

Your Ref.
Our Ref A46
Please Reply To **Kathryn McGowan**
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Date 07 February 2013

To: Members of the YPO Joint Committee Scrutiny Sub-Committee

Dear Member,

YPO SCRUTINY SUB-COMMITTEE – FRIDAY, 15 FEBRUARY 2013

It is with pleasure that I write to invite you to attend a meeting of the YPO Joint Committee Scrutiny Sub-Committee which is to be held at **9:30 am on Friday, 15 February 2013 in the YPO Headquarters, 41 Industrial Park, Wakefield** to consider the items set out in the agenda attached.

Yours sincerely



Joanne Roney OBE
Secretary to the Joint Committee

As a courtesy to colleagues would you please put your mobile phones and pagers on silent prior to the start of the meeting.

This agenda can be provided in large type, cassette, Braille or in another format or language if required. Please contact the person named above to discuss your requirement.

**YORKSHIRE PURCHASING ORGANISATION SCRUTINY SUB-COMMITTEE -
Friday, 15 February 2013**

AGENDA

1. Chair's Introduction and Welcome
 2. Acceptance of Apologies for Absence
 3. To approve, as a correct record, the Minutes of the meeting held on 28 September 2012 (Pages 1 - 4)
 4. Members' Declarations of Interest
 5. To note any items which the Chair has agreed to add to the Agenda on the grounds of urgency
 6. Gifts and Hospitality (Pages 5 - 20)
 7. Stock Update (Pages 21 - 24)
 8. Exclusion of the Public and Press
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 during consideration of Agenda Items 9 and 10 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**
9. Procurement Strategic Plan (Pages 25 - 26)
 10. Commercial Strategic Plan (Pages 27 - 30)
 11. Date and Time of Next Meeting
The next meeting of the YPO Scrutiny Sub-Committee is to be held on 19 April 2013 at 9.30am.

A11108

YORKSHIRE PURCHASING ORGANISATION SCRUTINY SUB-COMMITTEE**Friday, 28 September 2012**

Present: The Chair (Councillor Warburton – Bradford)
Councillors Barnard (Barnsley) and Atkin (Rotherham)

32. CHAIR'S INTRODUCTION AND WELCOME

The Chair, Councillor Warburton, welcomed everyone to the meeting.

The Chair expressed concern regarding the number of Members in attendance and requested that correspondence be sent to all Members of the Committee emphasising the importance of attending.

Members' attention was drawn to an updated report in relation to Agenda Item 8 which would be circulated.

33. APOLOGIES FOR ABSENCE

Apologies for absence submitted prior to the meeting were accepted on behalf of Councillor Barton (York) and Councillor Glover (St Helens).

34. MINUTES - 13 APRIL 2012

Resolved – That the Minutes of the meeting of the YPO Scrutiny Sub-Committee held on 13 April 2012 be approved as a correct record.

35. MEMBERS' DECLARATIONS OF INTEREST

No declarations of interest were made.

36. EXCLUSION OF THE PUBLIC AND PRESS

Resolved - That the public and press be excluded from the meeting during consideration of Agenda Items 7 to 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.

37. WORKFORCE STRATEGY

A report of the Head of HR and People Services Support gave an overview of the workforce plans for YPO. Members were then given a presentation detailing the three year Workforce Strategy. It was explained that the strategy would be refined and improved each year to embed workforce development as an integral part of the business planning process.

A discussion took place regarding the contents of the Strategy.

Resolved – That the Workforce Strategy be noted.

38. SALES ANALYSIS

The Commercial Director provided a progress report on the Commercial Strategy, an update on the structure for 2012 and gave a trading summary update year to date.

Members were updated on the key elements of the strategy which included field and outbound calling, outbound sales operation and business development review. She was pleased to announce that the restructure within sales was complete and the marketing team was now at full strength. Members were also given an update on the customer engagement team which had been under review during 2012. As part of the three year strategy, YPO's future activities were also explained to Members. It was envisaged that

**YORKSHIRE PURCHASING ORGANISATION SCRUTINY SUB-COMMITTEE - FRIDAY, 28
SEPTEMBER 2012**

the Commercial Strategy would be submitted to committee in April 2013.

The Trading and Sales Analysis report was a standing item on the Scrutiny Sub-Committee agenda and following a discussion, it was agreed that it was sufficient for the report to appear on the agenda on an annual basis, in September.

Resolved – (1) That the report be noted.

(2) That the Trading and Sales Analysis report be presented to Committee on an annual basis, in September.

39. CUSTOMER SATISFACTION SURVEY

A presentation was given by the Head of Marketing informing Members of the results of the 2012 annual customer survey. A summary of key findings and actions proposed to continue YPO's expansion were explained to Members. Overall, customer's level of satisfaction with the organisation was high.

Resolved – That the report be noted.

40. STOCK LOSSES

A report of the Financial Accountant detailed the 2012 year to date stock losses. The report was based on data extracted from the stock integrity system and provided a comparison breakdown between 2011 and 2012.

Whilst results for 2012 were worse than anticipated, it was explained that the underlying reasons for the variations over 2011 were understood and corrective work was being implemented where it was cost effective to do so. However, it was noted that YPO showed exceptional performance when compared against the industry standard.

The Corporate Director stated that a further report would be submitted to the next meeting once the matter had been looked at in more detail.

Resolved – That the stock losses for 2012 to date, as part of the Organisations annual reporting requirement, be noted.

41. ICT STRATEGY

The ICT Services and Development Manager gave a presentation to Members updating them on the ICT Strategy. The Strategy clearly linked to the Organisations three year strategy and underpinned business strategy with the four key objectives being Customer Services, competitiveness, growth and new products. The Strategy would be reviewed on an annual basis and any revisions to the Target Operating Model (timeline) would be made accordingly.

Resolved – That the report be noted.

42. UPDATE ON PRODUCT LIABILITY

At the meeting on 13 April 2012, Members requested an interim report on Product Safety once the Quality Assurance and Compliance Manager had been appointed.

The Quality Assurance and Compliance Manager presented a report in relation to the current status of product safety and liability risk within YPO. Progress made since the

**YORKSHIRE PURCHASING ORGANISATION SCRUTINY SUB-COMMITTEE - FRIDAY, 28
SEPTEMBER 2012**

last meeting and the issues to be addressed in the near future were also explained to Members.

Resolved – That the report be noted.

43. DATE OF NEXT MEETING

Resolved – That the next meeting of the YPO Scrutiny Sub-Committee be held on 15 February 2013 at 9.30am at YPO Headquarters.

M11107

**YORKSHIRE PURCHASING ORGANISATION SCRUTINY SUB-COMMITTEE - FRIDAY, 28
SEPTEMBER 2012**



**YPO
SCRUTINY SUB COMMITTEE**

**TO BE HELD ON
15 FEBRUARY 2013**

TITLE: GIFTS & HOSPITALITY REGISTER

REPORT OF: RISK AUDIT & ASSURANCE OFFICER

1. PURPOSE OF REPORT

- 1.1. To enable the Sub-Committee to review the Gifts and Hospitality Register for 2012 for items valued over £25.00.

2. RECOMMENDATION

- 2.1. That the Scrutiny Sub-Committee review, consider and comment upon the contents of the Gifts and Hospitality Register

3. BACKGROUND INFORMATION

- 3.1. YPO is committed to good corporate governance and recognises the importance of operating effectively with the highest possible standards of openness, probity and accountability. This is reflected in YPO's corporate values. YPO recognises that its stakeholders need to have confidence in those that are responsible for the delivery of YPO's services and that the highest standards of conduct are maintained from those working for YPO.
- 3.2. When an employee gets involved in making decisions, no matter how small that decision is, YPO needs to ensure that the person making the decision is not being influenced in the decision making by loyalty to another organisation and that the decision made has been done fairly to all. To protect both YPO and the individual from accusations of favouritism or bribery, individuals are asked to declare any interests that they, or close family members, have in other organisations as well as any gifts or hospitality offered or received.
- 3.3. The Gifts and Hospitality Policy states that YPO employees must not accept gifts, loans, fees, rewards or other items from any person or organisation; in particular those who may potentially expect to receive an advantage or benefit in return. This includes gifts, loans, fees or rewards from contractors, outside suppliers, customers or members of the public. However, some incidental gifts or hospitality can be accepted such as low value promotional work related gifts. If gifts have a higher value, employees should tactfully refuse them. If gifts of this value are delivered, they should be returned with an appropriate explanation. If gifts cannot be returned, the Corporate Director should dispose of them to charity and record this fact.

- 3.4. Employees may only accept offers of hospitality where it is not excessive and it is considered to be in the spirit of forging strong links with organisations YPO has partnership working arrangements with where YPO should be seen to be represented. Employees should tactfully refuse any hospitality where it might be seen by the public to compromise their integrity, e.g. paid holidays, complimentary tickets to sporting events etc.
- 3.5. One hospitality gift entered on the Gifts and Hospitality Register at Appendix 2 accepted by the Corporate Director consisted of a Continuous Professional Development (CPD) training and Networking opportunity.
- 3.6. The Gifts and Hospitality Policy can be found in Appendix 1 and the Register in Appendix 2.

4. STRATEGIC IMPLICATIONS

- 4.1. None.

5. FINANCIAL IMPLICATIONS

- 5.1. None.

6. LEGAL IMPLICATIONS

- 6.1. The Gifts and Hospitality Policy aids compliance with the Bribery Act 2010.
- 6.2. Section 117 of the Local Government Act 1972 requires that “an officer of a local authority shall not, under colour of his office or employment, accept any fee or reward whatsoever other than his/her proper remuneration”.

7. EQUALITY IMPLICATIONS

- 7.1. None.

CONTACT DETAILS:

SERVICE DIRECTOR: Ian Knowles, Corporate Director

CONTACT OFFICER: John Kilner, Risk Audit & Assurance Officer

Telephone No: 01924 834984

E-mail address: john.kilner@ypo.co.uk

APPENDIX (CES):

Appendix 1 – Gifts and Hospitality Policy

Appendix 2 – Gifts and Hospitality Register



Gifts and Hospitality Policy



Document Control Page

Document Type	Policy
Document Ownership	Corporate Governance
Title of Document	Gifts and Hospitality Policy
Reference Number	GHP 2012
Controlled By	Corporate Director
Created By	Risk Audit & Assurance Officer
Approved By: 1	Board of Directors 20 th March 2012
Maintained By	Risk Audit & Assurance Officer
Publication Date	April 2012
Next Review Date	April 2013
Current Version	GHP 2012
Distribution	All employees
Replaces Document	CG1.040

Gifts and Hospitality Policy

Contents

Section 1	Introduction
Section 2	General Caution
Section 3	Definitions
Section 4	The Law
Section 5	Policy
Section 6	Principles
Section 7	Gifts
Section 8	Hospitality
Section 9	Inducements
Section 10	Procedures
Appendix 1	Summary Guidance for Employees & Declaration
Appendix 2	Gifts and Hospitality Register

1. Introduction

- 1.1. YPO is committed to good corporate governance and recognises the importance of operating effectively with the highest possible standards of openness, probity and accountability. This is reflected in YPO's corporate values.
- 1.2. YPO recognises that its stakeholders need to have confidence in those that are responsible for the delivery of YPO's services and that the highest standards of conduct are maintained from those working for YPO. The accepting of gifts and hospitality can impact on the confidence of the public, employees, customers, suppliers and member authorities of YPO and damage its reputation and image.
- 1.3. This policy has been developed in conjunction with a number of inter-related policies and procedures, and takes its direction from the YPO Code of Corporate Governance and the YPO Code of Conduct for Employees and is developed in consideration of, and association with, the Anti-Fraud and Bribery Policy.
- 1.4. This Policy provides rules and guidance for employees of YPO. The policy relates to gifts and hospitality offered to an employee, as an employee of YPO. It does not apply to gifts and hospitality offered to an employee by their family and friends. An employee must not have any work dealings with anyone who is sufficiently closely connected to the employee by ties of kinship or friendship that a gift from them would fall into this category. If such a person approaches YPO for any reason, the employee must declare the relationship/friendship as per the procedure in the Register of Employee Interests Policy and ensure that they have no involvement in the transactions/dealings and must not seek to influence any other employee who is dealing with the matter.

2. General Caution

- 2.1. Treat with extreme caution any offer or gift, favour or hospitality that is made to you personally.
- 2.2. Your personal reputation and that of YPO can be seriously jeopardised by the inappropriate acceptance by you of a gift or hospitality.
- 2.3. The acceptance of gifts and hospitality is not always unlawful or inappropriate. The decision for you in every case is whether or not it is appropriate to accept any gift or hospitality that might be offered to you, having regard to how it might be perceived.
- 2.4. No hard and fast rules can be laid down to cover every circumstance as to what is appropriate or inappropriate. This policy offers general principles to enable you to make your own decision.

3. Definitions

3.1. What is a gift?

A gift is any item or service that you receive free of charge. It also includes any goods or services which you personally are offered at a discounted rate or on terms not available to the general public. It does not include staff offers / discounts which are negotiated corporately. Common gifts include pens, diaries, calendars, mouse mats,

books, flowers, bottles of wine, chocolates and other business stationery and promotional items.

3.2. What is hospitality?

Hospitality is the offer of food, drink, accommodation or entertainment or the opportunity to attend any cultural or sporting event on terms not available to the general public. Common hospitality includes meals, refreshments and tickets for cultural or sporting events.

3.3. Inducements / Bribe

This is an act or thing that is intended to persuade someone – i.e. offering money to secure favour or to try to make someone do something for you by giving them money, presents or something else that they want. The giving, solicitation or the acceptance of any bribe is strictly prohibited.

4. The Law

- 4.1. The acceptance of gifts and hospitality by local government employees (and thus YPO employees) is subject to the local government act and by the law.
- 4.2. Section 117 of the Local Government Act 1972 requires that “an officer of a local authority shall not, under colour of his office or employment, accept any fee or reward whatsoever other than his/her proper remuneration”. An officer who contravenes the provisions of Section 117 shall be liable on summary conviction to a fine not exceeding £2,500.
- 4.3. Section 2 of the Prevention of Corruption Act 1916 says that where it is proved that anyone holding or seeking a contract with a public body has made a payment to an employee of that body, the payment shall be deemed to be corrupt unless the contrary is proved.
- 4.4. Where the offer or receipt of gifts or hospitality could be reasonably be perceived to be for the purpose of bribery, this is an offence under the Bribery Act 2010.

5. Policy

- 5.1. The public is entitled to demand of an YPO employee conduct of the highest standard. Employee’s actions must not be influenced by offers or gifts or hospitality and their actions must not give the impression that they have been influenced in this way.
- 5.2. YPO employees must not accept gifts, loans, fees, rewards or other items from any person or organisation; in particular those who may potentially expect to receive an advantage or benefit in return. This includes gifts, loans, fees or rewards from contractors, outside suppliers, customers or members of the public. However, some incidental gifts or hospitality can be accepted, as detailed in this policy.
- 5.3. This policy applies to all employees of YPO, including the Board of Directors. Any breach of this policy may be viewed as gross misconduct and could lead to a disciplinary hearing that may result in summary dismissal.

6. Principles

- 6.1. Employees must maintain a good working relationship with suppliers, customers and others associated with YPO but avoid favouritism towards any group or individual in the course of their work. Employees must act with integrity at all times.
- 6.2. If it is suspected that a contractor, outside supplier or other person/organisation is acting in an improper manner, employees should report it to their line manager as a matter of urgency.

7. Gifts

- 7.1. Employees may accept low value promotional work related gifts, preferably marked with the donor's name, provided that the gift is to be used at work. Examples could be:
 - diaries
 - calendars
 - pens
 - blotters
 - rulers
 - mouse mats
 - other low value stationery used as promotional gifts.
- 7.2. Low value gifts that are not used at work are generally unacceptable and they should be refused. Examples could be:
 - discounts on items for personal use
 - bottles of spirits, wine or beer for personal use
 - personal gifts for personal use
- 7.3. Without causing offence, employees should discourage suppliers, customers or other organisations from offering gifts. However, where small gifts, e.g. chocolates, are given as thanks for service provided these can be accepted if they are shared within the team or raffled for charity.
- 7.4. If gifts have a higher value, employees should tactfully refuse them. If gifts of this value are delivered, they should be returned with an appropriate explanation. If gifts cannot be returned, the Corporate Director should dispose of them to charity and record this fact.
- 7.5. All gifts, apart from low value promotional work related gifts, should be registered on the appropriate form, even if the gift is returned. Details of the procedure can be found in section 10.
- 7.6. Under no circumstances should gifts of cash to an employee of YPO by any person or organisation, be accepted.

8. Hospitality

- 8.1. Employees may only accept offers of hospitality where it is not excessive and it is considered to be in the spirit of forging strong links with organisations YPO has partnership working arrangements with where YPO should be seen to be represented.

Employees should tactfully refuse any hospitality where it might be seen by the public to compromise their integrity, e.g. paid holidays, complimentary tickets to sporting events etc.

- 8.2. When hospitality has to be declined those making the offer should be courteously but firmly informed of the procedures and standards operating within YPO.
- 8.3. When receiving authorised hospitality, employees should be particularly sensitive as to its timing in relation to decisions which YPO may be taking affecting those providing the hospitality.
- 8.4. Acceptance by employees of hospitality through attendance at relevant conferences and courses is acceptable where it is clear the hospitality is corporate rather than personal, and where YPO is satisfied that any purchasing decisions are not compromised. Where visits to inspect products, etc, are required, employees should ensure that YPO meets the cost of such visits to avoid jeopardising the integrity of subsequent purchasing decisions.
- 8.5. Invitations to social events offered as part of normal working life, e.g. opening celebrations, annual dinners, may be accepted if authorised by the Corporate Director. Invitations to any types of hospitality that are of no benefit to YPO must not be accepted.
- 8.6. All offers of hospitality, other than incidental items detailed in 7.1, must be registered on the appropriate form. Details can be found in section 10 of this policy.

9. Inducements

- 9.1. The giving, solicitation or the acceptance of any bribe is strictly prohibited.
- 9.2. All offers of bribes or inducements must immediately be reported to an appropriate senior manager and handled in accordance with the Anti-Fraud and Bribery Policy.

10. Procedure

- 10.1. All offers of accepted and declined gifts or hospitality (other than incidental gifts) must be recorded immediately, using the Declarations of Gifts and Hospitality Offered to Employees Form which can be found in Appendix 1 of this policy. The form is also available on the YPO Intranet (see Intranet – People / Forms / Gifts and Hospitality Return).
- 10.2. The form should be printed off, completed and signed and passed to the Office Manager & PA to the MD, who will maintain a central file of all offers of gifts, hospitality or inducements in the Gifts and Hospitality Register an example of which can be found in Appendix 2.
- 10.3. If gifts are received, return them to the sender as soon as possible, providing that this would not cause offence. If it is not possible for you to return the gifts, all gifts received, other than incidental and low cost promotional items, should be passed to the Office Manager and PA to the MD along with the completed declaration. The Office Manager and PA to the MD will record details of the gift and advise the Corporate Director of YPO. If the gifts are perishable goods (e.g. chocolates, biscuits etc) it is acceptable for these to be shared with office colleagues and the gift to be

recorded in the Register of Gifts and Hospitality by completing the appropriate form. Where appropriate the Corporate Director may take action in accordance with the Anti-Fraud and Bribery Policy.

- 10.4. The Corporate Director of YPO will decide whether gifts not returned should be raffled or auctioned amongst staff and the proceeds given to a registered charity or the gift given to a registered charity. This information will be recorded by the Office Manager & PA to the MD.
- 10.5. The Gifts and Hospitality Register will be submitted to the Risk Audit & Assurance Officer by the Office Manager & PA to the MD on a six monthly basis (end Oct and April). A report to the Board of Directors will be presented in November by the Risk, Audit & Assurance Officer summarising information of gifts / hospitality valued over £25.00. Any reference to the offering organisation will be removed.
- 10.6. If any employees are uncertain how to deal with an offer of a gift or hospitality they should contact their Line Manager.
- 10.7. The principles in this policy are also applicable to the recruitment, selection, progression and reward of employees. Under no circumstances should anyone accept any offer of gifts, hospitality or favours in relation to the recruitment, selection and progression of an employee or candidate for employment. Furthermore no employee of YPO should offer such inducements to other employees or candidates. If such offers are made then the person to whom they have been made should immediately notify YPO's Head of HR. (see HR recruitment and selection policies for more detail).
- 10.8. If an employee's interpretations of this policy and / or their actions are called into question, it is the responsibility of the appropriate manager to investigate whether the person acted in good faith according to their understanding of the policy.
- 10.9. As a YPO employee it is also a criminal offence to demand or accept a gift or reward in return for allowing yourself to be influenced. This means you could be prosecuted by the Police.

Appendix 1

Gifts and Hospitality

Summary Guidance for Employees

1. As an employee of YPO, you are personally responsible for declaring all offers of any gift or hospitality indicating if such offers have been accepted or declined.
2. You should treat with extreme caution any offer of gifts or hospitality made to you personally or partners/members of your family. You should refuse any gift or hospitality which might be perceived by the public as influencing your decisions or actions as an employee of YPO. Acceptance in the context of your employment of any fee or reward, other than your proper remuneration, can constitute a criminal offence.
3. You do not need to declare gifts of a **nominal** work value (e.g. pens, calendars or a token promotional gift) or hospitality given as part of an event you attend as an employee.(e.g. conferences and training events).
4. If you are invited to an event to discuss YPO business and the value of the hospitality is substantial, get the approval of the Corporate Director first. This type of event should be registered even if the invitation is declined.
5. Tactfully refuse any gift or hospitality where these might be seen by the public to compromise your integrity, e.g. paid holidays, complimentary tickets to sporting events. If gifts are sent to your office, return them to the sender if possible, providing that this would not cause offence. If it is not possible for you to return the gifts, all gifts other than the incidental and low cost value promotional items should be passed to the Office Manager and PA to the MD who will record details of the gift and advise the Corporate Director of YPO. If the gifts are perishable goods (e.g. chocolates, biscuits) it is acceptable for these to be shared with Office colleagues and the gift to be recorded in the Register of Gifts and Hospitality.
6. You must declare **all** offers of gifts, (unless of nominal value as described in paragraph 3 above), whether you accept them or refuse them. Declare all offers of hospitality referred to at paragraph 4 above.
7. Declarations must be made on this form and no other method of declaration is valid.
8. You must answer **all** of the questions on the form.
9. If you have any doubt about whether to accept a gift or hospitality, seek the advice of your Manager.

YPO

Declaration of Gifts and Hospitality Offered to Employees

Please read the guidance in the Gifts and Hospitality Policy before completing this form

Name of Employee: and Department

Who was/would have been the recipient of the gift/hospitality *(if not yourself)* and what is their relationship to you?

Who made the offer? *[individual/company/organisation, etc].*

Date offer received

Give details of the gift/hospitality

What was its estimated value?

What was the purpose of the offer?

Did you accept or refuse the offer?

If gift accepted how was it used e.g. personal use, shared with colleagues, donated to charity etc.

Is the individual/company/organisation dealing with you or YPO in relation to any ongoing matters such as a tender process? If so, please give details

Are they asking to be added to YPO's list of approved suppliers?

Are they providing goods/services to YPO or hoping to do so in future?

I certify that I have read the guidance notes and that to the best of my knowledge, I have complied with that guidance.

Signature of Employee

Date of Declaration

To be handed to Lauren Ward – Office Manager & PA to the MD when complete

Appendix 2 – Gifts and Hospitality Register

Gifts and Hospitality Register

Name	Service Area	Offering Organisation	Details of gift/hospitality	Date of offer	Accepted / Declined?	Estimated value (if known)

The Buying Power behind the Public Sector



Appendix 2 - Gifts and Hospitality Register

Gifts and Hospitality Register - Value over £25.00

Job Title	Service Area	Gift / Hospitality	Details of Gift / Hospitality	Date	Accepted / Declined	Estimated Value (if known)	Currency	Approx Value GBP
National Sales Manager	Commercial	Hospitality	Evening Meal and Drinks for evening product presentation to Field Sales Team	04/01/12	Accepted	£ 200.00	GBP	£ 200.00
Global Sourcing Manager	Procurement	Hospitality	Dinner	29/01/12	Accepted	€ 50.00	Euro	£ 40.04
Global Sourcing Manager	Procurement	Hospitality	Dinner	14/03/12	Accepted	¥ 300.00	CNY	£ 29.71
Global Sourcing Manager	Procurement	Hospitality	Dinner	19/03/12	Accepted	¥ 350.00	CNY	£ 34.66
Global Sourcing Manager	Procurement	Hospitality	Dinner	21/03/12	Accepted	¥ 400.00	CNY	£ 39.61
Warehouse & Distribution Manager	Operations	Hospitality	York Races	22/08/12	Accepted	£ 285.00	GBP	£ 285.00
Corporate Director	Corporate	Hospitality	Three day development conference on a cruise ship	10/10/12	Accepted	£ 1,000.00	GBP	£ 1,000.00

Gifts and Hospitality Register - Value Unknown

Job Title	Service Area	Gift / Hospitality	Details of Gift / Hospitality	Date	Accepted / Declined	Estimated Value (if known)
Category Manager ICT & Assistant Buye	Procurement	Hospitality	Buffet Lunch	29/08/12	Accepted	Unknown
Category Manager ICT	Procurement	Hospitality	Buffet Lunch	08/09/12	Accepted	Unknown
Category Manager ICT	Procurement	Hospitality	Buffet Lunch	12/09/12	Accepted	Unknown
Business Support Assistant	Corporate	Gift	20% off voucher for Marks and Spencers	20/09/12	Accepted	Unknown
Category Manager ICT & Assistant Buye	Procurement	Hospitality	Lunch and Evening Meal	20/09/12	Accepted	Unknown
Category Manager ICT	Procurement	Hospitality	Buffet Lunch	25/09/12	Accepted	Unknown



**YPO
SCRUTINY SUB COMMITTEE**

**TO BE HELD ON
15TH FEBRUARY 2013**

TITLE: 2012 STOCK LOSSES

REPORT OF: THE FINANCIAL ACCOUNTANT

1. PURPOSE OF REPORT

1.1 For Scrutiny Sub Committee to note and discuss the contents of this paper.

2. BACKGROUND INFORMATION

2.1 This report is based on data extracted from the stock integrity system and provides a like for like breakdown between the trading years 2011 and 2012.

2.2 Detailed results to the 31st of December 2012 are included as appendix 1 to this report.

2.3 An explanation of the terminology used in appendix 1 is included at appendix 2.

2.4 The results in appendix 1 show a substantial increase from 2011 which is attributable to the following reasons.

- Timing of stock counts – The Organisation adopts a rolling stock take programme and therefore is subject to alteration of timing of stock takes year to year to accommodate operational requirements. As a result stocktaking activity in the detail picking area of the warehouse (which accounts for 28.75% of the warehouse by item was not counted until October 2012. This had previously been counted in April 2011 and represented a time period of 17 months. This has led to an increase in the required adjustments in the stock taking and picking categories of £63k in total over that reported in 2011.
- Increase in business – The table shows that stocktaking adjustments are £59.7k over budget for 2012. The budget was based on a forecast stores sales level of £79.8m however in the year 2012 the Organisation actually achieved sales of £87.6m (an increase of 9.7%). Had the budget been based on this level of sales the adjustment figure budgeted would have been £30k higher.
- Out of date stocks – As reported in September out of date stock has increased as a result of carrying more stock of key lines in an effort to ensure maximum stock availability to customers. Every effort will be made to ensure that the balance between supply and demand is evenly matched.

2.5 As previously reported the Organisation suffered a spate of thefts at our food store to a value of circa £800 in total at the end of 2011 and beginning of 2012. The corrective actions taken by YPO management working with the relevant authorities and WMDC internal audit resulted in no further losses being suffered and the arrest of two individuals attempting to break in to loaded containers at the food store over the weekend of the 1st and 2nd of September. No further incidences of theft in the Organisation have been observed since the last report.

2.6 The 2012 Stocktaking plan was completed fully in the year.

2.7 The plan for 2013 is to retain the rolling stock count basis and to fix the date for the detail pick area of the warehouse as Easter each year and the Food store in the summer. The remainder of the warehouse will be completed in manageable segments planned to not impact on customer service levels.

3. STRATEGIC IMPLICATIONS

3.1 None.

4. FINANCIAL IMPLICATIONS

4.1 As demonstrated in the report.

5. LEGAL IMPLICATIONS

5.1 None.

6. EQUALITY IMPLICATIONS

6.1 None.

7. RISK IMPLICATIONS

6.1 None.

8. RECOMMENDATION (S)

8.1 That scrutiny Sub Committee notes the stock losses for 2012 as part of the Organisations reporting requirements

SERVICE DIRECTOR: IAN KNOWLES, CORPORATE DIRECTOR

CONTACT OFFICER: RON TAYLOR, FINANCIAL ACCOUNTANT

Yorkshire Purchasing Organisation
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Wakefield
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APPENDIX:

APPENDIX 1

	2011 actual	2012 actual	Variance
Stocktaking adjustments.	-£98,162	-£153,387	-£55,225
Receiving errors.	-£231	-£3	£228
Picking errors.	-£65,412	-£150,213	-£84,801
Replenishment error	£65	-£1,142	-£1,207
Reversal of a previous adjustment.	£11,677	£27,255	£15,578
Corresponding adjustment on a like type item.	-£1,614	-£458	£1,156
			£0
Out of date	-£12,974	-£54,354	-£41,380
Obsolete	-£3,874	-£6,077	-£2,203
Unknown	-£22,172	-£30,686	-£8,514
Total stock loss	-£192,697	-£369,065	£176,368
Budget	-£338,000	-£309,350	
Variance	£116,653	-£59,715	
Value of stock issued in year	£57,222,611	£62,310,344	
Stock loss as a proportion of issued stock	0.34%	0.59%	

APPENDIX 2

By way of explanation of the results shown in appendix 1 and 2 the following terminology is used.

Stock taking adjustments are adjustment of a low value nature where an investigation is deemed not required or economical. This will be dependent on the item and level of control to be exerted.

All other categories have been subject to an investigation and have had a reason allocated based on either indisputable evidence or the balance of probabilities.

Where multiple causes could be affecting the stock adjustment or where no major probable cause can be allocated the adjustment is classified as unknown.

Any items subject to theft are recorded under the stock taking category and disclosed separately within this report.

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