

VALLEY HOUSING LTD (Registered Number: 10157625)

Directors' Report - 2023/24

1 Introduction

- 1.1 The following report is presented by the directors of Valley Housing Ltd (VHL or the company) to the Cabinet of Test Valley Borough Council with respect to the activities undertaken by the company in the year ended 31st March 2024.
- 1.2 The report also considers the immediate plans the directors have to continue to grow the company.
- 1.3 VHL was incorporated on 30th April 2016. This is the eighth annual report of the directors to the shareholders.

2 Management & Administration

- 2.1 Throughout the financial year there have been changes to the directorship of the company.
- 2.2 The Head of Strategy and Innovation was appointed as a director in September 2023 following the resignation of the Head of Housing and Environmental Health in June 2023.
- 2.3 The Head of Property and Asset Management resigned as a director in January 2024 leaving the company with two directors.
- 2.4 The directors recommend that three directors are needed to achieve the most efficient and effective delivery of the company's business plan. The previous Head of Housing & Environmental Health served as a director of the company and his successor has similar skills and experience relevant to the delivery of the company's objectives.
- 2.5 The directors therefore recommend that Cabinet approve the appointment of the Head of Housing & Environmental Health as a director of the company.
- 2.6 Financial and administrative assistance was provided by Council officers for which a commercial recharge for time incurred was made.
- 2.7 The company has retained the following professional service providers throughout the year:
 - Bankers – Barclays Bank plc, High Street, Andover
 - Auditors – Hysons LLP, Winchester Street, Andover
 - Property management agents (Andover) – Bournes, Swan Court, Andover
 - Property management agents (Romsey) – Winkworth, Market Place, Romsey

2.8 Directors and Officers insurance cover was in place with a cover limit of £5M. This is to secure the position of the directors whose core role is as a Head of Service for Test Valley Borough Council, rather than company director.

3 Property Portfolio

3.1 The company had twenty-three properties in its Portfolio at the end of the 2023/24 financial year. All are owned by the Council and were subsequently leased to the company.

3.2 The properties managed by the company throughout the year were held at:

Andover

High Street (2)
Lune Court
Spey Court
Tintagel Close (3)
Launcelot Close (2)
Galahad Close (5)

Romsey

Church Street
Alma Road
Portersbridge Street (7)

4 2023/24 Financial Performance

4.1 The following table compares the actual financial performance in the year with that shown in the business plan forecast. The figures are based on the draft financial statements, which were being audited at the time the report was written.

	Business Plan 2023/24	Actual Income & Expenditure 2023/24
Rental and Other Income	272,073	279,551
Property Related Expenditure	(240,328)	(229,385)
Gross Profit	31,744	50,166
Admin & Management Expenditure	23,596	27,753
Nett profit for the Year before tax	8,148	22,413

4.2 The table shows that the company generated a larger profit in the 2023/24 financial year than was expected in the forecast. The level of profits earned in the year were roughly £14,300 higher than expected. The key differences were:

- Rental income was around £7,500 higher than forecast due to voids being lower than expected during the year.
- Direct costs were around £11,000 lower than expected. This was predominantly due to lower than expected maintenance costs being incurred.
- Administrative expenses were £4,100 higher than expected, largely due to increased insurance premiums and higher than forecast interest rates affecting loan interest payments.

4.3 As at 31st March 2024, the company had an outstanding loan balance to the Council of £40,000. This taken out in the early years of trading when the company expected to make losses. With the company now profitable, and forecast to remain that way, the loan was repaid in full in May 2024.

5 Future Plans

5.1 The company will continue to work closely with the Council to bring back into use suitable properties currently owned by the Council.

5.2 Where opportunities arise, it may be possible to consider further open market purchases where there is a clear business case for doing so. Any such purchases would need the agreement and approval of the Council before being progressed.

6 Conclusion

6.1 The 2023/24 financial year was the company's eighth full year of trading and its fourth consecutive profitable year. The growth in the property portfolio in 2023/24 was in line with the expectations set out in the business plan.

6.2 The outturn results were more profitable than those expected in the last business plan update and the directors forecast continuing profits into the medium term.