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Annual report

2022 / 2023

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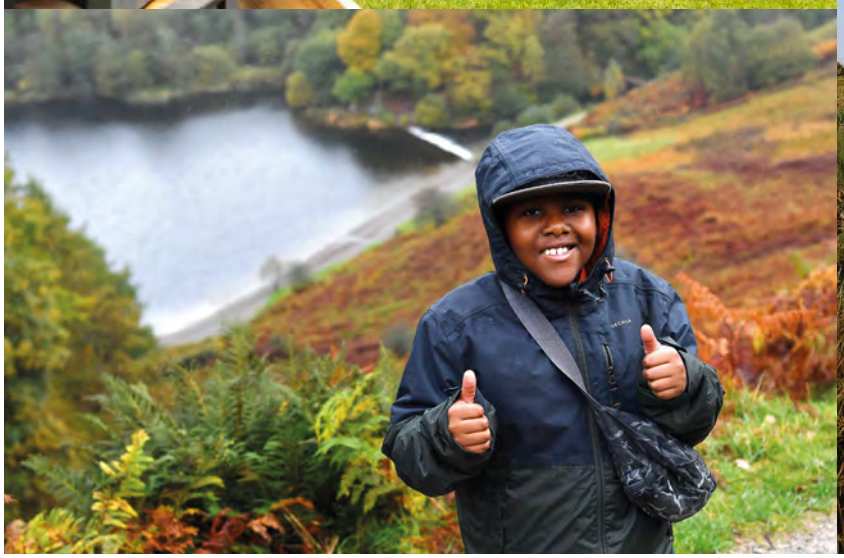

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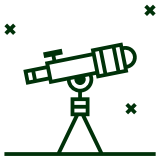
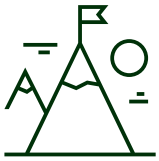


Vision

Everyone has access to the benefits of adventure, for the first time and a lifetime.

By 2030, every child is able to stay away from home, travel, experience adventure and access the outdoors, nature, culture and heritage. YHA will work with others to end the inequity that means some children have never been to a beach, visited a museum or rolled down a hill.



Mission

To enrich the lives of all, especially young people, by providing brilliant hostel stays and experiences that improve physical health, mental wellbeing and life skills.

Charitable objects

To help all, especially young people of limited means, to a greater knowledge, love and care of the countryside, and appreciation of the cultural values of towns and cities, particularly by providing youth hostels or other accommodation for them in their travels, and thus to promote health, recreation and education.

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Foreword

Welcome to YHA's annual report for 2022/23. In the following pages we'll describe how, despite huge challenges, we pursued our strategic priorities and met our income targets. And we'll expand on the major projects through which we delivered impact for our guests and beneficiaries in a difficult year.

With the lifting of remaining COVID restrictions in spring 2022, it was fantastic finally to be able to open hostels again on a near normal basis, and welcome hundreds of thousands of domestic and international guests to enjoy the hostelling experience to its fullest. However, though relieved that the problems of the pandemic were largely behind us, YHA now faced multiple and far-reaching new challenges — a perfect storm of huge cost rises, rapidly rising interest rates and lower demand as the cost-of-living crisis started to bite. Regrettably, the continuing economic volatility has meant that we have ended the year with a £6.1m underlying trading deficit and have not been able to meet our impact targets as fully as we would have liked.

As you will see from the report, we are carefully managing our way through these complexities adjusting for changing demands and consumer behaviour. We are maximising revenue and efficiency in the best interests of the future of the charity — altering our operating models in a number of hostels, driving savings in central services costs and energy use, and improving our digital infrastructure and systems for the benefit of both customers and staff.

This year, despite the multiple external crises we have faced, we have welcomed 817,220 people. And we have forged ahead with our long-term strategy to increase the scale and breadth of our impact, promoting social inclusion and equity of access. We officially launched the Outdoor Citizens community of practice to break down barriers to the outdoors, connecting smaller organisations already doing great work with funding opportunities and the knowledge to increase their capacity to make change. We successfully piloted a new Festival of Walking — encouraging hundreds of people to come together at hostels across England and Wales to participate in social walks, and making important strides with partners BMC, The Ramblers, Ordnance Survey, Cotswold Outdoor and Sport England. We concluded the landmark Generation Green project which connected over 115,000 young people to nature and, from it, developed two brand new residential experiences to encourage the next generation to protect and enjoy the natural environment. And thanks to our supporters and the success of our No Child Left Behind appeal, we've been able to make outdoor learning and school trips accessible for thousands of children who would have been left out because squeezed budgets at home and school are putting these formative experiences out of reach.

There is much to be proud of and I pay tribute to the tenacity, passion, energy, dedication and skill of our people, volunteers, supporters and partners through these difficult times.

Thank you.

Margaret Hart
Chair

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We are YHA.

We believe in the power of travel and adventure. To connect people to each other, to nature and the outdoors, to culture and to heritage.

Hostelling makes travel and adventure accessible to everyone, everywhere. Since 1930, YHA has operated a unique network of hostels throughout England and Wales — a community of shared spaces, open to all and for the benefit of everybody.

We provide inclusive adventures, in extraordinary buildings, in amazing places. Yet we offer much more than accommodation.

YHA is a sector-leading residential provider, a champion of inclusive volunteering and work experience, and an Investors in People Gold employer.

We are a leading social enterprise and a charity on a mission to enrich the lives of all, but especially young people, and improve physical health, mental wellbeing and life skills through the experiences we create.

We are YHA.
Because where you go changes who you become.

stay | join | give | volunteer

Public benefit statement

Our Trustees give careful consideration to the Charity Commission's general guidance on public benefit during our planning processes and delivery of our work.

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Operating Plan 2022/23

Key

- Highest priority and urgency
- High priority and urgency
- Medium priority and urgency

Recovery

Enabling recovery and return to annual surplus and financial sustainability.

- Achieving income targets and key KPIs
- Long term cashflow and refinancing
- Cost savings and efficiencies

Growth

Growing the education market and attracting more informal and diverse groups.

- Educational growth plan
- Non-educational groups

Capital strategy

Delivering a viable network of quality hostels ad digital infrastructure.

- Capital network strategy
- Enterprise framework and integration
- IT and Digital transformation

Underpinning priorities

- Equity, diversity and inclusion
- People strategy
- Campus — life skills and employability
- Environmental sustainability
- CRM change programme
- Membership and supporter engagement
- YHA brand
- Data strategy
- Communities

The 2022/23 Operating Plan set out to deliver a number of projects which:

- support our recovery from COVID-19 and return to annual surplus and financial sustainability.
- enable us to focus on growing our education market and attracting more informal groups from diverse backgrounds.
- deliver a viable network of quality hostels and digital infrastructure.
- deliver the foundations and enablers that will deliver our long-term strategy.

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Key Performance Indicators (KPIs)

KPI	Delivering YHA's charitable objects	Actual 2019/20	Actual 2020/21	Actual 2021/22	Target 2022/23	**Actual 2022/23**
Number of people staying at YHA overnight	To help all	1,024,964	N/A	455,515	845,000	**817,220**
Those who stay with us, benefit from our provision and support, our employees and volunteers, reflect the demographics of England and percentage. Percentage of job applications from people from ethnic minority backgrounds.		N/A	N/A	19%	20%	**42% achieved in Q4**
Number of young people staying at YHA overnight	Especially young people	412,652	N/A	114,879	295,000	**265,207**
Young People as a % of the total number of people staying at YHA overnight		40%	N/A	25%	35%	**32%**
Number of young people with challenging lives staying at YHA overnight	Of limited means	4,875	N/A	3,346	25,000	**8,382**

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KPI	Delivering YHA's charitable objects	Actual 2019/20	Actual 2020/21	Actual 2021/22	Target 2022/23	**Actual 2022/23**
Young people with challenging lives as % of young people staying at YHA overnight		1.2%	N/A	2.9%	8.5%	**3.2%**
Customer satisfaction score	Particularly by providing youth hostels or other accommodation for them in their travels	89%	N/A	93%	90% of all open hostels achieving a score of at least 90%	**76% achieved Q4**
Financial performance – annual trading cash surplus/(deficit) (excluding depreciation, impairment costs, capital grants and profit on asset disposals)		£1.5m	(£11.0m)	(£6.3m)	(£4.0m)	**(£6.1m)**
Financial performance – annual net income/ (expenditure) – as per financial statements		(£1.3m)	(£14.3m)	(£9.3m)	£0.2m	**(£2.6m)**

Impact KPIs are not available for 2020/21 as the hostel network was closed during the majority of the year due to COVID-19 restrictions.

In addition, from a governance and compliance perspective, the Board and its committees received regular reports covering the following key areas:

- Environmental sustainability
- Loan covenant compliance
- Reportable incidents
- Employee engagement

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Commentary

All of our planned activities were delivered in 2022/23, although we did fall short on the achievement of some of our KPIs.

Impact measures

Our key measure is the number of people staying with us. We almost achieved our target — with a total of 817,220 people staying with us. This is a significant increase from the number of people staying the year before. We also came close to achieving our target for the number of young people staying with us this year but this was hindered by the slower recovery in schools group. We expect the number of young people staying with us will increase year on year and in the long-term we have retained our target for the number of young people as a proportion of people staying with us to be at 50%.

Though we are delighted so many people benefited from a YHA experience, the number of children and young people with challenging lives staying with us this year is lower than our KPI target — despite it being our best ever year, as shown in the trend data. Noting our target reflects our long-term aspiration and we will endeavour to rephase this target as part of the development of the KPI's in 2023/24 to allow us to monitor our achievements more appropriately.

We have only reported the number of young people with challenging lives who received directly funded breaks against this target. We have realised that this doesn't reflect all the young people with challenging lives that we've supported this year. Next year we intend to revise our KPI definition to also include young people from special schools, alternative provision, and schools.

Customer satisfaction

Our target is 90% of open hostels achieving 90% customer satisfaction. In Q4, 76% of our sites scored 90% or more, with an average score of 91.8%. Across the whole year, 80% of our sites achieved the KPI, with an average score of 91.8%.

Various external issues impacted the hospitality sector and our score — such as difficulties with supply chains, staffing and recruitment. Laundry and food, both of which are fundamental to operations, were most severely affected. As a result, we were unable to offer the full range of services in some locations. In addition, the removal of COVID restrictions, whilst mostly beneficial, also meant a return to shared toilets and showers, the reopening of dorm rooms and our city centre sites becoming significantly busier. This had a knock-on negative effect on satisfaction levels.

For comparison, the UK customer satisfaction index, as reported bi-annually by the Institute of Customer Service was last reported at 77.7%. Although UKCSI questions aren't an exact match to our survey questions, it's likely to be very similar and gives a benchmark, covering 281 organisations across 13 sectors. The average score in our sector (tourism) is 80.9%. Our results are well ahead of the industry standard, although below the YHA KPI which was set as a stretch target.

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Financial overview

We met our income targets but fell short of our targets on volume due to ongoing challenges with recruitment, which led to restrictions on operations in the early part of the year, along with a slow recovery in school group and international bookings.

Costs were significantly ahead of budgeted levels, driven almost entirely by unanticipated increases in energy related costs (utilities, laundry, food, maintenance) and interest rates, given the budget was set before the start of the war in Ukraine.

Taking these factors together led to an end year position of a trading cash deficit of £6.1m, £2.1m worse than budget, but £0.5m better than the autumn re-forecast, reflecting a stronger end to the trading year in our city sites and a slightly improved energy cost position. We use the trading cash deficit position as the key financial measure to monitor our financial performance as this gives a better reflection of the underlying trading position and this calculation excludes depreciation and impairment costs, the profit or loss on asset disposals, grant income and other pension changes. These other items are, however, included in overall net expenditure position of £2.6m as set out within the financial review on page 72.

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Major projects in brief

Here's a snapshot of the year's major projects. For more detail, please turn to the relevant section.

R

Recovery

17 Achieving income targets and key KPIs

- A total of 817,220 people stayed with us.
- 265,207 of these were young people.
- We directly funded stays for 8,382 young people who would have missed out on adventures without this support.

21 Long-term cashflow and refinancing

- We decided to work with HSBC to extend our loan facility rather than undertake a full market assessment which enabled focus on our medium-term financial plan.
- We commenced our central services review to optimise our structures in alignment with the needs of the hostel network and our growth ambitions.

21 Cost savings and efficiencies

- Across our hostel network, we introduced an update to our operating standards to help teams follow a consistent and clear approach to standards and service.
- We developed new ways of tracking progress against operating KPIs and trading data — essential to achieving greater cross-departmental efficiency.

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G

Growth

22 Educational growth plan

- We developed a groups growth plan to:
  - retain schools already choosing YHA
  - target new schools through a first-of-its-kind acquisition campaign
  - make planning and booking as simple as possible
  - maintain standards across our hostel network
- We increased the value of financial support fundraised and distributed to schools through grants, subsidies and bursaries, removing barriers to participation through projects like our No Child Left Behind appeal.
- We completed the landmark Generation Green project.
  - It connected more than 115,000 children and young people to nature and outdoor opportunities.
  - Across the Access Unlimited partnership, 39,476 young people experienced a facilitated day or residential trip, or self-led experience.
  - A third (33%) of young people who undertook a residential trip were from an ethnic minority background (compared with 18% in the populations as a whole).
- We launched three new education products:
  - The first dedicated transition residential
  - Caring for Nature
  - Connecting to Nature

33 Non-educational groups

- We successfully delivered our first Festival of Walking, a large-scale pilot event designed to get more people walking and encourage the use of our amazing bases and facilities. The festival resulted in strengthened partnerships with other walking communities and outdoor brands, plus the publication of almost 200 free route maps.

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C

Capital strategy

36 Network and capital strategy projects

- We reviewed each hostel in our network to consider their impact, income and costs. This has helped us identify additional capacity in the network that we are using to increase reach and to consider which hostels might suit a different operating model.
- In London, we made significant progress with our plan to consolidate our network in England's capital.
  - With YHA London St Paul's façade and YHA London St Pancras cladding prohibitively expensive to overhaul, we placed them on the market.
  - In line with our strategic commitment to group's growth, we committed to investment in YHA London Thameside.
  - We concluded YHA's involvement with land originally identified for a potential hostel in Stratford, London. We exercised our option to buy and then sold the land on to a hotel operator with a provision for YHA to benefit financially as and when the site is developed.
- Elsewhere, with a slowdown in demand for city stays since COVID-19, we placed YHA Newcastle Central and YHA Liverpool Central on the market.

39 IT and digital transformation

- We recruited an in-house website development team and began reaping the benefits earlier than planned.
- We improved our online customer journey, delivering self-service booking amendments and cancellations functionality.

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U

Underpinning priorities

40 Equity, Diversity and Inclusion

- We appointed our EDI lead, developed an EDI plan and refreshed our inclusion policy.
- We commenced hostel accessibility audits.
- Across the organisation, inclusion champions have helped embed our values and staff have received inclusion training.
- We launched Outdoor Citizens with the aim of bringing together groups and organisations working to break down barriers to accessing the outdoors.
  - We hosted a tri-partite launch event with Natural England and All the Elements.
  - So far 84 groups have joined our community of practice.
  - We have realised various funding opportunities that are now supporting a number of these groups.

48 People strategy

- We focussed on attracting more diverse applications to our job roles to ensure our people are representative of society and all the beneficiaries we seek to serve.
- We reviewed our pay and policies and made improvements to learning and development, and reward and recognition.

54 Environmental sustainability

- We published our commitment to sustainability, detailing the environmental measures implemented across the hostel network and at national office, and pledging ourselves to key relevant UN Sustainable Development Goals.
- We assembled an energy project team tasked with delivering our energy consumption reduction plan.

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As the year progressed and market conditions changed due to crises in cost of living, inflation, energy and recruitment, some underpinning priorities changed in scope:

Data strategy and the CRM change programme developed as part of the IT and digital transformation project. The communities, campus, brand projects and membership and supporter engagement projects became departmental activities instead of operating plan priorities and will continue for a number of years.

Impact enabling foundations and projects in detail:

- YHA Breaks Programmes
- Youth voice at the heart of decision making
- Volunteering and work experience
- YHA in Wales
- Heart of the Community

With over 130,000 members, our membership has remained strong throughout the year. Renewal rates remained above 83%, whilst over 21,000 new members joined us during the year.

Welcome to those who have joined and thank you to all those who continue to be an integral part of our movement.

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Recovery

Achieving income targets and key KPIs

Hostel opening and trading information

With the news that the final COVID-related restrictions would lift by 1 April 2022, we devised our accommodation opening patterns for the year based on what we thought would best match demand. We were also able to pilot the return of dormitory accommodation at YHA Manchester. This was then rolled out at selected locations, with some availability in every region, from May.

While some guests were keen to have the option of dorms, we didn't experience sufficient demand to open them at every hostel. In contrast, over the last two years, whole hostel hire has proved very popular. So, while we returned to more usual operating patterns overall, we optimised our plans by continuing to offer more opportunities for YHA Exclusive Hire — anticipating that this would continue to make an important contribution to the longer term financial viability of some of our sites.

To improve our customer journey, we integrated YHA Exclusive Hire booking functionality into our main website. Now customers have a single place to browse and book a bed, a room, YHA Camping & Cabins accommodation or a whole hostel. We also improved our member benefit by replacing the £30 YHA Exclusive Hire discount with a 10% discount on the entire booking — plus an extra 5% off if the booking includes anyone under 26. This is part of our fundamental commitment to improving access to travel and adventure for young people.

We reviewed customer feedback on our food and beverage offer to ensure we're continuing to provide good choice, consistency of delivery, quality and value. Our refreshed menus went live from 1 April, with the return of the buffet breakfast and the addition of a 'classic comforts' menu replacing supper club in the evenings. We relaunched the 'kids eat free menu' for the evening and extended it to include our breakfast offer — publicising our commitment to affordability for all, including families with children.

Overall demand recovered relatively well but behaviour tended towards more last-minute bookings than pre-COVID and prone to short-notice changes and cancellations. While international demand has returned, it remains below 40% of pre-COVID levels for international groups (compared to 2019). Ongoing concerns over COVID have been compounded by Brexit for school groups — due to additional costs associated with buying all pupils a passport. For the families and individuals market, as reported in the national media, staycation demand was softer with holidaymakers returning to breaks abroad. We did, however, see a strong short-term uplift in bookings following media reports of airport cancellations and flight disruptions over the summer.

Happily, with the removal of restrictions, we were finally able to welcome back a number of our volunteer hostel managers who covered 95 weeks managing small rural hostels. Overall, however, in line with sector-wide issues, we experienced real challenges in paid staff recruitment. We had significantly fewer applicants — especially from overseas — for seasonal roles and the wider recruitment crisis meant greater competition from other operators able to offer higher salaries. Consequently, we were unable in the early part of the year to put all of our accommodation and facilities on sale.

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Inflation significantly affected key cost lines such as energy, utilities, laundry and food. Energy cost rises were particularly concerning. Over the winter, despite Government support, our energy costs rose £1.8m, £1.4m more than we had anticipated in budgeting.

To protect the charity, we had to adjust our prices. In line with our published Fair Pricing Promise, however, we continue to keep rates as affordable as possible — particularly outside of peak periods. For more information, please see yha.org.uk/stay/book-direct#fairpricingpromise.

While trends in demand and the impact of inflation on the cost base affected us acutely this year, we recognise there will be longer term impacts — particularly on our ability to return quickly to a break-even position. From summer, into autumn, the executive team therefore turned their focus on a recovery plan for the next three years.

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Inspired by our members and guests

We exist to encourage and deliver travel and adventure for everybody, so it's a delight when members and guests share with us the real difference it makes to their health and happiness.

It was a treat to hear from long-time hosteller and family ambassador, Jenny Lunnon at our AGM. She spoke of the impact YHA has on all her family but especially on her son, Alex, who is autistic. Here are a few excerpts from her story.

"

In the five years since our first stay with YHA, we've visited 24 hostels across England and Wales. At YHA Boggle Hole, our children loved the freedom of being able to run around on the beach and up on the moors. And they did so many things for the first time: flying a kite, going on a steam train, visiting a waterfall, an ice cream farm, a sculpture park.

For some autistic children, going on holiday is stressful because they are happier with familiar places and routines. While this is not true of our son, there is a familiarity about hostels that he finds reassuring. He likes to find them on the YHA map, and the fact that they form a network. He knows there will be a self-catering kitchen, bunk beds, the YHA logo, even the same green colour and typeface on the notices.

The experience of travel has benefited Alex in all kinds of ways. Above all, it's helped him engage with the wider world and to learn to communicate with us... because he has things he wants to talk about. He loves the peace of the countryside, he's fascinated by the sight and sound of the sea, he enjoys the feel of mud and sand, he's interested in animals and things that make music. Whereas once we had to push him up hills, he will now walk seven miles or more in almost any weather or terrain, motivated by the enjoyment of the experience... and sometimes a piece of cake at the end.

YHA has celebrated diversity of places, and people, ever since it was founded, and I have so appreciated the warm welcome you have extended to me and my family.

Jenny Lunnon

"

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Engaging with the international hostelling movement

In September, Chief Executive James Blake and Chair Margaret Hart attended the bi-annual Hostelling International conference. Rekindling the flame of global cooperation and community, it was attended by senior leaders from over 30 countries, plus several more online, and offered a great opportunity for us to re-engage with colleagues across the international hostelling movement.

Margaret led a session on inclusion and diversity, and participated in a panel on youth engagement. James chaired a panel on new initiatives, facilitating the sharing of best practice on operating models coming out of the pandemic, and co-chaired a workshop on future international strategy with Hostelling International CEO Brianda Lopez.

Overall, despite the various challenges and crises impacting not-for-profit hostelling organisations around the world, Margaret and James left feeling positive about the opportunity to make hostelling the number one choice for young people seeking affordable, safe, sustainable and ethical travel.

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Long-term cashflow and refinancing

The decision to extend the current loan with HSBC, rather than undertake a full re-tender exercise enabled more time to develop our medium-term financial plan and helped to move the work associated with the re-financing to the 2023/24 financial year.

We kicked off the central services review to understand our future requirements and optimise central services structures with the needs of the hostel network — all with the aim of supporting growth opportunities, the delivery of improved ways of working and to secure an overall reduction in our central overheads.

Cost savings and efficiencies

In the hostel network, we introduced new and improved physical menus and point of sale collateral for hostels to increase awareness of our food and beverage offer.

An update to our operating standards introduced a framework of hardlines and guidelines for hostel teams to follow, providing a consistent approach to standards and service.

We developed a new balanced scorecard, providing a dashboard reporting suite to track progress against KPIs and other trading data. This provides essential insight and has improved efficiencies for cross-departmental ways of working from one central data viewpoint.

To make life easier for all our people, expenses and time rostering solutions have been trialled ahead of roll out.

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Growth

Educational groups growth

Prior to the pandemic, school residential trips represented over 30% of YHA's annual income. Between March 2020 and February 2022, all existing school bookings were cancelled and refunded.

To recover, we would need to grow our schools market share, but our financial position meant a freeze on the marketing budget. We applied for and received a Government Culture Recovery Fund (CRF3) grant of £30,000 to deliver a schools marketing campaign to build back our school residentials business on the back of goodwill we'd achieved by treating our customers well — in comparison to competitors who had refused to return schools' deposits through the pandemic.

Between March and July 2022, the schools marketing campaign aimed to attract new schools and re-engage previous bookers. Working with a specialist education data partner we developed tailored communications to decision makers to encourage them to switch provider when they were ready to recommence planning school residentials.

Recognising that squeezed school budgets and family purses were putting school trips out of reach for millions of children, we campaigned to raise funds to support struggling families with the cost. Our No Child Left Behind appeal, launched at Christmas 2021 and publicised through 2022, was generously supported by members and donors. Thanks to that support, we have raised over £200,000 so far — allowing us to offer bursaries that part-fund schools unable to meet the whole cost of a residential trip and make sure all children have the opportunity of an unforgettable trip.

Our schools campaign resulted in over 400 new bookings worth £1.9m, including 200 schools that booked with YHA for the first time.

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St Joseph's Roman Catholic Primary School visits YHA York

In November 2022, 19 children from this Sheffield primary school came to YHA York for a two-day history package. The school had been offered CRF funding of £1,000 towards the residential. Despite this offer, the school made contact with us as they were struggling to afford the booking. We were able to offer a further £250 through No Child Left Behind funding which meant the booking could go ahead.

"

Without support from YHA, we couldn't have gone on a residential. We cancelled the Year 6 trip because that wasn't affordable for parents; the cost of transport alone was £700 just to get from Sheffield to York. And without the bursary, this residential wouldn't have happened because our parents couldn't afford it.

This is the first time some of the pupils have stayed away from home. One of the little boys said, 'this is the best two days I've ever had at school.' He's late for school every day and he's got low attendance, so for him to say that speaks volumes.

Our young people don't have much outdoor space. A lot of our pupils live in back-to-back houses that don't have gardens, so it's great to get them outdoors. After this trip, they seem more confident and independent.

Laura Atkinson, headteacher

"

"

This trip links really well with what we're studying at the moment, which is Vikings. It's great to have museums near the hostel for the kids to visit. It's so important to get them out and about and see things they've never seen before.

Teaching assistant

"

"

Where the children are from is very much a working class area, so some of them don't really venture out. The trip has been excellently priced and almost every child has been able to come, so that's been really beneficial. Some kids were even excited to get on the motorway as they'd never seen it before. In a way, we get to live the experience again through their eyes.

Teaching assistant

"

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No Child Left Behind

We launched our No Child Left Behind appeal at Christmas 2021 and fundraised for it throughout 2022/23. We are grateful to all those who have donated.

We have begun distributing bursary funds raised through the appeal.

In 2022/23, 29 schools from areas of high deprivation were supported with bursaries through No Child Left Behind.

We continue to fundraise to save residentials for more children at risk of missing out.

You can support the appeal at yha.org.uk/child-appeal.

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Beech Hill Community Primary School visit YHA Chester Hall

In November 2022, students from Beech Hill Community Primary School were supported with bursary funding and enjoyed a residential at YHA Chester Trafford Hall. Here's what Headteacher Michelle McCarthy and some of her students had to say about their experience.

"

Given the financial situation that we all find ourselves in at the moment, budgets are tight, not only in schools but in our families, the possibility of a residential wouldn't be on the horizon unless we had the bursary. It just made it more affordable for families. School subsidised some of it and the bursary from YHA helped children who couldn't ordinarily come on a residential to attend.

We are always amazed when we take our children out of school. The children that we don't expect to come forward as leaders come forward. It's the children who are quiet that succeed and do really well.

Michelle McCarthy, headteacher

"

"

It's really nice because I love fresh air. It's more of a countryside because I live on a main road. There's loads of wildlife like horses and all that.

Pupil

"

"

Most children just play on electronics and stuff now, so it's good to be outside.

Pupil

"

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Transition residentials

In September 2021, we piloted a new residential aimed at supporting young people through transition from primary to secondary school. From February 2022, we built on the findings of that pilot and delivered the finished product transition residential.

Instead of a standard activity package delivered during the period of transition, our pioneering programme has been specially developed as a bespoke transition product. The impact of residentials on pupil attainment are well documented — with benefits tailored to improved learning and educational outcomes. In comparison, research into transition residentials is scarcer. And it's here that YHA is breaking new ground with partner schools.

During the period of transition, both pupils and parents are most concerned about the social and emotional adjustment rather than the academic step up. Our new transition residential therefore prioritises social aspects of transition as well as developing emotional support.

During product development, we piloted our residential design, which had been researched ahead of time, and used evaluation methods to test the impact. We found that adventurous activities were really important. A mixture of high and low activities proved optimal, with high ropes courses and the leap of faith combined with team games and new experiences like weaselling. Activities where success and mastery were probable not just possible — activities that inspired pride and confidence — contributed to pupils' development and improvements in their perceptions of themselves. Children who are more likely to struggle with transition are more likely to experience the positive effects of a residential.

Crucially, building on the lessons of the pilot, our programme designers recognised that school staff participation in activities created a unique opportunity for bonding between new pupils and staff. By taking part in positive stress activities in wild environments together, staff and students got to know each other better.

To ensure educators could keep their energy high during interactions, this residential has more teacher downtime built in than a usual residential. As a result of participating in activities together with pupils, teachers collected successes to celebrate back at school. They had experiences to replay to support pupils' understanding of themselves as a learner and apply that awareness when faced with new challenges in the classroom - "remember when you overcame that challenge, and how you did it, what can you apply here?"

Key residential outcomes

45%

of pupils said their confidence improved

68%

of pupils reported relationships with peers improved

58%

of pupils reported relationships with staff improved

54%

of pupils reported that they felt happier

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“You can be free and with your friends.”

Jeremy

“This has been the best day of my entire life!”

Inbha

“I think everyone is finding it really valuable because they are all making new friends.”

Olivia

Next steps

Two further visits to the participating school will measure impact over time to see if the effects are lasting. We will look to collect future data on attendance, behaviour and attainment of the pupils that took part.

With this data, YHA will share findings with schools and policy makers to make transition smoother for more pupils. As part of our core commitment to equitable access, our next steps are to scope how transition residentials can work best for different groups — for example, how might it be optimised for children in alternative provision or pupils in other age groups facing different changes and challenges.

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Generation Green

The Generation Green project was delivered by the Access Unlimited coalition, led by YHA and formed of four other national charities and the 10 English National Parks. It was funded by the Government's Green Recovery Challenge Fund — delivered by The National Lottery Heritage Fund in partnership with Natural England and the Environment Agency.

The 16-month project launched in spring 2021 and ended in autumn 2022 and reached more than 115,000 children and young people. It created jobs, apprenticeships, and new opportunities for thousands of young people. Importantly, Generation Green prioritised young people living in deprived areas, Black and minority ethnic groups, and those from disadvantaged backgrounds.

Generation Green was launched against the background and challenges of the COVID-19 pandemic where 2 million households had gone through lockdowns without a garden, and half a million children had missed out on residentials with Access Unlimited partners alone. The pandemic only compounded and further exposed the levels of inequity in accessing the outdoors and green spaces that existed pre-COVID.

Exposure to nature has many varied health and wellbeing benefits — particularly for young people. Increased concentration, greater attention capacities, higher academic performance, better motor coordination, reduced stress levels, increased social interaction with adults and other children, and improved social skills are all among the positive outcomes. Plus, connection to nature develops responsible long-term environmentally conscious behaviour.

It is remarkable that in just 16 months, Generation Green connected more than 115,000 children and young people to these benefits even within the constraints of a pandemic. With further support and without social distancing restrictions — we can create an even bigger impact. Through the Access Unlimited coalition, YHA continues to campaign for further funding to support opportunities for more young people.

You can read the full evaluation report for Generation Green at yha.org.uk/generationgreen

Project achievements

During 16 months between spring 2021 and autumn 2022, Generation Green connected more than 115,000 children and young people to nature and outdoor opportunities including education, wellbeing, volunteering and employment — exceeding its projected reach.

- 39,476 young people experienced a facilitated day or residential trip, or self-led experience.
- A third (33%) of young people who undertook a residential trip were from an ethnic minority background.

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- 767 professional or skilled volunteer outdoor leaders were trained.
- 33 individuals were employed through jobs or apprenticeships with Access Unlimited partners.
- Digital learning resources, created by the National Parks, increased the reach of the project by an additional 75,000.

Thanks to Generation Green funding, YHA was able to develop new products and provide 1,600 funded places to 62 schools.

The feedback from these opportunities has been amazing.

One teacher told us of a pupil who had regular absence seizures — as often as every five minutes during lessons — yet during the scavenger hunt and nature art activities which lasted over an hour, he only had one seizure.

On the back of Generation Green, so far, 23 new schools have continued to use YHA for their education residentials. One such school is Welford School, Birmingham.

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A new school discovers the magic of a YHA residential thanks to Generation Green

Welford Primary School is a two-form entry primary school situated in the heart of Handsworth, in inner Birmingham. There are approximately 450 children on role (including Nursery) and of these 54.4% are in receipt of pupil premium funding. The school serves a very rich and diverse community with children coming from a multitude of ethnic and religious backgrounds; this diversity means around 68% of pupils are registered as speaking English as an additional language. The school also lies in a ward that is classed as being within the thousand most deprived in the country (the top percentile on the Government's indices of deprivation) which means many of the school's families deal with a wide variety of challenges in their day-to-day lives.

Welford School first encountered YHA when their assistant headteacher applied for, and was subsequently offered, a place on the Generation Green initiative: an initiative which aimed to connect children with limited access to the countryside with the great outdoors. This proved a huge success as, thanks to a bursary covering part of their accommodation and travel costs, the school were able to extend their day trip into an overnight stay at YHA Castleton Losehill Hall.

"

Our children were blown away by the scenery (lots of oohs and aahs) and their faces upon climbing to the peak of the hill behind the hostel — with huge grins splitting their faces in two — were a sight to behold. Indeed, the current Year 6 still rave about this trip to this day!

Andrew Wills, assistant headteacher

"

"

This year, desperate to provide a similar experience for our current Year 5 children (and a little disheartened by the costs of many outdoor / residential experiences) I applied to YHA for a bursary to support a two-night stay at YHA Ilam Hall where the children would hopefully be taking part in a variety of Generation Green and outdoor education experiences. Thankfully, YHA couldn't have been more helpful, and at relatively short notice were kind enough to provide us with a substantial bursary that quite literally made the difference in terms of many of our families being able to afford and access this trip.

Andrew Wills, assistant headteacher

"

As a result, over half of the Year 5 cohort were able to enjoy an incredible experience in the southern Derbyshire Dales, where they participated in a wide range of exciting outdoor pursuits from hill walking and orienteering to natural art, zip lining and abseiling. As one of their teachers said,

"

This incredible trip meant our children gained new experiences in a beautiful setting that they might otherwise not have encountered. I believe that for many this has fostered a first real love for the countryside and several of them have undoubtedly become both more resilient and independent as a result of this unforgettable couple of days.

"

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Everyone was universally complimentary of the brilliant staff and food they encountered at YHA Ilam Hall.

“

It was really fun and exciting, and we loved all the nature surrounding us.

Jaylah

”

“

It was full of amazing views, especially from the top of the mountain.

Sahejpreet

”

“

I loved the experience from start to finish — especially the orienteering.

Amaana

”

“

It was incredible being out amongst the animals all day. Zip lining and bouldering were both awesome!

Eva

”

New packages

Building on the success of Generation Green funded day trips and residentials, YHA launched two brand new packages for school groups. Caring for Nature and Connecting to Nature have been specifically developed to foster the understanding that nature is not something to be feared but something to be explored.

Connecting to Nature focuses on the restorative benefits of observing and being immersed in nature. Caring for Nature supports skills development, conservation efforts and natural craftsmanship in the outdoors. Both enable pupils to continue their journey of nature discovery after the residential so they can reap the mental and physical benefits for years to come. Among the activities easily replicated at home and school are scavenger hunts, shelter building, nature art and guided walks.

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Non educational groups growth

YHA Festival of Walking

The first ever YHA Festival of Walking took place across September and October 2022, with various free social walks being held across England and Wales, alongside the offer of new self-guided routes. The seven-week event aimed to get more people from different backgrounds involved in walking for health and wellbeing.

To encourage more people to make use of the places and spaces we hold in trust for all, we offered a number of perks — including 25% off stays at selected hostels, 25% off group packages and a free cuppa for walkers at participating properties over the course of the festival.

As you can see from the numbers opposite, through the first Festival of Walking we increased and diversified our reach to deliver impact for new as well as existing users.

Of the dozens of trails completed and the thousands of miles covered — in places as varied as the New Forest, the Peak District, Hadrian's Wall and the Brecon Beacons — one of the stand-out highlights was our Accessible and Sensory Walk from YHA Malham. It attracted a great turn-out. The wild and wonderful scenery of the Yorkshire Dales, combined with some of the National Park's superb accessible paths, made it a day to remember. Among those taking part were a group from Zest, a not-for-profit organisation supporting people from disadvantaged areas of Leeds.

"That was like something out of Jurassic Park — I'll remember that forever!"

Participant

"I'm so grateful to you — this is my first time in the Yorkshire Dales. I've never had a chance like this before."

Participant

Another highlight of the festival was the Connecting Leaders Walk from YHA South Downs. It brought together over 30 CEOs and senior leaders from across the outdoor, environment, heritage, youth and charity sectors to offer a prime opportunity for decision-makers to make fresh connections and discuss issues in common.

"It was really good to catch up with colleagues, practising what we preach and getting out in nature."

Participant

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22

diverse community organisations participated.

engaging 441

people in walking from predominantly culturally diverse communities and other underrepresented groups including women and girls, people with disabilities, and people from lower socio-economic groups.

66

routes published for the festival.

with 4,444

downloads during the festival period.

Production commenced on more circular routes to expand the number of walking opportunities available across YHA's network of hostels.

120

further routes were published by the end of January 2023.

12

social walks took place, which were led by The British Mountaineering Council (BMC) and YHA volunteers, for people less confident about walking alone.

229

people participated in the social walks.

a further 80

participants joined walks from YHA hostels led by The Ramblers.

4 partners

Ordnance Survey, Cotswold Outdoor, The British Mountaineering Council (BMC) and The Ramblers all helped make our first Festival of Walking a success.

18

walking organisations have expressed interest in involvement in a future festival.

We surveyed those that took part and found:

83%

of participants are more likely to call in at a hostel café.

73%

of participants are more likely to stay at a YHA hostel.

100%

of social walks participants would do it again.

To facilitate the first YHA Festival of Walking, we mobilised a new cohort of volunteers to check the routes being mapped. A total of 203 volunteer route checkers worked across 62 hostels in 282 days, contributing 1,974 hours in just two months. A massive achievement. And we are very grateful to all involved.

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Capital strategy

Network and capital strategy projects

London

London will always be of vital importance to YHA but changes brought about by the pandemic necessitated a review of our offer in England's capital.

Prior to the pandemic, 15% of our total beds were in London and these seven hostels contributed 20% of our income. The pandemic significantly disrupted trading in London, especially because of the drop in international travellers and groups. The pandemic has also accelerated existing trends, such as a preference for private and en-suite rooms over dormitories and shared facilities.

The London network has significant maintenance challenges, with over £11m of investment required — including £5m worth of urgent work needed. As a result of the pandemic, YHA no longer has the cash or borrowing headroom to invest in refurbishments in London. Any further investment will therefore have to be financed by the sale of assets.

Our long-term strategy, published in 2020, placed a greater emphasis on schools and groups. This is an area we have a better competitive advantage, compared to the market for short breaks by families and individuals which is saturated with budget accommodation, Airbnbs and hotels.

We have made important decisions this year, acting now to protect the long term-future of YHA in London — ensuring we can continue to offer accessible and affordable accommodation to all who what to explore its culture and heritage.

We placed YHA London St Paul's and YHA London St Pancras on the market. Though both have been great assets to YHA over the years, the huge investment now required to address maintenance issues meant the hostels were sadly no longer viable for YHA. YHA London St Pancras left the YHA network in July 2023 but will remain a hostel, run by another operator.

YHA London Thameside is now our only groups-focused hostel in London. It is therefore critical to our recovery. We prioritised a partial refurbishment during 2022/23 and the hostel will reopen in August 2023.

In December 2023, we exercised our option to purchase a piece of land in Stratford, East London, and then sold the land onto a hotel operator with a provision for YHA to benefit financially as and when the site is developed.

Other network changes

With a decline in interest in city centre stays, we made the decision to seek interest in YHA Newcastle Central and YHA Liverpool Central. Both left the network in early July 2023. YHA Litton Cheney was sold.

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Enterprise framework and integration

Through the formation of Hostelling Together, joining with other UK and Irish associations and independents, we have been able to lobby for and win support for the hostelling cause nationally.

We also recognise the continuing importance of partnership working locally. Since 1931, our network has included hostels run by private owners. Today, these franchise hostels and are an important part of our network make up. To further our knowledge and strengthen our partnerships, this year, we wanted to learn from our existing franchise teams.

The Board met with the owners at YHA Okehampton to hear how their partnership had a positive effect on impact and income for both organisations. We also heard from YHA Hawes as they set out their ambitious programme to support young people with learning difficulties.

This discovery work has informed the proposal to further develop a renewed franchise model for YHA.

One of the newest members of the franchise network is YHA Youlgreave in the beautiful Peak District National Park. Owner Colin Trigg shared his experience with us.

“

Two years ago I bought the YHA at Youlgreave. When I bought the youth hostel it was obviously to continue running it under the YHA franchise scheme. The branding is fantastic. The support I’ve had is fantastic. YHA will take all the bookings for me and tell me who is coming and on what days. I wouldn’t do it without YHA. I’m able to do the bits that I’m good at and YHA do all the bits that I wouldn’t know how to do. I can’t praise YHA enough for the support they’ve given me. I love what they do. I’m really proud.

”

There are currently 30 hostels in our franchise network.

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IT and digital transformation

We continue to transact nearly all of our family and individuals (F&I) bookings through our website and maintain positive customer feedback on the booking system.

This year, we recruited an in-house website development team and began reaping the benefits earlier than planned. Work continued on our IT and digital strategy, developed alongside a review of user experience at all stages of the customer journey. To improve our online customer journey, we delivered self-service booking amendments and cancellations functionality to our website. We are striving to improve where possible and see how we can make it easier for groups to book online too.

Our internal systems have been improved too. We completed a major upgrade to our finance and accounting system. Following a review, our health and safety system was retained.

Customer relationship management (CRM) change project

It has been a long-held ambition to bring all of our data into a single-customer view so that we can engage our users and supporters in the aspects of the charity that most interest them.

Our aim is to deliver best-in-class customer relationship management capability and embed this within our organisational culture to achieve the best possible customer experience. Over the last year, we have made enormous strides towards the completion of our CRM change project to realise this ambition.

Over the course of 2022/23, our CRM system and integrations were made ready for go live and 1.8 million records were cleansed, merged and deleted. The first phase of the project went live in June 2023. The remaining elements of the project will be delivered in stages for the remainder of 2023/24.

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Underpinning priorities

Equity, Diversity and Inclusion

In 2022 we published our Equity, Diversity and Inclusion (EDI) strategy and appointed our EDI manager. To assist people in planning their trips, we began refreshing and improving the usability of YHA's access statements. And, beginning in October 2022, we commissioned the first cohort of hostel audits resulting in site-specific action plans. When complete and taken together over the next three years, these will enable us to improve access to our hostels, considering mobility and sensory issues, neurodiversity, learning disabilities and the hidden disabilities of service users within our buildings.

Also this year, we updated our Inclusion Policy and associated EDI policies following feedback from external consultants and with input from internal stakeholders. Changes reflect good practice on policy development in this area related to content, structure and approach to emerging EDI themes.

We have appointed staff inclusion champions who will be instrumental in delivering our EDI work within their teams and throughout the organisation.

Diversity in the workplace

We have taken great strides in our commitment to being a truly inclusive employer — delivering a range of benchmarking, recruitment and training initiatives that are contributing to the development of a more diverse workforce. All of which are detailed in the People section on page 48.

In line with our strategic priority to ensure YHA is for all, we are delighted to report on the successful launch of a pioneering access programme called Outdoor Citizens.

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Outdoor Citizens

As a 93-year-old charity, YHA has long campaigned for access for all to the outdoors. While we are committed to connecting people to the outdoors — up to a million annually — we know we still have much more to do to increase access and challenge current inequities, some of which were compounded by the pandemic. This could only be done by acknowledging and using our power and influence as a large charity to support, collaborate and learn with expert community groups to tackle some of the access challenges head on. We set out on a journey to find practical solutions to getting funding, help grassroots organisations to build capacity, and foster collaboration through networking events and more.

We identified that the solution to increasing access to outdoor spaces and protected public landscapes lay in the creation of a community of front-line organisations. Through Outdoor Citizens, we could offer a more streamlined route to funding and resources and begin the process of connecting a community of practitioners who are all committed to creating a more equitable outdoors. Outdoor Citizens launched in September 2022.

To prepare the project for launch, we collaborated with All the Elements and other community members, who act as critical friends and advisory partners.

YHA has a track record of distributing/targeting funding and support through several well-established programmes and projects, including Generation Green, YHA Breaks Programmes, No Child Left Behind bursaries and National Citizen Service (NCS). Using our experience, we became the legal host organisation to Outdoor Citizens. YHA is both a funder and resource partner.

To support this community of organisations, we offer members discounts on YHA accommodation, free hire of meeting rooms and we distribute third party funding to member organisation projects that directly or indirectly connect more people from their communities to the outdoors.

To date, a total of £529,097 of funding has been achieved for Outdoor Citizens. YHA secured funding from Sport England (£284,079), Natural England (£190,000), Pilgrim Trust (£50,000) and Cotswold Outdoor (£5,000).

Of these externally secured funds, over £320,000 is being used for onward granting. This has, so far, supported over 84 community group activation and capacity building projects. £123,500 is being used for resilience building programmes which include workshops and events focussed on meeting the identified needs of member organisations. The remainder has funded the employment of a community manager to manage activities and events and provide practical support to the community members.

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To date, Outdoor Citizens has provided funding to 84 projects across 49 organisations.

90% of beneficiary organisations reported that they have been able to offer more opportunities for people in their communities to be active outdoors.

87% reported they have been able to attract more people to their activities.

70% reported that they have been able to upskill people from their communities.

“

We have an outdoor sector, an outdoor space, that lacks massively in diversity. It’s not representative and unless we make it easier for organisations to access the resources that they need and the services that they need, then we’re going to continue with that lack of diversity.

Gina McCabe, Outdoor Citizens community manager

”

Outdoor Citizens is a truly innovative project, building on YHA’s experience and heritage in ensuring access for all to the outdoors. It is built on the belief that community organisations hold the key to tackling inequity of access. Through onward granting, we enable member organisations to build their capacity and help them engage more people from their communities in outdoor activity and/or nature connections.

By targeting support to currently underrepresented groups and engaging community organisations in the outdoors, we have reached and attracted a wider range of people to make use of our places and spaces which are held in trust for the benefit of all. We are delighted to welcome these organisations to YHA, many of whom have engaged and stayed with us for the first time.

Given our size and spread across England and Wales we recognise that we have a key role to play in ensuring access for all and bringing about systemic change.

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Timeline

2022

January - March 22

Outdoor Citizens is set up.

March 22 onwards

Community group members are recruited.

- Sport England funding secured for onward granting to member projects that connect people from underrepresented groups to outdoor physical activity.
- Natural England funding secured for onward granting to member projects that connect people from underrepresented groups to nature.

September 22

The official launch of Outdoor Citizens at The Outdoor Connections event held at YHA London Lee Valley — an event developed in association with Natural England and All the Elements, attended by over 70 representatives from community organisations

September 22 - March 23

Onward granting continues.

February 22

A community manager is appointed.

August - October 22

Outdoor Citizens members are offered bursaries to put on taster events to engage more people from their communities in walking linked to the YHA Festival of Walking (Sep/Oct 22).

December 22

The Pilgrim Trust invests in Outdoor Citizens further boosting funds for onward granting.

2023

By March 23

A total of 69 (this now stands at 84) community groups had joined the community of practice.

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Become United

With over 20 years of experience working with the South Asian and BME communities, Become United aims to create a structurally safe place for all people, promoting equality, inclusivity, and social cohesion. The charity, based in Greater Manchester, provides a wide range of services, including education support, advice and guidance, weekend school for children, and emergency food assistance for vulnerable Black, Asian, Minority Ethnic and Refugee (BAMER) people and residents facing poverty in Rochdale and Oldham.

Being a part of Outdoor Citizens has brought valuable opportunities for the organisation to engage with the community and break down barriers to outdoor engagement. Already, it has delivered a residential adventure programme for 45 disadvantaged children at a YHA hostel plus Become United has been supported to offer walk leader training for community members.

"

Outdoor Citizens has provided us with resources, support, and expertise in outdoor engagement, helping us improve our capacity to facilitate outdoor activities and create positive experiences for community members.

The training courses have equipped our organisation with valuable skills and knowledge to lead outdoor activities safely and effectively, while also building confidence and competence among our team. This has enabled us to expand our offerings and create a more inclusive and diverse outdoor engagement programme that caters to the needs and interests of our BAME community members.

Outdoor Citizens has been instrumental in helping us enhance our organisation's ability to provide meaningful experiences that promote health, wellbeing, and inclusivity in our community. Our walking lead training course will enable the BAME community to feel more comfortable and engage with the outdoors.

Mohammed Towhasir, Become United project manager

"

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Loughborough Female Fitness

The club based in Loughborough, Leicestershire, aims to improve women's health and wellbeing by building their confidence in spending time outdoors. The club provides a variety of physical activity opportunities for women and girls such as walking, hiking, cardio sessions, basketball training, spinning and more. The organisation seeks to normalise being active in female-only spaces and empower local women by providing a 'training ground' for women to become walk-leaders, run-leaders, and first aid trained.

All activities are organised, led and attended by women. Sessions are open to all, but the club specifically invite and encourage women from ethnic minority communities and faith groups to participate. As a result, the majority of attenders are ethnic minority and Muslim women.

"

The women we serve through our club are not the ones who can drive to a remote location in the Peak District and participate in a hike organised by relative 'strangers'. The barriers to get to that point are endless; lacking means, confidence and trust of family members being a few. Through our consistent work, we try to tackle each of these invisible barriers, in the hope that this will slowly start changing — which it is!

COVID made things worse; we all know this, but for women who may previously not have been so active, the barriers and lack of confidence had become even worse. We have had women turn up to our walks, who stopped leaving home since COVID, and had become even more reclusive after all the lockdowns. Spending time in smaller groups with other women, while in outdoor spaces has been the best result, as this has brought many out of their shells and increased the confidence in so many others.

Samin Mughal, founder

"

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Membership of Outdoor Citizens has brought support and opportunities to bring women into the outdoors. The biggest learning has been seeing what can be achieved by working alongside other like-minded groups. Outdoor Citizens pointed Samin in the direction of funding opportunities for the group which has resulted in help with transport and other costs so that the group could bring women to hikes and explore further afield in a safe environment. As part of YHA's Festival of Walking, the group brought 16 women to YHA Eyam for example.

"The trips to the Peak District have sparked so much joy and experience for our women in spending time outdoors; everything from packing your bag for a day out to recognising that walking routes exist across National Parks in our country, to so many practical learnings and discovery of visiting points (such as Chatsworth House). All of this increases the confidence in our women to explore the outdoors and start feeling comfortable in these spaces/areas, and makes the journey of improving health/fitness, more exciting."

Samin Mughal, founder

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People strategy

Investing in our people

We proudly maintained our Investors in People Gold accreditation in 2021/22. Over the course of 2022/23, we completed a pay review, committed to paying the Living Wage and launched the Employee Assistance Programme. We also improved our staff handbook and learning management system. Our revised recognition and rewards platforms demonstrate our commitment to the wellbeing of our people.

INVESTORS IN PEOPLE®
We invest in people Gold

Investing in our people

Beginning in 2021 and progressing through 2022/23, we have intensified our efforts in specialist training in unconscious bias and EDI awareness through funding and collaboration with external training providers.

Following the delivery of a general 'respect at work' training programme, we identified that we couldn't adequately cover all topics at once. We set about prioritising.

Responding to the prominence of menopause in the news and throughout HR forums, as well as an internal request for awareness raising, the EDI project team looked for resources, wrote a topic-specific policy, created a menopause intranet page and awareness module that was later released on our training platform in November 2022.

At the beginning of 2023, the team put together a tactical plan and began to look at training around neurodiversity. As a result, our focus will commence with training specifically on autism and dyslexia, looking at how these conditions impact employees, users and stakeholders. We will then expand to further topics on neurodiversity in coming years.

Practically, we have begun to capture and support reasonable adjustment requests by revising our candidate journey to include information so that people know how to let us know about any additional needs ahead of interview and in their training and development.

In January 2023, we launched a significantly improved learning management system, Mapal, following consultation with internal stakeholders through the tender process. So far we have issued learning modules including mental wellness and disability awareness.

In February 2023, we signed up to the National Autism Society 'Autism Friendly Award'. This 12-month accreditation is designed to support customer-facing organisations providing a welcoming and inclusive service for people who are on the autism spectrum.

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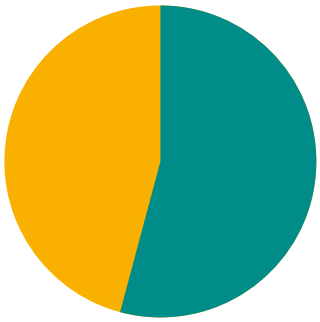
Working to eliminate the gender pay gap

This year, we made progress towards eliminating the gender pay gap. On the mandatory snapshot date of 5 April 2022, we reported the mean hourly rate paid to females was 5.06% lower than the average hourly rate paid to males. The median was 6.34% lower for females.

We are pleased that there have been improvements in the mean data, a change of 0.78% compared to 2019 (which offers a more accurate comparison than 2021 and 2022 when furlough was in effect and therefore headcount atypical). There has however been a 0.29% increase in the median since 2019.

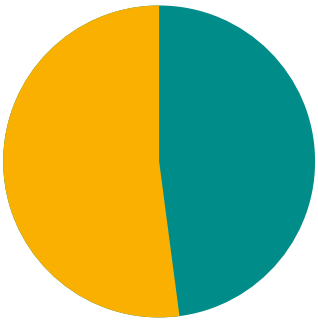
Our split by pay quartile

on 5 April 2022



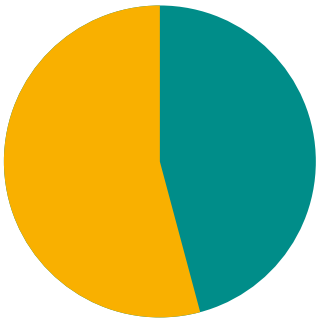
Upper

- Female 46%
- Male 54%



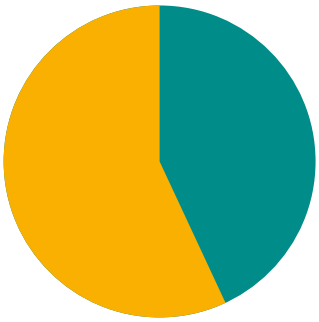
Upper middle

- Female 52%
- Male 48%



Lower middle

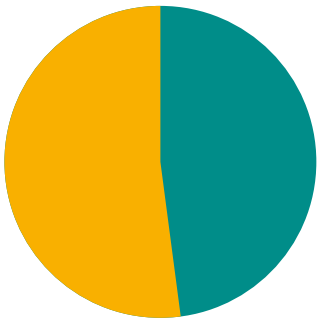
- Female 54%
- Male 46%



Lower middle

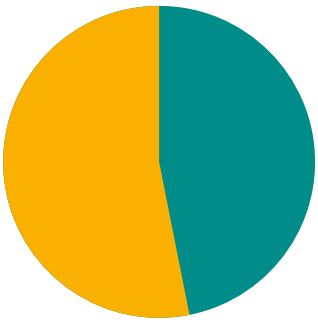
- Female 57%
- Male 43%

on 5 April 2019



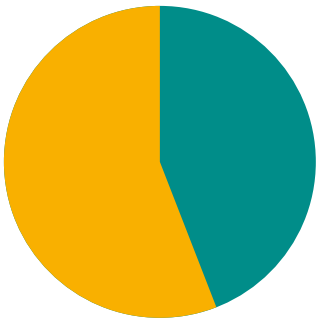
Upper middle

- Female 52%
- Male 48%



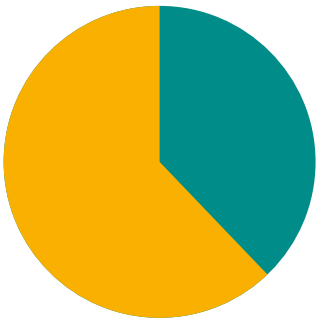
Upper middle

- Female 53%
- Male 47%



Lower middle

- Female 56%
- Male 44%



Lower

- Female 62%
- Male 38%

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Commentary

The charts above identify the number of females versus males employed in each pay quartile in 2022 and the last comparable full year in 2019. The upper quartile has seen a shift with fewer females than males employed, mainly due to a higher proportion of males in technical and IT roles, typical of this sector, however, at the most senior level (Associate Director and Executive Director level) roles are held by females. The number of females employed in the lower and lower middle quartiles are primarily held by staff within the hostel network, in hospitality/catering/housekeeping and customer service roles, which is typical of the gender balance in these types of roles across the UK.

We will continue to work towards eliminating the pay gap.

Attracting a broad range of people

In recent years, we have achieved a significant increase in the proportion of staff from diverse backgrounds. We now have EDI data for 87% of YHA staff and Trustees, enabling us to monitor changes in our workforce make up. During 2021/22, we increased the proportion of staff from ethnic minority backgrounds from 2% to 8%.

In 2022 we became aware of a change in official government groupings in ethnic diversity monitoring. Stepping into line with this change, for 2022/23 we can report 18.2% of our workforce as being from an ethnic minority.

We are engaging a broader range of people in our recruitment process too, with 42% of applicants from ethnic minority backgrounds.

How we compare with others in the sector

The environment and conservation professions are amongst the least diverse in the UK.

Racial Action for the Climate Emergency (RACE) is working with organisations to drive transparency that will create the impetus to go further and faster on diversity and inclusion.

The RACE Report was created to highlight the need for greater representation in sustainability and climate action.

In 2022 we submitted data to The RACE Report, along with 90 other charities, trusts and foundations that predominantly work on environmental, climate, nature or sustainability issues. It was submitted in the form of staff headcount for each race/ethnicity. These numbers were totalled across all organisations to calculate the percentage of representation for each race/ethnicity and total number of staff.

The report found that, across the 91 organisations, 7% of staff identify as people of colour and racially/ethnically marginalised groups.

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Pledging our support for change

Chief Executive James Blake signed up to eight leadership principles that address equity, diversity and inclusion. These principles are part of the Racial Diversity in the Charity Sector report, a collaboration between the Association of Chief Executives of Voluntary Organisations (ACEVO) and the Institute of Fundraising.

The pledges can be found at acevo.org.uk/eight-principles-to-address-the-diversity-deficit-in-charity-leadership.

We have made several strategically important steps forward in equity, diversity and inclusion — particularly in the area of recruitment and workplace inclusion. Without the lessons of the Sport England apprenticeship programme, completed in 2022, this progress would not have happened so quickly.

SPORT ENGLAND

Instructor Apprenticeships

In 2018/19, YHA developed a project focused on the lack of ethnic diversity and underrepresentation of women in outdoor sector jobs. We planned to use our scale and networks to address this issue in activity instructor recruitment and encourage a broader range of people to consider this career path.

Between September 2021 and November 2022, we delivered Sport England Diversity in Workplace Outdoor Education Instructor Apprenticeships. We ran a recruitment event with an adventurous activity and problem-solving session. Participants experienced first-hand the types of activities they would deliver through the apprenticeship scheme.

Due to candidate withdrawals or lack of suitability to the role, unfortunately there were no successful applicants from ethnic minorities. With Sport England permission,

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we therefore refocussed the apprenticeship to target female participants and others who struggle to otherwise access a career in the outdoors due to personal experience, mental health or socio-economic reasons.

During the course, two apprentices withdrew. From the remaining four, three successfully completed the end point assessment with YHA and the final candidate completed their apprenticeship with our partner provider at another venue. Of the three completing with us, one has gone on to be employed by YHA. The other two plan to remain in the outdoor sector and have applied for jobs at outdoor centres. We achieved some significant successes and lessons from this project that will help shape future projects.

- Annually we advertise more than 50 activity roles. Prior to the four applicants to this programme, no one disclosing an ethnic minority background had applied for these roles. Unable to identify a single factor that prevented us reaching more diverse groups, we concluded that it will take longer to affect change in this area through multiple approaches.
- This first-of-its-kind apprenticeship for YHA was delivered against the backdrop of COVID-19 and a recruitment crisis. However, growing through the challenges, our apprentices reflected that they had learnt so much more than how to deliver activities.
- Without the restrictions of COVID-19, we believe an adaptation to this programme has the potential to provide YHA with more diverse, highly trained and motivated outdoor activity instructors.

“

Life changing, with lots of moving around, and I’ve grown so much throughout. A massive journey. It’s been great.

”

“

Life forming.

”

UNITING THE MOVEMENT

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Environmental sustainability

In November 2022, we published our renewed commitment to environmental sustainability statement. It detailed our progress to date, the development of YHA's energy reduction plan, and plans for the future — based around key relevant UN Sustainable Development Goals.

Prior to the pandemic we had carried out a comprehensive environmental audit across the organisation to inform our strategy. The pandemic significantly affected our operating model and ways of working — in many cases accelerating our ability to reduce our carbon use.

Here are a few examples of the changes implemented since the pandemic that are making an impact:

- We have continued to develop and implement our 'world class operating manual' to further reduce energy consumption, increase recycling and reduce environmental impact.
  - We introduced new Tersano cleaning technology into our hostels, resulting in a 43% reduction in chemical use across our network at a time of significantly enhanced cleaning due to COVID-19.
  - We introduced hand dryers across the network, resulting in an 85% reduction in paper towels.
  - We introduced home-made yoghurt, removing 220,000 plastic yogurt pots per year.
- We introduced hybrid working across the organisation, which over the last year resulted in a 40% decrease in our Scope 1 and 2 emissions.
- We extended our trial in EV charging to include National Office and three of our hostels.
- We initiated and supported local sustainability projects across our network, from tree and hedgerow planting to beach cleans to working with local community groups to reuse and recycle unused food and furniture.
- We have increased signposting of public-transport-accessible hostels and car-free travel — including marketing that supports pro-environmental choices such as use of the £2 bus fare cap for single journeys, and the publication of multiple pieces on hostel-to-hostel walking and cycling routes.

In 2022/23 we assembled a cross-organisational energy project team tasked with identifying the highest priority areas to save energy and costs — targeting a 5% reduction through behaviour change in 2023/24.

YHA is committed to achieving net zero emissions no later than 2050. We will develop meaningful and realistic targets which allow us to measure progress, building on our Carbon Reduction Plan, which sets out how we intend to reduce our emissions by a further 26% by 2027.

You can read environmental sustainability statement at yha.org.uk/environment-policy.

For more on projects encouraging and educating on environmental sustainability, see p28 for the landmark Generation Green project and p33 for our Festival of Walking.

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Foundations and impact enabling projects

YHA Breaks Programmes

Adventures with YHA improve health, wellbeing and life skills through connections to nature, the outdoors, culture and heritage. Whether you're a paying guest or supported with a funded stay, you are receiving the benefits of our charity. Every stay makes up our charitable impact.

Our fundamental belief is that everyone should have access to travel and adventure. But they don't. Sometimes the cost of a stay or kit is the barrier. For others, a lack of confidence stands in their way. For others, the obstacle might be caring responsibilities at home or acclimatising to a new country having fled your own.

Through the YHA Breaks Programmes, we offer free and funded trips for young people and families who need extra help — those facing challenges that make travel and adventure hard to access.

Our Breaks Programmes are designed for groups of young people and groups of families who need additional support while they're away with us. To ensure we support those with the greatest need, we work in partnership with organisations and other charities to plan and deliver these breaks — which are typically two nights, with full board and activities.

In 2022/23, 38 groups and a total of 981 young people received support through the Breaks Programmes. We hosted a variety of groups, supporting young carers, young people with disabilities and/or health conditions, young people with additional needs, refugees and migrant groups, and low-income families.

Helping Kids Achieve

Founded in Nottingham in 2018, Helping Kids Achieve exists to empower disadvantaged and vulnerable young people through sport. They help young people become the best versions of themselves — through multi-sport sessions (from BMX to basketball), community engagement and outreach that includes mentoring and raising awareness of the risk of anti-social behaviour.

In October 2022, a group of 18 young people and five adults came on a fully funded two-night residential to YHA Ilam Hall. Here they got the opportunity to try adventurous, outdoor physical challenges including canoeing, abseiling and mountain climbing. Here's what some of the young people said about their experience.

"My favourite part of the trip was canoeing and abseiling, because it was very fun and cool."

"I enjoyed spending time with friends, having deep talks at night and relaxing."

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LEAPS Suffolk

This not-for-profit organisation provides community-based support for people with a variety of additional needs including Autism, ADHD and GDD. They organise different experiences for individuals and families, including school holiday clubs, respite for parents and carers, and outings such as cinema and theatre trips, bowling, and zoo visits.

We welcomed LEAPS Suffolk back in October 2022 for a fully funded, adventure filled, three-night residential for 11 young people. Activities included a night hike up Mam Tor, canoeing, archery, and abseiling.

“

Some of those that attended have never been on holiday. The reasons vary. Some parents feel unable to take their child away due to their needs, some are young carers with their own needs, some due to low income, or a combination of these factors. So, to make these memories and to give everyone a sense of pride and a huge boost to their confidence is unforgettable. We left with a group of superheroes on the bus, who had all conquered the world! Thank you YHA. We could not do this without you.

LEAPS Suffolk founder and managing director

”

“

I really enjoyed abseiling the most and I also enjoyed canoeing. To be honest, I really enjoyed all of it. These four days have been absolutely amazing. I really like the people that work here. Everything about this trip is very brilliant and I would like to come here again.

Young participant

”

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LS29

LS29 is a local support group in Ilkley, Yorkshire for children and young people with additional needs and their families. It was founded in 2006 by a group of parents unhappy with the lack of support in their area. The group organises new challenges and experiences for young people as well as social events for parents.

In August and September 2022, we welcomed a group of families including 72 young people over two trips to YHA Edale — our dedicated activity centre in the Peak District. Our guests participated in a range of activities that many of the young people were experiencing for the first time.

“

The weekend has been mind-blowing. We are a family with a severely disabled young adult and we never thought it possible he would have been able to access canoeing. The positive ‘can do’ approach of staff has made it possible.

Parent

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“

My little boy is non mobility and he managed to do every activity with the support from staff. It was very emotional seeing him do things he could never have done. Thank you!

Parent

”

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Manor Park Farm Sports Club

The sports club has been providing sports and leisure activities to the community in Walsall since 1977. The organisation offers enrichment, educational and support activities to young people too — including job clubs for people with additional needs as well as social events.

Joining us in May 2022, 140 people were funded for an activity break at YHA Chester Trafford Hall. This group brought a group of families - many from ethnic minorities and some were refugees and migrants.

“

We had a very beautiful trip and a great time to meet everyone. We have only been in this country for a few years and finally our children had fun and we as adults were able to feel less lonely and now have a big family.

Parent

”

“

As a single mother, it’s really hard to be able to take my children out of Birmingham, and I always become anxious during holidays as we can’t afford to go away. This weekend was our holiday and the children have not stopped speaking about it. Thank you so much.

Parent

”

“

I had so much fun, I really enjoyed shooting arrows and lighting fires. It was amazing.

Child

”

Support us

YHA Breaks Programmes are wholly funded by fundraised and voluntary income.

Show your support with a donation and we will turn your gift into more life-changing, confidence-boosting, hope-inspiring adventures for those with the fewest chances in life.

yha.org.uk/yha-breaks-programmes

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Youth voice at the heart of decision making

As a charity set up to help all but especially young people, it's vital that we place young people at the centre of decision making. The Youth Advisory Team (YAT) was set up in 2021 to help shape YHA by bringing a varied group of young people into YHA's governance. They have been involved in all aspects of the charity's decision making. They made the following recommendations.

They said, we did

- We should make greater inroads into university societies so that YHA is front of mind when they're planning group travel.
  - We engaged the YAT sub-committees in promoting our first Festival of Walking to young people via universities.
- Young people needed a voice in the development of equity, diversity and inclusion at YHA.
  - A sub-committee supported our EDI manager and outputs included assisting with the review of our EDI policy, the development of a diversity calendar and involvement in preparing for hostel accessibility audits.
- Young people could be more closely involved in the work of YHA departments.
  - A YAT member joined our Nominations Committee responsible for the recruitment of new Trustees.
  - Another got involved in the development of our strategy for YHA in Wales.
  - YAT members were involved in the Generation Green Project, providing feedback on project assets and communications.
  - Working with our executive director of investment and infrastructure, YAT members supported YHA's sustainability planning by inputting into the 10 guiding principles.
  - A number of YAT members have contributed blogs for our main content hub livemore.yha.org.uk.

The Youth Advisory Team has now been paused pending a review of the first two years so we can further develop our youth voice model. In the meantime, members of the Youth Advisory Team will continue their work in the key focus area of EDI. The thing that has generated most interest for many is finding ways to encourage young people who wouldn't normally access YHA to become involved and benefit from new opportunities. We welcome their continued insight and invaluable contribution.

This interview with two members of the team demonstrates their commitment and the value of their experience — to themselves and to YHA in turn.

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Q. How, and why, did you first get into volunteering?

“

Due to my natural desire to support people and good causes, I have always been interested in the idea of volunteering. I was keen to gain experiences outside of my degree, so I applied to the YHA youth advisory role. Since taking on this role, I’ve become incredibly passionate about volunteering, and I’m currently leading a charity project in my workplace.

Hannah

”

“

It’s really important to offer commitment to charities as an act of vocation, where I can learn life skills and boost my employability.

Christopher

”

Q. Which projects have you been involved in at YHA?

“

During my two years as a youth advisor, I worked closely on the Generation Green project — an initiative providing 115,000 opportunities to connect young people to nature. I’m currently working on a project to encourage more young people from different groups to come together to socialise, enjoy the outdoors and have fun.

Hannah

”

“

As a volunteer team leader at YHA Edale, I’ve supported with outdoor activity planning and enrichment for children on summer camp programmes. I have contributed to sustainability and youth workshops, while also helping to paint and decorate at the YHA Brecon Beacons Danywenallt working party.

Christopher

”

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Q. What are the benefits to young people of taking part in volunteering?

“

It allows you to meet a range of people from different backgrounds, helping you to gain key people skills. I’ve gained so much confidence in myself since joining the volunteering community here. Not only that, but volunteering can open many doors to other exciting career opportunities.

Hannah

”

Q. What skills have you developed?

“

Volunteering at YHA has allowed me to build on my people, teamwork and confidence skills.

Hannah

”

“

I’ve enhanced my teamwork, leadership and interpersonal skills, along with the ability to relate to others in shared values and ethos at YHA.

Christopher

”

Q. How do you feel volunteering has improved your employability?

“

I now stand out to employers, as during interviews I have been able to reference experiences I’ve had while volunteering. Choosing to volunteer with charities that I’m passionate about has given me the opportunity to demonstrate who I am, and what my values are.

Hannah

”

“

It’s a real benefit to see how a national charity works. I’ve had the chance to meet many new people and expand my skill set which will be transferable to future roles.

Christopher

”

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Volunteering and work experience

Duke of Edinburgh Gold residentials

YHA is the biggest provider of low to no cost Duke of Edinburgh (DofE) residentials. As we don't charge anything to participants, we attract a large volume of applications. Historically, we've only been able to respond to a quarter of applications. To address this oversubscription, in 2021/22 we created a new volunteering programme: DofE youth support leader.

By engaging volunteers to support other volunteers, we have been able to build capacity and assist more young people in the completion of their DofE award.

DofE youth support leader programme

The YHA DofE youth support leader programme allows us to give participants meaningful work experience with mutual benefits for volunteers, young people and hostel teams.

"

My YHA volunteering journey started a while back, when I had been a volunteer manager at a small remote YHA hostel. During my time, I welcomed many DofE groups to the hostel at the end of their multi-day expedition. I was struck by the determination, team spirit, and care for each other that the scheme had engendered. YHA is an approved activity provider of DofE Gold awards and when they called for volunteers to support the delivery of these residentials it seemed like an excellent opportunity to get involved.

This year, I supported DofE volunteers through their residentials at YHA Snowdon Ranger and YHA Hathersage. The group took on the redecoration of en-suite dorms, a drying room and games room At YHA Hathersage, volunteers revamped the seasonal staff accommodation. Others got involved with the relaying of turf, creation of deadwood hedge and removal of brambles.

I always come away with a feeling of quiet satisfaction and very proud of the work that groups have done willingly — the greatest inspiration to join this programme was from the participants themselves. It's also brilliant to see how impressed the hostel managers are by what these young adults have achieved in a short period. How has it changed me? Well, I recall the old Bob Dylan lyric: 'I was so much older then, I am younger than that now.

Stephen Mulcahy, YHA DofE youth support leader

"

"

This week has been a huge success. The team have worked brilliantly and the tasks achieved have made a massive difference to me and the site.

Stacy, hostel manager at YHA Hathersage

"

"

Thank you to the YHA team for making this residential so enjoyable! This experience helped me develop lots of key skills. Thank you.

DofE Gold residential participant

"

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Working parties

We're grateful to all the volunteers who have joined our working parties this year. They have worked hard to keep our hostels looking ship shape and we appreciate all their efforts with painting, decorating, cleaning, gardening and grounds work. We're an organisation built by volunteers and, as a charity with finite resources, truly appreciate everyone who gives their time and energy for free for the benefit of others. And it's brilliant to hear that our volunteers get something out of the experience too!

"

I had a lovely time and it was pleasing to see the difference we had made by the end. It was very nice to meet everyone and work together as a team. There is something very special about YHA which means that members are willing to do things like this for an organisation they really value.

Martin Tiller, after the YHA Jordans working party

"

"

Thanks to all for your good company and chatter.

Hannah

"

"

Work completed included painting of the dining room, games and foyer. Some gardening was carried out too... Margaret did a brilliant job on this. The campers wash area was given a bit of a face lift too. And finally, the social part... equally enjoyable.

Helen-Maurice Jones, after the YHA Manorbier working party

"

Thanks to funding from Generation Green, 47 hospitality students from North Lindsey College joined us for working parties at YHA Haworth and YHA Sherwood Forest and gained hands-on industry experience.

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Traineeships

This year, 18 young people completed YHA Mencap traineeships.This 16-week programme for young volunteers with special educational needs consisted of six weeks pre-work training and 10-week non-residential placements at a hostel. Hostel staff received co-designed guidance and training and the trainees were fully supported by Mencap job coaches and support workers.

At the end of the programme, we're delighted to say that five participants received job offers, with trainees taking up employment at two London hostels.

The remainder moved on to further education. Congratulations to all involved.

YHA in Wales

In spring 2022 we shared our conversation document containing draft proposals for the implementation of our 2020 strategy in Wales – taking into account Wales's own unique history, heritage, language, landscapes, communities and government to ensure we tailor our exiting strategy to Wales and its specific strengths, challenges and priorities.

We engaged members, partners, teams and stakeholders with an accompanying survey to gather views on how best to deliver adventure for the first time and a lifetime for people and communities in Wales.

Over 300 organisations contributed to its development and, over the summer, YHA's executive team held a number of positive conversations with stakeholders from the Welsh Government, Visit Wales, National Parks, and the voluntary and youth sectors in Wales as part of the process to finalise the strategy.

On Tuesday 29 November 2022, we launched our strategy for YHA in Wales at the Senedd with five pledges.

1. We pledge to strengthen the role our hostels and YHA play in celebrating Wales's natural and cultural heritage, and better connect with local communities in our inspirational locations.
2. We pledge to improve the use of the Welsh language across our organisation by signing up to the Welsh language Commissioner's Cynnig Cymraeg initiative.
3. We pledge to support more young people and families living in Wales to experience adventure, working more closely with partners to engage more young people and families with our various programmes and projects — including our funded breaks, our Campus and work readiness programmes, and tailoring our schools/education residential offer to support the implementation of the new curriculum in Wales.
4. We pledge to ensure we have the right mix of hostels in the right places in Wales, all offering quality stays — considering all of our potential income streams and operating models to ensure we have the best mix for a modern charity and large social enterprise.
5. We pledge to make sure our programmes and operations across the organisation consider the specific context of Wales.

In the time since we launched the strategy, we have begun work in earnest in these areas — making progress, in particular, with embedding use of the Welsh language and committing to consistency in our translation of key documents into Welsh. We have also cemented important partnerships to deliver opportunities for young people in Wales. Here's just one example.

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Residential delivered in partnership thanks to Deaf Access Cymru

Thanks to funding from Deaf Access Cymru, YHA was able to help a group of D/deaf and hard of hearing young people from South Wales and North West England to take part in a residential at YHA Brecon Beacons Danywenallt in October 2022. The residential was delivered in partnership with Deaf Hub Wales, Cardiff Council Youth Services Inclusion Team and Deaf Hub North West. Fourteen young people were able to experience a range of outdoor activities, supported by BSL interpreters and youth workers from across the partnership.

As well as physical activities, the young people also took part in mindfulness sessions. These sessions focussed on supporting mental wellbeing, offering them techniques and tools to support positive mental health and help build resilience.

“

This project paved the way to promote wellbeing and mindfulness to D/deaf young people in a meaningful way, rather than relying on an interpreter and hearing trainer which often do not meet the cultural or linguistic needs of the groups.

Stuart Parkinson from Deaf Hub Wales

”

The residential was a learning experience for the hostel team too. YHA staff took part in awareness training as part of the project, learning basic BSL phrases and how to finger spell their own name. Following the success of this residential, and with further funding from Deaf Access Cymru, we are planning further residentials of this kind. Thanks to Eric and Barry at Deaf Access Cymru. Your support has had such a positive impact on the young people who took part.

Heart of the Community

In spring 2022, we launched The Heart of the Community appeal to raise funds to install life-saving defibrillators at our hostels for the benefit of guests and the local community. So far, we have raised £17k which will fund 10 defibrillators, plus we have received additional gift in kind donations at several hostels.

NCS

Over the summer we welcomed over 4,700 participants on the Government’s National Citizen Service (NCS) for the first time since 2019.

Summer camps

We ran our summer camps programme with the armed services families for almost 600 young people.

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Financial performance review

	2023 £ million	2022 £ million	2021 £ million	2020 £ million
Revenue from operating youth hostels	**40.8**	21.3	10.6	46.0
Commercial trading income	**5.1**	3.7	2.0	6.9
Donations, grants and legacies	**2.5**	9.2	12.5	1.9
Membership income	**1.0**	1.0	0.9	1.1
Other income including gains on hostel disposals	**7.5**	0.4	0.3	—
Total income	**56.9**	35.6	26.3	55.9
Operating costs from operating youth hostels				
Direct operating costs	**(32.0)**	(21.7)	(21.0)	(30.6)
Maintenance costs	**(4.4)**	(3.8)	(2.6)	(4.2)
Central costs	**(9.9)**	(8.6)	(8.2)	(9.6)
Interest costs	**(3.1)**	(1.7)	(1.5)	(1.6)
Depreciation and impairment costs	**(5.5)**	(5.5)	(5.2)	(5.4)
Total operating costs from operating youth hostels	**(54.9)**	(41.3)	(38.5)	(51.4)
Commercial trading costs				
Direct operating costs	**(3.5)**	(2.6)	(1.6)	(4.5)
Central costs	**(0.6)**	(0.5)	(0.2)	(0.8)
Total commercial trading costs	**(4.1)**	(3.1)	(1.8)	(5.3)
Fundraising costs	**(0.4)**	(0.4)	(0.3)	(0.4)
Governance costs	**(0.1)**	(0.1)	(0.1)	(0.1)
Total expenditure	**(59.5)**	(44.9)	(40.7)	(57.2)
Gains from investments	**—**	—	0.1	—
Net expenditure*	**(2.6)**	(9.3)	(14.3)	(1.3)
Restricted Funds	**5.2**	5.4	5.4	5.0
Unrestricted Funds	**11.6**	14.4	20.8	36.1
Total charity funds	**16.8**	19.8	26.2	41.1

*Net expenditure is shown before other actuarial gains and losses in respect of our pension schemes.

During the 2022/23 year we have continued to be impacted by the lasting effects of COVID-19. The number of international travellers has not yet returned to pre-COVID levels, and we have been hit by several significant factors outside of our control — principally, the war In Ukraine and the consequential impact on our energy prices, high inflationary pressures across all our cost lines, hikes in the interest rates attributed to our loans and the effects of the cost-of-living crisis on our customers in general. This has resulted in a very financially challenging environment in which we have needed to operate.

Like many other hospitality providers across the country, we encountered difficulties in recruiting the right levels of staff to operate our hostels, particularly early on in the financial year. This meant that,

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at certain times and at specific hostels, we needed to reduce the number of beds on sale or reduce the food and beverage services provided. This situation was carefully managed but this did have a detrimental impact on our financial performance in the year.

Despite this backdrop of external factors, revenues from operating our hostels at £40.8m were 92% up on those reported in 2021/22 and we have now returned to income levels of around 89% of those reported in 2019/20.

YHA Camping & Cabins products — cabins, tents, tipis, Landpods, Airstreams and pitch-up camping — proved very popular again and this contributed £1.9m to the income pot, an increase of £0.2m on the previous year.

We continued to offer out some of our hostels on a YHA Exclusive Hire basis and this secured £2.4m of income which is largely comparable to the previous year.

In year we have reported £7.5m of other income and gains on hostel disposals and this is largely associated with the gain on disposal of YHA Oxford, sold as part of the redevelopment of the Oxford train station and this has really helped to bump up our overall income levels in-year.

Our activities under our commercial trading arm saw increasing revenues as we saw our cafés and other commercial business up by 35% year on year, and this is tracking at 74% of the levels achieved in 2019/20.

Donation, grants and legacies continue to play a key part in our in-year performance and our fundraising team worked hard to take advantage of the funding opportunities available. Grants in the year were £1m, £0.65m of this related to the final monies associated with the Generation Green project with further monies received from Sport England, the National Heritage Cultural Recovery Fund, Kickstart funding, Waitrose, Podpoint and the Pilgrims Trust.

We were fortunate to receive £1.2m of legacies during the year and this was supplemented by £0.3m of other donations and gifts.

We work hard to maintain a wide membership base and this helped our income levels by £1m in the year.

Overall, our total income for the year was £56.9m, £21.3m or 60% above the previous year.

Like other hospitality and charity organisations, 2022/23 has been very challenging from an operating cost perspective. Whilst we have made every effort to reduce our operating costs wherever we could, this has proved very difficult given the cost increases we have seen due to rising cost inflationary pressures and the war in Ukraine affecting not only energy prices but many other costs lines too.

We saw our energy costs increase by over £1.8m in the year and above inflationary increases on many of our cost lines particularly laundry and maintenance costs.

We carefully managed the maintenance programme at our hostels to try to mitigate some of the inflationary pressures but we needed to spend £4.4m, which was £0.6m up on the previous year.

The significant hike in interest rates during the year has resulted in over £1.4m of additional interest costs in the year.

The costs incurred by our trading arm increased by £1m but this is attributed to the combination of higher sales activity and inflationary pressures.

Fundraising and governance costs remained in line with the previous year.

Our central costs, cover a plethora of central and management activities ranging from overseeing our

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hostel teams and buildings to ensuring we have the infrastructure and systems in place to help to ensure the hostel network runs smoothly. These include our central sales and business development teams, the traditional back office teams, including finance, IT, and people and the other costs to deliver some of our volunteering programme and special projects. Our overall central costs inclusive of both the charity and trading arm came in at £10.5m, and despite the backdrop of inflationary pressures this was only £0.1m above the levels incurred in 2019/20. Central costs are under constant review and minimised wherever possible and it was pleasing to report that these costs came in below budget for the year.

During the year some of our high value properties have been revalued as required under the terms of the HSBC loan facility agreement. As part of this exercise, the value of one of our hostels, YHA London St Pauls, has significantly reduced in value and we have therefore included a £0.8m impairment charge to reflect this revaluation. Even with this specific charge our overall depreciation and impairment costs are broadly in line with previous years, at £5.5m.

Total expenditure amounted to £59.5m, which was a £14.6m increase on the previous year.

The net expenditure position for the year came in at £2.6m, which is £6.7m lower than the previous year but has been flattered by the £7.5m of gains on hostel disposals.

Our financial performance is constantly monitored against our budget throughout the year and unfortunately due to the factors outside of our control we missed our budget by £0.8m.

Our restricted funds, including our endowment investments, other funds of a restricted nature, for example our Breaks programme, No Child Left Behind campaigns and small hostel investment fund have seen a small, £0.2m, reduction in the year. Further information on these restricted funds can be found in note 25 on page 141.

The balance of our unrestricted funds has been affected by the challenging financial environment in which we have had to operate and overall we have seen a £2.8m reduction in the year.

Going concern

These accounts cover the trading period from 1 March 2022 to 28 February 2023 and they reflect the challenging market conditions in which we have needed to operate, with significant events which have largely been outside of our control — principally, the war In Ukraine and the consequential impact on our energy prices, high inflationary pressures across all our cost lines, hikes in interest rates attributed to our loans and the effects of the cost of living crisis on our customers in general.

Positively, however, our cashflows have remained strong throughout the period, and this was helped by the sale of YHA Oxford in March 2022.

At the time of signing the accounts the Heads of Terms for a one-year extension to our loan facility have been signed and this will provide financing until 24 November 2024. The process to obtain full Credit approval has commenced as noted in the strategic report.

Our cash balances have been further increased in July 2023, by over £6m, net of loan repayments, through the sale of YHA London St Pancras, YHA Liverpool Central and YHA Newcastle Central, and these monies will help us to navigate the continuing challenging environment in the 2023/24 financial year.

In May 2023 the Trustees approved our three-year business plan. This will involve a concentrated focus on a smaller number of strategic hostels which will also help us to reduce our central overheads. This

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plan will also free up some additional monies that will be used to invest in maintenance works within the retained network.

As part of this plan, we have identified a number of hostels that will move away from being directly operated by YHA and these will either transfer to an alternative model operated by a franchise operator, or other independent party or be sold. As part of this plan 20 hostels were put up on the market in June 2023 and further changes will be made over the duration of the plan.

The Trustees have reviewed our reserves policy and agreed that given the current market conditions and to ensure there are sufficient cash balances to meet our ongoing liabilities and unforeseen financial difficulties that the charity would endeavour to maintain cash reserves of between £6.75m and £7.5m during the year.

The Trustees have also reviewed the financial forecasts to October 2024, incorporating both a most likely management case together with various financial sensitivities, incorporating reduced trading, incremental costs and interest rates, and delays to the hostel transition programme and have concluded that the charity will be able to meet its liabilities as they fall due and have plans and resources to manage its business risks successfully.

Notwithstanding this it is also possible, though unlikely, that HSBC will withdraw Credit approval before a formal facilities agreement is signed. In these circumstances this would represent a material uncertainty which could cast significant doubt on the company's ability to continue as a going concern.

Nonetheless the Trustees expect that YHA has sufficient resources to enable it to continue to adopt the going concern basis in preparing the financial statements. These financial statements do not include any adjustment that would arise if the going concern basis of preparation was not considered appropriate.

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Our priorities in 2023/24

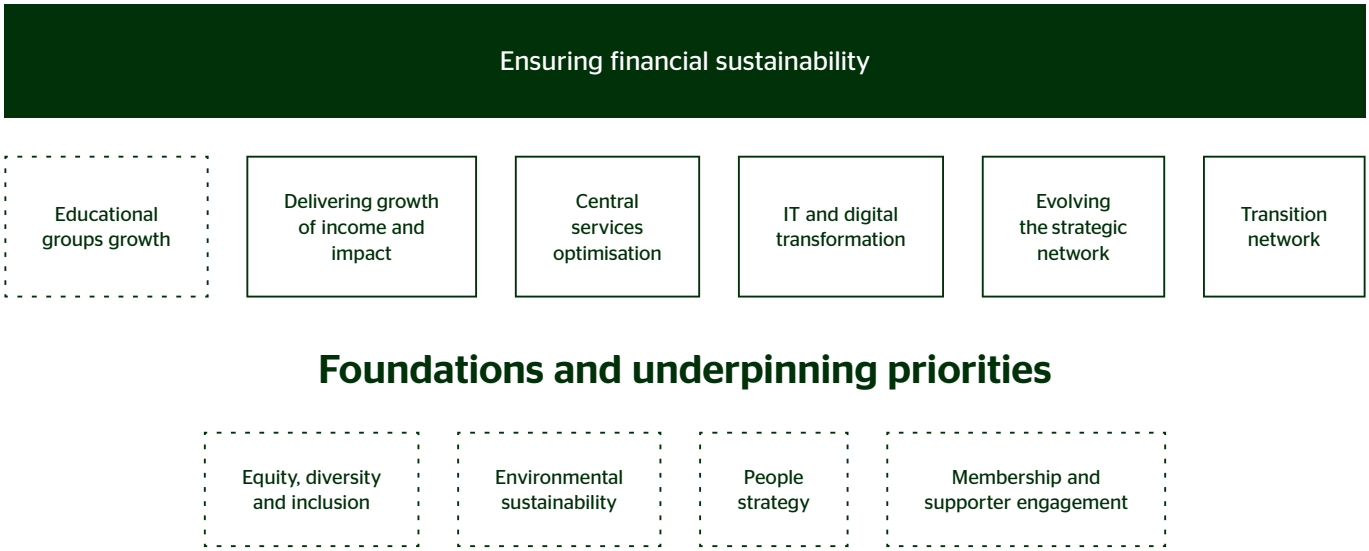
We have agreed our three-year business plan which runs from 2023 to 2026. Its primary focus will be our recovery and the transformation required to deliver the growth, cost savings and efficiencies needed to support our return to surplus and financial sustainability.

The 2023-26 Business Plan consists of 11 projects which bring together our income, impact and educational growth plans, our focus on maximising opportunities within our strategic network of hostels, delivery of change in ownership and operation of hostels in the transition network, our plans for IT and digital transformation, the optimisation of our central services and underpinning projects which support our recovery and enable our long-term strategy.

Key

- Primary focus ■
- Priority focus □
- Supporting project ⸬

2023-26 Business Plan



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Background to our approach

1. Impact and income depend on growing volumes and increasing occupancy

The more people who stay with us, the greater our income and impact. This is fundamental to the charity's future. Our approaches to growing volumes include:

- Continuing our successful tactics on attracting families and individuals (F&I) sales through marketing, online sales and online travel agents (OTAs). We will continue to encourage customers to book direct to reduce OTA fees. Driving repeat bookings, increasing lifetime value and reducing acquisition costs will be vital.
- Developing our central sales team to ensure our personal support is given to those who need it most.
- Minimising the amount of accommodation that's off sale.
- Making best use of latent capacity through business to business (B2B) sales and business development — driving school and groups growth in particular.
- Continue building programmes and initiatives targeted at specific groups to bring under-served communities into our hostels, with a focus on Outdoor Citizens and schools/youth groups.

2. There are a range of business opportunities and areas for growth that can increase our income and impact

There are three large growth areas:

- Making best use of shoulder seasons (period between peak and offseason) and winter seasons is a core growth opportunity which overlaps with our ambition to grow our share of school groups and the outdoors market.
- Increasing returns from our food and beverage offer — serving both residents and our café customers — brings us income and enhances the user experience.
- Fundraising — from members, supporters, grants and government — will add over £2m to the bottom line over the next five years.

In addition, we are investing in capital business opportunities across our hostels. We will invest in digital, IT and business systems recognising the potential for growth, efficiencies and enhanced user experience. We are also progressing numerous business opportunities that don't require additional investment but will lead to great returns, projects such as reviewing our booking terms and conditions.

3. We will focus on profit and loss across all parts of the charity

Our margins matter. We will improve our margins within the parameters of our pricing strategy, while maintaining customer satisfaction above 88%.

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4. Central services optimisation

We have already made savings. And we will continue to look to optimise our ways of working and make further efficiencies to cut central costs. Moving the groups journey online, for example, will free up staff to support more complex sales and account manage high value partnerships. At the same time we must ensure changes to service delivery do not adversely affect trading and help us develop growth so we will ensure resources are targeted where they are needed. We recognise there is a resource gap behind associate directors (ADs) and the senior leadership team (SLT). We will invest to plug this gap to make change and grow.

5. We have a model for changing the shape of the hostel network

The changes we're making will enable us to:

- have hostels in the places we know improve wellbeing
- ensure our buildings are maintained to a high standard and configured to get more people to stay with us
- have operating models that work for the charity, including franchise and through partnerships. For example, we will offer franchises to local people and organisations keen to combine running a hostel with their other interests/businesses which allows an operating model most effective for small hostels
- sell hostels that don't attract interest as franchises
- pay down debt-to-asset ratio

Since 1931, our network has included hostels run by private owners, so the franchise model is nothing new. So too, we have operated hostels in partnership with other organisations throughout our history — including the National Trust, The Regenda Group (a housing association) and Eden Project. We will remain the guardians of the hostelling movement in England and Wales through prudent shaping of our accommodation offer.

6. We are committed to partnership working

We are leaders in partnership working across multiple sectors. We will continue to nurture strong partnerships at every level. At hostel level in our local communities. At regional and country level. And with not-for-profit, strategic, funding and corporate partners.

7. We are the leading social tourism charity

We are leaders in the environmental, social, and governance (ESG) agenda for tourism. We are a core part of youth sector infrastructure and want to be residential provider of choice for school and youth groups. We know how we do things is as important as what we do. So our HEART values and four underpinning priorities will drive our behaviours towards people and the environment.

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8. Our business plan has been developed with input from staff and partners and has been approved by the Board

Our business plan has been rigorously explored and has been signed off by the Board of Trustees.

Our Trustees are elected by our members.

Our bank and financial advisors KPMG have reviewed the plan. Progress against the business plan will be monitored through our Programme Board, where each project is assessed, at least monthly, against its targets.

9. We have a comprehensive communications plan

We are communicating our business plan internally through our departments, and externally with our main partners and stakeholders, through a coordinated communications schedule.

10. We will review our strategy in 2025/26

Over the next three years we will further develop how we measure and report against impact and income. In 2025/26 we will review our strategy and start to set the direction for our 100th anniversary and the next 10 years.

The work of all of our teams over the last three years, and the decisions we have taken, have put us in the best possible position to move forward, increase our reach and ensure we thrive long into the future.

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Thank you

Thank you to all our guests, members, donors, volunteers, staff, partners and supporters.

We are proud to have worked with some amazing people and organisations this year and we are immensely proud of all we have achieved together.

Funders

Culture Recovery Fund for Heritage

The National Lottery Heritage Fund

Historic England

Department for Digital, Culture, Media & Sport

Culture Recovery Fund for Heritage — Phase 3

Funded by the Department for Digital, Culture, Media & Sport (DCMS) and delivered by The National Lottery Heritage Fund and Historic England.

Green Recovery Challenge Fund

Department for Environment Food & Rural Affairs

HERITAGE FUND

Environment Agency

NATURAL ENGLAND

Green Recovery Challenge Fund

Funded by the Department for Digital, Culture, Media & Sport (DCMS) and delivered by The National Lottery Heritage Fund in partnership with Natural England and the Environment Agency.

SPORT ENGLAND

Workforce Diversity Great Ideas Fund

Together fund

De Cymru
Comisiynydd yr Heddlu a Throseddu
Police and Crime Commissioner
South Wales

Police and Crime Commissioner For South Wales — Comisiynydd yr Heddlu a Throseddu De Cymru

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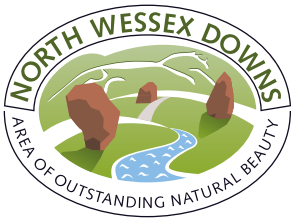
East Midlands Accelerator

Part-funded by the UK Government through the UK Community Renewal Fund and led by East Midlands Chamber.



Funded by Department for Work and Pensions

The 29th May 1961 Charitable Trust

The Privy Purse Charitable Trust

The CB and HH Taylor 1984 Trust

The Peter Harrison Foundation

The Fisherbeck Charitable Trust

The Charles Brotherton Trust

♡

Thank you

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Gifts in Wills and In Memory donations

- Edna Sturman
- Helen Miller
- Derek Barbanell
- David Porter
- Richard Garstang
- Terence Egan
- Roy Haycock
- Mary Ramsell
- Dr F G Pink
- Bernard Colton
- Ian Goldthorpe
- Edward Shutler
- Trevor Whatley
- Arnold Morris
- Sheila Champion
- Robert Shopland
- John Stebbings
- John Alderton
- Pamela Daly
- Dame Margaret Weston
- Dilys Overnell
- Jean Muir
- Jill Hughes
- Arnold Cronshaw
- Arthur Barlee
- Helen Annan
- Peter Manson
- Alison Fort
- Jennifer Rendle
- Martin Green
- John Coles
- Ivan Hodbod

Thank you to everyone who has made a personal donation or given a regular gift. YHA is ever grateful to each and everyone for their amazing support for our charity.

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London Marathon

Thank you to the nine runners who completed the London Marathon for YHA and raised £14,420.

Awards

◇

2022
Trip Advisor Travellers' Choice Best of the Best

Many of our hostels were selected thanks to their 'best rated' listings based on guest reviews.

◇

2022
Visit England Tourism Superstar

Peta and Andy Nugent, hostel managers at YHA Boggle Hole, were finalists in this award.

◇

2022
The Great Outdoors Awards

YHA Borrowdale awarded Best Hostel or Bunkhouse.

◇

2023
School Travel Awards

YHA was selected as a finalist for the Best Residential Experience award.

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CLOtC

YHA was selected as a finalist for the Best Residential Experience award.

2022 The Charity Awards

Shortlisted in the Environment and Conservation category.

2022 Third Sector Awards

Generation Green was a finalist in the Big Impact Award category.

Investors in People

Gold accreditation, retained 2013-2024.

Disability Confident Employer 2022/23

Inclusive Employer 2022/23

Committed to being a menopause friendly employer 2022/23

HIT Heroes

Winner of Employer of the Year and Best Community Outreach Programmes at the Hospitality Industry Training Awards

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Tribute to Her Majesty

Our Patron, Her Majesty Queen Elizabeth II died in September 2022. It was an honour for James Blake to attend The Queen's funeral on behalf of YHA. The Queen was a supporter of youth hostelling and took a keen interest in our progress — opening five hostels during her long reign, most recently YHA South Downs in 2013. We thank Her Majesty for her patronage and support.

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Risk review

YHA seeks to embed risk management into day-to-day working practices. Leading this is the identification and treatment of the key organisational risks, which comes to the Board for formal review once a year and is tabled at each meeting of the Audit and Risk Committee. More detailed risk registers are also prepared for more specific risks facing individual departments or in respect of significant projects.

The key organisational risks are reported to the February Board meeting. This year, the report identified a total of 14 key risks. Post mitigation, there are two very high risks, two high risks, seven medium risks and three low risks.

Very high risk

1.

YHA is unable to return to a cash surplus position due to reduced trading levels and increasing cost pressures.

2.

YHA is unable to fund its long-term capital needs.

High risk

3.

Resource shortages impact on the availability and delivery of service in hostels, and/or lead to failure to deliver operating plan projects.

4.

Failure to deliver network transformation as unable to realise hostel sales, terminate leases and transfer transition hostels to franchise in a timely manner and impacts on financial sustainability.

Medium risk

5.

Failure to protect YHA from a major cyber security attack.

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6.

Inadequate or ineffective safeguarding policy or practice resulting in, or contributing to, serious harm to a young person.

7.

Lack of employee awareness of data protection leads to breach of data protection regulations.

8.

Lack of investment in hostel standards impacts on revenue, repeat business or customer satisfaction levels.

9.

Lack of investment in IT and digital solutions leads to degradation of services, reduced revenue, failure to meet customer expectations and inefficient business processes.

10.

Failure of supply chain — reduce service, lack of availability of services and single point of failure.

11.

Lack of investment in the hostel network leads to significant system failure (mechanical or electrical), impacting on ability to trade a major hostel.

Low risk

12.

Failure to deliver our impact targets, and/or demonstrate our commitment to these leads to our assets not being used for the benefit of all.

13.

Ongoing impact of global pandemic leads to further restrictions to operations, reduced demand and revenue.

14.

Environmental, Sustainability and Governance: YHA being unable to move to a positive Equity, Diversity and Inclusion and Sustainability position.

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Streamlined energy and carbon reporting ('SECR')

We are committed to developing policies and initiatives to support the reduction of greenhouse gas emissions.

Energy efficiency and environmental sustainability are considered in all our activities and sustainability is a key part of our 10-year strategy. We have a specific project in the 2023-26 Business Plan to develop our work in this area.

We have published our commitment of sustainability as set out on page 54.

We have also published our carbon reduction plan which confirms our commitment to achieving Net Zero emissions by 2050 at the latest and sets out some of the measures that we hope to implement in the future.

We have set up a cross organisational energy management group with the key focus on reducing our energy consumption levels across the network. We will work closely with our energy consultants to implement behavioural focus techniques and process to reduce our consumption levels. We have also included an energy consumption KPI into our key KPIs reported to Board for the 2023/24 financial year.

yha.org.uk/environment-policy

Methodology

This report (including the Scope 1, 2 and 3 consumption and CO2e emissions data) have been developed and calculated using theGHG Protocol — A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019a); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2022 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for reporting period 01/03/2022–28/02/2023.

The figures below detail the regulated SECR energy and emission sources from the current reporting period as compared to the previous year.

We have seen an improvement year-on-year, with a 38% reduction in the intensity ratio, and this reflects that our hostels are becoming more efficient as we increase the occupancy rates achieved.

We will be looking at ways to extend the measures we use to monitor performance and we look to see how we can use the level of overnights within the calculation.

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	2023 energy kWh	**2023 emissions tCO2**	2022 emissions kWh	2022 emissions tCO2
Scope 1				
Gaseous and other fuels	**17,352,770**	**3,615**	16,399,377	3,373
Transportation	**195,044**	**47**	352,380	87
Total scope 1	**17,547,814**	**3,662**	16,751,757	3,460
Scope 2				
Grid-supplied electricity	**6,472,286**	**1,252**	5,711,650	1,213
Scope 3				
Transportation	**383,170**	**95**	—	—
Total energy and SECR emissions	**24,403,270**	**5,009**	22,463,407	4,673
Intensity ratio: tCO2e per £m of income from charitable and trading activities	**107**		180	

Scope 1 consumption and emissions include direct combustion of natural gas, and fuels utilised for transportation operations, for example, company vehicle fleets.

Scope 2 consumption and emissions refer to indirect emissions related to the consumption of purchased electricity in day-to-day business operations.

Scope 3 consumption and emissions cover emissions resulting from sources not directly owned by us. This relates to grey fleet (business travel undertaken in employee-owned vehicles) only.

Energy efficiency improvements

We are committed to year-on-year improvements in our operational energy efficiency. A register of energy efficiency measures has been compiled, with a view to implementing these measures in the next five years.

Measures ongoing and undertaken through 2022/23

Appoint energy network manager

We have appointed a business optimisation manager and part of his duties is to act as the lead for energy for our network. He will focus on increasing efficiency throughout the network.

Energy briefing for hostel managers

We have hosted our very first energy briefing for all of our hostel managers at our annual Ready to Trade event. This included an overview of our historical energy consumption, discussing how we can save energy throughout the organisation, as well as highlighting energy champions in the organisation.

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Introduce energy champions

We have begun to introduce energy champions at all of our locations to assist our management teams in bringing down energy consumption across our sites. This includes new energy audits which will aid in reducing consumption.

Consumption reduction targets

We have now introduced energy consumption reduction targets for all our hostel locations.

Update reporting dashboard

We are updating our reporting dashboard to have up-to-date consumption figures for all sites.

External consulting

We use our energy consultants to assist us with our energy efficiency programme and reporting.

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Governance and administration

Board of Trustees

Organisation

The Board of Trustees has overall responsibility for the work of YHA, setting strategy, direction and targets. All Trustees are responsible for the decisions of the Board. The YHA Articles of Association, the governing document, govern the Board's conduct.

During 2022/23 the Board met seven times. The Board has appointed a number of committees consisting of certain Trustees. As at the date of this report, the following are the principal committees: the Audit and Risk Committee ("ARC"); the Finance Committee ("FC"); the Impact and Engagement Committee ("I&E"); the People and Remuneration Committee ("PremCo"); and the Nominations Committee ("NomCo"). The London Committee supported and guided the executive in bringing forward options to the Board for the development of the YHA London network of hostels throughout 2022/23. As the work relating to the London hostels drew to a close, the Network Transition Committee was established in place of the London Committee with effect from February 2023 to oversee the implementation of the agreed hostel Network and Capital Strategy approved by the Board.

The Board delegates day-to-day management to the chief executive and executive team.

The Board of Trustees has up to 15 members and may co-opt a further two. None of the Executive, including the chief executive, are members of the Board. The tenure on the Board is a maximum of two, four-year terms. This may be extended if taking up a National Officer position. All the Trustees are unpaid volunteers recruited from the wider YHA membership.

Principles of governance

With regard to governance, YHA supports the principles of good governance set out in the Charity Governance Code for larger charities and the continuous improvement model that it promotes. During 2022/23, YHA continued to progress actions to enhance compliance with the provisions of the Code. In addition, Russell-Cooke Solicitors undertook an external governance review in 2021 which focused on two key sections of the Code for larger charities: Integrity; and, Equality, Diversity and Inclusion. The results of the review were positive, and action is ongoing in those areas identified for improvement.

During the year the Chair and the Vice Chair held annual Trustee reviews to discuss the Board's own performance and that of individual Trustees. The Vice-Chair held a performance review of the Chair.

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Training

All new Trustees attend an appropriate virtual induction course. The training is based on the guidelines set down by the National Council for Voluntary Organisations (NCVO) and covers:

- Governance — the role and responsibility of Trustees, governance structure and reform, Articles of Association, and key YHA governance documents.
- Briefings on key issues currently being discussed by the Board. Meetings with each member of the executive team and their support staff to gain an insight into the operational areas of the organisation.
- Trustees are supplied with a comprehensive manual containing key policies and documents and papers from recent and relevant Board meetings.
- Trustees complete safeguarding training annually and upon induction.

In addition, Board workshops are held after Board meetings focusing on key themes to support Trustees in their role. The key workshop in 2022/23 focused on sustainability and the recovery strategy.

Elections to the Board

Candidates to fill vacancies on the Board in 2022 were proposed by the Nominations Committee (NC).

The Board advised the NC of the skills, knowledge and experience desirable among new Trustees in order to achieve a balance of skills and experience in the Board of Trustees.

The NC was tasked with advertising for and interviewing potential Trustees with the requirement to draft a shortlist of suitable individuals to be included in a vote bearing in mind the skill gaps identified by the Board.

There were three Board Trustee vacancies in 2022. Thirty-three people applied to become Trustees in 2022 from whom the NC nominated seven candidates, including three existing Trustees.

The vote for the election of the Trustees was held online in advance of the 2022 AGM with the result announced at the meeting.

Simon Reeve was re-elected to the Board for a further term and Sarah Lusty and Caleb Stevens were appointed as Trustees for an initial term of four years at the AGM on 5 November 2022. Caleb Stevens had previously been co-opted as a member of the Board from the conclusion of the 2020 AGM. Tegryn Jones and Josie Murray stood down as members of the Board at the end of the 2022 AGM.

Gareth Cunningham was co-opted as a member of the Board from the conclusion of the 2022 AGM for a term of one-year.

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Members of the Board of Trustees at 28 February 2023

Margaret Hart, Chair

Margaret was appointed as a Trustee of YHA in 2016 and became Vice Chair in 2017 and Chair in 2019. A geographer by background, she has had a long career covering social work, the children's voluntary sector and higher education, in roles ranging from front line service delivery and teaching to national director level roles in both the charity and university sectors.

An underpinning theme has been her passion for enhancing the lives of young people, particularly those from disadvantaged backgrounds, and she brought this with her into YHA, together with her love of the outdoors.

As corporate director for one of Britain's largest children's charities, Margaret pioneered innovative ways of involving young people in management and governance, and is delighted to see the establishment of YHA's Youth Advisory Team as a significant step along our journey to becoming an increasingly diverse and inclusive organisation.

Margaret has been an enthusiastic hosteller since her teenage years, staying with YHAs as a base for climbing all the Wainwrights and Munros, and walking long distance paths such as the Pennine Way and the Great Walks of New Zealand. She is currently enjoying introducing the third generation of her family to YHA.

Marcus Holburn, Vice Chair

Marcus is a passionate believer in YHA's charitable purpose and values. He has enjoyed hostelling for many years, for adventure and exploration in different parts of the UK, first as a teenager and now with family. Marcus has been on the YHA Board since 2016 and currently serves as Vice Chair.

Marcus is also a qualified chartered accountant with more than 20 years' experience in both large and small businesses. He is currently chief financial officer of a specialist consumer lending business, and previously spent 14 years at M&G Prudential in a number of senior finance, risk and commercial roles.

Graham Turnock, Treasurer

Graham has been a member of the Board since 2015 and the Treasurer from the end of 2019. He has been a member of YHA since childhood, continues to enjoy hostelling in the UK and Europe, and is active in spreading the hostelling bug to others most directly through the leadership of youth hostelling weekends for members of his cycling club.

Graham is an experienced senior leader in the public sector. He is currently a special advisor to the European Space Agency having previously served as chief executive of the Space Agency, a role for which he was awarded the Royal Aeronautical Society's Geoffrey Pardoe Award in 2021, and as a career civil servant for almost 30 years across a wide range of UK Government departments beginning his career at HM Treasury and including a period as finance director at the Department of Culture Media and Sport.

He is a keen cyclist, having occupied at various times the positions of membership, road racing secretary and road racing and time trials event organiser in his club. In 2021 he was silver medallist in the British Masters National Criterium Championship.

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Darren Barker

Darren trained in business management and then qualified as a chartered management accountant, spending the early years of his career in finance roles specialising in decision support and investment appraisal. He has broad sector knowledge spanning retail, telecoms and travel. He is currently working in the telecoms industry leading a commercial team.

Prior to that, Darren spent 12 years in the hospitality and travel industry in general management roles and served for six years as CEO of Hostelling International, working closely with YHAs from all around the globe.

Darren loves travel and hostelled both at home in the UK and internationally. He is passionate about young people having previously served as a Scout leader and worked in partnership with the likes of the International Duke of Edinburgh Award and World Association of Girl Guides.

Darren is partially sighted and also serves as a Trustee for the Vision Foundation.

Hayley Barnard

Since 2014, Hayley has served as the managing director of MIX Diversity Developers, helping many large organisations shift their culture to one that is more inclusive of diversity. Her clients range from NHS Trusts to global companies such as Microsoft, T-Mobile and Britvic. She hopes to bring this expertise to YHA to support our aim to reach an ever-wider range of people.

Previously Hayley worked at non-executive and executive board level at a number of travel and expedition companies. Her postgraduate training is in marketing and she has significant experience in and passion for digital engagement.

When not at work or walking in the New Forest, where she lives with her husband and two teenagers, she can usually be found in the nearest stretch of open water (always without a wetsuit even in February... brrrr!). Hayley is an experienced marathon swimmer. In 2018, she swam the English Channel in a time of 14 hours 12 minutes and around Manhattan Island in New York (47km).

Hayley was delighted to be elected to the Board of Trustees in June 2019.

Emma Bradley

Emma spent the first part of her career in the travel industry and passionately endorses YHA's belief that 'where you go changes who you become'. She also believes that access to nature and being outside can have positive effects on mental health and wellbeing.

After spending several years in the travel industry, Emma worked at the BBC and Global in social impact roles, including as marketing and fundraising director for BBC Children in Need, and CEO of Global's charity which supports projects working across safety and shelter, physical and mental health, isolation and inclusion, and life skills. She is now a consultant and coach in social purpose, supporting organisations and individuals to grow their positive impact on people and planet. She is also a freelance assessor for Cambridge University Institute of Sustainability Leadership. Emma is Chair of Governors for a secondary school. She became a Trustee in 2019.

Gareth Cunningham

An environmental conservationist by profession, Gareth leads a team across Wales for the Marine Conservation Society. A keen advocate for nature, its restoration and increasing peoples access to the

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nature on their doorstep, Gareth has worked in and with Welsh Government for over 15 years. Through a variety of roles, including the RSPB and Welsh Civil service, Gareth is a strong supporter of the Future Generations Act and its role in improving the lives of young people. A bit of a policy nerd, he is currently working to increase ocean literacy and deliver nature restoration projects in Welsh seas.

In his early career, Gareth worked as a park ranger in Birmingham's largest urban park. Organising school trips, guided walks and leading the Young Archaeologist club.

A father of two daughters, with a love of the outdoors, family holidays are spent exploring new places in Wales and across the UK. YHA hostels have been family favourites, providing great locations to find new adventures. Living next to the Gower, weekends are spent walking, swimming and enjoying the many beaches of South Wales.

Clare Fordham

Clare has worked in both television and radio news for over 25 years, enjoying time in both commercial and BBC newsrooms. She spent eight years travelling across Britain and further afield at ITV News, before moving across to the BBC. After many years at BBC Radio 5 Live, she now edits programmes and podcasts for Radio 4 and the World Service, running a large team at the BBC's Media City Salford base.

Clare is passionate about finding and celebrating unheard voices and hearing untold stories. She takes great pride in her involvement with efforts to reach diverse audiences and bring a far broader range of perspectives to the programmes.

YHA has been central to some of the great experiences of Clare's life, and she is passionate about widening access for others.

Cathryn Hayhurst

Cathryn was elected as a Trustee in 2017. Access to the outdoors is one of her passions and you will most likely find her hiking a fell or playing in a boat in the Lake District. Her young daughter and husband can be found enjoying the communal aspect of YHA hostels whilst Cathryn attends Board meetings.

Cathryn is a qualified accountant and insolvency practitioner with a BSc in Environmental Sciences, and is currently a member of the senior finance team at Yorkshire Water. At the Co-op she supported the 2,500 retail stores to deliver people and system transformation programmes making them fit for the future. Previously she worked for five years at the National Trust where she was commercial lead for the Renewable Energy Programme to generate 50% of energy from renewable sources including hydro schemes. She developed her finance skills at KPMG and funding strategy at Barclays.

Barbara Kasumu

Barbara Kasumu is the executive director of charities for Guy's and St Thomas' Foundation (one of the oldest health foundations in the world) providing dedicated leadership and strategic oversight across the three charity brands: Guy's & St Thomas' Charity, Evelina London Children's Charity and Guy's Cancer Charity. These charities support the dedicated NHS staff with wellbeing services, healthcare innovation and exceptional patient and family care.

Barbara is an award-winning senior leader with a track record of driving and sustaining positive change in the charity sector and beyond. Barbara was previously the director of membership, programmes and development for the Association of Commonwealth Universities (ACU), an

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an international higher education association made up of 500+ universities across 50 countries. Barbara was also executive director for the National Union of Students, a voluntary member organisation representing the interests of more than 7 million students and 600 students' unions. In both roles Barbara was Instrumental in delivering key organisation reforms, leading on income generation, innovation, and strategy.

Once named as Red's Magazine 'Woman to Watch', Barbara was appointed to the Diversity and Inclusion board for the London 2012 Summer Olympics and Paralympic Games. She has previously sat on the charity boards of the Foyer Federation and The Kids Network. Barbara is a Clore Social Fellow and has represented the UK on International platforms including at the G8 and G20 summits.

Sarah Lusty

Sarah is a civil servant who has had experience in both Welsh Government social care policy and environmental policy through her time on the Civil Service Fast Stream. She is the youngest Trustee in YHA's history and is passionate about empowering the voices of young people, particularly those frequently marginalised.

Her interest in both countryside and urban cultural spaces led Sarah to study geography at university. She cares deeply about the wellbeing benefits of adventure outside, having experienced first-hand how time in nature is good for mental health whilst studying during the pandemic. She has enjoyed the opportunities for adventure on a budget through stays at YHA hostels.

Sarah is passionate about positive change and is excited to contribute to YHA's vision. She advocates for inclusion, championing for this within her personal life, workplace and voluntary work.

Sarah has extensive voluntary experience with a diverse range of communities, including those who may be marginalised or separated from mainstream services: young people, people with disabilities, sex workers, and older people.

Simon Reeve

Simon has significant international experience in developing teams and organisations, especially in engineering-related industries. In his current role, as director of innovation at The Alan Turing Institute, he helps translate academic research in data science and artificial intelligence into sustainable solutions for society. In his spare time, Simon is an avid outdoor enthusiast engaging in cycling, hill-walking, canoeing, sailing, surfing and skiing, frequently staying in youth hostels as part of these activities.

Caleb Stevens

Caleb Stevens is an experienced safeguarding lead, supporting children and adults at risk with their mental health, wellbeing and welfare as the safeguarding manager for Devon and Somerset Fire and Rescue Service.

Caleb holds a multitude of governance appointments, presiding as the strategic lead for safeguarding including ActionAid UK, Caleb has recently been appointed as a non-executive director for the Office for Students.

Appointed as the youngest Magistrate for the Ministry of Justice in 2017, Caleb is committed to equality and diversity and has supported many organisations with their inclusivity and interaction with children and young people. This particularly includes developing 'youth voice' at strategic level, where Caleb is passionate about challenging perceptions that young people can have significant levels

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of responsibility, including Trusteeship. Caleb looks forward to contributing additional expertise on education and safeguarding to ensure all children and young people receive the best support and outcomes YHA has to offer.

Living right next to Dartmoor, in his spare time Caleb enjoys taking long moor walks which has further contributed to his passion for being immersed within nature, travelling the UK and staying with many YHA hostels in the process.

Robert Varley

Robert has been a keen hosteller since his youth. He has a passion for the outdoors and loves exploring Britain's wild country and coastline on foot. A family man, a dad and a grandad, he has been volunteering in children's and youth work for over 40 years. He has a passion for everything YHA stands for and is keen to see it make a real difference to even more young lives in the years ahead. "Because where you go changes who you become."

A meteorologist by profession, Robert worked for 35 years at the Met Office. He has served on numerous Boards and Councils at national and international level — as chief executive of the Met Office, non executive director of Ordnance Survey, president of Eumetnet, vice president of the Royal Met Society and vice president of the World Meteorological Organisation.

In 2012 Robert was named as the Institute of Directors' Director of the Year (Public/Third Sectors), and in 2016 he was awarded an honorary degree of Doctor of Science from the University of East Anglia. He now works as a strategic consultant to leaders of weather services around the world.

Anna Welsh

Anna is a qualified children's social worker currently working for Bolton Council. They have a BSc in Mathematics from Manchester Metropolitan University and an MSc in Advanced Relationship Based Social Work Practice with Children and Families at Lancaster University. Anna discovered that whilst they had an affinity with numbers, their real passion was to work with others and help young people who might be struggling or in need.

Anna was a student officer at The Union MMU. They were the first ever societies and development officer for the period 2018/19 and then went on the be the President in 2019/20. As part of their role, they were a voice for students and brought their views and opinions to high level meetings, such as Academic Board, Board of Governors and the Union's Trustee Board. In their childhood, Anna was a keen member of the Air Cadets and spent much of their weekends and school holidays away with them. This gave Anna a taste for the outdoors and the adventures possible there. They completed the Duke of Edinburgh's Award and achieved their gold level badge for doing so. Using this as their driving force, Anna hopes that their time with YHA will engage more young people to have the opportunity to explore away from home and give them memories that will last a lifetime.

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Board meetings attended Term of office

	Board meetings attended	Term of office
Darren Barker	6 of 7	Ends 2025
Hayley Barnard	5 of 7	Ends 2023*
Emma Bradley	6 of 7	Ends 2023*
Gareth Cunningham	1 of 1	Ends 2023
Clare Fordham	7 of 7	Ends 2024
Margaret Hart	7 of 7	Ends 2026
Cathryn Hayhurst	7 of 7	Ends 2025
Marcus Holburn	5 of 7	Ends 2025
Tegryn Jones	4 of 6	Ended 2022
Barbara Kasumu	6 of 7	Ends 2024
Sarah Lusty	1 of 1	Ends 2026
Josie Murray	3 of 6	Ended 2022
Simon Reeve	5 of 7	Ends 2026
Caleb Stevens	6 of 7	Ends 2026
Graham Turnock	5 of 7	Ends 2024
Robert Varley	6 of 7	Ends 2023*
Anna Welsh	5 of 7	Ends 2025

*Eligible for re-election for a four-year term

Disclosures of interest

No Trustee had, during or at the end of the year, any interest in contracts that are significant in relation to YHA's business other than as disclosed above or in note 10 of the financial statements. For the purposes of company law, the Trustees listed above are also the Directors of YHA.

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Executive team

Chief Executive

James Blake

Other senior executives

Jake Chalmers

Executive Director of Investments and Infrastructure

Anita Kerwin-Nye (resigned 30 September 2023)

Executive Director of Strategy, Commercial and Engagement

Julie Lane

Finance Director

Jane Price

Executive Director of Operations and People

Employees

YHA is an Investors in People Gold organisation and is committed to employment policies which follow best practice based on equal opportunities for all employees irrespective of age, sex, sexual orientation, race, colour, disability, marital status, religion or belief.

Employees are kept informed of plans, receive regular updates on performance against the plans, are encouraged to attend or feed into regular listening groups.

During the pandemic new means to engage with our staff team were introduced, including regular all staff emails from the chief executive and monthly all staff webinars led by the chief executive and the executive team. These proved to be very popular and now form a permanent part of our employee engagement strategy.

The impact of the coronavirus pandemic, and more recently the cost-of-living crisis, continue to put a huge strain on staff. In view of this, we have continued to place increased emphasis on programmes to support positive employee mental health and wellbeing throughout the year.

Our annual employee survey is an opportunity for confidential feedback on all areas of the organisation and action plans are put in place to address any issues raised from these surveys.

It was disappointing to see that the headline measure of employee engagement (as measured by the

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employee survey) had declined from 71% in 2019 to 69% in 2022, but this still compares favourably with industry benchmarks.

A People Strategy has been developed to take forward measures to address issues raised in the survey.

Committees

Audit and Risk Committee ("ARC")

The ARC is a committee of the Board of Trustees. The committee met four times during the year and is currently composed of:

- Simon Reeve who acts as the Chair of this committee
- three Trustees: Emma Bradley, Marcus Holburn and Anna Welsh

The committee agrees the programme for internal and external audits; considers reports from the auditors; considers the annual financial statements before submission to the Board; reviews the performance of the internal and external auditors; advises the Board regarding the adequacy of its risk register, policy, and management of risk; reviews the full risk register on an annual basis and every quarter reviews the high level significant risks and any changes to the full risk register; and, devises and tests key measures against which the performance of the organisation can be judged.

Finance Committee ("FC")

The FC is a committee of the Board of Trustees. The Committee met seven times during the year and is currently composed of:

- the Treasurer Graham Turnock who acts as the Chair of this committee
- two Trustees: Darren Barker and Cathryn Hayhurst

The committee supports the Board in ensuring the effective financial management of the Company; provides opinion on the financial sustainability of YHA's strategic plans; advises on funding strategies and risks; provides appropriate scrutiny of finance related strategic KPIs; ensures effective financial planning, budgeting and treasury management; reviews and is consulted regarding capital and other investments; and, works with the Audit and Risk Committee regarding financial risk management. Since the start of the pandemic, the Finance Committee has met more frequently to allow the regular review of YHA's cashflow and financial plans.

Impact and Engagement Committee ("I&E")

The Impact and Engagement Committee is a committee of the Board.The committee met four times during the year and is currently composed of:

- Hayley Barnard who acts as Chair of this committee
- four Trustees: Gareth Cunningham, Clare Fordham, Sarah Lusty and Caleb Stevens

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The Impact and Engagement Committee supports the Board in maximising the impact and effectiveness of YHA's work as a charity, and its member and stakeholder engagement, through ensuring effective management of these areas. This includes oversight of impact related KPIs; the design, delivery and evaluation of youth, education and activity programmes; and, YHA's engagement strategy with members, volunteers, donors and partners.

People and Remuneration Committee ("PremCo")

PremCo is a committee of the Board of Trustees. The committee met three times last year and is currently composed of:

- Robert Varley who acts as Chair of this committee
- three Trustees: Hayley Barnard, Emma Bradley and Barbara Kasumu

The committee agrees the remuneration policy, determines the remuneration of the executive directors, and the remuneration of the chief executive in consultation with the Chair; determines the terms and conditions of employment of the executive directors; and, determines the terms and conditions of employment of the chief executive in consultation with the Chair.

In setting the organisations remuneration policy, the committee makes such external consultations and comparisons as may be necessary to ensure that the pay and emoluments of YHA staff are fair in value to those having similar responsibilities and circumstances in organisations within the not-for-profit and commercial sectors (excluding financial).

The committee also consider strategic HR matters which impact on our financial position or our position as an employer, e.g. pensions, performance management. This year that has included oversight of the people strategy and oversight of YHA's gender pay reporting which is available on our website. The committee is also responsible for people risk.

Nominations Committee ("NomCo")

NomCo is a committee of the Board of Trustees. The committee met five times last year and is currently composed of:

- Clare Fordham, who acts as Chair of this committee
- one Trustee: Marcus Holburn
- two Association Members: Paul Harding and Rachel Huggins
- one member of the YHA Youth Advisory Team: Emily Palmer

The committee acts in an advisory capacity in assisting in identifying a diverse range of candidates with suitable skills and experience to become Trustees.

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Financial control and risk management

Trustee responsibilities statement

The Trustees (who are also directors of YHA (England & Wales) for the purposes of company law) are responsible for preparing the Report of the Trustees incorporating the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of YHA and the group and of the incoming resources and application of resources, including the income and expenditure of YHA and the group for that year.

- In preparing these financial statements, the Trustees are required to:
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP (FRS 102)
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that YHA and the group will continue in business

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of YHA and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which the YHA auditors are unaware; and
- the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on YHA's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company.

YHA is a leading national charity which depends on the trust and confidence of its members and beneficiaries to operate sustainably in the long term. YHA seeks to put its beneficiaries' best interests first, invests in its employees, supports the communities in which it operates and strives to generate sustainable surpluses to be reinvested into the charity.

The Trustees have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the matters set out in section 172(1) of the Companies Act 2006. The Board recognises that building strong relationships with our members and beneficiaries will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way.

Reserves policy

As a charity, YHA is obliged by the Charity Commission to set a policy on reserves which establishes a level appropriate for YHA.

YHA's reserves policy is set to manage unforeseen financial difficulties, and not to fund its future capital strategy. The level of reserves is set based on forecast income and expenditure and the likelihood of material risks crystallising which would not be covered by future income or insurance.

The reserves policy is set with regard to the:

- strategic capital strategy — set by the Board within the context of a five-year time frame
- annual budget — set to ensure our future expenditure levels are matched to the income we receive from operating youth hostels
- risk management process — assesses the impact and likelihood of all risks to YHA and the appropriate level of short-term reserves to be held

YHA has implemented an active reserve monitoring process managed by the Audit & Risk Committee (ARC) and governed by the Trustees. The ARC assesses the impact and likelihood of uninsured risks to create an expected value, which is reduced by the assessment of mitigating controls to set the appropriate level of short-term reserves to be held. This value is formally reviewed on an annual basis with the opportunity for any material changes to be picked up within YHA's quarterly risk review process.

The ARC will report if these reserves have been used and the consequent impact on the long-term strategy. In the event of a movement beyond the reserves limit the ARC would report immediately to the Board with recommendations for action.

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The Trustees have recently reviewed the reserves policy and have agreed, that given the current market conditions and to ensure that there is sufficient cash balances to meet our ongoing liabilities and unforeseen or uninsured financial losses that the charity would endeavour to maintain minimum cash reserves of between £6.75m and £7.5m for the foreseeable future.

The executive and Board continue to monitor the liquidity plan to ensure that there is sufficient headroom in the cash reserves to ensure commitments can be met when due and identifying assets which could be disposed of to provide enough scope to match the impact of any further unseen risk whether pandemic related or otherwise.

Fundraising policy

It is always our aim to provide the best possible donor experience and deliver the highest possible standards of donor care. We are registered with the Fundraising Regulator to demonstrate our commitment to achieving the highest standards in fundraising and we strive at all times to comply with the Fundraising Regulator's Code of Fundraising Practice.

We are committed to undertake our fundraising in a legal, open, honest and respectful manner by following the standards for fundraising set out in the Fundraising Regulator's Fundraising Promise. We therefore use the Fundraising Regulator logo on our fundraising materials to show that we are following these standards.

We are always committed to uphold the highest standards of practice in our fundraising and will:

- comply with all relevant law and regulation including the Charities Act 1992, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 1998, and the Fundraising Regulator's Code of Fundraising Practice and where relevant the Gambling Act 2005
- treat the information that supporters provide to YHA in line with our Privacy Policy and never share or sell their personal information to third parties for the purpose of marketing or fundraising
- ensure clear governance and management controls for the legal, safe and transparent raising of funds from a diverse range of sources
- operate policy and guidance for working with supporters who are in vulnerable circumstances
- have clear rules for when donations may be returned to donors
- report regularly to the Trustees of YHA regarding fundraising activity, including an annual summary of complaints and action taken to address these

Protecting vulnerable people

We recognise that some people we engage with through our fundraising activity may not have the capacity, at the point of the interaction, to fully understand the nature of the donation they are being asked to give, or the consequences of making that donation. People in vulnerable circumstances may need further support before deciding whether or not to make a donation.

Whenever we suspect that someone we engage with is lacking capacity or is in vulnerable circumstances, we will take steps to terminate the contact in a way which seeks to protect that person while protecting their dignity and any desire they have expressed to support YHA.

Despite our efforts to protect those in vulnerable circumstances, YHA may receive a donation where

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there may be a question over the donor's mental capacity to make that donation. In this circumstance, YHA may return the donation to the donor or — under certain circumstances — to a family member or designated person.

Fundraising complaints policy

We welcome all comments and feedback about the way we work. We invite anyone with a complaint or problem about our fundraising activity to report it via our customer care team, who will deal with it in a personal, fair and confidential way. We aim to resolve all complaints as efficiently as possible — committing to acknowledgement in two working days and providing feedback within 15 working days.

In 2022/23 YHA has received zero complaints about fundraising activity.

Investment policy

Investments acquired in accordance with the powers of the Trustees, primarily in respect of endowment funds, total £1.020 million at the end of this financial year.

Close Wealth Management and Rathbone Investment Management manage the assets on YHA's behalf, with an investment strategy aimed at maximising income at an acceptable level of risk including growth of asset values.

Borrowing and financial instruments policy

YHA uses financial instruments, comprising borrowings secured against property. The main purpose of these financial instruments is to finance the working capital cycle of YHA and to finance longer-term capital needs.

The policies for managing the risks open to YHA are summarised below:

- YHA's financing and treasury policy governs the way that YHA borrows money and how it manages its interest risk.
- Working capital requirements are managed through the cash reserves holding or where available a Revolving Credit Facility with a bank.
- Other borrowings are designed to be appropriate for the type of asset being financed. Thus, IT equipment and software are likely to be financed over no more than five years, equipment no more than 10 years and property will be financed over 20 years.

Risk management

The Board of Trustees is ultimately responsible for risk management in YHA, setting the control framework, the risk appetite and approving major decisions affecting YHA's risk management or profile. The Board annually approves YHA's risk management plan, including the risk register, reviews the effectiveness of YHA's internal control and risk management system, and allows in its agenda a detailed review of a specific risk to be tabled at every Board meeting.

The Audit & Risk Committee (ARC) has delegated authority from the Board to review and manage risk

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and the organisational risk register is the key tool used to record risks within YHA. The ARC:

- reviews the risk management policy and processes annually
- reviews and agrees on an annual basis the significant risks to which YHA is exposed
- ensures that sufficient action is being taken to mitigate the risks
- provides the Board of Trustees with an annual statement of assurance on risk management and internal controls and corporate governance
- agrees specific risks to be reviewed by the Board
- ensures that the control environment is sufficient to ensure the effective management of risk
- monitors compliance with charity commission and corporate governance requirements

At an operational level YHA has a risk management group under the Chair of a member of the senior leadership team, currently the associate director for business transformation. This group focuses on key organisation level risk. The group is drawn from all directorates to ensure that risk management is embedded in all directorates. Individuals on the group are responsible for identifying action plans for all lower-level risks and for bringing these to the risk management group as required.

Insurance policy

YHA has insured Trustees and officers of the company against liability for wrongful acts in relation to the charitable company, as permitted under Section 532 of the Companies Act.

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Legal and administrative details

Bankers

HSBC Bank plc
Level 6
71 Queen Victoria Street
LONDON
EC4V 4AY

Santander Bank
Carlton Park
Narborough
LEICESTER
LE19 0AL

Solicitors

Browne-Jacobson
3rd Floor, No 1 Spinningfields
1 Hardman Square
Spinningfields
MANCHESTER
M3 3EB

Russell Cooke
2 Putney Hill
LONDON
SW15 6AB

Pinsent Masons LLP
55 Colmore Row
BIRMINGHAM
B3 2FG

Auditor

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
1 Holly Street
SHEFFIELD
S1 2GT

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Investment fund managers

Close Wealth Management
10 Crown Place
Clifton Street
LONDON
EC2A 4FT

Rathbones Investment Management
George House
50 George Square
GLASGOW
G2 1EH

Internal auditors

KPMG are the internal auditors for YHA and act as an assurance function to provide an independent and objective opinion to YHA on the design and operation of the internal control environment.

External auditors

Pursuant to Section 487(2) of the Companies Act 2006, the Auditors will be deemed reappointed and therefore Grant Thornton will continue in office.

In approving the Report of the Trustees, the Trustees are also approving the Strategic Report in their capacity as company directors.

ON BEHALF OF THE TRUSTEES

Margaret Hart

M Hart
Chair
3 October 2023

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Independent auditor's report to the members of YHA (England and Wales)

Opinion

We have audited the financial statements of YHA (England and Wales) (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 28 February 2023, which comprise the consolidated statement of financial activities (incorporating the consolidated income and expenditure account), the group and parent charitable company balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 28 February 2023 and of the group's and the parent charitable company's incoming resources and application of resources including, the group's and the parent charitable company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which details the factors that the trustees have considered in making their going concern assessment for the group and the parent charitable company, which includes the parent charitable company's facilities agreement with HSBC, which is repayable on 24 November 2023. The parent charitable company and the lender have agreed upon heads of terms to refinance the facility agreement and extend the facility agreement period to a repayment date of 24 November 2024. This is more than 12 months after the signing date, however, it is possible that HSBC will withdraw credit approval before a formal facility agreement is signed. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on both the group and parent charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Trustees incorporating the Strategic Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Trustees incorporating the Strategic Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees incorporating the Strategic Report, prepared for the purposes of company law, included in the Report of the Trustees incorporating the Strategic Report for the financial year ended 28 February 2023 for which the financial statements are prepared is consistent with the financial statements.

The Report of the Trustees incorporating the Strategic Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report included in the Report of the Trustees.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or
- returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 102, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either

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intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the parent charitable company and the sector in which it operates. We determined that the following laws and regulations were most significant: the Charities SORP (FRS 102), The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), Charities Act 2011, Charities (Accounts and Reports) Regulations 2008 and the Companies Act 2006;
- We assessed the susceptibility of the parent charitable company financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the certain controls management has in place to prevent and detect fraud;
  - Challenging assumptions and judgments made by management in its significant accounting policies;
  - Identifying and testing journal entries;
  - Identifying and testing related party transactions;
  - Inspecting the board minutes; and
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement team's experience with similar engagements, their understanding of the parent charitable company's industry and regulatory requirements (the Charities SORP (FRS 102), the Companies Act 2006 and the relevant tax compliance regulations) relating to the parent charitable

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company were considered by the engagement partner in assessing the competence and capabilities of the engagement team;

- We understood how the parent charitable company is complying with these legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes, and through our legal and professional expenses review. We also obtained an understanding of the parent charitable company's control environment, including:
- Management's knowledge of relevant laws and regulations and how the parent charity is complying with those laws and regulations;
- The adequacy of procedures for authorisation of transactions and review of management accounts; and
- Procedures to ensure that possible breaches of laws and regulations are appropriately resolved.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Peter Edwards BA FCA
Senior Statutory Auditor for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
3 October 2023

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Consolidated statement of financial activities

(incorporating the consolidated income and expenditure account)

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2023 £'000	Total 2022 £'000
Income						
Income from charitable activities	6	**41,768**	—	—	**41,768**	22,318
Income from trading activities (YHA Trading Limited)	14	**5,068**	—	—	**5,068**	3,676
Donations, gifts and legacies		**1,346**	**166**	—	**1,512**	1,809
Grants receivable	5	—	**972**	—	**972**	5,714
Coronavirus Job Retention Scheme payments receivable		—	—	—	—	1,691
Investment and similar income	7	**10**	**23**	—	**33**	21
Total income before net gain on disposal of tangible fixed assets		**48,192**	**1,161**	—	**49,353**	35,229
Net gain on disposal of tangible fixed assets		**7,555**	—	—	**7,555**	332
Total income		**55,747**	**1,161**	—	**56,908**	35,561
Expenditure						
Costs of charitable activities	9	**53,713**	**1,356**	—	**55,069**	41,397
Costs of trading activities (YHA Trading Limited)	9	**4,058**	—	—	**4,058**	3,095
Fundraising	9	**353**	—	—	**353**	405
Total expenditure		**58,124**	**1,356**	—	**59,480**	44,897
Unrealised gains on investments	24	—	—	**26**	**26**	28
Realised (losses)/gains in investments	24	—	—	**(81)**	**(81)**	3
Net expenditure before tax and refinancing costs		**(2,377)**	**(195)**	**(55)**	**(2,627)**	(9,305)
Tax on commercial activities		—	—	—	—	—
Net income/(expenditure)*		**(2,377)**	**(195)**	**(55)**	**(2,627)**	(9,305)
Transfer between funds	25	—	—	—	—	—
Net income/(expenditure) after transfers		**(2,377)**	**(195)**	**(55)**	**(2,627)**	(9,305)
Other recognised gains and losses						
Actuarial gain/(loss) on defined benefit pension scheme	23	**(386)**	—	—	**(386)**	2,044
Actuarial gain on multi-employer pension scheme	23	**7**	—	—	**7**	1,008
Other losses		—	—	—	—	(104)
Net movement in funds		**(2,756)**	**(195)**	**(55)**	**(3,006)**	(6,357)
Fund balances brought forward at 1 March 2022		**14,417**	**4,322**	**1,075**	**19,814**	26,171
Fund balances carried forward at 28 February 2023	26	**11,661**	**4,127**	**1,020**	**16,808**	19,814

All income was from continuing operations.
*Information up to and including net income/expenditure represents the information required by the Companies Act 2006.
The accompanying accounting policies and notes form an integral part of these financial statements.

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Balance sheets

		Group		Company	
	Note	**2023 £'000**	2022 £'000	**2023 £'000**	2022 £'000
Fixed assets					
Tangible assets	12	**81,856**	84,922	**81,856**	84,922
Intangible fixed assets	13	**569**	491	**569**	491
Investments	14	**1,020**	1,075	**1,021**	1,076
		83,445	86,488	**83,446**	86,489
Current assets					
Stocks	15	**280**	174	**280**	174
Debtors	16	**2,639**	2,883	**2,639**	2,883
Cash at bank and in hand	28	**11,438**	11,334	**11,438**	11,334
		14,357	14,391	**14,357**	14,391
Creditors: amounts falling due within one year	17	**(75,430)**	(13,207)	**(76,257)**	(13,606)
Net current (liabilities)/assets		**(61,073)**	1,184	**(61,900)**	785
Total assets less current liabilities		**22,372**	87,672	**21,546**	87,274
Creditors: amounts falling due after more than one year	19	**(728)**	(62,698)	**(728)**	(62,698)
Provisions for liabilities	20	**(1,533)**	(1,648)	**(1,533)**	(1,648)
Net assets excluding pension liability		**20,111**	23,326	**19,285**	22,928
Multi-employer pension scheme liability	23	**(244)**	(406)	**(244)**	(406)
Defined benefit pension scheme liability	23	**(3,059)**	(3,106)	**(3,059)**	(3,106)
Net assets/liabilities including pension liabilities		**16,808**	19,814	**15,982**	19,416
Funds					
Endowments	24	**1,020**	1,075	**1,021**	1,076
Restricted funds	25	**4,127**	4,322	**4,127**	4,322
		5,147	5,397	**5,148**	5,398
Unrestricted funds					
Unrestricted funds excluding pension liability		**(7,941)**	(6,163)	**(9,955)**	(6,562)
Revaluation reserve		**22,905**	24,092	**24,092**	24,092
Pension reserve		**(3,303)**	(3,512)	**(3,303)**	(3,512)
Total unrestricted funds		**11,661**	14,417	**10,834**	14,018
Total charity funds	26	**16,808**	19,814	**15,982**	19,416

The financial statements were approved by the Board of Trustees on 3 October 2023.

Trustees

Margaret Hart

M Hart

G Turnock

Company registration number: 00282555.

The accompanying accounting policies and notes form an integral part of these financial statements.

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Consolidated statement of cash flows

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Net cash provided by operating activities	27	**1,339**	1,532
Cash flows from investing activities			
Investment income (including interest received)	7	**33**	21
Sale of tangible fixed assets		**15,516**	6,286
Purchase of tangible fixed assets		**(10,057)**	(1,658)
Purchase of intangible fixed assets		**(367)**	(153)
Net cash provided/used in investing activities		**5,125**	(4,496)
Cash flows from financing activities			
Repayment of borrowings		**(3,205)**	(38,522)
Capital element of finance lease rentals		**(123)**	(118)
Cash receipts from borrowings		**—**	41,406
Interest paid	8	**(3,032)**	(1,594)
Net cash used by financing activities		**(6,360)**	1,172
Change in cash and cash equivalents in the reporting period		**104**	7,200
Cash and cash equivalents at the beginning of the reporting period		**11,334**	4,134
Cash and cash equivalents at the end of the reporting period	28	**11,438**	11,334

The accompanying accounting policies and notes form an integral part of these financial statements.

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Notes to the financial statements

1. Company information

YHA is a company limited by Guarantee (company number 00282555). The registered office is Trevelyan House, Dimple Road, Matlock, Derbyshire DE4 3YH.

2. Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards including Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

YHA (England and Wales) meets the definition of a public benefit entity under FRS 102 and applied the sections in FRS 102 as applicable.

The financial statements are presented in Sterling £'000.

Going concern

These accounts cover the trading period from 1 March 2022 to 28 February 2023 and they reflect the challenging market conditions in which we have needed to operate, with significant events which have largely been outside of our control, principally, the war In Ukraine and the consequential impact on our energy prices, high inflationary pressures across all our cost lines, hikes in interest rates attributed to our loans and the effects of the cost-of-living crisis on our customers in general.

Positively, however, our cashflows have remained strong throughout the period, and this was helped by the sale of YHA Oxford in March 2022.

At the time of signing the accounts the Heads of Terms for a one-year extension to our loan facility have been signed and this will provide financing until 24 November 2024. The process to obtain full Credit approval has commenced as noted in the strategic report.

Our cash balances have been further increased in July 2023, by over £6m net of loan repayments, through the sale of YHA London St Pancras, YHA Liverpool Central and YHA Newcastle Central, and these monies will help us to navigate the continuing challenging environment in the 2023/24 financial year.

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2. Basis of preparation (continued)

In May 2023 the Trustees approved our three-year business plan. This will involve a concentrated focus on a smaller number of strategic hostels which will also help us to reduce our central overheads. This plan will also free up some additional monies that will be used to invest in maintenance works within the retained network.

As part of this plan, we have identified a number of hostels that will move away from being directly operated by YHA and these will either transfer to an alternative model operated by a franchise operator, or other independent party or be sold. As part of this plan some of these hostels were put up on the market in June 2023 and further changes will be made over the duration of the plan.

The Trustees have reviewed our reserves policy and agreed that given the current market conditions and to ensure there are sufficient cash balances to meet our ongoing liabilities and unforeseen financial difficulties that the charity would endeavour to maintain cash reserves of between £6.75m and £7.5m during the year.

The Trustees have also reviewed the financial forecasts to October 2024, incorporating both a most likely management case together with various financial sensitivities, incorporating reduced trading, incremental costs and interest rates, and delays to the hostel transition programme and have concluded that the charity will be able to meet its liabilities as they fall due and have plans and resources to manage its business risks successfully.

Notwithstanding this it is also possible, though unlikely, that HSBC will withdraw Credit approval before a formal facilities agreement is signed. In these circumstances this would represent a material uncertainty which could cast significant doubt on the company's ability to continue as a going concern.

Nonetheless the Trustees expect that YHA has sufficient resources to enable it to continue to adopt the going concern basis in preparing the financial statements. These financial statements do not include any adjustment that would arise if the going concern basis of preparation was not considered appropriate.

Basis of consolidation

The group financial statements consolidate those of YHA and of its subsidiary undertaking (see note 14). Subsidiaries are defined as entities where the parent charity has control and derives financial benefit and are consolidated on a line-by-line basis.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The items in the financial statements where these judgements, estimates and assumptions have been made include:

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3. Significant judgements and estimates (continued)

Retirement benefit schemes

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth and mortality. Differences arising from actual experience or future changes in assumptions will be reflected in subsequent periods. Note 23 provides information on the assumptions used in these financial statements.

The Group also participates in a multi-employer defined benefit scheme, which is accounted for as a defined contribution scheme, administered by The Pensions Trust, who are responsible for the above assumptions in relation to determining the total liability of the overall scheme. As a participating employer, the YHA's share and contribution to the liabilities of the scheme is reviewed and agreed by the Trustees every three years. Under the provisions of FRS 102 this liability is included in these statements on a discounted net present value basis. Further details on the accounting policies relating to the multi-employer defined benefit scheme are provided in notes 4 and 23.

Provisions

These financial statements include provisions for liabilities as at 28 February 2023 that have arisen as a result of a past event, and that are judged probable to materialise at a future date. Where precise factual valuations of the liability are not available, judgement has been used to estimate the size and probability of the liability. Specifically, these provisions include estimates of dilapidation liabilities under property leasehold contracts and are stated on a net present value basis.

Assets under construction

These represent spend and work-in-progress on partially complete assets that are not in productive use in the business. This will principally be (but not exclusively) major refurbishment and development projects in YHA's estate portfolio and business systems/ IT infrastructure projects. Where projects stretch over more than one year the values are reviewed to ensure that the spend still represents a tangible or intangible asset.

Grants

The recognition of grants and capital contributions in these financial statements involves judgements as to whether performance or other relevant entitlement conditions have been met. The recognition of grants in restricted funds involves a judgement as to the Useful Economic Life of the asset to which it relates.

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4. Principal accounting policies

Income

Income generated from the operation of youth hostels represents the fair value of the amount receivable by YHA for goods supplied and services provided, excluding value added tax and net of trade discounts. Consequently, the income due from a particular guest is recognised when that guest stays with YHA. Payment received from guests in advance of their stay is recorded as deferred income (see note 18). Membership subscriptions are recognised when received.

Where hostels have been leased to organisations to provide accommodation for charitable purpose these amounts have been recognised as income.

Income from YHA Trading Limited represents commercial goods supplied and services provided by that YHA company to its customers and income is recognised when the goods or services are delivered. Donations, gifts and legacies are recognised in the statement of financial activities when it is probable that the income will be received, and all entitlement conditions will be met.

The Charity carries out work for government bodies and income under these contracts is recognised once milestones attached to income have been met. Incoming resources on government contracts are included in the statement of financial activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Grants

Revenue grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable.

Income from investments

Investment income is recognised when receivable.

Endowments

Endowment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains and losses are retained within the endowment in the balance sheet.

Restricted permanent endowment

This relates to funds where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

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4. Principal accounting policies (continued)

Restricted expendable endowment

This relates to funds which were permanent endowments but given the small scale of the specific individual funds, agreement was received from the Charities Commission that these could be spent in line with the original objective of each fund.

Fund accounting

Restricted funds are those for which specified purposes were laid down by the donor or grant-giving body. Expenditure for those purposes is charged to the appropriate fund.

Unrestricted funds are donations and other income received or generated for expenditure on the general objectives of YHA.

When grants and donations are received for a specific purpose involving capital investment, the cash will be recorded against a restricted fund. When the investment has been made, the relevant capital asset will be recorded against the relevant fund, and depreciation of the asset charged against the fund. Once any restrictions on the use of the asset have expired, the asset will be transferred from the restricted fund to YHA's unrestricted funds.

Tangible and intangible fixed assets

Fixed asset accounting policy

Tangible and intangible fixed assets are stated at cost, net of depreciation. No depreciation is charged during the period of development or construction.

Depreciation is calculated to write down the cost or estimated residual value of all tangible fixed assets over their expected useful lives. All depreciation is on a straight-line basis, and assets are amortised as follows:

Freehold properties	:	land not amortised
Freehold properties	:	buildings superstructure up to 50 years
Freehold properties	:	buildings sub-structure / other between 10 and 30 years
Leasehold properties	:	long term leases: market value over length of lease
Leasehold properties	:	building shorter of economic life or length of lease
Fixtures & Fittings	:	between 3 and 15 years
Intangible assets	:	up to 4 years

Assets under construction represent spend and work-in-progress on partially complete assets that are not in productive use in the business. This will principally be (but not exclusively) major refurbishment and development projects in YHA's estate portfolio and business systems/ IT infrastructure projects.

Assets under construction are carried at cost and are not depreciated until they come into use and are capitalised in the asset register. Where the date of capitalisation is later than the date of productive use, a retrospective depreciation adjustment is made to correct Net Book Value (NBV).

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4. Principal accounting policies (continued)

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss.

Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Investments

Assets held for investment purposes are measured at fair value. Changes in fair value are recognised in the income and expenditure accounts. Fair value is estimated using value at the balance sheet date.

Net gains and losses on revaluations and disposals during the year are included in the statement of financial activities.

Expenditure

Expenditure, which is charged on an accruals basis, is allocated between:

- Expenditure incurred directly in the fulfilment of YHA's objectives (direct charitable). This includes head office support costs which are directly attributed to the operation of youth hostels.
- Expenditure incurred directly in the effort to raise voluntary contributions (membership, fundraising and publicity).
- Expenditure incurred in the governance of YHA. This includes internal and external audit costs, chief executive costs and similar governance costs.

Staff costs

A range of benefits are provided to employees, including paid holiday arrangements and defined benefit and or defined contribution pension plans. Short term benefits including holiday pay and other similar costs are recognised as an expense in the period in which the service is received.

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4. Principal accounting policies (continued)

Redundancy and termination payments

All redundancy and termination payments, including ex-gratia payments and amounts in lieu of notice are charged or accrued as incurred.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the SOFA in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employers are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Financial instruments

Financial liabilities are classified according to the substance of their governing contractual arrangements.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the statement of financial activities. Finance costs are calculated so as

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4. Principal accounting policies (continued)

to produce a constant rate of return on the outstanding liability. Financial liabilities are initially recognised at fair value then subsequently at amortised cost using the effective interest method.

Stocks

Stocks are stated at the lower of cost using the first in, first out method and net realisable value.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring income and expenditure. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to the SOFA on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Retirement benefits

Defined contribution group personal pension schemes

Contributions payable to the schemes in respect of each accounting period are included in the statement of financial activities in that period.

Defined benefit pension scheme (closed)

The scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the attained age method on the basis of triennial valuations and are discounted at appropriate high-quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus would only be recognised to the extent that it is recoverable by the group.

The current service cost and costs from settlements and curtailments are included in the statement of financial activities. Past service costs are spread over the period until the benefit increases. The difference between interest on the scheme liabilities and the expected return on

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4. Principal accounting policies (continued)

scheme assets is included in interest payable or investment income as appropriate. Actuarial gains and losses are reported in the consolidated statement of financial activities.

Multi-employer defined benefit scheme

YHA participates in a multi-employer scheme, administered by The Pensions Trust, which provides benefits for 854 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for YHA to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, YHA accounts for the scheme as a defined contribution scheme. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a "last person" standing arrangement. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Where the scheme is in deficit and where YHA has agreed to a deficit funding arrangement, YHA recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Gift aid payment to parent charity

The trading company pays all its taxable profits for the year to its parent charity under the gift aid scheme. These gift aid payments are recognised as distributions to owners in equity within retained earnings.

At the reporting date the Board had indicated its intention to pay the taxable profits to the parent charity in respect of the reporting period. The payment is expected to be made within nine months of the end of the reporting date.

5. Grants and contracts

	2023 restricted funds (capital) £'000	**2023 restricted funds (other) £'000**	**Total 2023 £'000**	Total 2022 £'000
COVID-19 related grants	**—**	**—**	**—**	3,700
Other grants	**6**	**966**	**972**	2,014
Grants receivable in the year	**6**	**966**	**972**	5,714

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5. Grants and contracts (continued)

All grants receivable in the year related to restricted funds (see note 25).

Other grants received in the year amounted to £972,005 with the majority being provided by the Heritage Lottery Fund for our Generation Green project (£665,446).

Other grants totalling £306,559 were received from a range of organisations including Sport England (£165,799), the National Heritage Cultural Recovery Fund (£99,990), Kickstart funding (£25,963), Waitrose (£6,585), PodPoint (£5,622) and the Pilgrim Trust (£2,600).

6. Charitable income

	2023 £'000	2022 £'000
Income from operating youth hostels	**40,736**	21,342
Membership income received directly by the group	**1,032**	976
Total income from operating youth hostels	**41,768**	22,318

7. Investment income

	2023 £'000	2022 £'000
Listed stocks and shares	**23**	21
Cash and deposits	**10**	—
	33	21

8. Interest and financing costs

	2023 £'000	2022 £'000
Net pension cost	**76**	109
On bank loans, overdrafts and other loans	**2,897**	1,504
Financing costs amortised	**132**	87
Finance charges in respect of finance leases	**3**	3
	3,108	1,703

Interest payable is included within other direct costs (see note 9).

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9. Total expenditure

Due to the structure of YHA it is considered that any allocation of support costs from costs of operating youth hostels would be immaterial.

	Direct staff costs £'000	Other direct costs £'000	Deprec'n £'000	Total 2023 £'000	Total 2022 £'000
Costs of operating youth hostels	22,973	26,465	5,453	54,891	41,249
Costs of operating YHA Trading Ltd	1,536	2,522	—	4,058	3,095
Other fundraising costs	331	22	—	353	405
Other costs — governance costs	—	178	—	178	148
Total expenditure	24,840	29,187	5,453	59,480	44,897

	Total 2023 £'000	Total 2022 £'000
Depreciation comprises:		
Depreciation on owned tangible assets	4,353	5,181
Depreciation on owned intangible assets	290	288
Depreciation on tangible assets held under finance lease	15	15
Impairment on owned tangible assets	795	—
	5,453	5,484
Other direct costs comprise:		
Repairs and maintenance of buildings — ongoing	4,357	3,499
Repairs and maintenance of buildings — dilapidation provision	(18)	285
Fuel, heat and light	3,686	1,893
Food and beverage costs	4,409	1,667
Activity and transport providers	1,219	198
Restructuring costs (including redundancy)	24	229
Travel	712	466
Communication costs	472	420
Cleaning and laundry	2,745	1,368
Interest payable	3,108	1,703
Marketing and publications	724	541
Insurance	576	444
Auditors' remuneration — audit	67	54
Auditors' remuneration — non-audit services taxation (inc.IXBRL)	9	7
Operating lease rentals — land and buildings	2,169	2,134
Operating lease rentals — fixtures & fittings	653	380
Other direct costs	7,097	4,770
	29,187	20,058

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10. Trustees and employees

All Directors are Trustees and all Trustees are Directors.

	Group	
	2023	2022
	£'000	£'000
Staff costs during the year were as follows:		
Wages and salaries	**20,861**	15,807
Social security costs	**1,599**	1,244
Other pension costs	**794**	888
Redundancy costs	**32**	229
	23,286	18,168

The average number of employees of YHA during the year was 1,088 (2022: 825).

The full-time equivalent number of employees was 641 (2022: 525).

The chief executive is the highest paid employee and is not a Trustee of the organisation. His annual salary in 2022/23 was £132,067 per annum (2021/22: £131,609). The Board of Trustees neither received nor waived any emoluments during the year (2022: £nil).

The redundancy costs include £nil (2022: £6,481) in respect of ex-gratia payments agreed under the termination of employment.

The number of other staff whose total emoluments for the year exceeded £60,000 was as follows:

	2023	2022
£60,000 - £69,999	**5**	6
£70,000 - £79,999	**2**	3
£80,000 - £89,999	**1**	—
£90,000 - £99,999	**—**	1
£100,000 - £109,999	**2**	1
£110,000 - £119,999	**1**	1
£120,000 - £129,999	**—**	—
£130,000 - £139,999	**1**	1

YHA made payments totalling £35,920 (2022: £43,439) into defined contribution schemes for 13 (2022: 13) of these employees.

YHA made payments on behalf of and to Trustees, for attendance at meetings as follows:

	2023	2022	**2023**	2022
	number	number	**£'000**	£'000
Travel and attendance at meetings	**17**	4	**3**	1

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10. Trustees and employees (continued)

During the year no goods were purchased from companies in which Trustees held an interest. No amounts were owing to such companies at the end of the financial year.

The key management personnel of the parent charity, the Trust, comprised the Trustees, the chief executive officer, and four other executive directors. The total employee benefits of these key management personnel of the YHA were £541,941 (2022: £543,970).

The remuneration of the key management personal is determined by the Board's Remunerations Committee. In determining this, the Committee makes use of external consultations and comparisons to ensure that the pay and emoluments of YHA staff are fair in value to those having similar responsibilities and circumstances in organisations in the not-for-profit and commercial sectors. Salaries are set at the lower quartile of recognised industry wide benchmark surveys.

11. Charitable company results

The charitable company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements. The results of YHA are summarised below:

	2023	2022
	£'000	£'000
Total income	**53,027**	31,885
Total expenditure:	**(55,422)**	(41,802)
Net (expenditure)	**(2,395)**	(9,917)
Net investments gains	**(55)**	31
Net (expenditure)	**(2,450)**	(9,886)

During the year the charitable company received a gift aid donation amounting to £582,000 (2022: £194,000) from its trading subsidiary.

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12. Tangible fixed assets (group and company)

	Freehold L&B £'000	Long leasehold L&B £'000	Short leasehold L&B £'000	Fixtures, fitting & equipment £'000	Assets under construction £'000	Total £'000
Cost						
At 1 March 2022	78,892	31,711	21,419	19,794	1,563	153,379
Transfers	12	351	—	23	(386)	—
Additions	863	5,848	357	179	2,810	10,057
Disposals	(4,333)	(5,441)	—	(315)	—	(10,089)
At 28 February 2023	75,434	32,469	21,776	19,681	3,987	153,347
Depreciation						
At 1 March 2022	26,964	10,485	14,328	16,680	—	68,457
Provided in the year	1,858	986	697	828	—	4,369
Disposals	(1,840)	—	—	(290)	—	(2,130)
Impairment	—	720	—	75	—	795
At 28 February 2023	26,982	12,191	15,025	17,293	—	71,491
Net book amount						
At 28 February 2023	**48,452**	**20,278**	**6,751**	**2,388**	**3,987**	**81,856**
At 29 February 2022	51,928	21,226	7,091	3,114	1,563	84,922

All tangible fixed assets were used for charitable purposes.

In the year we exercised the option to purchase the land at London Stratford and soon thereafter sold on the land to a third-party hotel provider.

The net book amounts stated above include fixtures, fittings and equipment held under finance leases and similar hire purchase contracts of £nil (2022: nil) and freehold property held under finance leases and similar hire purchase contracts of £940,000 (2022: £955,000).

Depreciation of assets held under finance leases and similar hire purchase contracts was £nil (2022: £nil) on fixtures, fittings and equipment and £15,000 (2022: £15,000) on freehold property.

Land values were increased on transition to FRS 102 in 2016 to reflect fair market value. A post year-end review of these values based on valuations received as part of the refinancing exercise in 2017 found no reason to amend these values. However, a more recent valuation, completed after the year-end, of some of our high value properties, as required under the terms of the loan facilities agreement has identified one property which has significantly reduced in value. This has necessitated the inclusion of an impairment provision of £795,000.

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13. Intangible fixed assets (group and company)

	Software £'000	Assets under construction	Total £'000
Cost			
At 1 March 2022	1,151	240	1,391
Transfer	240	(240)	—
Additions	367	—	367
At 28 February 2023	1,758	—	1,758
Depreciation			
At 1 March 2022	900	—	900
Provided in the year	289	—	289
At 28 February 2023	1,189	—	1,189
Net book amount			
At 28 February 2023	**569**	**—**	**569**
At 29 February 2022	251	240	491

The depreciation for the above is reported under depreciation on owned intangible assets under note 9.

14. Fixed asset investments

Total fixed asset investments comprise:

	Group		Company	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Interest in group undertakings	**—**	—	**1**	1
Other fixed asset investments	**1,020**	1,075	**1,020**	1,075
Market value at 28 February 2023	**1,020**	1,075	**1,021**	1,076

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14. Fixed asset investments (continued)

Interests in group undertaking

At 28 February 2023 the charitable company held 100% of the allotted share capital of the following:

	Country of incorporation	Class of share capital held	Company number	Capital and reserves £	Result for the financial period £
YHA Trading Limited	England and Wales	Ordinary shares	05373368	100	1,010,379

	£'000
YHA Trading Limited	
Turnover	5,068
Expenditure	(4,058)
Result for the period before tax	**1,010**

Other fixed asset investments

	Group and company £'000
Market value as at 1 March 2022	1,075
Additions	279
Disposals	(254)
Realised gain	25
Unrealised loss	(105)
Market value at 28 February 2023	**1,020**

At 28 February 2023 the other fixed asset investments were held as follows:

	2023 £'000	2022 £'000
Listed stocks and shares	**991**	1,026
Cash	**29**	49
Market value at 28 February 2023	**1,020**	1,075

There were no specific investments that represented more than 5% of the portfolio by market value.

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15. Stocks

Group and company

	2023 £'000	2022 £'000
Goods for resale	**280**	174

16. Debtors

Group and company

	2023 £'000	2022 £'000
Trade debtors	**317**	259
Prepayments and accrued income	**1,131**	657
Other debtors	**1,191**	1,967
	2,639	2,883

17. Creditors: amounts falling due within one year

	Group		**Company**	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Bank loans	**59,102**	—	**59,102**	—
Trade creditors	**3,120**	2,494	**3,120**	2,494
Amounts due to group undertakings	**—**	—	**827**	399
Social security and other taxes	**1,459**	943	**1,459**	943
Other creditors	**371**	777	**371**	777
Accruals	**2,246**	2,396	**2,246**	2,396
Deferred income (note 18)	**9,002**	6,474	**9,002**	6,474
Amounts due under finance leases	**130**	123	**130**	123
	75,430	13,207	**76,257**	13,606

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18. Deferred income

Group and company

	2023 £'000	2022 £'000
At 1 March 2022	**6,802**	3,551
Released during year	**(6,802)**	(3,551)
Deferred during year	**9,669**	6,802
At 28 February 2023	**9,669**	6,802

The deferred income consists of:

Advance bookings	**9,589**	6,721
Un-allocated cash receipts	**80**	81
	9,669	6,802
Creditors: amounts falling due within one year	**9,002**	6,474
Creditors: amounts falling due after more than one year	**667**	328
	9,669	6,802

19. Creditors: amounts falling due after more than one year

Group and company

	2023 £'000	2022 £'000
Bank loans	**—**	62,150
Other loans	**—**	25
Amounts due under finance leases	**—**	130
Deferred income	**667**	328
Other amounts	**61**	65
	728	62,698

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20. Provision for liabilities

	General provisions £'000	Dilapidation provision £'000	Total provisions £'000
Balance at 1 March 2022	189	1,459	1,648
Released during the year	(189)	(600)	(789)
Arising in the year	92	582	674
Balance at 28 February 2023	**92**	**1,441**	**1,533**

The general provision includes the holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward.

The dilapidations provision represents obligations for rented properties which are due for renewal in the next 3 years. £404,000 of the provision (2022: £854,000) relates to YHA London St Paul's.

21. Borrowings

Borrowings are repayable as follows:

Group and company 2023

	Within one year £'000	After one year and within two years £'000	After two years and within five years £'000	After five years £'000	Total £'000
Bank loans	59,102	—	—	—	**59,102**
Other loans	—	—	—	—	**—**
Finance leases	130	—	—	—	**130**
Total borrowing	59,232	—	—	—	**59,232**
Cash at bank and in hand					**(11,438)**
Net borrowings					**47,794**

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21. Borrowings (continued)

Group and company 2022

	Within one year £'000	After one year and within two years £'000	After two years and within five years £'000	After five years £'000	Total £'000
Bank loans	—	62,150	—	—	62,150
Other loans	—	25	—	—	25
Finance leases	123	130	—	—	253
Total borrowing	123	62,305	—	—	62,428
Cash at bank and in hand					(11,334)
Net borrowings					51,094

The bank loans are secured by fixed charges over certain properties of YHA and a floating charge over all the assets of YHA. Interest (excluding margin) is charged at variable rates.

22. Financial instruments

Group

	2023 £'000	2022 £'000
Financial assets measured at amortised cost		
Trade debtors	**317**	259
Other debtors	**1,191**	1,967
Cash	**11,438**	11,334
	12,946	13,560

	2023 £'000	2022 £'000
Financial liabilities measured at amortised cost		
Bank loans	**59,102**	62,150
Other loans	**—**	25
Trade creditors	**3,120**	2,494
Accruals	**2,246**	2,396
Amounts due under finance leases	**130**	253
	64,598	67,318

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23. Retirement benefits

Group and Company

Historically YHA has operated a number of different Pensions Schemes:

A final salary defined benefit scheme administered by the Pensions Trust. This scheme is now closed but the residual liabilities of this scheme are disclosed within our accounts in line with FRS17 definitions.

YHA employees also had the opportunity to join the Pensions Trust Growth Plan. This is a multi-employer scheme which has progressed through four versions (or Series).

Although set up as defined contribution schemes, because of the guaranteed benefits they offered, Series 1 & 2 have subsequently been deemed to be defined benefit schemes. Series 3 which carried a guarantee that the value of investments would not fall, has also now be re-classified as a defined benefit scheme. Only Series 4 can be classified as a defined contribution scheme. Although Series 1 to 3 are defined benefit schemes as defined within FRS17, YHA is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the contributions have been accounted for as if they were defined contribution schemes.

YHA operates a defined contribution scheme administered by Scottish Widows as well as the auto enrolment pension scheme for all new employees (and for those existing employees who were not members of either the Growth Plan or the defined contribution scheme). All auto enrolment contributions are paid into the Peoples Pension administered by B&CE.

Defined benefit pension scheme

YHA operated a defined benefit pension scheme for the benefit of staff. The assets of the scheme are administered by Trustees in funds independent from those of YHA and its subsidiary undertaking.

Pension costs are assessed, on a triennial basis and in accordance with the advice of a qualified actuary using the projected unit method. The assumptions, which have had the most significant effect on the results of this year's valuation are those relating to the assumed discount rate used to value the scheme's liabilities, the rate of return on investments and the rates of increase in salaries and pensions.

In order to minimise future liabilities, the scheme was closed to new entrants at 31 December 2002, and to future accrual from 31 December 2011.

A full actuarial valuation was carried out at September 2020, which showed that the value of those assets was sufficient to cover 74% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

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23. Retirement benefits (continued)

Pension cost

The charge for the year was as follows:

	2023 £'000	2022 £'000
Defined benefit scheme — expenses	**88**	93
Defined contribution pension schemes	**491**	420
Multi-employer defined benefit scheme	**303**	468
Net (expenditure)	**882**	981

Included within the multi-employer defined benefit scheme contributions above are amounts of £540,078 (2022: £351,977) relating to additional contributions as part of the recovery plan agreed with the Pension Trust.

The above charge is exclusive of top up contributions for the final salary pension scheme of £297,352 (2022: £461,063).

In accordance with FRS 102 the net pension liability of the defined benefit scheme is included on the balance sheet of YHA. The most recent actuarial valuation of the scheme has been updated by an independent qualified actuary, taking account of the requirements of FRS 102 to assess the liabilities of the scheme at 28 February 2023. Scheme assets are stated at their market value.

The principal assumptions used by the actuary were:

	2023	2022	2021	2020
Inflation CPI	**2.9%**	3.3%	2.9%	1.9%
Rate of increase in salaries	**5.0%**	3.6%	3.2%	3.9%
Rate of increase of pensions	**2.8%**	3.1%	2.9%	2.0%
Rate of increase for deferred pensions	**3.2%**	3.6%	3.2%	2.9%
Discount rate	**5.1%**	2.6%	2.1%	1.8%

The post-retirement mortality assumptions used to value the liability at 28 February 2023 is based on the SAPS table S3PXA (all pensioners – Pensions Amounts) with a scaling factor of 0% (pre-retirement) and 114% (post-retirement) projected using CMI-2021 improvements with a 1.5% pa long term improvement rate for males and a 1.25% long term improvement rate for females.

The life expectancy of a male member reaching age 65 in 2043 is projected to be 23.1 years (2022: 23 years) compared to 21.4 years (2022 21.3 years) for someone reaching 65 in 2023. The life expectancy of a female member reaching age 65 in 2043 is projected to be 25.3 years (2022: 25.2 years) compared to 23.9 years (2022: 23.8 years) for someone reaching 65 in 2023.

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23. Retirement benefits (continued)

The split of assets in the scheme and the expected long-term rates of return were:

	2023 value £'000	2022 value £'000	2021 value £'000	2020 value £'000
Equities	**456**	2,656	2,188	2,357
Bonds	**1,730**	4,945	7,027	6,053
Property	**1,683**	1,977	1,071	1,056
LDI	**6,615**	8,312	6,359	7,524
Other	**5,835**	7,170	6,963	6,373
Total market value of assets	**16,319**	25,060	23,608	23,363
Present value of scheme liabilities	**(19,378)**	(28,166)	(29,010)	(28,238)
Net pension liability	**(3,059)**	(3,106)	(5,402)	(4,875)

The movement in the deficit in the year, included in the financial statements, was as follows:

	2023 £'000	2022 £'000
Contributions	**88**	93
Additional contributions	**540**	351
	628	444
Net contributions less expenses of the scheme	**(119)**	(83)
Expected return on pension scheme assets	**660**	489
Interest on pension scheme liability	**(736)**	(598)
	433	252
Actuarial (loss)/gain (see below)	**(386)**	2,044
	47	2,296
Deficit in scheme at beginning of year	**(3,106)**	(5,402)
Deficit in scheme at end of year	**(3,059)**	(3,106)
Actual return less expected return on pension scheme assets	**(9,310)**	1,641
Experience gains and losses arising on the scheme liabilities	**(1,504)**	(150)
Changes in the assumptions underlying the present value of the scheme liabilities	**10,428**	553
Actuarial (loss)/gain	**(386)**	2,044

The net of the expected returns on pension scheme assets and interest on pension scheme liabilities of £76,000 (2022: £109,000) is shown in interest payable. Changes in the present value of the defined benefit obligation are as follows:

	2023 £'000	2022 £'000
Opening defined benefit obligation at 1 March	**28,166**	29,010
Interest cost	**736**	598
Actuarial gains	**(8,924)**	(403)
Benefits paid	**(600)**	(1,039)
Closing defined benefit obligation at 28 February	**19,378**	28,166

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23. Retirement benefits (continued)

Changes in the fair value of plan assets are as follows:

	2023 £'000	2022 £'000
Opening fair value of scheme assets at 1 March	**25,060**	23,608
Expected return	**660**	489
Expenses	**(119)**	(83)
Actuarial (losses)/gains	**(9,310)**	1,641
Employer contributions	**628**	444
Benefits paid	**(600)**	(1,039)
Closing fair value of scheme assets at 28 February	**16,319**	25,060

	2023 £'000	2022 £'000	2021 £'000	2020 £'000	2019 £'000
Fair value of scheme assets at 28 February	**16,319**	25,060	23,608	23,363	20,334
Present value of defined benefit obligation at 28 February	**(19,378)**	(28,166)	(29,010)	(28,238)	(25,229)
Deficit in the scheme	**(3,059)**	(3,106)	(5,402)	(4,875)	(4,895)
Experience adjustments on scheme assets	**(9,310)**	1,641	159	3,173	(276)
Experience adjustments on scheme liabilities	**(1,504)**	(150)	(345)	34	191

Multi-employer defined benefit scheme

Under the definition set out in FRS 102, the Pensions Trust Growth Plan Series 1, 2 and 3 are multi-employer pension schemes. YHA is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the contributions have been accounted for as if they were defined contribution schemes. Schemes 1 and 2 closed to new members in 2001, members of scheme 3 have the opportunity to remain in the scheme or join the Scottish Widows defined contribution scheme. The last actuarial valuation concluded and published by the Pensions Trust was at 30 September 2020. The assets and liabilities and comparison to the previous triennial valuation in September 2017 were as follows:

	30 September 2020 £ million	30 September 2017 £ million
Assets	**800.3**	794.9
Present value of liabilities	**(831.9)**	(926.4)
Deficit	**(31.6)**	(131.5)

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23. Retirement benefits (continued)

The assumptions that had the most significant effect on the valuation were as follows:

	30 September 2020	30 September 2017
Financial assumptions		
Market implied inflation	**3.15%**	3.4%
Long term gilt yield	**0.67%**	1.8%
Discount rates		
Pre-retirement rate	—	3.1%
Post retirement rate	—	2.3%
Inflation		
RPI	**3.2%**	3.4%
CPI	**2.3%**	2.5%

The discount rate assumption used in the valuation process has been revised and no longer has a separate rate for pre- and post-retirement. The discount rate is now based on the initial rate of gilt yield curve plus 1.23% p.a. at the valuation date tapering to gilt curve plus 0.5%p.a. over a period of 10 years.

The deficit of £31.6 million represents a funding level of 96.2%. At the 2011 valuation the Trustees put in place a recovery plan with the aim of eliminating this deficit via a combination of additional contributions from employers and investment returns over a period of 10 years from 1 April 2013. As a result of the 2014 valuation the recovery plan had been extended by 2 years and 5 months until 31 August 2025. However, under the 2017 valuation this repayment period reduced to 31 January 2025 timeframe but to reduce the annual deficit payments accordingly.

The Pensions Trust had previously notified YHA that the additional contributions required from YHA (England and Wales) from 1 April 2013 would be £385,220 rising by 3% per year. This was subsequently revised from 1 April 2016 to £403,318 and then from 1 April 2019 to £436,021. Under the 2020 valuation the annual deficit payment is £133,333.

Multi-employer Pension Scheme movements

	2023 £'000	2022 £'000
Balance at 1 March	**406**	1,866
Paid in the year	**(161)**	(461)
Interest expense	**6**	9
Decrease in liability	**(7)**	(1,008)
Balance at 28 February	**244**	406

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23. Retirement benefits (continued)

In May 2022 we were notified by the Trustee of our Schemes that it has performed a review of the changes made to the benefits of both the defined benefit and multi-employer defined benefit schemes over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme's liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

24. Endowments

Permanent endowments (group only)

	At 1 March 2022 £'000	Realised gain £'000	Unrealised loss £'000	**At 28 February 2023 £'000**
Wilderhope Funds	142	4	(12)	**134**
Richards Bequest	439	12	(35)	**416**
Peter Grant Fund	87	2	(7)	**82**
Peter Grant Endowment Fund	108	3	(9)	**102**
Merseyside YH Golden Jubilee Trust	150	—	(5)	**145**
	926	21	(68)	**879**
Expendable endowments	149	5	(13)	**141**
	1,075	26	(81)	**1,020**

The Wilderhope Manor Fund and the Wilderhope Fund were created to provide financial support for the continuing use of Wilderhope Manor as a youth hostel.

The Richards Bequest generates income to pay for providing "various equipment for inside and outside sports & games, and material for handicrafts".

The Peter Grant funds were given to generate income for the maintenance of our hostels, (the endowment fund) and to give disadvantaged youngsters the opportunity to experience YHA.

The Merseyside Youth Hostel Golden Jubilee Trust endowment provides assistance, financial or otherwise to "enable needy or disabled young persons to enjoy the benefits of youth hostelling activities".

Also included in the company are investments in YHA Trading Limited of £100.

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25. Restricted funds

Group and company

	At 1 March 2022 £'000	Incoming resources £'000	Expenditure £'000	Transfers to/from unrestricted fund £'000	**At 28 February 2023 £'000**
Breaks	482	139	(192)	—	**429**
Small hostels fund	465	1	(66)	—	**400**
Capital grants and donations	3,179	10	(113)	—	**3,076**
Revenue grants and donations	21	972	(976)	—	**17**
Other	175	39	(9)	—	**205**
	4,322	1,161	(1,356)	—	**4,127**

	2023 £'000	2022 £'000
Restricted funds (capital)	**3,076**	3,179
Restricted funds (other)	**1,051**	1,143
	4,127	4,322

The Breaks fund has been a long-standing fundraising appeal designed to give financial support to groups of disadvantaged youngsters and provide the opportunity of a stay with YHA. In 2019/20 we extended this project to expand the scope of the scheme to cover a wider group of disadvantaged young people and families as part of our 90th anniversary celebrations and more latterly for our No Child Left Behind appeal.

The Small Hostels Fund is supplemented by donations and legacies from people wishing to support the maintenance and development of YHA's small rural hostels. Donations of £1,000 (2022: £173,000) were gratefully received in the year with £66,000 being spent from the fund this year to support the refurbishment of a number of hostels throughout the network.

During the year capital grants of £10,000 (2022: £nil) were received.

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26. Analysis of net assets between funds

Group

	Unrestricted funds £'000	Realised funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	78,780	3,076	—	**81,856**
Intangible fixed assets	569	—	—	**569**
Investments	—	—	1,020	**1,020**
Current assets	13,306	1,051	—	**14,357**
Current liabilities	(75,430)	—	—	**(75,430)**
Long term liabilities	(2,261)	—	—	**(2,261)**
Pension liability — Defined benefit	(3,059)	—	—	**(3,059)**
— Multi-employer	(244)	—	—	**(244)**
	11,661	4,127	1,020	**16,808**

Company

	Unrestricted funds £'000	Realised funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	78,780	3,076	—	**81,856**
Intangible fixed assets	569	—	—	**569**
Investments	—	—	1,021	**1,021**
Current assets	13,306	1,051	—	**14,357**
Current liabilities	(76,257)	—	—	**(76,257)**
Long term liabilities	(2,261)	—	—	**(2,261)**
Pension liability — Defined benefit	(3,059)	—	—	**(3,059)**
— Multi-employer	(244)	—	—	**(244)**
	10,834	4,127	1,021	**15,982**

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27. Reconciliation of changes in resources to net cash inflow from operating activities

	2023 £'000	2022 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	**(2,627)**	(9,305)
Adjustments for:		
Depreciation	**4,658**	5,484
Impairment losses	**795**	—
Pension contributions to reduce liabilities	**(837)**	(1,011)
Pension cost expenses non cash	**119**	83
Pension net interest non cash	**76**	109
Borrowings — non cash items (amortisation)	**132**	87
Losses/(gains) on investments	**55**	(31)
Gains on sale of tangible fixed assets	**(7,555)**	(332)
Interest charge	**3,032**	1,594
Investment income — cash element	**(33)**	(21)
Increase in stock	**(106)**	(80)
Decrease/(increase) in debtors	**244**	(731)
Increase in creditors	**3,501**	5,271
Decrease/(increase) in provisions	**(115)**	415
Net cash provided by operating activities	**1,339**	1,532

28. Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Cash in hand	**11,438**	11,334

29. Reconciliation of net cash outflow to movement in net debt

	Group	
	2023 £'000	2022 £'000
Increase in cash	**104**	7,200
Cash outflow from movement in debt and lease financing	**3,328**	(2,766)
Change in net debt resulting from cashflows	**3,432**	4,434
Non cash changes	**(132)**	177
Movement in net debt	**3,300**	4,611
Net debt at 1 March	**(51,094)**	(55,705)
Net debt at 28 February	**(47,794)**	(51,094)

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30. Analysis of changes in net debt

	At 1 March 2022 £'000	Cash flows £'000	Non-cash changes £'000	**At 28 February 2023 £'000**
Cash in hand and at bank	11,334	104	—	**11,438**
Debt within one year	—	—	(59,102)	**(59,102)**
Debt after more than one year	(62,175)	3,205	58,970	**—**
Finance leases	(253)	123	—	**(130)**
	(51,094)	3,432	(132)	**(47,794)**
Cash in hand and at bank	11,334	104	—	**11,438**
Total borrowing & finance leases	(62,428)	3,328	(132)	**(59,232)**
	(51,094)	3,432	(132)	**(47,794)**

31. Capital commitments

	2023 £'000	2022 £'000
Contracted for but not provided for in these financial statements	**2,159**	470

Capital commitments are included for any remaining expenditure required to complete major projects. This is intended to reflect YHA's commercial intent and any material commitments to full completion of these projects and may be in excess of the contractually binding liability as at 28 February 2023.

32. Leasing commitments

Operating lease and rental payments fall due as follows:

Group and company

	2023		2022	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
In one year or less	**2,245**	**720**	2,122	627
Between one and five years	**9,008**	**92**	8,527	166
Between five and twenty-five years	**54,431**	**—**	51,041	—
Twenty-five years or more	**3,262,086**	**—**	3,221,330	—
	3,327,770	**812**	3,283,020	793

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32. Leasing commitments (continued)

YHA holds leases on 10 properties beyond 25 years giving rise to a £3.3bn FRS 102 calculated liability. 96% of this calculated liability relates to commercial rent payable on a single property with 235 years of a 250-year term remaining. There is a break clause on this property in 16 years' time and every 35th anniversary thereafter which mitigates any risk to the charity.

33. Transactions with Trustees and other related parties

There were no transactions with Trustees other than those disclosed in note 10.

Other related party transactions for the year were limited to the procurement of services for the YHA Festival of Walking project from a consultancy owned by the spouse of one of the executive directors amounting to £32,500 (2022: £1,023).

As YHA Trading Limited is a wholly owned subsidiary of YHA, YHA is exempt from the requirements of FRS 8 to disclose transactions with this company.

34. Post balance sheet events

In July 2023 YHA London St Pancras, YHA Liverpool Central and YHA Newcastle Central hostels were sold via an asset purchase agreement to an alternative hostel operator as part of our plans to consolidate our city hostel network for a sales value of £17.15m, with an associated net asset value including disposal costs of £11m. Upon completion £10.5m of the HSBC loan was repaid.

The 2023-26 Business Plan focuses on a smaller number of strategic hostels. This will help to reduce central overheads, free up some additional monies to invest in maintenance works within the retained network and repay more of the HSBC debt. Some hostels will move away from being directly operated by the charity and these will either transfer to an alternative model operated by a franchise operator, or other independent party or be sold. As part of this plan 20 hostels were put on the market in June 2023. Although in the early stages of the sales process the potential sales value of these hostels is around £13.675m.

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We transform young lives forever through travel and real adventure.

Because where you go changes who you become

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YHA (England & Wales), Trevelyan House, Dimple Road, Matlock, Derbyshire DE4 3YH Company No. 00282555 Reg. Charity No. 306122