

Better value, delivered.

Appendix 2



ANNUAL REPORT

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! 20



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"It would be wrong for me to start my statement for 2020 with anything else but a thank you."

Councillor Les Shaw
Chairman - YPO

Chairman's Statement



Councillor Les Shaw

On behalf of the YPO Management Committee, I'm delighted to introduce the YPO Annual Report and Performance Summary for the 2020 financial year.

It would be wrong for me to start my statement for 2020 with anything else but a thank you – a thank you to the public sector and specifically the NHS and emergency services for pulling together through the most challenging period of our lifetime, during the Covid-19 pandemic. Also huge praise to all frontline workers for their dedication during this time.

A thank you to my local authority colleagues for adapting to unprecedented pressures created by the pandemic, in scaling up or scaling down services at emergency speed.

A thank you to YPO staff for their quick response to meeting the needs of customers and the public sector - and finally a thank you to YPO customers, for their patience, understanding and loyalty to our organisation.

As you'll read more about this in the report, YPO's rapid response to the pandemic supported the public sector with key-product lead services for cleaning, hygiene, PPE and food products, while also implementing and directing customers to new and unique solutions.

As 2020 unfolded, YPO remained operational and continued to deliver new procurement services to the public sector, while supplying schools with products and services to help them as they adjust to the new norm and maintain focus on educating our future generations.

The other members and I would like to reiterate our thanks to all staff YPO for their hard work over the year, as we head into another year of uncertainty with further challenges ahead.

"2020 was a year like no other - YPO had to quickly respond to the unprecedented challenges created by the Covid-19 pandemic."

Simon Hill
Managing Director - YPO

Managing Director's Statement



Simon Hill

2020 was a year like no other. As with so many across the world, YPO had to quickly respond to the unprecedented challenges created by the Covid-19 pandemic.

Immediately after the first lockdown was announced by the government on 23 March 2020, we had adapted our operations to wholeheartedly support the public sector. As schools closed, we focused our efforts on supplying essential products to meet emergency demand with cleaning, hygiene, PPE and food products as priorities.

We worked with local authorities and our suppliers, to identify pressure points and find appropriate solutions, such as sourcing products for food banks, IT solutions and specialist vehicles for organisations in need.

A new policy procurement notice meant contracts could be adjusted specifically in reaction to the pandemic conditions, with facilities in place to enable temporary staffing solutions and deep cleaning for public sector buildings, with capabilities to create temporary buildings for hospital wards.

By July, when schools started to re-open fully, we shifted our operations once again to support them with new social distancing and cleaning challenges. We opened our range to all customers including limited company customers, but PPE and Covid-19 related products were only available to our public sector customers.

Financially, we suffered a loss in our education side of the business when schools closed, which affected our cashflow position. The disruption unfortunately led to the organisation not making any profit and for the first time we were unable to deliver any dividend to members and associate members. I am confident that this impact has been contained within 2020 and that next year will see us return to contributing funds into the public purse through our commercial activities.

I'm immensely proud of our response to the pandemic and would like to thank staff, members, suppliers and customers for the hard work and resilience shown during this time.



Rising to the challenge

The Covid-19 pandemic created the largest disruption of education systems in history. The closure of schools and educational establishments around the UK resulted in a seismic shift in the way that education is delivered.

With more spending required on deep-cleaning and sanitation, along with investment in the infrastructure required to deliver learning digitally, the financing of education faced major challenges, further exacerbating pre-Covid-19 education funding gaps.

For this reason, we had to become even more agile and innovative, helping to create efficiencies wherever possible through the introduction of several new initiatives.

Adapting operations to meet demand.

The arrival of the pandemic in early 2020 had a far-reaching impact on all sectors. For the education sector, buying priorities shifted, with an immediate focus on product-led services for cleaning, hygiene, PPE, and food products, as well as IT support for the increase in home-working across the sector. With investment in PPE alone seeing an increase in spending of over 550% versus 2019, we needed to quickly adjust our focus to meet changing demand.

To meet this challenge, we worked closely with business managers, headteachers and suppliers to identify pressure points, find appropriate solutions, develop services, and adapt insurance contracts. This shift in focus helped to make sure that education establishments were equipped with the tools needed to react to the changing situation. We also introduced contact-free delivery to our customers, helping to try to keep everyone safe and healthy.

We also worked closely with the Home to School app, Vectare, to adapt the app to meet new needs created by the pandemic. Initially designed to help parents monitor their children's journeys on school buses, the app was updated to monitor capacity onboard buses to support social distancing on each journey. Track and Trace capabilities were also integrated into the software to create student by student contact reports, sending GDPR compliant notifications to parents if a student or driver reports symptoms. This led to the app being approved by the [Department for Education](#).



Supporting the public sector

The pandemic created an array of challenges for the public sector, with many authorities needing to quickly scale up or scale down their provision and services. Like many other businesses and workplaces, the sector looked for ways to make sure their staff could work safely at home or in social distanced offices and locations.

Yet unlike other organisations, local authorities were also presented with new and significant demands for emergency social care provision, including the food packages to the most vulnerable, the supply of PPE, temporary staff, specialist cleaning, IT, medical solutions, and more.

Undoubtedly, procurement had and continues to play a key role in meeting these challenges. The government announced an update to the procurement regulations which allowed for a shorter turnaround for purchases during lockdown to enable local authorities to respond quickly and flexibly.

The expertise of our procurement services team really came to play as we supported the sector with the use of direct awards and further competitions through our frameworks. We joined worked with central government including Crown Commercial Services, Ministry of Housing, Community and Local

Government, the Cabinet Office, National Advisory Group and the Local Government Association, to coordinate the supply chain response on PPE across all public sector buying organisations.

We also engaged with key suppliers to provide solutions and information on how our offerings and frameworks can support the challenges. This included webinars on the UK Construction Insurance Market, and how to optimise Fleet Hire Agreements. We published information on a solution for safeguarding students on their home to school journey during the pandemic through our [Home to School app](#). We also developed some content with our teams and suppliers on topics such as [how apprenticeships are going to continue during the pandemic](#), and [what's happening in recruitment across the sectors and what changes are being seen](#). In addition, we provided a [Covid-19 Procurement Guide](#).



Helping charities and local authorities

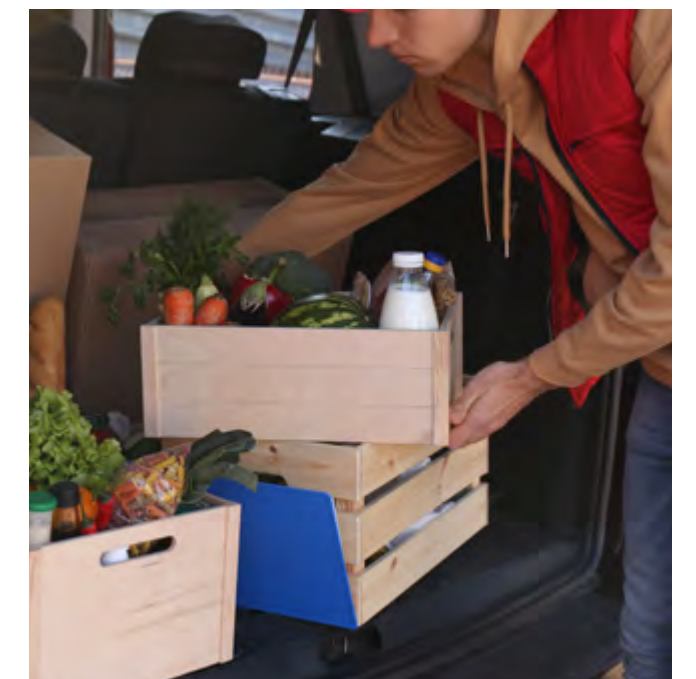
During 2020, we adapted our operations to support the public sector during the pandemic while also being a helping hand to local authorities, food banks and local charities across the north.

Since the start of the outbreak, we did everything we could to make sure that school children, vulnerable children and people, and key workers were still being provided to. We've continued to provide food deliveries, free school meal takeaway services and hampers to schools in Yorkshire and the north west region that remained open.

We also worked with The Real Junk Food Project, a charity that works on reducing food waste by intercepting food from supermarkets that would have gone to landfill. We provided food to the charity and in the first few weeks of the outbreak, the charity delivered over 800 isolation packs made up of food and other essentials to those in isolation in Wakefield and Leeds and delivered over 300 parcels free-of-charge to NHS staff in the area.

Fareshare Yorkshire, another organisation that use food that would otherwise have been discarded from supermarkets to produce meals - and that are sold on a pay what you want basis - have also seen donations from us as well as Wakefield Health and Wellbeing Centre and Halifax Opportunities Trust.

We're proud to continue living to our core values through these challenging times and we will continue to provide for the public sector and front line services during this time.



Supporting the post-pandemic curriculum

"The sudden shift away from classroom-based learning has made Twinkl's expertise in educational resources and its vast range of digital teaching materials increasingly relevant."

The pandemic also had a significant impact on the way we deliver and access information, share knowledge and deliver education. In addition to taking a practical approach to the provision of product lead services, we leveraged our ongoing partnership with online educational publisher Twinkl to support home-schooling and the recovery curriculum.

We also worked with EdTech Impact and its education technology suppliers to get an effective home learning offering to pupils in response to the pandemic. As a result of this activity, they've managed to secure free access to over 400 high quality learning resources for children throughout the UK.

The sudden shift away from classroom-based learning has made Twinkl's expertise in educational resources and its vast range of digital teaching

materials increasingly relevant. We worked closely with Twinkl to deliver a range of digital resources to support home-schooling, the recovery curriculum since the return to school in September, and the ongoing need for digital resources when classes are required to isolate.

In addition to the successful Twinkl partnership, we continued to sponsor Roald Dahl Learning Resources, providing schools with lesson plans and resources centred around some of the most loved Roald Dahl books. The resources are created to align with national curriculum learning objectives for English, Maths, Science and PSHE, providing schools with additional free resources that have also been invaluable in the ongoing supply of home-learning resources during the pandemic.





Staying safe on site or at home

Following government guidance, we quickly took action to make sure that people that needed to be on site (warehouse, cleaners, drivers, some customer service staff) were safe.

We set up one-way systems around the building, sanitising provisions, and social distancing measures in line with government guidance.

For those working from home, our IT team provided IT equipment and office equipment such as chairs and carried our DSE assessments.

Our HR team developed working from home guidelines as well as advice to support employee health, mental health and wellbeing - given the length of time away from the office and also the restrictions in place at the time on people's every-day life. This included signposting to NHS, mental health sites, and our employee assistance programme.

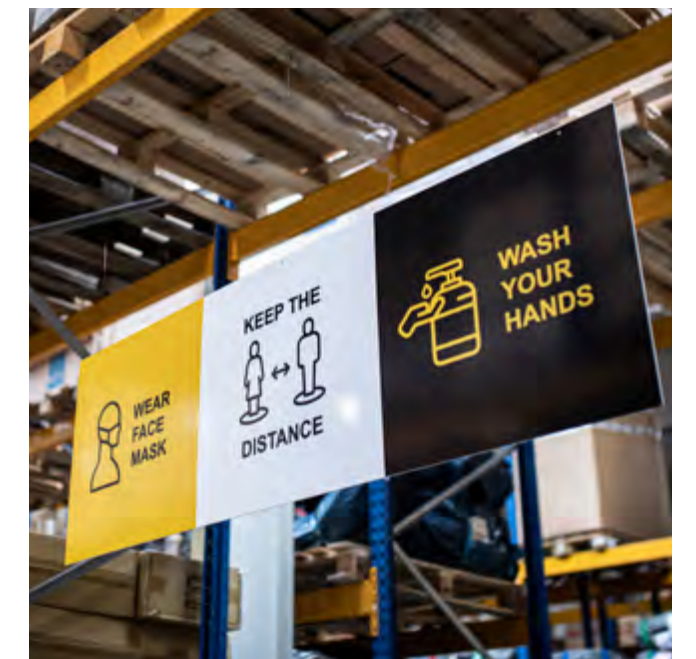
Line manager guidance was also provided to support their teams remotely as well as regular updates on government guidance around symptom checking, travel guidance, NHS track and trace – all done digitally in the main.

Where office staff have needed to work onsite, it was always 'if essential' to protect those that must work on site to do their job.

Our Board members and senior leadership team established a rota system to provide leadership and support for team working on site.

Future planning

Towards the end of 2020, we carried out a survey to see how our people would prefer to work going forward. The majority have adapted to working from home well and would prefer a mix of working at home and coming into the office (blended working arrangement) and this something we're looking to implement when restrictions ease, while supporting people through another change.



"When the first lockdown was announced in March, we turned the way we communicated with staff on its head."

New ways of communicating

When the first lockdown was announced in March, we turned the way we communicated with staff on its head. We immediately set up a text service (sending business updates to people on their personal mobiles) and used digital documents to communicate with our operations teams and our online staff when we had to close for a short period of time. The text service and digital communications has continued for our operations teams even when they returned to work on site, as it's become a great way to keep more communication channels open. Some staff don't have smartphones or any mobile, so we posted information to their home addresses.

Instead of face-to-face meetings and staff briefings we turned to virtual sessions, using video content featuring Board and our senior leadership team, to maintain communication and engagement with all staff at home or working onsite in the warehouse.





Our digital journey

In line with the urgent operational adjustments we implemented in late March, we also made sure that our website and online experience reflected the shift and met emergency needs of our customers.

Our digital team immediately set to work on prioritising the specific list of products (PPE, cleaning, hygiene, food) that we were solely supplying during the first lockdown, by amending the search function and creating content to support our customers.

During this time, our team were already working through significant performance improvements needed on the website following the implementation of our new finance system earlier that year.

Despite the challenges in the first half of the year, our peak buying period for schools in 2020 was our busiest online to date - outperforming the same five-week period over June and July in 2019 by almost £370k.

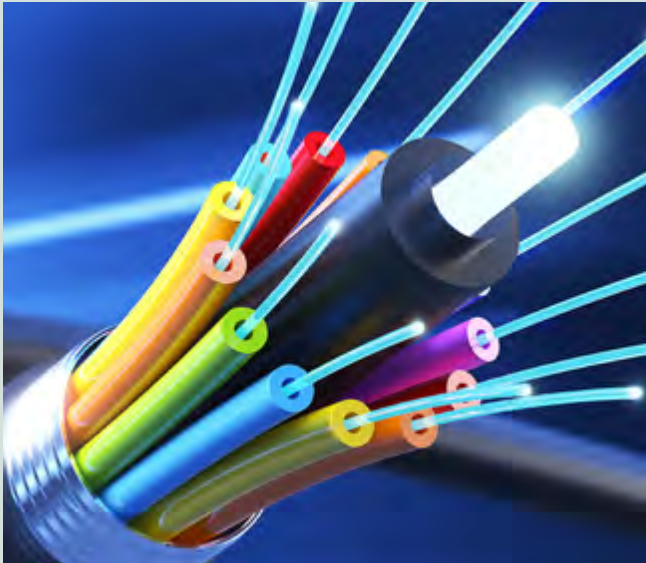
In a year of many firsts, we also launched a new area called *'Contracts for Schools'* – a hub dedicating to providing resources and information for schools looking to buy services such as energy, ICT, food and facilities management.

In what continued to be a transformational year for our website, we worked tirelessly with our digital partner Sagittarius to complete hundreds of change requests, as all users, including customers and staff, required more out of the website to support the challenges created by the pandemic.

Innovative procurement solutions

"The first-of-its kind framework was created to offer a full range of connectivity and communication technology services to all public sector organisations"

Network Connectivity and Telecommunications framework



APRIL

In April, we launched a new ICT Managed Service for Education and WPS framework for schools and public sector organisations. As our first education framework to consist of a single supplier, the framework was created to offer a full range of technology services. The framework provides schools and public sector establishments across the UK with a pre-approved, complete one-stop-shop from Capita to support all current and future technology needs. It covers sourcing, procurement, management, installation and maintenance across a range of IT, network, telecommunications and software services.

[View framework »](#)

AUGUST

In August, we launched a new Commissioning Solutions framework providing up to 15%-time efficiency savings and procurement management in the public sector. In a partnership between adam, a digital services provider, the single-supplier framework has been created to offer bespoke commissioning solutions to local authorities and public sector organisations. The framework provides compliant access to a range of services, enabling users to personalise how best to manage their procurement and rapidly adapt their categories of spending in relation to digital services. The framework supports every area within a public sector setting, including health and social care, transport, housing, and construction.

[View framework »](#)

OCTOBER

In October, we launched a new national Network Connectivity and Telecommunications framework valued at £750million. The first-of-its kind framework was created to offer a full range of connectivity and communication technology services to all public sector organisations, from blue light to central and local government. The framework includes sourcing, procurement, delivery and support for local area networks, wide area networks, cyber security, digital fibre infrastructure, smart cities and internet of things, communications services, and mobile, voice and data solutions.

[View framework »](#)

NOVEMBER

In November, we launched a new national Building Envelope Services DPS valued at £500m. The DPS was created to offer a full range of design, supply, project management, installation, restoration, and maintenance for all the external elements that make up the envelope of any type of building structure. From the 27 suppliers available on the DPS, 85% of them are SMEs, helping public sector organisations to generate greater social value through their spending.

[View framework »](#)

"With education budgets increasingly tight, our Contracts for Schools team offers customers a way to maximise their buying power."

Providing free procurement support for schools

In September 2020, we set up a new team dedicated to simplifying the procurement process for schools.

Research carried out by the British Educational Suppliers Association (BESA) found that 40% of schools currently believe that their procurement process is not cost-effective. With education budgets increasingly tight, our Contracts for Schools team offers customers a way to maximise their buying power and simplify the procurement process while also remaining compliant with public sector procurement regulations.

Since we were first established in 1974, we've helped drive public sector efficiency savings through our bulk buying power for product supplies and centralised contract services initiatives. The new team offers schools direct access to these benefits completely free of charge, reducing the need for costly in-house administration and procurement support.

[View our Contracts for Schools offering here »](#)



Win at the National Insurance Awards

"We aim to support and guide public sector organisations to make sure that they understand their risks, and present them to the market, to guarantee the best possible cover is in place, while delivering better value for money."

Agnieszka Gajli

Category Manager | Corporate and Financial Services

In partnership with ESPO and NEPO, we were delighted to win Initiative of the Year Award at the National Insurance Awards 2020, for our insurance solutions.

The National Insurance Awards celebrates excellence in the insurance sector, highlighting the very best in general insurance provision and management.

Winning this accolade recognises how our insurance solutions are innovative as well as delivering greater efficiency and collaboration through our UK national framework for insurance brokers with a supporting dynamic purchase system for insurers. Our solutions for public sector organisations leverage the market positions of insurance brokers and optimise value available from the insurance market.



"Achieving a one star accreditation is a 'significant achievement that shows an organisation is taking workplace engagement seriously.'"



Climbing up the Sunday Times 100 list

YPO has been ranked in The Sunday Times 100 Best Companies to Work for, retaining our place as a UK Best Not-for-Profit Organisation to Work for and obtaining a one-star accreditation for 2020.



We climbed 13 places from 2019, coming in 66th place, an accolade we're incredibly proud of.

The ranking is based upon the b-Heard survey that Best Companies run each year. It's a confidential survey sent out to employees from organisations who register to the Best Companies list. Respondents are given the option answer questions anonymously relating to factors such as their wellbeing manager and overall engagement towards the business. Best Companies receive the results and correlate them together to establish the rankings of the awards.

According to Best Companies, achieving a one-star accreditation is a 'significant achievement that shows an organisation is taking workplace engagement seriously.' It also signifies 'very good levels of workplace engagement'.

Our member authorities

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

Our members



Our associate members



Our plans for the future

As we leave one of the toughest years in our lives and one the toughest year in YPO history, we're looking at 2021 as a time to refresh.

2021 is a year of recovery and stabilisation for YPO. Aside from the pandemic, 2020 has been a particularly challenging year and we've not been able to provide the high levels of customer experience we're known for due to several factors.

To recover successfully from this period, we'll focus on customer retention, regaining trust and confidence, and accelerating our digital experience across the organisation coming out stable and stronger.

The ever-changing market, now more than ever, shows that we need to continue to look for new ways to engage, retain customers and attract new ones. Customer expectations are continually changing and evolving, and we need to be able to meet the ever-increasing expectations. Our focus on our customers remains as firm as ever.

Education

Our key themes will be to recover and grow. To recover, we need to rebuild our customers trust and confidence in our overall proposition. We'll continue to enhance and improve our offers and make sure we have a solid foundation in terms of stock availability, delivery options and customer experience. Alongside this, we'll continue to focus on our ranges and continually enhance our online customer experience.

We'll continue to grow our core education offering into early years, primary and secondary alongside enhancing our multi-academy trust offer by engaging with key stakeholders in education - particularly the Department for Education, BESA and ISBL. We'll grow

business in London and the south while protecting our heartland areas. We'll focus heavily on growing the our procurement services offering into education.

We'll invest in offering a seamless online self-service functionally that allows customers to manage their accounts and experience with YPO digitally for 2021 and beyond. The functionality needs to offer a competitive edge against competitors.

Public Sector

The accelerated public sector growth plan comes during a very challenging commercial year. We had in place significant growth in our rebate generation for 2020 and we'll achieve around 75% of our original target of nearly 90% of 2019's performance. A number of key solutions such as corporate travel and printing saw a major decline in while others saw reduced usage or major procurements parked as the UK focused attention on dealing with Covid.

We've planned an ambitious return to growth for 2021 and plans to put in place growth plans for 2022-2024 to align with our new three-year strategy. This will be achieved through delivering a great customer experience, investing in our people, harnessing data and digital transformation.

We continue to lead on shaping the relationship with other public sector buying organisations (CCS, ESPO and NEPO) so that we continue to partner on joint collaborations. We've had success with this model, which benefits us and the public sector as a whole.

Our board of directors



Simon Hill
Managing Director

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



Jo Marshall
Executive Director

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



Julie Hawley
Executive Director

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



Jacquie Lightfoot
Executive Director

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



Rob McWilliam
Independent Director

Rob was appointed in 2017 to provide independent guidance to the organisation as a member of the Board of Directors. He has over 25 years management experience working with leading global businesses including Amazon and ASDA/Wal-mart. Rob was most recently Chief Financial Officer for ASDA where he is responsible for managing the company's financial planning, management of financial risks and financial reporting.



Jon Towler
Independent Director

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

Performance summary

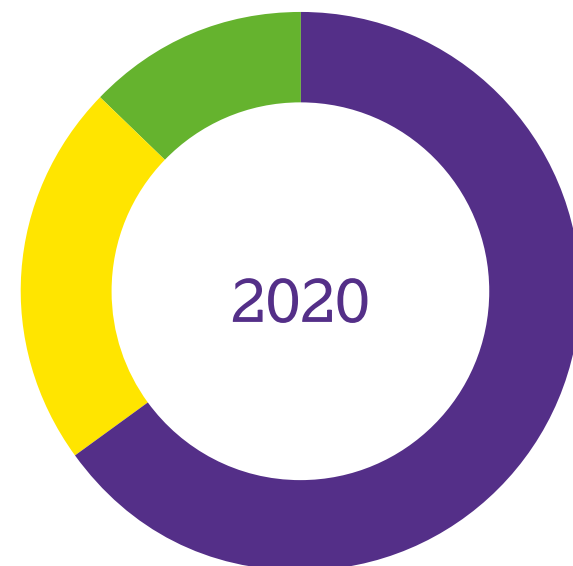
Total spend under management **£1.77bn**

Account activated in 2020

Joint committee accounts	2,834
Limited company accounts	7,690

Turnover by category (£000s)

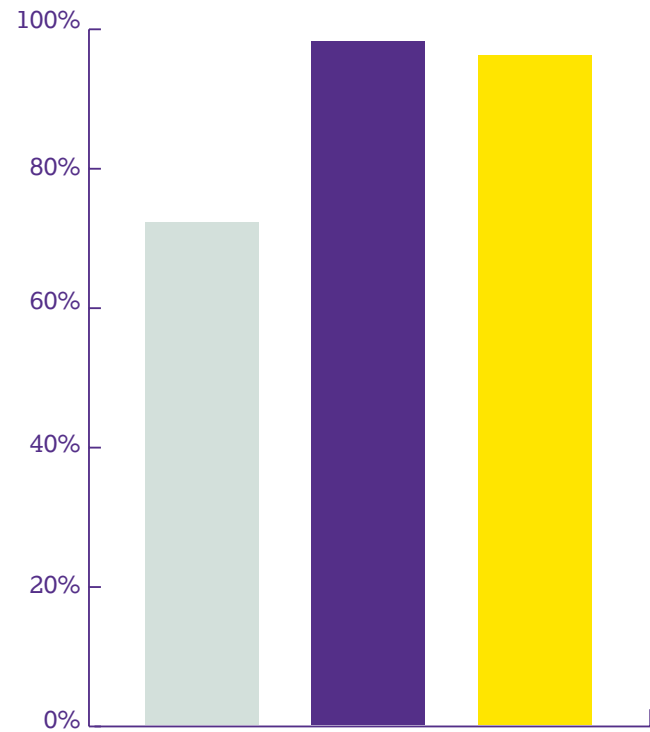
		2019	2020
Stores	●	£74,070	£70,460
Direct Supply	●	£24,141	£19,770
Food	●	£12,534	£9,391



Income and expenditure account (£000s)

Income and expenditure account	2020
Invoiced turnover	£99,620
Cost of sales	(£70,250)
Gross margin	£29,370
Rebates	£5,046
Other income	£1,799
Gross surplus	£36,215
Operating expenses	
Employees	£(19,290)
Premises	£(1,047)
Supplies and services	£(16,892)
Transport	£(4,531)
S.L.A Costs	£(127)
Financial and miscellaneous	£(225)
Depreciation and revaluation increase/(decrease)	£(452)
Pension service gain (cost) net of charges made to the general fund	£(3,910)
Net Operating Expenditure	£(46,473)
Surplus/(deficit) on trading operations	£(10,258)

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



YPO Customer Survey

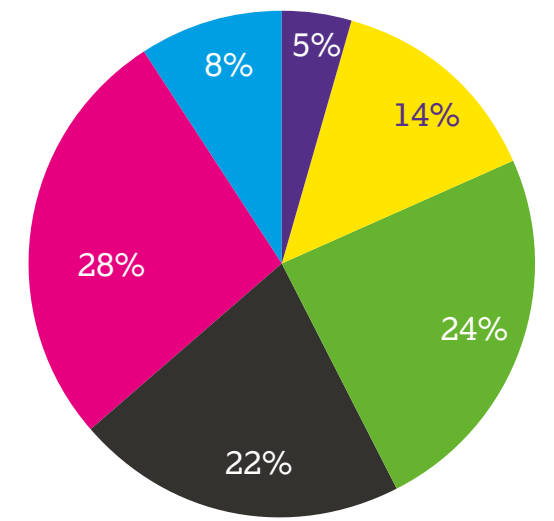
Customer satisfied or highly satisfied with the level of service received from YPO	●	72%
Customers were satisfied or highly satisfied with the price	●	98%
Customers that would recommend YPO	●	96%

Environmental Savings in 2020

Environmental KPI's	2020	2019	Difference
Electricity usage (kWh)	1,544,159	1,617,680	-8.8%
Gas usage (kWh)	2,611,398	2,755,971	-4.7%
Diesel (litres)	226,866	226,866	-19.8%
CO2 emissions (tonnes)	1,473	1,652	-12.5%
Water usage (m ³)	2,942	2,934	0.3%

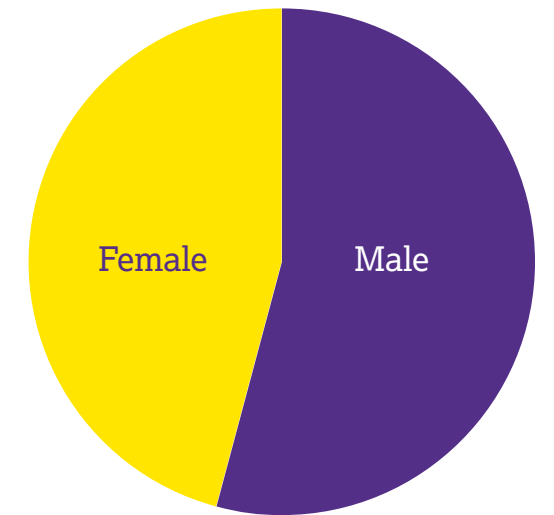
Employees by age

<21	●	23
21 to 30	●	72
31 to 40	●	124
41 to 50	●	110
51 to 60	●	140
>60	●	40



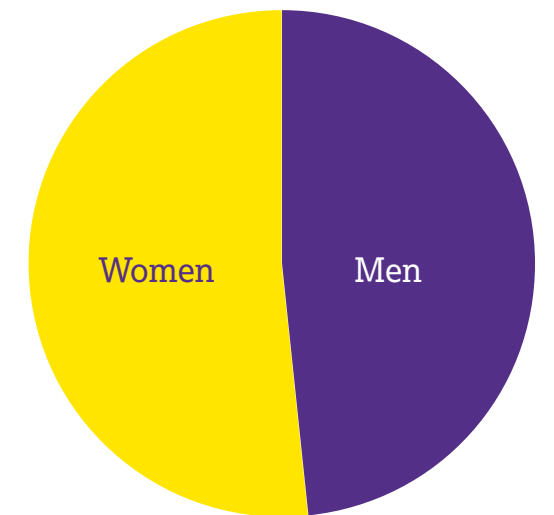
Employees by gender

Male	●	280
Female	●	235



Gender pay gap

Mean hourly rate for men	●	£11.82
Mean hourly rate for women	●	£12.60



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