

Chief Executive

Merran McRae – Chief Executive

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Typetalk calls welcome

Your Ref.
Our Ref

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Date 16 November 2017

To: Members of the Management Committee of the Yorkshire Purchasing Organisation Joint Committee

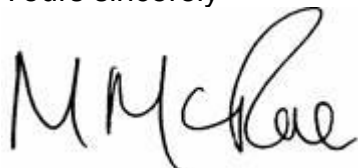
Chief Executive of the Constituent Authorities (for information)

Dear Councillor

**YORKSHIRE PURCHASING ORGANISATION MANAGEMENT COMMITTEE MEETING
– FRIDAY, 24 NOVEMBER 2017**

You are invited to a meeting of the Management Committee of the Yorkshire Purchasing Organisation Joint Committee which is to be held at **10:30 am on Friday, 24 November 2017** at the **YPO HQ, 41 Industrial Park, Wakefield** to consider the items set out in the agenda detailed overleaf.

Yours sincerely



Merran McRae
Secretary to the Joint Committee

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

As a courtesy to colleagues will you please turn all electrical devices to silent prior to the start of the meeting.

**YORKSHIRE PURCHASING ORGANISATION MANAGEMENT COMMITTEE -
Friday, 24 November 2017**

AGENDA

1. Members' Declaration of Interest.
2. Apologies for Absence.
3. To note any items which the Chairman has agreed to add to the agenda on the grounds of urgency.
4. Minutes of the Management Committee meeting held on 23 June 2017. (Pages 1 - 5)
5. Minutes of the Executive Sub-Committee meeting held on 22 September 2017. (Pages 7 - 9)
6. Minutes of the Audit and Scrutiny Sub-Committee meeting held on 15 September 2017 and 3 November 2017. (Pages 11 - 17)
7. Independent Director Role. (Pages 19 - 20)
8. Associate Member Proposals. (Pages 21 - 26)
9. YPO Pay Policy. (Pages 27 - 45)
10. Lead Authority Issues.
11. Treasury Management. (Pages 47 - 63)
12. Trading Agreement. (Pages 65 - 67)
13. In relation to reports containing exempt information to consider, and if approved, pass the following resolution:-
"That the public and press be excluded from the meeting for consideration of agenda items 14 to 19 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

14. Business Update. (Pages 69 - 71)
15. Report of Independent Director. (Pages 73 - 75)
16. Financial Update. (Pages 77 - 83)
17. Cost Savings. (Pages 85 - 87)
18. Budget and Business Plans for 2018. (Pages 89 - 95)
19. Three Year Strategy. (Pages 97 - 114)
20. Date and Time of Next Meeting.

The next meeting of the YPO Management Committee will be held on 23 March 2018 at 10.30am.

YORKSHIRE PURCHASING ORGANISATION MANAGEMENT COMMITTEE

Friday 23rd June 2017

Present:

Barnsley MBC
Councillor Barnard

City of Bradford
Councillor Warburton
Councillor Whiteley

Kirklees MC
Councillor Mather
Councillor Asif

Knowsley MBC
Councillor Byron

North Yorkshire CC
Councillor Mackenzie

Rotherham MBC
Councillor Atkin
Councillor Vjestica (Observer)

St Helens MBC
Councillor Johnson
Councillor Wiseman

Wakefield MDC
Councillor Shaw
Councillor Johnson

Wigan MBC
Councillor Walker

City of York
Councillor Mercer

62:	Members Declaration of Interest
	No declarations of interest were made by members.
63:	Membership of the Management Committee of the YPO Joint Committee 2017/18.
	The Managing Director asked members to review the information contained in the tabled report regarding Committee representation from Member Authorities.
	Resolved – (1) That the report content for Management Committee

	Membership be noted.
64:	Apologies for Absence
	Apologies for absence submitted prior to the meeting were accepted on behalf of Councillors Gardiner (Barnsley), Sweeney (Wigan), Williams (Knowsley), Corden (Doncaster), Scullion (Calderdale), Dadd (North Yorkshire) and Pillai (Calderdale).
65:	Election of Chair
	<p>The Monitoring Officer requested nominations for the position of Chair of the Management Committee who in turn would become the Chair of the Executive Sub-Committee and Joint Consultative Committee/Appointments Sub-Committee for the year 2017/18.</p> <p>A nomination was received and seconded on behalf of Councillor Shaw (Wakefield MDC).</p> <p>Resolved – (1) That Councillor L Shaw of Wakefield MDC be elected Chair of the Management Committee of the Yorkshire Purchasing Organisation for 2017/18. Councillor Shaw thanked the committee for their support.</p>
66:	Election of Vice Chair
	<p>The Chair requested nominations to the position of Vice Chair for 2017/18. A nomination was received and seconded on behalf of Councillor Walker (Wigan MDC).</p> <p>Resolved – (1) That Councillor Walker of Wigan MBC be elected as Vice Chair of the Management Committee of the Yorkshire Purchasing Organisation for 2017/18.</p>
67:	Urgent Items
	An item was agreed to be discussed in the private section of the agenda.
68:	Minutes of the Management Committee – 24 March 2017
	Resolved – (1) That the Minutes of the meeting of the YPO Management Committee held on 24 March 2017 be accepted as a correct record.
69:	Minutes of the Audit & Scrutiny Sub-Committee – 19 May 2017
	Resolved – (1) That the Minutes of the meeting of the Audit & Scrutiny Sub Committee held on 19 May 2017 be accepted as a correct record.
70:	Minutes of the Executive Sub Committee – 16 June 2017
	Resolved – (1) That the Minutes of the meeting of the Executive Sub Committee held on 16 June 2017 be accepted as a correct record.
71:	Appointments to the Sub-Committees and Joint Consultative Committee 2017/18.
	Consideration was given to a report to receive nominations from the Constituent Authorities in relation to membership of Sub-Committees and

	<p>Joint Consultative Committee and to determine the membership for those meetings for the 12 month period commencing June 2017.</p> <p>The Monitoring Officer stated preferences as shown in the report would be adhered to where this could be accommodated. A completed list of memberships to the Sub Committees would be provided at a later date.</p> <p>Resolved – (1) That the report be noted.</p>
72:	Annual Report
	<p>Managing Director Simon Hill submitted the annual report to the Management Committee as set out in YPO Management Agreement.</p> <p>A number of key achievements were highlighted within the Annual Report. It was explained that it was intended to circulate the Annual Report to Leaders, Chief Executives and Finance Directors of member authorities and also use it more widely as marketing and promotional material.</p> <p>A copy of the report was circulated to Management Committee and individual authority Benefits Statements will be forwarded to Members in due course.</p> <p>Resolved – (1) That the report be noted.</p>
73:	Audited Accounts
	<p>Consideration was given to a report of the Head of Finance & The Financial Controller which presented to Members' the 2016 Audited Statement of Accounts.</p> <p>It was noted that the Audited Statement of Accounts was approved and signed off by the Audit & Scrutiny Sub Committee on 19 May 2017.</p> <p>Councillor Warburton asked for his thanks to be noted to all the team from YPO that were involved in the Audit and achieving such a successful audit.</p> <p>Resolved - (1) That the report be noted.</p>
74:	Governance Review
	<p>Consideration was given to a report of the Managing Director to review the policies and processes by which YPO is managed.</p> <p>The report highlighted the policies and protocols which have been reviewed within the last 12 months.</p> <p>Resolved – (1) That the Management Committee agree the proposals outlined in table 2.2.</p>
75:	Committee Work Programme and Terms of Reference 2017/18
	<p>Consideration was given to a report of the Managing Director which detailed the work of the YPO Management Committee and its associated Sub-Committees. The report also included the meeting schedule, terms of</p>

	<p>reference, principal agenda items and training schedule for each Committee and Sub-Committee.</p> <p>Resolved - (1) That the terms of reference for 2017/18 for the Management Committee, Executive Sub-Committee, Audit & Scrutiny Sub-Committee, and Joint Consultative Committee be agreed.</p> <p>(2) That the Principal Agenda Items for 2017/18 be agreed.</p> <p>(3) That the Meeting Schedule & Training Schedule be agreed, with the amendment of moving the date of the Executive Sub Committee from Friday 10th November to Friday 22nd September. Members to receive an email to notify the change from Committee Services as soon as possible.</p>
76:	Associate Member Proposals
	<p>A report was submitted detailing applications for four new Associate memberships from: Allerdale Borough Council, Pendle Borough Council, London Borough of Camden and London Borough of Haringey.</p> <p>Resolved – (1) That Allerdale Borough Council, Pendle Borough Council, London Borough of Camden and London Borough of Haringey be accepted as Associate Members of YPO.</p>
77:	Role of Independent Director
	<p>Consideration was given to the report of the Assistant Director HR and Logistics.</p> <p>Following a discussion with Members it was resolved:</p> <p>(1) That the Committee would like to re appoint an Independent Director.</p> <p>(2) That the Committee agreed the candidate would have some experience in the private sector, along with commercial and financial experience.</p> <p>(3) That a Sub Committee of Chair, Vice Chair, Chair of Audit & Scrutiny and Councillor Whiteley of Bradford be convened to conduct the appointment.</p>
78:	Lead Authority Issues
	No Lead Authority issues were raised.
79:	Appointment of the Executive Director
	<p>Consideration was given to a report of the Managing Director</p> <p>Resolved – (1) That Julie Wray be appointed to the role as Executive Director as of 13th April 2017.</p>
80:	Exclusion of the Public & Press
	<p>Resolved - That the public and press be excluded from the meeting during consideration of Agenda Items 20 to 24 on the grounds that they were 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>

	IN PRIVATE
81:	Business Update - (Exempt Paragraph 3)
	Members considered the report of the Managing Director which provided Members with an update of the activities of the organisation since the previous Committee meeting and gave an overview of the forthcoming activities and challenges.
	Resolved – (1) That the report be noted.
82:	Dividend Distribution – (Exempt Paragraph 3)
	Members considered a report of the Financial Controller which sought agreement on the level and method of dividend distribution for the year ended 31 December 2016.
	Resolved - (1) That the distribution of dividend would be distributed as per option B in the report.
83:	Report of the Independent Director – (Exempt Paragraph 3)
	Members gave consideration to a report of the Independent Director which detailed his observation of the organisation since March.
	Members noted their thanks on behalf of the Management Committee to the Independent Director and his service over the last three years, and wished him well for the future.
	Resolved - (1) That the report of the Independent Director and his observations be noted.
84:	YPO Energy Strategy – (Exempt Paragraph 3)
	The Executive Director (Procurement, Finance & IT) presented the Energy Review report and provided Members with an overview of YPO's Procurement Services Energy Strategy for 2017 and beyond and provided an update on activity.
	Resolved – (1) That the YPO Energy Strategy report be noted.
85:	Urgent Items
	An item was added to the agenda by the Chair concerning a financial matter affecting YPO.
	Resolved – (1) A report will be prepared for the next meeting of the Audit & Scrutiny Sub Committee on 13 th September 2017.
86:	DATE AND TIME OF NEXT MEETING
	Resolved – That the next meeting of the YPO Management Committee will be held on 24 th November 2017 at 10.30am.

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YORKSHIRE PURCHASING ORGANISATION EXECUTIVE SUB-COMMITTEE

22ND SEPTEMBER 2017

Present: The Chair: Councillor Shaw (Wakefield)
 Councillors: Atkin (Rotherham), Byron (Knowsley), Walker (Wigan),
 Whiteley (Bradford).

46:	CHAIR'S INTRODUCTION & WELCOME
	The Chair, Councillor Shaw, welcomed Members to the meeting.
47:	APOLOGIES FOR ABSENCE
	Apologies for absence submitted prior to the meeting were accepted on behalf of Councillors Mercer (York), Johnson (St Helens) & Mackenzie (North Yorkshire).
48:	MEMBERS DECLARATION OF INTEREST
	No declarations of interest were made.
49:	URGENT ITEMS
	No items were discussed.
50:	MINUTES – 16 June 2017
	Resolved – (1) That the Minutes of the meeting of the YPO Executive Sub-Committee held on 16 th June 2017 be approved as a true and accurate record.
51:	LEAD AUTHORITY ISSUES
	No Lead Authority issues were discussed.
52:	ASSOCIATE MEMBER PROPOSALS
	<p>A report was submitted detailing applications for two new Associate memberships from key target geographies:</p> <ul style="list-style-type: none"> ▪ Police & Crime Commissioner for Merseyside ▪ Telford & Wrekin Council <p>Councillors asked for more detail and clarification around a number of points and were satisfied with the responses provided by Officers.</p> <p>Members were notified of two additional Associate Member proposals (North Yorkshire Police and Harrogate) which will be presented to Strategic Officers in October and if recommended they will be taken to the Management Committee for approval.</p>

	Resolved - (1) That the report was acknowledged and recommended to the Management Committee for approval.
53:	EXCLUSION OF THE PUBLIC AND PRESS
	Resolved – That the public and press be excluded from the meeting during consideration of Agenda Items 9 to 13 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.
54:	PERFORMANCE REPORT (EXEMPT)
	<p>The Executive Director (Paul Smith) presented the Performance Report which detailed the year to date business performance for the Organisation.</p> <p>A verbal update was provided to Councillors on the performance of the organisation over the last month.</p> <p>Cllr Atkin noted that he finds the information detailed in the report positive and welcomes the performance update.</p> <p>Cllr Walker queried the process with debtors and it was agreed that a further report from the credit control team and how debtors are managed would be presented at the next Executive Sub Committee.</p> <p>Resolved – (1) That the Performance Report be acknowledged and noted.</p>
55:	BUSINESS UPDATE (EXEMPT)
	<p>The Executive Directors (Paul Smith, Jo Marshall & Julie Wray) presented the Business Update which provided Members with an update on activities of the organisation since the last sub-committee and provided an overview on forthcoming activities and challenges.</p> <p>Resolved – (1) That the report be noted.</p>
56:	STOCK LOSSES REPORT (EXEMPT)
	<p>A report was submitted to inform Members of the stock losses position for 2017.</p> <p>The report explained that a Perpetual Inventory Team has been introduced and a review of the returns process is ongoing where policy changes may be identified.</p> <p>Resolved – (1) That the report be noted.</p>

57:	COST SAVING UPDATE (EXEMPT)
	<p>The Executive Director (Paul Smith) presented the Cost Saving Update to Members.</p> <p>The report shared details of the Future Proofing Programme and provided and overview of upcoming activities, challenge and goals.</p> <p>Resolved – (1) That the report be noted.</p>
58:	STRATEGY UPDATE (EXEMPT)
	<p>The Executive Director (Paul Smith) delivered the report which updated Members on the progress to date and themes of the next Three Year Strategy (2018-2020).</p> <p>It was explained that a final version of the Three Year Strategy will be presented to Strategic Officers and then taken to Management Committee for approval.</p> <p>Resolved – (1) That the Strategy Update is acknowledged and it is noted that a final version of the document will be presented to the Management Committee.</p>
59:	DATE AND TIME OF NEXT MEETING
	<p>Resolved – That the next meeting of the YPO Executive Sub Committee is proposed for 9th March 2018 at 10.30am.</p>

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YORKSHIRE PURCHASING ORGANISATION

AUDIT & SCRUTINY SUB-COMMITTEE

FRIDAY 15TH SEPTEMBER 2017

Present: The Chair: Councillor Warburton (Bradford)

Councillors: Vjestica (Rotherham), Barnard (Barnsley), Pillai (Calderdale), Scullion (Calderdale), Asif (Kirklees)

1.	CHAIR'S INTRODUCTION & WELCOME
	Councillor Warburton welcomed all parties to the meeting.
2.	ACCEPTANCE OF APOLOGIES FOR ABSENCE
	Apologies for absence submitted prior to the meeting were accepted on behalf of Councillors Byron (Knowsley), Cole (Doncaster), Sweeney (Wigan), Mather (Kirklees), Dadd (North Yorkshire), Waller (York) and Wiseman (St Helens).
3.	MEMBER DECLARATION OF INTEREST
	No declarations of interest were made.
4.	URGENT ITEMS
	No urgent items were raised by Members.
5.	PREVIOUS MINUTES (AUDIT & SCRUTINY SUB COMMITTEE)
	The minutes of the YPO Audit & Scrutiny Sub-Committee held on 16 th May 2017 were approved as a correct record.
6.	CUSTOMER SATISFACTION SURVEY
	<p>Members gave consideration to a report and presentation on the Customer Satisfaction Survey delivered by Jo Marshall, Executive Director.</p> <p>The Executive Director shared the results of both the YPO Customer Survey and the ICS Survey, and gave an overview of the customers the surveys were sent to.</p> <p>Members asked a number of questions and Officers provided responses to these.</p> <p>Members thanked Jo for her presentation.</p> <p>Resolved – (1) That the report be noted.</p>
7.	INTERNAL AUDIT PLAN PROGRESS
	Consideration was given to a report which detailed the Internal Audit's progress and work during the period May to September 2017 and noted the contents therein.

	<p>Carl Tweed, Internal Audit Manager from Wakefield Council, highlighted where action has been taken by YPO since the last meeting, and noted work priorities.</p> <p>Councillor Warburton thanked Carl Tweed for all his hard work for YPO over the years and wished him well in retirement.</p> <p>Resolved – (1) That the report be noted.</p>
8.	EXCLUSION OF THE PUBLIC & PRESS
	<p>Resolved – That the public and press be excluded from the meeting during consideration of agenda items 9 to 14 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>
9.	IT PROGRAMME UPDATE
	<p>Consideration was given to the IT Programme Update report which provided Members with an update on the progress of the implementation of the ERP Business Case.</p> <p>The update contained a highlight report which documented the progress between April and July 2017.</p> <p>Questions were raised around the data and progress, and Paul Smith, Executive Director, provided responses.</p> <p>Resolved – (1) That the report be noted.</p>
10.	STOCK LOSSES
	<p>Consideration was given to a report of the Executive Director entitled Stock Losses.</p> <p>The Executive Director talked Members through the different types of Stock Losses we have, and the problems they cause.</p> <p>The report recommended that the Committee note stock losses year on year as part of the organisations reporting requirements, and that the actions mentioned above will be constantly reviewed throughout 2017 and into 2018.</p> <p>Members asked for clarity around some aspects of the report, and officers provided responses on these.</p> <p>Resolved – (1) That the report be noted. It was agreed it will be arranged for a Warehouse tour to take place after the next Audit & Scrutiny Sub Committee Meeting on 3rd November 2017.</p>
11.	INTERNAL AUDIT ACTION UPDATE
	<p>Consideration was given to a report which provided an update as to the progress made towards actions resulting from internal audits completed at YPO, as part of the Annual Audit Plan by Wakefield Council's Internal Audit.</p>

	Resolved – (1) That the progress made in implementing internal audit actions be noted.
12.	SALES ANALYSIS
	<p>Consideration was given to a report of the Executive Director entitled Sales Analysis.</p> <p>The purpose of the report being to provide the Audit and Scrutiny Sub Committee Members with a summary of business year to date, and provide context around the headline figures.</p> <p>Resolved – (1) That the Sales Analysis year to date be noted.</p>
13.	COST SAVING UPDATE
	<p>Members considered a report of the Managing Director entitled Cost Saving Update.</p> <p>Paul Smith, Executive Director, talked Members through the report, which updated Members of the activities of the organisation since the last meeting in relation to the YPO Future Proofing Programme and to give an overview of the forthcoming activities, challenges and goals.</p> <p>Resolved – (1) That members note the proposed actions being taken by the Board and will continue to receive regular updates on progress.</p>
14.	FINANCIAL UPDATE
	<p>A report of Wakefield Council's Head of Internal Audit and Risk entitled Financial Update was reviewed by Members.</p> <p>Resolved – (1) That Members noted the content of the report.</p>
15.	DATE AND TIME OF NEXT MEETING
	<p>Resolved – (1) That the next meeting of the YPO Audit & Scrutiny Sub Committee proposed will be held on 3rd November 2017.</p>

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YORKSHIRE PURCHASING ORGANISATION

AUDIT & SCRUTINY SUB-COMMITTEE

FRIDAY 3RD NOVEMBER 2017

Present: The Chair: Councillor Warburton (Bradford)

Councillors: Mather (Kirklees), Vjestica (Rotherham), Barnard (Barnsley), Dadd (North Yorkshire), Scullion (Calderdale)

16.	CHAIR'S INTRODUCTION & WELCOME
	Councillor Warburton welcomed all parties to the meeting. Councillor Warburton introduced R McWilliam as the new Independent Director.
17.	ACCEPTANCE OF APOLOGIES FOR ABSENCE
	Apologies for absence submitted prior to the meeting were accepted on behalf of Councillors Gardiner (Barnsley), Byron (Knowsley), Sweeney (Wigan), Pillai (Calderdale), and Asif (Kirklees).
18.	MEMBERS DECLARATION OF INTEREST
	No declarations of interest were made.
19.	URGENT ITEMS
	No urgent items were raised by Members.
20.	PREVIOUS MINUTES (AUDIT & SCRUTINY SUB COMMITTEE)
	The minutes of the YPO Audit & Scrutiny Sub-Committee held on 15 th September 2017 were approved as a correct record.
21.	INTERNAL AUDIT PLAN PROGRESS
	<p>Members gave consideration to a report which detailed the Internal Audit's progress and work during the period September to October 2017 and noted the contents therein.</p> <p>Julie Gill, from Wakefield Council's Internal Audit, highlighted what work is currently being undertaken, where action has been taken by YPO since the last meeting, and noted work priorities.</p> <p>Julie Gill noted that the Anti-Fraud and Bribery Audit will be undertaken in next year's plan.</p> <p>Resolved – (1) That the report be noted.</p>
22.	PLANNING PROCESS FOR THE NEXT INTERNAL AUDIT
	Members gave consideration to a report produced by the Interim Head of Internal Audit & Risk, the purpose of which is to provide Members with information relating to the next annual Internal Audit Plan. The report outlines

	<p>what the planning process will be, and also includes details of potential auditable areas.</p> <p>A discussion was held around GDPR and how this will be managed by Audit. J Gill noted that if this is something of particular interest it can be included in the Audit plan reported to Members.</p> <p>Members raised questions and were satisfied with the responses given by Officers.</p> <p>Resolved – (1) That the report be noted.</p>
23.	YEAR END CLOSEDOWN TIMETABLE
	<p>Consideration was given to a report of the Head of Finance which informed Members of the contents of the 2017 closedown timetable.</p> <p>Resolved – (1) That the Year End Closedown Timetable and plan be noted.</p>
24.	EXTERNAL AUDIT PLAN
	<p>Consideration was given to the KPMG External Audit Plan which covers the work occurring to the end of December 2017. R Khangura of KPMG highlighted the key headlines throughout the report.</p> <p>Resolved – (1) That the External Audit Plan be noted.</p>
25.	EXCLUSION OF THE PUBLIC AND PRESS
	<p>Resolved – That the public and press be excluded from the meeting during consideration of agenda items 11 and 12 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>
26.	RISK MANAGEMENT UPDATE
	<p>Members considered a report of the Executive Director which recommends deferring the reporting of the Strategic Risk Register to the Audit & Scrutiny Sub-Committee in February 2018.</p> <p>Resolved – (1) That the report be noted.</p> <p>(2) That Risk Registers will be brought to the Audit & Scrutiny Sub-Committee on 16th February 2018 for full review.</p>
27.	IT PROGRAMME UPDATE
	<p>Consideration was given to the IT Programme Update report which provided Members with an update on the progress of the implementation of the ERP Business Case, and the associated risks.</p> <p>The update contained a highlight report which documented the progress between July and October 2017.</p>

	<p>Members raised a number of questions and were satisfied with the responses given by Officers.</p> <p>Resolved – (1) That the report be noted.</p> <p>Councillor Warburton thanked J Copley for her work for YPO over the years, and wished her well in retirement.</p>
28.	<p>DATE AND TIME OF NEXT MEETING</p> <p>Resolved – (1) That the next meeting of the YPO Audit & Scrutiny Sub Committee will be held on 16th February 2018.</p>

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YPO
MANAGEMENT COMMITTEE
TO BE HELD ON
24TH NOVEMBER 2017

TITLE: INDEPENDENT DIRECTOR ROLE

REPORT OF: EXECUTIVE DIRECTOR

1. PURPOSE OF REPORT

1.1 To advise members of the outcome of the Independent Director recruitment.

2. BACKGROUND

2.1 On the 23rd June 2017 management committee discussed a report regarding the role of the Independent Director. The discussion resolved that:

- (1) the Committee would like to re-appoint an Independent Director.
- (2) the Committee agreed the candidate should have some experience in the private sector, along with commercial and financial experience.
- (3) A sub Committee of Chair, Vice Chair, Chair of Audit & Scrutiny and Councillor Whiteley of Bradford be convened to conduct the appointment.

2.2 The sub-committee met on the 27th July to agree the process to follow. The sub-committee also agreed to engage Nick Cole at Veredus to manage the recruitment process. Through open advertising and a targeted search over 80 applications were received and a shortlist of 3 people agreed for interview.

2.3 The selection process took place on the 21st September and the committee unanimously supported the application from Rob McWilliam.

2.4 The recruitment resolution is attached as Appendix A.

SERVICE DIRECTOR: JULIE WRAY, EXECUTIVE DIRECTOR

YPO
41 Industrial Park
Wakefield
WF2 0XE
Telephone No: 01924 834897
Email Address: julie.wray@ypo.co.uk

Appendix A

APPOINTMENTS PANEL

Thursday 21st September 2017

AGENDA

Present: The Chair – Councillor L Shaw
 Councillors F Walker, J Whiteley, D Warburton

1) Members' Declarations of Interest.

No Declarations of interest were made

2) Exclusion of the Public - Exempt Information.

Resolved - "That the public and press be excluded from the meeting during consideration of agenda item 3 on the grounds that it is likely to involve the disclosure of exempt information as described in Part 1 of Schedule 12A to the Local Government Act 1972, as amended".

IN PRIVATE

3) Interviews for the post of Independent Director.

Interviews were held for the three candidates who had been shortlisted for the post of Independent Director

Resolved – That Rob McWilliam be appointed Independent Director



**REPORT TO
MANAGEMENT COMMITTEE
TO BE HELD ON
24TH NOVEMBER 2017**

TITLE: ASSOCIATE MEMBERSHIP APPLICATIONS

REPORT OF: STRATEGIC RELATIONSHIP MANAGER

1 PURPOSE OF REPORT

- 1.1 Provide details of a formal applications for YPO Associate Membership received from customers within YPO heritage region of Yorkshire & Humber and strategic target geography in the North-West region.
- 1.2 To recommend that the 2018 strategy for Associate Members is to focus on delivering value from existing members as opposed to attracting new ones.

2 SUMMARY

2.1 Applications from:

- Police and Crime Commissioner for Merseyside
- Telford and Wrekin Council
- Harrogate Borough Council
- North Yorkshire Police Service
- Humberside Police Service
- Buckinghamshire County Council

2.2 The Police and Crime Commissioner for Merseyside and Merseyside Police have some current usage of YPO contractual arrangements including Business Travel and MFD's with potential opportunities indicated in ICT, Uniforms, Washroom Services and Energy Services. This further extends YPO's engagement in the blue light sector creating further collaborative spend opportunities.

2.3 Telford and Wrekin Council currently spend on 3 YPO contracts including Office Supplies and Equipment, Washroom Services and Enforcement Agencies with potential opportunities for growth indicated in Events Management, ICT, Fleet, Insurance Services and HR.

- 2.4 Harrogate Borough Council has been a customer of YPO for some time and has a good relationship with the organisation in the Energy category specifically with current spend on Mains Gas supply and Liquid Fuels. Potential 2017/18 spend opportunities include Office Furniture, Water Supply and Temporary Agency Staffing with estimated business growth in excess of £2 million by the end of 2018.
- 2.5 North Yorkshire Police was formed on 1 April 1974, under the Local Government Act 1972, and was largely a successor to the York and North-East Yorkshire Police, also taking part of the old West Riding Constabulary's area. They work in collaboration with Humberside Police, South Yorkshire Police and West Yorkshire Police under the Yorkshire & Humber Policing shared procurement service. Current YPO engagements include Furniture for the recent office re location and framework spend with Gas, Liquid Fuels, Electricity and Business Travel.
- 2.6 Humberside Police Service currently spend on a number of YPO contractual arrangements including Electricity, Gas Supply and Business Travel. Potential growth opportunities have already been identified with Translation Services valued at £125k per annum and Insurance valued at £800k per annum. Additionally, as the Humberside force is also a member of the regional procurement collaboration for Yorkshire & Humber Police including North Yorkshire, South Yorkshire and West Yorkshire forces this will enable further aggregated opportunities for YPO engagement going forward.
- 2.7 Buckinghamshire County Council have limited usage of YPO only having current contractual spend through the Office Supplies framework with Lyreco although there is catalogue spend through YPO from the county schools network. Potential growth opportunities have already been identified with Agency Labour spend through YPO's HR framework valued at £10m - £15m per annum and Social Care Case Management system requirement valued at £300k per annum.

2.8 Estimated Baseline Figures 2016

Customer	Stock & Direct	Contractual	Total
Merseyside Police	£5k	£158k	£163k
Telford & Wrekin	£75k	£40k	£115k
Harrogate	£7k	£1.15m	£1.22m
Nth Yorkshire Police	£189k	£345k	£534k
Humberside Police	£0k	£1.3m	£1.3m
Bucks CC	£85k	£100k	£185k

- 2.9 2018 Strategy – The approval of these applications will result in YPO having 65 Associate Members. The associate member scheme is a major driver of growth and has been very successful, however the YPO Board believe that we should shift focus in 2018 from attracting new members to delivering value with existing members.
- 2.10 It is proposed that in 2018, only exceptional requests are brought forward to the Management Committee whilst our relationship with current members is developed.

3 RECOMMENDATIONS

- 3.1 The above applications are recommended for approval falling within the criteria established in 2014 for Associate Membership supporting the continued growth for YPO nationally providing for further engagement opportunities across key market sectors, local government and emergency services.
- 3.2 Growth criteria for membership should be set at £500,000 in line with the agreed criteria established in 2014.
- 3.3 That only exceptional requests for Associate Membership are considered in 2018.

4 BACKGROUND

- 4.1 Merseyside Police is the territorial police force responsible for policing Merseyside in North West England. The service area is 647 square kilometres with a population of around 1.5 million. They employ around 7,000 people in a variety of roles such as police officers, community support officers and special constables. Merseyside Police is split into five Basic Command Units - Wirral, Sefton, Knowsley, St Helens and Liverpool with each unit having a combination of neighbourhood policing teams, response teams and criminal investigations units. The service operates under the oversight of the Police and Crime Commissioner for Merseyside, Jane Kennedy.
- 4.2 Telford and Wrekin Council is a unitary district with borough status in the West Midlands region of England. The district was created in 1974 as The Wrekin, then a non-metropolitan district of Shropshire. In 1998 the district became a unitary authority and was renamed Telford and Wrekin. It remains part of the Shropshire ceremonial county and shares institutions such as the Fire and Rescue Service and Community Health with the rest of Shropshire. The authority area covers 290 square kilometres and has a population of over 165,000.
- 4.3 The Borough of Harrogate is a local government district and borough of North Yorkshire, England. Its population estimated 2016 was 156,300. Its council is based in the town of Harrogate, but it also includes surrounding towns and villages and almost all of the Nidderdale Area of Outstanding Natural Beauty. It is the most populous district of North Yorkshire. The district is part of the Leeds City Region. The district was formed on 1 April 1974, under the Local Government Act 1972, as a merger of the Masham and Wath rural districts, and part of Thirsk Rural District, from the North Riding of Yorkshire, along with the boroughs of Harrogate and the city of Ripon, the Knaresborough urban district, Nidderdale Rural District, Ripon and Pateley Bridge Rural District, part of Wetherby Rural District and part of Wharfedale Rural District, all in the West Riding of Yorkshire.
- 4.4 North Yorkshire Police Service is the territorial police force covering the non-metropolitan county of North Yorkshire and the unitary authority of York in northern England. The force covers England's largest county and comprises three area command units.

As of March 2013 the force had a strength of 1,370 police officers, 158 Special Constables, 173 PCSOs and 1,095 police staff. In July 2017, the force's headquarters was moved from Newby Wiske to Alverton Court in Northallerton. The new headquarters is a brand new, purpose-built facility which has been designed with the police in mind

- 4.5 Humberside Police Service is the territorial police force responsible for policing an area covering the East Riding of Yorkshire, the city of Kingston upon Hull, North East Lincolnshire and North Lincolnshire. The current Chief Constable is Lee Freeman who was the Assistant Chief Constable Lincolnshire from 2013 - 2015 before transferring to Humberside in May 2015. Following the sudden departure of Justine Curran, he took over as the Deputy Chief Constable in February 2017 before being appointed into the role as a Chief Constable In June 2017. On 6 May 2016, Labour's Keith Hunter was elected as the new Police and Crime Commissioner for Humberside.
- 4.6 Buckinghamshire County Council is the upper-tier local authority for the non-metropolitan county of Buckinghamshire, in England, established in 1889 following the Local Government Act 1888. The county council's offices are in Aylesbury. The borders of the ceremonial county and county council have changed several times and no longer align, with the last reorganisation in 1997 when the Borough of Milton Keynes became a unitary authority. The authority Strategic Plan sets out a vision for ensuring that in the next ten years, Buckinghamshire will still be a great place to live and work, with the economy one of the strongest in the country and is focussed on:
- Safeguarding the Vulnerable
 - Creating Opportunities and Building Self Reliance
 - Ensuring Buckinghamshire is Thriving and Attractive
 - Delivering value for money

5 FINANCIAL IMPLICATIONS

- 5.1 Additional associate membership may lead to additional dividends being available for founder members in the following scenario: -
- The distributable fund is £7,928m (as per the 2016 dividend distribution).
 - The risk proportion of the fund is 30%.
 - The usage proportion of the fund is 50%.
 - The Loyalty proportion of the fund is 20%.

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

	£ 000's
Members total	£6,142
Associates and non-members	£1,786

Total	£7,928
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If the additional income from the new membership was **£3,000,000** as mentioned in section 3.2, then this might translate into an additional profit of around **£150,000**, taking into account the current margins on stock, directs and food, together with the expected income from framework contract rebates. The revised distribution would therefore be as follows:

	New £ 000's	Original £ 000's	Additional £ 000's
Members total	£6,239	£6,142	97
Associates and non-members.	£1,839	£1,786	53
Total	£8,078	£7,928	150

6. LEGAL IMPLICATIONS

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

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Wakefield
WF2 0XE

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CONTACT OFFICER: DAVID BEMROSE, STRATEGIC RELATIONSHIP MANAGER

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41 Industrial Park
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Telephone Number: 01924 834812
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APPENDICES:

*Merseyside Police Application Form,
Merseyside Police Letter of Application
Telford & Wrekin Application Form
Telford & Wrekin Letter of Application
Harrogate Borough Council Application Form
Harrogate Borough Council Letter of Application
North Yorkshire Police Application Form
North Yorkshire Police Letter of Application
Humberside Police Service Application Form
Humberside Police Service Letter of Application
Buckinghamshire County Council Application*

Copies of the above will be available in the Management Committee if required.



YPO
MANAGEMENT COMMITTEE
TO BE HELD ON
24TH NOVEMBER 2017

SUBJECT: YPO PAY POLICY (COMPLIANCE WITH THE LOCALISM ACT 2011 AND THE LOCAL GOVERNMENT TRANSPARENCY CODE 2014)

REPORT OF: EXECUTIVE DIRECTOR

1 PURPOSE OF REPORT

- 1.1 To agree a Pay Policy for YPO in line with our statutory requirements to comply with the 2011 Localism Act.
- 1.2 To agree the additional information to be published to comply with the Local Government Transparency Code 2014.

2 RECOMMENDATIONS

- 2.1 To agree the Pay Policy for 2018.
- 2.2 To agree the information to be published in line with the revised transparency requirements.

3 BACKGROUND

- 3.1 Sections 38 – 43 of the Localism Act 2011 require that local government employers produce a policy statement that covers a number of matters concerning the pay of their staff and principally senior officers. This policy statement meets the requirements of the Localism Act in this regard.
- 3.2 The Local Government Transparency Code 2014 outlines information that each Local Authority must publish and additional information that is recommended for publication, following the principle that all data held and managed by local authorities should be made available unless there are specific sensitivities (e.g. protecting vulnerable people, commercial or operational considerations). The information concerning staff that must be published is outlined in Appendix B and the information to be published by YPO is attached.

- 3.3 YPO currently has an Apprenticeship pay rate of £143.18 per week in year one and £175 per week (or age related payments if applicable) in year two. This equates to £3.87 per hour in year one and £4.73 per hour in year two. Both amounts are in excess of the Governments minimum pay for apprentices of £3.50 per hour.
Board have delegated responsibility to review the rates on an annual basis in line with any public sector pay increases.

- 3.4 In 2013 as part of the pay policy review for 2014 YPO Management Committee agree to implement the living wage at YPO. This was not via an accreditation process and therefore we are not bound to accept any increases proposed by the living wage foundation. There are currently 14 people in receipt of a living wage supplement.

4 OPTIONS APPRAISAL

- 4.1 To accept the pay policy and additional transparency information as currently written.
- 4.2 To reject the policy in whole or in part and make recommendation for changes.

5. FINANCIAL IMPLICATIONS

- 5.1 Any changes to pay will have a financial impact, however the detail as outlined in the pay policy is fully accounted for and includes provision for agreed incremental progression and nationally agreed pay awards.

6. LEGAL IMPLICATIONS

- 6.1 Publication of a pay policy is a statutory requirement of the Localism Act 2011. The publication of additional information is a requirement of the Local Government Transparency Code 2014.

7. EQUALITY IMPLICATIONS / EQUALITY OF OPPORTUNITY IMPLICATIONS

- 7.1 The Pay Policy is fully compliant with the Equality Act 2010.

8. ECONOMIC IMPLICATIONS

- 8.1 As one of the largest employers in Wakefield, YPO's continuing success in maintaining satisfactory pay and conditions support the local economy.

9. HUMAN RESOURCE IMPLICATIONS

- 9.1 The pay policy is fully aligned with YPO's job evaluation policy and terms and conditions and does not propose any variations.

10. RISK ASSESSMENT

10.1 None as a statutory requirement to publish information.

11. CONSULTATIONS AND ENGAGEMENT

11.1 None in relation to this report, however all changes to roles, pay and terms and conditions are subject to consultation with staff and recognised trade unions.

12. APPENDICES

Appendix 1 - YPO Pay Policy 2018

Appendix 2 - YPO Senior Management Pay as at 31'12'17

Appendix 3 - YPO Transparency policy information 2018

SERVICE DIRECTOR: JULIE WRAY, EXECUTIVE DIRECTOR

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YPO - Statement of Pay Policy 1st Jan 2018 to 31st December 2018

1. Introduction

- 1.1 Sections 38 – 43 of the Localism Act 2011 require that local government employers produce a policy statement that covers a number of matters concerning the pay of their staff and principally senior officers.

This policy statement meets the requirements of the Localism Act in this regard and also meets the requirements of the Local Government Transparency Code 2014.

- 1.2 YPO is a formally constituted joint committee of 13 Local Authorities with Wakefield Council as lead authority. All YPO employees are local government officers and employed by Wakefield Council on behalf of YPO. A management agreement is in place signed by all 13 Authorities this states that:

- (i) The management committee shall determine the size, scope and conditions of service of the Board of Directors of YPO, after receiving appropriate professional advice from the lead authority
- (ii) The Management Committee shall appoint annually an appointments committee with responsibility for the appointment and disciplinary procedures of the Board of Directors and appraising the performance of the Managing Director
- (iii) The Board of Directors shall make arrangements to establish and appoint all other staff in accordance with the approved budget and officer delegation scheme, and to ensure all HR policies and procedures are in accordance with best practice.

- 1.3 This policy is to be considered by Management Committee on the 24th November 2017 and if agreed will be made public on the first working day of January 2018

- 1.4 This pay policy is in addition to the data on pay and rewards for senior staff which is published separately in line with the Local Government Transparency Code 2014). It should be noted that some of the requirements to publish data under the Local Government Transparency code may differ from the data requirements of the Code of Practice and the Accounts and Audit Regulations and both are complied with as stated. The transparency information relevant to people is attached at Appendix B

2. Definition of officers covered by the Policy Statement

- 2.1 This policy statement covers the following posts, which are referred to as “Chief Officers” throughout the statement in line with the Localism Act. As YPO do not have a Statutory Chief Officer this definition is expanded to include YPO Directors:

- Managing Director
- Executive Director
- Executive Director
- Executive Director

Deputy Chief Officers (as defined in the Local Government and Housing Act 1989 as posts reporting to a Chief Officer (statutory or non-statutory) which in YPO are posts which are part of the Senior Leadership Team:

- Head of Logistics
- Head of Procurement Services
- Head of Trading
- Head of Marketing
- Head of Sales and Customer Experience
- Head of Finance
- Head of HR
- Head of Business Change and IT

3. Policy on remunerating Chief Officers

- 3.1 The policy on remunerating Chief Officers is set out at schedule A at the end of this policy statement. It is YPO's policy to establish a remuneration package for each officer post that is sufficient to attract and retain staff with the appropriate skills, knowledge, experience, abilities and qualities that are consistent with the requirements of the post in question at the relevant time.

4. Policy on remunerating the lowest paid in the workforce

- 4.1 YPO applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of internal decisions, these are then incorporated into contracts of employment.
- 4.2 The lowest pay point in YPO (not including apprentices) is spinal column point 6 within Grade 1, this relates to an annual salary of £15,014 and can be expressed as an hourly rate of pay of £7.78 This pay point and salary was determined by the pay scale for employees employed on Local Government Services Terms and Conditions from 1st April 2016. The pay rate is increased in accordance with any pay settlements which are reached through the National Joint Council for Local Government Services.
- 4.3 From the 1st April 2014 YPO implemented the living wage to pay a contractual supplement to YPO employees. This is reviewed annually and is currently paid to a minimum of £8.25 per hour on base pay only but not on enhancements such as overtime. YPO did not seek accreditation to the living wage foundation and therefore the supplement will be reviewed annually when figures are released in November each year and a decision taken at that point as to if the increases proposed should be adopted. There are currently 14 people at YPO in receipt of the living wage supplement.

The living wage supplement does not apply to apprentices, however we will continue to review apprentice pay rates on an annual basis.

5. Policy on the relationship between Chief Officer Remuneration and that of other staff

- 5.1 The highest paid salary in YPO is £123,636 which is the substantive salary of the Managing Director. The average salary in YPO (not including apprentices) is £25,270. The ratio between the two salaries, the 'pay multiple' is 4.9:1. The median salary is £20,661. The ratio between the highest and median salary points is 6:1.

YPO does not have a policy on maintaining or reaching a specific 'pay multiple', however we are conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the organisation as expressed in this policy statement.

- 5.2 YPO's approach to the payment of other staff is to pay that which needs to be paid to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time (in accordance with an agreed job evaluation scheme), and to ensure that YPO meets any contractual requirements for staff including the application of any local or national collective agreements, regarding pay.

6. Policy on other aspects of Chief Officer Remuneration

- 6.1 Other aspects of Chief Officer remuneration that covered by this policy statement are defined as recruitment, pay increases, additions to pay, lease car, performance related pay, earn back, bonuses, termination payments, transparency and re-employment when in receipt of an LGPS pension or a redundancy/severance payment. These matters are addressed in Appendix A of this policy statement.

7. Approval of Salary Packages for Chief Officers (Directors)

- 7.1 YPO will ensure that any salary package for appointment at Director level will be considered by the appointments committee.
The salary package will be defined as base salary, any bonuses, fees, routinely payable allowances and benefits in kind that are due under the contract.
Salary packages for all other senior posts will be determined via the job evaluation process.

8. Flexibility to address recruitment issues for vacant posts (Directors)

- 8.1 In the vast majority of circumstances the provisions of this policy will enable YPO to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. The appointments committee will have delegated powers to make decisions to increase the stated salary without referral to the full management committee.

9. Amendments to the policy

- 9.1 It is anticipated that this policy will not need to be amended during the period it covers (January 2018 – end December 2018), however if circumstances dictate that a change of policy is considered to be appropriate during the year then a revised draft policy will be presented to the Management Committee for consideration.

10. Policy for future years

- 10.1 This policy statement will be reviewed each year and will be presented to Management Committee in November each year for consideration in order to ensure that a policy is in place for YPO prior to the start of each financial year.

Pay Policy Statement – Appendix A

Recruitment

All posts will be advertised and appointed to at the appropriate approved salary for the post in question level unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package is appropriate under YPO's policy and any variation will be approved through the appropriate decision making process. If the salary is to be over £100,000 then the appointments committee / JCC will have to approve the terms of the appointment

Essential Car Users

YPO operate an essential car user scheme that is governed by the essential car user policy which defines the eligibility. This is agreed on a case by case basis and there is no automatic right even though existing employees undertaking the same role have may have a car or car user payment. From the 1st January 2018 any new employees (with the exception of those travelling more than 10,000 business miles) will only have access to a car user payment.

The policy itself has been subject to a full review to ensure it is environmentally friendly and cost effective.

For a position to be deemed eligible it must comply with the following criteria:

1. The role requires regular use of a car and regular business travelling (regular is determined as in excess of 5000 miles per year)
2. Market conditions dictate high levels of competition and the inclusion of a car as part of the overall remuneration package is required to secure candidates in a competitive market. This is a criterion that must be agreed at Board level and will be determined via a business case supported by market factor evidence and considered on a case by case basis.

Pay Increases

YPO will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations.

Additions to pay

YPO would not make additional payments beyond those specified in the contract of employment, other than the Living wage supplement for those earning less than £8.25 per hour (as at October 2017)

Performance Related Pay

YPO does not operate a performance related pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Earn-Back (Withholding an element of base pay related to performance)

YPO does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Bonuses

YPO does not pay bonus payments to officers

Termination payments

YPO applies its normal redundancy payments arrangements to senior officers and does not have separate provisions for senior officers (although on occasion there may be circumstances, as with any member of staff, where a negotiated agreement is made with an individual). YPO also applies the appropriate Pensions regulations when they apply. YPO has agreed policies in place on how it will apply any discretionary powers it has under Pensions regulations. Any costs that are incurred by YPO regarding senior officers and their termination payments are published in the authority accounts as required under the Accounts and Audit (England) Regulations 2011

Transparency

YPO meets its requirements under the Localism Act and the Local Government Transparency Code 2014 in order to ensure that it is open and transparent regarding senior officer remuneration.

Re-employment of staff in receipt of an LGPS Pension or a redundancy/severance payment

YPO is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. YPO will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed for the post. YPO will therefore consider all applications for candidates to try to ensure the best available candidate is appointed. If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment this will not rule them out from being re-employed by YPO.

Clearly where a former employee left YPO on redundancy terms then the old post has been deleted and the individual cannot return to the post as it will not exist. YPO will apply the provisions of the Redundancy Payments Modification Order regarding the recovery of redundancy payments if this is relevant. Pensions Regulations also have provisions to reduce pension payments in certain circumstances to those who return to work within the local government service.

Election Fees

Section 68 Electoral Administration Act 2006 amended S29 RPA 1983 details the expenses that can be paid to the returning officer, and the Charges Order specifies what constitutes a Returning Officer's services.

This role is undertaken by officers at Wakefield and therefore does not apply to any senior officer at YPO

Expenses

Travel and other expenses are reimbursed through normal procedures and are the same for all officers regardless of grade or seniority.

Honoraria and Ex Gratia Payments arrangements would be in accordance with relevant terms and conditions and relevant legislation

Pay Policy Statement – Appendix B

Summary of staff data requirements of the Local Government Transparency Code

The revised code outlines information that each Local Authority must publish and additional information that is recommended for publication, following the principle that all data held and managed by local authorities should be made available unless there are specific sensitivities (e.g. protecting vulnerable people, commercial or operational considerations)

The information concerning staff that must be published is outlined below::

Organisation Chart

- Publish an organisation chart covering staff in the top three levels of the organisation. The following information must be included for each member of staff included in the chart:
 - grade
 - job title
 - local authority department and team
 - whether permanent or temporary staff
 - contact details
 - salary in £5,000 brackets, consistent with the details published for Senior Salaries
 - salary ceiling (the maximum salary for the grade)

Senior Salaries

- Local authorities must place a link on their website to the following data or must place the data itself on its website:
- the number of employees whose remuneration in that year was at least £50,000 in brackets of £5,000
- details of remuneration and job title of certain senior employees whose salary is at least £50,000
- employees whose salaries are £150,000 or more must also be identified by name.
- a list of responsibilities (for example, the services and functions they are responsible for, budget held and number of staff) and details of bonuses and 'benefits in kind',

Pay Multiple

- Publish the pay multiple on their website defined as the ratio between the highest paid salary and the median salary of the whole of the authority's workforce. The measure must:
- cover all elements of remuneration that can be valued (eg. All taxable earnings for the given year, including base salary, variable pay, bonuses, allowances and the cash value of any benefits-in-kind) use the median

earnings figure as the denominator, which should be that of all employees of the local authority on a fixed date each year, coinciding with reporting at the end of the financial year

- exclude changes in pension benefits, which due to their variety and complexity cannot be accurately included in a pay multiple disclosure.

Trade Union Facility Time

YPO will publish the following information:

- total number (absolute number and full time equivalent) of staff who are union representatives (including general, learning and health and safety representatives)
- total number (absolute number and full time equivalent) of union representatives who devote at least 50 per cent of their time to union duties
- names of all trade unions represented in the local authority
- a basic estimate of spending on unions as a percentage of the total pay bill (calculated as the number of full time equivalent days spent on union activities multiplied by the average salary divided by the total pay bill).

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YPO Senior Management Pay Data (based on data as at 30th October 2017)

<u>Name</u>	<u>Job Title</u>	<u>FTE</u>	<u>Salary</u>
Simon Hill	Managing Director	1.0	£123,636
Paul Smith	Executive Director	1.0	£89,327
Jo Marshall	Executive Director	1.0	£89,327
Julie Wray	Executive Director	1.0	£89,327

Data on salaries above £50,000

Salary Bracket	Number of employees
£50,000 - £55,000	4
£55,001 - £60,000	4
£60,001 - £65,000	2
£65,001 - £70,000	0
£70,001 - £75,000	2
£75,001 - £80,000	0

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Local Government Transparency Code 2014

The following information is information concerning employment that must be published in line with the revised code. All information is accurate to 30th November 2017

Organisation Chart (top three levels of the organisation)

YPO Board of Directors

Managing Director - the most senior officer at YPO is the Managing Director who working closely with the management committee and lead authority provides provide leadership, strategic direction and operational management to ensure the delivery of all services. The MD also has responsibility for the finance function.

Executive Director – this role has responsibility for procurement (supplies and services), contracts, Finance, IT and Programme Management

Executive Director - this role has responsibility for, Sales, Marketing, Catalogue production, CPD, Customer Engagement, Quality Assurance and the Trading Team

Executive Director – this role has responsibility for HR, Business Support, Health and Safety, Facilities Management, Logistics, and Transport

The Board share responsibility for managing all YPO employees and meet formally on a monthly basis. The Board is chaired by the Managing Director. Reports requiring further scrutiny or decisions outside of the delegated responsibilities are referred as appropriate to the management committee or a relevant sub-committee.

YPO Senior Leadership Team These are all permanent posts. Further details in relation to services and functions, budgets and detailed salary information has not been included as this is deemed to be commercially sensitive information.

Head of Logistics

Head of Procurement Services

Head of Trading

Head of Sales and Customer Experience

Head of Marketing

Head of Human Resources

Head of Finance

Head of Business Change and IT

Contact details

Role	Current role holder	e-mail address
Managing Director	Simon Hill	simon.hill@ypo.co.uk
Executive Director	Paul Smith	paul.smith@ypo.co.uk
Executive Director	Jo Marshall	jo.marshall@ypo.co.uk
Executive Director	Julie Wray	julie.wray@ypo.co.uk
Head of Logistics	David Sergeant	david.sergeant@ypo.co.uk
Head of Procurement Services	Gillian Askew	gillian.askew@ypo.co.uk
Head of Trading	Richard Tinker	richard.tinker@ypo.co.uk
Head of Sales and Customer Experience	Martin Armytage	martin.armytage@ypo.co.uk
Head of Marketing	Rachel Stothard	Rachel.stothard@ypo.co.uk
Head of Finance	Steve Hall	steven.hall@ypo.co.uk
Head of Business Change and IT	Gavin Rimmington	gavin.rimmington@ypo.co.uk
Head of Human Resources	Jo Freeman	Jo.freeman@ypo.co.uk

Senior Salaries – please see the attached link to senior management pay data

Additional Benefits

Pension

The Local Government Pension Scheme (LGPS) covers Council employees and some councillors. The LGPS is a contributory scheme, this means that the employee contributes to the scheme from his or her own salary. Employees contribute between 5.5% - 12.5% of their salaries.

Employers' contributions to the LGPS vary depending upon how much is needed to ensure benefits under the Scheme are properly funded, and are set independently. The rules governing the pension scheme are contained in regulations made by Parliament.

Further information about the scheme can be found on: www.lgps.org.uk

Expenses – What are Senior Officers entitled to?

The Board are expected to work such hours as are necessary to ensure the job gets done. This routinely involves evening and sometimes weekend work as well as a standard Monday to Friday business week.

No extra payments are made for such extended hours.

Senior officers in line with all employees are able to claim for a restricted amount of legitimate business expenses, including business travel in line with YPO's travel and subsistence policy.

Pay Multiple – this is included in the Statement of Pay Policy 2018 which was approved at Management Committee on the 24th November 2017.

Trade Union Facility Time

The only Union recognised by YPO for collective consultation is UNISON. There are 9 elected Union representatives with the following hours allocated for Union duties

Branch Chair, 7 hours per week

Branch secretary, 18 hours per week

Health and Safety rep 4 days per year plus 2 hours a month for meetings

4 workplace and safety reps 2 hours per month for meetings.

Additional hours may be required for ad hoc meetings, support in conduct issues etc.

1450 hours are currently allocated for a 12 month period which is the equivalent of 0.75 FTE

In the 12 months to the 30th September 2017 1666 hours were spent on Union duties, the equivalent of 0.86 FTE

Currently the branch secretary is also the Health and Safety rep which equates to 50% of his available working time.

A basic estimate of spending on Unions as a percentage of the total pay bill (calculated as the number of full time equivalent days spent on union activities multiplied by the average salary divided by the total pay bill) is £23,286 or 0.00168% of the total pay bill

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	<p style="text-align: center;">YPO</p> <p style="text-align: center;">MANAGEMENT COMMITTEE</p> <p style="text-align: center;">TO BE HELD ON</p> <p style="text-align: center;">24TH NOVEMBER 2017</p>
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TITLE: TREASURY MANAGEMENT

REPORT OF: S151 OFFICER & EXECUTIVE DIRECTOR YPO

1 PURPOSE OF REPORT

- 1.1 To seek Members approval for a new Investment Strategy for YPO to be implemented for 2018.

2 BACKGROUND INFORMATION

- 2.1 YPO does not currently have an Investment Strategy. This means that all YPO's funds are invested with Barclays Bank, as their banker. This account currently pays 0.1% in interest.
- 2.2 The funds held with Barclays are generally quite high and reach a peak until the dividend payments are made. This is often in excess of £15m
- 2.3 All Founder Members will have their own Treasury Strategies and it's unlikely that any will have a single counterparty limit as high as £15m as this poses a material risk.
- 2.4 On that basis, it is the recommendation of the S151 Officer and the YPO Directors that a formal Investment Strategy be adopted by YPO which supports the achievement of business and service objectives but most importantly minimises risk.
- 2.5 Independent legal advice has been sought from Browne Jacobson around the power to undertake Investment Activities by the YPO Joint Committee and also on the proposed strategy. Browne Jacobson are comfortable with the proposed strategy and SLA.
- 2.6 Both the Investment Strategy and Service Level Agreement have been shared with Strategic Officers, who have in turn shared with their respective Treasury teams. No major issues have been raised.

3 THE INVESTMENT STRATEGY

- 3.1 The Strategy is based on 3 keys principles:
 - Security – with this being the prime principle
 - Liquidity

- Yield

- 3.2 The Strategy itself is prudent and will only look to invest with the most credit worthy counterparties.
- 3.3 The maximum investment with any one counterparty will be £2m. This will minimise any risk.
- 3.4 Each Founder Member's Treasury team will be notified each time an investment is placed so that they are aware of any activity.
- 3.5 The actual placing of investments will be carried out by Wakefield Council under SLA, with all transactions being authorised, in advance, by YPO. This ensures that all transactions are carried out by staff who have the appropriate skills.
- 3.6 YPO will also receive independent Treasury Management advice from external advisors in terms of revision and application of the strategy.
- 3.7 The Strategy will be reviewed annually, prior to the start of each financial year, and will be presented to the Management Committee for approval.
- 3.8 The Management Committee will also receive a year-end report.
- 3.9 The Audit and Scrutiny Sub-Committee will also receive 2 reports per annum. One which reports the mid-year position and one which reports the final year end position.
- 3.10 The Strategy is for investments only. Not borrowing.

4 FINANCIAL IMPLICATIONS

- 4.1 Adoption of the proposed strategy should protect YPO's cash balances and ensure a reasonable rate of return.

5 LEGAL IMPLICATIONS

- 5.1 YPO is a joint committee of thirteen local authorities appointed to take decisions on behalf of each of the Founder Member Authorities in accordance with the powers delegated by each of those authorities. It was first established in 1974 and is currently constituted by the 2011 Management Agreement. YPO is not a separate legal entity but part of its constituent authorities, and is unable to employ staff, hold assets or enter into contracts in its own name. The Founder Members have appointed Wakefield Council as the lead authority of YPO to undertake these roles, and in this report the issue being considered is that of Treasury Management.
- 5.2 YPO, as a joint committee, has the same powers as its parent Authorities. They have the power to provide Treasury Management Services therefore YPO also has this power. The Local Government Act of 2003 gave local authorities power to invest and undertake treasury management with a power to invest "(a) for any purpose relevant to its functions under any enactment, or (b) for the purposes of the prudent management of its financial affairs", which allows authorities to self-regulate their investment activities. There are some statutory controls such as being required to have regard to the CIPFA Prudential Code for Capital Finance, and under that Code the Management Committee will be required to consider a Treasury Management Annual Report after the end of each financial year.

- 5.3 It is common practice for local authorities to undertake treasury management and Wakefield Council currently performs this function in respect of its own funds. The proposal is that YPO has a separate Investment Strategy which will enable it to make its own decisions (subject to the controls and principles set out in this report) on its investments. The general power to borrow for local authorities is set out in Section 1 of the Local Government Act 2003, subject to affordable borrowing limits and the prudential borrowing regime set out under the Act.
- 5.4 The terms of reference for the Council's advisors (Link Asset Services) will need to be expanded and the SLA settled to ensure there is clear responsibility for actions, and an audit trail for decisions. Assuming these steps have been taken, this would fulfil the members' fiduciary duties, who must "conduct that administration in a fairly business-like manner with reasonable care, skill and caution" [Roberts v Hopwood [1925] AC 578]

6 EQUALITY IMPLICATIONS

- 6.1 There are no direct implications relating to equality.

7 RISK IMPLICATIONS

- 7.1 The proposed strategy will ensure current risks are minimised by a better spread of investment to limit any exposure.

8 RECOMMENDATIONS

- 8.1 That Members endorse the requirement for an Investment Strategy
- 8.2 That Members approve the proposed Investment Strategy and Service Level Agreement with Wakefield Council
- 8.3 That the Terms of Reference for the Audit and Scrutiny Sub-Committee be added to as follows: "5(a) To ensure that the Investment Strategy is being implemented as approved by the Management Committee in November 2017 and receive reports on the mid-year position and the final year end position."

9 APPENDICES

Appendix A - YPO Investment Strategy

Appendix B – Service Level Agreement with Wakefield Council

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YPO Investment Strategy

1. Overview

- 1.1 The Secretary of State for Communities and Local Government issues guidance on investment in accordance with powers in the Local Government Act 2003 and Local Authorities are required to have regard to this guidance.
- 1.2 The general policy is that public bodies should invest prudently the surplus funds held on behalf of their communities.
- 1.3 The guidance recommends that priority should be given to security and liquidity. It is however appropriate to seek the highest rate of return consistent with the proper levels of security and liquidity.
- 1.4 The Secretary of State recommends that the strategy should be approved by Full Council (For Y.P.O. it's Management Committee) before the start of the financial year. The strategy may be varied at any time during the year, again with the approval of the Management Committee.
- 1.5 Any external investment managers employed by Wakefield Council on behalf of Y.P.O. are contractually required to comply with the strategy.
- 1.6 Investment actions within the Strategy are reviewed each month prior to any investments being made, to ensure that they remain appropriate according to the prevailing financial situation.

2 Key Objectives

- 2.1 Y.P.O.s investment strategy primary objectives are firstly, safeguarding the repayment of the principal and interest of its deposits and secondly ensuring adequate liquidity – the investment return being a third objective once the first two objectives are met. The current investment climate has one over-riding risk consideration, that of counterparty security.
- 2.2 With Y.P.O. having a level of investable funds up to £15.0m it is likely that a mix of the options will be undertaken. The Section 151 officer (Lead Authority) in consultation with the Head of Finance at Y.P.O., under powers in the Management Agreement, will undertake the most appropriate form of investment depending on the prevailing interest rates at the time and the factors mentioned above.
- 2.3 All cash deposits will be made in accordance with Y.P.O's Investment Policies and prevailing Legislation and Regulations.

3. Investment Strategy

3.1 Strategy Guidelines

The primary principle governing Y.P.O.'s investment criteria is the security of its investments, although the yield on the investment is also a consideration. After this main principle YPO will ensure:

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed.
- It maintains a policy covering the categories of investment types it will place funds in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified Investment sections below.

4 Investment Counterparty Selection Criteria

- 4.1 The Section 151 Officer at the Lead Authority in consultation with the Head of Finance at Y.P.O, will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to The Y.P.O. Management Committee as necessary. This criteria is separate to that which chooses Specified and Non-specified investments as it provides an overall pool of counterparties considered high quality which Y.P.O. may use rather than defining what its investments are.
- 4.2 The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:

Banks 1 - Good Credit Quality – Y.P.O. will only use banks which:

Are UK banks; and/or

Are non-UK and domiciled in a country which has a minimum Sovereign long term rating of AAA

And have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

Short Term – F1

Long Term – A

Banks 2 – Part nationalised UK banks – currently the Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.

Banks 3 – Y.P.O.'s banking contract, accessed via Wakefield Council as Lead Authority. At the point of awarding a banking contract, the bank must have a minimum individual short-term credit rating of F2 (Fitch) or equivalent and a minimum Sovereign long term rating of BBB, from each of the major credit rating agencies: Fitch, Moody's and Standard and Poors (where rated). The ratings reflect that the cash held with the council's own bank is on the basis of overnight deposit.

Bank Subsidiary and Treasury Operations – Y.P.O. will use these where the parent bank has the necessary ratings outlined above.

Building Societies – the Council will only use Societies which:
meet the ratings for banks outlined above

Money Market Funds – Long-term credit rating AAA

UK Government (including the Government's Debt Management Facility)

A local authority, a police & crime commissioner, fire authority, parish council or community council

- 4.3 A limit of £15m will be applied to the use of Non-specified investments. This limit will be kept under review during 2018 and any changes considered appropriate arising from changing economic conditions will be reported back to the Management Committee for approval.
- 4.4 **Country and Sector Considerations** – Due care will be taken to consider the country, group and sector exposure of Y.P.O.'s investments. In part the country selection will be chosen by the credit rating of the Sovereign state in Banks 1 above. In addition:
- No more than £2m will be placed with any non-UK country at any time;
 - Limits of £2m will apply to Banking Groups.
 - Sector limits will be monitored regularly for appropriateness.
- 4.5 **Use of additional information other than credit ratings** – Requirements under the Code of Practice require Y.P.O. to supplement credit rating information. Y.P.O. via Wakefield Council have arrangements in place to assess additional operational market information before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

- 4.6 **Time and Monetary Limits applying to Investments** - The time and monetary limits for institutions on Y.P.O.'s Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Fitch (or equivalent)		Money Limit	Time Limit
	Short Term	Long Term		
Banks 1	F1+	AA	£2m	3yrs
Banks 1	F1+	AA-	£2m	3 yrs
Banks 1	F1	A+	£2m	2yrs
Banks 1	F1	A	£2m	364 days
Building Societies	F1	A	£2m	364 days
Banks 2 Part nationalised UK Banks	-	-	£1m or as for banks 1 if they meet the minimum credit criteria	Up to 1 year while they continue to be part- nationalised or as for Banks 1 if they meet the minimum credit criteria
Banks 3 The Council's own Banker	-	-	If it does not meet the minimum credit criteria for specified investments to be kept within the Non- Specified Limit	If it does not meet the minimum credit criteria for specified investments to be kept to a minimum
Other Institution Limits (Other Local Authorities)	-	-	£2m	2yrs
MMFs (Money Market Funds)	-	AAA	£2m	364 days
DMADF (Debt Management Account Deposit Facility)	-	-	Unlimited	364 days

*Within any of the limits above the maximum amount to be invested in any one institution at any time is £2m (excluding own banker and DMADF)
The maximum total amount which can be invested in periods longer than 364 days is £5m*

4.7 Liquidity of Investments

- 4.7.1 In the normal course of Y.P.O.s cash flow operations it is expected that both Specified and Non-Specified investments will be utilised for the control of liquidity as both categories allow for short-term investments.
- 4.7.2 The use of longer-term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where Y.P.O's liquidity requirements are safeguarded. This will also be limited by the longer-term investments limits.

4.8 Specified Investments

- 4.8.1 An investment is a specified investment if all of the following apply:
- It is sterling denominated.
 - It is not a long-term investment (i.e. due to be repaid within 12 months of the date on which the investment was made, or one which the Local Authority may require to be repaid within that period).
 - The making of the investment is not defined as capital expenditure.
 - The investment is made with a body or in an investment scheme of *high credit quality* or is made with any one of the following public sector bodies:
 - The United Kingdom Government.
 - A Local Authority, a Police & Crime Commissioner/Fire Authority in England and Wales or a similar body in Scotland or Northern Ireland.
 - A Parish Council or Community Council.
- 4.8.2 The following ratings (provided by the credit rating agencies) are the minimum the Authority will use to determine that a body has "high credit quality" as required by the CLG guidance. Investments will only be made at ratings at or above these levels:

Agency	Long Term	Short Term
Fitch IBCA	A	F1
Moody's	A2	P-1
Standard & Poor's	A	A-1

- 4.8.3 Determining the ratings at this level for the placing of investments means that the ratings would have to be reduced by at least two levels before causing concern.
- 4.8.4 For investments in periods of less than one year, only the short-term credit rating may be referred to where this is felt to be appropriate.
- 4.8.5 The rating criteria use the lowest common denominator method of selecting counterparties and applying limits. This means that the application of Y.P.O's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets Y.P.O's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the revised CIPFA Treasury Management Code of Practice.

4.8.6 The list of specified investments for Y.P.O. is as follows:

All less than 364 days

INSTITUTION / INSTRUMENT

The UK Government (including the Debt Management Account Deposit Facility (DMADF), UK Treasury Bills.

A local authority, police & crime commissioner, fire authority, parish council or community council

Pooled investment vehicles (such as money market funds) that have been awarded a high long term credit rating by a credit rating agency. (AAA being the highest rating provided by credit rating agencies)

A body that is considered of a high credit quality (such as a bank or building society)

4.9 Non-Specified Investments

4.9.1 Non-specified Investments are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below:

Part nationalised UK banks – where they do not meet the basic criteria

Y.P.O.'s own banker where its rating does not meet the specified investments criteria. In this instance balances will be minimised as far as is possible.

Y.P.O will review the categories of non-specified investments on an annual basis in discussion with external Treasury Advisors (Link) and amend the categories appropriately.

4.10 Monitoring Credit ratings

4.10.1 The credit ratings of counterparties are monitored on a weekly basis using credit rating information received from external treasury advisors on all active counterparties that comply with the above criteria. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are received from our treasury advisors almost immediately after they occur and this information is used to review the counterparty list before dealing. The information provided includes the credit ratings and potential changes to credit ratings of counterparties with whom Y.P.O. has current investments.

4.10.2 If a rating is downgraded on an institution with which Y.P.O. has an existing investment then the following action is taken:

- If it goes below the minimum criteria YPO has established, (with all

Agencies with whom the Counterparty is rated for specified investments), the risk implications are discussed with the external advisors and if it is deemed appropriate a request is made to return the investments.

- It should be noted, however, that the general position taken by Investment Counterparties is not to return wholesale term deposits before the maturity date.
 - If it remains within the investment criteria then the risk implications are discussed with our external advisors and the position monitored.
- 4.10.3 Any counterparty failing to meet the minimum criteria, as set out in paragraph 3.8.5 of this strategy, is immediately removed from the investment list and will not be considered for new investments.
- 4.10.4 Where ratings are upgraded, new counterparties are added to the list when they meet the minimum criteria.
- 4.10.5 The criteria for choosing counterparties set out above provide a sound approach to investment in “normal” market circumstances. Whilst the Management Committee are asked to approve this base criteria, under the exceptional current market conditions the Section 151 Officer at the Lead Authority, in conjunction with the Head of Finance at Y.P.O. may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to “normal” conditions. Similarly the time periods for investments will be restricted.
- 4.10.6 Examples of these restrictions would be use of the Debt Management Deposit Account Facility (DMADF – a Government body which accepts local authority deposits), Money Market funds, part nationalised UK banks and strongly rated institutions offered support by the UK Government

5 Treasury Management Advisers

- 5.1 Link Asset Services are Wakefield Council’s treasury management advisers. They provide a range of services which include:
- Technical support on treasury matters, capital finance issues and advice on the drafting of Member reports;
 - Economic and interest rate analysis;
 - Debt services which includes advice on the timing of borrowing;
 - Debt rescheduling advice surrounding the existing portfolio;
 - Generic investment advice on interest rates, timing and investment instruments;
 - Credit ratings/market information service comprising the three main credit rating agencies;
- 5.2 Whilst the advisers provide advice and guidance to YPO via Wakefield Council, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with YPO in consultation with Wakefield Council.

This external advisory service is subject to regular review.

6 Officer Training

- 6.1 The need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process. Wakefield Council will provide the Treasury management service via SLA and thus will ensure that it's officers are trained as follows:

Officer Training – Regular Intermediate and Advanced Treasury Management training is undertaken by key members of staff at Wakefield Council. The majority of this training is provided by Link, however, staff will undertake other relevant training as it becomes available.

THE COUNCIL THE OF CITY OF WAKEFIELD (Wakefield Council)

SERVICE LEVEL AGREEMENT (SLA)

PROVISION OF TREASURY MANAGEMENT SERVICES TO YORKSHIRE PURCHASING ORGANISATION

1. General Information

1.1 General Description

- a) This agreement recognises the treasury management policies and objectives of Yorkshire Purchasing Organisation (YPO) and defines it's treasury management activities as: -

"The management of cash flows, banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

- b) YPO regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management function will be measured. Accordingly, Wakefield Council will employ suitable performance management techniques to monitor the effectiveness of treasury management activities; the reporting of performance will focus on the effectiveness of YPO's risk management strategies.
- c) Both YPO and Wakefield Council acknowledge that the effectiveness of treasury management activities is an essential element of any strategy that seeks the realisation of business and service objectives. This Agreement commits the parties to achieving best value in the management of treasury activities.

1.2 Accounting Practices and Standards

- a) Both Parties to this Agreement will have due regard to the Code of Practice on Local Authority Accounting and Accounting Standards as they apply to Local Authorities in the United Kingdom. Accordingly both parties are required to adopt in full the principles set out in: -
 - CIPFA's Treasury Management in the Public Services 'Code of Practice 2011,
 - The CIPFA 'Prudential Code for Capital Finance in Local Authorities' 2011

APPENDIX B

1.3 Resources and Records

- a) Wakefield Council shall employ resources as deemed reasonably necessary, from time to time by the **Chief Finance Officer (Wakefield Council)**, referred to as the **Manager**, and the **Executive Director (YPO)**, referred to as the **Treasurer**, to fulfil the work requirement set down in the terms and conditions of this Agreement.
- b) Wakefield Council shall, retain all financial records for a minimum period of 6 years, and as required by YPO, make available all correspondence, working papers, and computer files relating to the treasury management activities undertaken under the terms of this Agreement; due regard must be had to the requirements of the Freedom of Information Act 2000 when providing information.

1.4 Term and Review of Agreement

- a) Appendix A sets down the **Schedule of Services Provided under this Agreement**, referred to as the "The Annual Schedule"
- (b) This Agreement covers the period 1st January 2018 to 31st December 2018 and will be subject to review at a time agreed by the parties, but in any event no later than one month prior to the 31st December 2018.
- (c) This Agreement may be terminated by either party by the giving of 3 months notice in writing.

2. Reports

2.1 Treasury Management Strategy Report

The 'Manager' will prepare, in accordance with the Annual Schedule, a draft 'Treasury Management Report' for the consideration of the Treasurer and the report will incorporate: -

- A Summary Treasury Strategy Statement for the current financial year;
- A Treasury Management Policy Statement
- A Treasury Management Strategy Statement for the forthcoming financial year;
- The current Investment Strategy;

2.2 Treasury Management Mid – year Report

The Manager will prepare, in accordance with the Annual Schedule, a draft treasury management 'mid-year' report for the consideration of the Treasurer. The report will incorporate:

- Activities undertaken
- Variations (if any) from agreed policies/practices.
- Interim performance report

APPENDIX B

2.3 Treasury Management Stewardship Report

The Manager will prepare, in accordance with the Annual Schedule, a draft 'Treasury Management Stewardship Report' for the consideration of the Treasurer and the report will incorporate: -

- A Statement of Compliance with the Treasury Management Strategy for the prior financial year;
- The Investment Strategy for the prior financial year;

3. Short and Long Term Investments

- 3.1 The Manager will determine and arrange short and long term investments in accordance with the Treasury Management Strategy Statement.
- 3.2 The Manager, will monitor the situation on an ongoing basis and report any investment activity to the Treasurer in accordance with the Annual Schedule.

4 Accounting and Estimating

- 4.1 Upon request by the Treasurer, the Manager will prepare estimates for: -
- (a) Interest on cash flow balances,
 - (b) Interest on 'period & overnight investments',
- 4.2 The Manager, will ensure full compliance with YPO's timetables, deadlines, and any specific legislative or other requirements relating to Treasury Management.
- 4.3 The Manager, will monitor the estimates and report any major unexpected variation, to the Treasurer.
- 4.4 The Manager will provide information to the Treasurer to enable any accruals: -
- (a) relating to interest due but not received as at 31 December to be actioned,
 - (b) relating to interest due but not paid as at 31 December to be actioned,
 - (c) relating to expenses due but not paid as at 31 December to be actioned,

5 Attendance at Meetings

Wakefield Council will attend all meetings and working groups in connection with Treasury Management activities as notified by YPO.

APPENDIX B

The Council of the City of Wakefield will provide and YPO will use the services described above on the terms set out at Appendix A. Any differences arising from the operation of the agreement will usually be discussed by the provider and the user.

Signed:
The Council of the City of Wakefield

Title: Chief Finance Officer.

Date:

Address
Wakefield Council
Financial Services,
3rd Floor, Treasury Management
Wakefield One, PO Box 700, Burton Street, Wakefield
WF1 2EB

Signed:
For and on behalf of Yorkshire Purchasing
Organisation

Title: Executive Director YPO

Date:

Address
YPO
Industrial Park
41 Kenmore Road
Wakefield
WF2 0XE

Contact Officers:

The Council of the City of Wakefield
Yorkshire Purchasing Organisation

Neil Warren (Tel: 01924 306433)
Paul Smith (Tel 01924 834969)

APPENDIX B

APPENDIX A - Schedule of Services Provided

01st January 2018 to 31st December 2018

- | | |
|--|--|
| • Contract Management | On-going throughout the Financial Year |
| • Provision of Information | On-going throughout the Financial Year |
| • Prepare Treasury Management Budget Report & amend to meet the requirements of the Treasurer | Initial projections & narrative to Treasurer by October 2018 with report to YPO by November 2018 |
| • Prepare Treasury Management Stewardship Report & amend to meet the requirements of the Treasurer | Not applicable in 2018. In 2019 narrative to Treasurer by Feb 2019, with a report to YPO by Mar 2019 |
| • Prepare Treasury Management Mid-Year Report & amend to meet the requirements of the Treasurer | Initial projections & narrative to the Authority Treasurer by July 2018, written report to YPO by Aug 2018 |
| • Management of YPO's cash flow, including the arrangement all investments | On-going throughout the financial year |
| • Attendance of Treasury Management Meetings/Seminars & Workshops | On-going throughout the financial year |

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YPO
MANAGEMENT COMMITTEE
TO BE HELD ON
24TH NOVEMBER 2017

TITLE: TRADING AGREEMENT

REPORT OF: HEAD OF FINANCE / FINANCIAL CONTROLLER

1. PURPOSE OF REPORT

- 1.1 To advise Management Committee of a planned review of the trading agreement between YPO Joint Committee and YPO Supplies Limited.
- 1.2 To agree delegation to complete the details.

2. BACKGROUND INFORMATION

- 2.1 In August 2014 a Trading Agreement was drawn up to outline the arrangements through which YPO Joint Committee and YPO Procurement Holdings, through its trading subsidiary YPO Supplies, would trade.
- 2.2 The agreement's main content covered the mark-up that YPO Joint Committee would apply to the product sales, by category, to YPO Supplies Limited and the additional support charges that would be recharged on a monthly basis.
- 2.3 The agreed mark-up would be applied to the average cost price of each item for the Stores and Directs business. External advice was sought from KPMG to ensure that when determining the mark-up the organisation was compliant with all transfer pricing and HMRC regulations. Whilst KPMG concluded that it would not be necessary to apply the rules under the UK transfer pricing legislation they did advise that all transactions should achieve an arm's length position.

3. TRADING AGREEMENT REVIEW

- 3.1 An initial review of the charging has revealed that YPO Joint Committee is making a higher net profit return on YPO Supplies Limited business than on its standard business
- 3.2 Similarly, YPO Supplies Ltd is still running at a loss and unable to afford the current pricing levels.
- 3.3 The primary objective of the review is to ensure that YPO Joint Committee achieves the same level of net profit on sales to YPO Supplies that it does on its standard customer base.

- 3.4 Initial work has been carried out and suggests that this would result in a movement in YTD net profits of £0.079m from YPO Joint Committee to YPO Supplies.
- 3.5 Before agreeing to the revised trading agreement, it is recommended that KPMG is commissioned to review the details to ensure that they maintain an “arms length” position.
- 3.6 Having discussed the implications with the Strategic Officers Advisory Group, it was recommended that the review and recommendation for approval of the revised trading agreement be delegated to YPO Managing Director in consultation with Wakefield Section 151 Officer who will be able to act as an independent review.
- 3.7 Final ratification would be delegated to the Chair of the YPO Management Committee.
- 3.8 The revisions will need to be agreed prior to the end of the financial year (31/12/17).

4. CONCLUSIONS

- 4.1 The approach used to calculate the new mark-up rates will ensure that the profit made by each organisation is fair and reflective of the risks and costs incurred by each business.
- 4.2 It will also ensure that YPO Joint Committee are not disadvantaging themselves for the benefit of YPO Supplies which ensures they are compliant with “arm’s length” transaction guidance.

5. RECOMMENDATIONS

- 5.1 That the Management Committee delegate review and recommendation for agreement of the revised trading agreement to the YPO Managing Director and Wakefield Section 151 Officer.
- 5.2 That approval of the agreement be delegated to the Chair of the YPO Management Committee.

6. FINANCIAL IMPLICATIONS

- 6.1 As demonstrated in the report.

7. LEGAL IMPLICATIONS

- 7.1 The YPO Joint Committee and YPO Procurement Holdings Ltd are separate entities. All agreements between the organisations should be appropriately approved and independently reviewed.

8. RISK ASSESSMENT

- 8.1 The risk to the business is that future net profits for both organisations will not reflect their operational activities should the revised agreement not be agreed.

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