

Vectis Housing Association Limited

Financial Year Ending 31 March 2022

Value for Money Statement 2022

VHA is a community-focused housing association. Our mission is to deliver high quality services and provide new homes for households on the Isle of Wight. The latter has involved a major programme of growth requiring significant levels of investment which must be funded through rental income coupled with capital grants. Maintaining Value for Money (VfM) and achieving high rates of Return on Investment (ROI) are core to delivering our Business Strategy.

Having navigated the challenges of 2020, 2021 has proved no less challenging. The need for lockdowns and remote working has placed continued demands on organisational capacity but demands that we have managed well. The investment made in previous years to create a robust and flexible organisation as part of an effective Business Continuity Plan has proven money well spent. We have maintained a balanced programme of growth, high quality services and organisational investment. We have also extended our activities to partner with organisations provided specialist and supported housing. This has been driven by a commitment by our Board to take seriously our position as the key Island-based association and deliver housing outcomes focused on the Island's needs.

The need to deliver remains a cornerstone of our operations. So, during 2021 we delivered 14 new homes and are on site with 56 more. Having brought into letting 9 flats for people with learning difficulties we have had initial discussions about 24 additional units. We are piloting the first Rent-to-Buy scheme on the Island and have continued to maintain and invest in our housing stock.

Our operating environment has been challenging. We have had to contend with increasing labour and material costs, a relatively limited market for driving competition on the Island and an increased level of housing and financial need among Island households.

Our focus on VfM has largely been focused on driving the most out of what we spend and generating qualitative improvements, e.g. increasing/improving services with no increase in cost. We have a passionate and committed workforce who look consistently to deliver the best outcomes within the resources available. This has been reflected in the response to the challenges posed by Covid and is often evidenced in the responses we receive back from tenants and partners.

Achieving value for money continues to be about achieving a balance between cost and outcomes. We are clear that in delivering a wider community service and investing in new homes, that our approach to efficiency must also be geared towards achieving our medium- and longer-term vision of investment and growth.

The Regulatory Framework for housing associations requires VHA as a registered landlord to manage our resources **economically, efficiently and effectively** and for our Board to be robust in articulating and delivering VfM. We believe that we comply fully with this requirement.

The VfM indicators required by the Regulator for Social Housing (see below)

Regulator for Social Housing Indicator	2021	2022	SPBM Median
RSH101 Operating margin (overall)	14.31	11.63	
RSH102 Operating margin (social housing lettings)	6.68	7.88	
RSH103 EBITDA MRI (as % interest)	256.90	192.63	
RSH203 Gearing (RSH and Scorecard measure)	27.67	35.72	
RSH204 New supply delivered (social housing units) [as % of existing stock]	3.80	3.69	
RSH205 New supply delivered (Non-social housing units)	-	-	
RSH304 Reinvestment %	11.40	20.81	
RSH401 Return on Capital Employed (ROCE) %	1.83	1.88	
RSH 501 Headline housing cost per unit	4,521.97	4,781.69	

Operating costs have clearly increased over the year, which reflects a similar situation across the sector. This has been driven by rapidly increasing costs of labour and materials in respect of maintenance and new build. Inflation generally has seen costs take on an upward trajectory which has inevitably hit our budgets.

We also continue to absorb the costs of activities that are outside the normal scope of associations of our size, which are:

1. Investment in the process of developing new homes – this relates to the staff and building costs of new developments, which have not yet come into management.
2. Investment in supporting and developing communities – this is central to our values and business model
3. Higher than average void, repair and arrears costs partly resulting from a strategic partnership with the IoW Council to provide temporary accommodation for homeless people.

We have retained our ethos of delivering value to tenants and reducing costs where possible. Like most other housing providers, we have battled to control and mitigate the impact of soaring prices and material shortages over a prolonged period. We continue to post repairs and maintenance costs broadly in line with our peers and have a positive balance between responsive and planned maintenance.

We have worked to create a value for money culture within VHA. Our focus on cost saving has been predicated on our commitment to support residents through incredibly challenging times and to continue to invest in our homes. We also remain acutely aware of our obligation to the many households on the Isle of Wight who are in desperate need of affordable accommodation. Our interpretation of value is therefore a clear focus on achieving the maximum outcome from the

resources we have available. All investment decisions are made to sustain our planned growth moving forward and within the strategic context of the Business Plan.

We have produced a VfM Statement and Policy that can be viewed and downloaded from our website. A summary of this statement will also be sent to all residents in an edition of our Tenants' Newsletter.

August 2022