



Regulator of  
Social Housing

## **Regulatory Judgement on YMCA St Paul's Group LH4078**

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Including the following registered entity:

- West London YMCA H4128
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**December 2019**

## Publication Details

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### Reason for publication

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First assessment

### Regulatory process

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In Depth Assessment

*Please see the definitions in Annex 1 for more detail*

### Governance

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#### **G2 (Compliant)**

The provider meets our governance requirements but needs to improve some aspects of its governance arrangements to support continued compliance.

### Viability

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#### **V2 (Compliant)**

The provider meets our viability requirements. It has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance.

### Key to grades

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G1 / V1	Compliant
G2 / V2	Compliant
G3 / V3	Non-compliant and intensive regulatory engagement.
G4 / V4	Non-compliant, serious failures leading to either intensive regulatory engagement or the use of enforcement powers.

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## Provider Details

### Origins

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YMCA St Paul's Group (YMCA St Paul's) was formed in April 2018 following the amalgamation of four YMCA organisations and is a registered charity and company limited by guarantee. YMCA St Paul's is a specialist provider delivering a range of community-based services to both its own tenants and other members of the communities in which it operates.

### Registered Entities

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YMCA St Paul's is the registered parent of the group. It has one registered subsidiary, West London YMCA.

### Unregistered Entities

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YMCA St Paul's has four unregistered entities, all of which are dormant. They are: Forest YMCA of East London; Forest YMCA Trading Limited; West London YMCA Trading Limited, and; YMCA London Group Limited.

### Geographic Spread and Scale

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The group owns and manages just over 1,150 units which are located in London, Surrey and Berkshire. Most of its stock is supported housing.

### Staffing and Turnover

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At 31 March 2019 YMCA St Paul's employed 418 full time equivalent staff. Group turnover for the year was £25.6m.

### Development

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YMCA St Paul's aims to deliver 200 new homes by 2024.

## **Regulatory Judgement**

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This regulatory judgement is the first published assessment of YMCA St Paul's governance and viability ratings.

The regulator has assurance that the group's governance arrangements meet the requirements on governance set out in the Governance and Financial Viability Standard. However, it needs to improve some aspects of its governance arrangements to ensure continued compliance.

On the basis of the evidence gained from the In Depth Assessment (IDA), the regulator has assurance that YMCA St Paul's has set a clear strategy, is reporting appropriately to its board and has aligned board skills to its strategy. However, YMCA St Paul's needs to improve its risk management and internal controls framework; in particular to strengthen the level of assurance it has on key risks and to develop its approach to stress testing and mitigation strategies. The regulator has assurance that YMCA St Paul's complies with the financial viability elements of the Governance and Financial Viability Standard. The provider's financial plans are consistent with, and support, its financial strategy. It has an adequately funded business plan, sufficient security and is forecast to continue to meet its financial covenants.

From the evidence gained at the IDA we have concluded that a V2 grade is appropriate for the provider. This is based on the financial risks associated with YMCA St Paul's relatively high costs and low margins as a supported housing provider. YMCA St Paul's recognises this and has put in place appropriate financial targets, including increasing its operating margin. A range of non-housing activities with varying financial performance and the high costs of funding are additional risks which limit the group's capacity to manage adverse scenarios. YMCA St Paul's is sighted on the need to manage these risks and to deliver further efficiencies to achieve its financial targets.

## Annex 1: Definitions of Regulatory Processes

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### In Depth Assessment (IDA)

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An IDA is a bespoke assessment of a provider's viability and governance, including its approach to value for money. It involves on-site work and considers in detail a provider's ability to meet its financial obligations and the effectiveness of its governance structures and processes.

### Stability Checks

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Based primarily on information supplied through regulatory returns, a stability check is an annual review of a provider's financial position and its latest business plan. The review is focused on determining if there is evidence to indicate a provider's current judgements merit reconsideration.

### Reactive Engagement

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Reactive engagement is unplanned work which is triggered by new intelligence or a developing situation which may have implications for a provider's current regulatory judgement.

### Stability Checks and Reactive Engagement

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In some cases, we will publish narrative regulatory judgements which combine intelligence gained from both Stability Checks and Reactive Engagement.

### Further Information

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For further details about these processes, please see 'Regulating the Standards' on <https://www.rsh.gov.uk>