Value for Money Position Statement for Year Ended 31.3.2024

Value for Money (VFM) is achieved when limited financial resources are spent and invested in ways that produce the greatest long-term beneficial effects.

Delivering value for our customers is embedded throughout our organisation and is a key consideration across all our services, projects and decision making. When looking at how we provide Value for Money, we go beyond monetary savings, combining this with the additional social value that a community-based housing provider like ours can deliver in its communities.

The current inflationary market has stretched the financial resources of our customers and there are limited opportunities to increase our income. As a result, we have concentrated on protecting our current income streams and maximising Value for Money where we incur costs.

Value for Money is a key consideration when we set our plans and strategies and is captured, reviewed and discussed throughout the year. We have focused on getting our basics right and ensuring our homes are safe and well maintained, seeking an appropriate balance between cost, service delivery and customer satisfaction.

Our VFM Strategy provides the framework that ensures that, in meeting the corporate objectives, VFM is delivered strategically across the organisation.

The strategy identifies five key principles to support and embed VFM thinking and action, as well as ensuring 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 driven by our values and are 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 the return on assets and use this to assist in the prioritisation of activities against 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.
- Generate savings to reinvest so that our homes are safe and well maintained

Measuring Value for Money

Our Strategic Plan objectives flow from our vision. To help ensure that we are focusing on the right things, we developed four organisation priorities:

- Provide quality, sustainable homes
- Be a great place to work
- Deliver a great customer experience
- Be a strong, viable organisation

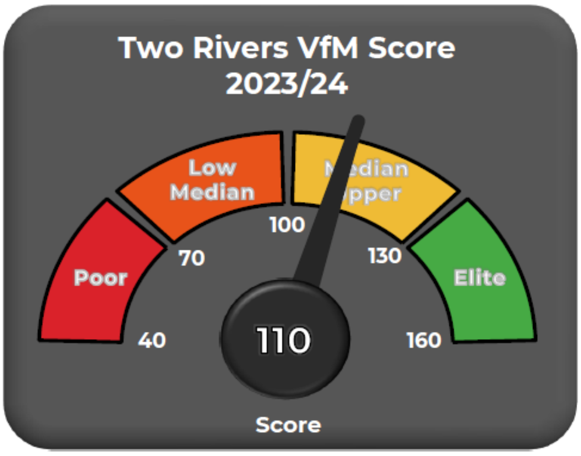
The work we undertake in each of these areas will help move our organisation forward and ensure we continue to deliver on our vision to ensure that people living in our neighbourhoods have a warm, safe, affordable home. We set measurable objectives under each of these areas, which are reviewed annually by the Group Board. Our progress against these objectives are regularly reported to the Group Board and executive team and continually assessed against Value for Money measures.

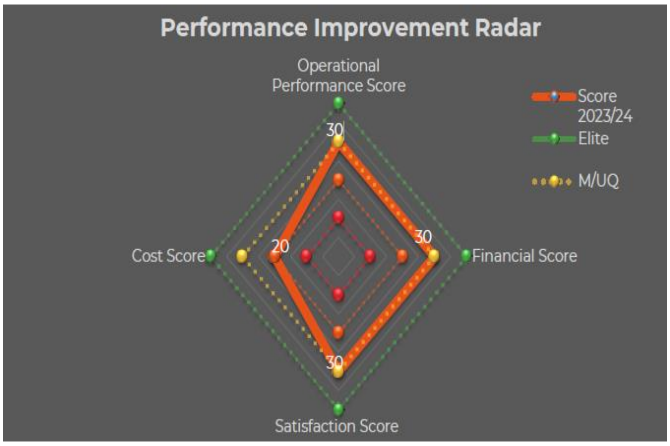
Alongside this, we benchmark our objectives against our past performance and, wherever possible the performance of similar housing providers. This allows us to understand our performance, tackle areas of underperformance and drive further Value for Money gains across the organisation.

In addition to the Strategic Plan objectives, the Group Board sets specific Value for Money targets. These include the seven metrics included in the Value for Money Standard published by the Regulator of Social Housing on 1 April 2018. In summary, our approach to Value for Money involves making the best use of our resources to deliver the best results for our customers in the most efficient way possible.

Demonstrating how we achieve this is complex, so to help us measure our performance in this area we benchmark our performance against a peer group. We work with specialist consultants i4H to provide an independent, external assessment of our performance against the Value for Money metrics in comparison to our peer group. Alongside this, we also benchmark against the PlaceShapers membership, which are closely aligned to our values and how we operate. Combined this provides a strong indication of how we are delivering against the Value for Money metrics.

The benchmarking results conclude that, overall we are achieving mid/upper quartile performance against our i4H peer group.





VfM Measure	Results 2023/24	Median 2023/24	Score 2023/24
Total Cost Per Unit	£4,562	£3,930	20
Total Operational Performance Score	260	250	30
Total Customer Satisfaction Score	130	125	30
Total Financial Score	250	200	30
Total VfM Score	**110**	**100**	**110**

As you can see, we continue to deliver strong financial performance. Costs are targeted based on business plan priorities and the high-cost area of major and cyclical works represents a deliberate investment in our homes, which is meeting a key strategic objective. A significant increase in major works is consistent with the highest reinvestment level in the peer group.

Regulatory Value for Money (VfM) Sector metrics

The Regulator for Social Housing (RSH) has outlined what it expects registered providers to deliver in relation to Value for Money (VfM) in its 2018 Value for Money Standard. The VfM Standard requires us to understand our costs, the outcomes of delivering specific services, and the underlying factors which impact these costs.

The Regulator's seven VfM metrics enable us to compare our performance against the whole global accounts sample and PlaceShaper members. Performance is assessed relative to the forecast target, with reference to the prior year's sector performance.

	Two Rivers Housing			Whole sector	PlaceShapers
	Actual 2024	*Target 2024	**Actual 2023	(Median) ***2023	(Median) ****2023
Reinvestment	16.2%	14.0%	11.0%	6.7%	6.7%
New supply delivered % (Social housing)	3.9%	2.14%	2.3%	1.3%	1.2%
New supply delivered % (Non-social housing)	-	-	-	-	-
Gearing	57.3%	63.0%	67.1%	45.3%	46.3%
EBITDA MRI / Interest cover %	171.8%	131%	158%	128.4%	143.10%
Headline social housing cost per unit	£4,447	£4,467	£3,954	£4,586	£4,462
Operating margin % - Social Housing	19.8%	18.7%	18.5%	19.8%	19.1%
Operating margin % - Overall	23.1%	20.5%	20.5%	18.2%	19.2%
Return on Capital Employed	3.5%	2.8%	3.1%	2.8%	2.9%

RAG Rating: Actual 2023/2024 vs *Target; **Actual 2022/2023, ***Sector Median 2022/2023, **** PlaceShapers 2022/2023

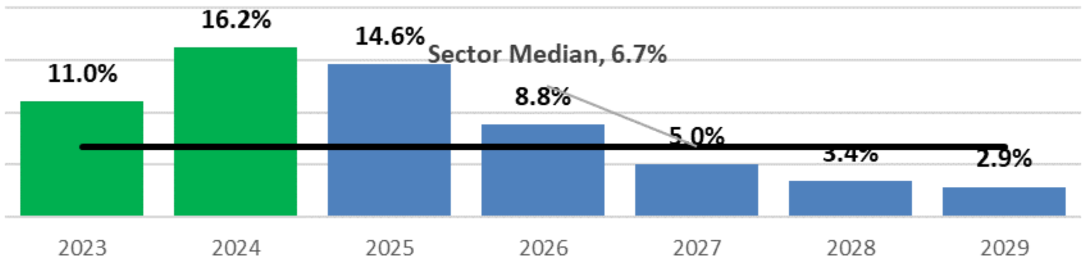
The table below demonstrates our performance against the i4H Benchmarking peer group:

FY24 - Financial Indicators	FY23	FY24	Median
Reinvestment%	11.05%	16.20%	5.40%
New Supply Delivered% (Social Housing)%	2.25%	3.90%	1.30%
Gearing Ratio %	67.30%	57.30%	52.70%
EBITDA MRI Interest Cover %	162.47%	171.80%	130.00%
Headline social housing cost per unit £	£3,952	£4,443	£5,393
Operating Margin % (Overall)	21.62%	23.10%	18.30%
Operating Margin % (SHL)	18.48%	19.81%	19.81%
Return on capital employed (ROCE)	3.17%	3.50%	3.10%
Total Score	240	250	200

In comparison to the peer group, we continue to be a mid/upper quartile performer. Our financial performance reflects our strategic objective to invest in and develop new homes and investment in homes has significantly increased compared to 2022/2023.

The information below, provides commentary in relation to our 2023/2024 performance for each of the Regulator's VfM sector metrics. It also provides a brief description of the metric, and forecasts for future performance against these based on our business plan projections.

Reinvestment



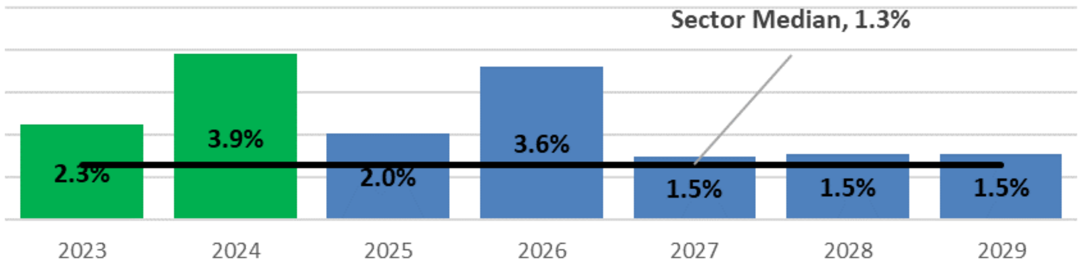
This metric looks at the investment in properties (both existing and new homes) as a percentage of the value of total properties held. In 2023/2024, we delivered a significant improvement achieving a reinvestment percentage of 16.2% up from 11% in the previous year and exceeding the target set for the year.

The 2023 global accounts analysis indicates that reinvestment in existing homes increased at a substantially higher rate than reinvestment in new homes. This reflects the sector's priority of meeting the Decent Homes Standard and sustainability targets.

In 2023/2024, our major repairs investment costs increased by 31% to £1,359 per property from £1,034 in the previous financial year. This will continue to rise steadily for the five-year period up to 2028, reflecting our desire to maintain and improve quality and energy efficiency of our homes.

Our performance is in line with the national trend of increasing costs for 2022/2023 and 2023/2024, as the sector continues to see significant increases in costs for planned, routine, and capitalised repairs. Increased costs for both routine and landlord compliance repairs have been key drivers of this alongside an increase in damp related work and prevention in 2023/2024. This is likely to increase further in 2024/2025.

New supply delivered



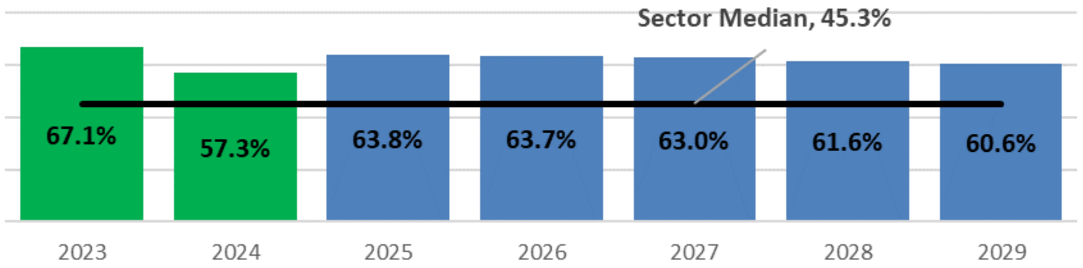
This sets out the number of new social housing and non-social housing homes that have been acquired or developed in the year as a proportion of total social housing homes and non-social housing homes owned at the period end. In terms of delivering new social housing homes, our performance is at upper quartile and is better than both the sector and our peer groups.

We have continued to meet our commitment to deliver new affordable homes and added 178 new homes with a three-year average of 120 homes per year. The prior year position was also ahead of the sector median and the benchmarking group.

It is acknowledged that developer and planning delays, legal issues and programme delivery spanning multiple financial years, can all have an impact on the delivery of new homes. Despite these challenges, our pipeline of development remains healthy and we remain on track to deliver 1,000 homes by 2028.

We are not planning the supply of any non-social housing.

Gearing



This metric measures net loans (incl. finance lease obligations) as a percentage of the value of housing properties and is an approximate indication of capacity. More highly geared associations may have less capacity to develop further.

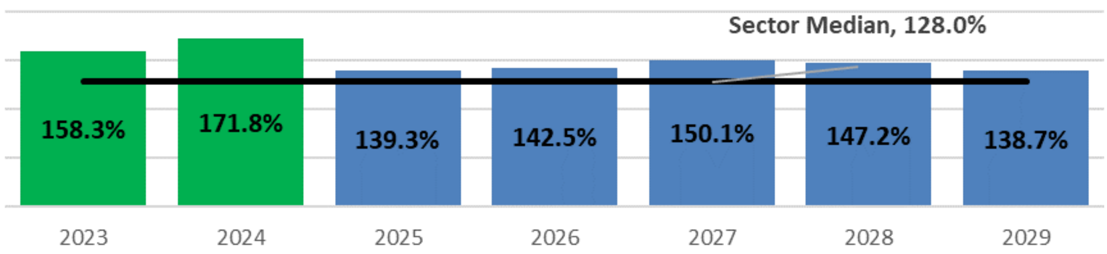
It is not uncommon for Large Scale Voluntary Transfer (LSVT) providers, and those that are developing, to be more highly geared. As with all ratios, the position does have to be viewed with caution. If the cost paid for initial housing stock acquisition was particularly low due to the level of work that was required to be carried out being reflected in the purchase price (as was the case with Two Rivers Housing), 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.

This metric does not permit the inclusion of short-term investments in its calculation. To take advantage of preferential interest rates, our funds have been invested in short-term, fixed-rate investments which is permitted under our Treasury Policy. This delivers greater VfM for our organisation.

Our gearing ratio does remain higher than the averages for the sector, PlaceShapers and the benchmarking group, but this is indicative of the fact that we geared up to develop more units and is relative to the low historical cost on transfer. Our position is better than anticipated due to higher levels of cash being held. Overall, a high gearing ratio can be offset against high new delivery performance, which is consistent with our strategic objectives.

In terms of our 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



The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.

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.

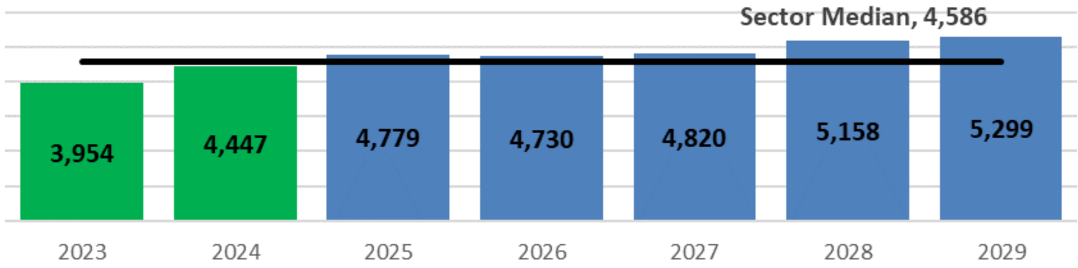
The Group Board set the strategic objective to deliver 1,000 new homes by 2028. To support this additional funding was secured, which has resulted in higher interest payable costs. This, combined with higher operating expenditure has driven this indicator down relative to the position five years ago.

Despite higher maintenance expenditure, there has been an improvement in the EBITDA MRI interest cover relative compared to 2022/2023. This is due to the level of cash and short-term investments held during the year, higher investment rates, which generated higher interest receivable, and reducing net interest costs.

While the forecast position for this ratio is weaker, it is in line with the tolerances set by the Group Board and the strategic objective to fund the substantial development pipeline and continued investment in our homes.

For 2023/2024, our performance against this metric is ahead of the 2023 Global Accounts sector average and both the PlaceShapers and benchmarking peer group.

Headline social housing cost per unit



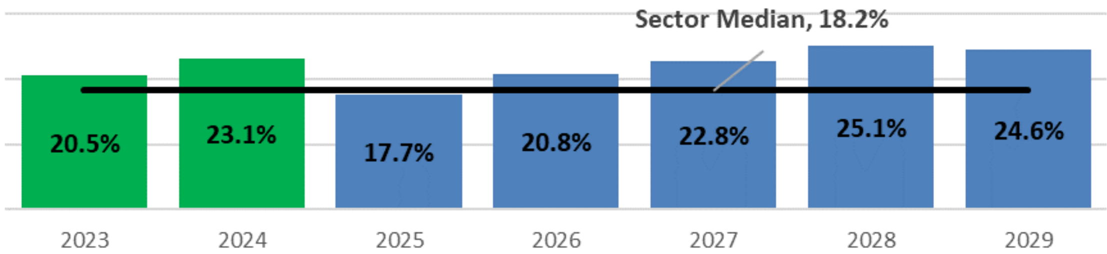
This is an indication of the total costs of providing social housing (as defined by the Regulator of Social Housing) divided by the total number of homes.

Our cost per property is marginally lower than the target for 2023/2024. In comparison to 2022/2023 figures, the cost per unit has increased by £479 (12%), of which £307 was driven by increased major repairs capital investment in our homes and is therefore not a negative outcome. Management costs have been relatively contained despite continued inflationary pressures, minimising this exposure.

We performed substantially better than the sector median and PlaceShapers and, in the upper quartile of our peer group in 2022/2023. However, performance has slipped into the mid/upper quartile for 2023/2024.

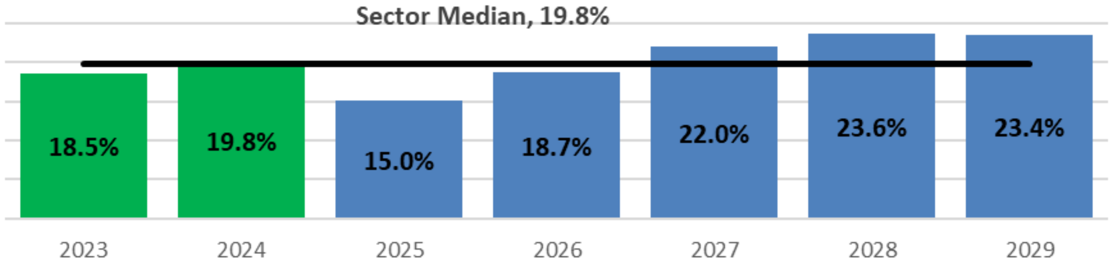
Looking ahead, this metric will likely see a steady increase linked to the higher levels of investment in improving the energy performance and quality of our homes.

Operating margin – Overall



The operating margin demonstrates the profitability of the operating assets before exceptional expenses are considered. It is split into operating margin overall and operating margin for social housing lettings only. 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.

Operating margin – Social Housing Lettings Only



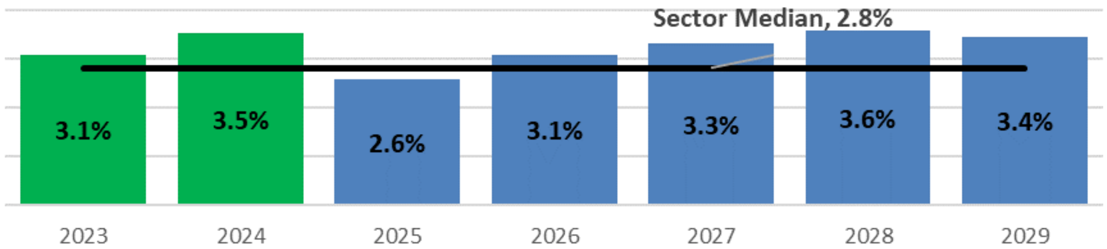
Our Overall operating margin is at 23.1% and is in the mid/upper quartile compared to our peer group and at the median for the social housing operating margin. Continuing pressure from routine maintenance repairs demand and cost inflation is driving the deterioration in operating margins across the sector.

In comparison to the Placeshaper group, the global accounts indicate that our performance was ahead of the sector and PlaceShaper 2022/2023 median position.

We understand that our housing management costs are high due to higher expenditure incurred in supporting its communities through our services. These include debt and welfare advisory services, managing anti-social behaviour, intensive housing management of our sheltered homes (HomePlus) and maintaining the quality of and investing in the safety of our homes.

With the cost of providing support services to our HomePlus tenants removed from the analysis (these are covered by service charges), the Group's costs are more aligned to the median position, but remain in the lower quartile.

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.

We perform well against this metric and have surpassed the 2023/2024 target. We are also performing ahead of the sector and PlaceShaper's median for 2022/2023.

Key performance indicators

In addition to the regulatory metrics, annually, the Group Board sets organisation specific Key Performance Indicators (KPIs) to ensure performance can be monitored against the strategic priorities in the year. The performance against the bespoke measures for 2023/2024 are detailed below.

Strategic Priority	Strategic Performance Indicator	2023/2024 Target	2023/2024 Achievement
Deliver a great customer experience.	Overall Customer Satisfaction % (TSM)	86%	79%
	Customer service training delivered to colleagues	95%	95%
	% of callbacks completed on time	85%	56%
	'You said, we did' actions completed	6	12
	% repairs 'Right First Time'	91%	90.8%
Provide quality, affordable homes.	Complete Stock condition survey programme	100%	80%
	Void turnaround time	<30 days	22.3 days
	% of homes with EPC rating of C or above	60%	56.6%
	% of agreed planned programme completed	90%	65%
	No. of new homes delivered three-year average.	100	120 (2024: 178)
Be a great place to work.	% Voluntary colleague turnover	<14%	15.85%
	% colleague sickness	<4%	2.19%
	% PDP completions	95%	91%
	Maintain external people accreditation	IIP Gold or similar	IIP Gold
Be a strong, viable organisation.	Operating Margin EBITDA MRI	23.47%	30.2%
	Management cost per unit	£1,325	£1,183
	Regulatory ratings	G1 / V2	G1 / V1
	% Rent arrears	<1.5%	0.68%
	% Void rent loss	<1.5%	1.06%
	Landlord compliance	100%	98.5%

Operational indicators

Performance Indicator	2022/23 Result	2023/24 Result	Peer Median
Rent Collected (including arrears b/f)	100.09%	100.07%	94.86%
Current Tenant Arrears (excluding voids)	0.96%	0.68%	3.00%
Rent Loss Due to Voids - GN & HfOP	1.13%	0.99%	1.20%
Average Time to Complete Repairs (days)	22.00	21.94	24.50
Average Relet Times (days)	33.81	21.59	28.18
Percentage of Repairs Completed at First Visit	90.64%	89.23%	84.00%
Satisfaction with the Last Repair (transactional)	83.30%	85.46%	90.25%
Appointments Kept (%)	76.08%	85.40%	94.12%
Gas Safety Certificate (%)	99.98%	99.98%	N/A
SAP Rating	69.48	71.05	74.15
Total Score	**250**	**260**	**250**

Our operational performance has improved from last year and we now sit in the mid-upper quartile in comparison to our peer group. This has been driven by improvements to the time it takes to relet our homes and repairs that were completed at the first visit. Externally, the peer group has seen an overall reduction in performance against both of these metrics, which has also contributed to our improved position.

Rent loss at void stage and average relet times have improved during the year and remain at mid-upper quartile.

Our repairs performance has also continued to improve following the trend from previous years. As a result, the average days to complete repairs and the percentage of repairs completed on the first visit have remained at upper quartile performance. Whilst we are at upper quartile performance, the performance remains outside of our responsive repair target of 20 days. Satisfaction with the last repair has declined slightly and remains in the mid-lower quartile. This is likely impacted by the backlog in our responsive repairs which has been challenging to reduce over the last year due to an increase in the volume of repairs as well as substantial vacancies in the Team.

We have seen a significant improvement in the percentage of appointments kept, but this remains lower quartile.

Overall, our Tenant Satisfaction Measures show an improving picture for our repairs service and our performance is currently in the mid-upper quartile when compared to our peers. Whilst this is a positive result against a backdrop of declining performance across the housing sector, we remain committed to improve on the current performance now that the establishment has increased to cope with the increase in repairs volume.

We have continued to invest in the energy efficiency of our homes and made good use of funding streams available to support this work including the Social Housing Decarbonisation Fund and ECO4. Despite this, our SAP rating performance remains in the lower quartile as per last year. Asset analysis conducted by I4H has found a correlation between older units and a lower SAP rating. This indicates that SAP performance should be considered as part of the asset management and disposal strategy.

Our performance in terms of rent arrears performance remains in the upper quartile for collection and arrears. This is an area that we have consistently outperformed the sector in and demonstrates strong internal controls and procedures to help tenants manage their rent accounts.

Performance against strategic plan objectives – 2023/2024

The Group Board approved the 2023/2024 Organisation Plan in March 2023. This set out the Group's ambitions under each of its four strategic priorities. Details of the key objectives and delivery against these is set out below.

Provide quality, sustainable homes

Everyone should have a warm, safe, affordable home. This is the belief that underpins everything we do and we remain committed to increasing the availability of affordable housing in our neighbourhoods and investing in, understanding and managing our homes effectively.

Asset management and building safety

We continue to deliver strong performance when it comes to landlord safety and compliance and the overall quality of our homes is good. As of 31 March 2024, our landlord compliance gas safety checks were up to date with the exception of one property, which had an outstanding gas safety certificate. This was due to the tenant not allowing us to enter the property to complete the work and, in line with our No Access Policy, we have started legal action to gain access to the property and complete the work.

In addition to the one outstanding gas safety certificate, we had three further properties that did not meet the Decent Homes Standard at the end of the financial year. This was due to severe damp and mould in the properties. Work has been completed on all three of these properties and they now meet the Standard.

As part of our third party assurance programme, we asked a specialist consultant to audit and undertake HHSRS assessments on a percentage of homes, with a particular focus on those that had previously had damp and mould issues.

As a result of this work, we identified concerns around the location of carbon monoxide detectors in a small number of our homes. Following this we commissioned further surveys to ensure that we understood the extent of the issue and worked with our gas engineering contractor to complete immediate actions to complete any necessary works. An advisory note was sent to the Regulator for Social Housing, which included the actions we were taking to rectify the issue. At the time this report was published, all these issues had been resolved.

All other landlord compliance duties were up-to-date at the end of the financial year.

In 2022, we started a full stock condition survey programme. This work continued throughout the year and 80% of our homes have now been surveyed giving us a clearer understanding of the condition of our homes. We experienced some access issues during the programme, which has impacted our ability to reach 100% completion and will continue to work with tenants to complete this work over the coming months.

We take a tactical approach to the management of our homes. Where a home becomes financially unviable or unsustainable from a housing management perspective to retain we may take the decision sell of the property. During the year, six homes were sold generating a surplus of £643,000. The funds generated from the sale of these properties are reinvested in delivering new homes or in regenerating existing homes.

We reduced our void turnaround time from 33.8 days to 22.3 days, ensuring that we can relet these homes to families as quickly as possible. This has reduced rent lost during the void period

New build and regeneration

In 2018, we pledged to build 1,000 new affordable homes in our neighbourhoods by 2028. During 2023/2024, we took handover of 178 new homes (136 for rent and 42 Shared Ownership Properties).

Our pipeline of development opportunities is strong, and we have continued to strengthen relationships with our development partners and nurture new partnerships during the year. At the end of the financial year, we were granted planning permission for 31 new affordable homes at a site in Eastington on the outskirts of Stroud this will be delivered in partnership with Eastington Community Land Trust. We also broke ground at our land-led site in Berry Hill in the Forest of Dean, where we will be working with local developers Mike Etheridge Construction, the Forest of Dean District Council, Homes England and NHS Gloucestershire to deliver 17 new affordable homes including two fully accessible bungalows.

Our regeneration project at Johnstone Close has also moved forward, with demolition work expected to start in July 2024. Just after the end of the last financial year, we received news that Homes

England will provide funding to support this project, which will deliver 20 new affordable homes for social rent and Shared Ownership.

Investing in our homes

We invested £6.2m (2023: £4.54m) in improving our homes in 2023/2024. This included our planned maintenance programme and energy improvement programmes. As part of these programmes, we installed of new doors and windows in 79 homes, 71 new bathrooms and 16 new kitchens.

With the cost-of-living crisis continuing to put pressure on the finances of our tenants, investing in energy improvement work continues to be an important part of ensuring that our homes are warm and affordable to heat. In the last two years, we have completed energy improvement works in 162 of our homes with further work planned in around 80 more during 2024/2025. This work has been partly funded by grants from the Social Housing Decarbonisation Fund and the government's ECO4 programme. Accessing this funding has enabled us to stretch our financial resources further and deliver this work in more of our homes.

Repairs and maintenance

We continued to face significant pressures on our repair's budgets in 2023/2024. This was driven by an increase in the number of repairs reported, additional fire safety work and additional resources needed to tackle damp and mould issues within our homes. As a result, we took the difficult decision to defer some of our planned improvement work, so that resources could be deployed in these key areas.

The increased demand for repairs combined with resourcing challenges in our repairs team, has resulted in a high level of outstanding repairs at the end of the year. We took steps to address this in quarter three and bought in some external resource to support our repairs team but have further work to do in this area. We are committed to addressing the outstanding repairs work and will continue work to reduce this in 2024/2025.

Damp and mould

In quarter three, we undertook a review of how we deal with damp and mould issues in our homes. Following this we have made several improvements to our processes including the creation of a dedicated damp and mould team within the property services team, the introduction of three, six and 12 month follow-up calls to any property that has previously reported a damp and mould issue, and an internal awareness campaign to remind the wider team of our responsibilities for tackling damp and mould in our homes.

Our stock condition survey programme has ensured that any damp and mould issues that have not been reported by tenants are captured. Initially, properties that had previously reported damp and mould were prioritised within the survey programme alongside those that may be more susceptible to damp and mould issues. The initial stock condition survey programme is nearing completion however we will continue to build regular property surveys into our property services programme.

To further support this work, we asked property specialists Savill's to complete additional survey work on 20% of the properties that had reported a damp and mould issues to ensure that the assessments by our in house surveyors were consistent and accurate. This has provided assurance that our assessment of damp and mould cases is in line with best practice and enabled us to prioritise cases based on the severity of the issues.

Damp and mould continues to be a significant risk for all social housing providers. It can be difficult to identify the root cause of the issue and often takes time to resolve fully. New legislation due to come into force in 2024, sets out strict timelines for properties to be surveyed and work to begin to rectify any issues identified. We are working to these timescales and monitoring our performance against them and will continue to improve our approach to ensure that we meet these going forward.

Delivering a great customer experience

Customers remain at the heart of the organisation.

During 2023/2024, the Group has continued to rebuild and strengthen its relationship with tenants. It has worked with partners across the community to re-establish a programme of events, which provide opportunities for tenants to access its colleagues as well as teams from other services across the community.

Influence and engagement

Our co-designed Tenant Engagement Framework was adopted in 2023/2024. Following this we disbanded our Challenge & Change Group and recruited tenants to join our new Tenants' Voice Group. This group forms part of our governance structure and provides a direct link between tenants and our Group Board.

It meets every two months to review and scrutinise all aspects of our organisation and the services we provide and is made up of tenants and members of the Group Board including the Chair. We provide tenant members of the group with training and support that enables members to constructively challenge our team and hold us to account on behalf of our tenants.

We conduct regular surveys and polls with tenants utilising our closed Facebook Group and automated surveys following key events such as the completion of a repair. In March 2024, we held our first Facebook live session with Chief Executive Hayley Selway. This gave tenants the opportunity to submit questions ahead of the session and join us live to hear from Hayley directly for the first time.

We also regularly publicise how tenants can get involved, raise an issue or share their thoughts and feedback with us through our customer facing channels and openly encourage tenants to get in touch with us.

To help us strengthen the important role we play in our communities, we invested in two new Community Connector roles. As part of their role, they represent us at community and partner events, working with local authorities and other partners to help resolve issues for tenants and gathering feedback in a less formal environment.

They help the wider team understand the customer perspective and work with them to deliver improvements to our services based on the feedback they receive. They facilitate some of our customer research including polls, surveys and focus groups on behalf of the organisation and also run regular events and activities for our tenants and the wider community to attend.

Tenant Satisfaction Measures

The Regulator for Social Housing (RSH) launched a new set of Tenant Satisfaction Measures in 2023. These must be collated, reported and published annually going forward and, for us, replace the Housemark STAR survey, which we previously used to benchmark customer satisfaction.

We work with an independent research agency to contact tenants, undertake the survey, and report the results to us. This ensures that the surveys are independently verified and gives us the ability to benchmark our results against around 100 other social housing providers that also use their services. While this is a relatively small sample size, it is an indication of how we might be performing in comparison to other providers.

We conduct the surveys in three waves across the year, contacting around 1,200 tenants each year. Our 2023/2024 Tenant Satisfaction Measures results can be found on our website.

We achieved an 'Overall Satisfaction' score of 79% for the year ending 31 March 2024. This is 2% down on our 2023 results and 7% of our target of 86% for the year. However, in comparison to the providers working with our research agency, this puts us in the upper quartile.

While this benchmarking suggests that we are performing in the upper quartile for 11 of the 12 perception measures, we remain committed to improving our performance in the areas that matter most to our tenants. This includes focussing on improving our repairs service and how we handle complaints.

Handling Complaints

We take complaints very seriously and are committed to learning from the experiences of our tenants and using their feedback to improve our services and how we deliver them.

We have seen a reduction in formal complaints in comparison with 2022/2023. This has been driven in part by our new early resolution option, which was introduced in line with the Housing Ombudsman Code in 2023/2024. We believe that this is positive for everyone involved, as it provides a quick solution for the tenant and reduces the impact on resources needed to investigate formal complaints. Early resolution is offered as an option to all tenants who raise a complaint, but the tenant can choose to use our formal complaints process at any time.

All feedback, including complaints, is crucial in helping us understand how our tenants feel about their homes and our services. It helps us identify where we need to make improvements, what matters most to the people living in our homes and informs our future plans. We actively encourage tenants to share their experiences and feedback with us and have continued to increase and improve the ways in which tenants can share their feedback with our team throughout the year.

We are committed to building a strong customer-focussed culture across the organisation, which values, respects and learns from the feedback we receive from our customers.

Learning from complaints

It is really important for us to understand how our tenants feel about their homes and the services we provide. Their feedback is crucial in helping us make improvements and plan for the future. As a result of the feedback we received from tenants we have:

- Continued to use lessons learned from complaints to continually improve our services and processes.
- Improved our approach to handling damp and mould cases, including establishing a dedicated team to manage all cases, simplifying our internal processes and raising awareness of our responsibilities amongst our team.
- Committed to completing a review of our repairs service with our Tenants' Voice Group in order to understand the needs of our tenants and agree an action plan to improve the service we can offer to tenants.
- Reviewed how we manage anti-social behaviour cases and made changes to our tenancy compliance team and the processes used to manage anti-social behaviour. This has included implementing a risk-based approach that reviews the severity of anti-social behaviour against tenant vulnerabilities.
- Started work to strengthen our culture and bring customer service back into the heart of everything we do. This has included a review of our values and an increased focus on customer service in our strategic priorities, which will be launched in 2024.

All feedback, including complaints, is an opportunity for us to learn and we will continue to listen to our tenants and work with them to improve our services.

Complaints reviewed by the Housing Ombudsman Service

In total, we received six new enquiries from the Housing Ombudsman during the year and we had received determinations from the Ombudsman on four cases. In these determinations, the Ombudsman issued one severe maladministration for record keeping and one severe maladministration for complaints handling. In one of the cases the Ombudsman found no maladministration on our part and closed the other case on the grounds that reasonable redress had already been applied.

Many of these relate to legacy issues and we recognise that our handling of complaints has not been effective in the past. However, we have made significant improvements to our complaints handling processes and invested in our customer insight team, who administer complaints on behalf of the organisation, which has led to improvements in this area.

In line with the Complaints Handling Code, we submitted and published our Complaints Handling Code Self-Assessment in March 2024. This is available on our website and sets out in detail how we are now meeting and exceeding the Complaints Handling Code.

Being customer focussed

Culture plays an important role both in how complaints are handled and how customers are treated within an organisation. We recognise the need to strengthen our organisation's culture, which has been weakened following a number of factors including the COVID-19 pandemic, a significant turnover of team members, additional pressures on teams caused by recruitment difficulties and a change in leadership.

As a starting point, we have reviewed our company values. True values come from the heart of the organisation, its people, and its customers. They set the foundation for the type of organisation we want to be and act as a promise to our customers in terms of what they can expect from our people and our services.

In consultation with our team and customers, the Group Board and executive team have agreed a set of values that speaks to the heart of our organisation and the people that we represent. These will be developed further in 2024.

We also rolled out customer service to all colleagues in quarter three, to emphasise the need to keep customers at the heart of all our decision making, services, and the day to day activity that we all undertake.

Be a great place to work

In order to deliver on our vision, we need to attract and retain the best people, which is why we are committed to being a great place to work. This means empowering our team to make a difference, providing opportunities for people to develop and grow, and ensuring that our people are engaged and feel valued.

Recruitment and reward

Like many similar organisations in the area, we have faced challenges in recruiting new team members and, though levels are reducing compared to recent years, we have continued to experience high levels of staff turnover.

In recognition of this, we conducted a review of our reward offering at the beginning of 2023. To ensure that the organisation remained competitive within the local market, we benchmarked all salaries and enhanced our pension provision. We also included a salary sacrifice option for all team members to enable them to save for retirement in the most efficient way possible and introduced an electric car scheme. The annual pay award for 2024/2025 will further enhance our reward offer and ensures that we remain a Real Living Wage employer as a minimum.

To improve the experience of new starters, we introduced a new on-boarding platform, which provides all the information, training, and paperwork for new team members in a single place.

Alongside this, we have reviewed our induction process and will be making changes to this during 2024/2025. We hope that this will not only create a more efficient process for onboarding new colleagues but also enhance the experience for those joining our organisation going forward.

We also celebrated the achievements and long-service of our team members at our Christmas event in December.

Investing in our team

We are committed to investing in our team, we want them to enjoy coming to work and be brilliant at what they do. To achieve this, we need to invest in them and provide opportunities for them to grow and develop. We also need to make sure that they have the right training and knowledge to complete their work safely.

To support this, we created a training matrix for every role within our organisation. This sets out the basic training needs for compliance, the role, and the development of individuals for every position in the organisation. We have also invested in a new e-learning platform that will provide a significant proportion of this training in an easy and convenient way for both our field-based colleagues and those that usually work from a laptop.

In addition to this, we are currently reviewing the requirements of the Professional Standard to ensure that we are able to respond effectively to the new requirements.

Apprenticeships

This year we relaunched our Apprentice Academy, with six apprentices joining our organisation in our housing, property services, finance and Centigen teams. This is a great opportunity to grow and develop the next generation of housing professionals, while providing hands on experience to those joining the working world.

In 2024, we recruited for a Business Administration Apprentice to join our Building Safety and Asset Management team. This will provide an excellent opportunity for an apprentice to provide administrative support to our energy improvement and building safety programmes.

Supporting our team

The cost-of-living crisis continues to impact our tenants, but as an organisation we recognise that our team is not immune to these challenges. We are limited in our ability to increase salaries, so alongside the annual pay review we have launched a number of initiatives at our Rivers Meet office and hub sites to provide extra support to our team. This includes:

- A dedicated wellbeing room for colleagues to access for quiet reflection or as a prayer room when required.
- Free period products in our bathrooms to help tackle period poverty.
- The introduction of a ‘Grubhub’ that provides snacks and lunch options for those colleagues that need them. Colleagues who can afford to, are asked to make a donation to cover the costs of the food they take to help cover the costs of running it.

Equality, diversity, and inclusion

We are committed to understanding who lives behind the doors of our homes and ensuring that our organisation reflects the communities that we serve. We are at the beginning of our equality, diversity, and inclusion journey and have taken several steps forward during the financial year.

Building on the training with our Board and Senior Management team that was completed at the beginning of 2023, we have increased activity around celebrating the different cultures that our team may come across in our communities. We have had colleagues share their experiences at our Two Talk Live sessions providing real insight into the traditions of their culture.

We also submitted our first return to the National Housing Federation, allowing us to compare the diversity of our organisation to similar companies and published our EDI information on our website. To give us an idea of whether our team is representative of the communities that we serve, we compared our results to the National Census information for the areas in which we operate. This was shared with the Group Board and indicated that, as an organisation, we do reflect the communities we serve.

We have also reviewed our Equality, Diversity and Inclusion Policy.

While there is still work to do in this area, these steps have started to broaden our teams understanding of equality, diversity and inclusion and encouraged people to think differently.

Be a strong, viable organisation

As a registered charity and social housing provider, we have a duty to ensure that we understand and manage our costs effectively. We take a long-term approach to financial planning and are committed to achieving a minimum of G1/V2 rating from the Regulator of Social Housing (RSH).

In November 2023, the RSH confirmed our regulatory status as G1/V1, which means that we have maintained the highest ratings from the Regulator for the last 19 years. This achievement underlines our desire to be a financially sound, well-run organisation.

Protecting our organisation

Budgets and financial performance is monitored across the Group, with budget holders receiving detailed financial information on a monthly basis and a business partnering approach being deployed across the organisation.

In 2022, we began a long-term project to enable us to understand and use our business information more effectively. Work in this area continues to progress with further development of our Power BI capability, which is providing better data quality and more effective reporting and monitoring. Progress on this was delayed due to recruitment and retention issues around the Data Analyst role, however this has been resolved and we are now able to continue to progress in this area.

Given the increase in cyber incidents both in the sector and globally, we took action to enhance our cyber security. We have put enhanced monitoring and further strengthened our systems security to ensure that we are best placed to protect the organisation from cyber-crime. We also retained our Cyber Essentials Plus accreditation, following the completion of its assessment process.

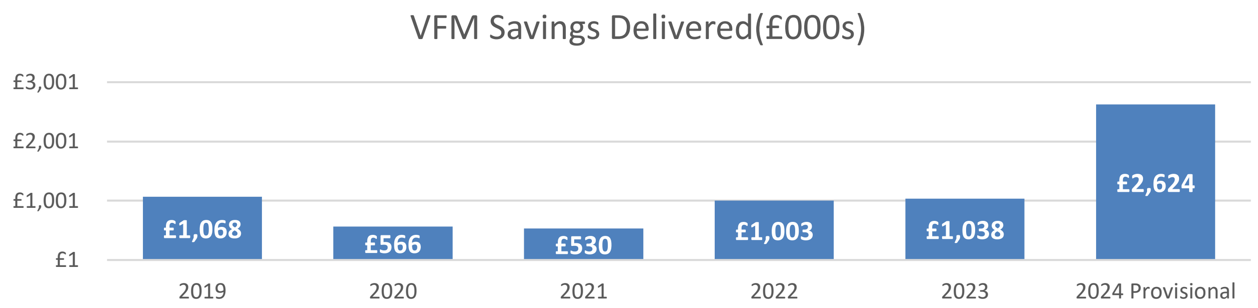
Value for Money

As previously stated in this report, Value for Money is embedded right across the Group. However, we have delivered several key initiatives during the year that have helped ensure that resources are used efficiently, reduce waste and maximise returns, these include:

- The dissolution of Two Rivers Initiatives. This has simplified our organisation structure reducing administrative costs and freeing up resource that can be used elsewhere.
- Effectively managing our cashflow. This has delivered higher investment returns and provided an additional income of £1.57m from interest received.
- Review of VAT partial exemption, which generated £60,000 in VAT savings
- Successful bidding of grant for energy efficiency works resulted in savings of £1.83m of cost.
- Tendering of the materials contract to reduce the administration costs and to ensure better control of purchases.

In addition to the activities detailed above, savings delivered through department-led initiatives totalled £353,000 (2022/2023: £469,000) with further procurement efficiencies totalling £401,000 (2022/2023: £569,000) delivered through the CHIC framework. This demonstrates how VFM is embedded throughout the organisation.

The chart below captures the overall efficiencies delivered during the last 5 years:



Looking forward to 2024/2025

We recognise that we are operating in a significant period of change, both for the organisation and the housing sector in general. New legislation, changes in customer expectations, the economic climate and what is likely to be political upheaval following the general election will all have an impact on the organisation and it's important that the Board sets a clear direction for the future of the organisation.

As a result, the Chief Executive and the Board conducted a review of the Group's corporate strategy to ensure that it would continue to support the delivery of the organisation's vision to ensure that everyone has a warm, safe, affordable home.

To deliver on our vision, we understand that we need to look beyond the bricks and mortar of our homes and the services we provide. The neighbourhoods that our tenants live in and the support available to help them live happy and fulfilled lives are equally important and as a community-based organisation, we have an important role to play in shaping these places.

As a result, the Board has taken the decision to increase the number of strategic priorities from four to six. This will help us ensure that we continue to invest in our communities and work with our local and national partners to shape the neighbourhoods and support the communities that we serve. The new corporate plan will set the direction for our organisation for the next five years and will be launched in 2024. It will focus on six key areas:

- Delivering a great customer experience
- Providing modern, warm, safe and sustainable homes
- Being a great place to work
- Being a strong, well-run organisation
- Creating neighbourhoods where people love to live
- Working #Twogether for our communities

To ensure that we are delivering against these priorities, the Group Board has set a number of key performance indicators, which will be monitored by the executive team. Updates on these will be shared with the wider team and the Board throughout the year to help us highlight where we need to focus our efforts and celebrate key milestones and achievements.

The agreed Key Performance Indicators (KPIs) for the 2024/2025 Corporate Plan are set out below.

Strategic Priority	**Strategic Performance Indicator**	**2024/2025 Target/Outcome**
Deliver a great customer experience.	% Overall satisfaction with the service provided by the landlord	Trend (2024: 79%)
	Satisfaction with repairs	Trend (2024: 80%)
	Repairs completed within target timescale	Trend (2024: 56.9%)
	Housing Ombudsman Upheld in Last 12 Months	Trend (2024: 6 cases)
	Complaints relative to the size of the landlord (No. of complaints per 1,000 homes)	Trend Stage 1 (2024: 29) Stage 2 (2024: 3)
	Complaints responded to within Complaint Handling Code timescales	Trend Stage 1 (2024: 69%) Stage 2 (2024: 82%)
	Void Turnaround - YTD (calendar days)	30 days
Provide safe, affordable and sustainable homes.	Satisfaction that the home is safe	Trend (2024: 84%)
	Satisfaction that the home is well-maintained	Trend (2024:78%)
	Landlord Compliance - YTD	100%
	Decent Homes Standard Compliance	100%
	Homes At or Above EPC Rating C	60.4%
	No. of New Homes	94
	Stock Condition Surveys - Percentage of homes with a stock condition survey that is 5 years or less.	100%
Be a great place to work.	Colleague Satisfaction	Trend
	Voluntary Colleague turnover %	<12%
	Colleague attendance %	<4%
Be a strong, viable organisation.	EBITDA MRI	139.3%
	Social Housing Operating Margin	15%
	Regulatory Judgement (G/V)	G1 / V2
	% Rent arrears	<1.5%
	% Void rent loss	<1.5%
	No of Accidents Reported	Trend (2024: 32)
	No. of RIDDOR Reported Accidents	Trend (2024: 1)
Create neighbourhoods where people love to live	Satisfaction that the landlord makes a positive contribution to neighbourhoods	Trend (2024: 75%)
	Satisfaction that the landlord keeps communal areas clean and well-maintained	Trend (2024: 67%)
	Satisfaction with the landlord's approach to handling anti-social behaviour	Trend (2024: 67%)
	Anti-social behaviour cases relative to the size of the landlord (per 1,000 homes)	Trend (2024: 39)
Be a community investment and anchor organisation	Delivery of the social value commitments within the Value for Money Strategy	
	No. of community groups supported through 2RH corporate social responsibilities	

Forecast financial performance

We produce a 30-year financial forecast, which is reviewed on an annual basis.
The following tables set out a five-year picture of our forecast targets and resulting forecast VfM sector metrics:

Statement of Comprehensive Income £'000	Actual 2024	Target 2025	Target 2026	Target 2027	Target 2028	Target 2029
Turnover	30,738	32,706	36,224	36,515	36,289	35,676
Operating costs	(23,636)	(26,924)	(28,700)	(28,201)	(27,176)	(26,916)
Other surplus/(deficit)	810	599	616	629	641	654
Operating surplus	7,912	6,381	8,140	8,943	9,754	9,414
Surplus for the year	4,938	1,440	2,901	3,115	4,102	3,440

Value for Money Sector Metrics	Actual 2024	Target 2025	Target 2026	Target 2027	Target 2028	Target 2029
Reinvestment	16.2%	14.6%	8.8%	5.0%	3.4%	2.9%
New supply delivered %	3.90%	2.0%	3.6%	1.5%	0.4%	1.5%
- Social housing						
- Non-social housing	-	-	-	-	-	-
Gearing	57.3%	63.8%	63.7%	63.0%	61.6%	60.6%
EBITDA MRI / Interest cover %	171.8%	139.3%	142.5%	150.1%	147.2%	138.7%
Headline social housing cost per unit	£4,433	£4,779	£4,730	£4,820	£5,158	£5,299
Operating margin % - Social Housing	19.8%	15.0%	18.7%	22.0%	23.6%	23.4%
Operating margin % - Overall	23.1%	17.7%	20.8%	22.8%	25.1%	24.6%
Return on Capital Employed	3.6%	2.6%	3.1%	3.3%	3.6%	3.4%

This plan has been stress tested for a 'perfect storm' of events that the Board considers might impact it. Further stress testing confirms resistance to the factors modelled including adverse movements in inflation, interest, sales, values and high value one-off financial events.

It is apparent that the impact of inflation on costs over the next few years will be a challenge. The stress testing of the plan considers more extreme economic scenarios than the one being currently experienced. Where remedies are required to ensure compliance with funding covenants, mitigating actions have been identified.

Summary

On balance, our overall performance compares well with our peers, although there is room for improvement particularly around our service delivery and customer satisfaction. Improving our communication with our tenants and investing in the repairs team will stand us in the best position to improve overall satisfaction and deliver on our value for money commitments. Better understanding of our homes will ensure that we make the best use of our resources in future.