

## **Vectis Housing Association Limited**

### **Financial Year Ending 31 March 2025**

#### **Value for Money Statement 2025**

Vectis Housing Association (VHA) is a community-focused housing association with a clear mission: to deliver high-quality services and provide new homes for households on the Isle of Wight. Since the launch of most recent 5-year Business Plan, we have delivered a major growth programme, including significant new development supported by long-term borrowing. As a result, achieving strong Value for Money (VfM) and maintaining a high Return on Investment (ROI) are central to the successful delivery of our business strategy.

The economic environment in recent years has presented persistent challenges. Inflationary pressures and elevated costs have remained, despite some easing of interest rates. Construction, labour, and materials costs have not returned to previous levels. This has tested our ability to deliver efficiencies while maintaining the quality of our services.

With the completion of our recent new-build programme, VHA has entered a period of consolidation, focusing on maintaining and improving our existing homes through targeted investment in repairs, energy efficiency, and long-term asset management. At the same time, we remain committed to sustainable growth. We are expanding our portfolio through the transfer of 36 homes from Island Cottages and are in active negotiations to acquire a further 22 properties from Captiva Homes. These acquisitions reflect our strategic aim to increase the supply of affordable housing on the Isle of Wight while ensuring that any growth is financially viable and aligned with our core mission.

We are also placing increased emphasis on supporting our residents, many of whom are experiencing ongoing financial hardship due to the cost-of-living crisis. As a local housing provider, we are acutely aware of the increasing housing and financial need on the Island, and our services are evolving to reflect this.

Tenant engagement is a key element of VHA's governance and assurance framework. We have embedded tenant voice at Board level through formal mechanisms that provide ongoing scrutiny of our services and performance. This ensures that our approach to Value for Money is informed by the views of residents, and that our strategic priorities are aligned with the needs of the communities we serve. Our Board values this contribution in holding the organisation to account and in helping to shape the direction of our services and investment decisions.

Looking ahead, VHA remains focused on delivering long-term Value for Money through the efficient integration of new stock into our portfolio and careful planning to ensure these homes contribute positively to our business plan and wider objectives. We are also developing a structured approach to decarbonisation, recognising the importance of investing in energy efficiency and low-carbon technologies. This is essential to support national net zero targets, safeguard the long-term sustainability of our homes, and ensure that they remain affordable and comfortable for our residents.

Our approach to VfM is not solely financial. It focuses on maximising the outcomes we can achieve from our expenditure, including qualitative improvements — such as enhancing services without increasing costs. We operate in a constrained Island market with limited contractor choice, which makes it harder to drive down costs through competition. However, our dedicated team continuously seeks to optimise service delivery within available resources.

VHA's interpretation of VfM is built on balancing cost, performance, and outcomes. Delivering wider community benefit, investing in new homes, and supporting vulnerable residents are central to our mission, and our approach to efficiency is fully aligned with our long-term vision of sustainable growth.

We fully comply with the Regulator of Social Housing's Value for Money Standard, which requires registered providers to manage resources **economically, efficiently, and effectively**, and for Boards to be transparent and robust in demonstrating this. Our Board takes this responsibility seriously and monitors VfM performance as a core component of governance and strategic oversight.

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

Regulator for Social Housing Indicator	2024	2025
RSH101 Operating margin (overall)	15.52	18.04
RSH102 Operating margin (social housing lettings)	11.99	17.89
RSH103 EBITDA MRI (as % interest)	185.17	178.21
RSH203 Gearing (RSH and Scorecard measure)	43.91	37.94
RSH204 New supply delivered (social housing units) [as % of existing stock]	6.51	-
RSH205 New supply delivered (Non-social housing units)	-	-
RSH304 Reinvestment %	2.00	0.45
RSH401 Return on Capital Employed (ROCE) %	2.33	2.40
RSR 501 Headline housing cost per unit	5,341.51	5,028.25

Activities beyond the norm for our size and scale include:

- **Community Investment** – VHA continues to invest in building and sustaining strong communities. This is central to our values and business model.
- **HALs** – Our work with the Isle of Wight Council to provide temporary accommodation for homeless individuals results in higher-than-average voids, repairs, and arrears costs, which we absorb as part of our social mission.

Despite inflationary and supply chain pressures, we have worked hard to control costs and maintain repairs and maintenance expenditure broadly in line with our peers. We have achieved a healthy balance between responsive and planned maintenance, supporting long-term asset management.

We continue to foster a VfM culture throughout the organisation. Our efforts to manage costs are always rooted in our commitment to our tenants — ensuring our services remain responsive and sustainable while continuing to invest in homes and communities. We remain mindful of our duty to those still waiting for safe, secure, and affordable homes on the Island. All investment decisions are made within the framework of our Business Plan, ensuring that our resources are aligned with our strategic goals. Our aim is to deliver the maximum benefit from every pound spent.