

YMCA ENGLAND & WALES

VALUE FOR MONEY STATEMENT 2021

This is our Value for Money statement for the year ended March 2021, which is published on our website with a summary included within our audited Financial Statements.

Obtaining Value for Money

Value for money

YMCA England has limited resources and it is important that we derive the maximum benefit from these. Value for Money ("VfM") is concerned with not only reduced costs, but rather maximising the benefit from the resources at our disposal to achieve our desired outcomes. In this respect we are conscious of the principles of economy, efficiency and effectiveness and strive to ensure that these underpin the decisions that we make when using resources to maximise impact for our beneficiaries.

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:

| | 2021 | 2020 | 2019 |
|--|-------------|-------------|-------------|
| Human capital cost (total staff cost per FTE) | £26,970 | £26,502 | £25,868 |
| Gross Revenue per employee: | | | |
| - Retail | £37,070 | £44,940 | £47,700 |
| - Non-Retail | £101,440 | £112,020 | £169,410 |
| Staff turnover | 28% | 56% | 50% |
| - Retail | 31% | 58% | 56% |
| - Non-Retail | 12% | 45% | 24% |

The increase in total staff costs per FTE reflects the cost of living rises, particularly in retail where salaries are linked to the living wage. The fall in retail gross revenue per employee is due to closure of the shops for much of the year. Staff turnover remains a challenge, in particular in retail although much work has been done to improve this area including work in relation to staff terms, welfare and environment but also given the environment we have seen this reduce significantly – both Retail and Non Retail.

Measures for use of assets

The following measures relate to the use of assets:

| | 2021 | 2020 | 2019 |
|--|-------------|-------------|-------------|
| Operational surplus as % of turnover (excluding sale of assets) | (1.90)% | (2.30)% | 6.77% |
| Staff costs as % of total expenditure | 49% | 46% | 39% |
| Expenditure as % of budgeted costs | 81% | 99% | 104% |
| Unrestricted bank and investment balances | £13.1m | £10.0m | £11.5m |

As would be expected with the Retail operation closed for seven months if the year. YMCA EW is reporting an operational deficit for the year – albeit if movements on restricted funds were excluded (Dunford / Emergency Response Fund) this would have reported a surplus. This deficit includes the government grants for the year, which alleviated much of the impact of the pandemic. The removal of housing activity reducing the cost base, has resulted in the increased 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:

| | 2021 | 2020 | 2019 |
|-------------------------------------|--------|--------|--------|
| RETAIL OPERATIONS | | | |
| Average number of shops | 91 | 90 | 88 |
| Average weekly income | £2,487 | £2,045 | £1,854 |
| Average number of staff | 275 | 274 | 234 |
| Full time equivalent | 215 | 213 | 184 |
| FUNDRAISING OPERATIONS | | | |
| Gift Aid penetration in fundraising | 69% | 73% | 60% |
| Return on Investment in Fundraising | 2.47x | 2.38x | 3.22x |

Retail operations

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. The average weekly income for 2021 is based on the 20 weeks when all shops were open but as shown reported a significant increase. This increase has continued into the early part of 2021-22. The increased staff numbers from 2019 reflect the filling of vacancies with permanent staff rather than, as previously, covering vacancies with overtime.

Fundraising

The 2019 fundraising figures showed a one-off improvement due to two donated properties and increased legacy income with 2020 and 2021 returning to prior levels.

Measures for our housing operations

During the year ended March 2020 YMCA EW sold its last housing scheme so no longer has any housing stock.

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.