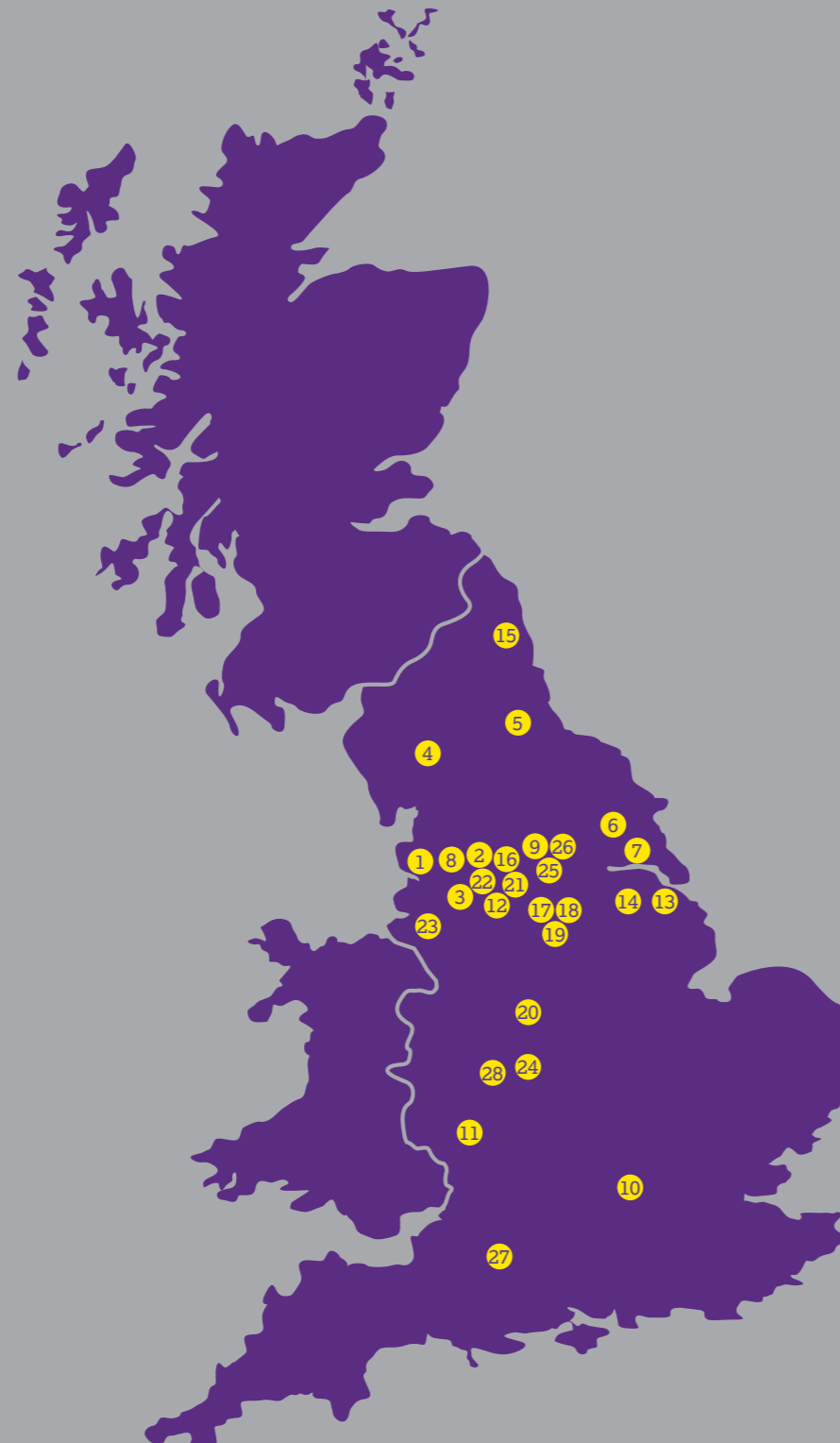
With continuing pressures on public expenditure, developing partnerships with other public organisations is increasingly important to achieve efficiencies through collaboration, aggregation and standardisation.



Growing through partnerships

YPO Associate Member Authorities

- 1 Blackpool Borough Council
- 2 Bury Metropolitan Borough Council
- 3 Cheshire East Council
- 4 Cumbria County Council
- 5 Durham County Council
- 6 East Riding of Yorkshire Council
- 7 Hull City Council
- 8 Lancashire Fire & Rescue Service
- 9 Leeds City Council
- 10 London Borough of Hillingdon
- 11 Malvern Hills District Council
- 12 Manchester City Council
- 13 North East Lincolnshire Council
- 14 North Lincolnshire Council
- 15 Northumberland County Council
- 16 Rochdale Metropolitan Borough Council
- 17 Sheffield City Council
- 18 South Yorkshire Fire and Rescue
- 19 South Yorkshire Police
- 20 Staffordshire County Council
- 21 Stockport Metropolitan Borough Council
- 22 Trafford Metropolitan Borough Council
- 23 Warrington Borough Council
- 24 West Midlands Fire & Rescue Service
- 25 West Yorkshire Fire and Rescue Service
- 26 West Yorkshire Police
- 27 Wiltshire Fire and Rescue Service
- 28 Wyre Forest District Council



2013 saw further growth of associate membership in line with the organisation's three year strategy. Our list of associate member authorities grew to 28, with the additions of Lancashire Fire and Rescue, London Borough of Hillingdon, Northumberland County Council and West Midlands Fire Service.

Our strategic partnerships continued to be an area of focus, including strengthening relationships with the Association of Greater Manchester Authorities, NHS North of England Procurement Collaborative and the Northern Housing Consortium.

Partnership working and geographic expansion is vital to maintaining the organisation's position as a national player within public sector procurement. As we move into the final year of the existing business strategy, YPO is well on its way to achieving its objectives and the goal of becoming the country's leading public sector buying organisation.

We also became members of the Institute of Customer Service (ICS) and the British Educational Suppliers Association (BESA), adding to our list of industry partnerships.

YPO Partnerships



Our Board



Simon Hill
Managing Director

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



Jo Marshall
Commercial Director

Jo joined YPO as Business Development Manager in September 2010 from her position as Head of Public Sector at Samsung Electronics, and was promoted to Commercial Director the following August to lead the organisation's trading, sales, marketing and customer experience teams. With a strong sales background, Jo has been working with the public sector for over 15 years.



Paul Smith
Procurement and Supply Chain Director

Paul joined YPO as Procurement and Supply Chain Director in September 2010 to lead the procurement supplies and services teams, in addition to the organisation's supply chain function. With over 20 years' procurement experience, Paul has held roles with Aviva, Capita, RM and Ford.

Paul currently represents YPO on the SOPO Executive Committee and as a director of the Pro5 Group of public sector buying organisations.

Julie Wray
Head of HR and People Support Services

Julie joined YPO as Head of HR and People Support Services in September 2010, and is strategic lead for HR, learning and development, health and safety, quality and assurance, and facilities. Julie has over 20 years HR experience within both the public and private sector including roles at Wakefield Council and Barclays Bank.



Malcolm Hepworth
Independent Director

Malcolm was appointed in September 2011 to provide independent guidance to the organisation as a member of our Board. He has spent his entire career in retail businesses, most recently holding the position of Chief Operating Officer of the Co-Operative Wholesale Society (including the position of Chief Executive of the Co-Operative Retail Trading Group, the national buying group for all independent co-operatives with combined annual sales of £5.5 billion).



Exceeding our customers' expectations

Helen Neary,
Outbound Calling Team Supervisor,
YPO

In October 2013 YPO became a member of ICS - the professional body for customer service - which aims to help improve levels of customer satisfaction, employee engagement and performance within organisations.

As a member we aim to further develop our skills and benchmark activity against other organisations, measuring our processes and achievements to meet national best practice standards for customer service.

In addition to becoming one of our ICS staff trainers, Helen leads our Outbound Calling Team, created to engage with our customers, develop business opportunities and introduce YPO to new geographies. During 2013, the team were heavily involved in highlighting the phonics match funding initiative to schools across the country, and providing customers with much needed assistance to access the support.

Better value, delivered.



Our plans for the future

As we plan for the future, it is important to remember the original purpose for which the organisation was established in 1974. The basic concept was of a publicly owned trading organisation which could achieve better value pricing by aggregating demand from a number of different public bodies, thereby saving money for the public purse. This fundamental core purpose remains valid today.

YPO is not driven by a commercial profit motive; our employees are public servants whose sole objective is to provide value for money. This public service ethos has been key to the success of YPO for the last 39 years and will remain so in the future.

Our strategy is clearly driven by an aspiration for growth, necessary in order to maintain the core business model of aggregated demand and the ability to achieve purchase prices which are more competitive than alternative suppliers. Continuous benchmarking will take place to ensure that this is the case across a basket of goods and services. However, prices will not be pitched so low that margin is excessively eroded, leading to a reduction in profit and dividend. This is a continuous balancing act which will form part of our management responsibilities.

We will continue to facilitate greater collaboration within public sector procurement, seeking alliances with other public and private organisations to ensure that demand can be aggregated to the appropriate level and that efficiencies are gained in the purchasing process. This will also enable us to deliver our strategic objectives, as it is neither necessary nor possible to resource all our activity alone.

As we move into the final year of our current strategy, we will be reviewing our progress and making plans to take us through the next operational period. We have already made significant progress in terms of streamlining many of our processes to future-proof the organisation for the challenges ahead.

Over the next few years we will continue to deliver further operational efficiency savings, ensuring our facilities have the capacity to sustain the future growth of the business. A key part of our competitive approach is to ensure our staff are equipped to deliver exceptional service to our customers. We are therefore investing in an organisational-wide training programme with the assistance of the Institute of Customer Service to strengthen our employees' skills.



Financial Summary

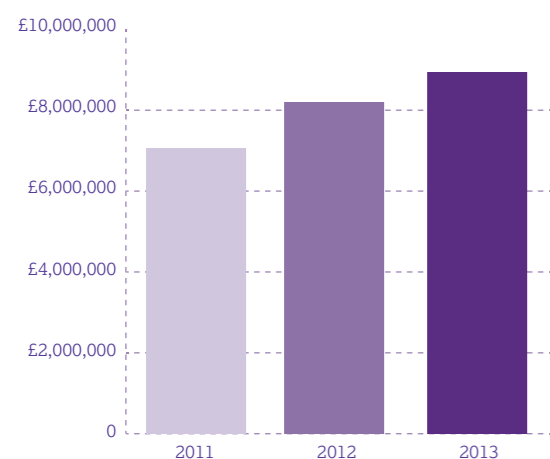
Dividend paid back to the public sector

	2011	2012	2013
Dividend paid back to the public sector	£7,068,000.00	£8,210,000.00	£8,803,000.00

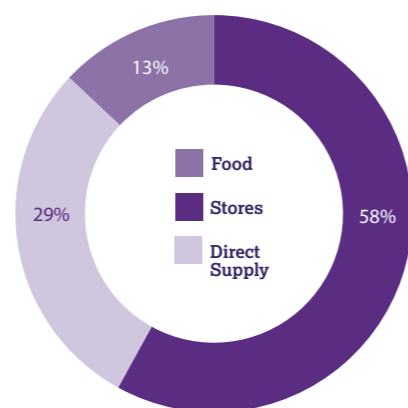
Turnover by category (£000s)

	2012	2013
Stores	£71,578	£70,953
Direct Supply	£40,887	£35,296
Food	£15,982	£15,606

Dividend paid back to the public sector



Turnover by category 2013



Income and expenditure account (£000s)

	2012	2013
Income and Expenditure Account		
Invoiced Turnover	128,447	121,855
Cost of Sales	(98,274)	(91,787)
Gross Margin	30,173	30,068
Discounts	225	227
Rebates	4,546	4,747
Other Income	1,778	2,061
Gross Surplus	36,722	37,103
Operating Expenses		
Employees	(12,803)	(13,443)
Premises	(1,234)	(1,597)
Supplies and Services	(4,575)	(5,854)
Transport	(5,834)	(5,885)
S.L.A. Costs	(113)	(154)
Financial and Miscellaneous	(343)	(122)
Depreciation and revaluation increase/(decrease)	(863)	(683)
Pension service gain(cost) net of charges made to the general fund	(455)	(919)
	(26,220)	(28,657)
Surplus/(deficit) on trading operations	10,502	8,446

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

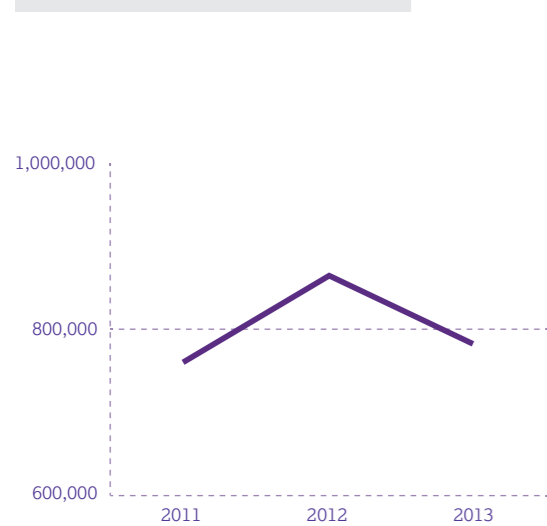
Sales invoice production

	2011	2012	2013
Number of sales invoices produced	761,889	849,649	786,103

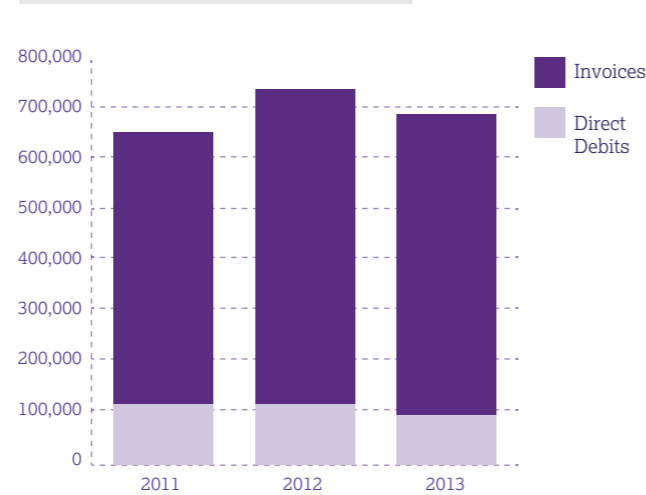
Number of sales invoices by payment type

	2011	2012	2013
Invoices	650,621	738,435	690,524
Direct Debits	111,268	111,214	95,579

Number of sales invoices produced



Number of sales invoices by payment type



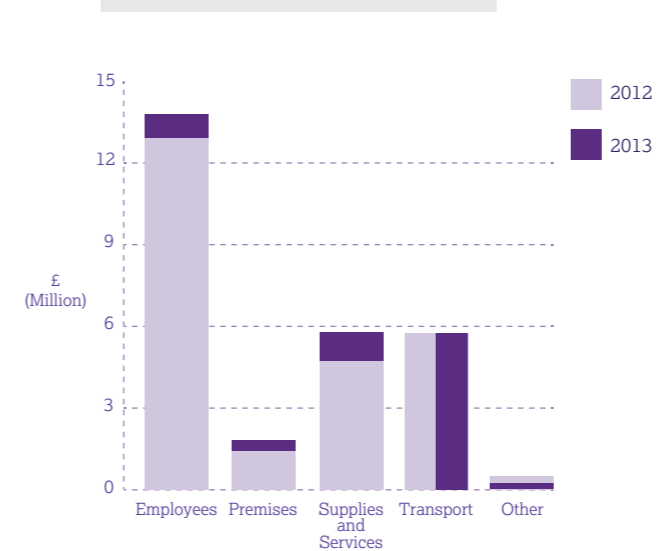
Overhead spend analysis (£million)

	2012	2013
Employees	12.8	13.4
Premises	1.2	1.6
Supplies and services	4.6	5.8
Transport	5.8	5.8
Other	0.5	0.2

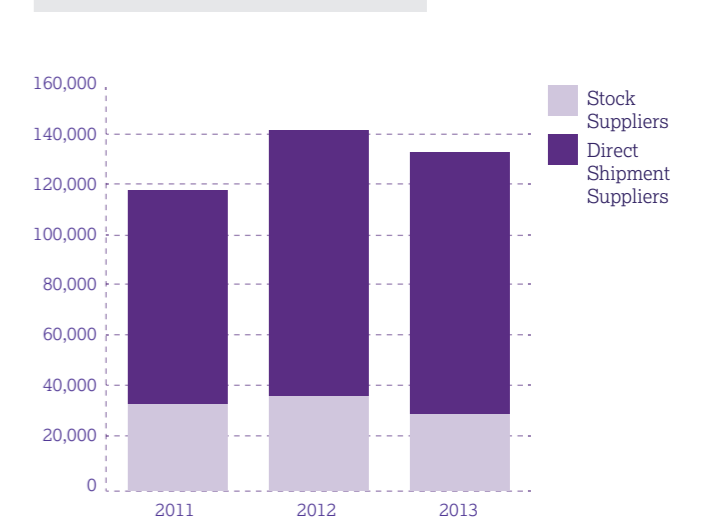
Number of purchase invoices processed

	2011	2012	2013
Direct Shipment Suppliers	117,218	141,747	132,943
Stock Suppliers	32,554	35,105	28,636

Overhead spend analysis



Purchase invoices processed



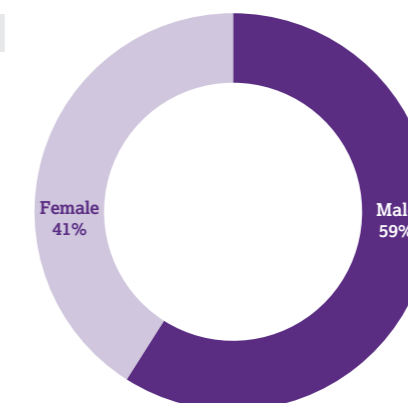
Employee age analysis

	2012	2013
<21	14	22
21-30	82	84
31-40	83	84
41-50	154	150
51-60	123	142
>60	20	25
Total	476	507

Employees by gender

	2012	2013
Male	289	300
Female	187	207

Employees by gender 2013



Better value, delivered.



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