

YMCA ENGLAND & WALES

VALUE FOR MONEY STATEMENT 2020

This is our Value for Money statement for the year ended March 2020, which is published on our website with a summary included within our audited Financial Statements.

Obtaining Value for Money

YMCA England & Wales (YMCA EW) has limited resources and it is important that we derive the maximum benefit from these. Hence Value for Money ("VfM") is about getting the most from the resources at our disposal to achieve our desired outcomes. This is more than simply reducing costs; it is also about improving efficiency and effectiveness of the services we deliver. We define these as:

- Economy (spending less) = reducing the cost of purchasing
- Efficiency (spending well) = measure of productivity and performance
- Effectiveness (spending wisely) = maximising the impact that can be achieved

VfM is highest when there is an optimum balance between these three components:

Our Approach to Value for Money

Value for Money is led by the Board and overseen by our Finance and Audit Committee. Value for money is viewed as the key to financial sustainability as we optimise cost relative to outcomes, and seek to maximise impact with scarce resources. The Board is responsible for setting and monitoring the value for money through oversight of the annual plan and receives performance updates at each of their meetings, and reports on the consumption of resources. The Board holds an annual strategy session at their November residential meeting, which informs the development of the plans and budget for the following year. The following provide a brief overview of some of the measures that are used to inform the Boards assessment. The five key components of our value for money strategy are:

- Governance – to develop a Board led value for money culture within YMCA EW with all staff encouraged to accept ownership and accountability for achieving it
- Customer focus – to ensure that the services we provide are shaped around the needs of our members
- Performance – to ensure that staff understand their objectives and the right things are measured
- Financial stewardship – setting budgets understanding our cost base and sources of income and to report performance against these budgets. To optimise the use of assets
- Procurement – buying goods at the optimum price/quality mix.

The above measures relate to the direct work within the remit / control of YMCA EW. However, there are wider opportunities for driving value for money across the Federation – some of which have been implemented where considered appropriate e.g. insurance, group life, VAT advice, payroll and human resources. There remains

however significant scope to further maximise value for money across the Federation and through the work on the YMCA EW business model a number of opportunities were identified. It is hoped that further progress can be made on collaborative opportunities moving forward.

Overall Measures

Measures for return from our staff

The following measures relate to the performance of staff:

	2020	2019	2018
Human capital cost (total staff cost per FTE)	£26,502	£25,868	£26,350
Gross Revenue per employee:			
- Retail	£44,940	£47,700	£46,360
- Non-Retail	£110,200	£169,410	£202,050
Staff turnover	56%	50%	55%
- Retail	58%	56%	60%
- Non-Retail	45%	24%	35%

The increase in total staff costs per FTE reflects the cost of living rises, particularly in retail where salaries are linked to the minimum wage. The decrease in 2019 reflects both an increase in the cost of retail staff (where we have invested) but also a reduction in the costs of leadership, and reduction in size as we have adjusted the cost base). The fall in retail gross revenue per employee reflects the difficult trading environment and in particular the loss 2.5 weeks income towards the end of March 2020. Non retail gross revenue per employee represents the multi-year process of disposal of housing stock – with fewer disposals in 2019-20. Staff turnover remains a challenge, in particular in retail although much work has begun on reviewing measures that could improve this area including work in relation to staff terms, welfare and environment. Much of the higher turnover in 2020 in relation to non-retail is in relation to a number of staff team restructurings to ensure the capability and capacity needed into the future.

Measures for use of assets

The following measures relate to the use of assets:

	2020	2019	2018
Operational surplus as % of turnover (excluding sale of assets)	(2.64)%	6.77%	1.05%
Staff costs as % of total expenditure	46%	39%	31%
Expenditure as % of budgeted costs	99%	104%	103%
Unrestricted bank and investment balances	£10.0m	£11.5m	£4.5m

The cost of the National Campaign to raise the profile of the YMCA and impact measurement programme has caused YMCA EW to report a deficit for the year which is reflected in the operational % becoming a negative. With the removal of housing activity reducing the cost base, this has resulted in the increase in staff costs as a percentage of total expenditure alongside some necessary cost of living increases in retail.

Measures for return from our Retail and Fundraising operations

The following measures relate to performance of our retail and fundraising activities, which make up a significant proportion of the activity of YMCA EW:

	2020	2019	2018
RETAIL OPERATIONS			
Average number of shops	90	88	86
Average weekly income	£2,045	£1,854	£1,700
Average number of staff	274	234	227
Full time equivalent	213	184	176
FUNDRAISING OPERATIONS			
Gift Aid penetration in fundraising	73%	60%	59%
Return on Investment in Fundraising	2.38x	3.22x	2.33x

Retail operations

As the number of shops in retail continues to increase so have the number of staff. There has been a deliberate strategy of reducing loss making shops, and only increasing shop numbers where there is a profit making shop that can be taken on the appropriate lease terms. However, in order to drive the increased profitability per shop as reflected in average weekly taking there has been a need to invest in the numbers of staff to drive these extra income levels.

Fundraising

The 2019 fundraising figures showed a one-off improvement due to two donated properties and increased legacy income with 2020 returning to prior levels. As is shown, there has been a significant improvement in gift-aid take up in relation to fundraising.

Measures for our housing operations

The following measures relate to performance of our housing activity, and are required by the Housing Regulator. During the year YMCA EW sold its last housing scheme.

Metrics	2020	2019	2018
Reinvestment	Not relevant for the YMCA		
New Supply delivered	Not relevant for the YMCA		
Gearing	0%	0%	0%
EBITDA MRI interest cover	n/a	n/a	320%
Social Housing cost per unit	£3,848*	£4,413*	£7,513 *
Operating margin – social housing activities	(3.5%)	2.3%	5.6%
Operating margin – all activities	(3.9%)	2.1%	(0.4%)
Return on capital employed	(8.6%)	9.0%	(0.4%)

* based on average units during the year due to sale process

Average cost per housing unit is higher than other providers due to the clientele we work with and the associated additional support required. This is what differentiates the YMCA from general purpose housing providers.

Future Focus

The revised Federation Plan for the YMCA in England and Wales has led to YMCA England & Wales reviewing its business model to ensure that we are delivering the services required by member YMCAs.