Value for Money Position Statement for Year Ended 31.3.2022

Value for Money (VFM) is achieved when limited financial resources are spent and invested in ways that produce the greatest long-term beneficial effects. At TRH we believe the organisation exists to provide 'social value' and we also consider the social value benefits of the work that we do.

The Group Board is fully committed to the delivery of VFM for our customers, seeking an appropriate balance between cost, performance and customer satisfaction. Value for Money is embedded into our Corporate Plan which sets out what we plan to do and how we intend to deliver it, captured across four corporate objectives – Our Customers, Our Homes, Our People and our Corporate Health.

Our Value for Money Strategy provides the framework and approach that ensures that, in meeting the corporate objectives, VFM is delivered strategically across the organisation and is integral to Strategic Priority 4 – 'Our Corporate Health'.

The strategy identifies five key principles to support and embed VFM thinking and action as well as to ensure that the use of the Group's resources fully support TRH's vision.

1. Doing the right things
2. Doing things economically
3. Maximising the return from our people
4. Maximising the return from our assets
5. Achieving outcomes that are right and sustainable

The key objectives of the strategy are to:

- Generate optimal outcomes for the Group, tenants, customers, and communities.
- Create efficiencies in the way the Group operates.
- Utilise profits from commercial activities to provide greater services for tenants.
- Understand its return on assets and use this to assist in the prioritisation of activities against its strategic objectives making new development decisions based on social and financial return to the Group, its customers, and communities.
- Create and embed a VfM culture across the organisation.
- Use growth in the business to provide local employment opportunities.
- Provide social and economic benefits to individuals and communities in our core geographical areas.
- Create environmental efficiencies.

Key to the delivery and assessment of the delivery of VfM is the annual budget setting and organisational planning process.

The annual budget process adopts a zero-based approach with growth bids requiring a business case to be presented to the Leadership Forum for approval. This ensures that we have a rigorous approach and appraisal of how resources are invested in furthering the strategic objectives. In addition to this benchmarking and procurement activities undertaken alongside assessing whether we have achieved the outcomes targeted.

Value for Money targeted efficiencies for delivery in 2021/2022 are set out in the organisation plan and are approved by the Group Board. These predominantly focus on delivering efficiencies, which will ultimately improve the quality of our services and reduce costs.

We monitor and report to our Board on progress towards achieving our strategic objective outcome targets during the year.

Across the four strategic priorities the Group Board has approved a number of bespoke metrics and targets which seek to demonstrate and underpin how we deliver value for money in a local context. These are in addition to the targets for the seven metrics included in the Value for Money Standard published by the Regulator in 2018.

Key Considerations of the Assessment

In assessing our value for money position for 2021/22 we have taken into consideration the following:

- How have we performed?
- Do we consider we provide VFM?
- What level of improvement can we realistically expect to make?
- How does our performance compare with peer organisations?
- Are we performing better year on year?
- Where exactly does our performance fall short?

Who do we compare ourselves with?

Two Rivers Housing undertakes a range of benchmarking to assess its performance, predominantly using the information published by the Regulator of Social Housing in the information extracted from the 2021 Global Accounts Annex.

We engage consultants i4H to provide an external assessment of our performance in year. In addition to this internally we undertake benchmarking against the PlaceShapers members as this group are aligned to the values and operations of TRH as they subscribe to the notion of community-based housing associations.

Group Board Assessment

The Group Board has considered the information detailed below and having reviewed the performance for the year the Board is satisfied that Two Rivers Housing continues to deliver value for money, particularly against the backdrop of managing operations during recovery from the pandemic.

Section 1 – Performance against Value for Money Sector Metrics

Two Rivers Housing undertakes a range of benchmarking to assess its performance, predominantly using the information published by the Regulator of Social Housing in the information extracted from the 2021 Global Accounts Annex.

Previously, the current year performance has been assessed relative to the prior year global accounts sector information however, the pandemic has created such variables that this comparison is no longer as meaningful. For 2022, performance has therefore been assessed relative to the forecast target, with reference to the prior year performance relative to that year's sector position.

The table below details Two Rivers Housing's performance against the metrics published in the 2021 Global Accounts relative to the sector and PlaceShaper members:

	Two Rivers Housing			Whole sector (Median)	Place shapers (Median)
	Actual 2022	Target 2022	Actual 2021	2021	2021
Reinvestment	10.2%	12.5%	5.6%	5.8%	5.9%
New supply delivered % (Social housing)	1.95%	2.35%	2.0%	1.30%	1.32%
New supply delivered % (Non-social housing)	-	-	-	-	-
Gearing	55.9%	60.6%	55.3%	43.9%	45.0%
EBITDA MRI / Interest cover %	158.4%	152.9%	224.2%	183%	180.9%
Headline social housing cost per unit	3,472	3,448	2,970	3,730	3,622
Operating margin % - Social Housing	25.1%	20.7%	28.3%	26.3%	26.4%
Operating margin % - Overall	25.9%	20.9%	28.8%	23.9%	24.2%
Return on Capital Employed	3.4%	2.6%	4.8%	3.3%	3.3%

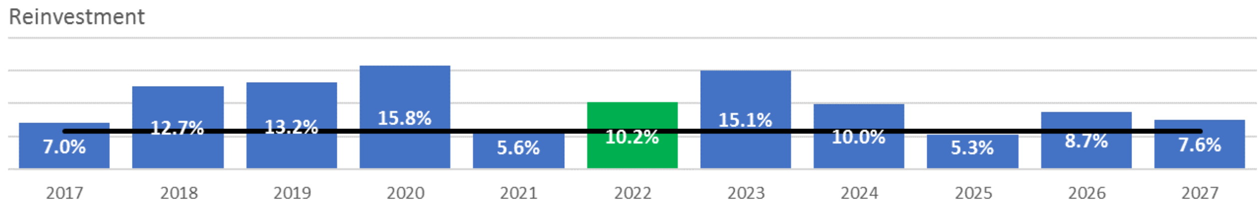
RAG rating – Actual 2022 vs Target 2022; Actual 2021 vs Sector median and PlaceShaper members

The table below demonstrates Two Rivers Housings' performance against the i4H Benchmarking peer group:

FY22 - Financial Indicators	FY21	FY22	Median
Reinvestment%	6.70%	10.16%	5.40%
New Supply Delivered% (Social Housing)%	1.98%	1.95%	1.40%
Gearing Ratio %	55.30%	55.89%	46.90%
EBITDA MRI Interest Cover %	233.08%	158.40%	149.20%
Headline social housing cost per unit £	£2,990	£3,472	£4,280
Operating Margin % (Overall)	30.69%	25.89%	22.80%
Operating Margin % (SHL)	27.40%	25.12%	25.10%
Return on capital employed (ROCE)	4.73%	3.40%	3.20%
Total Score	**270**	**260**	**200**

A commentary in relation to each of the metrics in turn, along with a brief description of the metric is contained below:

Reinvestment

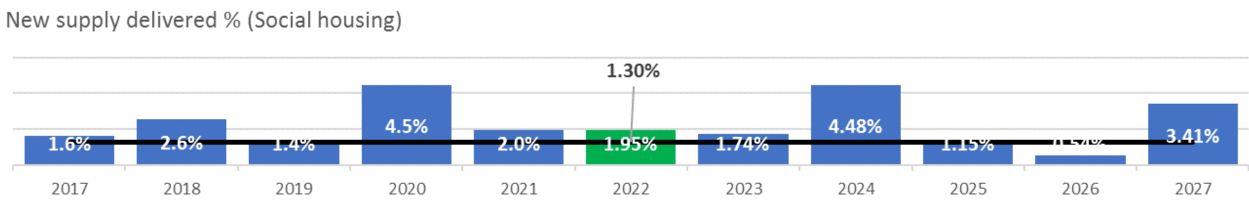


This indicator looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held.

This figure shows investment levels have increased substantially relative to 2021 performance but has marginally missed the target for 2022 due to a delay to a number of development schemes. Two Rivers Housing performance in 2021 was also marginally behind the sector and its peer group based on the benchmarking analysis.

Due to the pandemic, TRH average expenditure in 2020/21 was substantially lower than budgeted for however had been consistently higher than this with an average of £649 per unit for the 5 years excluding 2020/21. In 2022 it has increased to £752 per unit due to the nature of the programme being focused on capital works. Going forward for the 5-year period to 2028 it increases substantially again to £957 per unit reflecting the desire to maintain the quality and improve the energy efficiency of our homes.

New supply delivered



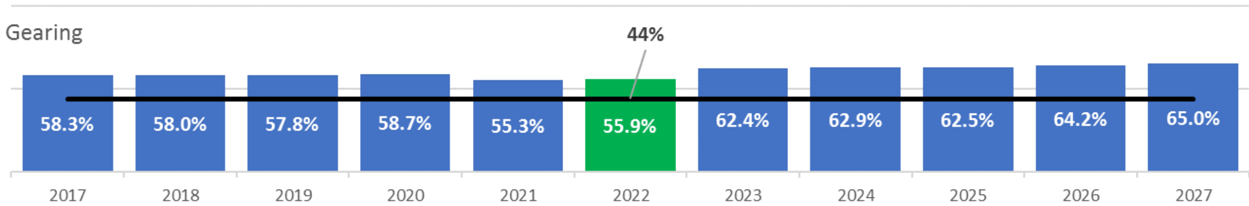
This sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at the period end.

New supply continues to increase with the delivery of 84 new homes in the year and a three-year average of 118 units. As above, the 2021/2022 performance is less than target due to delays to a handful of schemes in the development programme. For 2020/2021, the percentage of new social housing delivered was ahead of the sector median and the benchmarking group.

It is acknowledged that a variety of drivers affect delivery – developer and planning delays, legal issues and programme delivery spanning multiple financial years, can all have an impact on delivery. Given the continued impact of the pandemic it is not unexpected that there is a shortfall relative to the target but the pipeline of development looking forward remains healthy.

Two Rivers Housing no longer has any planned supply of non-social housing.

Gearing



This metric assesses how much of the assets are made up of debt and is an approximate indication of capacity, in that more highly geared associations may have less capacity to develop further.

During the year, the £40m second tranche of the Private Placement was drawn but since these funds are held as cash and short-term investments it has not substantially increased the gearing ratio relative to 2020/2021. Relative to the 2021/2022 target, the position is better than anticipated due to higher levels of cash being held due to delays to the development programme.

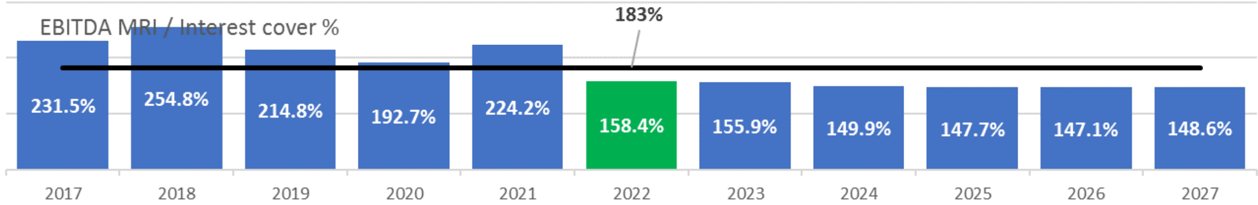
Two Rivers Housing's gearing ratio does however remain higher than the averages for the sector, PlaceShapers and the benchmarking group but is indicative of Two Rivers Housing having geared up to develop more units and relative to the low historical cost on transfer.

It is not uncommon for LSVT providers, and those that are developing, to be more highly geared. As with all ratios, the position does have to be viewed with caution. If the cost paid for initial housing stock acquisition was particularly low (as was the case with Two Rivers Housing) due to the level of work that was required to be carried out being reflected in the purchase price, then as the Association develops and pays full build costs for new stock, the additional loans will start to dwarf the initial costs and the ratio will start to increase.

Overall, a high gearing ratio can be offset against high new delivery performance, which is consistent with the strategic objectives of Two Rivers Housing.

In terms of ability to continue raising finance for future loans, while this ratio is considered, it is likely to be less important than EBITDA MRI, asset cover based on existing use valuation and debt per unit.

EBITDA MRI interest cover

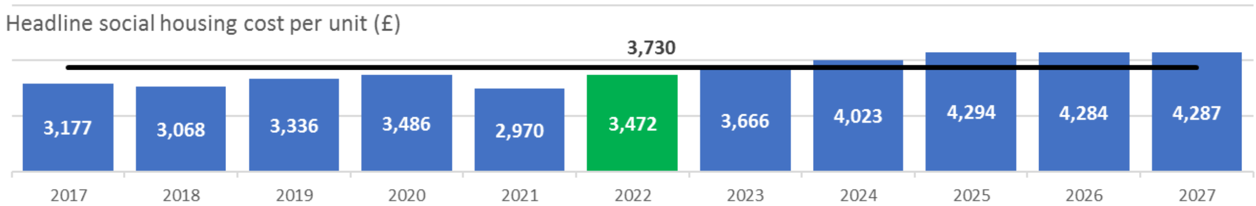


This ratio measures the level of surplus created against interest payments. Strong interest cover is required to service existing debt and support continued investment. A high interest cover ratio is not automatically a good thing as it may indicate that there is capacity to borrow further to develop, although it does need to be taken into context with the other financial indicators.

As a result of substantially higher maintenance expenditure, there has been a deterioration in the EBITDA MRI interest cover relative to 2020/2021, but with management costs relatively contained at 2021 levels the actual performance is better than target. For 2020/21, performance against this metric is ahead of the sector average and both the PlaceShapers and the benchmarking peer group.

Additional funding and liquidity have resulted in higher interest payable costs but this in in line with the strategic objective to fund the substantial development pipeline and continued investment in existing homes. This, combined with increased maintenance expenditure means that the forecast position results in this ratio being weaker, but in line with the tolerances set by the Board.

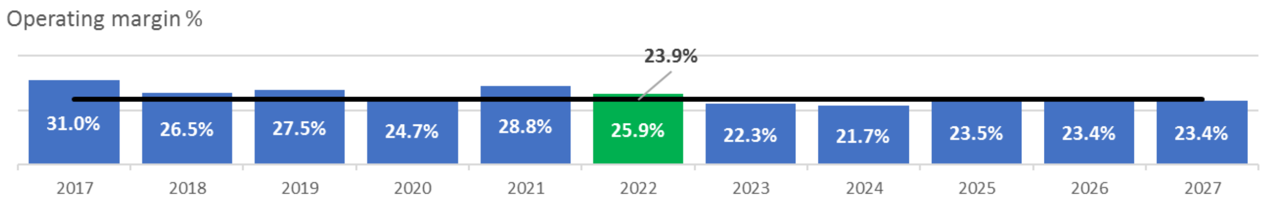
Headline social housing cost per unit

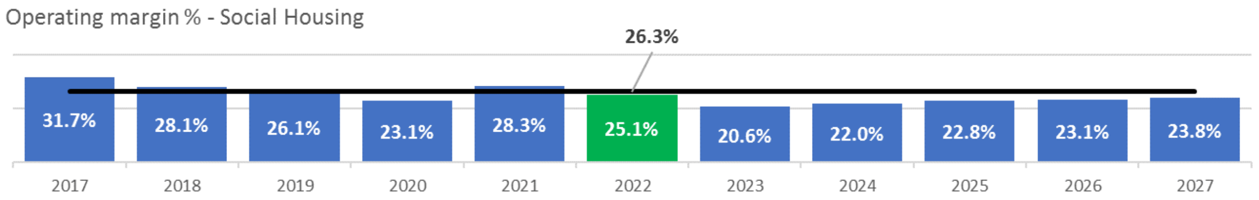


This is an indication of the total costs of providing social housing (as defined by the Regulator) divided by the total number of homes.

Two Rivers Housing's cost per unit is marginally higher than the target for 2021/2022 due to the higher level of investment in existing homes. As reported above, management costs have been relatively contained at 2021 levels other than pension operating costs charged in the year. For 2020/2021, Two Rivers Housing performs substantially better than the sector median, PlaceShapers and, relative to the benchmark peer group, it is placed at upper quartile performance.

Operating margin





The operating margin demonstrates the profitability of the operating assets before exceptional expenses are considered, split into operating margin for social housing lettings only and operating margin overall. Increasing margins are an indicator of the improving financial efficiency of a business but this has to be balanced against the registered provider's core purpose and objectives.

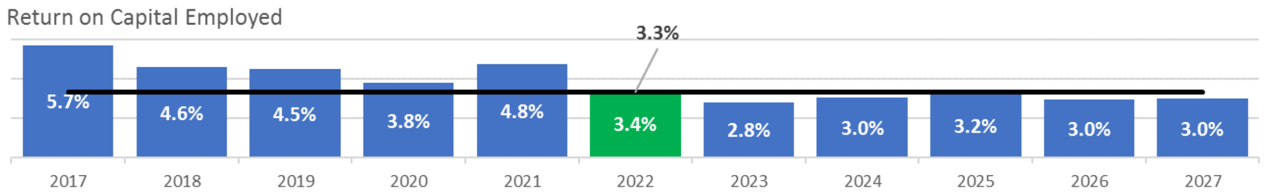
Two Rivers Housing's performance against this metric has moved ahead of the sector median, moving to upper quartile relative to the benchmark peer group.

In terms of the social housing operating margin, Two Rivers Housing has outperformed the target for 2021/22 due to management costs being relatively contained but is lower than for 2021 due to higher maintenance expenditure. In 2020/2021, Two Rivers Housing did perform substantially better than both the sector and PlaceShaper median.

Two Rivers Housing understands that its housing management costs are high due to higher expenditure incurred in supporting its communities through debt and welfare advisory services, managing anti-social behaviour, intensive housing management of our sheltered homes and maintaining the quality of, and investing in the safety of our homes.

Turnover per property from social housing lettings is approximately 9% lower than its PlaceShaper peers operating in the South-West and West Midlands. This has a substantial impact on its social housing lettings surplus and operating margins overall.

Return on capital employed (ROCE)



This ratio measures how well a provider manages its capital to generate a financial return. To some extent this ratio is influenced by when the assets of an organisation were acquired in historic cost terms as this can greatly affect the denominator.

Two Rivers Housing performs well against this metric and has surpassed the 2021/22 target, but this is lower than for 2020/21. Performance in 2020/21 was ahead of the sector and PlaceShaper's median for 2020/21 and was in the upper quartile relative to the benchmarking national position.

Section 2 - Performance Against TRH Specific Metrics

Annually, the Group Board reviews our key performance indicators to ensure they align with the strategic priorities for delivery in the year. The performance against the 2021/22 targets along with those set for 2022/23 targets are detailed below.

Strategic Priority	Strategic Performance Indicator	2021-22 Target	2021-22 Achievement	2022-23 Target
Our Customers	% Overall (STAR)	88%	84%	86%
	% Safe & secure home (STAR)	87%	92%	90%
	% Easy to deal with (STAR)	86%	85%	88%
	Customer complaints (Stage 2)	N/A	N/A	<10%
	Complaints dealt within time	N/A	N/A	97%
	Repairs undertaken within target	97%	64.7%	90%
	Void turnaround time	15 days	43.2 days	30 days
Our Homes	% Quality of Home (STAR)	86%	83%	86%
	Decent Homes Standard achieved	100%	100%	100%
	Average SAP rating	100% SAP Level D or above	94% SAP Level D or above	No of Homes band D or above to be set as below*
	Overall growth of stock	100pa 3yr average	2022: 84 118 3yr average	100pa 3yr average
	Carbon reduction target*	N/A		
Our People	% Voluntary leavers	8%	21%	14%
	% Sickness absence	4%	4.5%	4%
	Completion of Mandatory Training 2022/2023: E Learning Compliance Training	90%	90%	90%
	Current Employee Accreditation	IIP Gold	IIP Gold	IIP Gold
Our Corporate Health	Operating margin (EBITDA MRI)	31.6%	32.9%	31.9%
	Management cost per property	£1,203	£1,188	£1,264
	Rent void loss	1.0%	1.59%	£342k 1.5%
	Current rent arrears	1.5%	0.98%	1.5%
	Landlord compliance (5 areas)	100%	99.75%	100%
	Regulatory Judgement (G/V)	G1/V2 or above	G1/V1	G1/V2 or above

Performance against these Two Rivers Housing bespoke measures and progression of key objectives for 2021/2022 is detailed below.

Our Customers

Activities related to this priority in 2021/2022 included:

- A VfM review of grounds maintenance to ensure that the service is cost-effective, efficient, meets the needs and expectations of local communities and can demonstrate VfM in relation to service charge costs.

- Phase two of this project will investigate service options and the development of potential specifications.

- To commence a review of service charge processes, assessing the current processes in relation to all service charge calculations and key responsibilities.
  - Phase one of this project has been completed. A workshop has been held to complete a review of existing process and a gap analysis.
  - The scope for phase two is being developed and will also be informed by the internal audit of service charges being undertaken in the first quarter of 2022/2023. This project is key to ensuring that we deliver services that meet the needs and aspirations of our customers.
- Work will continue developing digital services such as, lettings, tenancy sign up and development of our 'My Account' portal.
  - Work on the development of digital lettings and tenancies has progressed based on feedback from customers who have experienced revised processes and capture learnings from the revised approaches. This will continue into 2022/23 with the purchase of appropriate software.
  - Development of the 'My account portal' has been suspended and due to the scale of the repairs backlog the online booking facility has been removed to ensure workload can be managed effectively internally.
  - Work during the year has focussed on other process improvements with links to new initiatives being identified and learning from our customer feedback.
- The development of a Customer and Co-regulatory Strategy to ensure that the organisation remains customer focussed and has a strategic approach and culture to best serve its customers and meet the demands of the evolving regulatory requirements.
  - This has been progressed with the co-regulatory strategy merged into a strategic Customer approach, which was approved by the Group Board in March 2022. This project is key to ensuring that we deliver services that meet the needs and aspirations of our customers.

In addition to the above the following activities have been delivered:

- The majority of actions identified from the TPAS review have been implemented with an update on progress presented to Group Board in March 2022. The Group's management of arrears continues to improve ensuring it collects rent effectively with the current tenant arrears at the end of the year at just 0.98% (2021: 1.07%). This enables the Group to maximise the funds available for reinvesting in its existing homes and services.
- Our customer insight team has increased engagement activities and received cost-effective feedback on a number of areas through consultations completed via our Closed Facebook group and online surveys. This included the 3 yearly survey to all tenants as required in the Tenant Involvement and Empowerment Consumer Standard.
- We have created a new role of Complaints Business Partner to ensure customer feedback is responded to effectively and consistently and to support our learning from the key themes.
- To support the wellbeing of our customers at a time when they are facing challenge due to the cost-of-living crisis, we have provided a tenant support and wellbeing service which provides access to independent advice and support.

In terms of performance metrics in this area Two Rivers Housing completes satisfaction surveys on approximately 20% of tenants each year via an independent organisation in line with STAR methodology.

In 2021/22 Two Rivers achieved an overall satisfaction score of 84%, below its target of 88%. This is a 2% drop compared to the previous year but is reflective of what is being experienced elsewhere in the sector as recovery from the pandemic continues. Feedback and data from these STAR responses has been triangulated with other customer data, such as complaints and contact information, to inform the strategic customer approach developed during 2021/22.

The number of complaints logged increased substantially compared to the previous year with 147 complaints registered in 2021/22 compared to 71 in 2020/21. While there was a clear link to the Group's challenging repairs performance, planned maintenance also saw a substantial increase in complaint numbers with housing, including antisocial behaviour, in third place. Quality of work was the prime theme for complaints being received with both "time taken" and "lack of contact" closely behind.

In addition, 30 complaints were escalated to stage two. Two complaints were referred to the Housing Ombudsman Service. The first was returned with a 'No Maladministration' verdict and the second is currently still being considered.

Two Rivers Housing understands that the ability to deliver repairs within the expected timescales is a key driver of customer satisfaction and the quality of homes measure and continues to work to reduce the backlog and implement changes from the repairs review to improve performance in this area.

The ability to reduce the backlog of repairs that built up in the pandemic has been exacerbated by the shortage of skilled labour resources and this has significantly impacted delivery of repairs on time. In turn, this has resulted in a deterioration in this metric from 92% in 2021 to 64.7%, well below the target of 97%.

Work to address repairs backlogs is necessary to meet tenant aspirations and this is a key area of focus of the coming year.

Despite 'overall satisfaction' having reduced, the Group performed well in the 'safe and secure home' measure, coming in at 92% against a target of 87% and also saw good scores in being 'Easy to deal with' which came in 1% below target at 85%.

Our Homes

During the last financial year, we delivered the following activities under this priority:

- To continue the progression of the repairs action plan, the development of the KPI framework and bedding in the change of working practices associated with the new suppliers.
    - The progression of the repairs action plan has been somewhat delayed as a result of the continued impact of the pandemic and changes within the management structure. Despite this, some elements of the plan have been delivered including the implementation of new suppliers and change in working practices associated with this and the progression of a KPI framework. The immediate focus is to secure sufficient resource (internally and externally) to clear the backlog of repairs, but it is intended that the actions remaining are progressed during 2022/2023.
- Net-zero carbon and the progression of the 2020-2023 energy stock investment works seeking to reduce fuel poverty, reduce carbon emissions and achieve a minimum energy efficiency standard of SAP D across the portfolio, while meeting the current demands in property standards.
    - Each year the organisation produces more than 10,000 tonnes of CO_2 and 90% of this comes from its homes. Currently, 94% of the Group's housing stock has an Energy Performance Rating of D or above against a requirement for all homes to achieve SAP C

by 2030. Consultants were engaged in Quarter four of 2021/2022 to advise on the level of investment and the approach to delivering this requirement, and the leadership team will be working through the results in the first half of 2022/2023.

- Delivery of the pilot scheme to undertake a wholesale retrofit on an agreed sample of homes as part of the Social Housing Decarbonisation Fund bid, which enabled the Group to access grant funding for 50% of the investment required.
  - Having been successful in submitting a joint bid with Stroud District Council and Cheltenham Borough Homes, for the funding towards a full retrofit decarbonisation pilot the project commenced to retrofit 16 homes in the Forest of Dean.
  - Work is due to be completed on these properties in quarter two 2022/2023, with measurement of the results to follow. Two Rivers Housing has also been part of a successful bid for Wave 1 funding from BEIS, which will be used to complete further retrofit work in 2022/2023.

  The decarbonisation pilot will help guide the Group's long-term planned maintenance programme, gain insight from tenants on the impact the work might have on them and their lives and supports the Group's wider environmental credentials and forms part of the organisation's wider plans to become a net-zero carbon organisation by 2050.

  It is also working to establish a suitable carbon reduction target which will be informed by the assessment of investment required to meet required energy standards

- Ensure that all future Two Rivers Housing developments are Carbon Zero ready and comply with the proposed Future Homes Standard (2025) and interim measures (2022).
  - Work has commenced with the engagement of external consultants to support specification requirements and approach to the delivery of new homes to the new standard and identification of interim measures to support this.

Due to resource capacity within the organisation and changes within the management structure, a number of objectives have been deferred:

- Review of the Asset Management Strategy to ensure the Group has a robust and up to date framework to manage its assets and demonstrate compliance with required standards
  - This has been deferred until the external assessment of energy investment requirements has been completed and to allow the learning from the initial SHDF pilot project to be understood in order to inform the future strategy.
- Appraisal of the non-traditional stock to assess its future fitness for purpose and develop an action plan to be progressed.

In addition to the above the following activity has been undertaken:

- A planning application was submitted, and consent granted to regenerate a housing scheme at Johnstone Close in Staunton. Following a lengthy consultation with existing tenants at the scheme, the decision was made to redevelop the site. The new development will provide 20 new affordable homes and will include be a mix of tenures, which will help meet the housing needs of the local area.
- Following a procurement exercise, the Centigen fleet was replaced. This started in quarter three 2021/2022, with the final replacement vehicles due to be delivered in 2022.
  - Aside from the environmental benefit derived from more fuel efficient vehicles the vans for the ground's maintenance team are now able to hold the garden machinery, negating the need for trailers which is more efficient.

- Despite the delays to planned investment in existing homes during 2020/2021, 100% of the Association's homes remain within the government's Decent Homes Standards in 2021/2022.

In 2018, the Group pledged to build 1,000 new affordable homes. That's an average of 100 new homes per year up until 2028. The Group's development team delivered 84 new homes in the last financial year, taking the total number of new homes built since 2018 to 410, an average of 118 per annum to date. With several new agreements due to be in place with developers at the beginning of 2022/2023, the Group remains on track to meet its ambitious target of 1,000 new homes by 2028.

Our People

The Group wants to be a great place to work, that invests in its people. Fundamental to this is the people strategy, which was launched in the first quarter of 2021/2022. The People Strategy was approved by the Group Board in March 2021 and focusses on five key areas, preparing the organisation for future demands, developing leadership and management capabilities, attracting, developing, and retaining the best people, enhancing the organisation's effectiveness and improving colleague experience.

Work continued on the delivery of key elements of this throughout 2021/2022 including:

- To develop a Learning and Development (L&D) Strategy that will deliver an ongoing and evolving learning and development culture for its people.
    - The Group reviewed its existing systems and modules available through the current supplier and completed a training needs analysis for the entire organisation. These activities, combined with the review of the output from the performance reviews will inform the development of the learning and development strategy in 2022/2023. This will ensure that the maximum benefit is derived from the training budget across the Group.
    - A key objective for all employees was the completion of mandatory training as the Group sought to recover from the deferral of key training modules due to the pandemic in 2020/2021. This objective was successfully delivered during the financial year and the focus for 2022/2023 will be on compliance training.
- To develop a Wellbeing Strategy to ensure it provides a working culture which ensures the health and wellbeing of colleagues is considered.
    - Investing in our colleagues benefits both the employee from a wellbeing perspective but also drives higher retention, engagement and motivation levels. A health and wellbeing event was successfully completed in quarter four and was positively received. Further initiatives to be rolled out are being progressed and regular meetings are being held with the working group.
- To deliver an Agile Working Policy, which provides opportunities for colleagues to work more flexibly to attract a more diverse workforce and support a work life balance culture. In rolling out the new policy we will develop the way we work to become outcome led.
    - An agile working consultation was completed with colleagues resulting in a policy being approved with a 12-month trial in place. This commenced in October 2021. The policy development also allowed the alignment of mileage allowances, reduced conference costs and travel costs for colleagues and Two Rivers Housing.
- To continue its Management Development Programme by investing in aspiring management cohorts to ensure it develops the organisation's capability.
    - A second cohort have completed their training and colleague assignments have been submitted with a 100% pass rate. The Personal Development Plan process identified the

next cohort, which will be validated at the 2022/2023 talent review process and considered alongside the development of the learning and development strategy.

During the year, voluntary leavers stood at 21%, compared to the target of 8% and substantially higher than in previous years. This position is not unique and there is widespread reporting of the 'Great Resignation' following the pandemic. The leadership team recognises that, while it is healthy to have some degree of colleague turnover, when this increases substantially it can have a negative impact on the organisation's morale and performance. For 2022/2023 it is imperative that we progress the review of the reward and remuneration strategy to look at how we can attract and retain the best talent.

Sickness levels were at 4.5%, with higher Covid-related absence increasing in March 2022 following the lifting of lockdown restrictions. The implementation of the agile working policy has meant that absence has been lower as colleagues have been able to work from home when they were required to self-isolate.

In addition to the above, the following activities have been undertaken:

- Successful recruitment to two senior positions within the organisation undertaken internally generated £30,000 savings in recruitment fees.
- A restructure of the finance team was completed, which has allowed resource to be better aligned to support the key focus areas of the organisation.
- The customer contact team has been restructured to provide greater resource to support our customer insight and complaints handling.

People are key to the successful delivery of the Group's services. In 2020, the organisation was awarded the Investors in People Gold Award. This award recognises the efforts the organisation makes to engage with and support its people to enable them to deliver the best results for its customers.

Our Corporate Health

To be able to deliver warm, safe, affordable homes, the Group must remain financially strong and well governed. This underscores our ability to deliver against our strategic priorities and in 2021/2022 the following activities were undertaken to support this:

- To review the health and safety strategy to understand the current approach and assess key priorities for 2021/2022.
    - The corporate health and safety strategy has been presented to Board and signed off. The delivery plan has also now been created to be presented to Group Board in conjunction with health and safety report.
- To implement the IT infrastructure strategy to ensure that it is kept up to date and able to deliver the systems and applications necessary for the organisation to operate effectively.
    - A range of activities have been completed in support of this objective which include:
        - The roll out of IT equipment to support agile working enabling all colleagues to work from home or the office effectively.
        - Cyber security measures implemented to increase email and systems security.
        - Replacement of key equipment and systems to ensure we keep up to date and deliver the systems and applications necessary for the organisation.
- To develop a procurement plan, which will consolidate group procurement activities to enable line of sight, review of appropriate procurement route and aligning procurement with other

organisation priorities such as local investment, environmental, community, skills development.

  - This work has been progressed with the findings and recommendations to be presented to the Group Board for approval in July 2022. Efficient procurement practices are key to delivering value for money from all expenditure.

- To progress the activities required to enable Two Rivers Housing to adopt the 2020 NHF Code of Governance from April 2022.
  - The action plan has been considered by both the Governance and Remuneration Committee and Group Board and work will be progressed through the year to ensure compliance can be reported within the 2022/2023 financial statements.

- To continue the Governance Improvement Plan to ensure the Group's readiness for its next Regulatory In-Depth Assessment (IDA).
  - The improvement plan has been progressed and the organisation is ready for the IDA, which commenced in June 2022.

- To review the Business Continuity Plan to ensure it has an effective recovery plan in place and that the learnings from the pandemic are captured.
  - A real-life test of the organisation's resilience was experienced in March 2020 when the pandemic hit the UK and we went into a national lockdown. This alongside a number of severe weather events and cyber security penetration testing completed in Quarter 4 2021/2022 has demonstrated that Two Rivers Housing is resilient. This action has therefore been deferred in order that the recovery from the repairs back log can be focussed upon.

- To tender the support contract for the finance system and develop automated processes for reporting and progress the implementation of an automated workflow systems ready for 2022/2023.
  - The contract for support has been negotiated with a new provider which delivered a £4,000 reduction to costs following the removal of modules not in operation.

- To explore further options to optimise the cost of funding and maximise growth capacity.
  - A review of the financial plan was completed in quarter three with our funding advisors providing an update on AHGS and other funding options. The Group Board agreed that further work would be undertaken post identification of net-zero carbon spend in 2022/2023. There is no immediate need for funding and whilst there is substantial economic uncertainty and volatility to the funding market, we are deferring any further work pending the outcome of the Carbon Zero investment review so that we can be clear about future funding requirements.

In addition to the above, the following activities have been undertaken:

- The consolidation of the two Centigen subsidiaries was concluded. This will deliver long-term efficiencies to the Group and to enable the repayment of the intra-group loan to Two Rivers Housing. A repayment of £50,000 in 2021/2022 has reduced the loan to £650,000. In future years the external audit fee will be reduced by £2,000 per annum.

- A comprehensive review of the assets and liabilities register, which resulted in the development of policy to ensure that the register meets the requirements of the Regulator and the requirements agreed for maintaining it.

- Following the receipt of the £40m second tranche of private placement funds the treasury policy was reviewed to ensure that the funds being held were invested to maximise returns and optimise liquidity while balancing the risk to the organisation. Surplus funds are held across a portfolio of investments and two new investment partners have been introduced.

The additional interest receivable generated £26,000 in 2021/2022 from these investments than would have been generated if held in existing investment accounts.

- A data strategy has been developed which has enabled us to make an initial assessment of where we are on our journey so that we can invest resources where it is most needed. Having accurate and up-to-date data is essential in ensuring we make effective investment decisions and can provide the services and support where it is most needed. The strategy delivery will be underpinned by the action plan which has been identified and further work is being planned for 2022/2023 to progress this.

Two Rivers Housing delivered an EBITDA MRI operating margin of 32.9% for the financial year ending 31 March 2022. This was 1.3% above its 31.6% target for the year predominantly due to management costs being relatively contained at 2021 levels allowing a higher level of investment in existing homes.

Management costs per property were marginally lower than target at £1,188 per property and excluding pension operating costs were contained broadly in line with 2021 levels. This was due vacancies and lower expenditure on training, travel and subsistence and conferences relative to budget.

We have maintained very strong performance in relation to landlord compliance and Decent Homes standards (99.93%). During the year, some properties were inaccessible due to tenants shielding in line with government advice, this temporarily impacted the Group's ability to undertake compliance safety checks in a small number of properties. As at 31 March 2022, compliance safety checks had been completed on 99.75% of the association's properties with 100% compliance being missed due to tenants shielding or health conditions preventing access. There were two properties for which gas safety checks were overdue and eight properties requiring solid-fuel appliance checks. The no-access procedure has been actioned on these properties to ensure we can complete these necessary checks.

Alongside these corporate health measures, the Regulator for Social Housing reaffirmed the Group's G1 (Governance) and V1 (Viability) ratings in November 2021. This means that the Group has maintained its G1/V1 ratings for the last 19 years. As the Group continues to invest in new homes, it is committed to maintaining a rating of G1 for Governance and V2 or above for Viability at its next In-Depth Analysis, which commenced in June 2022.

It also reviewed several external contracts, utilising its position as a founding member of the CHIC framework (a collaborative procurement consortium) to seek out contracts that delivered the best Value for Money.

In April 2022, the Group was awarded its ninth RoSPA Gold Medal for health and safety. This award recognises organisations that are world leaders in health and safety practices.

In addition to the activities detailed above, savings delivered through department-led initiatives totalled £714,000 (2021: £187,000) with further procurement efficiencies totalling £289,000 (2021: £156,000), delivered through CHIC. The most significant value for money delivery was the success in obtaining grant as part of the SHDF Pilot Project. demonstrating how VfM is embedded throughout the organisation.

Supporting communities
As we continue to deal with the fallout of the pandemic and the challenges to come from the current cost-of living crisis, the Group's wider role in the community will become ever more important.

As restrictions have lifted, the Group has worked hard to bring its community services back online. Key partnerships have seen the reintroduction of events designed to tackle loneliness and mobility issues for the most vulnerable in its communities. Working with Adult Education Gloucestershire, the organisation has reinstated activities such as book clubs, armchair yoga and seated sports at its community centres.

It's HomePlus Scheme Co-ordinators have also helped facilitate the reintroduction of tenant lead activities such as Bingo, knit and natter and gardening clubs at its supported living schemes. They have also resumed their twice weekly visits to tenants at our supported living schemes.

Working with the Forest of Dean District Council's Community Builders and FVAF (The Forest Voluntary Action Forum), the Group's community engagement team has scheduled several events across the year, where local authorities and service providers will be available to members of the community. This provides an opportunity for feedback and discussion on the issues affecting local communities.

Grants totalling £61,000 were awarded from the Two Rivers Initiatives fund during the year. This money supported a range of projects across the Forest of Dean and surrounding area, including a local cricket club, counselling sessions at a local community centre and activity packs and art supplies to support children with disabilities in the area.

In response to the ongoing conflict in Ukraine, Two Rivers Housing provided guidance to tenants that wish to open their homes to refugees. Founded on the belief that everyone should have a warm, safe, affordable home when they need it, the ability to allow its tenants to support the people of the Ukraine in their time of need was a natural extension of the services offered. The Group will continue to support tenants to do this wherever possible throughout the conflict.

Alongside the VfM activities, social gains have also been generated for tenants and communities. The organisation has continued to provide welfare, benefit and debt advice to support tenants accessing services and funds to support them and their families and to enable them to sustain their tenancy. In total £1.6m (2021: £938,000) has been secured for tenants during the year through this support and advice service.

The organisation recognises that in some areas the benchmarking identifies that it incurs higher levels of expenditure. Where this is the case, this is reviewed in more detail to understand the drivers and ensure that action is taken where needed or to satisfy the Group that this is the right thing to do.

Many of the activities above are not necessarily specific to service improvement or generating cost savings, they are however very important in ensuring that Two Rivers Housing continues to improve its service delivery and is an effective, well governed, and sustainable organisation for the future.

The 2021/2022 self-assessment of Value for Money was appraised by the Group Audit Committee on 7 July 2022 and approved by the Group Board at its meeting on 28 July 2022. The Group Board confirmed that Two Rivers Housing is compliant with the Regulator's VFM standard.

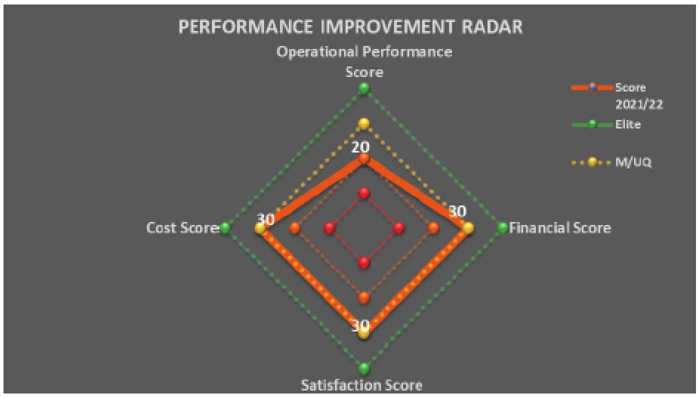
To some extent this ratio is influenced by when the assets of an organisation were acquired in historic cost terms as this can greatly affect the denominator.

Performance against this metric has improved and is now ahead of the sector and Placeshaper's median for 2020 and is in the upper quartile relative to the benchmarking National position

Section 3 - i4H Benchmarking Analysis of performance vs Peer Group

In addition to the benchmarking above we engaged the services of i4H to undertake an external benchmarking exercise to assist us with providing an up to date understanding of our performance for the year. The results from this are set out below:

VfM Score - Dashboard 2021/22



VfM Measure	Results 2021/22	Median 2021/22	Score 2021/22
Total Cost Per Unit	£3,268	£3,299	30
Total Operational Performance Score	210	275	20
Total Customer Satisfaction Score	110	100	30
Total Financial Score	260	200	30
Total VfM Score	**110**	**100**	**110**

I4H assessment reports Two Rivers Housing for 2021/22 at an overall VfM assessment of median/upper quartile against the peer group.

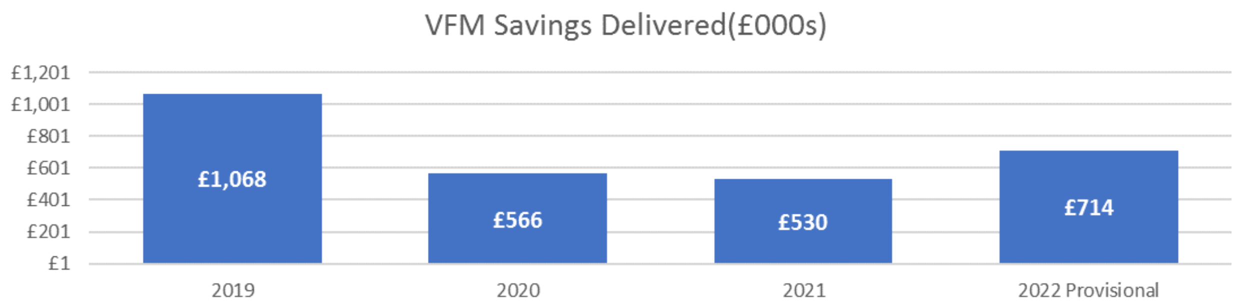
The overall financial score is upper quartile, with customer satisfaction and total cost per unit at median/upper quartile overall. The operational performance score is in lower quartile but the reasons for this are largely understood as we emerge from the pandemic and seek to address the backlog of repairs and improve service delivery.

Section 4 – VFM Initiatives Delivered in the Year

Savings delivered through department led initiatives totalled £713k with further procurement efficiencies delivered through CHIC of £156k, demonstrating how VFM is embedded throughout the organisation:

Team	Saving
Communications	96
Community Engagement	960
Development	100,099
Finance	18,367
Home Ownership	18,873
Homeplus	630
HR	32,880
Neighbourhood Housing	442
Planned Maintenance	541,024
Grand Total	713,370

The chart below captures the overall efficiencies delivered during the last 4 years:



Global Accounts – VFM Sector Metrics Summary

Table 4: 2021 – Summary of sub-sector metrics (Registered providers owning / managing more than 1,000 homes)

Quartile data		No of RPs	% of sector (social units owned)	Re-investment	New supply (Social)	New supply (Non-social)	Gearing	EBITDA MRI interest cover	Headline social housing cost per unit (£K)	Operating margin (Social)	Operating margin (Overall)	Return on capital employed
All returns	Upper quartile	208	100.0%	8.2%	2.0%	0.1%	53.3%	248.0%	£4.76	32.6%	28.2%	4.2%
	Median			5.8%	1.3%	0.0%	43.9%	182.5%	£3.73	26.3%	23.9%	3.3%
	Lower quartile			4.0%	0.5%	0.0%	32.9%	134.2%	£3.21	22.2%	18.1%	2.7%
Provider sub-set												
Size (Social units owned)	> 30,000	27	47.3%	5.1%	1.5%	0.14%	46.0%	171%	£3.68	31.6%	24.3%	3.5%
	20,000 - 29,999	15	14.0%	5.2%	1.3%	0.08%	45.8%	149%	£3.54	24.9%	22.0%	2.6%
	10,000 - 19,999	35	18.2%	7.1%	1.1%	0.00%	48.8%	180%	£3.37	26.0%	24.0%	3.8%
	5,000 - 9,999	54	13.5%	5.9%	1.4%	0.00%	47.1%	185%	£3.65	27.0%	24.5%	3.5%
	2,500 - 4,999	31[20]	4.3%	5.0%	1.2%	0.00%	41.8%	200%	£3.94	24.4%	24.2%	3.5%
	< 2,500	46	2.7%	4.6%	0.8%	0.00%	33.7%	205%	£4.79	25.1%	22.1%	2.9%
Cost factor	LSVT < 12yrs.[21]	9	3.1%	13.2%	0.7%	0.00%	28.1%	166%	£3.98	25.6%	20.6%	3.7%
	London[22]	26	11.1%	4.4%	0.7%	0.00%	40.5%	118%	£6.20	23.7%	19.4%	2.1%
	SH provider[23]	16	1.5%	4.1%	1.5%	0.00%	11.6%	309%	£9.68	13.4%	7.4%	3.3%
	HOP provider[24]	7	3.1%	5.9%	1.1%	0.00%	34.8%	133%	£5.55	18.1%	16.7%	3.2%

Medians		No of providers	% of sector (social units owned)	Re-investment	New supply (social)	New supply (non-social)	Gearing	EBITDA MRI interest rate cover	Headline social housing CPU (£K)	Operating margin (social)	Operating margin	Return on capital employed
Regions	East Midlands	8	2.7%	8.7%	2.2%	0.00%	51.5%	193%	£3.34	26.9%	24.5%	3.6%
	East of England	21	6.2%	6.7%	1.8%	0.00%	53.5%	177%	£3.52	33.0%	29.5%	3.6%
	London	26	11.1%	4.4%	0.7%	0.00%	40.5%	118%	£6.20	23.7%	19.4%	2.1%
	Mixed	27	27.8%	4.6%	1.3%	0.01%	44.8%	143%	£4.44	24.9%	21.3%	3.3%
	North East	11	5.6%	5.7%	0.9%	0.00%	45.0%	213%	£3.16	26.0%	26.1%	3.5%
	North West	36	16.5%	6.8%	0.8%	0.00%	41.2%	223%	£3.54	25.4%	23.0%	3.7%
	South East	21	10.0%	4.9%	1.5%	0.01%	51.0%	196%	£3.93	34.4%	29.6%	3.5%
	South West	20	6.1%	5.6%	1.9%	0.00%	38.2%	214%	£3.71	28.3%	24.7%	3.5%
	West Midlands	22	8.4%	5.7%	1.3%	0.00%	47.5%	197%	£3.40	27.2%	25.0%	3.9%
	Yorkshire & the Humber	16	5.7%	5.4%	1.0%	0.00%	41.6%	205%	£3.30	22.9%	23.0%	3.1%
	England	**208**	**100.0%**	**5.77%**	**1.3%**	**0.00%**	**43.9%**	**183%**	**£3.73**	**26.3%**	**23.9%**	**3.3%**