

Chief Executive

Andrew Wallhead

Your Ref.
Our Ref

Please Reply To **Kayley Sykes**
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Date 15 June 2017

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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, 23 JUNE 2017**

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, 23 June 2017** at the **YPO HQ, 41 Industrial Park, Wakefield** to consider the items set out in the agenda detailed overleaf.

Yours sincerely



Andrew Wallhead
Acting Secretary to the Joint Committee

PLEASE NOTE: A buffet lunch is to be provided at the conclusion of the meeting. Please contact Kayley on the details above if you have any dietary requirements.

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, 23 June 2017**

AGENDA

1. Members' Declaration of Interest.
2. Membership of the YPO Management Committee. (Pages 1 - 2)
3. Apologies for Absence.
4. Election of Chair.
Nominations are requested 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 2017/18.
5. Election of Vice Chair.
Nominations are requested for the position of Vice Chair of the Management Committee who in turn would become the Vice Chair of the Executive Sub-Committee and Joint Consultative Committee/Appointments Sub-Committee for the year 2017/18.
6. To note any items which the Chairman has agreed to add to the agenda on the grounds of urgency.
7. To approve as a correct record, the Minutes of the Management Committee meeting held on 24th March 2017. (Pages 3 - 9)
8. To approve as a correct record, the Minutes of the Audit & Scrutiny Sub-Committee meeting held 19th May 2017. (Pages 11 - 13)
9. To approve as a correct record, the Minutes of the Executive Sub-Committee meeting held on 16th June 2017 (to be tabled for approval).
10. Appointments to Sub-Committees & Joint Consultative Committee. (Pages 15 - 19)
11. Annual Report. (Pages 21 - 22)
12. Audited Accounts - For information only. (Pages 23 - 62)
13. Governance Review.
14. Terms of Reference & Work Programme. (Pages 63 - 79)
15. Associate Member Proposals. (Pages 81 - 99)
16. Role of Independent Director. (Pages 101 - 104)
17. Lead Authority Issues.
18. Appointment of Executive Director. (Pages 105 - 107)

19. 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 20 to 23 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

- | | | |
|-----|---------------------------------|-------------------|
| 20. | Business Update. | (Pages 109 - 112) |
| 21. | Dividend Distribution. | (Pages 113 - 120) |
| 22. | Report of Independent Director. | (Pages 121 - 122) |
| 23. | YPO Energy Strategy. | (Pages 123 - 125) |
| 24. | Date and Time of Next Meeting. | |
- Date of next meeting – Proposed as 24th November 2017.*

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TITLE: MEMBERSHIP OF THE MANAGEMENT COMMITTEE OF THE YPO JOINT COMMITTEE 2017/18

REPORT OF: MANAGING DIRECTOR

1. BACKGROUND INFORMATION

- 1.1 To receive nominations from the Constituent Authorities in relation to membership of the Management Committee of the YPO Joint committee for the 12 month period commencing June 2017.
- 1.2 Information has been received from a number of Authorities with regard to their representation on the Management Committee for 2017 into 2018. Where substitute member places are left blank, no substitutes have been nominated.

AUTHORITY	REPRESENTATIVES	SUBSTITUTE(S)
Barnsley MBC	Councillors Gardiner & Barnard	
Bradford MDC	Councillors Warburton & Whiteley	Councillors Lal & Ellis
Bolton MBC	Councillors Morris & Whitehead	Councillors Thomas & Iqbal
Calderdale MBC	<i>Councillors Swift & Pillai (TBC)</i>	
Doncaster MBC	<i>Councillors Cole & Corden (TBC)</i>	
Kirklees MBC	Councillors Asif & Mather	Councillors Hughes & O'Donovan
Knowsley MBC	Councillors Byron & Williams	
North Yorkshire CC	Councillors Mackenzie & Dadd	Councillor Les
Rotherham MBC	<i>Councillors Atkin & Tweed (TBC)</i>	
St Helens MBC	Councillors Johnson & Wiseman	
Wakefield MDC	Councillors Shaw & Johnson	Councillor Morley
Wigan MBC	Councillors Sweeney & Walker	Councillors Dawber & Stitt
City Of York	Councillors Mercer & Waller	Councillor Reid

2. RECOMMENDATION

- 2.1 That Members note the content of the report.
- 2.2 That those Member Authorities who have not yet confirmed their representatives and substitutes for 2017/18 be requested to supply the required information as soon as this becomes available in order that the full membership of the Management Committee can be confirmed.

3 STRATEGIC IMPLICATIONS

3.1 There are no specific Strategic Implications associated with this report.

4 LEGAL IMPLICATIONS

4.1 There are no specific Legal Implications associated with this report.

5 FINANCIAL IMPLICATIONS

5.1 There are no specific Financial Implications associated with this report.

SERVICE DIRECTOR: SIMON HILL, MANAGING DIRECTOR

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YORKSHIRE PURCHASING ORGANISATION MANAGEMENT COMMITTEE

Friday 24th March 2017

- Present:**
- Barnsley MBC**
Councillor Barnard
Councillor Gardiner
 - City of Bradford**
Councillor Warburton
Councillor Whiteley
 - Doncaster MBC**
Councillor Cole
 - Kirklees MC**
Councillor Walker
 - Knowsley MBC**
Councillor Byron
 - North Yorkshire CC**
Councillor Mackenzie
Councillor Trotter
 - Rotherham MBC**
Councillor Atkin
 - St Helens MBC**
Councillor Johnson
 - Wakefield MDC**
Councillor Shaw (Chair)
Councillor Dagger
 - Wigan MBC**
Councillor Walker (Vice Chair)
 - City of York**
Councillor Mercer

43:	Apologies for Absence
	Apologies for absence submitted prior to the meeting were accepted on behalf of Councillors Morris (Bolton), Mather (Kirklees), Corden (Doncaster), Swift (Calderdale), Glover (St Helens), Pillai (Calderdale) and Waller (York).
44:	Members Declaration of Interest
	No declarations of interest were made by Members.

45:	Minutes of the Management Committee – 25 November 2016
	Resolved – That the Minutes of the meeting of the YPO Management Committee held on 25 November 2016 be accepted as a correct record.
46:	Minutes of the Executive Sub-Committee – 10 March 2017
	Resolved – That the Minutes of the meeting of the Executive Sub-Committee held on 10 March 2017 be accepted as a correct record.
47:	Minutes of the Audit Sub-Committee – 10 February 2017
	Resolved – That the Minutes of the meeting of the Audit Sub-Committee held on 10 February 2017 be accepted as a correct record.
48:	Minutes of the Scrutiny Sub-Committee – 10 February 2017
	Resolved – That the notes of the inquorate meeting of the Scrutiny Sub-Committee held on 10 February 2017 be accepted as a correct record.
49:	Lead Authority Issues
	<p>Tony Quail (Knowsley) & Martin Dearnley (Kirklees) introduced the Review of Lead Authority Report.</p> <p>The report outlines the conclusions of the review and reflects that the current arrangements work well and there are strong views of high regard. It was noted that good working relationships are held, particularly with Legal, Finance and Governance.</p> <p>Resolved - (1) That the Review of the Lead Authority Report be noted.</p> <p>(2) That a separate report be submitted to Audit and Scrutiny Sub Committee outlining the fees YPO pay to the Lead Authority for their work.</p>
50:	Pre-Audit Statement of Accounts
	<p>Consideration was given to the report presented by the Executive Director which provided Members with the details of the Pre-Audit Statement of Accounts 2016, attached as Appendix 1 and to inform Members of the public notice of the commencement of the audit and public inspection period.</p> <p>Resolved - (1) That the Pre-Audit Statement of Accounts 2016 is noted by Members.</p>
51:	Internal Audit Annual Report
	<p>Consideration was given to the report of the Section 151 Officer which presented the draft Annual Audit Report (see attached Appendix A) for 2016, in line with the requirements of the Internal Audit Protocol and the Public Sector Internal Audit Standards (PSIAS).</p> <p>To receive the following Internal Audit Opinion (extract from YPO Annual Governance Statement [AGS] 2016):</p> <p>“From the work undertaken by Internal Audit during 2016, key controls were found to be adequate to manage associated risks to the required level, with</p>

	<p>no significant errors, losses or omissions identified. Senior Management has continued to strengthen overall governance arrangements throughout the year, including implementing audit recommendations to improve any areas of control weakness identified from individual Internal Audit reviews. Consequently there are no new key control improvements arising from Internal Audit work that require inclusion in Section 5 of the 2016 AGS.”</p> <p>Resolved - (1) That the Annual Audit report, as detailed in Appendix A, be accepted.</p> <p>(2) That the Internal Audit Progress report, as detailed in Appendix B, be endorsed.</p>
52:	Associate Member Proposals
	<p>A report was submitted detailing Associate Member applications for Devon County Council and London Borough of Westminster.</p> <p>Both applicants are strategic customers that fall within YPO’s key target growth geographies in London and the South West.</p> <p>Resolved - (1) That Devon County Council and London Borough of Westminster be accepted as Associate Members.</p>
53:	Internal Audit Plan
	<p>Consideration was given to the report of the S151 Officer which provided Members with the Draft Internal Audit Plan 2017.</p> <p>Resolved – (1) That the draft Annual Audit Plan 2017 be approved.</p>
54:	Standing Orders and Financial Procedure Rules
	<p>The Managing Director presented the Standing Orders and Financial Procedure Rules.</p> <p>The Contract Standing Orders and Financial Procedure Rules have been reviewed to ensure compliance with the current law. Members were advised of two changes to the document.</p> <p>Resolved – (1) That the revised Standing Orders for Contracts and Financial Procedure Rules, attached as Appendix 1, be approved and used by YPO.</p> <p>(2) That mandatory training be imparted to the organisation through a suitable delivery vehicle such as OLAS (Online Learning and Assessment System).</p>
55:	Committee Structure
	<p>The Managing Director presented the report in relation to the YPO committee structure.</p> <p>The report proposed a change to the YPO committee structure where the Audit Sub Committee and Scrutiny Sub Committee are merged to relieve pressure on Members.</p>

	<p>Resolved - (1) A named recorded vote was held to seek approval of the merge and a unanimous vote (from all authorities represented at the meeting) of 11 “for” was recorded.</p> <p>(2) That the Audit Sub Committee and Scrutiny Sub Committee are combined, and to be made up of 16 members, with a quorum of four Members, with meetings to be held four times per year for 12 months and then the meeting frequency reviewed.</p> <p>(3) That the current Chair of Audit Sub-Committee fulfils the role of Chair of the combined Audit and Scrutiny Sub-Committee for the remainder of the current committee cycle until the Annual General Meeting in June 2017.</p> <p>(4) That the Standing Orders are amended to make clear that Members can cover each others’ meeting commitments as substitutes in YPO committee meetings, and that a sentence is added to the front of the agenda packs highlighting that if a Member is unable to attend, they are requested to send a substitute to represent their authority.</p> <p>(5) That the Committee Services Manager requests Members to send a substitute member in the event that they give their apologies for a particular committee meeting.</p> <p>(6) That a letter be sent to the Leaders of all Founder Member authorities on behalf of the Chair of the Management Committee, reminding them of the importance of committee meeting attendance, in order to ensure effective governance of YPO.</p> <p>(7) That the current Management Agreement be amended at paragraphs 4.(3), 6.(5) and 7.(1) so that it reads:</p> <p><i>“4(3) Provide an effective internal audit service at a level agreed between the Section 151 Officer and the Audit and Scrutiny Sub-Committee of the Management Committee, including such attendance by Auditors at the Audit and Scrutiny Sub-Committee as is necessary to properly discharge this responsibility.</i></p> <p><i>6(5) The Management Committee shall appoint annually from its membership those sub-committees that it considers necessary to discharge its duties and responsibilities under this Agreement, and shall include at least an Executive Sub-Committee and an Audit and Scrutiny Sub-Committee.</i></p> <p><i>7(1) The Management Committee shall keep under review its code of corporate governance and associated documents, including the register of corporate risk, following recommendations by the Audit and Scrutiny Sub-Committee.”</i></p>
<p>56:</p>	<p>EXCLUSION OF THE PUBLIC AND PRESS</p>
	<p>Resolved – That the public and press be excluded from the meeting during consideration of Agenda Items 16 to 19 on the grounds that they are likely to</p>

	involve the disclosure of exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972 as amended.
57:	Business Update (Exempt)
	<p>The Managing Director presented the Business Update which provided Members with an update on activities of the organisation since the last Management Committee and provided an overview on forthcoming activities and challenges.</p> <p>The report included an update on the organisations operational, financial, procurement, commercial, infrastructure, workforce and strategic issues.</p> <p>Resolved - (1) That the Business Update be noted.</p>
58:	Dividend Distribution (Exempt)
	<p>Members considered the report of the Executive Director in relation to the distribution of the profits for the 2016 financial year.</p> <p>The report detailed four different options that were available to Members.</p> <p>Resolved - (1) A named recorded vote was held to seek the preferred option of the Management Committee and option D from the report received nine votes:</p> <p>Cllrs Gardiner- Barnsley, Warburton - Bradford, Cole – Doncaster, Byron - Knowsley, Mackenzie – North Yorkshire, Atkin – Rotherham, Johnson – St Helens, Shaw – Wakefield & Walker – Wigan.</p> <p>With two votes received for option A:</p> <p>Cllrs Walker – Kirklees and Mercer – York</p> <p>It was agreed that the distributable amount in option D would be used.</p>
59:	Report of the Independent Director (Exempt)
	<p>Members gave consideration to a report of the Independent Director which detailed his observation of the organisation since November.</p> <p>The Independent Director introduced his report, and noted some concerns in relation to our targets for the Limited Company.</p> <p>Resolved - (1) That the Independent Director be thanked for his report and that his observations be noted.</p>
60:	YPO Board Structure (Exempt)
	<p><i>Julie Wray, Assistant Director, Paul Smith Executive Director and Jo Marshall, Executive Director left the room for this item.</i></p> <p>The Managing Director presented the report on the YPO Board Structure which provided Members with an update on the current and proposed Board structure.</p>

	<p>Resolved - (1) That the proposed amendment to the YPO Board Structure and the introduction of a generic job description for all Executive Directors be implemented.</p> <p>(2) That an Appointments Sub-Committee, with Cllr Shaw (Wakefield), Cllr Walker (Wigan) and Cllr Barnard (Barnsley) be convened.</p> <p>(3) That HR support for the interview process is obtained from the Lead Authority to ensure separation and impartiality.</p>
61:	<p>DATE AND TIME OF NEXT MEETING</p> <p>Resolved – That the next meeting of the YPO Management Committee will be held on 23 June 2017 at 10.30am.</p>

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YORKSHIRE PURCHASING ORGANISATION

AUDIT & SCRUTINY SUB-COMMITTEE

FRIDAY 19th MAY 2017

Present: The Chair: Councillor Warburton (Bradford)

Councillors: Barnard (Barnsley), Waller (York), Trotter (North Yorkshire), Johnson (Wakefield).

1.	CHAIR'S INTRODUCTION & WELCOME
	Councillor Warburton welcomed all parties to the meeting.
2.	ACCEPTANCE OF APOLOGIES FOR ABSENCE
	Apologies for absence submitted prior to the meeting were accepted on behalf of Councillors Dagger (Wakefield), Corden (Doncaster), Williams (Knowsley) Pillai (Calderdale), Walker (Kirklees) & Mather (Kirklees).
3.	MEMBER DECLARATION OF INTEREST
	No declarations of interest were made.
4.	URGENT ITEMS
	No urgent items were raised by Members.
5.	MINUTES (AUDIT SUB COMMITTEE)
	The minutes of the YPO Audit Sub-Committee held on 10 th February 2017 were approved as a correct record.
6.	NOTES – NOT QUORATE (SCRUTINY SUB COMMITTEE)
	It was the feeling of the meeting that the notes of the YPO Scrutiny Sub-Committee held on 10 th February 2017 were a correct record.
7.	EXTERNAL AUDIT REPORT
	<p>Consideration was given to the External Audit Report from KPMG which provided Members with key findings from the recent audit.</p> <p>Lizzie Wharton (KPMG) shared that the report anticipates an unqualified audit opinion and provided Members with an update on the findings from the audit and explained any differences, risks or recommendations.</p> <p>Lizzie thanked YPO for their support during the audit process and noted that it had been a smooth process and the finance team were very well prepared and helpful in their responses.</p> <p>Resolved – (1) That the report be noted.</p>

8.	<p>AUDIT STATEMENT OF ACCOUNTS</p> <p>Consideration was given to a report from the Head of Finance which detailed the 2016 Audited Statement of Accounts.</p> <p>The Audited Statement of Accounts have been externally audited and the auditors anticipate an unqualified opinion.</p> <p>Resolved – (1) That the completion of the Audited Statement of Accounts for 2016, attached as Appendix 2 be noted.</p> <p>(2) That the Members of the Audit & Scrutiny Sub Committee recommend sign off of the accounts to the Chair of the Audit & Scrutiny Sub Committee, Councillor Warburton.</p>
9.	<p>GOVERNANCE REVIEW</p> <p>Consideration was given to a report of the Managing Director entitled Governance Review.</p> <p>The report explained that YPO has various governance policies and these are reviewed at least annually by the Board, any changes to these policies are brought to Management Committee for approval.</p> <p>The report detailed when each policy was last reviewed and any proposed action by the Board.</p> <p>Resolved - (1) That the Audit & Scrutiny Sub Committee recommends to the Management Committee the proposals outlined in table 2.2.</p>
10.	<p>INTERNAL AUDIT PROGRESS</p> <p>Consideration was given to a report which detailed the Internal Audit's progress and work during the period February to April 2017 and to note the contents therein.</p> <p>Members asked a number of questions in relation to the checks on employee driver licenses for those whom use company vehicles and it was agreed further information would be provided in the report when it is discussed at the Management Committee.</p> <p>Resolved – (1) That the report be noted.</p>
11.	<p>LEAD AUTHORITY SLA COSTS</p> <p>Consideration was given to the report of the Head of Finance, which provided Members with a breakdown of all payments made to the Lead Authority in the 2016 financial year.</p> <p>All services are provided in accordance with established Service Level Agreements.</p> <p>Resolved – (1) That the report be noted.</p>

12.	PROPOSED AUDIT & SCRUTINY SUB COMMITTEE WORK PROGRAMME & TERMS OF REFERENCE
	<p>Consideration was given to the report of the Managing Director which provided Members with an overview of the work scheduled for the 2017/18 committee cycle.</p> <p>The report also proposed the Terms of Reference, Principal Agenda Items, 2017/18 Meeting Schedule and Training Plan.</p> <p>Resolved – (1) That the report be noted and submitted to the Annual General Meeting June.</p>
13.	EXCLUSION OF THE PUBLIC & PRESS
	<p>Resolved – That the public and press be excluded from the meeting during consideration of agenda items 14 and 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.</p>
14.	IT PROGRAMME UPDATE
	<p>Consideration was given to the report which provided Members with an update on the progress of the implementation of the ERP Business Case.</p> <p>The update contained a highlight report which documented the progress between January and April 2017.</p> <p>The use of USB's with the organisation was discussed as a potential security risk and the Managing Director agreed to come back to Members with further information in relation to this matter.</p> <p>Resolved – (1) That the report be noted.</p>
15.	REBATE INCOME DELIVERY PLAN
	<p>Consideration was given to the report from the Head of Procurement Services. The report summarised the 2017 business plan for the delivery of frameworks.</p> <p>The Executive Director (Jo Marshall) delivered a presentation which provided Members with details of the category breakdown, income breakdown, the focused activity and challenging targets for 2017.</p> <p>Resolved – (1) Members noted the report and presentation and gave thanks to staff for their continued hard work in developing the services side of the business.</p>
16.	DATE AND TIME OF NEXT MEETING
	<p>Resolved – (1) That the next meeting of the YPO Audit & Scrutiny Sub Committee proposed will be held on 15th September 2017.</p>

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	<p style="text-align: center;">YPO</p> <p style="text-align: center;">MANAGEMENT COMMITTEE</p> <p style="text-align: center;">TO BE HELD ON</p> <p style="text-align: center;">23RD JUNE 2017</p>
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TITLE: APPOINTMENTS TO SUB-COMMITTEES AND JOINT CONSULTATIVE COMMITTEE 2017/18

REPORT OF: MANAGING DIRECTOR

1. BACKGROUND INFORMATION

- 1.1 To receive nominations from the Constituent Authorities in relation to membership of Sub-Committees and the Joint Consultative Committee and to determine the membership for those meetings for the 12 month period commencing June 2017.
- 1.2 YPO's governance arrangements include a Management Committee that is made up of two representatives from each of the 13 Founder Member Authorities. The role of this Committee is to develop and monitor the strategic direction and performance of the organisation. The Management Committee is supported by a number of Sub-Committees, each with a different focus.
- 1.3 The Executive Sub-Committee has a membership of nine members drawn from the Management Committee (including the Chair and Vice Chair of the Management Committee) and meet three times during the year. Its primary purpose is to review the performance of the organisation, ensure delivery of the agreed strategy and review the performance of the Managing Director.
- 1.4 The Audit & Scrutiny Sub-Committee has a membership of sixteen members drawn from the Management Committee who meet four times during the year. Its primary purpose is to undertake the duties of 'those charged with governance' under delegation from the Management Committee. The Audit & Scrutiny Sub-Committee has delegated powers to sign off the annual financial statements and annual governance report on behalf of the Management Committee and ensure it has sufficient information and knowledge to undertake those duties. The committee scrutinises strategies and actions of the YPO management team and provides feedback, comment and recommendations.
- 1.5 The table shown in appendix one sets out the individual Member preferences received or, in the absence of an expressed preference, an indication of the Sub-Committee meetings that the Council's representative attended last year, (which are highlighted in red).
- 1.6 In total there are 30 places available, four of which are taken up automatically by the Chair and Vice Chair of the Management Committee, who also act as Chair and Vice Chair of the Executive Sub-Committee and JCC/Appointments Sub-Committee.

- 1.8 Twenty six places therefore remain for the other twenty four members of the Management Committee.
- 1.9 Table of Preferences Received 2017 - The attached report details the preferences received by YPO. The Chair and Vice Chair of the Management Committee automatically assume those same roles on both the Executive Sub-Committee and the JCC/Appointments Sub-Committee. If Member preferences received should exceed the number of places available on each Sub-Committee, Members of the Management Committee would be required to determine, by way of a vote, the successful representation on an oversubscribed Sub-Committee. As yet, this situation has not arisen.
- 1.10 Where preferences have already been received, as noted in appendix 1, they can be accommodated in full and Members are asked whether the remaining places on Sub-Committees should be made in line with last year's membership (as indicated in red), providing no contrary preference is expressed. Should an alternative method of allocating places be preferred, this would need to produce memberships in line with the Sub-Committee Terms of Reference.

2 RECOMMENDATION

- 2.1 That the Secretary to the Joint Committee be given authority to determine Sub-Committee and Joint Consultative Committee membership for the 12 month period commencing June 2017, in liaison with nominated members and taking into account preferences expressed wherever possible.

3 STRATEGIC IMPLICATIONS

- 3.1 There are no specific Strategic Implications associated with this report.

4 LEGAL IMPLICATIONS

- 4.1 There are no specific Legal Implications associated with this report.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no specific Financial Implications associated with this report.

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APPENDIX

Appendix 1 – Table of Preferences for Sub-Committees 2017/18

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Appointments to Sub-Committees and Joint Consultative Committee 2017/18

	Executive Sub	Audit & Scrutiny Sub	JCC/ Appointments
Barnsley MBC			
1. Barnard		X	
2. Gardiner		X	X
Bolton MBC			
1. Morris	X		X
2. Whitehead		X	
Bradford MDC			
1. Warburton		X	
2. Whiteley		X	X
Calderdale MBC			
1. Swift (TBC)	X		
2. Pillai (TBC)		X	
Doncaster MBC			
1. Cole (TBC)		X	
2. Corden (TBC)		X	
Kirklees MC			
1. Asif		X	
2. Mather	X		
Knowsley MBC			
1. Byron	X	X	
2. Williams			
North Yorks CC			
1. Mackenzie	X		
2. Dadd		X	
Rotherham MBC			
1. Atkin (TBC)	X		
2. Tweed (TBC)		X	
St Helens MBC			
1. Johnson			
2. McDonnell		X	
Wakefield MDC			
1. Shaw	X		X
2. Johnson		X	
Wigan MBC			
1. Walker	X		X
2. Sweeney		X	
City of York			
1. Mercer	X		
2. Waller		X	
Total members required	9	16	5

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YPO
MANAGEMENT COMMITTEE
TO BE HELD ON
23RD JUNE 2017

TITLE: ANNUAL REPORT

REPORT OF: MANAGING DIRECTOR

1. BACKGROUND

- 1.1 To provide an annual report by the Managing Director to the Members of the Management Committee, as required by the YPO Management Agreement.
- 1.2 The report is written in the spirit of accountability and transparency, but also pride in our achievements on behalf of our members. It is 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.

2. RECOMMENDATIONS

- 2.1 That Members note the content of the report.

3 STRATEGIC IMPLICATIONS

- 3.1 There are no specific Strategic Implications associated with this report.

4 LEGAL IMPLICATIONS

- 4.1 There are no specific Legal Implications associated with this report.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no specific Financial Implications associated with this report.
- 5.2 Please note that the Member Benefit Statements are not year included as the decision on dividend distribution is due to be taken at this meeting. They will be sent to Members under separate cover.

SERVICE DIRECTOR: SIMON HILL, MANAGING DIRECTOR


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APPENDIX:

Appendix 1 – Published Annual Report (to be tabled at the meeting)

	<p style="text-align: center;">YPO</p> <p style="text-align: center;">MANAGEMENT COMMITTEE</p> <p style="text-align: center;">TO BE HELD ON</p> <p style="text-align: center;">23RD JUNE 2017</p>
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TITLE: AUDITED STATEMENT OF ACCOUNTS 2016

REPORT OF: HEAD OF FINANCE AND FINANCIAL CONTROLLER

1 PURPOSE OF REPORT

1.1 To present the Audited Statement of Accounts for 2016.

2 SUMMARY

2.1 The Statement of Accounts 2016 has been externally audited and the auditors anticipate an unqualified opinion.

3 BACKGROUND

3.1 In accordance with the Accounts and Audit Regulations, 2015 and taking into account relevant accounting codes of practice and applicable accounting standards, a Statement of Accounts has been prepared.

3.2 Although the compliance noted in 3.1 is no longer mandatory for YPO, as a Joint Committee, it was agreed at Management Committee in March 2016 that a non-statutory audit would still be needed and the accounts would be prepared in line with the relevant standards and regulations.

3.2 The pre-audit Statement of Accounts 2016 was approved for external audit at the Audit Sub Committee on 10th February 2017.

3.3 The external audit commenced on site from the 20th March 2017 until 31st March 2017. All follow up questions and issues raised were concluded on the 19th April 2017.

3.4 All recommendations from the auditors were considered and the accounts amended where appropriate.

3.5 A full list of all audit differences and control weaknesses identified are contained within the External Audit report.

3.6 A full schedule of all amendments made to the pre-audit Statement of Accounts to the audited Statement of Accounts is included as appendix 1 to this report.

4 RECOMMENDATION

4.1 That the Management Committee note the Audited Statement of Accounts was approved and signed off by the Audit & Scrutiny Sub Committee on 19th May 2017.

5 WHAT DOES THIS MEAN FOR YPO STAKEHOLDERS?

5.1 An unqualified audit opinion will give stakeholders assurance that the organisation is acting within the protocols of good financial management.

6. OUTCOME AND SUSTAINABILITY

6.1 An unqualified audit opinion is a good outcome and acknowledges that the organisation has effective financial controls and corporate governance. The financial position suggests a solid financial base and that YPO is a going concern.

7. FINANCIAL IMPLICATIONS

7.1 The audit fee is £23k and that amount has been included in the budget for 2017.

8. LEGAL IMPLICATIONS

8.1 There are no legal implications arising from this report.

9. EQUALITY IMPLICATIONS / EQUALITY OF OPPORTUNITY IMPLICATIONS

9.1 This report does not have any impact on Equality and Diversity.

10. RISK ASSESSMENT

10.1 There is no risk associated with this report.

APPENDIX:

Appendix 1 – Adjustments made to the pre-audit Statement of Accounts.

Appendix 2 – Audited Statement of Accounts 2016.

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WF2 0XE

Telephone No: 01924 834969

E-mail address: paul.smith@ypo.co.uk

**CONTACT OFFICERS: STEVEN HALL, HEAD OF FINANCE/ MATT HIRST,
FINANCIAL CONTROLLER**

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E-mail addresses: Steven.hall@ypo.co.uk / Matt.hirst@ypo.co.uk

APPENDIX 1

2016 Statement of Accounts version tracker

The below table records all changes made to the 2016 Statement of Accounts from the original submission to February’s Audit Sub-committee to the audited version to be submitted to April’s Audit & Scrutiny Sub-committee.

All adjustments below have been made following a final review by the finance team and after discussions with our external auditors. All changes made have no effect on the net profit for the year and do not impact the net assets position within the balance sheet.

Issue	Original version	Final Audited version
Narrative Statement: Accountability and Financial Reporting (Page 3).		Point 2 now includes a statement concerning the categorisation of our reserves into “Usable” and “Unusable”, the statement explains that this is purely for presentational needs and the organisation no longer holds any powers attributed to this classification.
Note 9: Inventories (Page 23)		The closing inventory balances have been reformatted to split out the physical closing inventory and any accounting provisions made. This enables the total provisions included within the net value of stock to be reconciled to any working papers.

YORKSHIRE PURCHASING ORGANISATION



**AUDITED
STATEMENT
OF ACCOUNTS
2016**

41 Industrial Park • Wakefield • WF2 0XE

Narrative Statement by the Managing Director

1. INTRODUCTION

This document is the Statement of Accounts for the Yorkshire Purchasing Organisation. The Statement of Accounts shows the Organisation's financial performance for the year ended 31st December 2016. The foreword and financial summary provides a guide to the most significant matters in the financial statements.

The Yorkshire Purchasing Organisation (YPO) was established in 1974 to fulfil the supplies requirements of a number of local authorities. The enabling act for the organisation is the Local Authorities (Goods and Services) Act 1970 and its objectives are for the supply of goods and procurement of services to the public sector.

There are currently 13 founder member authorities and fifty three associate member authorities of YPO, although the Organisation trades extensively outside the membership area. Management of the organisation reports periodically to a Management Committee of two elected members from each founder member authority.

The membership consists of:

Founder Member Authorities

Barnsley MBC	North Yorkshire CC
Bolton MBC	Rotherham MBC
City of Bradford MC	St Helens MBC
MB of Calderdale	City of Wakefield MDC
Doncaster MBC	Wigan MBC
Kirklees MC	City of York Council
Knowsley MBC	

Associate Member Authorities

first year of membership

Bury Metropolitan Borough Council	2011
Cumbria City Council	2011
Durham City Council	2011
Leeds City Council	2011
North East Lincolnshire Council	2011
North Lincolnshire Council	2011
Sheffield City Council	2011
Cheshire East Council	2012
East Riding of Yorkshire Council	2012
Hull City Council	2012
Rochdale Metropolitan Borough Council	2012
South Yorkshire Fire and Civil Defence Authority	2012
South Yorkshire Police Authority	2012
Stockport Metropolitan Borough Council	2012
Trafford Council	2012
Warrington Borough Council	2012
West Yorkshire Fire and Civil Defence Authority	2012
West Yorkshire Police Authority	2012
Blackpool Borough Council	2013
Lancashire Fire & Rescue Service	2013
London Borough of Hillingdon	2013
Malvern Hills District Council	2013
Manchester City Council	2013
Northumberland County Council	2013
Staffordshire City Council	2013
West Midlands Fire & Rescue Authority	2013
Wiltshire Fire and Rescue Service	2013
Wyre Forest District Council	2013
Birmingham City Council	2014
Kettering Borough Council	2014
London Borough of Harrow	2014
Walsall Council	2015
Tameside Council	2015
Lancaster City Council	2015
Cheshire Fire and Rescue Service	2016
Coventry City Council	2016
Craven District Council	2016
Fylde Council	2016
Greater Manchester Fire and Rescue	2016
Greater Manchester Police	2016
Halton Borough Council	2016
Lancashire Police	2016
London Borough of Brent	2016
London Borough of Hackney	2016
London Borough of Waltham Forest	2016
Liverpool City Council	2016
Merseyside Fire and Rescue Service	2016
Merseytravel	2016
Oldham Council	2016

Narrative Statement by the Managing Director

Salford City Council	2016
Sefton Borough Council	2016
Solihull Metropolitan Borough Council	2016
Wyre Council	2016

Certain services, including legal, treasury and internal audit, are provided by City of Wakefield MDC in accordance with arrangements agreed by the Management Committee.

Associate membership allows for attendance at the public section of all committee meetings but does not carry voting rights.

2. ACCOUNTABILITY AND FINANCIAL REPORTING

There is no longer a statutory requirement for YPO, as a joint committee, to have an external audit. However, in March 2016 the Management Committee and Section 151 Officer of the lead authority agreed that YPO should continue to prepare, each year, a statement of accounts in accordance with the C.I.P.F.A Code of Practice that is subject to an external audit. Consequently, this will be a non-statutory audit meaning that compliance with the Accounts and Audit Regulations 2015 is not mandatory.

We have continued to categorise our Reserves as "Usable" and "Unusable" in line with C.I.P.F.A Code of Practice. This is purely for presentational needs and we acknowledge that any powers attributed to this classification no longer applies to the organisation.

3. THE STATEMENTS

The financial activity of the Organisation in relation to the service it provides is shown through a number of key financial statements and notes:

Core Statements

The Movement In Reserves Statement shows the movement in year on the different reserves held by the Organisation.

The Comprehensive Income and Expenditure Account summarises the income and expenditure of the Organisation during the year.

The Balance Sheet shows the value as at the 31st of December 2016 of the assets and liabilities recognised by the Organisation. The net assets of the Organisation (assets less liabilities) are matched by the reserves held by the Organisation.

The Cash Flow Statement shows the changes in cash and cash equivalents of the Organisation during the reporting period. The statement shows how the Organisation generates and uses cash and cash equivalents by classifying cash flows between operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the Organisation are performing. Investing activities represent the extent to which cash inflows have been made for resources which are intended to contribute to the Organisations future operations.

The Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the organisation and the Assistant Chief Executive, Resources & Governance at WMDC for the Statement of Accounts.

The Annual Governance Statement sets out the framework designed to ensure that the organisation operates a sound system of internal control which facilitates the effective exercise of its operations, and which includes arrangements for the management of risk. Whilst it is not a requirement to be part of this Statement of Accounts it is attached as appendix A to this statement to aid the user to better understand the governance arrangements in force within the Organisation.

Narrative Statement by the Managing Director

4. FINANCIAL SUMMARY

The 2016 budget approved in November 2015 was for a turnover of £125m and a surplus of £9.2m, excluding any income for pensions interest or expenditure financed from earmarked reserves.

Invoiced sales for the year are £113.9m and the reported surplus on trading of £7.4m is under the budget set of £9.2m by £1.8m, this excludes any income for pensions interest or expenditure financed from earmarked reserves.

Turnover targets for the year included growth aspirations which haven't fully materialised. However, the ability to meet these targets have also been impacted by adverse market conditions, particularly within the early years, primary and secondary education sectors. With overall spending across these areas reducing by around 6% in the year the organisation's focus shifted to one of customer retention with elements of exploring new opportunities. Therefore whilst an adverse variance in sales of £11.1m may seem worrying it is important to appreciate that maintaining, and in some sectors increasing, market share is equally as significant.

Income from stock and framework contracts at £4.3m were under the budget of £4.8m, mainly due to emergency services and energy framework contributions being lower than expected.

During 2016 we have benefited from additional catalogue contribution income of £0.641m. This was due to the invoices raised in regards to the 2016 catalogue being significantly greater than that forecasted at 31st December 2015.

Operating costs for 2016 were £30m, £0.280m over budget. The main contribution for the adverse variance was an overspend across promotional activity and IT software costs. These overspends were partially offset through savings in distribution costs which were a result of the downturn in turnover and orders fulfilled.

In 2016 £1.112m of expenditure was funded through the internal earmarked reserve funds. This was planned expenditure approved at the November 2015 Management Committee. The initial funding of this was through the surplus made in 2015.

Trade debtors are at £8.0m, £0.2m less than in 2015. An aged debt analysis shows that debts older than 12 months have dropped from £0.143m in 2015 to £0.061m in 2016.

The net assets of the organisation as at 31st December 2016 are £11.2m, significantly less than £26.8m in last years accounts. Whilst cash balances of £14m and the general fund balance of £28.8m remain healthy and available to fund future growth and capital investment requests, the reduction in value is due to an increase in the pension liability of £13m, details of which are noted below.

Cash flow movement in the year has reduced the cash at bank balances by £3m. This reflects the operating performance of the organisation in the year and reconciles to the in-year profits, dividends paid, and movements in debtors and creditors as per the cash flow statement. There has been minimal capital expenditure in the year and no other extraordinary movement in cash. It is also expected that future cash flows will only be effected by the day to day operations of the organisation.

During the year £0.006m was spent on capital items. These related to additional costs incurred during the integration of the access control system.

An agreed dividend distribution of £9.230m for the trading year 2015 was distributed in September 2016. This distribution, as last year, included all customers.

No acquisitions or discontinuation of operations were made during 2016.

Narrative Statement by the Managing Director

5. RETIREMENT BENEFITS

The value of the organisation's retirement benefits liability as at 31 December 2016 was £29.9 million (31 December 2015 £16.8 million). This increase in liability is attributable to actuarial losses due to changes in the financial assumptions. Increases in rates of inflation, pension and salary costs all contribute to this. These assumptions are detailed in note 7.

The employer's contribution rate was 12.1% for Jan to Mar 2016 and 11.9% from April.
(see note 7 to Core Financial Statements - Retirement Benefits)

International Accounting Standard (IAS) 19 - Employee Benefits which covers pension accounting was revised in 2011 and applies to the Organisation's statements from 2014 onwards.

The actuaries (Aon Hewitt) issued the results of the March 2013 triennial valuation for the pension scheme in January 2014 which sets out the employer's contribution from April 2014 to April 2017 at the following contribution rates 2014/15 - 12.3%, 2015/16 - 12.1% and 2016/17 11.9%.

6. SIGNIFICANT MATTERS

The budget submission for the 2016 financial year was given approval by the Management Committee at the meeting in November 2015. The budget was built on assumptions of growth in core business keeping the Operating Costs to Sales ratio at 22.9% which has gone up to 25.4% in 2016's performance.

A dividend distribution of £9.230m declared in respect of the 2015 trading year, was distributed in September 2016 which reflected the increased performance during 2015. This included a non cash loyalty bonus of £2.1m payable to individual customers by way of a voucher to be used against future purchases of product.

YPO Procurement Holdings and its subsidiary YPO Supplies Ltd began trading with YPO Joint Committee in 2014. Board members for YPO Procurement Holdings and YPO Supplies are also members of the Joint Committee board and therefore all transactions in 2016 between the above companies are classed as related party transactions.

7. MEDIUM TERM FINANCIAL STRATEGIES

The 2017 budget was approved by the Committee in November 2016 as the final year of our three year strategy. This current strategy originally focused on continuous growth through developing new markets and offerings. However, the impact of external factors has re-focused the plan for 2017 to ensure that customer retention is also a main focal point along with introducing a process for performance management and efficiency generation. A medium term financial strategy has also been drawn up alongside the 2017 budget, this assesses the implications today's actions will have over the next 2-5 years and what impact it will have on future profits and financial position.

Simon Hill
Managing Director

Statement of Responsibilities

THE ORGANISATION'S RESPONSIBILITIES

The Organisation is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Organisation that officer is the Assistant Chief Executive, Resources & Governance of the Serving Authority, Wakefield MDC. Day to day financial management is the responsibility of the Managing Director YPO.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

THE RESPONSIBILITIES OF THE ASSISTANT CHIEF EXECUTIVE, RESOURCES & GOVERNANCE

The Assistant Chief Executive, Resources & Governance is responsible for the preparation of the Organisation's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the code).

In preparing this statement of accounts, the Assistant Chief Executive, Resources & Governance has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the local authority Code.

The Assistant Chief Executive, Resources & Governance has also:

- kept proper accounting records which were up to date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

THE ASSISTANT CHIEF EXECUTIVE, RESOURCES & GOVERNANCE

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Yorkshire Purchasing Organisation at 31st December 2016 and its Income and Expenditure for the year then ended.

.....

MICHAEL CLEMENTS
Assistant Chief Executive, Resources & Governance

APPROVAL OF THE ACCOUNTS

As the Chair of the body considering the Yorkshire Purchasing Organisation's Statement of Accounts for 2016, I certify that the Accounts have been approved by the Management Committee and are authorised for issue.

.....

Cllr LES SHAW
Chairman YPO Management Committee

Auditors Opinion



MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement in year on the different reserves held by the Organisation. The surplus (deficit) on Operations line shows the true economic cost of operational activity in the year more details of which, are shown in the Comprehensive Income and Expenditure Statement. The Net increase/(decrease) before transfer to Earmarked Reserves line shows the General Fund Balance prior to any discretionary transfers to or from earmarked reserves applied by the Organisation.

2015	£000's											
	Usable Reserves			Unusable Reserves								Total Reserves
	General Fund Balance	Capital Receipt Reserve	Internal Investment Reserve	Joint Committee Capital Adjustment Account	Earmarked Pension Reserve	Earmarked Accumulated absences account	Revaluation Reserve	Total Usable reserves	Total Unusable reserves	Total Reserves		
Balance as at 31 December 2014	29,507	85	1,830	11,263	(18,652)	(69)	62	31,422	(7,396)	24,025		
Movement in Reserves during 2015												
Surplus or (Deficit) on Operations	(701)							(701)	0	(701)		
Other Comprehensive Income					3,500		(60)	0	3,440	3,440		
Total Comprehensive Expenditure and Income	(701)	0	0	0	3,500	0	(60)	(701)	3,440	2,739		
Adjustments between accounting basis and funding basis under regulation												
Net Increase / (Decrease) before transfer to Earmarked Reserves	(701)	0	0	0	3,500	0	(60)	(701)	3,440	2,739		
Transfer (to) / from Earmarked Reserves	1,496		473	(249)	(1,675)	(44)	(1)	1,969	(1,969)	0		
Increase / (Decrease) in Movement in Year	795	0	473	(249)	1,825	(44)	(62)	1,268	1,471	2,739		
Balance as at 31 December 2015	30,302	85	2,303	11,014	(16,827)	(113)	0	32,690	(5,925)	26,765	13	

2016	£000's											
	Usable Reserves			Unusable Reserves								Total Reserves
	General Fund Balance	Capital Receipt Reserve	Internal Investment Reserve	Joint Committee Capital Adjustment Account	Earmarked Pension Reserve	Earmarked Accumulated absences account	Revaluation Reserve	Total Usable reserves	Total Unusable reserves	Total Reserves		
Balance as at 31 December 2015	30,302	85	2,303	11,014	(16,827)	(113)	0	32,690	(5,925)	26,765		
Movement in Reserves during 2016												
Surplus or (Deficit) on Operations	(4,039)							(4,039)	0	(4,039)		
Other Comprehensive Income					(11,513)		0	0	(11,513)	(11,513)		
Total Comprehensive Expenditure and Income	(4,039)	0	0	0	(11,513)	0	0	(4,039)	(11,513)	(15,552)		
Adjustments between accounting basis and funding basis under regulation												
Net Increase / (Decrease) before transfer to Earmarked Reserves	(4,039)	0	0	0	(11,513)	0	0	(4,039)	(11,513)	(15,552)		
Transfer (to) / from Earmarked Reserves	2,555		(533)	(469)	(1,555)	1	0	2,023	(2,023)	(0)		
Increase / (Decrease) in Movement in Year	(1,484)	0	(533)	(469)	(13,068)	1	0	(2,017)	(13,536)	(15,553)		
Balance as at 31 December 2016	28,818	85	1,770	10,545	(29,895)	(111)	0	30,673	(19,462)	11,213		

Comprehensive Income and Expenditure Account

2015		2016
<u>£'000</u>		<u>£'000</u> <u>Note</u>
117,404	<i>Invoiced Turnover</i>	113,904 1(b),6
<u>(86,673)</u>	<i>Cost of Sales</i>	<u>(83,926)</u>
30,731	<i>Gross Margin</i>	29,978
199	Discounts	142
4,902	Rebates	4,335 1(b),6
2,310	Other Income	2,905 1(b),6
<u>38,142</u>	<i>Gross Surplus</i>	<u>37,361</u>
	<i>Operating Expenses</i>	
(16,766)	Employees	(17,705)
(1,078)	Premises	(1,115)
(6,037)	Supplies and Services	(6,994)
(4,725)	Transport	(4,583)
(179)	S.L.A. Costs	(102)
1,057	Financial and Miscellaneous	(143)
(1,048)	Depreciation and revaluation increase/(decrease)	(475) 1(e),8
(1,051)	Pension service gain(cost) net of charges made to the general fund	(962) 1(h),7
<u>(29,827)</u>	<i>Net Operating Expenditure</i>	<u>(32,079)</u>
<u>8,316</u>	<i>Surplus/(deficit) on trading operations</i>	<u>5,282</u>
	<i>Other Operating expenditure</i>	
0	Gain/(Loss) on Disposal of Property, Plant and Equipment	0
<u>0</u>		<u>0</u>
	<i>Financing and investment income and expenditure</i>	
(624)	Pensions Interest Cost and Expected Return on Pension Assets	(593) 1(h),7
80	Interest Receivable	70
(8,472)	Dividend paid	(8,798)
<u>(9,016)</u>		<u>(9,321)</u>
<u>(701)</u>	<i>Surplus/(Deficit) on provision of service</i>	<u>(4,039)</u>
	<i>Other Comprehensive income and expenditure</i>	
3,500	Actuarial gains / (losses) on pension assets / liabilities	(11,513)
(60)	Gains / (losses) on revaluations of PPE and depreciation	0
<u>3,440</u>		<u>(11,513)</u>
<u>2,739</u>	<i>Total comprehensive Income and Expenditure</i>	<u>(15,552)</u>

BALANCE SHEET

The Balance Sheet shows the value as at 31st December 2016 of the assets and liabilities recognised by the Organisation. The net assets of the Organisation (assets less liabilities) are matched by the reserves held by the Organisation.

31st Dec 2015 £'000		31st Dec 2016 £'000	<u>Note</u>
ASSETS AND LIABILITIES			
Long term Assets			
Property, Plant and Equipment			
9,240	Land and Buildings	9,058	1(e),8
1,032	Vehicles, Furniture & Equipment	784	1(e),8
<u>69</u>	Intangible Assets	<u>30</u>	1(e),8
<u>10,341</u>	Total Long Term Assets	<u>9,872</u>	
Current Assets			
12,544	Inventories	12,213	1(m),9
11,827	Short term debtors	12,353	1(u),10
<u>17,237</u>	Cash and cash equivalents	<u>14,214</u>	
<u>41,608</u>	Total Current Assets	<u>38,780</u>	
Current Liabilities			
<u>(8,357)</u>	Short term creditors	<u>(7,543)</u>	1(v),11
<u>(8,357)</u>	Total Current Liabilities	<u>(7,543)</u>	
<u>33,251</u>	Net Current Assets	<u>31,236</u>	
Long term Liabilities			
<u>(16,827)</u>	Liability relating to Defined Benefit Pension Scheme	<u>(29,895)</u>	1(h),7
<u>26,765</u>	Net Assets	<u>11,213</u>	
Financed by:			
Usable Reserves			
30,302	General Fund	28,818	
85	Usable Capital Receipts Reserve	85	1(g),13
2,303	Internal Investment reserve	1,770	1(g),13
Unusable Reserves			
11,014	Joint Committee Capital Adjustment Account	10,545	1(g),13
<u>(16,827)</u>	Pension Reserve	<u>(29,895)</u>	1(h),7,13
<u>(113)</u>	Earmarked Accumulated Absences Account	<u>(111)</u>	1(g),13
0	Revaluation Reserve	0	1(g),13
<u>26,765</u>	Total Reserves	<u>11,213</u>	

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash, and cash equivalents, of the Organisation during the reporting period. The statement shows how the Organisation generates and uses cash, and cash equivalents, by classifying cash flows between operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the Organisation are performing. Investing activities represent the extent to which cash inflows have been made for resources which are intended to contribute to the Organisation's future operations.

<u>2015</u> <u>£'000</u>		<u>2016</u> <u>£'000</u>
(701)	Net surplus/(deficit) on the provision of service	(4,039)
	Adjustment to the net surplus/(deficit) for non cash movements	
1,048	Depreciation and revaluation increase/(decrease)	475
(1,912)	(Increase)/Decrease in Inventories	331
2,474	(Increase)/Decrease in Debtors	(526)
1,675	(Increase)/Decrease in Pension Liability	1,555
71	Increase/(Decrease) in Creditors	(813)
(1,272)	Redemption of loyalty vouchers	(1,690)
<hr/> 2,084		<hr/> (668)
	Adjustments for items included in the net surplus/(deficit) that are financing/investing activities	
8,339	Proceeds from sale of PPE	8,798
8,339	Dividend payment	8,798
<hr/> 9,722	Net cash flows from operating activities	<hr/> 4,091
	Investing Activities	
(798)	Purchase of PPE	(6)
0	Proceeds from Sale of PPE	0
<hr/> (798)		<hr/> (6)
	Financing Activities	
(7,067)	Dividends paid to Members	(7,108)
<hr/> (7,067)		<hr/> (7,108)
<hr/> 1,857	Net Increase/(Decrease) in Cash and Cash Equivalents	<hr/> (3,023)
15,379	Cash and Cash Equivalents at the beginning of the reporting period	17,237
<hr/> 17,237	Cash and Cash Equivalents at the end of the reporting period	<hr/> 14,214

Note on operating activities		
	The cash flows from operating activities include the following items	
80	Interest Receivable	70
80		70

Notes to the Core Financial Statements

The following notes provide more detailed information in order to assist understanding of the main financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

GENERAL PRINCIPLES

As a Joint Committee, YPO is no longer required to comply with the Accounts and Audit regulations 2015. However, it has been agreed that YPO will continue to produce a statement of accounts in accordance with the C.I.P.F.A Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS).

The Organisation recognises that the Comprehensive Income and Expenditure Statement does not fully comply with the Code of Practice by not including a service analysis. This is due to the Organisation being a single service business operation with no reliance on external funding, or having any direct impact on the finances of any member authority. Additionally the Organisation's status as a joint committee prevent it from taking advantages of certain statutory overrides contained within the code.

In this respect, certain aspects of the code are redundant. In each of these cases the Organisation has adopted policies which it believes present fairly the financial position of the Organisation.

The following policies have been adopted in compiling the accounts:

Fundamental Accounting Concepts:

- The accounts have been prepared on a historical cost basis, except that certain categories of assets are re-valued at regular intervals.
- The revenue and capital accounts are maintained on an accruals basis. This means that expenditure and income are recognised in the accounts in the period in which they are incurred or earned, not as money is paid or received. Income is also matched with associated costs and expenses as far as the relationship can be established or justifiably assumed.
- Consistent accounting policies have been applied both within the year and between years. Where accounting policies are changed, the reason and effect have been separately disclosed.
- Income has only been recognised within the accounts where there is a reasonable certainty, and proper allowances have been made for all foreseeable losses and liabilities.
- The accounts have been prepared on a going concern basis.
- The accounting statements have been prepared so as to reflect the reality or substance of the transactions and activities underlying them, rather than their formal legal character.
- As allowed under the Code the concept of materiality has been utilised in the process of preparing the accounts, such that insignificant items and fluctuations under an acceptable level of tolerance are permitted provided that in aggregate they would not affect the interpretation of the accounts by an informed reader.
- Where estimating techniques are required to enable the accounting practices adopted to be applied, the techniques which have been used are, in YPOs view, appropriate and consistently applied. Where the effect of a change to an estimation technique is material, a description of the change and, where practical, the effect on the results for the current period are separately disclosed, Note 4 to the core financial statements provides further details.
- In accordance with the Code, where an accounting treatment is prescribed by law, then it has been applied, even if it contradicts accounting standards or generally accepted accounting concepts.

a. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular debtors and creditors for revenue and capital transactions are accrued, except for certain cases which are not considered material. For items of this nature, a consistent approach is adopted.

b. TURNOVER

Turnover is the value of invoiced sales during the year, adjusted for the value of deliveries prepared to 31st December for which invoices were not raised until January. Rebates refer to the value of commission earned on contractual activity in the year. Other income includes marketing support for catalogue production and promotion.

c. OVERHEADS

The Organisation is a single service entity and as such all overhead costs are included in the revenue account inclusive of accruals prepayments for the period to which they relate.

d. COMPONENTISATION OF NON CURRENT ASSETS

Non Current assets valued through the Organisation's five year programme of valuations are assessed for any significant components, where the value of the asset is greater than £1 million on revaluation. If an individual component's value is deemed by the business to be significant in relation to the total value of the asset then that component will be depreciated separately.

Capital expenditure is monitored throughout the year and included in the budget and business planning process to identify replacement or changes of a significant component on non current assets.

The carrying value of any component being replaced will be charged to the revenue account as a disposal. This balance is then reversed out of the General Fund in the Movement in Reserves Statement and posted to the Joint Committee Capital Adjustment Account.

Notes to the Core Financial Statements

e. NON CURRENT ASSETS

- i) Expenditure on the acquisition, creation or enhancement of non current assets , with a value in excess of £5,000, is capitalised on an accruals basis, provided they have an estimated life in excess of one year. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits is charged as an expense when it is incurred. All expenditure on non current assets that is capitalised is recognised in the Organisation's Asset Register and Balance Sheet and depreciated over the useful life of the asset.
- ii) Non current assets are valued at purchase price plus any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- iii) Non-current Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from the fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified the accounting treatment is that the carrying amount of the asset is written down against any revaluation gain in the Revaluation Reserve or where there is no, or insufficient balance in the Revaluation Reserve the asset is written down against the Comprehensive Income and Expenditure Account

The latest valuation date of land and buildings was 9th December 2016, and was carried out by J Duck FRICS of NPS Humber Ltd.

- iv) Non-current Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where an impairment of a non current asset has been recognised it is accounted for as a charge in the Comprehensive Income and Expenditure Statement where there is no or insufficient accumulated gains in the Revaluation Reserve against which all losses can be written off.

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

- v) Where a revaluation loss on a non current asset is recognised as part of a review or a valuation exercise it is accounted for as a charge against the Comprehensive Income and Expenditure Account where there is no or insufficient accumulated gains in the Revaluation Reserve which all losses can be written off.
- vi) When a non-current asset is disposed of, or decommissioned, any gain or loss on the disposal is credited or charged to the Comprehensive Income and Expenditure Statement. The gain or loss is calculated by reference to the difference between the sale proceeds of the asset and the value of the asset in the balance sheet plus any material costs of disposal. Any revaluation gains in the Revaluation Reserve, relating to the asset disposed of, are transferred to the Joint Committee Capital Adjustment Account.

Receipts from disposals are credited to the Usable Capital Receipts Reserve and can be used for new capital investment. Receipts are appropriated to the Usable Capital Receipts Reserve from the Movement in Reserves Statement.

- vii) Depreciation has been provided for using the straight-line method on Buildings (excluding land), Vehicles and Equipment and is charged from the time the asset becomes operational. The useful lives of the various assets held on the Asset Register are as follows:

Freehold Buildings	2016
41 Industrial Park	46 years
Flanshaw Way	41 years
Motor Vehicles	up to 5 years
Warehouse and Office Equipment	up to 15 years
Computers	up to 5 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated with an amount equal to the difference between the current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Joint Committee Capital Adjustment Account.

f. INTANGIBLE FIXED ASSETS

Intangible fixed assets are assets that do not have any physical substance but which the Organisation controls access to the future economic benefits derived from them, either through custody or legal protection.

Expenditure on intangible assets is subject to the same recognition criteria as tangible fixed assets as stated in note d. Intangible assets will be brought on to the Balance Sheet at cost and amortised on a straight line basis over the period for which benefit is received. It is assumed there will be nil residual value. Annual reviews of the value of intangible fixed assets will be undertaken.

Amortisation has been provided for using the straight line method on Intangible fixed assets and is charged from the time the asset becomes operational. The useful life of the Intangible fixed assets held on the Register are as follows:

Internally generated intangible assets - IT Development/Testing & Project management - 3 years

g. RESERVES

The Organisation sets aside specific amounts as reserves for future purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure financed from a reserve is incurred, it is charged to the Consolidated Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement.

The Organisation differentiates between usable and unusable reserves on the basis contained within the Code however certain statutory overrides allowable by statute to Local Authorities and contained within the Code are not available to a joint committee. Where this is the case the Organisation has voluntarily adopted the principles of the Code.

h. EMPLOYEE BENEFITS

Notes to the Core Financial Statements

The Organisation accounts for employee benefits in accordance with the requirements of IAS 19.

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non monetary benefits (e.g. cars) for current employees and are recognised as an expense in the year in which employees render service. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at average salary rate. The accrual is charged to the Comprehensive Income and Expenditure Statement but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Organisation to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accrual basis to the relevant line in the Comprehensive Income and Expenditure Statement.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Organisation to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Organisation are members of the Local Government Pensions Scheme known as the West Yorkshire Pension Fund and administered by Bradford Council. The scheme is a defined benefit scheme providing employees with a retirement lump sum and pension.

The Local Government Pension Scheme

The liabilities of the West Yorkshire Pension Fund attributable to the Organisation are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 2.7% on funded liabilities and 2.7% on unfunded liabilities (based on a weighted average of "spot yields" on AA rated corporate bonds).

The assets of West Yorkshire Pension Fund attributable to the Organisation are included in the Balance Sheet at their fair value:

- . quoted securities - current bid price
- . unquoted securities - professional estimate
- . unitised securities - current bid price
- . property - market value

The change in the net pensions liability is analysed into seven components:

Current service cost - the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement.

Past service cost - the increase / decrease in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Comprehensive Income and Expenditure Statement.

Interest Cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid debited to the Comprehensive Income and Expenditure Statement

Expected return on Assets - the annual investment return on the fund assets attributable to the Organisation, based on the average of the expected long term return credited to the Comprehensive Income and Expenditure Statement.

Gains or losses on settlements and curtailments - the result of actions to relieve the Organisation of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Comprehensive Income and Expenditure Statement.

Actuarial Gains and Losses - Changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve.

Contributions paid to the West Yorkshire Pension Fund - cash paid as employers contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Organisation to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

The Organisation has limited powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Scheme.

Notes to the Core Financial Statements

i. TAXATION

Local authorities are exempt from Income, Corporation and Capital Gains Taxes. Income and expenditure normally excludes amounts relating to Value Added Tax (VAT), as VAT collected is payable to HM Revenue and Customs and VAT paid is normally recoverable from them. Exceptionally, if VAT is irrecoverable it is charged to revenue expenditure or capital expenditure as appropriate.

j. EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS

Any material exceptional or extraordinary items are separately disclosed in the accounts.

Material prior period adjustments arising from changes in accounting policies or from the correction of fundamental errors have been accounted for by restating the comparative figures in the financial statements and notes, together with the cumulative effect on reserves. The effect of material prior period adjustments is disclosed separately as a note to the Core Financial Statements.

k. EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are reflected in the accounts up to the date when the Statement of Accounts was authorised for issue and are accounted for in accordance with IAS10.

Where an event arises which provides additional evidence relating to conditions existing at the Balance Sheet date, or which indicates that application of the going concern concept to the Organisation is not appropriate (an adjusting event), then adjustments have been made to the accounts, where the amounts are material.

Any material event, which concerns conditions that did not exist at the Balance Sheet date (a non-adjusting event), has been disclosed as a note to the Core Financial Statements. The note states the nature of the event and, where possible, an estimate of its financial effect.

l. INTEREST RECEIVABLE/PAYABLE

Bank interest is recognised in the Financial Statements during the period in which it became due for payment to or by the Organisation.

m. INVENTORIES

Inventories are valued at average cost, and shown in the accounts at the lower of cost or net realisable value.

n. LEASES

The Organisation accounts for leases in accordance with the requirements of IAS17.

YPO accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to YPO. Rental payments under finance leases are apportioned between the finance charge and the reduction of the outstanding lease obligation (deferred liability). Fixed Assets held under finance leases are accounted for as part of Property, Plant and Equipment. No assets were held on finance leases as at 31st December 2016.

Rentals payable under operating leases are charged to revenue on a straight line basis over the term of the lease even if this does not match the pattern of payments (e.g. quarterly billing straddling an accounting period).

o. CONTINGENT LIABILITIES & ASSETS

Contingent liabilities are not accrued in the accounting statements. Material contingent liabilities are identified in a note to the core financial statements if there is a possible obligation, which may require a payment or transfer of economic benefits.

p. PROVISIONS

Provisions are recognised in the accounts in accordance with IAS 37, where:

- i) The Organisation has a present obligation (legal or constructive) as a result of a past event,
- ii) It is probable that a transfer of economic benefits will be required to settle the obligation, but the timing of the transfer is uncertain; and
- iii) A reliable estimate can be made of the amount of the obligation.

Contributions to provisions are charged to the appropriate revenue account and any subsequent expenditure arising, to which the provision relates, is charged to the provision. The level of each provision is reviewed at the year end and, if appropriate, adjusted by reversing the contribution to the provision and crediting the relevant revenue account.

Provisions are classified as long term (in excess of twelve months) and short term (less than twelve months).

q. FINANCIAL INSTRUMENTS

The Organisation's financial instruments are represented by bank balances, inventories, trade creditors and trade debtors.

Bank balances are represented by cash balances held in UK bank accounts and are shown on the face of the Balance Sheet. Interest earned on balances are credited to the Comprehensive Income and Expenditure Statement.

Inventories are valued at average cost, and shown in the Balance Sheet at the lower of cost or net realisable value. Adequate measures are taken by the Organisation to minimise losses to inventory items through delivery processing, damage, obsolescence and security issues.

Trade debtors are stated in the Balance Sheet at historical cost. Irrecoverable debt is written off in the Comprehensive Income and Expenditure Statement. The Organisation is restricted to dealing with customers in the Public Sector and therefore its exposure to bad debt is minimised.

Notes to the Core Financial Statements

Trade Creditors are carried at historical cost and represent amounts owing to third party suppliers. Creditor accounts are settled on a cash basis when:-

- . satisfactory provision of the goods or service has been performed
- . there is reasonable evidence that the goods or service is imminent or substantially complete
- . an agreed contractual obligation exists to remit payment.

The Organisation has developed a global sourcing programme leading to increased trade with non euro zone suppliers. Every reasonable action to minimise the risk associated with sourcing product from non UK based suppliers has been taken.

r. ESTIMATION TECHNIQUES

This statement of accounts includes estimated figures for income due from suppliers in respect of marketing contributions and rebates earned on contractual business. The estimations are based on a prudent approach utilising prevailing market conditions, historical knowledge and contracted agreements.

Additionally estimates are included on valuations of certain elements of property, plant and equipment, stock and the pension fund. These estimates are provided by third parties holding relevant professional qualifications and are disclosed in the relevant notes to these accounts.

s. CASH & CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are deposits that are readily convertible to known amounts of cash with insignificant risk of change in value.

t. FOREIGN CURRENCY TRANSLATION

Where business transactions are processed in a currency other than Sterling the Sterling value at the point of the currency translation has been used. Where the amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate as at the 31 December. Resulting gains or losses are recognised in the Comprehensive Income and Expenditure Statement.

u. DEBTORS

Debtors are represented by balances due to the Organisation on trading activities net of a provision for bad or doubtful debt. They are stated at historical cost.

v. CREDITORS

Creditors are represented by balances owed by the Organisation on trading activities they are stated at historical cost. Creditor amounts due in foreign currencies at the end of the accounting period are re-stated on the prevalent conversion rate as at 31st December.

w. IMPACT OF ACCOUNTING STANDARDS ADOPTED SINCE THE LAST ACCOUNTING PERIOD

The Organisation has not been impacted through any accounting standards adopted since the last accounting period.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Code of Practice on Local Authority Accounting 2015/16 requires the Organisation to disclose information relating to the impact on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Organisation. There are no new accounting standards due to come into force in the next year.

The Organisation does not expect any significant changes however all the standards will be fully assessed and adopted where necessary in the 2017 Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying these accounting policies the Organisation has made certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are :

Leasing

The Organisation has reviewed all classes of leases held by the Organisation and concluded that all of these leases constitute operating leases and therefore have no impact on the re-statement to and IFRS basis of accounting.

Related Party Transactions

The Organisation trades extensively with its owning authorities however, as no one particular authority can exert any controlling influence over the Organisation and all transactions are on an arms length basis they are not classified as related parties in this statement of accounts. For clarity trading with member authorities is included under note 17 of this statement.

Asset ownership

Under s102 of the Local Government Act 1972, a Joint Committee does not have the corporate status to acquire assets. However, given that YPO both enjoys the economic benefits from and assumes liabilities for its land and building assets, the "substance over form" policy justifies the inclusion of the assets in the Organisation's accounts.

Invoicing of direct supply goods

The Organisation recognises that due to the method employed to charge customers for direct supply deliveries, that goods delivered and in transit which have been invoiced by the supplier but not yet processed by the Organisation, are accounted for in the period in which the transaction is processed rather than delivered. This figure is not material for this statement of accounts and is reviewed annually.

Notes to the Core Financial Statements

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on either assumptions made by the Organisation about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Items included in this Statement of Accounts for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, expected returns on pension assets and the discount rates used bring future assumptions to present values. A firm of consulting actuaries is engaged to provide the Organisation with expert advice about the assumptions to be applied.

These assumptions interact in complex ways and could produce a range of different results depending on the mix of changes in assumptions. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of around £2.128m.

Framework Contract Income

This statement of accounts includes an estimate of income due to the Organisation from suppliers operating on the Organisation's framework contracts as at 31st December. This estimate is on the basis described in note 1 (point r).

Whilst every effort is made by the Organisation to accurately forecast balances due to the Organisation as at the year end, there is a risk that returns on these contracts may either exceed or be less than the estimate made at the date of the closure of the accounts. The impact on the statements in the following year will be dependent on the mix of positive and negative variances against estimates. If the estimate of income due was to be different by 5% this would represent a movement of around £50K.

Property, Plant & Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.

The Organisation takes independent advice on the valuation of buildings and believes the depreciation policies adopted accurately reflect the current market value of assets held, however there is a risk that any sale value will be very much dependent on the economic climate at the point of sale. At the year end the Organisation was not intending disposing of any major assets.

Foreign currency transactions

Transactions in foreign currencies are recorded in the statement of accounts in sterling using the spot exchange rate on recognition of the liability.

Goods in transit from an overseas source are included in this statement of accounts valued at the spot rate as at the 31st December and any exchange rate difference arising on the actual payment will be accounted for in the income and expenditure account. The difference relates to the movement in spot rates between the two events.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

During 2016 there have been several items of material income and expenditure that have been reflected in this statement of accounts. The main ones are;

Invoiced turnover in 2016 was £113.9m, £11.1m below the budget for the year and down on last year by £3.5m.

A reduction in sales across most selling categories has contributed to this with Directs Furniture and School supplies the largest adverse variance against budget.

An additional £0.641m of catalogue contribution income has been taken in the year due to an under accrual of expected income in the 2015 year end accounts.

An agreed dividend distribution of £9.230m for the trading year 2015 was distributed in September 2016. This distribution included all customers. As at the 31st December 2016 there was a balance of £432K of loyalty vouchers unredeemed.

6. TURNOVER

Turnover is the VAT exclusive value of invoiced sales for goods supplied from stock and by 'direct supply' arrangements. See also Statement of Accounting Policies note 1(b). Commission income from framework contracts arranged by the Organisation for customers is shown as Rebates. Supplier contributions for marketing support, canteen sales and other non-trading income are shown in Other Income.

7. RETIREMENT BENEFITS

Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, YPO offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Organisation has a commitment to disclose the payments as at the time that officers and employees earn their future entitlement.

The organisation participates in the Local Government Pension Scheme (LGPS), administered by the West Yorkshire Pension Fund (WYPF). This is a funded defined benefit final salary scheme, meaning that the organisation pays contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The employers' rate of contribution for January to March 2016 was 12.1% and from April to December was 11.9%. Employees contributions in 2016 were between 5.5% and 12.5% depending on salary.

In addition the Organisation has awarded discretionary post-retirement benefits upon early retirement - this is an unfunded element of the defined benefit final salary scheme, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Notes to the Core Financial Statements

Transactions relating to post - employment benefits

The Organisation is required to recognise the cost of retirement benefits when employees earn them, rather than when they are actually paid to pensioners. However the charge made against the general fund balance is limited to the employer's contributions payable to the Pensions Fund in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Statement of Movement in Reserves Statement during the year.

	Funded	Unfunded	Total	Funded	Unfunded	Total
	2015 £'000	2015 £'000	2015 £'000	2016 £'000	2016 £'000	2016 £'000
Comprehensive Income and Expenditure Account						
Cost of Service						
Current Service Cost	2,567	0	2,567	2,511	0	2,511
Past Service (Gain)/Cost	80	0	80	0	0	0
Curtailement (Gain)/Loss		0	0		0	0
Financing and investment income and Expenditure						
Net interest Expense	592	32	624	561	32	593
Total Post Employment Benefit Charged to the surplus or Deficit on the Provision of Services	3,239	32	3,271	3,072	32	3,104
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement						
Remeasurement of the net defined benefit liability						
Return on plan assets (gains)/losses	232	0	232	(11,444)	0	(11,444)
Actuarial (Gains) and losses-demographic assumptions	0	0	0	0	0	0
Actuarial (Gains) and losses-experience	(274)	(6)	(280)	(750)	(16)	(766)
Actuarial (Gains) and losses-financial assumptions	(3,436)	(16)	(3,452)	23,618	105	23,723
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(239)	10	(229)	14,496	121	14,617
Movement in Reserves Statement						
Reversal of net charges made to the comprehensive Income and Expenditure account for post employment benefits in accordance with the Code	(3,239)	(32)	(3,271)	(3,072)	(32)	(3,104)
Actual amount charged against the General Fund balance for pensions in the year:						
- employer's contributions to the pension scheme	1,532		1,532	1,485		1,485
-retirement benefits payable to pensioners		64	64		64	64
Total Charge against the General fund	(1,707)	32	(1,675)	(1,587)	32	(1,555)

Post retirement mortality assumptions as at 31st December applicable to funded and unfunded pensions

	Males		Females	
	2015	2016	2015	2016
Rating to base table	0	0	0	0
Scaling to base table rates	105%	105%	100%	100%
Cohort improvement factors	CMI2012	CMI2012	CMI2012	CMI2012
Minimum underpin to improvement factors	1.50%	1.50%	1.50%	1.50%
Future lifetime from age 65 (currently aged 65)	22.6	22.7	25.5	25.6
Future lifetime from age 65 (currently aged 45)	24.8	24.9	27.8	28

Pension assets and liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the organisations obligation in respect of its defined benefit schemes is as follows

	Funded		Unfunded	
	2015 £000s	2016 £000s	2015 £000s	2016 £000s
Pension Assets and Liabilities				
Recognised in the Balance Sheet				
Fair value of assets	71,953	85,381	0	0
Present value of the defined benefit obligation	(87,863)	(114,302)	(917)	(974)
Net liability arising from defined benefit obligation	(15,910)	(28,921)	(917)	(974)

Notes to the Core Financial Statements

Reconciliation of Fair Value of the Scheme Assets

The unfunded liabilities do not have assets in the scheme to support them. Below is a breakdown of scheme assets in relation to the funded liabilities.

	<u>2015</u>	<u>2016</u>
	<u>£'000</u>	<u>£'000</u>
Balance at 1st January	70,337	71,953
Interest income	2,452	2,651
Remeasurement gains/ (losses) on assets	(232)	11,444
Employer contributions	1,532	1,485
Contributions by scheme participants	790	811
Benefits paid	(2,926)	(2,963)
Balance at 31st December	71,953	85,381

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Funded Liabilities		Unfunded Liabilities	
	2015	2016	2015	2016
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Balance at 1st January	(88,018)	(87,863)	(971)	(917)
Current Service Cost	(2,567)	(2,511)		
Interest Cost	(3,044)	(3,212)	(32)	(32)
Contributions by scheme participants	(790)	(811)		
Remeasurement gains and (losses)				
<i>Actuarial gains and (losses) - demographic assumptions</i>	0	0		
<i>Actuarial gains and (losses) - financial assumptions</i>	3,436	(23,618)	16	(105)
<i>Actuarial gains and (losses) - experience</i>	274	750	6	16
Benefits paid	2,926	2,963	64	64
Past service costs and curtailments	(80)	0		
Balance at 31st December	(87,863)	(114,302)	(917)	(974)

Local Government Pension Scheme Assets

The discretionary benefits arrangements have no assets to cover liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	Assets held	
	<u>2015</u>	<u>2016</u>
Equity investments	75.00%	76.00%
Property	4.60%	4.40%
Bonds	15.20%	14.50%
Other assets *	5.20%	5.10%
TOTAL	100.0%	100.0%

* Other holdings may include hedge funds, currency, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels. The scheme has been assessed by Hewitt Associates Limited, an independent firm of actuaries. Estimates for the fund have been based on the latest full valuation of the funded scheme as at the 31st December 2013 and the unfunded scheme as at 31st December 2014.

The principal assumptions used by the actuary have been:

	Funded element		Unfunded element	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Mortality assumptions				
Longevity at 65 for future pensioners				
Men	24.8 years	24.9 years		
Women	27.8 years	28.0 years		
Longevity at 65 for current pensioners				
Men	22.6 years	22.7 years	22.6 years	22.7 years
Women	25.5 years	25.6 years	25.5 years	25.6 years
Rate of Inflation (RPI)	3.00%	3.20%	2.90%	3.20%
Rate of Inflation (CPI)	1.90%	2.10%	1.80%	2.10%
Rate of Increase in Salaries	3.40%	3.60%	-	-
Rate of Increase in Deferred Pensions	1.90%	2.10%	-	-
Rate of Increase in Pensions	1.90%	2.10%	1.80%	2.10%
Rate for discounting scheme liabilities	3.70%	2.70%	3.60%	2.70%
Take-up of option to convert annual pension into retirement lump sum	75.00%	75.00%		

Notes to the Core Financial Statements

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method.

Impact on the Defined benefit Obligation in the Scheme

Member Life expectancy (+ or - 1 year)
 Rate of increase in salaries (+ or - 0.1%)
 Rate of increase in pensions (+ or - 0.1%)
 Rate for discounting scheme liabilities (+ or - 0.1%)

Increase in Assumption £000	Decrease in Assumption £000
3,386	(3,365)
582	(576)
1,580	(1,557)
(2,128)	2,168

Impact on the Organisation's Cash Flows

The liabilities show the underlying commitment that the Organisation has in the long run to pay post employment / retirement benefits. The total liability of £29.895m has a substantial impact on the net worth of the organisation as recorded in the balance sheet. Arrangements for funding the deficit mean that the financial position of the organisation remains healthy.

- The deficit on the scheme will be made good by contributions over the remaining working life of employees(i.e. before payments fall due), as assessed by the scheme actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The contributions expected to be made by the Organisation to the Local Government Pension Scheme in the year to 31st December 2017 are £1.532m. In addition, contributions towards the unfunded obligations will be required. Expected contributions for the discretionary benefits in the year to 31st December 2017 are £0.064m.

The weighted average duration of the defined benefit obligation for scheme members is 18.8 years.

The scheme will need to take account of the national charges to the scheme under the Public Pensions Services act 2013 Under the act, the Local Government pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

Notes to the Core Financial Statements

8. Property Plant and Equipment

As at 31 December 2016, the Organisation held the following assets

Property plant and equipment were predominantly represented by 48 Delivery vehicles (2015 = 48), 93 Container units (2015 = 93) and Land and Buildings comprising of one general supplies warehouse and office complex located at 41 Industrial Park, Wakefield and one located at Flanshaw Way, Wakefield (no change from 2015).

Property Plant and Equipment

Cost or valuation

Opening balance 1 January 2016
 Acc depreciation write out to gross carrying amount
 Revaluation increase / (decrease) recognised in the Revaluation Reserve
 Revaluation increase / (decrease) recognised in the I&E
 Additions
 Impairment
 Disposals

At 31 December 2016

Depreciation and impairments

Opening balance 1 January 2016
 Charge for depreciation 2016
 Disposals
 Impairment
 Acc depreciation write out to gross carrying amount
 Revaluation

At 31 December 2016

Net Book Value at 31 December 2016

Net Book Value at 1 January 2016

	Land & Buildings £'000	Furniture & Equipment £'000	Computers £'000	Vehicles £'000	TOTAL £'000
Opening balance 1 January 2016	9,240	732	925	3,336	14,233
Acc depreciation write out to gross carrying amount	(156)			-	(156)
Revaluation increase / (decrease) recognised in the Revaluation Reserve		-	-	-	0
Revaluation increase / (decrease) recognised in the I&E	(26)				(26)
Additions	0	6	0	-	6
Impairment					
Disposals					
At 31 December 2016	9,058	738	925	3,336	14,057
Opening balance 1 January 2016	0	387	847	2,727	3,961
Charge for depreciation 2016	156	49	17	188	410
Disposals		-	-	-	0
Impairment		-	-	-	0
Acc depreciation write out to gross carrying amount					0
Revaluation	(156)				(156)
At 31 December 2016	0	436	864	2,915	4,215
Net Book Value at 31 December 2016	9,058	302	61	421	9,842
Net Book Value at 1 January 2016	9,240	345	78	609	10,272

2015 Comparative

Property Plant and Equipment

Cost or valuation

Opening balance 1 January 2015
 Acc depreciation write out to gross carrying amount
 Revaluation increase / (decrease) recognised in the Revaluation Reserve
 Revaluation increase / (decrease) recognised in the I&E
 Additions
 Impairment
 Disposals

At 31 December 2015

Depreciation and impairments

Opening balance 1 January 2015
 Charge for depreciation 2015
 Disposals
 Impairment
 Acc depreciation write out to gross carrying amount
 Revaluation

At 31 December 2015

Net Book Value at 31 December 2015

Net Book Value at 1 January 2015

	Land & Buildings £'000	Furniture & Equipment £'000	Computers £'000	Vehicles £'000	TOTAL £'000
Opening balance 1 January 2015	9,877	684	860	2,774	14,194
Acc depreciation write out to gross carrying amount	(168)			-	(168)
Revaluation increase / (decrease) recognised in the Revaluation Reserve	(61)			-	(61)
Revaluation increase / (decrease) recognised in the I&E	(530)				(530)
Additions	122	49	65	562	798
Impairment					
Disposals					
At 31 December 2015	9,240	732	925	3,336	14,233
Opening balance 1 January 2015	0	317	813	2,521	3,651
Charge for depreciation 2015	168	71	34	206	478
Disposals		-	-	-	0
Impairment		-	-	-	0
Acc depreciation write out to gross carrying amount					0
Revaluation	(168)				(168)
At 31 December 2015	0	387	847	2,727	3,961
Net Book Value at 31 December 2015	9,240	345	78	609	10,272
Net Book Value at 1 January 2015	9,877	367	47	252	10,544

Notes to the Core Financial Statements

8a. Intangible Assets

During 2014 the Organisation spent £118K on developing the company's website, on which customers can place orders and make payments. The costs incurred included IT Development and testing time. All costs have been capitalised as Intangible Assets and amortised over 3 years from the time the assets became operational.

31st Dec 2016

Cost or valuation

Opening balance 1 January 2016
Additions
Impairment
Disposals

At 31 December 2016

Amortisation and impairments

Opening balance 1 January 2016
Amortisation charge for 2016
Impairment
Disposals

At 31 December 2016

Net Book Value at 31 December 2016

Net Book Value at 1 January 2016

Intangible Assets £'000
118
118
49
39
88
30
69

2015 Comparative

Cost or valuation

Opening balance 1 January 2015
Additions
Impairment
Disposals

At 31 December 2015

Amortisation and impairments

Opening balance 1 January 2015
Amortisation charge for 2015
Impairment
Disposals

At 31 December 2015

Net Book Value at 31 December 2015

Net Book Value at 1 January 2015

Intangible Assets £'000
118
118
10
39
49
69
108

9. Inventories

31st Dec 2016	Warehouse Stock £000's	Packing and Materials £000's	Total £000's
Opening inventory balance	12,577	55	12,632
Purchases	61,657	373	62,030
Recognised as an expense in year	(61,804)	(365)	(62,169)
Reduction of Stock in Transit accrual	(60)	-	(60)
Reversals of write offs in previous years	4	-	4
Closing Inventory balance	12,373	63	12,436
Provision for stock write off	(223)	0	(223)
Closing Inventory balance net of provisions made	12,150	63	12,213

31st Dec 2015	Warehouse Stock £000's	Packing and Materials £000's	Total £000's
Opening inventory balance	10,556	75	10,631
Purchases	64,387	356	64,743
Recognised as an expense in year	(62,536)	(376)	(62,912)
Reduction of Stock in Transit accrual	170	-	170
Reversals of write offs in previous years	-	-	-
Closing Inventory balance	12,577	55	12,632
Provision for stock write off	(88)	0	(88)
Closing Inventory balance net of provisions made	12,489	55	12,544

Notes to the Core Financial Statements

10. DEBTORS AND PAYMENTS IN ADVANCE

Debtors represent monies owed to the Organisation at the Balance Sheet date, which are yet to be received as cash. The Organisation also makes provision for outstanding monies that it is anticipated will not be recovered.

	31st Dec 2015 £'000	31st Dec 2016 £'000
Trade Debtors	8,271	8,053
Accumulated Absences	4	7
Less - Provision for Bad Debts	(57)	(66)
	8,218	7,994
Payments in Advance and accrued income	3,609	4,359
Total	11,827	12,353

Debtors are analysed by the following categories

Trade debtors

central government bodies
other local authorities
NHS bodies
public corporations and trading funds
bodies external to general government (i.e. all other bodies).

	31st Dec 2015 £'000	31st Dec 2016 £'000
central government bodies	1	0
other local authorities	5,229	5,736
NHS bodies	24	27
public corporations and trading funds	0	0
bodies external to general government (i.e. all other bodies).	3,018	2,289
	8,271	8,053

Payments in advance and accrued income

central government bodies
other local authorities
NHS bodies
public corporations and trading funds
bodies external to general government (i.e. all other bodies).

central government bodies	-	-
other local authorities	-	-
NHS bodies	-	-
public corporations and trading funds	-	-
bodies external to general government (i.e. all other bodies).	3,609	4,359
	3,609	4,359

11. CREDITORS AND RECEIPTS IN ADVANCE

Creditors represent monies owed by the Organisation at the Balance Sheet date, which have not yet been paid.

	31st Dec 2015 £'000	31st Dec 2016 £'000
Creditors and Receipts in Advance		
Trade Creditors	5,210	5,693
Accruals	2,871	1,764
VAT	159	-32
Accumulated absences	116	118
Total	8,357	7,543

Creditors are analysed by the following categories

Trade creditors

central government bodies
other local authorities
NHS bodies
public corporations and trading funds
bodies external to general government (i.e. all other bodies).

	31st Dec 2015 £'000	31st Dec 2016 £'000
central government bodies	-	-
other local authorities	47	47
NHS bodies		
public corporations and trading funds		
bodies external to general government (i.e. all other bodies).	5,163	5,646
	5,210	5,693

Accruals/VAT

central government bodies
other local authorities
NHS bodies
NHS bodies
public corporations and trading funds
bodies external to general government (i.e. all other bodies).

central government bodies	159	-32
other local authorities	770	607
NHS bodies	-	-
NHS bodies	-	-
public corporations and trading funds	-	-
bodies external to general government (i.e. all other bodies).	2,217	1,275
	3,147	1,850

Long Term Liabilities

Liability relating to Defined Benefit Pension Scheme

	31st Dec 2015 £'000	31st Dec 2016 £'000
Liability relating to Defined Benefit Pension Scheme	16,827	29,895
Total	16,827	29,895

Notes to the Core Financial Statements

12. RISK TO FINANCIAL INSTRUMENTS

The organisation's financial instruments are represented by bank balances, trade creditors and trade debtors. Certain risks are associated with these classes of cash and cash equivalents as follows.

Bank balances are held in UK bank accounts and earn interest based on aggregated overnight investments rates determined by our banking providers. Risks to cash arise in the form of banking failures within the UK.

Creditors are suppliers of goods and services to the organisation. Risk is minimised from a robust set of procedures to ensure that all goods and services supplied to the organisation are properly ordered and received prior to the payment of any sums due.

Debtors are comprised of customers and some trade suppliers owing funds to the organisation. The inherent risk is one of failure to settle outstanding debts due to bankruptcy or other financial problems. Most customers are within the public sector which mitigates this risk to a large extent.

At the end of the financial year the Organisation was at increased risk over debtors due to changes in the economic climate chiefly brought about by the impact of the Government's comprehensive spending review on the organisation's customer base and the change in education from state to academy status schools. Debtors past due are as follows :-

	2015 £'000	2016 £'000
Two to six months	2,148	1,890
Six months to one year	248	222
More than one year	143	61
Total	2,539	2,173

A general provision of £66k (2015 £57k) has been included against all debtors. Bad debt calculations are based on the debtor type and agreed upon with the sales ledger manager.

13. MOVEMENTS IN RESERVES

The General Fund Reserve represents the cumulative retained surplus built up over the life of the business. The General Fund Reserve is used to finance growth in working capital and supports the medium term plans of the business.

The table below shows the balances held in other reserves at the start and end of the year and the net movement in the year. The balances represent undistributed reserves payable to the member authorities.

Reserve	31st Dec 2015 £'000	31st Dec 2016 £'000	Net Movement in the Year £'000	Note
<u>Usable reserves</u>				
General Fund Balance	30,302	28,818	(1,484)	i
Capital Receipts Reserve	85	85	0	ii
Internal Investment Reserve	2,303	1,770	(533)	iii
<u>Unusable reserves</u>				
Joint Committee Capital Adjustment Account	11,014	10,545	(469)	iv
Earmarked Pension reserve	(16,827)	(29,895)	(13,068)	v
Earmarked Accumulated Absences Account	(113)	(111)	1	vi
Revaluation reserve	0	0	0	vii
Total reserves	26,765	11,213	(15,553)	

Notes to the Core Financial Statements

- (i) The General Fund Balance represents the accumulated operating surplus of the Organisation and is maintained at a prudent level, to protect the Organisation against unforeseen events and the realisation of contingent liabilities. Included within the overall General Fund balance is the Financial Stability Fund which as at 31st December 2016 had a balance of £2m.

General fund balance	2015 £'000	2016 £'000
Balance brought Forward 1st of January	29,507	30,302
Surplus or deficit on operations	(701)	(4,039)
Total comprehensive income and expenditure	(701)	(4,039)
Depreciation and impairment	1,048	475
Revaluation losses (gains)		
Capital expenditure charged to the GF	(798)	(6)
Transfer of cash sale proceeds		
Use of UCRR to fund capital expenditure		
Reversal of IAS 19 charges to I&E	3,271	3,104
Employer's pension contributions	(1,596)	(1,549)
Movement in employee absence accrual	44	(2)
Total voluntary adjustments	1,969	2,023
Pension Contribution Reserve	-	-
Internal Investment Reserve	(473)	533
Total transfers to/from cash reserves	(473)	533
Total transfers to/from earmarked reserves	1,496	2,556
Balance Carried Forward 31st December	30,302	28,818
Movement in year represented in the Movement in Reserves Statement	795	(1,484)

- (ii) The Usable Capital Receipts reserve records the receipts from sales of fixed assets less amounts used to finance capital expenditure.

Usable Capital Receipts Reserve	2015 £'000	2016 £'000
Balance brought Forward 1st of January	85	85
Amounts Received		
General receipts	-	-
Amounts Applied		
New Capital Investment	-	-
Balance Carried Forward 31st December	85	85
Movement in year represented in the Movement in Reserves Statement	-	-

- (iii) The Internal Investment Reserve holds funds earmarked to support specific initiatives or activities.

Internal Investment Reserve	2015 £'000	2016 £'000
Balance brought Forward 1st of January	1,830	2,303
Transferred to Reserves		
Reserves for specific projects created in year	1,161	580
Amounts Applied		
Reserve balances utilised in year	(688)	(1,112)
Amounts released back to the General Fund		
Reserve balances no longer required and released back to the General Fund		
Balance Carried Forward 31st December	2,303	1,770
Movement in year represented in the Movement in Reserves Statement	473	(533)

Notes to the Core Financial Statements

(iv) The Joint Committee Capital Adjustment Account is an earmarked reserve representing the accumulation of the write down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal, offset by the resources that have been set aside to finance capital expenditure.

The Joint Committee Capital Adjustment Account accumulates (on the debit side) the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure and to repay debt.

Joint Committee Capital Adjustment Account	2015 £000	2016 £000
Balance brought Forward 1st of January Brought Forward adjustment	11,263	11,014
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(1,048)	(475)
Revaluation (losses) gains on property plant and equipment		
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-	-
Adjusting amounts written out of Revaluation Reserve	1	0
Net Written out amount of the cost of non-current assets consumed in the year	10,217	10,539
Capital financing applied in the year		
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-
Capital expenditure charged against the General Fund	798	6
	11,014	10,545
Balance Carried Forward 31st December	11,014	10,545
Movement in year represented in the Movement in Reserves Statement	(590)	(469)

(v) The Earmarked Pension Reserve is an earmarked reserve representing the difference between the actuarially calculated value of the pension fund assets and the present value of scheme liabilities.

Earmarked Pension Reserve	2015 £000	2016 £000
Balance bought forward 1st January	(18,652)	(16,827)
Actuarial Gains or (losses) on pension assets and Liabilities	3,500	(11,513)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,271)	(3,104)
Employers pensions contributions and direct payments to pensioners payable in year	1,596	1,549
Movement on Assets and Liabilities in year	(16,827)	(29,895)
Movement in year represented in the Movement in Reserves Statement	1,825	(13,068)

(vi) The Earmarked Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year. Proper accounting arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Earmarked Accumulated Absences Account	2015 £000	2016 £000
Balance bought forward 1st January	(69)	(113)
Settlement or cancellation of accrual made in preceding year	69	113
Amount to be accrued for current year	(113)	(111)
Amount to be charged to the Comprehensive Income and Expenditure Statement	(44)	1
Balance as at 31st December	(113)	(111)
Movement in year represented in the Movement in Reserves Statement	(44)	1

Notes to the Core Financial Statements

(vii) The Revaluation reserve represents unrealised gains on the revaluation of property plant and equipment. The balance is reduced when assets with accumulated gains are:

- a) revalued downwards or impaired and the gains are removed
- b) used in provision of services and the gains are consumed through depreciation, or
- c) disposed of and the gains realised

Revaluation Reserve	2015 £000	2016 £000
Balance brought Forward 1st of January	62	0
Upward revaluation of assets	-	-
Difference between fair value depreciation and historical cost depreciation	(1)	0
Revaluation written out to the General Fund	(60)	0
Adjusting amounts written out of the Joint Committee Capital Adjustment Account		
Balance Carried Forward 31st December	0	0
Movement in year represented in the Movement in Reserves Statement	(62)	(0)

14. EMPLOYEE EMOLUMENTS

The table below indicates the numbers of employees whose remuneration was greater than £50,000. Remuneration is defined as amounts paid to or receivable by an employee, including payments in kind, expenses allowances that would be chargeable to UK Income Tax. Termination payments are also included, which can lead to year on year comparisons being distorted.

REMUNERATION BAND £	No of Employees	
	2015	2016
50,000 - 54,999	2	2
55,000 - 59,999	5	2
60,000 - 64,999	1	3
65,000 - 69,999	-	-
70,000 - 74,999	2	-
75,000 - 79,999	-	-
TOTAL	10	7

The table below sets out the remuneration disclosure (Board of Directors) whose salary is £50,000 per year or more by job title. Comparative figures for 2015 are also shown and these officers are excluded from the above table.

2016						
Post	Salary incl. BiK	Expenses	Pay in Lieu of Notice	Redundancy Pay	Pension Contributions	Total Remuneration
Managing Director	126,532	-	-	-	14,592	141,123
Executive Director	94,871	-	-	-	10,542	105,413
Executive Director	93,512	-	-	-	10,542	104,054
Assistant Director	82,239	-	-	-	9,228	91,467
	397,153	-	-	-	44,905	442,058

2015						
Post	Salary incl. BiK	Expenses	Pay in Lieu of Notice	Redundancy Pay	Pension Contributions	Total Remuneration
Managing Director	126,993	-	-	-	14,726	141,719
Executive Director	94,131	-	-	-	10,639	104,771
Executive Director	92,620	-	-	-	10,639	103,260
Assistant Director	81,667	-	-	-	9,313	90,980
	395,412	-	-	-	45,318	440,729

The number of exit packages with the total cost per band of compulsory and other redundancies are set out below.

Notes to the Core Financial Statements

EXIT PACKAGE £	No. of compulsory redundancies		No. of other departures		Total no. of exit packages		Total cost of exit packages	
	2015 No.	2016 No.	2015 No.	2016 No.	2015 No.	2016 No.	2015 £,000's	2016 £,000's
0 - 20,000	6	-	-	1	6	1	69	13
20,001 - 40,000	1	-	-	-	1	-	27	-
40,001 - 60,000	-	-	-	1	-	1	-	45
60,001 - 80,000	-	-	-	-	-	-	-	-
Total	7	0	0	2	7	2	96	58

Exit packages include redundancy costs, the cost of additional payments to the pension scheme and other departure costs.

15. OPERATING LEASES

An operating lease means that the risks and rewards of ownership remain with the lessor.

The Organisation has entered into operating leases with various lives. The future minimum lease payments due under non-cancellable leases in future years are:

	2015 £000	2016 £000
Not later than one year	209	275
Later than one year and not later than five years	387	423
Later than five years	2,262	2,233
	2,858	2,931

Amounts charged, in respect of these leases, to the Comprehensive Income and Expenditure Statement during 2016 were £470k (2015 £490k) of which £29K was rent of Flanshaw Way. The later than five years figure is comprised entirely of a long term lease agreement on the land element of a warehouse property held at Flanshaw Way in Wakefield.

16. AMOUNTS REPORTED FOR DECISION MAKING AND PLANNING

The analysis of Income and Expenditure on the face of the Comprehensive Income and Expenditure Statement is that specified by the Code. This is different to the basis on which the Organisation carries out its budgeting decision making and planning process.

The following shows how the Organisations financial reporting output can be reconciled to the Comprehensive Income and Expenditure Statement.

2015 £'000	YPO Profit & Loss	2016 £'000
	Trading	
72,448	Stores	71,924
16,445	Food	15,625
28,510	Directs	26,355
117,404	Total Invoiced Sales	113,904
(86,673)	Cost of Sales	(83,926)
30,731	Gross Margin	29,978
199	Discounts	142
4,902	Rebates	4,335
2,310	Other Income	2,905
38,142	Total Income	37,361
	Operating Costs	
(16,572)	Employment costs	(17,583)
(1,007)	Premises	(940)
(5,616)	Supplies and Services	(6,178)
(4,725)	Transport	(4,583)
(179)	SLA costs	(102)
1,057	Financial & Misc	(143)
(1,048)	Depreciation	(475)
(28,089)	Total Operating Costs	(30,005)
80	Interest (payable)/receivable	70
-	Profit/(loss) on disposal of assets	-
-	Dividend paid	-
-	Pension costs	-
10,133	Surplus or (deficit)	7,426

Notes to the Core Financial Statements

2015 £'000	Reconciliation of P&L Account to I&E Account	2016 £'000
10,133	Net Profit in P&L Account	7,426
(10,835)	Amounts in the Comprehensive Income and Expenditure Statement not reported to management	(11,465)
-	Amounts included in the P&L not included in the Comprehensive Income and Expenditure Statement	-
(701)	Surplus/(Deficit) on provision of service	(4039)

Reconciliation of Profit and Loss Account to Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the profit and loss account relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

YPO Profit & Loss 2016	P&L Acct £'000	Amts not Alloc'n of rptd for mgt reporting dec making expenses		I&E Statement £'000
		£'000	£'000	
Total Invoiced Sales	113,904	-	-	113,904
Cost of Sales	(83,926)	-	-	(83,926)
Gross Margin				
Discounts	142	-	-	142
Rebates	4,335	-	-	4,335
Other Income	2,905	-	-	2,905
Total Income	37,361	0	-	37,361
Operating Costs				
Employment costs	(17,583)	-	-	(17,583)
Premises	(940)	-	-	(940)
Supplies and Services	(6,178)	-	-	(6,178)
Transport	(4,583)	-	-	(4,583)
SLA costs	(102)	-	-	(102)
Financial & Misc	(143)	-	-	(143)
Depreciation	(475)	-	-	(475)
Total Operating Costs	(30,005)	0	-	(30,005)
Interest (payable)/receivable	70	-	-	70
Profit/(loss) on disposals	-	-	-	0
Dividend paid	-	(8,798)	-	(8,798)
Earmarked reserves funding	-	(1,112)	-	(1,112)
Pension costs	-	(1,555)	-	(1,555)
Surplus or (deficit) on provision of service	7,426	(11,465)	-	(4,039)

YPO Profit & Loss 2015	P&L Acct £'000	Amts not Alloc'n of rptd for mgt reporting dec making expenses		I&E Statement £'000
		£'000	£'000	
Total Invoiced Sales	117,404	-	-	117,404
Cost of Sales	(86,673)	-	-	(86,673)
Gross Margin				0
Discounts	199	-	-	199
Rebates	4,902	-	-	4,902
Other Income	2,310	-	-	2,310
Total Income	38,142	0	-	38,142
Operating Costs				
Employment costs	(16,572)	-	-	(16,572)
Premises	(1,007)	-	-	(1,007)
Supplies and Services	(5,616)	-	-	(5,616)
Transport	(4,725)	-	-	(4,725)
SLA costs	(179)	-	-	(179)
Financial & Misc	1,057	-	-	1,057
Depreciation	(1,048)	-	-	(1,048)
Total Operating Costs	(28,089)	0	-	(28,089)
Interest (payable)/receivable	80	-	-	80
Profit/(loss) on disposals	-	-	-	0
Dividend paid	-	(8,472)	-	(8,472)
Earmarked reserves funding	-	(688)	-	(688)
Pension costs	-	(1,675)	-	(1,675)
Surplus or (deficit) on provision of service	10,133	(10,835)	-	(701)

Notes to the Core Financial Statements

17. RELATED PARTY TRANSACTIONS

The Organisation is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Organisation or to be controlled or influenced by the Organisation.

Transactions with Founder Member Authorities are shown here for clarity. Founder member authorities are not classified as related parties under the Code of Practice or for the purpose of group accounting but have joint control over the Organisation's decision making and business planning. In addition to the founder members the Organisation has 53 associate members who have no influence over Organisational decision making.

Business transactions with the 13 founder members accounts for a significant proportion of the Organisation's turnover. Membership entitles these authorities to a share of any annual profits and equal powers over key business decisions.

The value of business transacted with each founder member was:

	2015	2016
	£'000	£'000
Barnsley	14,850	17,096
Bolton	13,688	9,998
Bradford	24,049	25,108
Calderdale	10,355	11,901
Doncaster	18,279	15,868
Kirklees	20,705	27,367
Knowsley	7,287	9,820
North Yorkshire	21,941	22,882
Rotherham	13,257	13,231
St Helens	9,741	11,138
Wakefield	21,157	21,333
Wigan	15,353	16,387
York	7,798	6,461
	198,461	208,590

The above table includes trade direct with the Organisation which is included in invoiced turnover and business transacted through framework contracts arranged by the Organisation. which are not accounted for as turnover in the comprehensive income and expenditure account.

The YPO Management Committee is made up of elected representatives from each Member Authority. No personal interest in material transactions have been disclosed by any of the elected representatives or senior officers of the Organisation.

One of the Member Authorities, City of Wakefield MDC, acts as servicing authority for YPO and as such, WMDC officers are the Organisation's statutory officers. YPO has commercial support agreements with Wakefield MDC covering certain accounting, treasury, human resource, legal services and vehicle maintenance arrangements.

In 2014 YPO Procurement Holdings and its subsidiary YPO Supplies Ltd began trading with YPO Joint Committee. Board members for YPO Procurement Holdings and YPO Supplies are also members of the Joint Committee board and therefore all transactions between the above companies are classed as related party transactions in accordance with the Code of practice for Local Authority Accounting

The transactions involve a payment from YPO Supplies Ltd to YPO Joint Committee for picking items in the warehouse and the cost of telephone call handing. Those charges are at a standard cost. The cost of goods sold is paid by the Limited Company to the Joint Committee at an agreed transfer price. This includes an element of sales, procurement and marketing costs incurred by the Joint Committee. Other charges include a fee for governance and accounting services. The rationale is to recover the costs of operating on behalf of the new company.

Below is a summary of the amount of transactions that have occurred between the related parties and the amount of Balances outstanding. All transactions are sales from YPO Joint Committee.

	Transactions Value (Ex VAT) for the year £	Outstanding Balance as at 31st Dec 2016 £
YPO Procurement Holdings	-	-
YPO Supplies Ltd	1,170,634	247,815

18. AUDIT COSTS

The following fees were paid to the external auditors for services carried out:

	2015	2016
	£000	£000
Audit Costs		
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor	29	23

Notes to the Core Financial Statements

19. EVENTS AFTER THE BALANCE SHEET DATE

The 24th March 2017 Management Committee Meeting approved the pre audit statement of Accounts and agreed a profit distribution in respect of the 2016 trading year of £7.928m covering members dividend and the YPO loyalty scheme.

This Statement incorporates changes identified during the course of the audit process and no other events have given rise to changes in this statement between the balance sheet date and the authorisation for issue date of the 19th May 2017 when the accounts were authorised for issue by the Audit and Scrutiny Sub Committee.

Glossary of Terms

This glossary is provided to assist the reader. It gives explanations of common terms used in relation to local authority finance (which are not explained elsewhere in the Statement), many of which are used within this document.

Accounting Period

The period covered by the accounts, normally a period of twelve months commencing on 1 January. The end of the accounting period is the balance sheet date, 31 December.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or the actuarial assumptions have changed.

Accumulated Absences

Accumulated absences are sums owing to or from employees at the end of the accounting period not yet claimed back or paid over for hours owed to / from under the flexible working scheme and holiday days over or under used at the period end.

Annual Governance Statement

A non-statutory document which provides an overview of the governance arrangements within the Organisation, aids the effective exercise of Organisation functions, and includes arrangements for the management of risk.

Asset

An item having value in monetary terms. Assets are defined as current or long term. A current asset will be consumed or cease to have material value within the next financial year. A long term asset provides benefits to the Organisation and its services for more than one year.

Audit of Accounts

An independent examination conducted on a test basis, of the Organisation's financial statements.

Budget

A statement of spending plans and anticipated income for a financial year.

Cash equivalents

Are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalent vouchers

These are vouchers issued to customers as loyalty bonus which are redeemable against future purchases.

Current Assets

Is an amount which will become receivable or could be called in within the next accounting period.

Defined Benefit Plans

Are post employment benefit plans other than a defined contribution plan. Usually the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the plan. The plan may be funded or unfunded.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a long term asset, whether arising from use, passing of time or obsolescence through technological or other changes.

Direct Supply

Direct supply refers to the trading method employed by the Organisation where goods ordered by the customer are delivered direct from the supplier rather than the Organisation.

Where items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Organisation's financial performance.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a long term asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments including any initial payments amount to substantially all of the fair value of the leased asset.

Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term "financial instrument" covers both financial assets and financial liabilities and includes trade receivables, trade payables and derivatives.

Financial Procedure Rules

Written rules of the Organisation relating to all matters with financial implications. All Organisation officers must comply with these rules.

Impairment

A reduction in the value of a long term asset below its carrying amount on the balance sheet.

International Accounting Standards (IAS)

Standards developed by the International Accounting Standards Board (IASB) that are required to be followed.

International Financial Reporting Standards (IFRS)

The Standards (including International Accounting Standards (IAS)) developed by the International Accounting Standards Board (IASB) and supported by interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) on which the accounts of this Organisation are based.

Inventories

Inventories include stocks held for resale and all other assets held for use within the Organisation.

Liability

A liability is where the Organisation owes payment to an individual or organisation. A current liability is an amount which will become payable or could be called in within the next accounting period. A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period.

Net Book Value

The amount at which long term assets are included in the Balance Sheet i.e. their historical value or current value less the cumulative amounts provided for depreciation.

Net Expenditure

Gross expenditure less specific income.

Outturn

Actual income receivable and expenditure due in a financial year.

Payments in Advance

These are payments made in advance of goods or services being provided to the Organisation.

Prior year adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Reserve

A reserve is an amount set aside in one financial year and carried forward to meet liabilities in a subsequent financial year, both general and specific liabilities.

Turnover

Turnover is the value of invoices issued to customers for the supply of goods and services.

Useful life

The period over which the Organisation will derive benefits from the use of a long term asset.

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YPO
MANAGEMENT COMMITTEE
TO BE HELD ON
23ND JUNE 2017

TITLE: WORK PROGRAMME

REPORT OF: MANAGING DIRECTOR

1. BACKGROUND INFORMATION

- 1.1. YPO's governance arrangements are defined in the Management Agreement, signed by all Members and include a Management Committee that is made up of two representatives from each of the 13 founder member authorities. The role of this Committee is to develop and monitor the strategic direction and performance of the organisation. The Management Committee is supported by a number of Sub-Committees, each with a different focus.
- 1.2. The Executive Sub-Committee has delegated decision making powers and focuses on performance; the Audit & Scrutiny Sub-Committee focuses on the probity of processes, the detail of our strategy and also have the authority to scrutinise the outcomes of decisions made; and the Joint Consultative Committee (JCC) is concerned with employee relations. The JCC has a different constitution to the Sub-Committee as it includes representation from trade unions as well as councillors; whereas the membership of the Sub-Committees is drawn only from those councillors who sit on the Management Committee.
- 1.3. The Management Committee, Executive Sub-Committee and JCC meet three times per annum and the Audit & Scrutiny Sub-Committee meet four times per annum.
- 1.4. Each member authority provides its representatives with access to a Senior Officer from that council to provide advice and guidance to the councillor. Collectively these individual officers are known as the Strategic Officers Advisory Group and they meet three times a year in line with the committee cycle.
- 1.5. The Board of Directors (including an Independent Director) provide assurances to the Management Committee and to the associated Sub-Committees that YPO has an effective and challenging strategy and that the organisation is well placed to meet those challenges.

2. WORK UNDERTAKEN BY THE MANAGEMENT COMMITTEE

2.1. During the 2016/17 committee year the Management Committee met on three planned occasions (including the 2016 AGM) and received reports on a number of topics and endorsed and approved the works of the Sub-Committees. Each Sub-Committee forwards the minutes of its meetings to the Management Committee for formal approval.

3. WORK UNDERTAKEN BY THE EXECUTIVE SUB-COMMITTEE

3.1 The Executive Sub-Committee has a membership of nine members drawn from the Management Committee (including the Chair and Vice Chair of the Management Committee) and met three times during the year. Its primary purpose is to review the performance of the organisation, ensure delivery of the agreed strategy and review the performance of the Managing Director.

3.2 Following each meeting minutes are presented to the Management Committee and matters arising are discussed.

4. WORK UNDERTAKEN BY THE AUDIT & SCRUTINY SUB-COMMITTEE

4.1. The Audit & Scrutiny Sub-Committee has a membership of sixteen members drawn from the Management Committee and meet four times during the year. Its primary purpose is to undertake the duties of 'those charged with governance' under delegation from the Management Committee and to scrutinise strategies and actions of the YPO Management Team and provide feedback, comment and recommendations.

4.2. The Audit & Scrutiny Sub-Committee has delegated powers to sign off the annual financial statements and annual governance report on behalf of the Management Committee and ensure it has sufficient information and knowledge to undertake those duties.

4.3. Following each meeting minutes are presented to the Management Committee and matters arising are discussed.

5. WORK UNDERTAKEN BY JCC

5.1. The JCC meets three times per annum and its membership is drawn from the YPO Management Committee, the YPO branch of unison and the unison regional co-ordinator.

5.2. In meeting the primary focus of its terms of reference the JCC has discussed a range of topics raised by members and employees during the meetings and any matters arising have been raised at management committee as appropriate.

6. WORK PROGRAMME

6.1. The Principal Agenda Items for each Sub-Committee are attached in Appendix 1.

6.2. We have indicated those items expected to be discussed in public session and those to be received in private session.

7. TERMS OF REFERENCE

7.1. The Terms of Reference have been reviewed again during this year and have been

reviewed at each committee. They are attached as Appendix 2 for approval.

8. TRAINING AND TIMETABLE

- 8.1. Attached at Appendix 3 is a proposed Training Schedule for each Sub-Committee. The training will be delivered in half hour slots immediately prior to each meeting.
- 8.2. Appendix 4 provides a proposed schedule for meetings from July 2017 – June 2018.

9. RECOMMENDATIONS

- 9.1. To agree the Terms of Reference.
- 9.2. To agree the Principal Agenda Items for 2017/18.
- 9.3. To agree the Meeting Schedule and Training Schedule 2017/18.

11 STRATEGIC IMPLICATIONS

- 11.1 There are no specific Strategic Implications associated with this report.

12 LEGAL IMPLICATIONS

- 12.1 There are no specific Legal Implications associated with this report.

13 FINANCIAL IMPLICATIONS

- 13.1 There are no specific Financial Implications associated with this report.

REPORT AUTHOR: SIMON HILL, MANAGING DIRECTOR

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WF2 0XE

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APPENDICES:

Appendix 1 – Principal Agenda Items
Appendix 2 – Terms of Reference
Appendix 3 – Meeting Schedule 2017/18
Appendix 4 – Training Schedule 2017/18

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PRINCIPAL AGENDA ITEMS 2017 - 2018

MANAGEMENT COMMITTEE

November 2017	Author	Agenda
Budget and Business Plans for 2017	PS/S Hall	Private
Associate Member Proposals	JM/DB	Public
Business Update	SH	Private
YPO Pay Policy	JW	Public
Lead Authority Issues	BL	Public
Appointment of Auditors	PS	Public
Independent Director Role	JW	Public
Report of Independent Director	Independent Director	Private

March 2018	Author	Agenda
Pre-Audit Statement of Accounts <i>(For information only)</i>	PS/S Hall	Public
Dividend Distribution <i>(Total amount of dividend)</i>	PS/ S Hall	Private
Internal Audit Annual Report	CT	Public
Associate Member Proposals	JM/DB	Public
Business Update	SH	Private
Report of Independent Director	Independent Director	Private
Internal Audit Plan	CT	Public
Standing Orders & Financial Procedure Rules	PS/S Hall	Public
Lead Authority Issues	BL	Public

June 2018	Author	Agenda
Annual Report	SH	Public
Audited Accounts <i>(For information only)</i>	PS/S Hall	Public
Governance Review	PS/DW	Public
TOR and Work Programme	SH	Public
Business Update	SH	Private
Role of Independent Director	SH	Public
Lead Authority Issues	BL	Public
Membership of the YPO Management Committee	KS	Public
Appointments to Sub-Committees & Joint Consultative Committee	KS	Public
Dividend Distribution <i>(Individual Dividend Amounts)</i>	PS	Private
Report of Independent Director	Independent Director	Private

PRINCIPAL AGENDA ITEMS 2017 - 2018

EXECUTIVE SUB COMMITTEE

November 2017	Author	Agenda
Performance Report	PS/S Hall	Private
Lead Authority Issues	BL	Public
Business Update	SH	Private
YPO Pay Policy	JW	Public
Stock Losses Report	PS	Private
Associate Member Proposals	PS	Public

March 2018	Author	Agenda
Performance Report	PS/S Hall	Private
Lead Authority Issues	BL	Public
Business Update	SH	Private
Standing Orders & Financial Procedure Rules	PS/S Hall	Public
Project SEED (Social Value Work)	PS	Private
Earmarked Reserves Spend	PS	Public
Associate Member Proposals	PS	Public

June 2018	Author	Agenda
Performance Report	PS/S Hall	Private
Business Update	SH	Private
Lead Authority Issues	BL	Public
Exec Sub Work Programme & TOR	SH	Public
Associate Member Proposals	PS	Public

PRINCIPAL AGENDA ITEMS 2017 - 2018

AUDIT & SCRUTINY SUB COMMITTEE

September 2017	Author	Agenda
People Strategy	JW	Public
IT Programme Update	GR	Private
Stock Losses	PS	Private
Internal Audit Action Update	PS/DW	Private
Customer Satisfaction Survey	JM	Private
Sales Analysis	JM	Private

November 2017	Author	Agenda
Internal Audit Plan Template 2017	CT	Public
Risk Management Process	PS/DW	Public
Risk Register	PS/DW	Private
Year End Closedown Timetable	PS/S Hall	Public
External Audit Plan	KPMG	Public
Annual Audit Letter	KPMG	Public
IT Programme Update	GR	Private
Appointment of Auditors	PS	
Warehouse & Logistics Strategy	JW	Private

February 2018	Author	Agenda
Internal Audit Action Update	PS/DW	Private
Annual Governance Statement	PS/S Hall	Public
Pre-Audit Statement of Accounts (report will be submitted late but will be in for the official papers deadline)	PS/S Hall	Public
Internal Audit Annual Report 2016	CT	Public
Internal Audit Plan 2016	CT	Public
IT Programme Update	GR	Private
Commercial Strategy/ Sales Analysis	JM	Private
Stock Losses	PS	Private
Gifts & Hospitality	JW	Public

May 2018	Author	Agenda
External Audit Report	KPMG	Public
Audited Statement of Accounts	PS/S Hall	Public
Audit & Scrutiny Sub Work Programme & TOR	SH	Public
Governance Review	PS/DW	Public
Internal Audit Progress	CT	Public
IT Programme Update	GR	Private
ICT Strategy & Business Change Programme	PS/GR	Private
Procurement Services Strategy	PS	Private
Lead Authority SLA Costs	S Hall	Public

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Yorkshire Purchasing Organisation

Management Committee Terms of Reference 2017/18

Number of Members

Twenty Six Councillors – Two from each Member Authority

Quorum

Member representation from at least five Member Authorities

Substitutes

Two named substitutes from each Member Authority.

Frequency of Meetings

Three times per annum.

Suggested duration: Max 2 hours (10:30am – 12:30pm)

Remit

1. To approve and keep under review a long term plan setting out the strategic direction of YPO.
2. To consider, approve and keep under review Standing Orders, Financial Procedure Rules and the Officer Delegation Scheme prior to subsequent approval by Member Authorities, and to carry out such actions as are required by these rules.
3. To provide leadership for Risk Management across YPO and ensure Risk Management is used as a strategic and operational tool.
4. To keep under review the method of distributing annual dividends, and decide annually on the amount and timing of dividend distribution.
5. To periodically review the membership of YPO.
6. To appoint annually at the Annual General Meeting an Audit & Scrutiny Sub-Committee and an Executive Sub-Committee, and a Joint Consultative Committee and receive minutes or reports from them highlighting any areas that require action by the Management Committee.
7. To seek assurances from the sub-committees that YPO is acting with all due care and attention.
8. 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.

Yorkshire Purchasing Organisation

Executive Sub-Committee Terms of Reference 2017/18

Number of Members

Nine Councillors, including Chair and Vice Chair of the Management Committee.
Not more than one Councillor from any member authority.

Quorum

Three voting members.

Substitutes

Agreed named substitutes are Allowed.

Frequency of Meetings

Three times per annum.

Remit

1. To ensure that the performance of YPO is in accord with established business plans.
2. To receive trading reports from senior managers and that trading operations are in line with approved business plans.
3. To review the performance of the organisation in achieving its objectives through an examination of performance data and relevant performance indicators.
4. To receive reports on spending against approved budgets.
5. To review annually its terms of reference and report any additions and amendments to the Management Committee.
6. To provide an update to Management Committee on the activities of the Committee by way of meeting minutes and responses to any matters arising.
7. To consider applications for Associate Membership of YPO, and recommend them for approval by the Management Committee.

To act with delegated authority of the Management committee in respect of:

1. To approve annually, medium term business plans, annual budgets and decisions to ensure year-end targets are achieved.
2. To approve individual capital investment proposals, in line with the overall investment plan agreed by the Management Committee.
3. To agree conditions within which goods, materials and services can be supplied to Member Authorities, Associate Members and other Local and Public Authorities covered by the Local Authorities (Goods and Services) 1970 act and any subsequent modifications.

Yorkshire Purchasing Organisation

Audit & Scrutiny Sub-Committee Terms of Reference 2017/18

Number of Members

Sixteen Councillors, but not the Chair or Vice Chair of the Management Committee

Frequency of Meetings

Four times per annum subject to annual review, to be scheduled approximately one month prior to Management Committee meetings.

Quorum

Four voting members.

Substitutes

Agreed named substitutes are allowed.

Remit

1. To ensure that the highest standards of probity and public accountability are demonstrated and in doing so ensure effective governance of YPO.
2. To provide the Management Committee with a reasonable assurance of the efficient and effective operation of the overall internal control environment within YPO, through a systematic appraisal of its framework of internal controls, processes and data quality.
3. To consider internal audit plans and performance to ensure the work of internal audit is planned and carried out with due regard to major risks, areas of significant financial effect and the need to cover the range of the service, and to challenge and review actions taken by senior managers on significant audit recommendations.
4. To consider the external audit work programme and monitor the implementation of significant external audit recommendations.
5. To ensure that an appropriate risk management strategy has been drawn up and to monitor that risk management procedures are being carried out effectively, including the establishment of a reserves policy.
6. To review annually its terms of reference and report any additions and amendments to the Management Committee.
7. To provide an update to management committee on the activities of the committee activity by way of meeting minutes and responses to any matters arising.
8. To ensure the effectiveness of decisions made by YPO by means of conducting scrutiny reviews in accordance with both an approved programme and on an ad-hoc "call in" basis.
9. In conducting reviews receive evidence and call witnesses as appropriate for each review so as to determine how decisions were made, on what basis were they made, if appropriate account of options and risks were considered, if the decisions made reflected original statements of intent and if decisions were made in a timely fashion

and if they were made in the best interests of YPO and in accord with YPO's public accountability and code of corporate governance.

10. To prepare a report following each review, setting out conclusions and recommendations, for submission to the Management Committee.
11. To review periodically the response of senior managers to completed reviews.
12. To carry out reviews requested by the Executive Sub-Committee and the Management Committee.

To act with delegated authority of the Management committee in respect of:

1. To approve the annual governance statement to the Management Committee for inclusion in the annual statement of accounts, and review the implementation of any audit recommendations arising from the final accounts audit.
2. To approve the acceptance of the annual statement of accounts. In the event the Committee not being quorate the Chair of the Audit & Scrutiny 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.

Yorkshire Purchasing Organisation

Joint Consultative Committee Terms of Reference 2017/18

Number of Members

- Five Councillors (including the Chair and Vice Chair of the Management Committee) drawn from different member authorities.
- The Chair and Secretary of the YPO branch of UNISON.
- The UNISON Regional Organiser responsible for liaising with YPO.

Frequency of Meetings

Three times per annum, linked to Management Committee meetings.

Quorum

Two Councillors and two Trade Union officials.

Substitutes

Agreed name substitutes are allowed.

Remit

1. To represent and co-ordinate the views locally of UNISON and Members of the YPO Management Committee on issues of common interest in relation to YPO.
2. To raise issues, make recommendations and reach agreement on issues which have an effect on the employees of YPO, but without binding effect on either party.
3. To monitor and challenge the outputs of any employee satisfaction survey.
4. To promote the well-being of employees and monitor and challenge matters related to sickness and attendance.
5. To promote, challenge and monitor YPO's actions in relation to it being an employer of choice and its public sector equality duties.
6. To review annually its terms of reference and report any additions and amendments to the Management Committee.
7. To provide an update to management committee on any matters arising which warrant a wider discussion.

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Date of Meeting	Papers Deadline	Board Meeting	Strategic Officers Meeting	Executive Sub Committee	Management Committee	JCC Members Meeting	Audit & Scrutiny Sub Committee	Partnership Liaison Meeting
July								
18/7	9:00	Noon – Wednesday 12 th July	Board Meeting					
August								
15/8	9:00	Noon – Wednesday 9 th August	Board Meeting					
September								
15/9	10:30	Noon – Wednesday 9 th August					Audit & Scrutiny Sub	
19/9	9:00	Noon – Wednesday 13 th September	Board Meeting					
October								
TBC		N/A						Partnership Meeting
17/10	9:00	Noon – Wednesday 11 th October	Board Meeting					
20/10	10:30	Noon – Wednesday 13 th September		Strategic Officers				
November								
3/11	10:30	Noon – Wednesday 11 th October					Audit & Scrutiny Sub	
10/11	10:30	Noon – Wednesday 11 th October		Executive Sub				
21/11	9:00	Noon – Wednesday 15 th November	Board Meeting					
24/11	9:30	Noon – Friday 17 th November				JCC		
24/11	10:30	Noon – Wednesday 11 th October			Management Committee			
December								
12/12	9:00	Noon – Wednesday 6 th December	Board Meeting					
January								
16/1	9:00	Noon – Wednesday 10 th January	Board Meeting					
February								
TBC	11:00	N/A						Partnership Meeting
13/2	10:30	Noon – Wednesday 7 th February	Board Meeting					
9/2	10:30	Noon – Wednesday 10 th January		Strategic Officers				
16/2	10:30	Noon – Wednesday 10 th January					Audit & Scrutiny Sub	
March								
9/3	10:30	Noon – Wednesday 7 th February		Executive Sub				
20/3	9:00	Noon – Wednesday 14 th March	Board Meeting					
23/3	9:30	Noon – Friday 16 th March				JCC		
23/3	10:30	Noon – Wednesday 7 th February			Management Committee			
April								
17/4	9:00	Noon – Wednesday 11 th April	Board Meeting					
May								
TBC	9:00	N/A						Partnership Meeting
18/5	10:30	Noon – Wednesday 11 th April		Strategic Officers				
22/5	9:00	Noon – Wednesday 16 th May	Board Meeting					
25/5	10:30	Noon – Wednesday 11 th April					Audit & Scrutiny Sub	
June								
8/6	10:30	Noon – Wednesday 16 th May		Executive Sub				
19/6	9:00	Noon – Wednesday 13 th June	Board Meeting					
29/6	9:30	Noon – Friday 22 nd June				JCC		
29/6	10:30	Noon – Wednesday 16 th May			Management Committee			

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TRAINING SCHEDULE FOR 2017 - 2018



	EXEC SUB COM	AUDIT & SCRUTINY SUB COM
Date and Training Topic	10 th November 2017 Workforce/ People Strategy Warehouse & Logistics Strategy Julie Wray	15 th September 2017 Financial Management Steven Hall
Date and Training Topic	16 th March 2018 Commercial & Customer Strategy Procurement Services Strategy Jo Marshall/ Paul Smith	3 rd November 2017 External & Internal Audit Relationship Carl Tweed
Date and Training Topic	8 th June 2018 IT Strategy & Business Change Programme Gavin Rimmington	16 th February 2018 Risk Management Diana Wright
Date and Training Topic	N/A	25 th May 2018 Business Planning Steven Hall

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YPO
MANAGEMENT COMMITTEE
TO BE HELD ON
23RD JUNE 2017

TITLE: ASSOCIATE MEMBERSHIP APPLICATIONS

REPORT OF: STRATEGIC RELATIONSHIP MANAGER

1 PURPOSE OF REPORT

1.1 Provide details of formal applications for YPO Associate Membership received from strategic customers within key target geographies in the North West and London.

2 SUMMARY

2.1 Applications from:

- Allerdale Borough Council
- Pendle District Council
- London Borough of Camden
- London Borough of Haringey

2.2 Allerdale Council has previously worked with Cumbria County Council as a regional sub district authority however is keen to develop a more local procurement strategy although still collaborating with the county council as appropriate. They have limited use of YPO currently with some engagement on Waste and ICT category areas.

Potential future opportunities include £200k spend on waste management and yet to be scoped out spend in Fleet, HR Services and Water Supply.

2.3 Pendle Council have not previously utilised any YPO services and is committed to improve its procurement function and make better use of collaborative frameworks. Key service areas for improvement have been identified as Grounds Maintenance and Waste Management with potential opportunities in addition including Fuel Cards, Fleet Tyres and HR Services with total spend in excess of £500,000.

2.4 LB Camden also have had little engagement with YPO historically on frameworks although schools in the borough have been buying catalogue products from YPO therefore growth is across both modes of supply. We have already been engaged on significant spend opportunity in the HR Agency Labour market and also identified

potential other opportunities with Recruitment Advertising worth over £800,000 and Energy supply when current arrangements with Laser come up for review.

2.5 LB Haringey have existing spend through some collaborative frameworks YPO has been involved with for example DPS, Insurance Services, Consultancy and Travel Management valued at approximately £800,000. Schools in the borough have also been utilising YPO for catalogue products so the growth opportunity here is across both modes of supply. Haringey working with YPO PBP have already identified around £3 million of potential future spend through YPO frameworks including Cleaning & Janitorial Financial Services and Consultancy.

2.6 Estimated Baseline Figures 2016

Customer	Stock & Direct	Contractual	Total
Allerdale BC	£0k	£0k	£0k
Pendle DC	£0k	£0k	£0k
LB Camden	£32k	£0k	£32k
LB Haringey	£48k	£840k	£888k

3 RECOMMENDATIONS

3.1 This application submitted is recommended for approval as it falls within the criteria established in 2014 for Associate Membership and supports continued growth for YPO nationally providing for further engagement opportunity in the North West and London.

3.2 Growth criteria for membership should be set at £500,000 in line with the agreed criteria established in 2014.

3.3 The attached customer application meets the strategic criteria as laid down in the paper previously approved in August 2014 and therefore recommended for approval.

4 BACKGROUND

4.1 Allerdale is a non-metropolitan district of Cumbria with borough status. The council is based in Workington and the borough has a population in excess of 100,000. The Borough of Allerdale was formed under the Local Government Act 1972, on 1 April 1974 by the merger of the municipal borough of Workington, the urban districts of Maryport, Cockermouth and Keswick; and the rural districts of Cockermouth and Wigton, all of which were within the administrative county of Cumberland. In 1995 Allerdale was granted borough status.

4.2 Pendle is a local government district and borough of Lancashire adjoining the Lancashire boroughs of Burnley and Ribbles Valley, the North Yorkshire district of Craven and the West Yorkshire districts of Calderdale and the City of Bradford. It has a total population of 90,100. The current district was created in 1974 as a result of local government reorganisation from the former Municipal Boroughs of Nelson and Colne, the former urban districts of Barnoldswick, Barrowford, Brierfield, Earby and Trawden, and from parts of Burnley Rural District and Skipton Rural District. The Barnoldswick, Earby and Skipton parts are historically in the West Riding of Yorkshire. They are today referred to collectively as West Craven.

- 4.3 Camden was created in 1965 from the former area of the metropolitan boroughs of Hampstead, Holborn, and St Pancras, which had formed part of the County of London. The borough was named after Camden Town, which had gained its name from Charles Pratt, 1st Earl Camden in 1795. The area is in the northern part of the city, reaching from Holborn and Bloomsbury in the south to Hampstead Heath in the north. Neighbouring areas are the City of Westminster and the City of London to the south, Brent to the west, Barnet and Haringey to the north and Islington to the east.
- 4.4 Haringey is a London borough in North London, classified by some definitions as part of Inner London, and by others as part of Outer London. It was created in 1965 by the amalgamation of three former boroughs. It shares borders with six other London boroughs. Clockwise from the north, they are: Enfield, Waltham Forest, Hackney, Islington, Camden, and Barnet. Haringey covers an area of more than 11 square miles (28.5 km²). Some of the more familiar local landmarks include Alexandra Palace, Bruce Castle, Jacksons Lane, Highpoint I and II, and Tottenham Hotspur Football Club. The borough has extreme contrasts, areas in the west, such as Highgate, Muswell Hill and Crouch End are among the most prosperous in the country; in the east of the borough, some wards are classified as being among the most deprived 10% in the country.
- 4.5 Discussions have also been taking place with Merseyside Police in relation to submitting an application for Associate Membership which they have indicated will be forthcoming but as yet this has not been received.

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 £9.230m (as per the 2016 dividend distribution).
 - The risk proportion of the fund is 30%.
 - The usage proportion of the fund is 50%.
 - The Loyalty proportion of the fund is 20%.

The opening position would be as follows, as per the 2016 dividend distribution: -

	£ 000's
Members total	6,855
Associates and non-members	2,375
Total	9,230

If the additional income from the new membership was £2,000,000 as mentioned in section 3.2, then this might translate into an additional profit of around £100,000, 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	6,892	6,855	37
Associates and non-members.	2,388	2,375	13
Total	9,280	9,230	50

6. LEGAL IMPLICATIONS

6.1 There are no specific legal implications associated with this report.

SERVICE DIRECTOR: PAUL SMITH, EXECUTIVE DIRECTOR

YPO
41 Industrial Park
Wakefield
WF2 0XE

Telephone Number: 01924 834969
Email Address: paul.smith@ypo.co.uk

CONTACT OFFICER: DAVID BEMROSE, STRATEGIC RELATIONSHIP MANAGER

YPO
41 Industrial Park
Wakefield
WF2 0XE

Telephone Number: 01924 834812
Email Address: david.bemrose@ypo.co.uk

APPENDICES:

Appendix 1 – Allerdale BC Application Form
Appendix 2 – Allerdale BC Letter of Application
Appendix 3 – Pendle BC Application Form
Appendix 4 – Pendle Letter of Application
Appendix 5 – LB Camden Application Form
Appendix 6 - LB Camden Letter of Application
Appendix 7 – LB Haringey Application Form and Letter of Application

Better value, delivered.



Application for Associate Membership

Name of Authority:

Allerdale Borough Council

Address:

Allerdale House
New Bridge Road
Workington
Cumbria

Postcode:

C A 1 4 3 Y J

Contact Name:

Barbara Watson

Position:

Procurement Officer

Contact Telephone Number:

01900 702521

Contact Email:

barbara.watson@allerdale.gov.uk

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

We currently deal with Wendy Clarke for general YPO Framework advice.

Framework procurement has been with the following categories:

Waste Management & Environmental Services - wheeled bins - Helen Wardman

Postal Goods & Services - RM1063 - Lot 3 Hybrid Mail off site solution - Catherine Land



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

Procurement workshops

Application for Associate Membership



Please indicate any potential growth opportunities (please include the category area and indicative spend value):
 Waste Management & Environmental Services - wheeled bins - Next Financial Year supply - Approximate value £200K

Fleet - value unknown until we complete our review and identify requirements

HR Services & Solutions - Temporary & Permanent Recruitment - value unknown until we complete our review and identify requirements

Please provide details of any potential collaborative opportunities:

Waste Management & Environmental Services - wheeled bins - Next Financial Year supply - possibility to work with Copeland Borough Council

Fleet - Possibility to work in some areas with Cumbria Cumbria Council

Energy - Water Supplier - Possibly share a contract with Cumbria districts

Signed:

Barbara



Position:

Procurement Officer

Date

29/03/2017

Please send this completed Application Form, together with a letter, signed by a Senior Officer of the Authority to:

David Bemrose
 Strategic Relationship Manager

YPO,
 41 Industrial Park,
 Wakefield,
 WF2 0XE

Please tick areas of interest:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Catalogue products | <input type="checkbox"/> Insurance Services |
| <input type="checkbox"/> Highways | <input type="checkbox"/> Financial Services |
| <input checked="" type="checkbox"/> Fleet | <input checked="" type="checkbox"/> HR Services |
| <input type="checkbox"/> Building Maintenance | <input type="checkbox"/> Social Care |
| <input type="checkbox"/> Business, Administrative & Travel | <input checked="" type="checkbox"/> Energy |
| <input type="checkbox"/> Enforcement Agency | <input type="checkbox"/> ICT |

This matter is being dealt with by: Mrs Barbara Watson

Department Name: Procurement

Direct Line: 01900 702521

E-mail: barbara.watson@allerdale.gov.uk

Date: 16th May 2017



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

Dear Mr Bemrose

Re: Allerdale Borough Council - YPO Associate Membership Application

Please find our application form accompanying this letter requesting Allerdale Borough Council as an Associate Member.

Having used the YPO framework last year I envisage that our way forward for various service contracts may be procured using the YPO framework and especially as an associate member if you will kindly accept our request.

Yours sincerely

Andrew Seekings
Corporate Director



**Allerdale - a great
place to live,
work and visit**

**Allerdale Borough Council
Allerdale House
Workington
Cumbria CA14 3YJ
Tel: 01900 702702
Fax: 01900 702507**

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Better value, delivered.



Application for Associate Membership

Name of Authority:
Pendle Borough Council

Address:
Financial Services
Nelson Town Hall
Market Street
Nelson

Postcode:

Contact Name:
Mr Craig Finn

Position:
Accountant

Contact Telephone Number:
01282 661014

Contact Email:
Craig.Finn@pendle.gov.uk

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

None at present

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

As part of the Council's published Efficiency Plan 2016-20, and 'Saving' theme within its approved Financial Strategy, the Council is committed to improving its procurement arrangements - through the use of public sector procurement frameworks.

As the Council updates its Procurement and Commissioning Strategy to reference the above, the Council's Management Team will be asked to endorse the document and disseminate to relevant officers.

Council Officers will also be advised of the Council's YPO Associate Membership at this time.

Continued overleaf...

Application for Associate Membership



Please indicate any potential growth opportunities (please include the category area and indicative spend value):
 The Council is to critically review key services such as Grounds Maintenance and Waste Collection and areas for growth within this review include, but are not limited to (15/16 outturn figures):

Fuel Card and Associated Services £254,000;
 Agency Labour - £312,000
 Fleet (eg specialist vehicles/tyres) - £16,000 tyres.

Please provide details of any potential collaborative opportunities:

(This area is currently blank in the document)

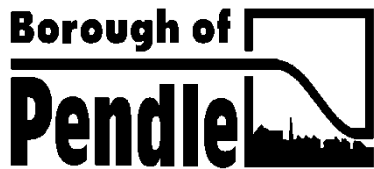
Position:
Accountant

Date:
4th April 2017

Please send this completed Application Form, together with a letter, signed by a Senior Officer of the Authority to:

David Bemrose
 Strategic Relationship Manager
 YPO,
 41 Industrial Park,
 Wakefield,
 WF2 0XE

- Please tick areas of interest:
- | | |
|--|---|
| <input type="checkbox"/> Catalogue products | <input type="checkbox"/> Insurance Services |
| <input type="checkbox"/> Highways | <input type="checkbox"/> Financial Services |
| <input checked="" type="checkbox"/> Fleet | <input checked="" type="checkbox"/> HR Services |
| <input type="checkbox"/> Building Maintenance | <input type="checkbox"/> Social Care |
| <input type="checkbox"/> Business, Administrative & Travel | <input type="checkbox"/> Energy |
| <input type="checkbox"/> Enforcement Agency | <input type="checkbox"/> ICT |



FINANCIAL SERVICES

Town Hall, Market Street, Nelson, Lancashire BB9 7LG

Date: 4th April 2017
Our Ref: PBC/YPO
Ask for: Craig Finn
Direct Line: (01282) 661014
E-Mail: craig.finn@pendle.gov.uk
Service Head: Vince Green

Sent via post

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

Dear David,

Pendle Borough Council – Application for Associate Membership

Please find enclosed completed application for Associate Membership to YPO on behalf of Pendle Borough Council.

The Council agrees to work closely with YPO, where appropriate and practical for both parties, in pursuance of its Efficiency Plan and Financial Strategy objectives, via improved procurement arrangements eg YPO public sector framework agreements.

Where applicable, the Council will promote YPO catalogue supplies to its budget holding departments and share future procurement plans with YPO as they become available.

Yours sincerely,

Vince Green
Financial Services Manager

Enc.



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Better value, delivered.



Application for Associate Membership

Name of Authority:

LONDON BOROUGH OF CAMDEN

Address:

5 PANCRAS SQUARE
LONDON
N1C 4AG

Postcode:

N 1 C 4 A 4 G

Contact Name:

OLIVIA CHOWDHURY

Position:

PROCUREMENT PROJECT MANAGER

Contact Telephone Number:

020 7974 3459

Contact Email:

Olivia.Chowdhury@camden.gov.uk

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

- * We will be using YPO HR Services and Solutions Framework
- * We will review if any other YPO contracts are currently being used.

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

- * We will promote YPO frameworks for future procurement.
- * Liaise with Kim Sharpe, YPO Strategic Business Partner to identify opportunities for promotion

Application for Associate Membership



Please indicate any potential growth opportunities (please include the category area and indicative spend value):

* Water Contracts (de-regulation of the non-domestic water market April 2017)
 * Energy Contracts

Please provide details of any potential collaborative opportunities:

Camden Council's E.D of Corporate Services will be working part-time for Birmingham City Council as Chief Financial officer.
 Collaboration opportunities may arise.

Signed:

Position:

HEAD OF PROCUREMENT

Date:

24 March 2017

Please send this completed Application Form, together with a letter, signed by a Senior Officer of the Authority to:

David Bemrose
 Strategic Relationship Manager

YPO,
 41 Industrial Park,
 Wakefield,
 WF2 0XE

Please tick areas of interest:

- | | |
|--|--|
| <input type="checkbox"/> Catalogue products | <input type="checkbox"/> Insurance Services |
| <input type="checkbox"/> Highways | <input checked="" type="checkbox"/> Financial Services |
| <input checked="" type="checkbox"/> Fleet | <input checked="" type="checkbox"/> HR Services |
| <input type="checkbox"/> Building Maintenance | <input type="checkbox"/> Social Care |
| <input type="checkbox"/> Business, Administrative & Travel | <input checked="" type="checkbox"/> Energy |
| <input type="checkbox"/> Enforcement Agency | <input type="checkbox"/> ICT |



Procurement
London Borough of Camden
Judd Street
London
WC1H 9JE

Phone: 020 7974 3459
Email: oliquir.chowdhury@camden.gov.uk

Kim Sharpe
Procurement Business Partner - London
YPO
41 Industrial Park
Wakefield
WF2 0XE

24th March 2017

Dear Kim,

Re: YPO Associate Membership

Please find enclosed Camden Council's application for Associate Membership of YPO.

I look forward to hearing from you

Yours Sincerely

Annemarie Connors
Head of Procurement

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Central Procurement

Barry Phelps, Head of Procurement



Kim Sharpe
Procurement business Partner – London
YPO
41 Industrial Park
Wakefield
WF2 0XE

Date: 17th March 2017

Your ref:

Our ref:

Dear Kim,

Re: YPO Associate Membership

Please find enclosed Haringey Council's application for Associate Membership of YPO.

I look forward to hearing from you.



Barry Phelps

Head of Procurement

Better value, delivered.



Application for Associate Membership

Name of Authority:

LONDON BOROUGH OF HARINGEY

Address:

ALEXANDRA HOUSE 10 STATION RD. LONDON

Postcode:

N 2 2 [] 7 T R

Contact Name:

PETER CAPP

Position:

STRATEGIC PROCUREMENT PARTNER

Contact Telephone Number:

0208 489 3979

Contact Email:

peter.capp@haringey.gov.uk

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

DPS: £310K
 INSURANCE SERVICES: £523K
 CONSULTANCY: £9K
 TRAVEL MANAGEMENT: £10K.

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

LBOH HAVE IDENTIFIED c £3M PA OF SPEND THAT CAN BE PLACED VIA YPO FRAMEWORKS IN AREAS SUCH AS:

- ARTS + LEISURE
- FINANCIAL SERVICES
- CLEANING + JANITORIAL
- HEALTHCARE
- CONSULTANCY
- BUILDING + CONSTRUCTION

Continued overleaf...

Application for Associate Membership



Please indicate any potential growth opportunities (please include the category area and indicative spend value):

LBOTH ESTIMATE c£3M PA OF SPEND VIA YPO FRAMEWORKS

Please provide details of any potential collaborative opportunities:

LBOTH ARE OPEN TO PARTICIPATION AS OPPERTUNITIES ARISE

Signed:

[Handwritten signature]

Position:

HEAD OF PROCUREMENT

Date:

17/3/17

Please send this completed Application Form, together with a letter, signed by a Senior Officer of the Authority to:

David Bemrose
Strategic Relationship Manager
YPO,
41 Industrial Park,
Wakefield,
WF2 0XE

Please tick areas of interest:

- Catalogue products
- Highways
- Fleet
- Building Maintenance
- Business, Administrative & Travel
- Enforcement Agency
- Insurance Services
- Financial Services
- HR Services
- Social Care
- Energy
- ICT

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YPO
MANAGEMENT COMMITTEE
TO BE HELD ON
23RD JUNE 2017

TITLE: ROLE OF THE INDEPENDENT DIRECTOR

REPORT OF: ASSISTANT DIRECTOR HR AND LOGISTICS

1. PURPOSE OF REPORT

- 1.1 To give Members an overview of the options available to them on expiry of the Independent Director's contract at the end of October 2017.

2. RECOMMENDATIONS

- 2.1 To recruit again for a further two year contract through open advertisement and to agree the next steps at point 6.1.

3. BACKGROUND

- 3.1 On 25th March 2011 Management Committee gave consideration to a report that outlined the potential need for independent commercial advice to support the existing governance arrangements.
- 3.2 The report proposed that an Independent Director be appointed to sit on the YPO Board of Directors, responsible for providing independent challenge and advice. A detailed discussion took place and it was agreed that an Independent Director be appointed to sit on the YPO Board of Directors for a two year period.
- 3.3 Malcolm Hepworth was subsequently appointed for a two year period from October 2011 to September 2013, and on review at the AGM in June 2013 his contract was extended for a further year. To retain independence there was no further option to extend the incumbent's contract.
- 3.4 At the AGM in June 2014 Management Committee agreed to recruit a new Independent Director on a two year contract. Dennis Heywood was subsequently appointed for a two year period from November 2014 to October 2016, and on review at the AGM in June 2016 his contract was extended for a further year to the 31st October 2017. To retain independence there is no further option to extend the incumbent's contract
- 3.5 In 2011 the role of the Independent Director was introduced to provide assurances to the management committee that the 'new' Board were operating effectively and in line with governance arrangements. This role was initially only proposed for a two year period, however both YPO Board and the management committee have found a real

benefit over the last five years in having this independent challenge both at Board and the various committees.

4. OPTIONS AVAILABLE

- 4.1 i) To recruit again for a further two year contract through open advertisement.
- ii) Decide not to replace the role if it is no longer considered necessary.

5. FINANCIAL IMPLICATIONS

The Independent Director is engaged on a consultancy basis and paid a fee of £25,000 in 12 equal instalments. This fee has not increased since inception of the post in 2011 and market research shows that for the time commitment this is still a fair and comparable fee.

6. NEXT STEPS

- 6.1 If a further appointment is agreed Members to agree an appointments panel and delegate responsibility for the appointment to that panel. Further ratification will not be required and members will be notified of the outcome by email following the selection process.

SERVICE DIRECTOR: JULIE WRAY, EXECUTIVE DIRECTOR

Yorkshire Purchasing Organisation
41 Industrial Park
Wakefield
WF2 0XE

Telephone No: 01924 834897
E-mail address: julie.wray@ypo.co.uk

APPENDIX:

Appendix 1 - Draft Role Profile

Role Specification - Independent Director

Responsibilities

- ✓ Contribute a knowledgeable and interesting perspective to discussions using business and financial experience, having held a senior position in a large/complex and fast growing organisation
- ✓ Provide robust challenge to public sector Board colleagues with regard to the organisation's direction of travel, market presence and commerciality
- ✓ Comment incisively and helpfully on the content, format and conduct of meetings to enhance the calibre of decision making
- ✓ Inform the Board as to commercial disciplines that may be beneficial, whilst recognising the nuances of working closely within the public sector
- ✓ Act as mentor to the Board where appropriate, helping to shape the culture and behaviours of the organisation
- ✓ Constructively question the Board members on their individual project plans for improvement and growth, and offer suggestions and support

Experience

- ✓ Has experience of working in a complex company structure, ideally with experience of both the public and private sector,
- ✓ Is commercially astute with demonstrable experience of managing /overseeing complex budgets. Experience in a senior finance or commercial role would be an advantage
- ✓ A good record of achievement at Board/senior executive level in a large commercial business with experience in the leadership of major transformational change and modernisation, ideally including structural change such as merger or acquisition
- ✓ Demonstrable commercial, financial, entrepreneurial and/or managerial acumen and proven track record at a senior level and the ability to 'think outside the box', bringing a fresh approach and appraisal of issues that may cast a new light on matters
- ✓ An understanding of providing strategic direction and knowledge of governance and how Boards should add value
- ✓ Ability to assimilate and interpret varied information from different sources; has an analytical approach and reasons logically and objectively

Qualities

- ✓ Maintains standards of probity and works within the regulatory and governance framework including adhering to the YPO's Governance regulations
- ✓ Understands and demonstrates commitment to YPO's culture and ethos, objectives and values
- ✓ Ability to govern – does not manage and clearly understands the need for separation of roles
- ✓ Commits to making a contribution, learning, adding value and maintaining confidentiality

- ✓ Applies specialist knowledge and experience appropriately
- ✓ Develops and maintains relationships with people (e.g. Board members, Elected Members and key stakeholders)
- ✓ Good communicator and listener with an appreciation of the nuances of working across the public sector and a level of political acumen
- ✓ The inter-personal skills required to deliver challenge helpfully whilst building the confidence of Board colleagues

Commitment and Remuneration

- ✓ This appointment is remunerated at £25,000 per annum plus reasonable travel expenses to be paid in 12 monthly instalments via payroll in line with IR35 regulations
- ✓ The term of the appointment is 2 years
- ✓ Attendance is required at monthly Board meetings plus 12 committee meetings which are scheduled annually at the June AGM. The remuneration package also allows for any additional ad hoc meetings up to a maximum of 3 that are not scheduled in advance.



YPO
MANAGEMENT COMMITTEE
TO BE HELD ON
23RD JUNE 2017

TITLE: APPOINTMENT OF EXECUTIVE DIRECTOR

REPORT OF: MANAGING DIRECTOR

1. PURPOSE OF REPORT

1.1 To ratify the appointment of the Executive Director by the YPO Appointments Sub Committee.

2. RECOMMENDATIONS

2.1 That the recommended appointee to the position of Executive Director be appointed on the terms recommended by the Appointments Sub Committee.

3. BACKGROUND INFORMATION

3.1 Members agreed a recommended change to the existing Board Structure at the Management Committee on 24th March 2017. The agreed change required an Appointments Sub Committee to be established to interview the ring-fenced candidate for the newly created position of Executive Director. The Appointments Sub Committee met on 13th April and the Minutes are attached as Appendix A. Wakefield Metropolitan District Council provided HR support to the Committee to ensure impartiality in the interview process. The Managing Director also attended in an advisory capacity, but was not a member of the interview panel.

4. FINANCIAL IMPLICATIONS

4.1 The appointment will be made at the salary of £88,443 as proposed in the report to members on 24th March 2017, backdated to the date of the Appointments Sub Committee. This equates to an on-cost of £11,026 per annum.

4.2 The funding for this additional salary cost will be contained within the Logistics element of the operational budget approved by Members for 2017.

5. RISK IMPLICATIONS

5.1 There are no risks associated with implementing the proposed course of action.

6. LEGAL IMPLICATIONS

6.1 The advice obtained from the Lead Authority has ensured that the proposals contained in this report comply with current employment legislation and with the requirements of the YPO Management Agreement dated 8th September 2011.

SERVICE DIRECTOR: SIMON HILL, MANAGING DIRECTOR

YPO
41 Industrial Park
Wakefield
WF2 0XE

Telephone No: 01924 834912
E-mail address: simon.hill@ypo.co.uk

APPENDIX:

Appendix 1: Minutes of Appointments Sub-Committee dated 13th April 2017

APPOINTMENTS PANEL

THURSDAY 13TH APRIL 2017

MINUTES

Present: The Chair (Councillor L Shaw)
Councillors R Barnard, F Walker.

In attendance: S Hill, G Clayton

1) Members' Declaration of Interest.

No declarations of interest were made.

2) Exclusion of the Public – Exempt Information.

Resolved – “That the public and press be excluded from the meeting during consideration of agenda item 3 on the grounds that it is 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

3) Interviews for the post of Executive Director.

An interview was held for the candidate who had been ring-fenced for the post of Executive Director.

Resolved – That Julie Wray be appointed Executive Director.

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