



YORK SHAREHOLDER COMMITTEE

15 JUNE 2022

TITLE: YPO UPDATE REPORT

REPORT OF: YPO MANAGING DIRECTOR

1. PURPOSE OF REPORT

- 1.1 To provide members of the Shareholder Committee with an update on the performance of YPO, of which York is one of thirteen founder members. The report also includes information on the specific issues requested by the committee at the previous meeting.

2. PERFORMANCE UPDATE

- 2.1 In the previous update report, it was stated that YPO returned to profitability in 2021 and has a profit target for the 2022 financial year (calendar year) a little less than double that achieved in 2021. At the end of May, all elements of that plan which are within YPO's control are on or ahead of target. The exceptions to this are costs which cannot be passed on in the short term. On the whole, product price increases have been passed on to customers with little or no resistance as the global cost of living crisis is well understood. The adoption of a new price benchmarking software system has helped greatly in determining pricing levels which are still competitive and value for money. YPO is determined to ensure that no profiteering results from this situation and is committed to striking the on-going balance between competitive pricing and surplus for member authorities as always.
- 2.2 Adverse effects are, however being experienced in operating costs. This is particularly in the areas of insurance, distribution, utility and fuel costs. The cumulative effect of increases both experienced and predicted within this financial year would currently have the effect of reducing the overall profit by roughly 8%. A full mid-year budget review is therefore currently taking place to identify areas where costs can be controlled or reduced without restricting capacity available for long term growth. This review will be completed by the end of June and the outcome will therefore be reported at the next Shareholder Committee meeting.

3. PROCUREMENT POLICIES

- 3.1 A comprehensive update on YPO's procurement activities as a Public Sector Buying Organisation was given in the previous update and there is currently nothing to add to this status.

4. SUSTAINABILITY

- 4.1 Since the last committee meeting, YPO has achieved re-accreditation to the ISO 14001 Environmental Standard with no non-conformances. The new Health & Safety Manager, whose responsibilities include sustainability has also started and will be carrying out a review of priorities in this area for the future programme of improvements.
- 4.2 In addition, the first of the electric delivery vehicles sourced through a government-funded trial has been delivered and is currently undergoing livery painting before going into service.

5. RECOMMENDATIONS

- 5.1 That members should note the content of the report.

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