

Your Ref.

Our Ref

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Date 26 June 2025

Tony Reeves - Chief Executive

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Typetalk calls welcome


To: Members of the YPO Joint Committee Audit and Governance Sub-Committee

Dear Member

YPO AUDIT & GOVERNANCE SUB-COMMITTEE – FRIDAY, 4 JULY 2025

It is with pleasure that I write to invite you to attend a meeting of the YPO Joint Committee Audit and Governance Sub-Committee which is to be held at **10:30 am on Friday, 4 July 2025 in the YPO Headquarters** to consider the items set out in the agenda attached.

Yours sincerely



Tony Reeves
Secretary to the Joint Committee

As a courtesy to colleagues will you please turn off your mobile phones and pagers prior to the start of the meeting.

**YORKSHIRE PURCHASING ORGANISATION
AUDIT & GOVERNANCE SUB-COMMITTEE**

Friday, 4 July 2025

AGENDA

1. Chair's Introduction and Welcome.
2. Acceptance of Apologies for Absence.
3. Members' Declaration of Interest.
4. To note any items which the Chair has agreed to add to the agenda on the grounds of urgency.
5. To approve, as a correct record, the Minutes of the Meeting of the Audit & Governance Sub-Committee held on 8th November 2024. (Pages 1 - 7)
6. Audit & Governance Sub-Committee Terms of Reference & Work Programme 2025-2026. (Pages 8 - 16)
7. YPO Governance Group Update. (Pages 17 - 21)
8. Local Code of Governance & Annual Governance Statement 2024. (Pages 22 - 59)
9. Financial Procedure Rules & Contract Standing Orders. (Pages 60 - 88)
10. External Audit Completion Report. (Pages 89 - 117)
11. Audited Statement of Accounts. (Pages 118 - 150)
12. Exclusion of the Public and Press
"That the public and press be excluded from the meeting during consideration of agenda items 13 – 18 on the grounds that they are likely to involve the disclosure of exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972, as amended".

IN PRIVATE

13. Internal Audit Action Update. (Pages 151 - 154)
14. Annual Assurance Opinion 2024. (Pages 155 - 205)
15. Risk Management Framework & Strategic Risk Register. (Pages 206 - 220)
16. Workforce Information Report. (Pages 221 - 234)
17. IT Update. (Pages 235 - 246)
18. Treasury Outturn Report. (Pages 247 - 259)

Date of next meeting – Proposed as 7th November 2025.

YORKSHIRE PURCHASING ORGANISATION

AUDIT & GOVERNANCE SUB-COMMITTEE

FRIDAY, 8TH NOVEMBER 2024

Present: Councillors: Turner (Kirklees), Frost (Barnsley), Merrett (York), Rehman (Wigan).

1.	CHAIR'S INTRODUCTION & WELCOME
	Introductions took place.
2.	ACCEPTANCE OF APOLOGIES FOR ABSENCE
	Apologies for absence were received on behalf of Councillors Baker-Rogers (Rotherham), Lonergan (Knowsley), and Khurram (Bolton).
3.	MEMBERS DECLARATION OF INTEREST
	No declarations of interest were made.
4.	ELECTION OF CHAIR
	Julie Hawley requested nominations for a Chair of the Audit & Governance Sub Committee for the 2024/25 municipal year and shared that Councillor Turner has expressed an interest in the position. Resolved: (1) It was seconded and agreed by all for Councillor Turner (Kirklees) to be elected as Chair.
5.	URGENT ITEMS
	No urgent items were raised.
6.	PREVIOUS AUDIT & GOVERNANCE SUB COMMITTEE MINUTES
	The minutes of the YPO Audit & Governance Sub-Committee held on 5 th July 2024 were approved by all.
7.	YPO GOVERNANCE GROUP UPDATE REPORT
	Julie Hawley (Executive Director Finance) shared the Governance Group update report, which summarises the group's work over the last 15 months and where the group hope to add value in 2025. The group is working well and is now fully established, with the relevant people from across the business attending. Councillor Turner said the work is useful to see and thanked the group for pulling the information together. Resolved: (1) Audit & Governance Sub-Committee Members note and receive the report on the Governance Group's work over the last 15 months, and consider the work programme for 2025.

	<p>(2) Audit & Governance Sub-Committee agreed that the Governance Group report will replace the governance review report that it usually considers in July each year, as the latter is mainly a report on policy updates, and this can be provided by different means.</p> <p>(3) Audit & Governance Sub-Committee agreed that going forward, the Governance Group report will include a short commentary from the Sub-Committee itself, creating a joint officer member report to Management Committee.</p>
<p>8.</p>	<p>AUDIT & GOVERNANCE SUB-COMMITTEE TERMS OF REFERENCE</p>
	<p>Matthew Hirst (Head of Finance) shared the report. Since Audit & Governance Sub-Committee was established in its current form in 2022, CIPFA have published a new Position Statement on Audit Committees. In response, the Governance Group have reviewed the Sub-Committee’s 2022/23 terms of reference against the position statement, to identify current good practice and any changes proposed to further enhance the Sub-Committee’s contribution to good governance. Following on from that review the group has developed a revised draft Terms of Reference, in consultation with the Lead Authority’s Monitoring Officer and S151 Officer.</p> <p>Councillor Rehman asked why the Committee cannot completely fulfil the guidelines. Gillian Marshall explained that in 2015 changes were implemented which affected joint committees, therefore there are certain aspects that YPO as a Joint Committee cannot fulfil, we are aware of this.</p> <p>It was noted that YPO choose to continue with completing an external audit due to the size of the business, although this is not a legal requirement.</p> <p>Resolved: (1) Audit & Governance Sub-Committee note the contents of Appendix 1 (Governance, Risk and Assurance extract from YPO’s draft digital constitution).</p> <p>(2) Audit & Governance Sub-Committee agree their revised draft Terms of Reference (Appendix 2).</p>
<p>9.</p>	<p>EXTERNAL AUDIT COMPLETION REPORT</p>
	<p>Matthew Hirst shared the final External Audit completion report and talked through the key headlines of the report.</p> <p>Matthew explained we are bringing this report back to Committee to close the loop, now that the accounts have been fully signed off. There are no changes to the accounts since the discussion in the July Audit & Governance Sub-Committee.</p> <p>Resolved – (1) That the report be noted.</p>
<p>10.</p>	<p>INTERNAL AUDIT PROGRESS UPDATE</p>
	<p>The Service Manager for Internal Audit & Risk at Wakefield Council (Jason Brook) shared the report which provides an update to the Audit and Governance</p>

Sub-Committee on the progress being made against the completion of the Internal Audit Plan for the 2024 calendar year.

Reviews that still need to be completed are shown in the report. Jason noted he is confident the remaining work will be completed in time to complete the Annual Head of Internal Audit Opinion for 2024, which will be submitted to the next Committee meeting.

Jason explained he is planning to send out a survey to Members on the 'Effectiveness of the Audit and Governance Sub-Group Process' to gain feedback in this area, and any suggestions for changes or improvements. Councillor Turner noted his support in completing this survey. Jason said Internal Audit will analyse the results and feed this back to the Committee.

Jason noted that positive assurance is provided to this Committee that:

- Work is on track to be completed in a timely manner.
- There is an effective process in place between YPO and Internal Audit to manage the completion of audit work. This includes a regular meeting with the Head of Finance and the Assistant Financial Controller.

Councillor Rehman asked if internal audit have spent enough time at YPO to understand the requirements and be in a position to complete the audit to a good standard?

Matthew Hirst confirmed that internal audit colleagues are in regular contact, attend the stock takes and good working relationships are in place.

Helen Lisle confirmed that in her role as Non-Executive Director, she sits between the Committees and the YPO Board of Directors, to ensure good governance.

Resolved – (1) That Members note the content of this update report and note the assurances from the Head of Internal Audit and Counter-Fraud that the work will be completed in time to provide a meaningful annual assurance opinion.

11. DRAFT INTERNAL AUDIT PLAN 2025

Consideration was given to the report of the Service Manager for Internal Audit & Risk (Wakefield Council) the purpose of which is to share the draft internal audit plan with the Audit and Governance Sub-Committee as part of the approval process. This will help to ensure that effective engagement has taken place throughout the planning process.

The report also provides an update to the Committee on upcoming changes to internal audit professional standards.

Jason Brook talked through the key headlines of the report and the proposals. This has gone through a process to determine the audit topics brought here for approval.

Jason noted that business continuity has been identified as a gap. The options on this are: Seeking alternative assurance from YPO Management on this area, request that internal audit look at this in place of something else, or accept the risk.

Julie Hawley explained we are currently in the process of reviewing our business continuity plans at the moment. A separate paper can be brought to the meeting in July with further information on that topic.

Helen Lisle raised there are two significant systems coming in over the next 12-months. At the right time it would be useful for an audit to be completed on these systems.

Councillor Rehman asked for further information on Cyber Security plans, and the risk relating to Human capital, diversity, talent management, and retention.

Julie explained that a report with further information on Cyber Security was brought to the committee in July, this can be re-circulated. We have a full programme around the Human capital, diversity, talent management, and retention risk, some of this will trigger next year. It was agreed to bring a report on this to the July Audit & Governance Sub-Committee.

It was noted that a lot of work has been put in with the objective of obtaining an ISO accreditation relating to cyber security also.

Councillor Merrett asked for further information relating to the IT systems high risk. Jason explained that some advisory work has been completed in certain areas so this will be picked up.

It was noted that a paper on the overall progress of systems, including AI aspects and a list of life expectancy of our systems would be useful to see. It was agreed to bring this back to a future meeting.

Helen explained that some debates have taken place at Board meetings recently around the use of AI. Discussions are on-going around finding a balance between IT safety, and the benefits that it can have in certain areas of the business.

It was noted the procurement act has been delayed to February 2025 currently.

Jason shared that changes to the Public Sector Internal Audit Standards (PSIAS) are due to become effective in 2025, Jason shared further information on this.

Jason explained that this introduces a new concept of 'foresight'. This is about moving from what has happened in the past (hindsight) and being in the here and now (insight), to helping an organisation prepare for the future (foresight). Providing such foresight will require good business acumen, utilising data analytics, being objective with the evidence at hand, and providing timely advice and assurance services.


A discussion was held around this, specifically relating to YPO. There are public sector rules to follow whilst also trying to compete in a commercial landscape. This is an on-going balancing act.

Helen noted that YPO's annual business planning process along with the 5-year strategy should support with the foresight element.

	<p>Resolved – (1) The Committee review and provide comments on the draft Internal Audit Plan for 2025, as set out in Table Three (Appendix A provides further detail).</p> <p>(2) That Members consider the options set out in paragraph 3.13 around a potential assurance gap on YPO’s business continuity arrangements. It was agreed for a further report on Business Continuity to be brought back to the July Meeting.</p> <p>(3) Members note the upcoming changes to internal auditing professional standards and arrangements Wakefield Council is putting in place. These have been summarised in Appendix B.</p> <p>(4) It was agreed that the Cyber Security report that was brought to the July meeting will be re-circulated with the minutes of today’s meeting.</p> <p>(5) It was agreed that a report focussing on the ‘Human capital, diversity, talent management, and retention’ risk will be brought to the July Audit & Governance Sub-Committee.</p> <p>(6) It was agreed that a report on the overall progress of systems, including AI aspects and a list of life expectancy of our systems would be useful to see. It was agreed to bring this back to the July meeting.</p>
<p>12.</p>	<p>INTERNAL AUDIT – VERBAL UPDATE TO MEMBERS</p>
	<p>The Service Manager for Internal Audit & Risk (Wakefield Council) provided a verbal update on the status of internal audit activity to Members.</p> <p>Resolved – (1) That the verbal update be noted.</p>
<p>13.</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 14 - 18 on the grounds that they are likely to involve the disclosure of exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972, as amended.</p>
<p>14.</p>	<p>RISK REGISTER, BRIBERY & FRAUD UPDATE</p>
	<p>Consideration was given to the report presented by the Head of Finance (Matthew Hirst) that focusses on anti-bribery measures.</p> <p>There are no proposed changes to the anti-bribery policy statement.</p> <p>Matthew shared updates following the review that has taken place.</p> <p>Resolved – (1) That the Audit & Governance Sub-Committee consider the report, including the YPO Board’s review comments, and the bribery risk register attached at Appendix 1.</p>

15.	<p>ENVIRONMENTAL DASHBOARD</p> <p>Matthew Hirst (Head of Finance) shared the report and shared a live demo of the dashboard. Matthew talked through the content of the dashboard and how we use this to ensure we are on track to hit our net zero targets.</p> <p>Matthew explained we are looking to breakdown the targets further to monthly, quarterly, etc. going forward.</p> <p>We are currently completing some work to raise awareness across the business. We have new recycling bins in place with clearer signage. We are continually looking at automating processes and improving the data.</p> <p>Councillor Merrett asked what YPO are doing regarding scope 3, and if this is going to lead to a full strategy on what we will be doing in future?</p> <p>Julie explained we are focussing on our own carbon footprint at the moment, but scope 3 is in the future plans and we will be looking for external support with this. We are actively working on our future strategies. We have a new Social Value Manager starting with the business very soon who will be a large part of this.</p> <p>Resolved – (1) That members note the content in this report and in the dashboard demonstration.</p>
16.	<p>HEALTH & SAFETY UPDATE</p> <p>Julie Hawley explained some background information on this report.</p> <p>Jacque Lightfoot (Executive Director Operations) talked through the Health & Safety update report, which focusses on Fire Safety Legal Compliance.</p> <p>Jacque explained that we recently commissioned a full fire risk assessment, as well as working with Wakefield council on further due diligence to identify gaps in our processes.</p> <p>The actions identified from this process are currently being completed. This is an on-going process.</p> <p>The outstanding actions are on track to be completed by the dates stated in the report.</p> <p>Resolved – (1) That the committee note the contents of the report.</p> <p>(2) It is noted that the H&S committee continue to monitor fire safety actions.</p> <p>(3) It is noted that the responsible person and Board continue to meet with the Health & Safety Manager to continue effective communication on all fire safety matters.</p> <p>(4) It is noted that YPO’s fire risk assessment will be reviewed in 2025 (this is a 3 yearly requirement).</p>

17.	<p>YEAREND CLOSEDOWN TIMETABLE</p> <p>Matthew Hirst (Head of Finance) shared the report which informed Members of the contents of the provisional 2024 Closedown Timetable.</p> <p>Matthew noted that the dates are still currently provisional with Mazars at this time, but we are working towards bringing the audited accounts to the July Committee meetings.</p> <p>Resolved – (1) That the provisional timetable shown in Appendix 1 is approved.</p>
18.	<p>TREASURY MANAGEMENT PROGRESS REPORT</p> <p>Caroline Carter (S151 Officer) talked through the Treasury Management Progress report, which provides information on treasury management activities up to 30th September 2024 and confirms that those activities comply with the 2024 Investment Strategy which was approved by this Committee on 3rd November 2023.</p> <p>Caroline explained YPO are accessing some new bank accounts which will improve the interest gained, and noted all loan re-payments are on track.</p> <p>Resolved – (1) Members note the positive assurances provided through this report in respect of treasury management for the period 1st January 2024 to 30th September 2024 in accordance with the agreed strategy.</p> <p>(2) Members considered and approve the proposed investment strategy for 2025 (as detailed at appendix 2).</p> <p>(3) Members note that the outturn report will be presented to this Committee in July 2025.</p>
19.	<p>DATE AND TIME OF NEXT MEETING</p> <p>Resolved – (1) That the next meeting of the YPO Audit & Governance Sub Committee is proposed to be held on 4th July 2025, 10.30am.</p>

	<p style="text-align: center;">YPO</p> <p style="text-align: center;">AUDIT & GOVERNANCE SUB-COMMITTEE</p> <p style="text-align: center;">TO BE HELD ON</p> <p style="text-align: center;">4TH JULY 2025</p>
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TITLE: 2025/26 WORK PROGRAMME

REPORT OF: MANAGING DIRECTOR

1. PURPOSE OF REPORT

1.1 To provide members with an overview of the work scheduled for the 2025/26 committee cycle.

2. BACKGROUND INFORMATION

2.1 The Audit & Governance Sub-Committee's primary purpose is to undertake the duties of 'those charged with governance' under delegation from the Management Committee. The committee scrutinises strategies and actions of the YPO management team and provides feedback, comment, and recommendations.

2.2 The Audit and Governance 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.

2.3 The Audit and Governance Sub-Committee meets a minimum of twice per annum.

3 TERMS OF REFERENCE

3.1 The terms of reference have been reviewed and are attached for Member's consideration.

3.2 Since YPO established the Audit & Governance Sub-Committee in its current form in 2022, CIPFA have published a new position statement on Audit Committees in Local Authorities. In the second half of 2024 we propose to further review the sub-committee's terms of reference and work programme against the CIPFA position statement, to identify current good practice and any changes needed to further enhance the sub-committee's contribution to good governance. The review will be led by the Governance Function (officer) group, set up on the sub-committee's recommendation in mid-2023, and chaired by YPO's Managing Director, and will engage with members through the establishment of a joint member and officer working group, with the aim of a report back to Audit & Governance Sub-Committee meeting in November 2024.

4 PRINCIPAL AGENDA ITEMS

- 4.1 The focus of the principal agenda items for the Audit and Governance Sub-Committee are similar to previous years and are aimed at providing the Sub-Committee sufficient information to undertake the role of 'those charged with governance'.
- 4.2 The proposed principal agenda items along with a meeting schedule are attached as appendices.

5 RECOMMENDATION

- 5.1 Members are asked to agree this report for submission to the Management Committee in the name of the Chair of the Audit and Governance Sub-Committee.

REPORT AUTHOR: SIMON HILL, MANAGING DIRECTOR

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APPENDICIES:

Appendix 1 - Principal Agenda Items
Appendix 2 - Terms of Reference
Appendix 3 - Meeting Schedule 2024/25



PRINCIPAL AGENDA ITEMS 2025-2026

MANAGEMENT COMMITTEE AGENDA

July (AGM)

Election of Chair & Vice Chair of Management Committee
Membership of the YPO Management Committee
Appointment to Sub Committee & Joint Consultative Committee
Terms of Reference & Work Programme
Verbal update from Chair of Audit & Governance to Management Committee
Lead Authority Issues - Verbal
Business Update
Dividend Distribution
Annual Report
Report of Non-Executive Director

November

Business Update
Budget & Business Plan
Verbal update from Chair of Audit & Governance to Management Committee
Lead Authority Issues – Verbal
YPO Pay Policy
Report of Non-Executive Director

AUDIT & GOVERNANCE SUB COMMITTEE AGENDA

July

Audit & Governance Sub-Committee Terms of Reference & Work Programme
Internal Audit Annual Assurance Opinion
External Audit Report
Internal Audit Actions Update
Audited Accounts
Treasury Outturn Report
Local Code & Annual Governance Statement
Governance Group update report (includes policy updates etc.)
Risk Management Framework & Strategic Risk Register

November

Election of Chair of the Audit & Governance sub committee
Internal Audit Indicative plan for 2026
Internal Audit Progress Report
External Audit Update
Treasury Management Progress report
Yearend Closedown Timetable
Risk Register
Anti-Bribery
Counter Fraud
Members discussion with Internal & External Audit

The above are the proposed agenda items; however, Members may request specific additional reports at any time throughout the committee cycle where they feel it necessary.

Yorkshire Purchasing Organisation

Management Committee Terms of Reference 2025/26

Number of Members

Thirteen Councillors – One from each Member Authority

Quorum

Member representation from at least five Member Authorities.

Substitutes

One agreed named substitute per authority is allowed.

Frequency of Meetings

A minimum of twice 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 & Governance 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. All Members of the Management Committee shall sit on the '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

Audit & Governance Sub-Committee Terms of Reference 2025/26

Membership

- Membership is open to eight elected members from across the 13 Founder Member Authorities, no more than one per local authority. The Chair and Vice Chair of the Management Committee cannot be members of the Sub-Committee.
- One agreed named substitute per Founder Member Authority is allowed.
- Membership is reviewed annually following Local Authority elections.
- The Chair and Vice Chair of the Sub-Committee are appointed at the YPO AGM.

Frequency of Meetings, Activity & Decision Making

- The Sub-Committee will meet at least twice per year, approximately one month prior to YPO Management Committee meetings. Emergency or ad hoc meetings may be arranged by agreement between the Chairs / Vice Chairs of the Sub-Committee and Management Committee, YPO's Managing Director and the Lead Authority.
- Meetings will be managed by YPO Business Services and Wakefield Council Chief Executive's Office in accordance with Local Government Act 1972.
- Meeting agendas will include standing items, cyclical and ad hoc reports. A list of principal agenda items will be published annually.
- Sub-Committee members must respect personal and commercial confidentiality of information shared.

Quorum

- At least three Founder Member Authorities must be represented for the meeting to be quorate.

Substitutes

One agreed named substitute per authority is allowed.

Authority, Accountability & Relationships

Audit & Governance Sub-Committee is an elected member committee set up by YPO and its Founder Member Authorities to meet the requirements for a local authority audit committee, as set out in the CIPFA Position Statement 2022 as far as is reasonable and practicable. The Sub-Committee retains some responsibilities of its predecessor Audit & Scrutiny Sub-Committee (and earlier Scrutiny Sub-Committee), set up in compliance with the Local Government Act 2000.

The Sub-Committee is accountable to the YPO Management Committee. In addition to its audit committee responsibilities, and its inherited overview and scrutiny powers, it may also undertake work and take decisions delegated by the Management Committee.

The Sub-Committee is not required to be politically proportionate, but it is expected to operate in an apolitical manner and to promote apolitical discussion.

Purpose, Role & Responsibilities

Audit & Governance Sub-Committee is a key component of YPO's governance and internal control framework. Its role is to provide an independent and high-level focus on the adequacy of YPO's governance, risk and control arrangements, and to give confidence to those charged with governance that there is sufficient control over governance, risk and control that arrangements are operating effectively. Audit & Governance Sub-Committee can also undertake overview and scrutiny functions.

Core Audit Committee Functions

Maintenance of governance, risk and control arrangements:

- Support a comprehensive understanding of governance across YPO
- Consider the effectiveness of YPO's risk management arrangements; understand YPO's risk profile; and seek assurances that risks are being actively managed
- Monitor the effectiveness of YPO's system of internal control, including financial management; standards and ethics; exposure to the risk of fraud and corruption

Financial and governance reporting:

- Be satisfied that YPO's accountability statements properly reflect the risk environment, and demonstrate how governance supports the achievement of YPO's objectives
- Support effective arrangements for YPO's financial reporting, and review the statutory statements of account and reports that accompany them
- Have oversight of YPO's Treasury Management arrangements

Establish appropriate and effective arrangements for audit and assurance:

- Oversee Internal Audit independence, performance and professional standards
- Ensure Internal Audit work is planned and carried out with regard to significant risk, to provide assurance that governance, risk and controls are operating effectively
- Consider the appointment, work programme, reports, opinion, and recommendations of External Audit, and their implications for governance, risk and internal control
- Ensure YPO Management implement audit actions and recommendations

Overview and Scrutiny Functions

- Gather information from diverse sources to conduct reviews over a range of issues
- Contribute to policy development and implementation
- Examine any decisions made or to be made

Review and Report

- YPO Management Committee may request a review of the Sub-Committee.
- The Sub-Committee should undertake an annual review of how it has complied with the position statement; discharged its responsibilities; its performance; evaluated its impact; and identified any improvements, and publish the results in a public report.

Yorkshire Purchasing Organisation

Joint Consultative Committee Terms of Reference 2025/26

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

A minimum of twice per annum, on the same day as Management Committee meetings (9:30am – 10:30am)

Quorum

Two Councillors and two Trade Union officials.

Substitutes

One agreed named substitute per authority is 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.

MEMBER AUTHORITY ENGAGEMENT/GOVERNANCE SCHEDULE
2025/2026 MUNICIPAL YEAR

Date of Meeting	Directors Team Meeting <i>Inc S151 / Monitoring Officer by invitation</i>	Board Meeting <i>Inc Non-Executive Director</i>	Member Authority Finance Directors Forum*	Member Authority Chief Executive Forum*	Member Authority Procurement Forum*	Member Authority Legal Officer Forum*	Audit & Governance Committee <i>Inc Non-Executive Director</i>	Joint Consultative Committee	Management Committee <i>Inc Non-Executive Director</i>
August	06/08/25	27/08/25							
September	02/09/25	29/09/25		09/09/25					
October	08/10/25	27/10/25	14/10/25		21/10/25	28/10/25			
November	05/11/25	n/a					07/11/25	21/11/25	21/11/25
December	03/12/25	01/12/25							
January	06/01/26	26/01/26							
February	03/02/26	23/02/26	10/02/26		18/02/26				
March	03/03/26	23/03/26							
April	07/04/26	27/04/26		22/04/26					
May	05/05/26	27/05/26							
June	02/06/26	22/06/26	09/06/26		17/06/26	23/06/26			
July	07/07/26	27/07/26					03/07/26	17/07/26	17/07/26

*Officer meetings will be arranged more regularly as and when required





YPO

AUDIT & GOVERNANCE SUB-COMMITTEE

TO BE HELD ON

4TH JULY 2025

TITLE: GOVERNANCE GROUP REPORT NOVEMBER 2024 – JUNE 2025

REPORT OF: MANAGING DIRECTOR

1. BACKGROUND INFORMATION

1.1 In July 2023 Audit & Governance Sub-Committee recommended that YPO establish an officer group to provide greater assurance, to both those charged with governance and those charged with oversight, that effective governance is in place at YPO. The Governance Group was set up shortly afterwards and is now chaired by the Managing Director. Further details of the group's role and purpose were included in the Annual Governance Statement 2023, and members also received a report back from the group at their meeting last November summarising work done from July 2023 to October 2024. This report now picks up from November 2024 and looks ahead for the next 12 months.

Policy Management

1.2 A key area of work for the Governance Group is to conduct an initial review of all new and updated policies. A protocol is in place to determine whether the group can approve a policy or whether it needs to be directed to another body for further approval (for example pay and other employee related policies are reviewed by Joint Consultative Committee; new or unusual policies are referred to Management Committee; Health & Safety related policies are referred to H&S Committee etc). The purpose of the Governance Group being the first point of clearance is to raise awareness and help to standardise policies and good practice in policy development and writing.

1.3 Since the last report to Audit & Governance Sub-Committee in November 2024, policy management has transferred to an online system called MetaCompliance. Policies are uploaded with agreed review dates. The system allows us to track who has accessed which policies and colleagues are required to confirm understanding of the contents. This enables us to have an accurate record of policy distribution and engagement and enables managers to follow up any gaps.

1.4 In previous years, in July each year Audit & Governance Sub-Committee received an annual Governance Update report that mostly focussed on governance policy updates. The Governance Group report to Sub-Committee in November 2024 proposed, and Sub-Committee members agreed, that with the implementation of the MetaCompliance policy management system, this report (of the Governance Group) should replace the previous governance update report from July 2025.

Digital Constitution

- 1.5 Another key area of work for the Governance Group is the development of a digital constitution for YPO that will bring together into one place all of our key governance documents including the YPO Management Agreement; Scheme of Delegation; Terms of Reference for member committees and officer fora; Standing Orders for Contracts; and Financial Procedure Rules. We have drawn guidance from our Founder Member Authorities (FMA) constitutions.
- 1.6 At the time of the November 2024 meeting, Governance Group had proposed revised terms of reference for the Audit & Governance Sub-Committee, which better aligned their role with CIPFA's Position Statement on Audit Committees 2022. The terms of reference were agreed at that meeting. Since then, we have agreed revised terms of reference for three of the four officer fora (Finance Directors, Heads of Procurement, and Legal Officers) and are currently working on drafting new terms of reference for the Chief Executives' Forum.
- 1.7 Going forward, work has been done to review other key constitutional documents, and at this meeting members will receive updated Financial Procedure Rules and Standing Orders for Contracts.

Other Governance Areas

- 1.8 The Governance Group continues to provide oversight of a number of other areas of the business including improved arrangements for engagement with key stakeholders in internal audit work including Internal Auditors and YPO audit clients to help with audit planning, visits and access to people, systems and documents.
- 1.9 The group also receive a regular report back on the progress of our refreshed Business Continuity Management (BCM) arrangements. New BC plans have been drafted and tested and are in the process of being finalised. We are also in the process of designing and implementing a BCM system, using the same software as our Risk Management and (separate) Business Planning systems. The new system will focus on action planning, enable much better oversight and update of BCM in real time and deliver similar improvements to the real time RM system. It is hoped that the system will be sufficiently developed to demonstrate to members at the November 2025 meeting.

2025 Work Programme

- 1.10 In addition to completing the work outlined above the Governance Group has added the following tasks to its work programme:
 - To enhance our employee code of conduct and anti-bribery framework by developing a Code of Ethics.
 - Review of transparency. This includes the information we publish to meet FOI Act 2000 requirements including an Access to Information Policy and a Guide to Information, as well our compliance with the Local Government Transparency Code 2015 which requires us to publish procurement information, financial transactions, senior salaries and organisation chart and pay multiples, and Trade Union facility time.
 - Development of an improved performance framework, building on existing good practice for reporting Key Performance Indicators (KPIs).
 - Update our self-assessment against the CIPFA Financial Management Standard. This will support delivery of one or more actions from a recent audit.
 - Closer monitoring and oversight of Gifts & Hospitality activity (process for making and reviewing declarations and maintaining a register) and planned changes to reporting to ensure we return to previously high levels of compliance.

Audit & Governance Sub-Committee Joint Report

- 1.11 CIPFA Position Statement on Audit Committees in Local Authorities 2022 encourages audit committees to undertake an annual review of how they have discharged their role and responsibilities; evaluate their performance and impact; identify improvements; and report back to those charged with governance. The November 2024 report proposed, and Audit & Governance members agreed, that this (Governance Group) report should provide an opportunity for members to include their own commentary on their role, before the report goes on to the YPO Management Committee.
- 1.12 Sub-Committee members are welcome to provide their own comments for this section of the report. Appendix 1 summarises some proposed text based on the key reports received, and contributions made in the last 12 months.

2. STRATEGIC IMPLICATIONS

- 2.1 The Governance Group, set up in response to Audit & Governance Sub-Committee's recommendation, and the Sub-Committee's oversight of the group's work programme, support YPO's commitment to good governance throughout the planning and delivery of our 5 Year Strategy and medium to long term objectives.

3. FINANCIAL/RESOURCE IMPLICATIONS

- 3.1 There are no financial and resource implications arising directly from this report.

4. LEGAL IMPLICATIONS

- 4.1 There are no legal implications arising directly from this report.

5. RISK IMPLICATIONS

- 5.1 The Governance Group's work programme, and its oversight by Audit & Governance Sub-Committee, help to strengthen YPO's system of internal control, which is a key element of our governance framework, designed to manage risk to a reasonable level.

6. CONSULTATION

- 6.1 The Governance Group has been consulted on this report.

7. OPTIONS APPRAISAL

- 7.1 We could choose not to have a report back from the Governance Group to Audit & Governance Sub-Committee, but this would miss an opportunity to strengthen risk and governance arrangements.

8. RECOMMENDATIONS

- 8.1 Audit & Governance Sub-Committee receive the report on the Governance Group's work over the last nine months and consider the work programme for 2025.
- 8.2 Audit & Governance Sub-Committee members include, from paragraph 1.12 onwards, commentary on the fulfilment of their own role and contribution to YPO's governance arrangements, creating a joint member and officer report to Management Committee (see Appendix 1 for suggested text inclusion).

9. REASONS FOR RECOMMENDATIONS

9.1 These recommendations help to strengthen YPO's governance arrangements.

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APPENDICES

Appendix 1: Audit & Governance Sub-Committee Governance Update

Appendix 1 **Audit & Governance Sub-Committee Governance Update**

At their meeting in November 2024, YPO Management Committee received the minutes of the Audit & Governance Sub-Committee meetings held in July 2024 and November 2024, accepted them as a correct record, and noted the agreed recommendations contained within the minutes. These minutes made reference to all of the Sub-Committee's standing items that fall under their remit as YPO's audit committee, in compliance, as far as possible, with the updated CIPFA Position Statement on Audit Committees 2022. Reports by the Sub-Committee included:

- Governance Update: Local Code of Governance and Annual Governance Statement 2023
- Risk Management: updates to Strategy & Framework, Statement of Risk Appetite, Strategic Risk Register, and the new (in 2024) risk management system
- Anti-Bribery & Corruption (ABC) Framework: Anti-Bribery Policy Statement, Bribery Risk Register, and Fraud Prevention Measures Report
- Audited Statement of Accounts 2023 and Year End Closedown Timetable 2025
- Treasury Outturn Report 2023 and Investment Strategy (draft) 2025
- External Audit Completion Report 2023
- Internal Audit Annual Assurance Opinion 2023, Internal Audit Plan Progress Report 2024, Draft Internal Audit Plan 2025, and Internal Audit Action Update Report 2023

In addition to the standing agenda items above, the Sub-Committee commissioned and considered a number of other reports.

- Following a recommendation from the Sub-Committee in Nov 2023, an officer Governance Group was set up to provide greater assurance that effective governance is in place at YPO. Sub-Committee received the first report back from the Governance Group in November 2024. The report outlined the group's main areas of work including policy review; development of a digital constitution; review of governance related terms of reference; and development of a collaborative member officer governance report back (this report).
- An outcome from this group was refreshed Terms of Reference for the Audit & Governance Sub-Committee itself which members engaged with and approved in November 2024. The revised terms enable the Sub-Committee to comply with updated CIPFA best practice, as far as possible (as a Joint Committee, YPO is not able to comply fully with the position statement).
- Following advice in a report from Internal Audit that they were not able to provide assurance on specialist areas of risk, in particular digital disruption and environmental sustainability, the Sub-Committee commissioned reports from YPO staff, supported where possible, by independent third party providers, to examine how risks in these key areas are being identified and mitigated. The digital disruption report identified a range of risk mitigation measures that will be assessed by the independent ISO 27001 accreditation process. The environmental sustainability report was followed up by demonstration of an Environmental Dashboard that YPO is using to measure progress towards net zero and other relevant targets.
- Sub-Committee have asked for reports in 2025 from YPO managers providing assurance on other specialist areas of risk around Human Capital, Talent Management and Retention; AI; and Business Continuity Management.
- Sub-Committee also received reports on the Warehouse Management System Project; a Health & Safety Update, focussed on fire safety compliance; and a report on Pay Policy & Living Wage.



YPO
AUDIT & GOVERNANCE SUB-
COMMITTEE
TO BE HELD ON
4TH JULY 2025

TITLE: LOCAL CODE OF GOVERNANCE 2025 & ANNUAL GOVERNANCE STATEMENT 2024

REPORT OF: MANAGING DIRECTOR

1. BACKGROUND INFORMATION

- 1.1 This is an annual report that sets out YPO's compliance with the requirements of the Accounts & Audit Regulations 2015 (amended 2024) and CIPFA / SOLACE Delivering Good Governance in Local Government: Framework (2016) which has three key steps:
 - 1.1.1 Publish a Local Code of Governance that sets out how YPO delivers the principles of the 2016 Framework (Appendix 1)
 - 1.1.2 Conduct an annual review of the effectiveness of our governance arrangements in practice
 - 1.1.3 Report the results of the annual review in an Annual Governance Statement and publish it with the Statement of Accounts (Appendix 2)
- 1.2 The Local Code has been reviewed and some minor updates made, primarily in sections related to improvements in sustainability, social value and performance management. As is typical with the Local Code these updates are mainly headlines that signpost to more detailed sources of information such as web pages etc.
- 1.3 The draft AGS 2024 is attached at Appendix 2. It has been compiled in accordance with proper practice, as set out in the 2016 Framework and required by the Accounts & Audit Regulations. As in previous years' statements, the current draft has placeholders for the External Audit and Internal Audit opinions, which will be considered in separate reports at this Audit & Governance Sub-Committee meeting (July 2025) and then included in the final statement.
- 1.4 There have been minor updates to the main text of the statement to reflect operational changes. Members' attention is drawn to the section headed 'Review of Effectiveness' which has been expanded this year, to include more information on the role of the Audit & Governance Sub-Committee and the YPO Management Committee. Members' attention is also drawn to the section headed 'Significant Governance Issues' which contains updates on previously reported matters and those arising from the most recent annual governance review. From November 2025 these matters will be tracked via an action plan that will be presented as a report to the Sub-Committee.

2. STRATEGIC IMPLICATIONS

- 2.1 The Local Code of Governance and the Annual Governance Statement 2024 are key documents that demonstrate YPO's commitment to good governance throughout the planning and delivery of its 5 Year Strategy and medium to long term objectives.

3. FINANCIAL/RESOURCE IMPLICATIONS

- 3.1 There are no financial implications arising from this report.

4. LEGAL IMPLICATIONS

- 4.1 There are no legal implications arising from this report. YPO continues to meet the requirements of the Accounts & Audit Regulations and the CIPFA/SOLACE Framework.

5. RISK IMPLICATIONS

- 5.1 The Local Code of Governance and the Annual Governance Statement both set out how YPO maintains a system of internal control, which is a significant part of our governance framework, designed to manage risk to a reasonable level.

6. CONSULTATION

- 6.1 The Governance Group has been consulted on this report.

7. OPTIONS APPRAISAL

- 7.1 None. YPO must publish a Local Code of Governance, conduct an annual governance review, and report the results in an Annual Governance Statement, in accordance with the Accounts & Audit Regulations 2015 and the 2016 CIPFA/SOLACE Framework.

8. RECOMMENDATIONS

- 8.1 Audit & Governance Sub-Committee receive the updated Local Code of Governance and the Annual Governance Statement 2024 draft for discussion and agreement.

9. REASONS FOR RECOMMENDATIONS

- 9.1 Publication of a Local Code of Governance, undertaking of an annual review, and publication of the results in an Annual Governance Statement are required to comply with the Accounts & Audit Regulations 2015 and CIPFA/SOLACE Framework 2016. Audit & Governance Sub-Committee play a key role in providing oversight of, and challenge to, these arrangements.

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APPENDICES

Appendix 1: Local Code of Governance 2025

Appendix 2: Annual Governance Statement 2024 Draft

**Code of Corporate
Governance**

YPO Local Code of Corporate Governance 2024

Document Control Page

Document Type	Policy	
Document Ownership	Corporate	
Title of Document	Code of Corporate Governance	
Status	FINAL	
Reference number	FIN POL010 v1	
Controlled by	Managing Director	
Created/ reviewed by / date:	Assistant Financial Controller	June 2025
Agreed by / date:	Audit & Governance Sub-Committee	July 2025
Checked for compliance with contract standing orders and financial procedures / date:		
Agreed with Unison / date:		
Maintained by	Assistant Financial Controller	
Publication date	July 2025	
Next Review date	July 2026	
Current Version	V4	
Distribution	All employees, Intranet, Internet (YPO website), SharePoint	
Replaces document	POL/FN056/v5 Annual review & update reflects organisational changes in 2023/2024	

YPO Local Code of Corporate Governance 2024

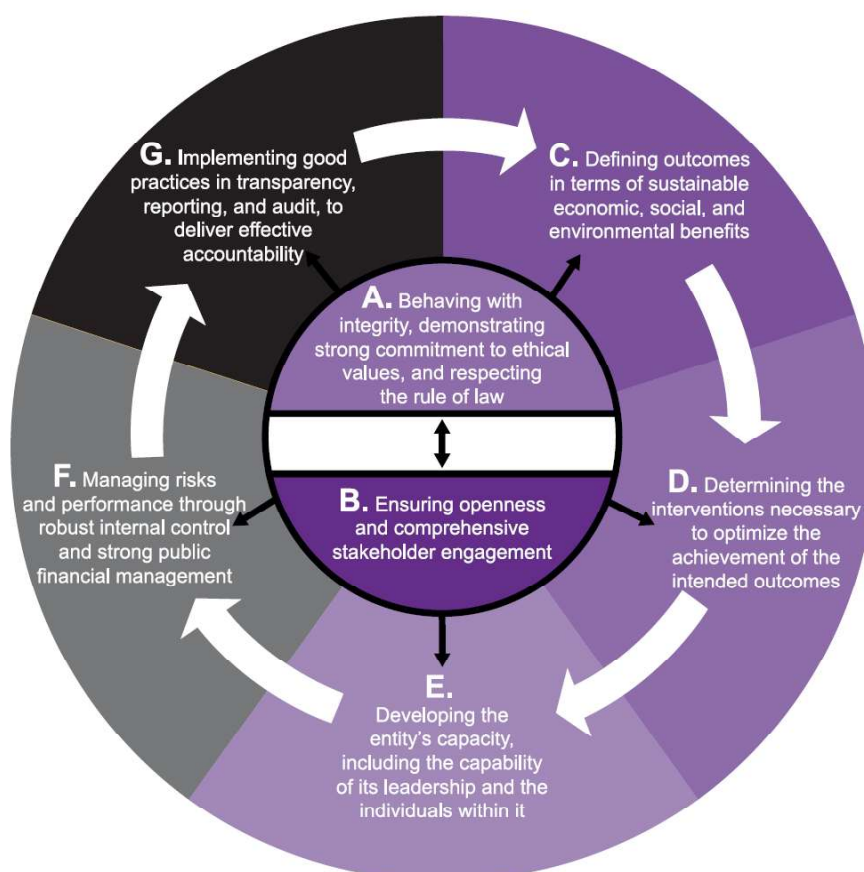
International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014)

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014) illustrates the various principles of good governance in the public sector and how they relate to each other. The aim of the governance principles is:

“Achieving the intended outcomes while acting in the public interest at all times”

The diagram below is taken from the International Framework and shows how the principles relate to each other. The International Framework notes that:

“Principles A and B permeate implementation of Principles C to G. The diagram illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.”



The International Framework defines governance as follows: “the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”

“To deliver good governance in the public sector, both governing bodies and individuals working for public sector organisations must try to achieve the organisation’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

YPO Local Code of Corporate Governance 2024

Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE 2016)

In 2016 CIPFA / SOLACE published Delivering Good Governance in Local Government: Framework. This document interprets the core principles and sub-principles set out in the International Framework for a local government context.

The CIPFA / SOLACE framework is applicable to all parts of local government and its partnerships, joint boards and other vehicles through which local authorities deliver their services. However the framework recognises that a one-size-fits-all approach is inappropriate as not all parts of the framework will be applicable to all organisations. It is up to each organisation to:

- Set out its commitment to the principles of good governance included in the Framework
- Determine its own governance structure, or local code, underpinned by these principles
- Ensure that it remains up to date, relevant and operates effectively in practice

Accounts & Audit Regulations 2015 require a relevant authority to:

- Ensure it has a sound system of internal control (Section 3)
- Conduct a review of the effectiveness of the system of internal control, each financial year (Section 6(1)a)
- Prepare an annual governance statement (Section 6(1)b) for approval by members

The review and publication must be carried out in accordance with 'proper practice'. Carrying out the annual review and preparing an Annual Governance Statement in accordance with the 2016 CIPFA/SOLACE Framework fulfils this statutory requirement.

YPO's Commitment to Good Governance

YPO is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that these funds are used economically, efficiently and effectively. YPO also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

YPO acknowledges its responsibility for putting in place proper and effective governance arrangements. YPO has approved and adopted this Local Code of Corporate Governance which is consistent with the principles of the 2016 CIPFA / SOLACE Framework.

YPO will also conduct a review at least annually of the effectiveness of its systems of internal control and report the findings in an Annual Governance Statement, in accordance with the proper practice set out in the 2016 CIPFA / SOLACE Framework. This statement will explain how YPO has complied with this Local Code.

YPO Local Code of Corporate Governance 2024

Purpose of YPO's Governance Framework

Governance is about ensuring that we do the right things, at the right time, in the right way, for the right people in an open, transparent, honest and accountable manner.

YPO's governance framework comprises the systems and processes, culture and values by which we direct and control the organisation, engage with, and remain accountable to, our owners and other key stakeholders. It enables YPO to monitor the achievement of our strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of our governance framework and is designed to manage risk to a reasonable level. It helps us to identify and prioritise the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically. We cannot eliminate all risk so we can only provide reasonable and not absolute assurance of its effectiveness.

YPO Local Code of Corporate Governance 2024

How does governance work in practice at YPO?

YPO is a Joint Committee formed under Section 102 of the Local Government Act 1974. As the largest formally constituted local authority education purchasing consortium in the UK, YPO is governed by a management committee of elected representatives (councillors) from its 13 Founder Member Authorities, in accordance with the Management Agreement. The Management Committee, which consists of a representative from each of the founder member authorities, governs YPO policy and decision-making arrangements, and reflects openness, accountability and transparency. Specific procedural rules, protocols and policies are in place to govern committee functions and delegated authority. Management Committee and all Sub-Committees have clear terms of reference that are reviewed on a regular basis.

A Scheme of Delegation is in place which enables YPO's Managing Director to make decisions on behalf of the Management Committee, except for certain specific matters which are reserved for the Management Committee, Sub-Committees or statutory officers.

The Statutory Finance (S151) Officer of the Lead Authority is responsible to the Management Committee for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control. The Managing Director has a clear role, responsibility and duty, as specified in the Scheme of Delegation, Financial Procedure Rules and Contract Standing Orders, for day-to-day financial management and adherence.

The Statutory Monitoring Officer of the Lead Authority is responsible to the Management Committee for ensuring that agreed procedures are followed and that all applicable Statutes and Regulations are complied with. Members of the YPO Board of Directors have clear roles, responsibilities and duties for day-to-day governance.

The YPO Board have regular meetings with the Section 151 Officer and Monitoring Officer of the Lead Authority. The Lead Authority's Internal Audit team is responsible for providing an independent and objective opinion on the control environment within YPO. Their audit plan and subsequent findings are reported to the YPO Board, the Management Committee and the Audit & Governance Sub-Committee.

Following the YPO Governance Review in 2022, new arrangements, to establish a more structured and formal programme of engagement with Founder Member Authorities' Chief Executives and Finance Directors were put in place through the set-up of dedicated fora that meet regularly throughout the year. Engagement was extended in 2023 to Heads of Procurement, and in 2024 to Legal Officers. These groups replace the previous Statutory Officers Advisory Group (SOAG).

In 2023, in response to a recommendation from the Audit & Governance Sub-Committee, YPO set up an officer Governance Group, now chaired by the Managing Director. The purpose of the group is to provide greater assurance to those charged with governance (YPO Management Committee) and those charged with oversight (primarily the Audit & Governance Sub-Committee), that effective governance is in place across YPO.

YPO Local Code of Corporate Governance 2024

Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Local Government organisations are accountable for how much they spend, and how they use the resources under their stewardship. This includes outputs, positive and negative, and for the outcomes they have achieved. They have an overarching responsibility to serve the public interest in adhering to legislation and government policies. It is essential that they can demonstrate the appropriateness of their actions and have the mechanisms in place to encourage and enforce ethical values and respect for the law.

Supporting Principle – Behaving with Integrity	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
<p>Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the organisation’s reputation</p>	<p>YPO’s committees are made up of elected members from our 13 Founder Member local authorities. Members complete their own council’s induction and training and must comply with their codes of conduct, members interests policy etc. Each year, YPO’s Head of Finance reviews committee members’ declarations of interest to identify potential conflicts of interest. The first agenda item on all Management Committee and other member meetings is declaration of interests.</p>
<p>Members take the lead in establishing specific standard operating principles and values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles – selflessness; integrity; objectivity; accountability; openness; honesty; leadership)</p>	<p>All employees receive an induction pack when starting work at YPO that includes the Employee Code of Conduct. There is a process in place to ensure employees and managers sign off the completed induction.</p>
<p>Lead by example. Use standard operating principles or values for decision making and other actions.</p> <p>Demonstrate, communicate and embed the standard operating principles through appropriate policies and processes which are reviewed on a regular basis to ensure they are operating effectively.</p>	<p>YPO’s values are the things we believe in: they are practical, directly inform the decisions we make and actions we take, and are visibly demonstrated through employee behaviour.</p> <ul style="list-style-type: none"> ● Be kind ● Do the right thing ● Embrace creativity ● Make a difference <p>YPO’s Anti-Fraud & Bribery Framework includes</p> <ul style="list-style-type: none"> ● Anti-Fraud & Bribery Risk Assessments ● Anti Bribery Policy Statement ● Fraud Response Plan ● Employee Interests Policy & Register ● Gifts & Hospitality Policy & Register ● Whistle Blowing Policy

YPO Local Code of Corporate Governance 2024

Supporting Principle – Demonstrating strong commitment to ethical values	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Seeking to establish, monitor and maintain the organisation’s ethical standards and performance	As a large public sector employer YPO has a role to strengthen the communities and societies we do business in, to benefit the environment, our customers and consumers, employees, stakeholders and other members of the public.
Underpinning personal behaviour with ethical values and ensuring that they permeate all aspects of the organisation’s culture and operation	YPO is committed to high standards of Social Value and Sustainability We are certified to the ISO14001 standard, publish a Modern Slavery Statement including conduct of modern slavery risk assessments and set behavioural standards in our procurements to ensure a minimum expectation via YPOs Supplier Code of Conduct.
Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	YPO’s Audit & Governance Sub Committee meets twice a year and plays a key role in holding the Board and Management Committee to account.
Ensuring that external suppliers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	YPO publishes a Recruitment & Selection Policy and further guidance on staff appointments. YPO’s Anti Bribery Policy Statement applies to associated persons including members, suppliers and distributors, who are asked to sign up.

Supporting Principle – Respecting the rule of law	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Ensuring members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations	Wakefield Council act as YPO’s Lead Authority and provide various governance related functions including: Section 151 Officer (Chief Financial Officer), Internal Audit, Committee Support and Monitoring Officer. The latter ensures YPO complies with all relevant regulation and statutes Report templates include a mandatory section for Legal Implications. Legal advice from Wakefield Council is recorded in meeting minutes.
Creating the conditions to ensure that statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	
Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	
Dealing with breaches of legal and regulatory provisions effectively	

YPO Local Code of Corporate Governance 2024

<p>Ensuring corruption and misuse of power are dealt with effectively</p>	<p>Internal Audit test YPO’s Anti-Bribery and Corruption and Counter Fraud frameworks on a regular basis to provide assurance that it is working effectively in practice</p>
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Principle B Ensuring openness and comprehensive stakeholder engagement

Local Government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

<p>Supporting Principle – Openness</p>	
<p>Behaviours and actions that demonstrate good governance in practice</p>	<p>How we demonstrate this at YPO</p>
<p>Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness</p>	<p>YPO’s website is both transactional, enabling purchases, and provides information about our governance arrangements, details of our compliance with transparency requirements and access to information including our Access to Information Policy and Guide to Information.</p>
<p>Making decisions that are open about actions, plans, resource use, forecasts, outcomes and outputs. Presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</p>	<p>YPO publishes an Annual Report that sets out our performance, achievements and improvements in the past year and our plans for the year ahead.</p>
<p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.</p>	<p>An annual timetable of meetings, reports and training is agreed with the Management Committee and other relevant committees and sub-committees each year, and adhered to. Variations to the timetable are allowed if reasons are given and agreed in advance.</p>
<p>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action</p>	<p>YPO elected member meeting papers are published in the Governance section of our website except where they include exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972. Meetings are open to the public except when exempt information is being considered.</p>

YPO Local Code of Corporate Governance 2024

Supporting Principle – Engaging institutional & individual stakeholders effectively	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	As a public sector procurement organisation, YPO’s key institutional stakeholders are its Founder Members, Associate Members, Strategic Partners, Suppliers, Distributors and local communities. YPO’s key individual stakeholders are its Customers and Employees.
Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	YPO engages with its owners both formally and informally, on a regular basis. Consultation and agreement on the 5 year strategy ensures that YPO’s objectives are aligned to our owners’ long term and political wishes. Regular engagement also takes place with senior officers from member authorities, the Lead Authority’s Monitoring Officer and Section 151 Officer.
Ensuring that partnerships are based on: <ul style="list-style-type: none"> • Trust • A shared commitment to change • A culture that promotes and accepts challenge among partners And that the added value of partnership working is explicit	YPO has established formal structured engagement with Founder Member Authorities through the set up of fora for: <ul style="list-style-type: none"> • Chief Executives • Finance Directors • Heads of Procurement • Legal Officers
Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	
Taking account of the interests of future generations of tax payers and service users	YPO engages its strategic partners, suppliers and customers through forums and events, and seeks independent Customer Service Reviews via feefo (currently a satisfaction rating of 4.7/5) YPO engages with its staff through organisation wide updates including ‘Our Day’ (formerly YPO Big Day), the Intranet and notice boards, display screens, team brief and consultation with the Trade Union. We encourage staff to take part in regular employee surveys.

YPO Local Code of Corporate Governance 2024

Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits

The long term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Supporting Principle – Defining outcomes	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation’s overall strategy, planning and other decisions	YPO’s brand purpose is to help the public sector achieve the best possible value when buying products and services. YPO’s mission is to champion public value, helping education and public organisations get the most from their resources when buying products and services.
Specifying the intended impact on, or changes for, stakeholders. It could be immediately or over the course of a year or longer	We publish a 5 year strategy that sets out a strategic statement of our overall vision for the business; current business plan; medium term financial strategy; objectives and deliverables over the next three years that will be monitored to ensure achievement of our aims.
Delivering defined outcomes on a sustainable basis within the resources that will be available	Strategic objectives are reviewed annually and supported by an annual business planning cycle linked to annual budget setting. Budgets and key performance indicators are monitored monthly by the Board and Senior Leadership Team (SLT).
Identifying and managing risks to the achievement of outcomes	YPO maintains a Risk Management Strategy and Framework. The YPO Board are responsible for managing the Strategic Risk Register which reflects the most significant risks to the achievement of YPO’s long term objectives and outcomes. The Strategic Risk Register is updated in real time and reported to the Audit & Governance Sub-Committee twice a year.

YPO Local Code of Corporate Governance 2024

Supporting Principle – Sustaining economic, social and environmental benefits	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
<p>Taking a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation’s intended outcomes and short term factors such as the political cycle or financial constraints</p>	<p>Consultation and agreement on YPO’s 5 year strategy ensures that our objectives are aligned to our owners’ long term and political wishes.</p> <p>YPO is committed to high standards of Social Value and Sustainability We are certified to the ISO14001 standard, publish a Modern Slavery Statement including the conduct of modern slavery risk assessments and set behavioural standards in our procurements to ensure a minimum expectation via YPOs Supplier Code of Conduct.</p>

Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Supporting Principle – Determining interventions	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
<p>Ensuring decision makers received objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.</p>	<p>The YPO Board and senior officers from Founder Member Authorities, including the Lead Authority’s S151 Officer and Monitoring Officer, meet on a regular basis and discuss information needs of members to support effective decision making.</p> <p>An annual timetable of meetings, reports and training is agreed with the Management Committee and other relevant committees and sub-committees each year, and adhered to.</p>

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	<p>Variations to the timetable are allowed if reasons are given and agreed in advance.</p> <p>Decision making protocols are in place and supported by clear terms of reference for the Management Committee and sub committees. Report templates include mandatory sections for legal, financial and risk implications, options appraisals and reasons for recommendations.</p>
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Supporting Principle – Planning interventions	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	An annual timetable of meetings, reports and training is agreed with the Management Committee and other relevant committees and sub-committees each year, and adhered to.
Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	An Organisational Key Measures report is produced monthly which is reviewed by the YPO Board and SLT. This adopts a balanced scorecard approach and assesses key performance indicators, including Financial, Customer, Internal Processes and People related measures.
Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	This report is supported by a suite of power BI dashboards, updated daily, which allows the organisation’s performance, across a wide range of areas (including: Sales, Procurement, Finance & HR) to be monitored in real time so remedial and proactive decisions can be made if needed.
Ensuring capacity exists to generate the information required to review service quality regularly	
Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan	The 5 Year Financial Plan forms part of the 5 Year Strategy and is reviewed as part of the annual business planning process.
Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at develop a sustainable funding strategy	<p>There is a robust annual budget setting process that takes into account strategic and business planning, revenue budgets, profit projections and longer term financial investment.</p> <p>Once agreed, budgets are monitored monthly and forecasts updated to reflect activity.</p>

YPO Local Code of Corporate Governance 2024

Supporting Principle – Optimising achievement of intended outcomes	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Ensuring the Medium Term Financial Strategy integrates and balances service priorities, affordability and other resource constraints	The 5 Year Financial Plan takes into account the long term priorities set out in the 5 year strategy and informs annual budget setting Budget holders are consulted on their budgets before they are finalised and provided with monthly updates against forecast.
Ensuring the budget process is all inclusive, taking into account the full cost of operations over the medium and longer term	
Ensuring the Medium Term Financial Strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	
Ensuring the achievement of social value through service planning and commissioning (The Public Services (Social Value) Act 2012 the additional benefit to the community ... over and above the direct purchasing of goods, services and outcomes	YPO is committed to high standards of Social Value and Sustainability . Social value is embedded at all stages of the procurement process including a minimum 20% commitment to social value when weighting evaluation criteria, formal contractual commitment to social value promises by YPO suppliers and measurement of Social Value outputs using through use of an external tool – the Social Value Engine .

YPO Local Code of Corporate Governance 2024

Principle E Developing the organisation’s capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity of the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government is strengthened by the participation of people of many different types of backgrounds, reflecting the structure and diversity of communities.

Supporting Principle – Developing the organisation’s capacity	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Reviewing operations, performance of assets on a regular basis to ensure their continuing effectiveness	Progress against achievement of objectives and deliverables set out in the 5 year strategy is monitored on a regular basis. Business planning is carried out annually.
Improving resource use through appropriate application of techniques such as benchmarking and other options to determine how the organisation’s resources are allocated so that outcomes are achieved effectively and efficiently	The commercial activity plans include an analysis of market intelligence as well as YPO performance against plan and progress is reported to the Board monthly along with financial performance reports. Where necessary external expertise is secured to review use of assets and resources with the aim of optimising them for example risk engineers and consultants for warehouse and logistics operations design and performance management
Recognising the benefits of partnerships and collaborative working where added value can be achieved	All major programmes and projects are managed by the Programme Board which meets monthly, feeds into Board meetings and 5 year strategy.
Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	YPO recognises that lack of workforce skills is a strategic risk and has put in place strategic workforce planning, a People Strategy, skills audits and an Apprenticeship Programme.

YPO Local Code of Corporate Governance 2024

Supporting Principle – Developing the capability of the organisation’s leadership and other individuals	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
<p>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</p> <p>Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the organisation in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority</p>	<p>The relationship between YPO and its owners is set out in a Management Agreement. Terms of reference and respective roles for the YPO Board, Management Committee and other Sub-Committees are clear and reviewed regularly.</p> <p>Financial Procedure Rules clearly set out delegated authority to YPO’s Managing Director and Board, and are reviewed annually, as are Standing Orders for Contracts.</p> <p>The Audit & Governance Sub Committee oversee scrutiny of decision making and independent challenge and hold the Management Committee and YPO Board to account.</p>
<p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</p>	<p>Decision making processes are transparent and timely. An annual timetable of meetings, reports and training is agreed each year, and adhered to. Variations are allowed if valid reasons are given and agreed in advance by the relevant Committee or Sub-Committee to which the report would usually be made.</p> <p>YPO elected member meeting papers are published in the Governance section of our website except where they include exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972.</p>
<p>Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> • Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching 	<p>Elected members receive induction, training and development through their individual local authorities and receive further training at YPO on a range of topics relevant to their role, from employees and from external providers.</p> <p>All employees complete an induction when starting work at YPO and have an annual appraisal that identifies their training needs and ways to meet them.</p>

YPO Local Code of Corporate Governance 2024

<p>individual and organisational requirements is available and encouraged</p> <ul style="list-style-type: none"> • Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis • Ensuring personal, organisational and system-wide development through shared learning, including lessons learned from governance weaknesses both internal and external 	<p>YPO has a dedicated Learning & Development Team that provides in-house training, maintains an eLearning platform, and oversees access to professional and other qualifications.</p> <p>YPO also provides organisation wide training in areas such as Health & Safety, information security, fraud awareness and prevention.</p> <p>Employees are encouraged to maximise training opportunities and maintain continuing professional development through membership of professional and other bodies eg CIPS, ICS</p>
<p>Holding staff to account through regular performance reviews which take account of training or development needs</p>	<p>YPO carries out workforce and succession planning and has an established apprenticeship scheme.</p>
<p>Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing</p>	<p>The Health & Safety Committee is chaired by the Managing Director and meets monthly. YPO maintains an Employee Assistance Programme that includes policies and support such as Wellbeing Days, Occupational Health, mental health awareness and access to 24/7 telephone support, advice and counselling.</p>

Principle F Managing risks and performance through robust internal control and strong public financial management

Local government needs to ensure that organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

YPO Local Code of Corporate Governance 2024

Supporting Principle – Managing risk	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	YPO has a Risk Management Strategy & Framework that sets out our approach to risk, how we identify, analyse and evaluate risks and controls (based on ISO 30001 Life Cycle of Risk).
Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	YPO maintains a Strategic Risk Register, operational risk registers for each department, Risk registers are owned by Board and SLT members and each risk is assigned to an individual owner. YPO also maintains a range of thematic (cross-cutting) risk registers including for bribery and fraud risk.
Ensuring that responsibilities for managing individual risks are clearly allocated	<p>Risk management documents are reviewed annually and reported to the YPO Board and the Audit & Governance Sub Committee Training is provided to enable Board and Sub-Committee members to scrutinise them effectively.</p> <p>Internal Audit review YPO’s risk management arrangements and test the controls in place to manage risks to provide assurance that they are operating effectively in practice.</p>

Supporting Principle – Managing performance	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	As a public sector procurement organisation, YPO’s performance framework focusses on its trading and sales plans and results, and financial performance, including margin, profit, overheads
Making decisions based on relevant, clear, objective analysis and advice pointing out the implications and risks inherent in the organisation’s financial, social and environmental position and outlook	Discussions take place between members and officers on the information needs of members to support decision making. A timetable of meeting dates, agenda items and reports is agreed annually and published on YPO/Governance Members Services are provided by Wakefield MDC and YPO’s Business Services Team.

YPO Local Code of Corporate Governance 2024

Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation’s performance and that of any organisation for which it is responsible	YPO’s Audit & Governance Sub Committee provide oversight of executive decisions making. There is a member training programme to assist members to deliver their role.
Providing members and senior management with regular reports on service delivery plans and progress towards outcome achievement	An information pack of financial and other key performance indicators is prepared and reported to the YPO Board monthly and the Management Committee quarterly.
Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)	YPO maintains Financial Procedure Rules and Standing Orders for Contracts that are reviewed and reported annually.

Supporting Principle – Robust internal control

Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Aligning the risk management strategy and policies on internal control with achieving the objectives	Internal Audit is provided by Wakefield MDC. The Head of Internal Audit & Counter Fraud presents an Annual Audit Plan for agreement by the YPO Board, Management Committee and Audit & Governance Sub-Committee. Audit reports are agreed with the relevant Board or SLT member. Agreed audit actions are monitored for completion and outstanding actions are reported annually to the Audit & Governance Sub-committee.
Evaluating and monitoring the organisation’s risk management and internal control on a regular basis	
Ensuring effective counter fraud and anti-corruption arrangements are in place	YPO’s Counter Fraud Framework includes arrangements to raise and maintain fraud awareness with staff. YPO co-ordinates with Wakefield MDC for serious fraud reporting and investigation.
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	YPO publishes a Local Code of Governance, carries out an Annual Governance Review, and reports the results in an Annual Governance Statement, with the Statement of Accounts.
Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:	YPO’s Audit & Governance Sub Committee consists of eight elected members from its founder member authorities. Its Terms of Reference were last updated in 2024.

YPO Local Code of Corporate Governance 2024

<ul style="list-style-type: none"> • Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment • That its recommendations are listened to and acted upon 	
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Supporting Principle – Managing data	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	YPO has been through the ISO27001 accreditation assessment and its data management framework includes: <ul style="list-style-type: none"> • Data Protection Policy and Guidance • Retention Policy • Privacy Impact Assessment Guidance • Information Security Incident Reporting • Access to Information Policy • Guide to Information YPO’s statutory Data Protection Officer function is provided by Bruce & Butler.
Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	
Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	

Supporting Principle – Strong public financial management	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Ensuring financial management supports both long term achievement of outcomes and short term financial and operational performance	The Lead Authority’s Section 151 Officer is responsible for ensuring the Management Committee receive proper financial advice, records and accounts. YPO’s financial management supports the delivery of services and transformation change as well as good stewardship and includes: <ul style="list-style-type: none"> • Treasury Management Policy • 5 Year Financial Plan • Annual budget setting process that takes into account projected income / profit needs as well as annual business planning requests • Monthly budget monitoring reports and meetings between budget holders and Finance Business Partners • Integrated financial and performance reporting • Budget Holder Responsibility Policy
Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	

YPO Local Code of Corporate Governance 2024

Principle G Implementing good practices in transparency, reporting and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both internal and external audit contribute to effective accountability.

Supporting Principle – Implementing good practice in transparency	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	YPO's Website is both transactional and publishes details of our governance , reporting, and transparency arrangements which sets out our commitment to Freedom of Information and provides links to our Access to Information Policy and Guide to Information and the data we publish to comply with the requirements of the Local Government Transparency Code 2015
Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	

Supporting Principle – Implementing good practice in reporting	
Behaviours and actions that demonstrate good governance in practice	How we demonstrate this at YPO
Reporting at least annually on performance, value for money and the stewardship of its resources	YPO publishes an Annual Report . YPO publishes its Financial Statements including an audited Statement of Accounts (although as a Joint Committee it is no longer required to do so).
Ensuring members and senior management own the results	Copies of meeting agendas, reports and minutes for YPO Management Committee and other sub-committees including the Audit & Governance Sub Committee are published on the YPO website.

YPO Local Code of Corporate Governance 2024

<p>Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (AGS)</p>	<p>YPO publishes an Annual Governance Statement each year with the audited Statement of Accounts, that reports the results of our annual governance review against the arrangements set out in this Local Code of Governance in accordance with the good practice set out in the CIPFA/SOLACE Framework 2016</p>
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<p>Supporting Principle – Assurance and effective accountability</p>	
<p>Behaviours and actions that demonstrate good governance in practice</p>	<p>How we demonstrate this at YPO</p>
<p>Ensuring that recommendations for corrective action made by external audit are acted upon Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon</p>	<p>YPO’s External Auditors are appointed using a competitive process every 3 years: the current external auditors are Mazars. They carry out both interim and final audits and publish an opinion on the Statement of Accounts.</p> <p>Internal Audit is provided by YPO’s lead authority, Wakefield Council, under an SLA.</p> <p>All audit actions are assigned to individuals, recorded and monitored for completion.</p>
<p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</p>	<p>Outstanding actions are reported to the Audit & Governance Sub-Committee annually.</p>
<p>Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the AGS</p>	<p>YPO also seeks assurance from independent third party assessments including a range of internal standards including ISO9001 Quality Management Standard.</p>

YPO Local Code of Corporate Governance 2024

Scope of Responsibility

YPO is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. YPO also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

YPO acknowledges its responsibility for putting in place proper and effective governance arrangements. YPO has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the 2016 CIPFA / SOLACE Framework Delivering Good Governance in Local Government. A copy of YPO's [Local Code of Corporate Governance](#) is available on our website www.ypo.co.uk or can be obtained by telephoning 01924 834984.

YPO must conduct a review, at least once a year, of the effectiveness of its systems of internal control and report the findings in an Annual Governance Statement. This Statement has been prepared in accordance with the proper practices set out in the CIPFA / SOLACE Framework. It explains how YPO has complied with the Code and also meets the requirements of Accounts and Audit Regulations 2015, Regulation 6 which requires all relevant bodies to prepare an Annual Governance Statement.

The Governance Framework

Governance is about ensuring that we do the right things, at the right time, in the right way, for the right people in an open, transparent, honest and accountable manner.

YPO's governance framework comprises the systems and processes, culture and values by which we direct and control the organisation, engage with, and remain accountable to, our owners and other key stakeholders. It enables YPO to monitor the achievement of our strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

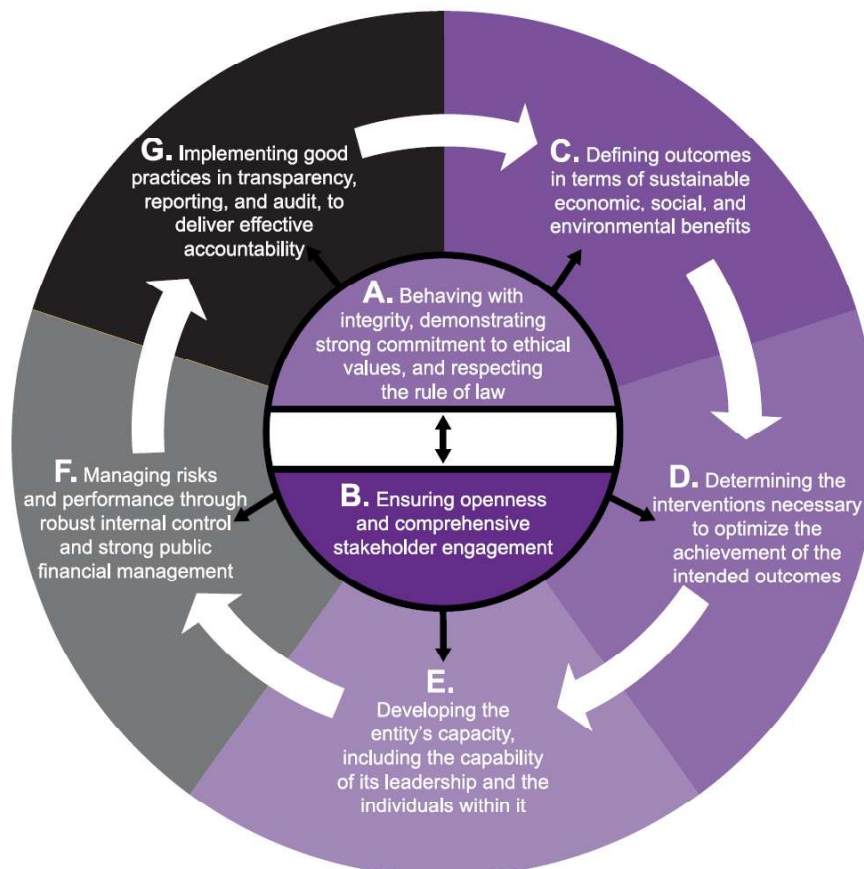
The system of internal control is a significant part of our governance framework and is designed to manage risk to a reasonable level. It helps us to identify and prioritise the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically. We cannot eliminate all risk so we can only provide reasonable and not absolute assurance of its effectiveness.

The governance framework is kept under review and has been in place at YPO for the year ended 31st December 2024 and up to the date of approval of the statement of accounts.

YPO Local Code of Corporate Governance 2024

YPO's Local Code of Corporate Governance and Annual Governance Statement

YPO's corporate governance reporting is based on the underlying CIPFA / SOLACE Good Governance in Local Government Framework. In 2016 this framework was updated, and new principles established with the aim of helping organisations to achieve their intended outcomes while acting in the public interest at all times.



Publication of the 2016 Framework gave us the opportunity to review and update both the format and contents of our Annual Governance Statement and Local Code of Governance.

Much of the detail published in our Annual Governance Statement prior to 2018 is now published in our revised [Local Code of Corporate Governance](#). This enabled us to reduce the amount of detail in this statement and meet the CIPFA / SOLACE 2016 Framework recommendation that the statement is high level, strategic and readable, with a focus on the results of the annual review of the effectiveness of our governance arrangements.

YPO Local Code of Corporate Governance 2024

Purpose of the Annual Governance Statement

YPO prepares an Annual Governance Statement in order to report publicly on the extent to which we comply with our own Local Code of Corporate Governance and carried out an annual review to ensure that our governance arrangements remain effective. The statement enables YPO to communicate to our owners, members, partners, suppliers, customers and other stakeholders how the controls we have put in place help to manage the risks to the delivery of our objectives.

The process of preparing the Annual Governance Statement itself adds value to the effectiveness of the governance and internal control framework.

The Annual Governance Statement is signed by the Managing Director on behalf of YPO and the Chair of the Audit & Governance Sub-Committee.

The Annual Governance Statement is considered and approved by the Audit & Governance Sub-Committee on behalf of the Management Committee and included with YPO's statement of accounts.

How does governance work in practice at YPO?

YPO is a Joint Committee formed under Section 102 of the Local Government Act 1974. As the largest formally constituted local authority education purchasing consortium in the UK, YPO is governed by a management committee of elected representatives (councillors) from its 13 Founder Member Authorities, in accordance with the Management Agreement. The Management Committee, which consists of a representative from each of the founder member authorities, governs YPO policy and decision making arrangements, and reflects openness, accountability and transparency. Specific procedural rules, protocols and policies are in place to govern committee functions and delegated authority. Management Committee and all Sub-Committees have clear terms of reference that are reviewed on a regular basis.

A Scheme of Delegation is in place which enables YPO's Managing Director to make decisions on behalf of the Management Committee, except for certain specific matters which are reserved for the Management Committee, Sub-Committees or statutory officers.

The Statutory Finance (S151) Officer of the Lead Authority is responsible to the Management Committee for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control. The Managing Director has a clear role, responsibility and duty, as specified in the Scheme of Delegation, Financial Procedure Rules and Contract Standing Orders, for day to day financial management and adherence.

The Statutory Monitoring Officer of the Lead Authority is responsible to the Management Committee for ensuring that agreed procedures are followed and that all applicable Statutes and Regulations are complied with. Members of the YPO Board of Directors have clear roles, responsibilities and duties for day to day governance.

YPO Local Code of Corporate Governance 2024

YPO Board have regular meetings with the Section 151 Officer and Monitoring Officer of the Lead Authority. The Lead Authority's Internal Audit team is responsible for providing an independent and objective opinion on the control environment within YPO. Their audit plan and subsequent findings are reported to the YPO Board, the Management Committee and the Audit & Governance Sub-Committee.

In July 2022 the Management Committee considered a report into the findings of a review of YPO's governance structure undertaken by a working group of YPO Founder Member Authority strategic officers. To achieve a more focussed, commercial governance structure, the report proposed the following changes:

- A reduction in Founder Member representatives on the Management Committee from two to one per local authority, with substitutes permitted.
- A reduction in the number of Committee and Sub-Committee meetings from three to a minimum of two per year.
- Removal of the Executive Sub-Committee
- Renaming of the Audit & Scrutiny Sub-Committee to the Audit & Governance Sub-Committee, with changes to the Terms of Reference and membership reduced from 16 to eight.
- Revisions to the Scheme of Delegation, Finance Procedure Rules and Contract Standing Orders.
- Continuation of the role of the Independent (now Non-Executive) Director.

Following further consultation with Founder Member Authorities, the proposals were agreed and necessary changes made to the Management Agreement and related documents.

Following the YPO Governance Review in 2022, new arrangements, to establish a more structured and formal programme of engagement with Founder Member Authorities' Chief Executives and Finance Directors were put in place through the set-up of dedicated fora that meet regularly throughout the year. Engagement was extended in 2023 to Heads of Procurement, and in 2024 to Legal Officers. These groups replace the previous Statutory Officers Advisory Group (SOAG).

In mid-2023, in response to a recommendation from Audit & Governance Sub-Committee, YPO set up a Governance Group, now chaired by the Managing Director. The purpose of the group is to provide greater assurance to those charged with governance and those charged with oversight, that effective governance is in place across YPO.

Annual Governance Statement 2024

How has the Annual Governance Statement been prepared? – Simon Hill, Managing Director

In preparing the Annual Governance Statement, YPO has:

- Reviewed our existing governance arrangements against the CIPFA / SOLACE 2016 Framework, as reflected in our Local Code of Corporate Governance, to make sure they remain effective and up to date.
- Completed a review and assurance process that gives the Governance Group and YPO Board Members the opportunity to reflect on governance in the past year and how we meet each of the principles and sub-principles set out in our Local Code. We don't wait until the annual review to take any action needed, but if there is anything still outstanding at the year end, we report it in the Annual Governance Statement, along with a plan for how we are, or are proposing, to address the issue in the following year.
- Reviewed other sources of assurance and what this tells us about how governance and controls are working in practice at YPO. Our main sources of assurance are:
 - Wakefield Council – as our Lead Authority, the Council provides us with the services of a Chief Financial Officer (S151 Officer) and Monitoring Officer, who play key roles in helping to ensure that YPO operates within financial and other regulatory requirements.
 - Wakefield Council also provides our Internal Audit function. The Internal Audit Team is responsible for providing an independent and objective opinion on the control environment within YPO. Their audit plan and subsequent findings are reported to the Directors of YPO, the Management Committee, and the Audit & Governance Sub-Committee. The Head of Internal Audit has access to the Managing Director and YPO Board Members at any time and submits an annual report each year.
 - External Audit, currently provided by Mazars, who examine our financial statements and highlight any matters for report in the Annual Governance Statement.
 - The Management Committee – YPO is managed by a committee of elected representatives from our 13 public sector founder member local authorities.
 - The Audit & Governance Sub-Committee – this consists of eight elected representatives from our 13 public sector founder member authorities.
 - The Senior Leadership Team and other senior managers who contribute to the development and maintenance of YPO's governance arrangements.
 - The Non-Executive Director: the postholder's role is to provide robust challenge and constructive questions to the Board; to help to maintain standards of probity within the regulatory and governance framework; to understand and demonstrate commitment to YPO's culture, ethos, objectives and values; and to report independently to each meeting of the YPO Management Committee.

Annual Governance Statement 2024

Review of Effectiveness

Management Committee

YPO's Management Committee is made up of a representative from each of its 13 Founder Member Authorities (FMA). The Management Committee governs policy and decision making arrangements. It also fulfils the role of 'those charged with governance' on behalf of the FMAs. The relationship between YPO, its FMAs, and the Management Committee is set out in the Management Agreement.

In their role as those charged with governance, Management Committee seek assurance that governance and risk management arrangements are in place and operating effectively, from a number of sources including:

- YPO Managing Director, to whom executive decision making powers are delegated via the Scheme of Delegation, supported by the Board and senior management structure.
- Various role based fora which include officer representatives from both YPO and FMA including the Chief Executives' Forum, Finance Directors' Forum, Heads of Procurement Forum, and Legal Officers' Forum, in accordance with their Terms of Reference. In addition the YPO Governance Group provide assurance to the Management Committee.
- Wakefield Council who, as Lead Authority, provide the Monitoring Officer, S151 Officer, and Internal Audit function, in accordance with a Service Level Agreement.
- The Non-Executive Director, a member of the YPO Board who reports directly to the Management Committee.
- Audit & Governance Sub-Committee, who carry out the role and functions, as far as possible, of an audit committee in accordance with CIPFA Position Statement 2022.

Assurance is sought throughout the year, and is formalised in twice yearly meetings, which are publicised, managed and minuted in accordance with local government regulations. Management Committee met in July and November 2024 and business included:

- Agreement of their own Terms of Reference, meeting schedule, principal agenda items, and work programme 2024/2025.
- YPO Business Updates, Business Plans and Budget 2024/2025 including a discussion around plans for growth, capital and exceptional items.
- An update from the Managing Director including plans for warehouse optimisation and discussion around realising the benefits of previous efficiencies and improvements.
- An update from the Executive Director Commercial on 2023 peak and market conditions that prompted discussion around competitors and market share.
- An update from the Executive Director Finance on a range of financial matters (budgets to date, forecasting, proposals for investment and dividends, and debt recovery), an update on progress of the project portfolio, and a range of Health & Wellbeing initiatives.
- An update from the Executive Director Operations on a range of logistics related matters including good order fulfilment and reliable IT systems during peak, and updates on the contract with third party logistics providers, the fleet replacement programme, a number of health and safety initiatives, and ISO 27001 accreditation.
- An update from the Executive Director Procurement on the Procurement Regulations, progress on digital procurement, and a new consultancy and training initiative.
- Regular reports from the Non-Executive Director and additional reports inviting an appraisal of options for the future term of the role.
- Updates from the Lead Authority Monitoring Officer and S151 Officer

Annual Governance Statement 2024

Audit & Governance Sub-Committee

YPO's Audit & Governance Sub-Committee fulfil the role of the audit committee, as far as possible, in accordance with the CIPFA Position Statement on Audit Committees 2022.

The Sub-Committee met in July and November 2024 and considered reports relating to their core role including:

- Governance Update: Local Code of Governance and Annual Governance Statement 2023
- Risk Management: updates to Strategy & Framework, Statement of Risk Appetite, Strategic Risk Register, and the new (in 2024) risk management system
- Anti-Bribery & Corruption (ABC) Framework: Anti-Bribery Policy Statement, Bribery Risk Register, and Fraud Prevention Measures Report
- Audited Statement of Accounts 2023 and Year End Closedown Timetable 2025
- Treasury Outturn Report 2023 and Investment Strategy (draft) 2025
- External Audit Completion Report 2023
- Internal Audit Annual Assurance Opinion 2023, Internal Audit Plan Progress Report 2024, Draft Internal Audit Plan 2025, and Internal Audit Action Update Report 2023

In addition to the standing agenda items above, the Sub-Committee commissioned or considered a number of other reports:

- Following a recommendation from the Sub-Committee in Nov 2023, an officer Governance Group was set up to provide greater assurance that effective governance is in place at YPO. Sub-Committee received the first report back from the Governance Group in November 2024.
- Refreshed Terms of Reference for the Audit & Governance Sub-Committee itself which members engaged with and approved in November 2024 and which enable the Sub-Committee to fulfil their role in accordance with the updated CIPFA position statement, as far as possible (as a Joint Committee, YPO is not able to comply fully).
- Following advice in a report from Internal Audit that they were not able to provide assurance on specialist areas of risk, in particular digital disruption and environmental sustainability, the Sub-Committee commissioned reports from YPO staff, supported where possible, by independent third party providers, to examine how risks in these key areas are being identified and mitigated. The digital disruption report identified a range of risk mitigation measures that will be assessed by the independent ISO 27001 accreditation process. The environmental sustainability report was followed up by demonstration of an Environmental Dashboard that YPO is using to measure progress towards net zero and other relevant targets. The Sub-Committee have commissioned further reports in 2025.
- Sub-Committee also received reports on the Warehouse Management System Project; a Health & Safety Update, focussed on fire safety compliance; and a report on Pay Policy & Living Wage.

Annual Governance Statement 2024

Other Sources of Assurance

The Chief Executives' Forum met twice in 2024 and focused on progress on YPO's Strategic Plan; future activity plan; dividend strategy; member engagement; financial performance review; and updates on the consultancy and social care support that YPO can provide members.

The Finance Directors' Forum met three times in 2024 and focused on financial performance updates; dividend distribution; member engagement; social care update; energy update; and upcoming committee agendas and report summaries.

The Heads of Procurement forum met three times during 2024 and focused on member engagement; planned tender activity; energy update; new procurement bill; digital transformation at YPO; YPO framework terms and conditions; social care update; and upcoming committee agendas and report summaries.

The Legal Officers' Forum met twice in 2024 and focused on YPO framework terms and conditions; social care update; member engagement; YPO JC & Ltd company governance; and upcoming committee agendas and report summaries.

The Governance Group met monthly in 2024. Its main areas of work included policy review; development of a digital constitution and new terms of reference for the Audit & Governance Sub-Committee and officer fora; improved arrangements for engagement with key stakeholders in Internal Audit work; oversight of Business Continuity Management arrangements; and the development of a joint member officer report on governance issues.

Wakefield Council Head of Internal Audit's overall opinion on the systems of internal control at YPO during 2024 is: *placeholder for the 2024 opinion*.

Mazars LLP issued the following audit opinion on YPO's 2024 Financial Statements: *placeholder for the 2024 opinion*.

Annual Governance Statement 2024

Significant Governance Issues

As part of the review of overall effectiveness, YPO Board Members considered the governance arrangements, including significant governance issues reported previously and new issues identified. As part of our commitment to continuous improvement, we plan to further strengthen arrangements, where required, in the areas identified.

The Annual Governance Review has identified several areas of change. In some cases governance and internal control has been strengthened and assurance provided: in others, risks and issues have been recognised and action put in place to address them.

Updated Governance Structure

The joint YPO / FMA officer fora have agreed terms of reference and are now fully operational.

The Governance Group (recommended by Audit & Governance Sub-Committee in November 2023) is also fully operational. The Group meets monthly and is chaired by YPO's Managing Director. It covers a range of governance related issues. Details of the Group's work programme and activity are included in their twice yearly report to Audit & Governance Sub-Committee. Highlights include development of a digital constitution, including fully revised terms of reference for various groups, review of a number of key organisational policies, and oversight of other key areas such as Business Continuity Management.

Developments in Risk Management

Following system specification, design and pilot roll out in 2023, the new web-based risk management system was fully implemented in 2024. Around 55 users have been trained and are active on the system. Approx. 150 strategic, operational and thematic (cross-cutting) risks are being actively managed in real time on the system. The system has delivered all of the benefits anticipated including secure access to risk registers; one single view of each risk; real time risk review and update leading to improved accountability for risk owners; risk dashboards and a suite of reports; the ability to escalate risks from an operational to strategic level; raised profile of risk and provided engagement, awareness, understanding and embedding of risk management. Further system enhancements and development are being considered in 2025.

In 2024 YPO Board published a fully revised and updated Statement of Risk Appetite.

Developments in Business Planning

Following the success of the risk management system implementation, a new Business Planning system has been designed using the same software and platform (SmartSheet). The new system enables business planning objective setting, risk identification, action planning and progress to be captured in one web-based system, and is expected to deliver similar benefits as the risk management system (including single view, integration, accountability, reporting, awareness raising, engagement and embedding across the organisation). The system will be fully implemented in 2025 for the 2026 business planning process.

Annual Governance Statement 2024

Developments in Business Continuity Management

YPO's Business Continuity Management (BCM) arrangements were fully reviewed and updated in 2024. The Business Continuity Policy and Incident Management Plan were refreshed, and work commenced mid-year to update the Business Continuity Plans themselves. A number of engagement sessions were run with YPO Board and Senior Leadership Team, including a desk top exercise to test emerging plans. This was followed up by further development work and plan testing in 2025, including a full update of the Crisis Communications Manual. The fully updated plans are now almost complete and will be finalised in 2025.

Work is also ongoing in 2025 to design and implement a BCM system, using the same platform as the Risk Management and Business Planning systems.

Anti-Bribery & Corruption Framework

YPO maintains an Anti-Bribery Policy Statement to enable us to demonstrate compliance with the Bribery Act 2010. The statement was last reviewed and reported to the Audit & Governance Sub-Committee in November 2024, along with an updated Bribery Risk Assessment.

Compliance with the statement requires YPO to maintain a Gifts & Hospitality Policy and Register of Declarations. Following some previously reported concerns that reporting of gifts and hospitality had not returned to pre-pandemic levels (there was almost no activity during 2020 and 2021 to report), various additional measures including an on-line reporting system were introduced, and a commitment was made in the 2023 Annual Governance Statement to closer monitoring of activity, declarations. The Governance Group are of the opinion that this is still an area in need of close oversight and further measures are being implemented in 2025 to ensure we return to previously high levels of compliance.

ISO27001 Information Security Management Systems

In 2023 YPO embarked on ISO27001 Information Security Management Systems (ISMS) accreditation. ISO27001 is the gold standard on cyber and information security. It takes a risk based approach and requires compliance with robust practice. Many new policies and ways of working were developed during 2023 and this continued in 2024.

YPO's Audit & Governance Sub-Committee gained oversight of ISO27001 accreditation in 2024, commissioning a report into the risks of digital disruption and mitigating strategies and controls.

YPO was assessed by an independent auditor in May 2025 and has been awarded ISO27001 accreditation. This is a significant achievement for the organisation and positive endorsement of how YPO manages its digital and technological risks and controls.

Annual Governance Statement 2024

Social Value and Sustainability

In 2023 YPO reported a number of significant developments and achievements in its commitment to social value and sustainability. Good progress continued to be made in 2024 and is ongoing in 2025. In 2024 Audit & Governance Sub-Committee commissioned an officer report, supported where possible by independent third party assurance, on the risks around this agenda and how they are being managed at YPO, and at a subsequent meeting received a demonstration of an Environmental Dashboard that YPO is using to measure progress towards net zero and other relevant targets.

Health & Safety

In 2023 YPO reported a number of significant developments and improvements in Health & Safety. These continued in 2024 and included the successful implementation of a new Health & Safety Incident Reporting System. A key focus of H&S work in 2024 was around fire safety. This included commissioning independent assessments and reports and delivery of a number of agreed improvement actions. Audit & Governance Sub-Committee received detailed reports on this progress in 2024.

Financial Management Standards

In 2024 YPO made a commitment to review its financial management arrangements against CIPFA's Financial Management Code, a set of standards designed to support good practice and financial sustainability. Following other priorities and developments, this review was deferred and is now included on Governance Group's 2025 work programme.

Assurance: Models, Mapping and Sources of Assurance

YPO has adopted a 'three lines of defence model' to provide assurance that controls are in place and operating effectively to manage risk. This is set out in YPO's Risk Management Strategy & Framework and in the Governance Group's Terms of Reference. The three lines of defence are:

- First line: Operational (service/departmental) controls eg standard operating procedure
- Second line: Organisational (cross cutting) controls eg Financial, HR and IT policies; compliance and quality management
- Third line: External independent controls eg Internal Audit, External Audit, other independent assessments include ISO standards accreditation

Many of the individual sources of assurance are referenced in the Annual Governance Statement itself. However it has been agreed, following a recent internal audit, to develop and report a full assurance map, which provides a visual representation of how the organisation manages its risk and compliance, and identifies any gaps or duplications in its assurance framework. The assurance map will be reported later in 2025.

With regard to third line defence (external independent controls), in addition to the annual report from External Audit and the ISO27001 accreditation, referenced earlier in the AGS, YPO also made significant preparations in 2024 to retain ISO9001 Quality Management System accreditation and was re-accredited in 2025. Quality Management is in itself a second line source of assurance.

Annual Governance Statement 2024

A key source of external assurance that controls to manage risk are in place and operating effectively comes from Internal Audit who consult with YPO to design and deliver an annual audit plan based around YPO's strategic risk register. YPO's risk management system is aligned with IA's assurance opinion levels so that assurance provided by the audit work can be fed back into the strategic risk register. However, to be of value, assurance needs to be provided in a timely manner. IA and YPO colleagues work together to facilitate this by meeting regularly to plan audits, prepare colleagues for audit visits, and monitor progress but, for a variety of reasons, most reports are issued after the year end.

The Head of Internal Audit & Counter Fraud has noted in his annual assurance report for 2024 that a review of IA's internal performance data has highlighted that YPO had agreed times for the audit work and prepared relevant officers for this. However, where internal audit staff were delayed in issuing terms of reference (for individual audits) the impact of this was that initial timings were not achieved, creating pressure on YPO officers. The report notes that whilst (IA) resourcing was the primary factor, the performance review has led to some improvements in IA's internal processes, and reinforces the importance of agreeing terms of reference and issuing reports in a timely manner. The report also acknowledges that the delays also impact YPO's ability to update risk management records and is therefore an important action for IA to take forward in 2025.

Internal Audit and YPO managers have already put further measures in place to monitor progress in 2025.

Elected Member Representation

As a result of a number of changes in elected member representation in 2024 there was a need to appoint new or temporary Chairs and Vice Chairs to both the Management Committee and Audit & Governance Sub-Committee. The Chair and Vice Chair of the committee and the sub-committee play a key role in YPO's governance arrangements and continuity is important.

This risk also escalates between local elections in May each year and YPO's AGM each year. In 2025 there has been a period of approx. eight weeks when YPO has been without a formally appointed Chair or Vice Chair of the Management Committee, and this risk has been added to the strategic risk register.

In 2024 member attendance at meetings has also been of concern and there have been discussions with members and WMDC statutory officers about the implications of this and how to resolve the issue.

Annual Governance Statement 2024

The Role of the Audit & Governance Sub-Committee

The role of the Audit & Governance Sub-Committee is to ensure that the highest standards of probity and public accountability are demonstrated and, in doing so, ensure effective governance of YPO. The Sub-Committee provides 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. In particular we consider the Internal Audit plan and performance and oversee the completion of actions to improve internal control; the External Audit work programme and opinion; and the effectiveness of YPO's arrangements for risk management and decision making.

On behalf of the Audit & Scrutiny Sub-Committee I am delighted to approve the Annual Governance Statement 2023 and recommend it to the Management Committee for inclusion with the Statement of Accounts.

Declaration

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Board of Directors and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Any areas for improvement identified have been detailed above.

We propose over the coming year to take any necessary steps to further enhance our governance arrangements. We are satisfied that these steps will address any need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Chair of the Audit & Governance Sub-Committee

Managing Director

Date

	<p style="text-align: center;">YPO</p> <p style="text-align: center;">AUDIT & GOVERNANCE SUB- COMMITTEE</p> <p style="text-align: center;">TO BE HELD ON</p> <p style="text-align: center;">4TH JULY 2025</p>
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**TITLE: CONTRACT STANDING ORDERS AND FINANCIAL PROCEDURAL RULES
UPDATE 2025**

REPORT OF: HEAD OF FINANCE

1 PURPOSE OF REPORT

- 1.1 To provide details and basis for the proposed amendments to the Organisations governance documentation

2 SUMMARY

- 2.1 The Contract Standing Orders (CSO) have been updated to reflect changes to Procurement Legislation and to the Organisations operational processes.
- 2.2 The Financial Procedural Rules (FPR) have been updated in line with their review date and following recommendation from Internal Audit.
- 2.3 A copy of the CSO and FPR are included as appendices to this report.

3 BACKGROUND

- 3.1 On 28th February 2025 the Procurement Act 2023 and its associated secondary legislation came into force, replacing several procurement related legislations, including the Procurement Regulations 2015.
- 3.2 The CSO directly references provisions and operating requirements set out within the Public Contract Regulations and is required to be updated to avoid a direct conflict with current legislation.

- 3.3 Changes to the Organisations team structure and processes have also created a requirement for additional amendments. The updated version is attached at Appendix 1.
- 3.4 The FPRs were last updated in 2022 as part of a wider Governance review, they have now been updated to reflect any changes in processes, procedures and systems used. The updated version is attached at Appendix 2.

4 OUTCOMES

- 4.1 The CSO updates and refines recognised terminology, thresholds at which the CSO applies, sets new expected behaviours to focus on benefit YPO's own interests, removed outdated paper-based practices, limited use of non-competitive routes to market and has enshrined a commitment to Social Value.
- 4.2 The FPR updates are mainly around the authorisation and approvals limits included in Appendix 2 of the document. The FPR now provides full clarity and transparency on all limits for transactions that can have a financial implication.

5 RECOMMENDATIONS

- 5.1 For the Committee to review and approve the proposed amendments to be presented and approved at the Management Committee meeting held on 18th July 2025.

6 WHAT DOES THIS MEAN FOR YPO STAKEHOLDERS?

- 6.1 Approval of updated CSO and FPR ensures the organisation will continue to operate within the boundaries of English and Welsh Law and has effective financial controls and corporate governance.

7. OUTCOME AND SUSTAINABILITY

- 7.1 The governance tools acknowledge that the organisation has effective financial controls and corporate governance as well as embedding a commitment to consider and adopt social value measures within its procurement activity as required by the Social Value Act 2012.

8. FINANCIAL IMPLICATIONS

- 8.1 There are no financial implications arising from this report.

9. LEGAL IMPLICATIONS

- 9.1 Failure to approve or adopt amendments to the CSO will result in a direct contradiction between the organisations internal governance processes and current legislation.

10. EQUALITY IMPLICATIONS / EQUALITY OF OPPORTUNITY IMPLICATIONS

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

11. RISK ASSESSMENT

11.1 There is no risk associated with this report.

SERVICE DIRECTOR: JULIE HAWLEY, EXECUTIVE DIRECTOR FINANCE

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APPENDICES:

Appendix 1: Standing Orders for Contracts Updated June 2025

Appendix 2: Financial Procedure Rules Updated June 2025

Better value, delivered.



Document Control Page

Document Type	Standing Orders
Document Ownership	Corporate Governance
Title of Document	Standing Orders for Contracts
Status	DRAFT V1
Reference Number	FINPOL001
Controlled By	Finance Director
Created By	Head of Finance / Senior Legal and Compliance Manager
Approved By	Board of Directors
Submitted for approval to	Audit & Governance Sub-Committee
Approved	
Maintained By	Head of Finance / Senior Legal and Compliance Manager
Publication Date	
Next Review Date	
Current Version	5.1
Distribution	Policy Management System, Website
Replaces Document	Standing Orders for Contracts 2022

YORKSHIRE PURCHASING ORGANISATION

Contents:

Section 1 Standing Orders for Contracts

1. Definitions
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4. Conduct of Members and Employees
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6. Compliance
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9. Equality and Diversity
10. Terms and Conditions
11. Tendering Process
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15. Contracts Between £25,000 and £75,000
16. Contracts Between £30,000 and UK Government Thresholds
17. Contracts Above UK Government Thresholds
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19. Examination of Tenders
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21. Claims From Contractors, Suppliers and/or Service Providers
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1. DEFINITIONS

- 1.1. “**CDP**” means the Central Digital Platform hosted by the Cabinet Office for His Majesty’s Government on .gov and through which the Organisation publishes Tendering opportunities and awards.
- 1.2. “**Chairperson**” means the current Chairperson of the Management Committee.
- 1.3. “**Chief Financial Officer**” means the current Director of Finance of the Lead Authority responsible to the Management Committee of the Organisation for providing financial advice to the Organisation (other than the financial services performed by the Managing Director or other officers designated by him/her). In fulfilling this role, the Chief Financial Officer will be able to rely on the Managing Director of the Organisation to keep him/her informed on all aspects of his/her role relating to the Organisation under Section 151 of the Local Government Act 1972, including compliance with the rules forming the Financial Procedure Rules and Standing Orders relating to Contracts of the Organisation.
- 1.4. “**Contract**” means an agreement made by the Organisation with another party creating a legal relationship enforceable by law.
- 1.5. “**Debarment List**” means the list of suppliers controlled and maintained by the UK Government debarred from being awarded UK public contracts in accordance with s.62 Procurement Act 2023.
- 1.6. “**Emergency**” means an event in which the Organisation is in probable or actual risk of significant financial or operational harm, including in the case of its employees, physical harm.
- 1.7. “**Framework**” means an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price, quality and where appropriate the quantity envisaged including dynamic markets as set out in the Procurement Act 2023.
- 1.8. “**Goods**” includes all supplies and materials that the Organisation purchases or obtains.
- 1.9. “**Lead Authority**” is the member authority chosen by the Management Committee to provide support services to the Organisation.
- 1.10. “**Managing Director**” means the current Managing Director of the Organisation or an officer designated by him/her.
- 1.11. “**Management Committee**” means the elected members of the Organisation constituting its Management Committee and any of its Sub Committees.
- 1.12. “**Members**” means those elected officers who have been appointed to the Management Committee.
- 1.13. “**Monitoring Officer**” means the individual appointed by the Management Committee to ensure legality, good governance and ethical conduct within the Organisation. In fulfilling this role, the Monitoring Officer will be able to rely on the Managing Director of the Organisation to keep him/her informed on all aspects of his/her role relating to the Organisation under Section 5 of the Local Government

and Housing Act 1989, including compliance with the rules forming the Financial Procedure Rules and Standing Orders relating to Contracts of the Organisation.

- 1.14. **“Organisation”** means the consortium of local authorities known as the Yorkshire Purchasing Organisation or YPO.
- 1.15. **“Procurement Officer”** means the individual or individuals at the Organisation designated responsible for the procurement including Strategic Procurement Managers, Category Managers, Category Buyers, Assistant Category Buyers, Internal Procurement Officers or Further Competition Coordinators responsible for delivering Contracts, Frameworks and assessing Goods, Services and Works in accordance with the Contracts Standing Orders.
- 1.16. **“Procurement Legislation”** means the Procurement Contract Regulations 2015, Procurement Act 2023, Procurement Regulations 2024 and any other primary or secondary legislation or amendments thereto that pertain to procurement in the public sector.
- 1.17. **“Services”** includes all services, which the Organisation purchases or obtains including but not limited to advice, consultancy, agency staff, third party logistics etc.
- 1.18. **“Tender Plan”** means the intended route to market for any procurement including planned assessment criteria, market considerations, exceptions to the Contracts Standing Orders and planned delivery dates.
- 1.19. **“Tender Recommendation”** means the record used to document the outcome of any tender or procurement exercise including the process used, outcome reached and the proposed intent as a result of the exercise including the award of Contracts or Frameworks where appropriate.
- 1.20. **“Whole Life Costs”** means the whole costs of the provision of the works, goods and/or services from inception to disposal including any annual maintenance costs or annual fees (i.e. software licences)
- 1.21. **“Works”** includes the construction of new buildings and works, restoring and common repairs.

2. Introduction

- 2.1. The Standing Orders for Contracts aim to promote the highest standards in procurement activity ensuring probity, integrity, accountability and impartiality in making a clear, understandable, transparent and fair selection of suppliers by the Organisation, and form part of the governance arrangements of the Organisation.
- 2.2. The Standing Orders for Contracts also promote the delivery of value for money and the required levels of quality and performance in all contracts that are let. The Organisation is committed to the overall principles that:
 - a) All purchases will be based on the most advantageous tender unless agreed by the Managing Director.
 - b) Goods, services and works will be acquired by fair, objective and transparent competition.

c) Social Value impact and outcomes will be a core, demonstrable consideration in appropriate purchasing decisions made under these Standing Orders for Contracts.

2.3. The Standing Orders for Contracts also aim to deliver competitive procedures and the avoidance of practices which may restrict, prevent or distort competition.

2.4. Procurements will be carried out in compliance with the legal and ethical requirements referred to in these Standing Orders for Contracts, and taking into account the Organisation's commitment to continuous improvement, quality and environmental issues.

2.5. These Standing Orders for Contracts apply to all Contracts for Goods, Services and Works.

2.6. All values referred to in these Standing Orders for Contracts are inclusive of VAT.

2.7. Any dispute regarding interpretation of these Standing Orders for Contracts shall be referred to the Managing Director or his/her nominated officer.

2.8. The Managing Director or his/her nominated officer shall undertake a formal review of these Standing Orders for Contracts on an annual basis.

3. Responsibility for Observance

3.1. The Management Committee is responsible for regulating and controlling the contractual arrangements of the Organisation.

3.2. The Managing Director shall perform their duties in accordance with these Standing Orders for Contracts, the Organisation's Financial Procedure Rules and the Managing Director's Scheme of Delegation and the law of the land with respect to all matters relating to contracts and public procurement.

4. Conduct of Members and Employees

4.1. In dealing with matters referred to in these Standing Orders for Contracts employees shall abide by the provisions of the Organisation's Code of Conduct, the rules contained in these Standing Orders for Contracts and the Organisation's Financial Procedure Rules.

4.2. So far as possible, the election to the Management Committee of anyone with a significant involvement in any way with any firm likely to be employed by the Organisation, or the employment of any officer with a similar involvement, should be avoided.

4.3. Members and employees of the Organisation shall not sell any goods, services or works to the Organisation.

4.4. No contractor, supplier or service provider in which a member or officer has a pecuniary interest may be chosen or appointed, other than by following the procedures laid down in these Standing Orders for Contracts, the Organisation's Code of Conduct Policy and without having disclosed his/her interest by completing a Declaration of Interest Form in accordance with statutory requirements and the Organisation's Employee Interests Policy.

5. Propriety

- 5.1. The Organisation shall conduct all its operations with the utmost propriety. To achieve this, the Managing Director shall have direct access to the Chairperson, Chief Financial Officer and the Monitoring Officer in matters touching on the propriety of purchasing arrangements. The Managing Director shall provide information and advice as necessary, but where circumstances clearly require a completely impartial approach, initial decisions shall be taken by the Monitoring Officer, the Chief Financial Officer or the Chairperson, as appropriate. All such matters must be referred to the Management Committee either for decision or, where action has already been taken, for confirmation.

6. Compliance

- 6.1. Contracts entered into on behalf of the Organisation shall be made in accordance with these Standing Orders for Contracts, all relevant UK legislation requirements and timescales, including case law.
- 6.2. The Organisation shall not enter into any Contract with any supplier or other organisation listed on the Debarment List.
- 6.3. Where an appropriate standard or code of practice issued by the UK Government current at the date of the tender, every contract subject to these Standing Orders for Contracts shall require that all goods and materials, used or supplied, and all workmanship provided shall be in accordance with that standard.
- 6.4. The Contracts Team and all other officers with budget responsibilities within the Organisation are responsible for ensuring that processes adopted are compliant with these Standing Orders for Contracts.
- 6.5. The Procurement route should take into account instances where Goods, Services and Works can be obtained via appropriate, existing, approved and enabled arrangements.

These include:

- 6.5.1. The use of a Member Authority's in-house services such as payroll, legal, vehicle maintenance etc.
- 6.5.2. Nationally negotiated contracts such as those arranged by the Organisation, any Public Sector Body or Public Buying Organisations such as Eastern Shires Purchasing Organisation and the Crown Commercial Service.
- 6.6. Whenever possible, the Organisation must prioritise the use of the Organisations Frameworks for procurement requirements before use of any other procurement tools.

7. Exceptions

- 7.1. Exceptions from any of the provisions of these Standing Orders for Contracts shall only be made by decision of the Management Committee or in compliance with the terms of the Managing Director's Scheme of Delegation and a written record signed by the Managing Director in the form of an Exception Report will be kept centrally in an electronic file held by the Contracts Team.

7.2. In addition, and subject to statutory requirements, tenders need not be invited in accordance with these Standing Orders for Contracts in the following cases:

- a) Goods and Services which are obtainable from one contractor only and for which there is clear recorded evidence that no satisfactory alternative is available.
- b) The execution of Works of a specialised nature where there is clear recorded evidence that they may only be carried out by one contractor.
- c) Goods of a nature entrusted to a particular public utility, local authority (or similar) or other statutory undertaker.
- d) The purchase of Goods and Services from a central or local government purchasing organisation where YPO is satisfied that the procurement has been undertaken in accordance with legislation and any specific Call Off procedure is followed.
- e) The purchase of Goods and Services where prices of the goods are wholly controlled by trade organisations or government order and no reasonably satisfactory alternative is available.
- f) The purchase of Goods and Services in response to an Emergency.
- g) Direct awards for Goods Service in special cases as permitted by s.41 and under circumstances defined by Schedule 5 of the Procurement Act 2025

Where an Exception Report has been properly signed by the Managing Director.

8. Freedom of Information

- 8.1. The Freedom of Information Act 2000 (FOIA) & Environmental Information Regulations 2004 provide the right of public access to information held by public authorities such as the Organisation
- 8.2. All requests received by the Organisation under FOIA in respect of tenders and contracts should be channelled through the Organisations Data Protection Team immediately upon receipt to enable the Organisation to comply with its Access to Information Policy.
- 8.3. The FOIA includes potential exemptions on the basis of commercially confidential information. However, tenderers will be made aware of the implications of the Act at the tender stage.

9. Equality and Diversity

- 9.1. The Organisations Frameworks and Contracts must include protections to ensure contractors, suppliers and service providers will not unlawfully discriminate within the meaning and scope of any law, enactment, order or regulation relating to discrimination (whether in race, gender, religion, disability, sexual orientation, age or otherwise) in employment.
- 9.2. Contractors, suppliers and service providers will be required to take all reasonable steps to secure the observance of the Organisations Framework Agreement / Contract by all servants, employees or agents of their organisations or those of

their suppliers and sub-contractors employed in the execution of the Framework Agreement / Contract.

10. Terms and Conditions

- 10.1. Contracts and Framework Agreements will use the Organisations standard terms and conditions whenever possible. Variations from the standard format must be approved by the Managing Director and if necessary legal advice sought. Terms and conditions will be included with tender documents and issued to suppliers as part of the invitation to tender.
- 10.2. Tenderers are expected to accept YPO's Terms and Conditions held within the Framework Agreement or Contract without qualification. Acceptance of qualified terms and conditions will only be made at the Senior Legal and Compliance Managers' discretion and written assessment should be made of its implications and held on a central file within the Contracts Team. YPO is not obliged to accept any variation to terms and conditions and in general, any such relaxation will only be granted if it is considered reasonable under the circumstances, provides a commercial advantage to the Organisation, the level of risk is assessed as acceptable, and it does not distort competition between the tenderers.
- 10.3. The tender documents should give tenderers the opportunity to raise any queries in relation to the terms and conditions during the "Clarification Question" stage of the process to allow for all queries to be addressed and a response (if required) can be circulated to all tenderers. Any queries raised during the tender process in relation to Terms and Conditions should be referred to the Senior Legal and Compliance Manager.
- 10.4. The tender documents should also state that any clarifications raised after the deadline for submission of tenders or any included in a tenderers bid submission will not be considered.
- 10.5. Contracts for the execution of Works or the purchase of Goods or Services where urgency is too great to permit the making of a contract in writing will be confirmed in writing at the earliest opportunity.

11. Tendering Process

- 11.1. The Organisation must use an electronic tendering system (ETS) for tendering activity (including evaluation) above £30,000. Any exception to this process must be agreed on a case-by-case basis with the Contracts Team with full details of the reason for change retained in writing on file.
- 11.2. Cost may be evaluated through an e-auction where appropriate.
- 11.3. Gateway sign off stages for contracts will be dependent on the monetary, complexity and risk value of the contract and an approvals process for tenders detailed within a standard operating procedure.
- 11.4. Any exception to the procurement processes detailed in this document will be at the Managing Director's discretion as detailed above at point 7. A written record documenting the reasons for the exception authorised and signed by the Managing Director, will be retained on an electronic central file held by the Contracts Team.

12. Sample Process

- 12.1. Where samples are requested, they must be provided in accordance with the instructions in the tender document by the set deadline.
- 12.2. They should be sent to the front reception of YPO, site 41 FAO The Contracts Team.
- 12.3. Samples are then required to be held in the designated sample room until the tender deadline has passed when they will then be passed to the relevant buyer in order to be evaluated.
- 12.4. Samples from successful suppliers shall be stored in the warehouse for the life of the contract or Framework whichever is longer only where necessary given their nature and the risk associated with the Goods in question, with the reason for retention being documented by the Procurement Officer(s) within the Tender Recommendation Form
- 12.5. Samples relating to YPO branded Goods shall at all times be retained in the warehouse of the life of the Contract or Framework, whichever is longer.
- 12.6. Samples from unsuccessful suppliers are to be returned to the supplier wherever possible
- 12.7. If the unsuccessful supplier is unable to arrange collection, or does not require the samples to be returned, the samples will be used internally, donated to charity or disposed of.
- 12.8. Samples from unsuccessful suppliers must be removed from the sample room by the responsible Procurement Officer within three (3) months of the award of the Contract or Framework.

13. Tender Information Obligation

- 13.1. As part of the Local Government Transparency Code the Organisation has an obligation to publish information on a monthly/quarterly basis in relation to invitations to quote and invitation to tender for all contracts to provide goods and/or services that exceed £30,000.
- 13.2. The information to be published is reference number; title; description of goods/services; start, end and review dates; title of agreement; supplier name and details; sum to be paid over the length of the contract; the process used; whether or not the supplier is a small/medium enterprise and/or a voluntary or community sector organisation and the department responsible for the procurement.

14. Contracts under £30,000

- 14.1. This includes any procurement activity (internal or trading spend) involving an estimated aggregate Whole Life Costs value up to £30,000.
- 14.2. The procurer may use any reasonable means to source supplier options but the quotation procedure and outcome including due diligence into the supplier's ability to deliver the Contract must be managed and a written record must be retained. If requested to do so a copy must be provided to the Contracts Team on conclusion.

15. Contracts / Frameworks between £30,000 and £75,000

- 15.1. This includes any procurement activity (internal or trading spend) involving an estimated aggregate Whole Life Costs value between £30,000 and £75,000
- 15.2. There must be a minimum of three written quotes from selected suppliers unless agreed otherwise by the Contracts Team in exceptional circumstances.
- 15.3. The procedure must be carried out electronically with a written record of the specification, the quotations, the evaluation process and notification of award and rejection. This written record must be retained.
- 15.4. The Organisation will comply, and the Procurement Officer will ensure compliance with the requirements for regulated below threshold Contracts as set out in the Procurement Act 2023.

16. Contracts / Frameworks between £75,000 and UK Government Thresholds for Goods, Services & Works

- 16.1. This includes any procurement activity (internal or trading spend) involving an estimated aggregate Whole Life Costs value between £75,000 and the UK Government Threshold for Goods, Services and Works.
- 16.2. The entire process must be overseen by the relevant Procurement Officer and signed off by the Contracts Team.
- 16.3. The procedure must be carried out electronically via the ETS with a written record of the specification, the quotations, the evaluation process and notification of award and rejection. This written record must be retained.

17. Contracts / Frameworks above UK Government Thresholds for Goods, Services & Works

- 17.1. Procurement activity with an estimated aggregated Whole Life Costs value above UK Government Thresholds for Goods, Services and Works will be conducted by a Procurement Officer.
- 17.2. To ensure compliance with national legislation and guidance the Contracts Team will oversee all tendering processes, ensuring a segregation of duties and a consistent approach.
- 17.3. All tenders must be advertised and Awarded through the CDP
- 17.4. In the case of tenders for Goods or Services, the relevant officers should consider whether the contract will be of benefit to other public sector bodies.
- 17.5. The selection and award criteria, sub-criteria and weightings to be used in the evaluation process must be clearly communicated to all tenderers on the CDP and the invitation to tender. The criteria must be followed during the evaluation process. Under no circumstances may any of the criteria be changed or new criteria introduced from those published unless permitted by the Procurement Act 2023.
- 17.6. Before commencing any tendering exercise an assessment of risk pertaining to the specific tender exercise will be undertaken. This will allocate the required sign off levels / stages which must be adhered to.
- 17.7. All legally required time limits must be followed as minimum.

17.8.Social Value considerations must be included in the criteria for award in the CDP notice and tender documentation and will be weighted as a minimum of 20% of the evaluation criteria.

17.9.The Social Value Act/added value must be considered within the Tender Plan.

17.10. In every instance detailed records will be held (electronically) of all stages of the process.

18. Receipt and Opening of Tenders

18.1.The receipt and opening of tenders will be undertaken using the ETS unless otherwise agreed by the Contracts Team.

18.2.Late tenders may be considered at the discretion of the Senior Legal and Compliance Manager, if they are satisfied that there was reasonable cause for the delay and fair competition has not been compromised. A record of this decision will be held centrally by the Contracts Team.

19. Examination of Tenders

19.1.Tenders submitted in competition shall not be considered if:

- a. The tender is in some way uncertain in its terms and it is unclear what the submission is offering.
- b. There is evidence that the tender document has been altered without consent.

19.2.If a tender requires clarification on a technical or contractual matter all necessary communication must be properly recorded and remain confidential. Such clarification may only be undertaken when the process remains fair to all Tenderers and does not distort competition in any way.

19.3.During the period between the closing for the receipt of a tender and award, Tenderers may not seek to amend prices in any way, other than a genuine and obvious error. Such circumstances must be properly recorded on file and competition must not be distorted in any way. Evidence should always be provided that can be tracked back to the original quote.

19.4.If variations to specifications are to be examined and considered, tenderers must have been made aware in the invitation to tender document.

20. Acceptance of Tenders

20.1.The designated Procurement Officer(s) shall arrange the evaluation of the tenders and make a recommended contract award based on the most advantageous tender to the sign off panel.

20.2.All tenders must be evaluated by at least 2 individuals and scores moderated by a third individual who has not otherwise been involved in the evaluation process.

20.3.In the case of 2 or more tenders being equal, the highest overall Quality score may be used to determine the successful bid. If all aspects are still equal the Social Value Score shall be used to determine the successful bid.

- 20.4. The proposed award would then be completed and signed off by the relevant approver.
- 20.5. The relevant company credit checks and any other necessary checks will be carried out by the Procurement Officer prior to contract award and copies of any searches and documents retained.
- 20.6. The Procurement Officer shall arrange for assessment summaries containing the information required by the Procurement Act 2023 shall be sent to Tenderers in the format provided by the Contracts Team.
- 20.7. The Procurement Officer shall arrange for the publication of an award notice on the Central Digital Platform which will trigger a mandatory standstill period before the Contract or Framework can commence.
- 20.8. The acceptance of tenders and related communication will be undertaken using the ETS.

21. Claims from Contractors, Suppliers and/or Service Providers

- 21.1. Any claim from a contractor, supplier or service provider shall be referred to the Managing Director, Monitoring Officer and to the Chief Financial Officer for advice before any settlement is made.

22. Purchasing

- 22.1. After the award of the Contract / Framework to the successful providers the Contract / Framework agreement must be signed and returned to YPO immediately (subject to point 10.1).
- 22.2. Upon receipt of the above the Managing Director or his/her nominated officer must sign the framework agreement on behalf of YPO in accordance with the levels set out in appendix 1.
- 22.3. Contained within the Framework agreement is the Call off Order Form. Before any procurement of the Goods, Services or Works can commence the call off order form must be filled in and issued to the supplier. This activates the Call off Terms and Conditions
- 22.4. If included within the Invitation to Tender documents the Supply Chain Agreement must be agreed by the Supplier.
- 22.5. Any variations to the Framework agreement including any specification amendments must be discussed with the Contracts Team to ensure that any amendment will not breach requirements set out under the Procurement Act 2023.
- 22.6. Once agreed between the parties the variation form must be completed by either side and signed off by both YPO and the successful supplier. A variation to the framework must be assessed for risk and verified by the Contracts Team before YPO enter into negotiation to vary the framework agreement/ contract.
- 22.7. Management information must be provided to YPO by all successful suppliers as part of any and all framework agreements.
- 22.8. Orders, despatched electronically or on official stationery, should state the quantity

(where applicable), an adequate description, the price or the basis of the price, an official purchase order number, delivery date and place and all other relevant conditions.

22.9. Verbal orders shall only be permitted in exceptional circumstances where approved by the Managing Director in advance and shall be confirmed with an official order marked appropriately as soon as practicable, but in a period of no longer than two (2) working days.

22.10. Orders shall be individually identified, sequentially numbered, initiated and issued by the Managing Director or a member of staff specifically authorised for that purpose.

22.11. The authorisation of an order will indicate the following: -

- a) That the Goods or Services are necessary for the discharge of the policies and responsibilities of the Organisation.
- b) That where the Goods or Services are for direct use by the Organisation there is a provision for the cost within the estimates, or it is covered by special financial provision.
- c) Compliance with the Organisation's Financial Procedure Rules and Standing Orders for Contracts.

23. Further Competition

23.1. All further competitions should be carried out via the ETS with all budget holders contacting the Procurement Officer prior to commencing any further competition.

23.2. The Contracts Team will advise as to the appropriate process.

24. Post Contract Award

24.1. Following Contract award the Procurement Officer or where appropriate their line manager or contract owner will be responsible for monitoring delivery of the Framework / Contract including any and all reviews to take place between YPO and the contractor, supplier or service provider. All reviews should be carried out on a regular basis, documented and a copy of the review undertaken retained for YPO's records.

24.2. If any problems are experienced and the contractor, supplier or service provider are failing to comply with the Framework / Contract terms and conditions then the following steps should be taken with the assistance of the Contracts Team: -

- a) Written records must be kept of all correspondence between both parties, the Procurement Officer or contract owner shall liaise with the contractor, supplier or service provider to ascertain the root cause of the problem.
- b) The contractor, supplier or service provider should be invited to attend a performance review. At the performance review a list of actions should be agreed between the parties to monitor the future provision of the goods/services. A copy of the minutes of this meeting should be agreed by both parties and a date set for a follow up meeting.

c) If contract performance has failed to improve, then the Procurement Officer or contract owner should seek advice from the Contracts Team who will provide advice as to the best remedy and action to be taken and issue the notice as required by the relevant regulation

24.3. Framework Agreements / Contracts must not be terminated without advice from the Contracts Team.

24.4. Throughout the life and termination of the Framework or Contract, the Procurement Officer or contract owner shall ensure compliance with all notice requirements under the Procurement Legislation.

APPENDIX 1

These appendices set out the limits to be used in conjunction with the *Financial Procedure Rules and Standing Orders for Contracts*.

Delegated officer	Maximum limit for execution of a contract	Maximum limit for execution of a framework agreement
Procurement Officer excluding Assistant Buyers and Further Competition Coordinators	up to £50,000	
Contracting Manager/SMT member	up to £500,000	up to £10,000,000
Director other than the Managing Director	up to £1,000,000	Up to £20,000,000
Managing Director*	All Contracts as permitted within the Scheme of Delegation.	All Frameworks as permitted within the Scheme of Delegation.

The authorities listed in this table should not be delegated below the specified levels.

FIN POL002
Financial Procedure Rules



Document Type	Financial Procedure Rules	
Document Ownership	Governance Function	
Title of Document	Financial Procedure Rules	
Status	Draft V1	
Reference number	FIN POL002	
Agreed with Unison / date:	N/A	N/A
Approved by / date:	Audit and Governance Sub-Committee	July 2025
Publication date	June 2025	
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Current Version	2.0	
Distribution	Metacompliance	
Replaces document	FIN POL002 v1	
Related documents	FIN POL002 v1 Financial Procedure Rules	
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1 Purpose

Financial Procedure Rules are a key element of YPO’s governance arrangements. They make a clear, understandable, and transparent statement that aims to promote the highest standards in financial management and activity, ensuring probity, integrity, accountability, and impartiality.

Financial Procedure Rules apply to everyone and failure to comply with them may lead to disciplinary action.

In circumstances arising from an emergency, it is permitted to set aside or waive some Financial Procedure Rules. When this occurs the MD / ED-F must inform the CFO at the earliest opportunity and provide a written report to the next Management Committee.

2 Roles and Responsibilities

Responsibilities for Observance

In accordance with the Local Government Act 1972 (Section 151) and the Accounts & Audit Regulations, YPO’s Lead Authority must appoint a suitably qualified Responsible Financial Officer. As Lead Authority, Wakefield Council has appointed the Chief Finance Officer (CFO) to this role. CFO is responsible for the proper administration of YPO’s finances, maintaining and updating FPRs, and reporting any breaches to the Management Committee.

Delegated Authority

The day-to-day management of YPO’s financial arrangements is delegated to YPO’s Managing Director (MD) or Executive Director – Finance (ED-F), as set out in the Scheme of Delegation.

The Scheme of Delegation sets out the delegation from our Management Committee to our Lead Authority and Chief Finance Officer, and then through to the MD and ED-F at YPO.

All financial reporting and decisions are reported back to the Management Committee through the agreed Committee cycle where their approval of any recommendations is agreed and recorded.

3 Financial Procedure Rules

Core Responsibilities of the YPO MD, ED-F and Finance team

To maintain and review all accounting records, to ensure these records are accurate and up to date to present a true and fair view of the Organisation’s financial performance and position.

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These records include all invoices, cash transactions, accounting adjustments and payroll information.

To ensure the safeguarding of all assets by ensuring accurate and up to date registers are in place and maintained, these include: -

- Goods held for resale
- Non-Current Assets inc. Land and Buildings
- Assets held not for resale
- Debtors, Cash and Creditor balances

Ensure adequate policies and procedures are in place to prevent fraudulent and other irregular activities. This includes the segregation of duties across all invoice and payment processing activities.

All employees are expected to always act in accordance with YPO’s Anti-Bribery Policy

Financial reporting and decision making

In line with the agreed reporting cycles, periodic reports will be submitted to Member Committees, the Chief Finance Officer of the Lead Authority and YPO Board covering: -

- Financial Performance, KPI analysis and Annual Accounts.
- Budget setting and Business Planning.
- Ad hoc financial reports for decision making purposes.

All reports will include recommendations for members to approve.

The draft and audited Statement of Accounts will be prepared and reported annually to the Audit & Governance Committee and to the Management Committee.

Regular Finance updates will also be provided at the Founder Member Forums held during the year; these include Finance Directors, Heads of Procurement, Legal Officers and Chief Executives Forums.

The updates will include Financial Performance, Budget Setting and Dividend Strategies, along with any additional requests from members.

Authorised signatures and limits

The ED-F will maintain a list of authorised signatories and authorisation levels for purchase orders.

The ED-F will also maintain a list of authorisation levels for :-

- Customer Credit Limits
- Customer Write Offs
- Inventory Write Offs
- Asset Disposal

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- Payroll

Appendix 2 provides a breakdown of each authorisation level.

The ED-F will maintain a policy that sets out the responsibilities of authorising officers. All authorising officers will familiarise themselves with the policy and their responsibilities.

The MD will authorise several officers as Procurement Card holders. Card holders must comply with Finance Procedure Rules, Contract Procedure Rules and the Payment Card Manual.

Banking and Treasury Management

The CFO will make arrangements for the negotiation of banking terms, the opening and operation of YPO bank accounts.

Day-to-day banking transactions will be managed by YPO, with regular engagement held with the Bank’s Relationship Manager.

A Bank Mandate will be maintained and updated where needed which confirms authorisation levels.

The MD / ED-F will ensure that all treasury management transactions are made in accordance with the Treasury Management Policy. Formal arrangements may be entered into with the Lead Authority with the approval of the CFO and ED-F.

Reserves

The MD / ED-F will maintain approved procedures and records for creating a reserve, that include the purpose of the reserve. Reserve creation must be reviewed by the CFO and approved by the Management Committee prior to use.

Once approved inclusion of the reserve gives the MD / ED-F authority to incur expenditure.

Change of use of a reserve must be reviewed in advance by the CFO and approved by Management Committee.

Investments

The MD / ED-F will maintain approved procedures and records for investment proposals including funding and borrowing in accordance with the Capital Policy, and ongoing revenue implications. Investment proposals must be reviewed by the CFO and approved by the Management Committee prior to expenditure.

Once approved, inclusion in the investment proposal gives the MD / ED-F authority to incur expenditure.

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Progress of investment proposals, including attainment of milestones and any overspends, must be reported to Management Committee at least annually.

Accounting, Statutory Returns and Taxation

The ED-F will ensure that all required statutory returns are published and submitted on time.

The ED-F will ensure compliance with HMRC requirements including VAT, and ensure all payments are made on time.

Risk, Insurance, Assurance and Audit

The MD will maintain an appropriate Risk Management Framework, Strategy and Policy.

The MD / ED-F will maintain arrangements to effectively manage credit risk and control.

The MD / ED-F will ensure YPO has effective insurance arrangements in place to meet legal requirements and to transfer risk, where appropriate.

The CFO will review YPO's insurance arrangements at least annually.

The CFO will enable the provision of an Internal Audit function, acting in accordance with relevant standards (currently Public Sector Internal Audit Standards) to provide assurance and make recommendations for improvements in risk mitigation and internal control.

The CFO and / or their IA representative retains the right of access at all reasonable times to YPO premises; documents, records and correspondence; stocks and assets; employees; information and explanation.

The MD / ED-F will ensure that all suspected and actual irregularities are reported to the CFO / Internal Audit, and where appropriate, the Police.

The MD / ED-F will ensure that an appropriate External Auditor is appointed and that they are given the right of access at all reasonable times to YPO premises; documents, records and correspondence; stocks and assets; employees; information and explanation.

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Appendix 1 Definitions for Financial Procedure Rule and Standing Orders for Contracts

“**Organisation**” means the consortium of local authorities known as Yorkshire Purchasing Organisation (YPO)

“**Managing Director**” means the current Managing Director of the Yorkshire Purchasing Organisation or an officer designated by him/her.

“**Executive Director - Finance**” means the current Executive Director – Finance of the Yorkshire Purchasing Organisation or an officer designated by him/her.

“**Chief Financial Officer**” means the current Director of Finance of the Lead Authority responsible to the Management Committee of the Organisation for providing financial advice to the Organisation (other than the financial services performed by the Managing Director or other officers designated by him/her). In fulfilling this role the Chief Financial Officer will be able to rely on the Managing Director of the Organisation to keep him/her informed on all aspects of his/her role relating to the Organisation under Section 151 of the Local Government Act 1972, including compliance with the rules forming the Financial Procedure Rules and Standing Orders relating to Contracts of the Organisation.

“**Management Committee**” means the elected members of the Organisation constituting its Management Committee and any of its Sub Committees.

“**Lead Authority**” is the member authority chosen by the Management Committee to provide support services to the Organisation.

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Appendix 2 Authorisation Limits for Finance Procedure Rules

These appendices set out the limits to be used in conjunction with the *Financial Procedure Rules*

Bank Mandate

Approval of cheque payments – Up to £5,000 one signature required
Above £5,000 two signatures required

Setting up of Direct Debit payments – 2 signatures required

General Ledger Expense Approval Limits

Head of Department – up to £5,000
Director – Above £5,000

Customer Write off Limits

Credit Controller – up to £10
Accounts Receivable Team Leader – up to £100
Operations Manager – Finance – up to £500
Head of Finance – up to £5,000
Director – above £5,000

Customer Credit Limit Approval Limits

Automatic default credit limits are granted to customers based on their Experian credit score as per the below.

Experian Score	Credit Limit
Very Low Risk	£2,000
Low Risk	£1,000
Below Average Risk	£500
Above Average Risk	£250

However, these credit limits can be overridden and increased in line with customer and commercial requirements within the below limits, all additional credit is subject to further due diligence and financial checks.

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Accounts Receivable Assistant – up to £5,000
 Accounts Receivable Team Leader – up to £12,500
 Operations Manager – Finance – up to £25,000
 Head of Finance – up to £50,000
 Director – above £50,000

Inventory Write off Limits

Asset and Inventory Officer – stocktake plans up to £1,000
 Asset and Inventory Manager – stocktake plans up to £10,000
 Logistics Performance Manager – stocktake plans up to £20,000
 Director – stocktake plans above £20,000

Asset Disposal Write of Limits

Head of Finance – net book value up to £5,000
 Director – net book value above £5,000

Payroll Approval Limits

Head of HR / Head of Finance are responsible for reviewing and approving the monthly payroll file prepared by WMDC.

No approval limit is in place, but the net pay amount is checked against the latest budget and forecast information.

Controls are also in place with Barclays Bank to ensure combined monthly payroll payments do not exceed £2.5m, anything above this is, is flagged, by Barclays, to the Head of Finance.

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Draft Audit Completion Report

Yorkshire Purchasing Organisation – Year ended 31 December 2024

June 2025

Strictly private and confidential

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This document is to be regarded as confidential to Yorkshire Purchasing Organisation. It has been prepared for the sole use of the Audit & Scrutiny Sub-Committee as the appropriate sub-committee charged with governance by the Management Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this



Audit & Scrutiny Sub-Committee
YPO
41 Industrial Park
Wakefield
WF2 OXE
June 2025

Dear Committee Members,

Audit Completion Report – Year ended 31 December 2024

We are pleased to present our Audit Completion Report for the Year ended 31 December 2024. The purpose of this report is to summarise our audit findings and conclusions.

This report is intended solely for the Committee Members for the purpose of communicating certain matters that, in our professional judgement, are relevant to your oversight of the financial reporting process. This report should not be disclosed, reproduced, or lent to third parties, or used or quoted for other purposes.

We appreciate the courtesy and co-operation extended to us by Yorkshire Purchasing Organisation throughout our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

Yours faithfully

Signed: {{_es_:signer1:signature }}

Shaun Mullins

Forvis Mazars LLP – 5th Floor, 3 Wellington Place, Leeds, LS1 4AP

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1. Executive summary

Audit status

Our audit procedures are now substantially complete.

Please refer to the '*Status of our audit*' section for a list of significant audit matters outstanding at the date of this report. We will provide an update to you on completion of those outstanding matters by way of a follow final audit completion report.

Internal control conclusions

The section titled 'Internal control recommendations' sets out internal control recommendations.

Audit misstatements

A summary of the adjusted and unadjusted misstatements above our reporting threshold we have identified to date is set out in the 'Summary of misstatements' section.




Fraud






We did not identify any actual or suspected fraud involving Yorkshire Purchasing Organisation management, employees with significant roles in the company's system of internal control or others, where the fraud resulted in a material misstatement in the financial statements.

Audit opinion

At the time of issuing this report and subject to the satisfactory conclusion of our remaining audit work, we anticipate issuing an unqualified opinion, without modification, as set out in Appendix B.

2. Status of the audit

Status	
	Likely to result in material adjustment or significant change to disclosures within the financial statements
	Potential to result in material adjustment or significant change to disclosures within the financial statements
	Not considered likely to result in material adjustment or change to disclosures within the financial statements

Status	
	Completion of journal entry procedures
	Receipt of outstanding audit samples within trade creditors & operating expenditure
	Final review of updated financial statements
	Final partner and manager reviews of the audit file
	Conclusion of auditors' expert in respect of the property revaluation

3. Significant findings

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks, key areas of management and enhanced risks outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 9 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgement

Management override of controls	<p>Description of the risk</p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>
	<p>How we addressed this risk</p> <p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> • Accounting estimates impacting amounts included in the financial statements; • Consideration of identified significant transactions outside the normal course of business; and • Journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements.
	<p>Audit conclusion</p> <p>During the testing of the completeness of the journal entries, we have identified unbalanced journals. As per inquiry, NAV doesn't allow unbalanced journals, however, the journals cross over the two trial balances (JC and YPO Supplies). The posting groups have been corrected and manual journals have been posted to ensure they are in the correct trial balance. We have raised an internal control recommendation regarding this process.</p> <p>We have no matters of note in respect of accounting estimates and the consideration of significant transactions outside the normal course of business.</p> <p>We are finalising our audit procedures on journal entries.</p>

<p>Revenue Recognition</p>	<p>Description of the risk</p> <p>The risk of fraud in revenue recognition is presumed to be a significant risk on all audits due to the potential to inappropriately shift the timing and basis of revenue recognition as well as the potential to record fictitious revenues or fail to record actual revenues.</p> <p>For Yorkshire Purchasing Organisation we deem the risk to relate specifically to the recognition of income around the year end, being the cut-off assertion on rebates and catalogue contribution.</p>
	<p>How we addressed this risk</p> <p>We addressed this risk by selecting sample of sales invoice within the identified risk period and tracing to supporting documentation to evidence the occurrence of the transaction occurred during the period. We also tested as significant risk the accrued income side for rebates and catalogue contribution, selected samples and obtaining support and basis for the accrued amount.</p>
	<p>Audit conclusion</p> <p>Our testing of accrued rebates indicated that the actual subsequent invoices related to the 2024 accrual amounted to £2.9m. This is £1.1m greater than the rebates accrued income recorded amounting to £1.8m.</p> <p>Our testing of revenue relating to stock sales identified income for direct stock being recognised in the incorrect period.</p> <p>Both misstatements are included within section 5 of this report.</p>
<p>Valuation of defined benefit pension scheme</p>	<p>Description of the risk</p> <p>The net pension liability represents a material element of the Organisation’s balance sheet. YPO is an admitted body of West Yorkshire Pension Fund, which had its last triennial valuation completed as at 31 March 2022.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Organisation’s overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Organisation’s valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Organisation’s employees and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the Organisation’s pension obligation are not reasonable or appropriate to the Organisation’s circumstances. This could have a material impact to the net</p>

pension liability at the year end.

How we addressed this risk

We evaluated the design and implementation of controls YPO has in place which mitigate the risk.

In addition our procedures included:

- Critically assessing the competency, objectivity and independence of the West Yorkshire Pension Fund's Actuary, Aon Hewitt;
- Reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges;
- Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Organisation's financial statements

Audit conclusion

There are no significant matters to report in relation to the valuation of the Defined Benefit Pension scheme.

The valuation resulted in a surplus of £14,783k to which the organisation has not recognised on the balance sheet. This surplus represents the funded element.

The unfunded proportion of the pension scheme has been recognised as a liability of £473k on the balance sheet.

Qualitative aspects of the entity's accounting practices

The Organisation voluntarily produces non-statutory financial statements which are prepared on a going concern basis as required by the CIPFA Code of Practice on Local Authority Accounting in The United Kingdom 2023/24 (the Code).

Draft financial statements were received from YPO on 9 February 2024. The quality of the initial draft financial statements was good, and our initial review comments did not identify any material omissions or corrections that were required. YPO have prepared and shared supporting working papers and evidence through the audit promptly allowing the audit to progress to completion in a smoother fashion than previous years, and in line with our agreed timetable.

Significant matters discussed with management

During the audit we maintained a regular dialogue with management to allow assessments to be performed in areas of judgement.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

4. Internal control conclusions

Overview of engagement

As part of our audit, we obtained an understanding of Yorkshire Purchasing Organisation's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness Yorkshire Purchasing Organisation's internal controls, we are required to communicate to you any significant deficiencies in internal controls that we identified in during our audit.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered Yorkshire Purchasing Organisation's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Yorkshire Purchasing Organisation's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies in Yorkshire Purchasing Organisation's internal controls that we have identified as at the date of this report are in set out on the following pages.

Significant deficiencies in internal control

In our view, the deficiencies in internal control set out in this section result in a potential for financial loss, damage to reputation, or a loss of information. This may have implications for the achievement of business strategic objectives. Our recommendations should be considered for immediate action.

Debit balance in trade creditor – Current year and prior year control point

Description of deficiency

Our testing of trade creditors identified that trade creditors contains a magnitude of offsetting debit entries. Debit balances on trade creditors for current year amounts to £11.7m for 2024. Based on inquiry, since the system doesn't match off the payment this creates large debit balances that do offset against creditor balances. This has been ongoing since the introduction of Navision and management are working on ensuring payments correctly match.

Consequently, our testing was more extensive than should ideally be necessary, testing both the credit and the debit entries. As well as causing additional testing in the audit this issue causes inefficiencies for the Organisation that leads to additional time and complexity required to process routine transactions.

Potential effects

Consequently, our testing was more extensive than should ideally be necessary, testing both the credit and the debit entries. As well as causing additional testing in the audit this issue causes inefficiencies for the Organisation that leads to additional time and complexity required to process routine transactions.

Due to the system not matching payments on a timely manner there is possibility for under or over payments to suppliers that may not be identified until reconciliations are performed.

Recommendation

Implement system improvements to enable the operation of an efficient accounts payable system avoiding the creation of significant debit and credit entries in the trade creditors balance. Additional assistance from NAV should be sought to ensure this issue does not continue and invoices can be correctly posted to the payables ledger and correctly matched against a payment, once made.

It will also be beneficial for the organisation to perform confirmation from their supplier to compare with the existing creditors balances.

Management response

<p>High privilege accounts in Navision – Current year control point</p>
<p>Description of deficiency</p> <p>Our testing of IT General Control has noted that there are multiple super-user accounts. Super-user accounts grant the highest level of privileges within Navision. Currently there are 60 accounts created, 17 of these relate to service accounts.</p> <p>Further, specific testing on the super user identified that there is no documented approval and also includes users outside the IT team.</p>
<p>Potential effects</p> <p>Numerous super user accounts, including from non-IT staff, without a documented approval poses a risk of unauthorized access, overrides of key controls and a breakdown in segregation of duties. The lack of formal approval a non-compliance with good IT governance practices.</p>
<p>Recommendation</p> <p>It is recommended that the client implement a formal, documented approval process for granting super user access, ensuring it's restricted to appropriate personnel only. Regular reviews should be conducted to validate the necessity of existing super user accounts, with immediate removal of any inappropriate or unused access.</p> <p>The Organisation should assess the 60 active super-user accounts and determine if each is required.</p>
<p>Management response</p>

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

<p>Understatement of Accrued income on rebates – Current year control point</p>
<p>Description of deficiency</p> <p>Our testing of accrued income on rebates identified that the subsequent invoices raised for 2024 accrued income is higher than the accrued income recorded in year end. After inquiry, procurement services rebates are entered onto the E-bate portal system by customers and forecasts are based on what has been uploaded into the system at the end of December. It is difficult to predict anything above this as it is not known until the customer uploads which can be up to 3 months later. Trading rebates are based on sales and not so easy to monitor or forecast.</p> <p>Accrued income at year-end is noted to be understated by £1.1m.</p>
<p>Potential effects</p> <p>The income could be materially misstated if the Organisation is unable to accurately record the income accurately due to information not being provided on a timely basis.</p>

<p>Recommendation</p> <p>It is recommended that the client would adjust the accrued income if the post year-end information provides evidence that could determine the accuracy of the level of rebates accrued at year-end. The information received post year-end that determines the actual level of rebates income is already a transaction happened during the audit year. Hence, it qualifies as adjusting events per the CIPFA Code.</p>
<p>Management response</p>

<p>Suspense accounts on debtors – Current year control point</p>
<p>Description of deficiency</p> <p>Our review of debtors identified that there is a suspense account with a year of balance of £41,385. This included £106,759 of debit entries, and £148,144 of credit entries.</p>
<p>Potential effects</p> <p>Unresolved balances in suspense accounts could mean there is unidentified or misclassified income and expenditure.</p>
<p>Recommendation</p> <p>The Organisation should perform a review of the suspense account balance to identify and allocate items to their correct accounts. This should be performed at each month end for management account purposes and at the financial statement close.</p>
<p>Management response</p>

<p>Accrual for direct sales delivered post year-end – Current year control point</p>
<p>Description of deficiency</p> <p>In our testing of direct sales cut-off, we have identified that YPO didn't normally accrue for the direct sales as sales and COS were usually posted at the same date. This resulted in an actual misstatement of £1,902 and a projected misstatement of £132,830.</p>
<p>Potential effects</p> <p>This could result in misstatement to the financial statements if income is not recognised in the period of which the Organisation are entitled to the income.</p>
<p>Recommendation</p> <p>The Organisation should review direct sales made during the final month of the financial year and ensure the income has been recognised.</p>

Management response

Segregation of Navision for JC and Supplies – Current year control point

Description of deficiency

Historically the Organisation has used Navision to incorporate both the Joint Committee and YPO Supplies without separation of the entities. This results in the ledger including transactions and nominal codes for both.

Potential effects

As a result, when extracting information from the system manipulation is required to identify transactions relating to the Joint Committee, increasing risk of inaccurate information and postings being made to the incorrect entity.

Recommendation

Within Navision, explore the ability to segregate the entities into two ledgers which will reduce the risk of misstatement within both entities.

Management response

5. Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Unadjusted misstatements 2024				
	Statement of Comprehensive Income		Statement of Financial Position	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
1	Dr Cash		£112,864	
	Cr Reserves			£40,250
	Cr Forex Gain	£72,614		
	<i>Being the adjustment of accumulated forex gains not posted on the USD bank account.</i>			
2	Dr Expenditure (Actual)	£3,316		
	Dr Expenditure (Extrapolated)	£73,851		
	Cr Prepayments (Actual)			£3,316
	Cr Prepayments (Extrapolated)			£73,851
	<i>Being the adjustment of prepayments being overstated at year end.</i>			
3	Dr Trade debtors		£100,000	
	Cr Other debtors			£100,000
	<i>Being the reclass of loan payment from YPO (Holdings) Limited posted to trade debtors in error. This should have been posted against other debtors.</i>			
4	DR Catalogue contributions	£149,785		
	CR Opening Reserves			£149,785
	<i>An adjustment posted in 2024 for a shortfall of catalogue contributions in the prior year. This is to reverse this out in the current year to reflect the income in 2023.</i>			

5	Dr Trade debtors				£126,574
	Cr Trade creditors				£126,574
	<i>Being the adjustment of credit balances incorrectly classified on the debtors ledger.</i>				
6	DR Accrued income (Actual)				£1,902
	DR Accrued income (Extrapolated)				£132,830
	CR Revenue (Actual)		£1,902		
	CR Revenue (Extrapolated)		£132,830		
	<i>Being the cut-off misstatement identified within direct sales for the order 'PS-0402360'. This was received by the customer during December but not recognised as revenue until January.</i>				
7	DR Accrued income				£1,074,112
	CR Rebate income		£1,074,112		
	<i>Being the difference of the actual subsequent invoices raised post year-end in related to 2024 accrued income.</i>				
	Total unadjusted misstatements	£226,952	£1,281,458	£1,548,282	£493,776

We will obtain written representations from YPO management confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

Adjusted misstatements 2024

	Statement of Comprehensive Income		Statement of Financial Position	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
1 Dr Cost of sales	£751,734			
Cr Revenue		£751,734		
<i>Discounts allowed originally posted as a cost of sale, however income should be recognised net of discounts given.</i>				
Total after adjustments	£751,734	£751,734	-	-

Disclosure misstatements

We have not identified any disclosure misstatements as at the date of this report.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

Appendix A: Draft management representation letter

5th Floor

3 Wellington Place

Leeds

LS1 4AP

June 2025

Dear Sirs,

Yorkshire Purchasing Organisation (YPO) - Non-statutory audit for the year ended 31 December 2024

This representation letter is provided in connection with your audit of the financial statements of Yorkshire Purchasing Organisation (YPO) for the year ended 31 December 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the "Code") and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the company you determined it was necessary to contact in order to obtain audit evidence.

I confirm as directors that I have taken all the necessary steps to make us aware, as directors, of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions undertaken by the company have been properly recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all management and shareholders' meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on YPO's financial position, financial performance and cash flows.

Accounting estimates

I confirm that the methods, significant assumptions and the data used in making the accounting estimates are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

In particular I confirm the:

- the appropriateness of the measurement process, including related assumptions and models, used by management in determining accounting estimates under the Code, and the consistency of application of the process;
- that the assumptions appropriately reflect YPO's intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures;
- that the disclosures related to accounting estimates are complete and appropriate under the Code;
- that no subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the company have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

I have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as directors of the company, for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the entity involving:
- management and those charged with governance;
- employees who have significant roles in internal control; and
- others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, (including sales, purchases, loans, transfers, leasing arrangements and guarantees) have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the YPO's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the Property, Plant and Equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Future commitments

I have no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm that all events subsequent to the date of the financial statements and for which the Code and Applicable Law require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

To the best of my knowledge there is nothing to indicate that YPO will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Yours faithfully

Chief Finance Officer.....

Appendix B: Draft audit report

Independent auditor's report to the members of Yorkshire Purchasing Organisation

Opinion

We have audited the financial statements of Yorkshire Purchasing Organisation (the 'Organisation') for the year ended 31 December 2024 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. The non-statutory accounts have been prepared for the reasons set out in Note 1 to the financial statements.

In our opinion, the financial statements:

- give a true and fair view of the state of the Organisation's affairs as at 31st December 2024 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law and the terms of our engagement letter dated January 2025. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Organisation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the Narrative Statement. The Chief Finance Officer is responsible for the other information contained in the Narrative Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis, unless the Organisation is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Organisation to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Organisation and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the Local Authorities (Goods & Services) Act 1970 and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Chief Finance Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management as to whether the Organisation is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Organisation which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and

- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

Use of the audit report

This report is made solely to the members of Yorkshire Purchasing Organisation, as a body, in accordance with the terms of our engagement letter in connection with the Organisation's decision to prepare non-statutory accounts. Our audit work has been undertaken so that we might state to the members of the Organisation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Organisation, as a body, for our audit work, for this report, or for the opinions we have formed.





Shaun Mullins (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor,
3 Wellington Place
Leeds
LS1 4AP



Appendix C: Confirmation of our independence

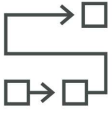
We communicate any matters which we believe may have a bearing on the independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Audit Strategy Memorandum and therefore we remain independent.

Appendix D: Other communications

Other communication	Response
<p>Compliance with laws and regulations</p> 	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p>
<p>External confirmations</p> 	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
<p>Related parties</p> 	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
<p>Going concern</p> 	<p>Please refer to <i>'Executive Summary'</i> of this memorandum for our conclusions on Going Concern.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Other communications	Response
<p>Subsequent events</p> 	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
<p>Matters related to fraud</p> 	<p>Our audit was designed to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. We will obtain written representations from management and, where appropriate, The Committee Members confirming that</p> <ol style="list-style-type: none"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b. they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> i. management; ii. employees who have significant roles in internal control; or iii. others where the fraud could have a material effect on the financial statements; and d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.

Other communications	Response
<p>System of Quality Management</p> 	<p>To address the requirements of ISQM (UK) 1, our firm’s System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm’s System of Quality Management, including:</p> <ul style="list-style-type: none"> • Ensuring there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership • Establishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm’s strategies and priorities • Identifying, reviewing, and updating quality risks each quarter, taking into consideration a number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.) • Identifying, designing, and implementing responses as part of the process to strengthen our firm’s internal control environment and overall quality • Evaluating responses and remediating control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our latest evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website here.</p>



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	<p style="text-align: center;">YPO AUDIT & GOVERNANCE SUB – COMMITTEE TO BE HELD ON 4TH JULY 2025</p>
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SUBJECT: AUDITED STATEMENT OF ACCOUNTS 2024

REPORT OF: HEAD OF FINANCE

1 PURPOSE OF REPORT

1.1 To present the audited Statement of Accounts for 2024.

2 SUMMARY

2.1 The Statement of Accounts 2024 has been externally audited, and the auditors expect to issue an unqualified opinion.

2.2 The Audited Statement of Accounts 2024 are attached at appendix 1.

3 BACKGROUND

3.1 In accordance with the Accounts and Audit Regulations, 2015 and considering 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 each year going forward.

3.3 The external audit commenced in March 2025; most of the audit was carried out on site with all follow up queries resolved from May to June 2025.

- 3.4 A full list of all audit findings, recommendations and misstatements are contained within the External Audit completion report, along with an outline of any outstanding work to complete.
- 3.5 Any amendments to the accounts, following completion of the outstanding audit matters, will be mainly cosmetic and not impact the figures reported in the financial statements.
- 3.6 Following completion of the outstanding matters, a final version of the accounts will be circulated prior to the committee meeting on the 4th July 2025.

4 SUMMARY

- 4.1 The Income Statement for 2024 presents an Operating Profit of £9m, with an EBITDA of £10m. This aligns to the performance updates provided to members during the year and aligns to the profit figures used in the share of profit calculations for 2024.
- 4.2 Below the operating profit line are non-recurring expenditure items linked to our digital transformation project, these along with interest received and payable present a profit for the financial year of £6m.

5 RECOMMENDATIONS

- 5.1 That the outstanding audit matters, and mainly cosmetic impact, are noted.
- 5.2 For the Committee to review and approve the final accounts to be signed by the Management Committee Chairperson and Interim Chief Finance Officer at WMDC, at the Management Committee meeting held on 18th July 2025.

6 WHAT DOES THIS MEAN FOR YPO STAKEHOLDERS?

- 6.1 An unqualified audit opinion gives stakeholders some assurance that the organisation is acting within the protocols of good financial management.

7. OUTCOME AND SUSTAINABILITY

- 7.1 An unqualified audit opinion is a good outcome and acknowledges that the organisation has effective financial controls and corporate governance.

8. FINANCIAL IMPLICATIONS

- 8.1 The audit fee for 2024 was £80K.

9. LEGAL IMPLICATIONS

- 9.1 There are no legal implications arising from this report.

10. EQUALITY IMPLICATIONS / EQUALITY OF OPPORTUNITY IMPLICATIONS

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

11. RISK ASSESSMENT

11.1 There is no risk associated with this report.

SERVICE DIRECTOR: JULIE HAWLEY, EXECUTIVE DIRECTOR - FINANCE

YPO
41 Industrial Park,
Wakefield
WF2 0XE

E-mail address: Julie.hawley@ypo.co.uk

CONTACT OFFICERS: MATTHEW HIRST, HEAD OF FINANCE

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41 Industrial Park
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APPENDIX:

Appendix 1 – Audited Statement of Accounts 2024

YORKSHIRE PURCHASING ORGANISATION



**AUDITED
STATEMENT
OF ACCOUNTS
2024**

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 2024. The Narrative Statement 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 of Parliament 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 seventy one associate member authorities of YPO as of 31st December 2024, although the Organisation trades extensively outside the membership area. Management of the Organisation reports periodically to a Management Committee made up of 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
Tameside Council	2015
Lancaster City Council	2015
Walsall Council	2015
Cheshire Fire and Rescue Service	2016
Coventry City Council	2016
Craven District Council	2016

Narrative Statement by the Managing Director

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
Salford City Council	2016
Sefton Borough Council	2016
Solihull Metropolitan Borough Council	2016
Wyre Council	2016
Allerdale Borough Council	2017
Devon County Council	2017
London Borough of Camden	2017
London Borough of Haringey	2017
London Borough of Westminster	2017
Pendle Borough Council	2017
Buckinghamshire County Council	2018
Harrogate Borough Council	2018
Humberside Police Service	2018
North Yorkshire Police Service	2018
Police and Crime Commissioner for Merseyside	2018
Telford and Wrekin Council	2018
Cheshire West and Chester Council	2019
Lancashire County Council	2019
London Borough of Islington	2019
Oxfordshire County Council	2019
Police and Crime Commissioner for Cleveland	2019
Thames Valley Police	2019

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 CIPFA Code of Practice that is subject to an external audit.

As a result this will be a non-statutory audit meaning that compliance with the Accounts and Audit Regulations 2015 is not mandatory.

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:

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

The Income Statement summarises the income and expenditure of the Organisation during the year.

Narrative Statement by the Managing Director

The Balance Sheet shows the value as at the 31st December 2024 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 Chief Finance Officer at Wakefield MDC 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.

4. FINANCIAL SUMMARY

Turnover in the year was £125.2m (2023: £128.1m). This comprises product sales and framework rebate income. Framework Spend under Management is not recognised in these accounts, merely the rebate income earned from suppliers on that spend.

The result vs 2023 reflects the transitioning of the Food business from product supply to a framework offering in April 2023, with Q1 2023 food product sales accounting for the movement year on year.

Gross profit margins increased in the year, driven by a strong buying performance across core educational consumable products.

In a challenging Education market, with funding constraints, YPO's market share grew by 1.67% across the whole membership of the British Education Suppliers Association (BESA). Growth was seen across all Primary, Secondary and Early Years sectors.

The Organisation's public sector frameworks continue to perform well with growth seen across Rebate income in the year. This reflects a continued focus to service all Public Sector customers with cost effective solutions at a time of financial restrictions for all public bodies.

Operating Profits of £9m are up £1m on 2023, with an EBITDA before non-recurring items of £10.1m (2023: £8.5m) in line with the growth targets laid out in the 5 year strategy.

Non-recurring items in the year relate to the Digital Transformation project and the digital enhancements being made to the overall customer experience. This along with high customer service levels and growing stock availability rates has seen overall customer satisfaction increase and contributes to an improved operating performance.

Net assets as at the end of 31 December 2023 were £43.6m (FY23 £38.6m).

Improvements to working capital come from strategic management of stock levels to support customer fill rates in key product areas and efficient debt control to support the supplier base. This has culminated in growing cash balances to support the long term financial objectives of the organisation.

Following on from the above, the opinion of the Executive Directors and Committee Members is that the Organisation has sufficient financial resources together with clearly defined performance objectives. This, along with the support of our Founding members, means that the organisation continues to be recognised as a going concern.

Narrative Statement by the Managing Director

5. RETIREMENT BENEFITS

The value of the Organisation's retirement benefits asset as at 31 December 2024 was £34.0 million (31 December 2023 £14.8 million). The increase in the asset has been mainly attributable to gains in the value of the plan's assets and increases in interest income.

The net asset position on the funded scheme has been assessed and it has been determined that an asset ceiling of nil should be recognised due to no future economic benefits arising from the surplus position. Therefore only the liability of the unfunded scheme of (£0.4m) is recognised on the balance sheet.

The employer's contribution rate was 13.4% in 2024. (see note 15 to Core Financial Statements - Retirement Benefits)

6. MEDIUM TERM FINANCIAL STRATEGY

The 2025 Budget was approved by the Management Committee in November 2024. 2025 is the fourth year of the Organisation's new 5 year strategy themed "invest for success" post pandemic.

The 5 year strategy focuses on customer excellence, improved service proposition through digitalisation and a real focus on social value and sustainability within the business and throughout the supply chain.

A medium term financial strategy has been drawn up in line with the investment approved by our 13 Founder Member Authorities in November 2024. Alongside this sits the Profit Share policy which aims to strike the right balance between ensuring the Organisation is financially self sufficient and returning maximum possible profits to our members, contributing to the funding of crucial front line services.

Simon Hill
Managing Director
June 2025

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 Chief Finance Officer of Wakefield MDC. Day to day financial management is the responsibility of the Managing Director of 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 CHIEF FINANCE OFFICER

The Chief Finance Officer 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 Chief Finance Officer 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 Chief Finance Officer has also:

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

INTERIM CHIEF FINANCE OFFICER

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 2024 and its Income and Expenditure for the year then ended.

Signed

Date.....

Interim Chief Finance Officer

APPROVAL OF THE ACCOUNTS

As the Chair of the body considering the Yorkshire Purchasing Organisation's Statement of Accounts for 2024, I certify that the Accounts have been approved by the Management Committee and are authorised for issue.

Signed.....

Date.....

Chairperson YPO Management Committee

Auditor's Opinion

Auditor's Opinion

INCOME STATEMENT

Income Statement

For the year ended 31 December 2024

		2024 £'000	2023 £'000
Turnover	Note 1	125,172	128,092
Cost of Sales		(73,161)	(78,343)
Gross Profit		52,012	49,749
Other Operating Income	1	544	327
Operating Expenses			
Distribution costs		(4,616)	(5,743)
Administrative expenses		(39,022)	(36,300)
Operating Profit before non-recurring items		8,918	8,032
Non Recurring items	5	(1,576)	(1,506)
Operating Profit after non-recurring items		7,342	6,526
Interest receivable		247	116
Interest payable		(116)	(138)
Profit for the financial year		7,473	6,504
EBITDA before non-recurring items	6	10,116	8,544

STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income

For the year ended 31 December 2023

		2024 £'000	2023 £'000
Profit for the financial year	Note	7,473	6,504
Dividend paid		(2,993)	(6,456)
Gains arising on revaluation of tangible fixed assets		2,054	170
Remeasurement of net defined benefit liability	16	60	93
Total comprehensive income		6,594	311

BALANCE SHEET

		31st Dec 2024	31st Dec 2023
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
Fixed Assets			
Property, Plant and Equipment	7	16,007	12,530
Intangible Assets	7a	3,441	2,764
Total Fixed Assets		19,448	15,294
Current Assets			
Inventories	8	14,822	14,077
Trade and Other debtors	9	15,125	15,111
Cash and cash equivalents		6,048	1,522
Total Current Assets		35,995	30,710
Debtors: Amounts due after more than one year		584	615
Current Liabilities			
Trade and Other creditors	10	(10,057)	(8,851)
Borrowing	11	(1,875)	(250)
Total Current Liabilities		(11,932)	(9,101)
Net Current Assets		24,063	21,609
Long term Liabilities			
Liability relating to Defined Benefit Pension Scheme	16	(413)	(473)
Net Assets		43,640	37,045
Financed by:			
Reserves	13	43,640	37,045
Total Reserves		43,640	37,045

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement at 31 December 2024	£000's
	Total Reserves
At 31 December 2022	36,733
Total Comprehensive income for the period	311
At 31 December 2023	37,045
Total Comprehensive income for the period	6,594
At 31 December 2024	43,640

CASH FLOW STATEMENT

	<u>Note</u>	<u>2024</u> <u>£'000</u>	<u>2023</u> <u>£'000</u>
Profit for the financial year		7,473	6,504
Adjustment to the Profit for non cash movements			
Depreciation and revaluation increase/(decrease)		1,198	511
Decrease / (Increase) in Inventories	8	(745)	2,811
Decrease / (Increase) in Debtors	9	18	3,952
(Decrease) / Increase in Creditors	10	1,248	(4,625)
Redemption of loyalty vouchers		(414)	(554)
Net cash flows from operating activities		8,778	8,600
Investing Activities			
Purchase of Fixed Assets	7	(3,298)	(2,227)
Disposal of Fixed Assets	7	0	1,510
Net cash flows from Investing activities		(3,298)	(718)
Financing Activities			
Dividends paid to Members		(2,579)	(5,903)
Receipt of short term borrowing	11	5,500	3,350
Repayment of short term borrowing	11	(3,875)	(4,750)
Net cash flows from financing activities		(954)	(7,303)
Net Increase/(decrease) in Cash and Cash Equivalents		4,526	579
Cash and Cash Equivalents at the beginning of the reporting period		1,522	943
Cash and Cash Equivalents at the end of the reporting period		6,048	1,522
Note on operating activities			
The cash flows from operating activities include the following items			
Interest Payable		(116)	(138)
Interest Receivable		247	116
		131	(22)

Notes to the 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 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, 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 prevents it from taking advantages of certain statutory overrides contained within the code.

The Organisation has complied with the Code of Practice in all other respects and has concluded that the financial statements present a true and fair view of the authority's financial position, financial performance and cash flows.

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.

Going Concern

- The accounts have been prepared on a going concern basis. The Managing Director and Chief Financial Officer have prepared forecasts which have been approved by the Managing Committee which support the view that YPO can meet its liabilities as they fall due over the course of the following 12 months.

YPO has continued supplying the public sector across the catalogue and frameworks business with growth seen in 2024. In addition, YPO continues to have key support available from our lead authority. Also, the nature of YPO's customers means that outstanding invoices will be paid and cash will continue to flow into the business over the next 12 months.

The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt a going concern basis of accounting in preparing the annual financial statements.

- 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.
- 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. INCOME RECOGNITION

Income is recognised as 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. Income is recognised in line with IFRS 15 and only when the performance obligations have been met.

Income from our stock and food business, where orders are fulfilled by the Organisation, is recognised once delivery to the customer has been confirmed. Income from our direct supply business, where orders are fulfilled by a third party supplier, is recognised when confirmation of delivery has been provided by the third party supplier.

Rebate income, earned through spend across our framework contracts, is recognised when the supplier of the framework service or goods confirms that the service / goods has been provided to the customer.

Notes to the Financial Statements

c. COMPONENTISATION OF FIXED ASSETS

Fixed 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 fixed assets.

The carrying value of any component being replaced will be charged to the Comprehensive Income and Expenditure Statement 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.

d. FIXED ASSETS

- i) Expenditure on the acquisition, creation or enhancement of fixed 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 fixed 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) The different categories of fixed assets are valued differently. fixed assets not classed as land and buildings 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) fixed Assets classed as land and buildings, which are included in the Balance Sheet at current 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 Statement.

The latest valuation date of land and buildings was 31st December 2024, and was carried out by G Brewer of NPS Property Consultants Ltd.

- iv) Land and buildings 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 land and buildings 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 land and buildings is recognised as part of a review or a valuation exercise it is accounted for as a charge against the Comprehensive Income and Expenditure Statement where there is no or insufficient accumulated gains in the Revaluation Reserve which all losses can be written off.
- vi) When a fixed 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 less costs of disposal of the asset and the value of the asset in the balance sheet. 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	2024
41 Industrial Park	38 years
Motor Vehicles	up to 5 years
Warehouse and Office Equipment	up to 15 years
Computers	up to 5 years

Notes to the Financial Statements

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.

e. INTANGIBLE ASSETS

Intangible 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 non-current 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 assets and is charged from the time the asset becomes operational. The useful life of the Intangible assets held on the Register are as follows:

Internally generated & Software intangible assets - IT & Website Development/Testing & Project management - 5 years

f. 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.

g. EMPLOYEE BENEFITS

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 the current 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, organisational accounting procedures result in a charge to the General Fund balance for 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 made 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.

Notes to the Financial Statements

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 4.50% on funded liabilities and 4.50% on unfunded liabilities (based on a single average of spot yields on AA rated corporate bonds).

The Organisation's share of the West Yorkshire Pension Fund assets are included in the Balance Sheet at their fair value:

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

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.

h. TAXATION

YPO, as a Joint Committee owned by local authorities, is 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.

i. EXCEPTIONAL ITEMS AND PRIOR YEAR ADJUSTMENTS

Any material exceptional items are separately disclosed in the accounts.

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

j. 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 will be 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), will be disclosed as a note to the Core Financial Statements. The note will state the nature of the event and, where possible, an estimate of its financial effect.

k. INTEREST RECEIVABLE/PAYABLE

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

l. INVENTORIES

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

m. 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). Non-current Assets held under finance leases are accounted for as part of Property, Plant and Equipment.

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).

n. PROVISIONS

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

Notes to the Financial Statements

- 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.

o. FINANCIAL INSTRUMENTS

The Organisation's financial instruments are represented by bank balances, investments, loans receivable, 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.

Investments made with other Organisations earn a fixed interest agreed at the time of investment and are for a fixed term. Interest earned on investments are credited to the Comprehensive Income and Expenditure Statement.

Loans receivable constitute loans issued by the Organisation, all loans accrue interest on a daily basis and are for a fixed term.

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.

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.

p. 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.

q. 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.

r. DEBTORS

Debtors are represented by balances due to the Organisation on trading activities net of an impairment allowance for expected credit losses. They are stated at historical cost.

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

The Code of Practice on Local Authority Accounting 2022/23 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.

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 :

Application of code provisions

Judgements have been made with regards to applying the code provisions for Local Authorities to YPO, a Joint Committee. We recognise that certain provisions of the code do not apply to the Organisation, including certain disclosures concerning the General fund and usable / unusable reserves. However, we have continued to do so for presentational and decision making purposes and acknowledge that any powers attributed to this classification no longer applies to the Organisation.

Leasing

The Organisation has reviewed all classes of leases held by the Organisation and concluded that all existing leases to the 31st December 2024 constitute operating leases.

Notes to the Financial Statements

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 16 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.

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 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 £1.986m.

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.

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 10% this would represent a movement of around £87K.

Property, Plant & Equipment

Certain assets are valued by external valuers, their assumptions can lead to estimation uncertainty. Assets are also 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 Comprehensive Income & Expenditure Statement. The difference relates to the movement in spot rates between the two events.

Notes to the Core Financial Statements

5. NON-RECURRING ITEMS

Digital Transformation Project costs
Strategic business planning legal and professional fees
Food review and transition costs
Total Non-recurring items

31st Dec 2024	31st Dec 2023
£'000	£'000
1,173	979
402	281
0	246
1,575	1,506

Digital Transformation costs relate to the Organisation's commitment to digitalisation in its 5 year strategy. Costs are incurred each year of the strategy although the nature of these costs are bespoke to each phase of the digital strategy and as such are not recognised within the normal recurring operational costs of the business. The majority of the costs relate to consultancy, design and system implementation.

6. RECONCILIATION OF PROFIT / (LOSS) TO EBITDA BEFORE NON-RECURRING ITEMS

The Directors consider earnings before interest, tax, depreciation and amortisation, before non-recurring items to be a more consistent measure of operating performance. A reconciliation of profit / (loss) for the period to EBITDA before non-recurring items is given below

Profit for the period
Interest receivable
Interest payable
Depreciation
Amortisation
Non-recurring items
EBITDA before non-recurring items

31st Dec 2024	31st Dec 2023
£'000	£'000
7,473	6,504
(247)	(116)
116	138
497	301
701	210
1,576	1,506
10,116	8,544

7. FIXED ASSETS

2024

Property Plant and Equipment

Cost or valuation

Opening balance 1 January 2024	11,620	968	254	2,235	15,077
Revaluation increase / (decrease) recognised in the Revaluation Reserve	1,910	0	0	0	1,910
Additions	0	550	699	671	1,920
Impairment	0	0	0	0	0
Disposals	0	(20)	0	(435)	(455)

At 31 December 2024

	Land & Buildings £'000	Furniture & Equipment £'000	Computers £'000	Vehicles £'000	TOTAL £'000
At 31 December 2024	13,530	1,498	953	2,471	18,452
Depreciation and impairments					
Opening balance 1 January 2024	0	525	242	1,780	2,547
Charge for depreciation 2024	144	140	15	198	497
Depreciation reversed in line with revaluation	(144)	0	0	0	(144)
Disposals	0	(20)	0	(435)	(455)
At 31 December 2024	0	645	257	1,543	2,445
Net Book Value at 31 December 2024	13,530	853	696	928	16,007
Net Book Value at 1 January 2024	11,620	443	12	455	12,530

2023 Comparative

Property Plant and Equipment

Cost or valuation

Opening balance 1 January 2023	13,139	899	270	2,467	16,775
Revaluation increase / (decrease) recognised in the Revaluation Reserve	30	0	0	0	30
Additions	0	250	0	281	531
Impairment	0	0	0	0	0
Disposals	(1,550)	(182)	(16)	(513)	(2,260)

At 31 December 2023

	Land & Buildings £'000	Furniture & Equipment £'000	Computers £'000	Vehicles £'000	TOTAL £'000
At 31 December 2023	11,620	968	254	2,235	15,077
Depreciation and impairments					
Opening balance 1 January 2023	0	651	255	2,230	3,136
Charge for depreciation 2023	184	51	3	63	301
Depreciation reversed in line with revaluation	(140)	0	0	0	(140)
Disposals	(44)	(178)	(16)	(513)	(751)
At 31 December 2023	0	525	242	1,780	2,547
Net Book Value at 31 December 2023	11,620	443	12	455	12,530
Net Book Value at 1 January 2023	13,139	248	15	237	13,640

Notes to the Core Financial Statements

7a. INTANGIBLE ASSETS

Since January 2022 the Organisation has invested in a Digital Transformation project, with developments made to the website and customer my account page. The work has been done in collaboration with our Digital partner and all costs paid to this partner have been capitalised as Intangible Assets and amortised over 5 years from the changes were made live.

	2024	2023
	Intangible Assets £'000	Intangible Assets £'000
Cost or valuation		
Opening balance 1 January	3,166	1,469
Additions	1,378	1,696
Disposals	(192)	0
At 31 December	4,351	3,166
Amortisation and impairments		
Opening balance 1 January	402	192
Amortisation charge for the year	701	210
Impairment	0	0
Disposals	(192)	0
At 31 December	911	402
Net Book Value at 31 December	3,440	2,764
Net Book Value at 1 January	2,764	-

8. INVENTORIES

	31st Dec 2024	31st Dec 2023
	£'000	£'000
Stock held for resale	15,364	14,817
Packaging stock	28	43
Closing impairment allowance	(569)	(783)
Total Stock	14,822	14,077

9. TRADE AND OTHER DEBTORS

	31st Dec 2024	31st Dec 2023
	£'000	£'000
Debtors: Amounts due within one year		
Trade Debtors	8,531	9,268
Prepayments and Accrued Income	6,594	5,844
Total	15,125	15,111

	31st Dec 2024	31st Dec 2023
	£'000	£'000
Debtors: Amounts due after more than one year		
Loans Receivable	400	500
Interest of Loan Receivable	184	115
Total	584	615

Notes to the Core Financial Statements

10. TRADE AND OTHER CREDITORS

Creditors: Amounts due within one year

Trade Creditors	
VAT	
Accruals and deferred income	
Total	

31st Dec 2024	31st Dec 2023
£'000	£'000
4,394	4,149
818	(142)
4,845	4,845
10,057	8,851

11. SHORT TERM BORROWING

Opening Balance 1st January	
Short term loans from Wakefield Council	
Repayments in year	
Closing Balance 31st December	

31st Dec 2024	31st Dec 2023
£'000	£'000
250	1,650
5,500	3,350
(3,875)	(4,750)
1,875	250

12. FINANCIAL INSTRUMENTS

The Organisation's financial instruments are represented by bank balances, investments made in line with the Organisations Treasury Management Policy, trade creditors, trade debtors and loans receivable. Certain risks are associated with these classes of cash and cash equivalents as follows.

All of the Organisation's financial assets are carried on the balance sheet at amortised cost less impairment. As all financial assets are simple in nature the disclosures included in these accounts are representative of that.

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.

Investments represent cash deposits made with other local authorities which earn a fixed interest rate agreed at the time of investment and are for a fixed term. Risks arise in the form of banking failures within the UK. As at the 31st December no amounts were invested.

The risks associated with Investments are managed through the adoption of a Treasury Management Policy. YPO adopts the key recommendations of CIPFA's Code of Practice entitled "Treasury Management in the Public Services" within its policy statement. The Organisation's high level policy for investments is to invest its monies prudently, considering security first, liquidity second and yield last, carefully considering its investment counterparties.

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.

Financial Assets	Non-Current		Current		Total	
	31/12/2024 £000's	31/12/2023 £000's	31/12/2024 £000's	31/12/2023 £000's	31/12/2024 £000's	31/12/2023 £000's
Amortised Cost - Debtors	584	615	8,531	9,268	9,115	9,883
Total Financial Assets	584	615	8,531	9,268	9,115	9,883

An impairment allowance of £88k (2023 £391k) has been included against all current debtors. Impairment calculations are based on the expected credit losses arising from the full instrument over the next 12 months and not on an individual level, this credit risk is reviewed frequently throughout the year and the allowance increased in line with the risk.

Non-current debtors constitute a loan issued in July 2018 to one of our related parties, YPO Procurement Holdings Ltd, for £500K. The purpose of the loan was to allow YPO Procurement Holdings to invest in EdTech Impact Limited for 30% of their Ordinary shares. The risk is that the related party, or the new associate, becomes insolvent and therefore repayment of the loan is unlikely. As at the 31st December 2024, £100K of the capital amount has been repaid. Interest accrues daily at a rate of 3% above the Bank of England base rate.

The risks associated with our loans receivable are managed by the close monitoring of the borrower's financial performance and balance sheet position on a monthly basis. This allows for any potential credit risks to be identified as soon as possible and actions put in place to prevent the risks from materialising, as at the 31st December 2024 no impairment allowance has been made for this.

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.

Financial Liabilities	Non-Current		Current		Total	
	31/12/2024 £000's	31/12/2023 £000's	31/12/2024 £000's	31/12/2023 £000's	31/12/2024 £000's	31/12/2023 £000's
Amortised Cost - Trade Creditors	0	0	4,394	4,149	4,394	4,149
Total Financial Liabilities	0	0	4,394	4,149	4,394	4,149

Notes to the Core Financial Statements

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.

Reserves	31st Dec 2024 £'000	31st Dec 2023 £'000	Net Movement in the Year £'000	Note
General Fund Balance	30,837	25,143	(5,693)	I
Capital Receipts Reserve	85	85	0	
Internal Investment Reserve	654	654	0	
Joint Committee Capital Adjustment Account	7,987	9,179	1,192	ii
Earmarked Pension reserve	(413)	(473)	(60)	iii
Earmarked Accumulated Absences Account	(287)	(272)	15	iv
Revaluation reserve	6,279	4,231	(2,048)	v
Total reserves	45,144	38,549	(6,595)	

(I) 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 2024 had a balance of £1m.

	2024 £'000	2023 £'000
General fund balance		
Balance brought Forward 1st January	25,143	24,540
Surplus or (deficit) on operations	3,834	38
Total comprehensive income and expenditure	3,834	38
Depreciation and impairment	1,198	511
Reversal of IAS 19 charges to I&E	3,200	2,293
Employer's pension contributions	(2,554)	(2,283)
Movement in employee absence accrual	15	44
Total voluntary adjustments	1,859	566
Total transfers to/from cash reserves	0	0
Total transfers to/from earmarked reserves	1,859	566
Balance Carried Forward 31st December	30,837	25,143
Movement in year represented in the Movement in Reserves Statement	5,693	604

(ii) 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.

	2024 £000	2023 £000
Joint Committee Capital Adjustment Account		
Balance brought Forward 1st January	9,179	9,398
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	(1,198)	(511)
Adjusting amounts written out of Revaluation Reserve	6	292
Net Written out amount of the cost of non-current assets consumed in the year	7,987	9,179
Capital financing applied in the year	7,987	9,179
Balance Carried Forward 31st December	7,987	9,179
Movement in year represented in the Movement in Reserves Statement	(1,192)	(219)

Notes to the Core Financial Statements

(iii) 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.

	2024 £000	2023 £000
Earmarked Pension Reserve		
Balance brought forward 1st January	(473)	(566)
Actuarial Gains or (losses) on pension assets and Liabilities	706	103
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,200)	(2,293)
Employers pensions contributions and direct payments to pensioners payable in year	2,554	2,283
Balance Carried Forward 31st December	(413)	(473)
Movement in year represented in the Movement in Reserves Statement	60	93

(iv) 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.

	2024 £000	2023 £000
Earmarked Accumulated Absences Account		
Balance brought forward 1st January	(272)	(227)
Settlement or cancellation of accrual made in preceding year	272	227
Amount to be accrued for current year	(287)	(272)
Amount to be charged to the Comprehensive Income and Expenditure Statement	(15)	(44)
Balance as at 31st December	(287)	(272)
Movement in year represented in the Movement in Reserves Statement	(15)	(44)

(v) 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

	2024 £000	2023 £000
Revaluation Reserve		
Balance brought Forward 1st January	4,231	4,354
Upward revaluation of assets	2,054	170
Difference between fair value depreciation and historical cost depreciation	(6)	(292)
Balance Carried Forward 31st December	6,279	4,231
Movement in year represented in the Movement in Reserves Statement	2,048	(122)

Notes to the Core Financial Statements

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	
	2024	2023
50,000 - 54,999	28	26
55,000 - 59,999	13	6
60,000 - 64,999	6	3
65,000 - 69,999	2	2
70,000 - 74,999	3	3
75,000 - 79,999	3	3
80,000 - 84,999	2	2
85,000 - 89,999	1	-
TOTAL	58	45

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 2023 are also shown and these officers are excluded from the above table.

2024					
Post	Salary incl. BIK	Pay in Lieu of Notice	Redundancy Pay	Pension Contributions	Total Remuneration
Managing Director	146,979	-	-	19,440	166,419
Executive Director	77,279	-	-	10,129	87,408
Executive Director (interim)	11,652	-	-	1,573	13,225
Executive Director	98,163	-	-	12,826	110,989
Executive Director	107,727	-	-	14,122	121,849
Executive Director	83,959	-	-	10,957	94,915
	525,759	-	-	69,047	594,806

2023					
Post	Salary incl. BIK	Pay in Lieu of Notice	Redundancy Pay	Pension Contributions	Total Remuneration
Managing Director	143,148	-	-	19,200	162,348
Executive Director	93,004	-	-	13,786	106,790
Executive Director	104,998	-	-	13,947	118,945
Executive Director	105,007	-	-	13,947	118,954
	446,157	-	-	60,880	507,037

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

EXIT PACKAGE £	No. of compulsory Redundancies		No. of other Redundancies		Total no. of Exit Packages		Total cost of Exit Packages	
	2024 No.	2023 No.	2024 No.	2023 No.	2024 No.	2023 No.	2024 £000's	2023 £000's
0 - 20,000	1	-	3	6	4	6	37	20
20,001 - 40,000	-	-	-	-	-	-	-	-
40,001 - 60,000	1	-	-	-	1	-	44	-
60,001 - 80,000	-	-	-	-	-	-	-	-
80,000 and over	-	-	-	1	-	1	-	91
Total	2	-	3	7	5	7	82	111

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

Notes to the Core Financial Statements

15. LEASES

Operating Leases

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

	2024 £000	2023 £000
Not later than one year	575	438
Later than one year and not later than five years	2,003	1,645
Later than five years	1,199	-
	3,777	2,083

Amounts charged, in respect of these leases, to the Comprehensive Income and Expenditure Statement during 2024 was £383K (2023 £444k) which related to rent for Unit K, Kenmore Road, Wakefield. Prostar.

16. 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 liabilities 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 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 December 2024 was 13.4%. Employees contributions in 2024 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.

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 2024 £'000	Unfunded 2024 £'000	Total 2024 £'000	Funded 2023 £'000	Unfunded 2023 £'000	Total 2023 £'000
Comprehensive Income and Expenditure Account						
Cost of Service						
Current Service Cost	3,236	0	3,236	2,869	0	2,869
Past Service Cost	0	0	0	0	0	0
Curtailment (Gain)/Loss	0	0	0	0	0	0
Financing and investment income and Expenditure						
Net interest Expense	(56)	20	(36)	(601)	25	(576)
Total Post Employment Benefit Charged to the surplus or Deficit on the Provision of Services	3,180	20	3,200	2,268	25	2,293
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	(4,198)	0	(4,198)	(3,008)	0	(3,008)
Actuarial (Gains) and losses-demographic assumptions	(834)	(2)	(836)	(1,721)	(13)	(1,734)
Actuarial (Gains) and losses-experience	1,024	1	1,025	1,657	(53)	1,604
Actuarial (Gains) and losses-financial assumptions	(15,217)	(22)	(15,239)	(49)	0	(49)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(16,045)	(3)	(16,048)	(853)	(41)	(894)
Movement in Reserves Statement						
Reversal of net charges made to the Comprehensive Income and Expenditure Statement for post employment benefits in accordance with the Code	(3,180)	(20)	(3,200)	(2,268)	(25)	(2,293)
Actual amount charged against the General Fund balance for pensions in the year:						
- employer's contributions to the pension scheme	2,497	57	2,554	2,231	52	2,283
- retirement benefits payable to pensioners	0	0	0	0	0	0
Total Charge against the General fund	(683)	37	(646)	(37)	27	(10)

Notes to the Core Financial Statements

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

	Males		Females	
	2024	2023	2024	2023
Rating to base table	0	0	0	0
Scaling to base table rates (Current)	90%	90%	90%	90%
Scaling to base table rates (Future)	95%	95%	100%	100%
Cohort improvement factors	CMI 2023	CMI 2022	CMI 2023	CMI 2022
Minimum underpin to improvement factors	1.25%	1.50%	1.25%	1.50%
Future lifetime from age 65 (currently aged 65)	20.8	21.0	24.0	24.1
Future lifetime from age 65 (currently aged 45)	21.7	22.2	24.7	25.1

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		Total	
	2024	2023	2024	2023	2024	2023
Recognised in the Balance Sheet	£000s	£000s	£000s	£000s	£000s	£000s
Fair value of assets	133,865	125,121	0	0	133,865	125,121
Present value of the defined benefit obligation	(99,875)	(110,338)	(413)	(473)	(100,288)	(110,811)
Net liability arising from defined benefit obligation	33,990	14,783	(413)	(473)	33,577	14,310

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.

	2024	2023
	£'000	£'000
Balance at 1st January	125,121	117,748
Interest income	5,609	5,508
Remeasurement gains/ (losses) on assets	4,198	3,008
Employer contributions	2,497	2,231
Contributions by scheme participants	1,220	1,080
Benefits paid	(4,780)	(4,454)
Balance at 31st December	133,865	125,121

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

	2024	2023
	£'000	£'000
Balance at 1st January	(110,811)	(106,615)
Current Service Cost	(3,236)	(2,869)
Interest Cost	(4,908)	(4,932)
Contributions by scheme participants	(1,220)	(1,080)
Remeasurement gains and (losses)		
Actuarial gains and (losses) - demographic assumptions	836	1,734
Actuarial gains and (losses) - financial assumptions	15,239	49
Actuarial gains and (losses) - experience	(1,025)	(1,604)
Benefits paid	4,837	4,506
Past service costs and curtailments	0	0
Balance at 31st December	(100,288)	(110,811)

Reconciliation of pension status to balance sheet

	Funded		Unfunded		Total	
	2024	2023	2024	2023	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of assets	133,865	125,121	0	0	133,865	125,121
Present value of defined benefit obligation	(99,875)	(110,338)	(413)	(473)	(100,288)	(110,811)
Status	33,990	14,783	(413)	(473)	33,577	14,310
Unrecognised asset	(33,990)	(14,783)	0	0	(33,990)	(14,783)
Asset / (Liability) recognised on the balance sheet	0	0	(413)	(473)	(413)	(473)

Notes to the Core Financial Statements

Pension Assets

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

	Assets held	
	2024	2023
Equity investments	78.90%	81.20%
Property	2.80%	3.40%
Government Bonds	8.20%	6.30%
Corporate Bonds	4.00%	4.60%
Cash	4.00%	2.80%
Other assets *	2.10%	1.70%
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 AON Solutions UK 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 March 2022 and the unfunded scheme as at 31st December 2023.

	2024	2023
Mortality assumptions		
Males		
Pensioner member aged 65 at accounting date	20.8 years	21.0 years
Active member aged 45 at accounting date	21.7 years	22.2 years
Females		
Pensioner member aged 65 at accounting date	24.0 years	24.1 years
Active member aged 45 at accounting date	24.7 years	25.1 years
Rate of Inflation (CPI)	2.60%	2.40%
Rate of Increase in Salaries	3.85%	3.65%
Rate of Increase in Deferred Pensions	2.60%	2.40%
Rate of Increase in Pensions	2.60%	2.40%
Rate for discounting scheme liabilities	5.50%	4.50%
Take-up of option to convert annual pension into retirement lump sum		

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, i.e. on an actuarial basis using the projected unit credit method.

Impact on the Defined benefit Obligation in the Scheme	Increase in Assumption £000	Decrease in Assumption £000
Member Life expectancy (+ or - 1 year) *	2,397	(2,397)
Rate of increase in salaries (+ or - 0.1%)	(200)	200
Rate of increase in pensions (+ or - 0.1%)	(1,598)	1,498
Rate for discounting scheme liabilities (+ or - 0.1%)	1,698	(1,798)

* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them

Impact on the Organisation's Cash Flows

The contributions expected to be made by the Organisation to the Local Government Pension Scheme in the year to 31st December 2024 are £2.523m. In addition, contributions towards the unfunded obligations will be required. Expected contributions for the discretionary benefits in the year to 31st December 2024 are £0.057m.

The weighted average duration of the defined benefit obligation for scheme members is 17.4 years.

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 71 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 directly with each founder member through our catalogue business during the year and the debtor balance at the year end is detailed below. The value of these transactions form part of our Invoiced Turnover figure in the Comprehensive Income and Expenditure Account.

	Transaction value		Debtor balance as at 31 Dec
	2024 £'000	2023 £'000	2024 £'000
Barnsley MBC	1,212	1,539	160
Bolton MBC	1,548	1,921	59
Bradford MDC	2,834	3,590	291
City of York	735	834	42
Doncaster MBC	1,442	1,891	241
Kirklees MC	2,232	2,958	107
Knowsley MBC	724	883	54
MB of Calderdale	979	1,192	31
North Yorkshire CC	1,953	3,509	54
Rotherham MBC	1,467	1,823	80
St Helens MBC	877	1,283	28
Wakefield MDC	2,600	2,857	310
Wigan MBC	1,395	1,844	61
	19,998	26,125	1,519

Our founder members also procure goods and services through our frameworks business. The value of these transactions are included below. These spend values form part of an overall framework spend amount from which we receive an agreed rebate percentage from our approved suppliers. This rebate income is disclosed on the Comprehensive Income and Expenditure Account - 2024: £8,173k (2023: £7,468k)

	Transaction value	
	2024 £'000	2023 £'000
Barnsley MBC	18,217	39,211
Bolton MBC	13,681	17,016
Bradford MDC	29,559	38,032
City of York	11,469	13,215
Doncaster MBC	30,725	27,992
Kirklees MC	24,577	47,803
Knowsley MBC	10,942	15,179
MB of Calderdale	11,036	16,454
North Yorkshire CC	18,918	49,482
Rotherham MBC	31,595	35,714
St Helens MBC	14,881	16,144
Wakefield MDC	26,149	32,639
Wigan MBC	27,587	32,417
	269,335	381,299

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.

Notes to the Core Financial Statements

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. A summary of the costs incurred via Wakefield MDC are shown below, along with the creditor balance at the year end.

	Purchases (Exc. VAT)		Creditor Balance at 31st Dec	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Wakefield MDC	582	1,356	50	24

The Organisation has incurred no expenditure with any other founder member during in 2024 or 2023.

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 £'000	Outstanding Balance as at 31st Dec 2024 £'000
YPO Procurement Holdings	0	0
YPO Supplies Ltd	2,701	300

Sales Invoices relating to the 2024 services provided were raised to YPO Supplies totalling £2.701m.

In July 2018 YPO issued a loan to YPO Procurement Holdings for the sum of £500K. Interest will accrue on the loan at a daily rate of 3% above the Bank of England Base Rate and all capital and interest amounts are repayable by 2030. As at the 31st December the loan amounts still outstanding are;

	2024 £
Capital	400,000
Interest	183,586
	583,586

On the 31st December 2024 a review has been carried out on the recoverability of the loan issued. Taking into consideration the financial performance and financial position of YPO Procurement Holdings and its subsidiaries, and the expected growth over the next 6 years, along with the £100K repayment received in 2024, it is expected that the full amount owing will be fully recovered by the end of the loan term.

18. AUDIT COSTS

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

	2024 £000	2023 £000
Audit Costs		
Fees payable to Mazars with regard to external audit services	80	80

19. EVENTS AFTER THE BALANCE SHEET DATE

No significant events were reported after the balance sheet date and up to the authorised for issue date.

20. PRIOR YEAR ADJUSTMENT

No prior year adjustments have been made in these accounts.

Exempt Information by virtue of paragraph(s) 3
of Part 1 of Schedule 12A of the Local Government Act 1972.

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