Two Rivers Housing

Value for Money Position Statement

For the year ending 31 March 2026

Two Rivers Housing

Registered Society Number: RS009498
Regulator Registration Number L4385
FCA Registration Number 9498

Value for Money Position Statement 2025-2026

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.

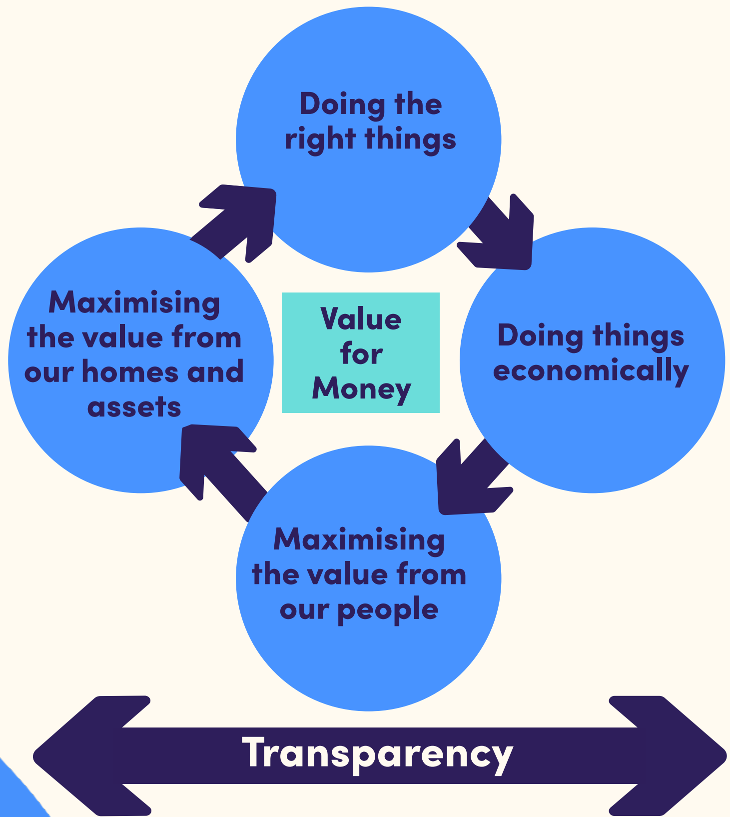
The cost-of-living crisis and inflationary market has stretched the financial resources of our customers and there are limited opportunities to increase our income. As a result, we have concentrated on protecting our current income streams and maximising Value for Money where we incur costs. Value for Money is a key consideration when we set our plans and strategies and is captured, reviewed and discussed throughout the year.

In December 2025, following engagement with tenants and colleagues, the Board approved the new Value for Money Strategy (2026-2029). The new strategy identifies five elements of value for money to ensure that we are not only cost-effective but also fair and impactful in the use of our resources.

The five key elements (5E's) are:

- Economy - getting the best value for the lowest cost
- Efficiency – maximizing output from a given set of inputs
- Equity - ensuring resources and benefits are distributed fairly and reach all intended beneficiaries, addressing fairness and inclusiveness in the allocation of resources
- Ethically - ensuring that the whole value generated from the resources invested can be captured and conveyed in a clear and measurable way, and in line with our values.
- Effectiveness - achieving the desired outcomes or objectives and that outputs lead to intended results

The strategy also sets out four key principles established to support and embed VFM thinking and action to ensure that the use of the Group's resources fully support TRH's vision, as follows:



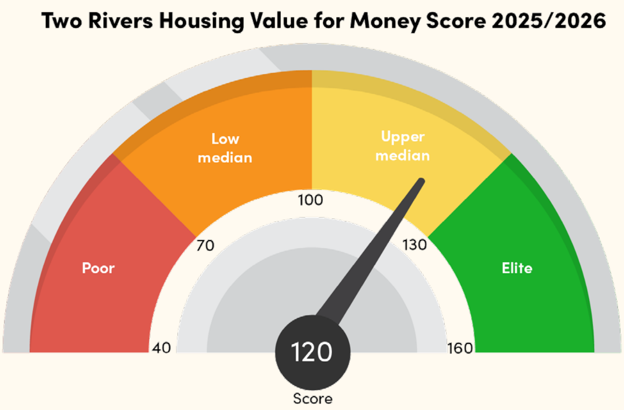
Measuring Value for Money

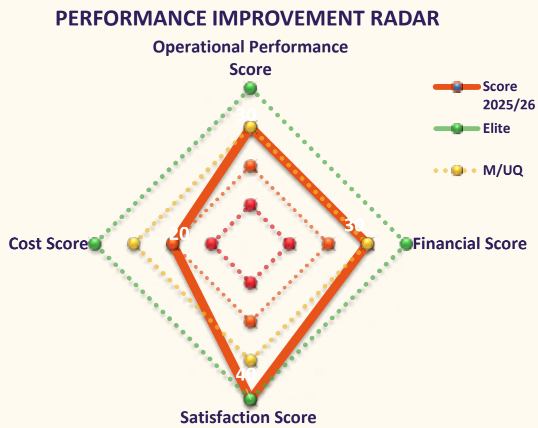
Delivering value for money is intrinsic to the delivery of the six strategic priorities set out in the corporate plan. Value for money delivery is assessed using benchmarking of sector metrics and tenant satisfaction measures as a can-opener to understand our financial out turn and service delivery.

Demonstrating how we achieve this is complex, so we work with specialist consultants i4H to provide an independent, external assessment of our performance against across our four categories, which are financial performance, cost analysis, operational performance and customer satisfaction in comparison to a peer group of similar housing providers. This allows us to understand our relative performance, tackle areas of underperformance and drive further Value for Money gains across the organisation.

We also compare our performance in relation to the key sector metrics included in the Value for Money Standard against Placeshapers members performance as well as our prior year performance.
To ensure transparency to our tenants of how VfM is measured going forward, a suite of key indicators have been identified which will be reported alongside the key achievements delivered in the year, which have been captured above.

The benchmarking results conclude that, overall, we are delivering upper median quartile performance against our i4H peer group.





VfM Measure	Results 2025/2026	Median 2025/2026	Score 2025/2026
Total cost per unit	£5,520	£5,520	20
Total operational performance score	270	225	30
Total customer satisfaction score	190	125	40
Total financial score	220	200	30
Total VfM score	**120**	**100**	**120**

We have delivered a stable and resilient financial performance in the mid-to-upper quartile for the year ending 31 March 2026. Costs have been targeted based on the priorities set out in our corporate strategy. Sustained investment particularly within major and cyclical works at a level higher than our peers and sector average represents a deliberate investment in our homes and meets a key strategic objective.

In line with the corporate strategy, we have also invested heavily in front line services which has contributed to a lower operating margin relative to peers, however, the positive impact of this can be seen in the customer satisfaction score which has improved since 2024-25 and now reflects elite performance.

Operational Indicators

In addition to the improved level of customer satisfaction, operational performance has also improved year-on-year, and we have maintained a mid-to-upper quartile position for 2025/2026. Our total performance score has risen by 15%, driven by positive movement in repairs performance relative to last year.

Performance Indicator	2024/2025 result	2025/2026 result	Peer median
Rent collected (including arrears b/f)	99.99%	99.61%	96.26%
Current tenant arrears (excluding voids)	0.61%	0.98%	3.96%
Rent loss due to voids	1.34%	1.74%	1.32%
Average time to complete reapirs (days)	29.00	18.74	29.38
Average relet time (days)	31.64	34.10	34.38
Emergency repairs completed on time	93.630%	97.40%	97.30%
Non-emergency repairs completed on time	57.00%	87.20%	86.60%
Gas safety certificate %	100.00%	100.00%	N/A
SAP rating	62.90	68.60	74.57
Total score	**220**	**250**	**225**

Repairs appointment performance has seen a significant improvement and shows a strong relationship between completion times and overall satisfaction.

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 Warmer Homes: Social Housing Fund (WH: SHF) and ECO4 grants. Warm, safe, affordable homes is a key priority in our corporate strategy, and this supports the case for ongoing investment in property improvements.

Whilst we have seen a small increase in rent arrears collection in the year we remain in the upper quartile. This reflects our consistently robust internal controls and procedures to supporting tenants to pay their rent.

There has however been a dip in performance for void rent loss and average re-let times, resulting in a lower quartile placement for these indicators. We recognise that a key area for further progress is in our management of empty homes where we will seek to improve performance through a lean review of our process ‘key to key’.
With continued investment in the energy performance of our homes and the review of our empty homes standard we can expect to see these indicators improve during 2026/2027.

Our overall satisfaction score has improved, and Two Rivers Housing have moved into the elite quartile. All measures have improved compared with last year, with satisfaction with the neighbourhood being the only area not yet at elite level, however this has improved from 70% to 76% and remains in the mid-upper quartile.

Tenant Satisfaction Measures

Two Rivers Housing

Over the last 12 months, we have been listening to what our tenants have told us about their homes and the services we provide. We've worked closely with our Tenants' Voice Group and held workshops and focus groups to help us understand what we are doing well and where we need to make improvements.

We've been working hard to improve our services and invest in our homes to make the changes tenants want to see. So, we are really pleased to see an increase in overall satisfaction from our tenants (+3.5%) and in key areas such as repairs (+5%), well maintained homes (+6%) positive contribution to neighbourhood (+6%) compared to last year.

Performance Indicator	Latest Result	Median 2025/2026
Overall satisfaction	82.7%	74.70%
Satisfaction that the home is well maintained	84.5%	72.80%
Satisfaction positive contribution to neighbourhoods	76.2%	68.70%
Satisfaction with repairs	85.9%	74.00%
Satisfaction listens to tenant views and acts upon them	76.0%	67.30%
Total score	**190**	**125**

The challenge of resourcing housing management services and delivering improved grounds maintenance services has largely been addressed and we are now seeing improvements in services delivered being reflected in our feedback from tenants.

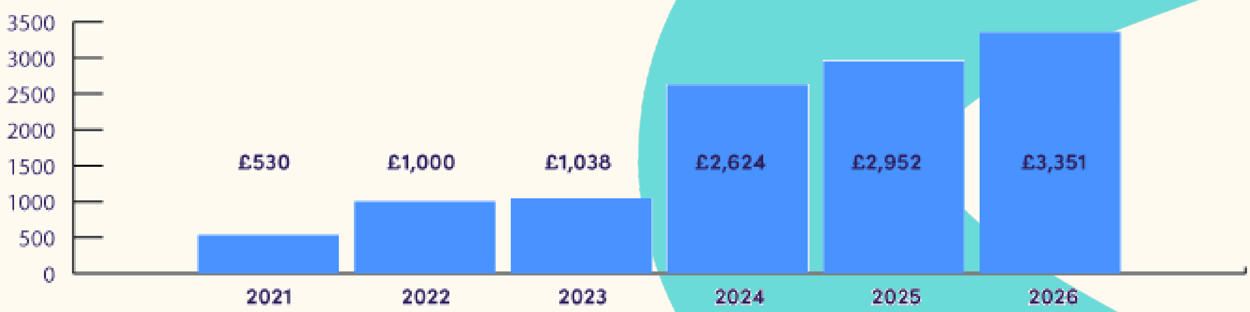
The results from our latest tenant survey showing that 93% of our tenants believe that we treat them fairly and with respect and 79% believe that we will listen to and act on their feedback. We know that we still have work to do but promise to continue to listen to what our tenants are telling us and improve our services.

Our full set of Tenant Satisfaction Measures is published on our website.

VfM Efficiency Savings

In addition to the activities detailed above, savings delivered through department-led initiatives totaled £197,000 (2024/2025: £598,000) with further procurement efficiencies delivered through the CHIC framework totaling £98,000 (2024/2025: £752,000).

A further £1.325m of grant was received from the Warmer Homes: Social Housing Fund plus we have had savings of £1.731m by utilising ECO4 funding for 142 homes.



Key performance indicators

In addition to the regulatory metrics, the Group Board sets organisation specific Key Performance Indicators (KPIs) annually to ensure performance can be monitored against our strategic priorities. The 2025/2026 performance against these KPIs, together with 2026/2027 expectations are detailed below. Where no target is set, we are aspiring to ensure we deliver improving performance trends.

Strategic priority	Key performance indicator	Trend / target	2024/2025 trend/target	2024/2025 outcome	2025/2026 trend/target
A great customer experience	% Overall satisfaction with the service provided by the landlord	Target	79%	82.7%	84%
	Satisfaction with repairs	Target	80%	85.9%	88%
	Repairs completed within target timescale	Target	80%	88.75%	90%
	Housing Ombudsman Upheld in Last 12 Months	Trend	Trend	4 cases	Trend
	Satisfaction that customers are treated fairly and with respect	Target	Trend	87.8%	88%
	Complaints relative to the size of the landlord				
	(No. of complaints per 1,000 homes)	Trend	Trend	Stage 1 38.8	
	Stage 2 10.6	Trend			
	Complaints responded to within Complaint Handling Code time-scales	Target	100%	Stage 1 89.3%	
	Stage 2 93.5%	100%			
	Void Turnaround - YTD (calendar days)	Target	30 days	58.56 days	30 days
Modern, warm, safe, sustainable homes	Satisfaction that the home is safe	Target	84%	88.3%	90%
	Satisfaction that the home is well-maintained	Target	78%	84.5%	86%
	Landlord Compliance 31 March	Target	100%	99.91%	100%
	Decent Homes Standard Compliance 31 March	Target	100%	99.84%	100%
	Homes At or Above EPC Rating C	Target	71.3%	68.63%	74.90%
	No. of New Homes	Target	100	81	100
	Stock Condition Surveys - Percentage of homes with a stock condition survey that is 5 years or less.	Target	100%	97.02%	100%
A great place to work	Colleague Satisfaction (Happiness Index)	Trend	Trend	7.3 out of 10	Trend
	Voluntary Colleague turnover %	Target	<12%	14.06%	<13%
A strong, well-run business	EBITDA MRI	Target	122%	152%	119%
	Social Housing Operating Margin	Target	15.8%	15.6%	16.4%
	Regulatory Judgement (G/V)	Target	G1/V1/C1	G1/V1/C1	G1/V2/C1
	% Rent arrears	Target	<1.5%	0.98%	<1.5%
	% Void rent loss	Target	<1.5%	1.74%	<1.5%
	No of Accidents Reported	Trend	Trend	44	Trend
	No. of RIDDOR Reported Accidents	Trend	Trend	3	Trend
Neighbourhoods where people love to live	Satisfaction that the landlord makes a positive contribution to neighbourhoods	Target	74%	76%	78%
	Satisfaction that the landlord keeps communal areas clean and well-maintained	Target	67%	72%	74%
	Satisfaction with the landlord's approach to handling anti-social behaviour	Target	65%	60%	65%
	Anti-social behaviour cases relative to the size of the landlord (per 1,000 homes)	Trend	Trend	21.34	Trend

Value for Money Metrics

In defining the new Value for Money Strategy 2026-2029 and following engagement with tenants, colleagues and Board Members the following VfM metrics have been identified to measure future VfM performance:

Doing the right things
Overall satisfaction with the service provided by the landlord
Reasonable adjustments implemented Statutory compliance
Financial Viability /EBITDA MRI
Reasonable adjustments

Doing things economically
Management cost per unit
Social Housing Operating Margin
Headline Social Housing Cost
VfM /Procurement savings

Value for Money

Maximising the value from our assets
Satisfaction that the home is well-maintained
New Homes delivered
Investment in existing homes
Reinvestment %

Maximising the value from our people
Voluntary Staff turnover
Staff satisfaction
Colleague attendance
Colleague development and performance

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 eight VfM metrics enable us to compare our performance against the whole global accounts sample and PlaceShapers members. Performance is assessed relative to the forecast target, with reference to the prior year's sector performance. Our performance against these metrics is set out in the table below.

	Two Rivers Housing			Whole Sector	PlaceShapers
	Actual 2026	*Target 2026	**Actual 2025	(Median) ***2025	(Median) ****2025
Reinvestment	11.7%	11.8%	11.2%	7%	7.5%
New supply delivered % (Social housing)	1.70%	1.9%	2.52%	1.3%	1.3%
New supply delivered % (Non-social housing)	-	-	-	-	-
Gearing	58.6%	61.5%	57.5%	45.5%	45.0%
EBITDA MRI / Interest cover %	172.9%	114.1%	146.4%	112.9%	111.0%
Headline social housing cost per unit	£5,091	£5,253	£5,027	£5,688	£5,506
Operating margin % – Social Housing	15.6%	15.8%	15.4%	20.0%	18.9%
Operating margin % – Overall	17.4%	17.3%	16.0%	17.4%	17.4%
Return on Capital Employed	2.7%	2.5%	2.8%	3.0%	2.7%

RAG Rating: Actual 2025/2026 vs *Target; **Actual 2024/2025, ***Sector Median 2024/2025, **** PlaceShapers 2024/2025

Further performance benchmarking against the i4H Benchmarking peer group is set out below.

FY26 - Financial indicators	FY25	FY26	Median
Reinvestment %	11.20%	11.70%	5.84%
New supply delivered (social housing) %	2.25%	1.70%	1.19%
Gearing Ratio %	57.50%	58.60%	56.84%
EBITDA MRI Interest Cover %	146.40%	172.90%	104.51%
Headline social housing cost per unit £	£5,027	£5,091	£6,264
Operating margin % (Overall)	15.41%	17.40%	19.66%
Operating margin % (SHL)	15.97%	15.60%	20.72%
Return on capital employed * (ROCE)	2.81%	2.70%	3.20%
Total score	**230**	**220**	**200**

Regulatory Value for Money (VfM) Sector metrics

Among social housing providers with more than 1,000 units, our performance continues to rank in the mid-to-upper quartile a notable achievement considering the organisation's relative size.

Financial performance is firmly placed in the mid-to-upper quartile with the reduction in the score being due to the reduced operating margins. Our performance reflects our strategic objective to invest in our homes and services and develop new affordable homes in our communities, with the high gearing ratio offset against the high reinvestment and new supply levels.

Reinvestment levels have remained in the upper quartile and are among the strongest results across the peer group. The headline social housing cost per unit remains well below the median although the operating margins (both overall and social housing lettings) are lower than the median, this is linked to the deliberate strategy of resourcing front line services. Having said that, our financial performance remains consistently strong.

The gearing ratio sits in the mid-to-lower range, which is expected given the scale of ongoing development activity. This aligns with a core strategic and national objective of increasing the availability of affordable homes.

In summary

Our 2025/2026 performance demonstrates that we are delivering strong and sustainable value for money across the organisation, despite a challenging economic environment and increasing financial pressures on both the business and our customers.

Our overall position in the mid-to-upper quartile across benchmarking, combined with upper quartile performance in key financial metrics such as EBITDA MRI and reinvestment, provides clear evidence of a resilient and well-managed organisation.

We have made deliberate strategic choices to prioritise investment in our homes and front-line services, recognising that value for money is not defined solely by cost efficiency, but by the outcomes we achieve for our tenants. This is reflected in our improved operational performance and our move into the elite quartile for customer satisfaction, alongside continued strong rent collection and effective financial control.

While this investment has contributed to comparatively lower operating margins, this is a conscious and appropriate trade-off that aligns with our corporate priorities and long-term objectives. At the same time, we continue to deliver substantial efficiency savings and maintain costs below sector benchmarks, demonstrating that we remain disciplined in how we use our resources.

We recognise there are areas where further improvement is required, particularly in relation to void performance, re-let times, and some aspects of asset performance. Clear plans are in place to address these challenges, and early actions are already underway to drive improvement during 2026/2027.

Overall, our assessment is that we are achieving value for money through a balanced approach that combines financial strength, continuous efficiency, and meaningful outcomes for tenants.

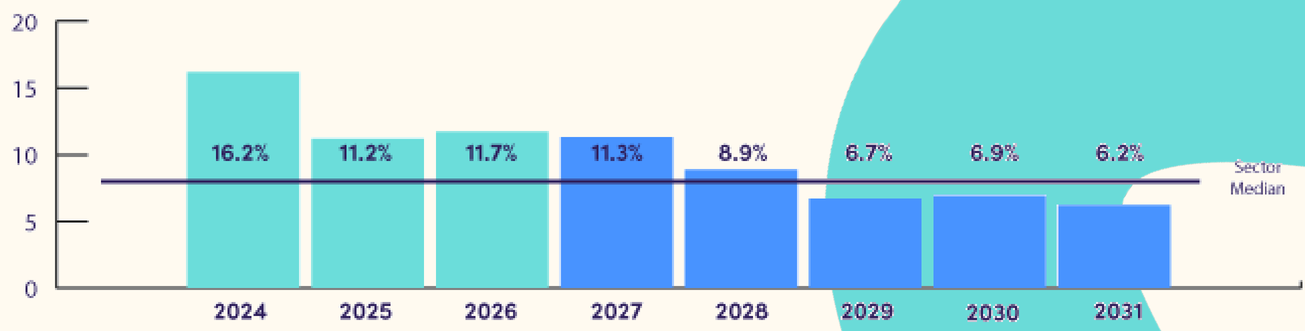
Our new Value for Money Strategy (2026–2029), grounded in the principles of Economy, Efficiency, Effectiveness, Equity and Ethics, will ensure we build on this strong foundation, continue to improve performance, and deliver maximum value from the resources entrusted to us.

A full review of each of the Regulator's VfM sector metrics, providing a brief description of the metric, and forecasts for future performance against these based on our business plan projections can be found in **Appendix 1**.

Appendix 1

The information below, provides commentary on our 2025/2026 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 new and existing homes) as a percentage of the value of total properties held. The result for 2025/2026 is slightly lower than target, which is largely due to the phasing of the development programme.

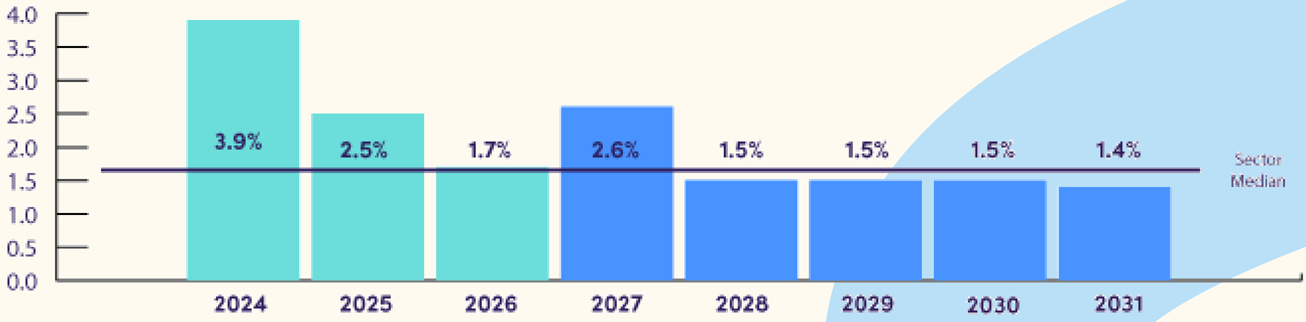
In 2025/2026, our major repairs investment costs (capital and revenue) reduced to £1,304 per home down from £1,649 in the previous financial year. This reflects a lower spend on the core component replacement programme due to a change from lifecycle to a condition-based programme. We expect the cost per home will continue to rise steadily up to 2030, reflecting our desire to maintain and improve quality and energy efficiency of our homes.

When homes become void and significant investment is required initially and, in the future, they are appraised from a financial and suitability perspective to determine whether they should be disposed of.

Our performance is in line with the national trend of increasing costs as the sector continues to see significant increases in 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 2025/2026. This will continue to increase during 2026/2027 as we continue to invest in our warmer homes programme and improve the energy performance of our homes.

Looking ahead, the reinvestment metric drops after 2026/2027, by which time we will have delivered on the 10-year vision to deliver 1,000 new homes. The Board recognises that higher maintenance expenditure on existing homes, combined with higher interest costs is impacting on development capacity and have agreed a financial plan that continues to deliver new homes beyond 2027 whilst maintaining the financial resilience for the organisation. In support of the government's ambition to develop 1.5 million new homes we will annually review the level of new homes that can be developed beyond this timeframe as part of the financial plan approval process.

New supply delivered



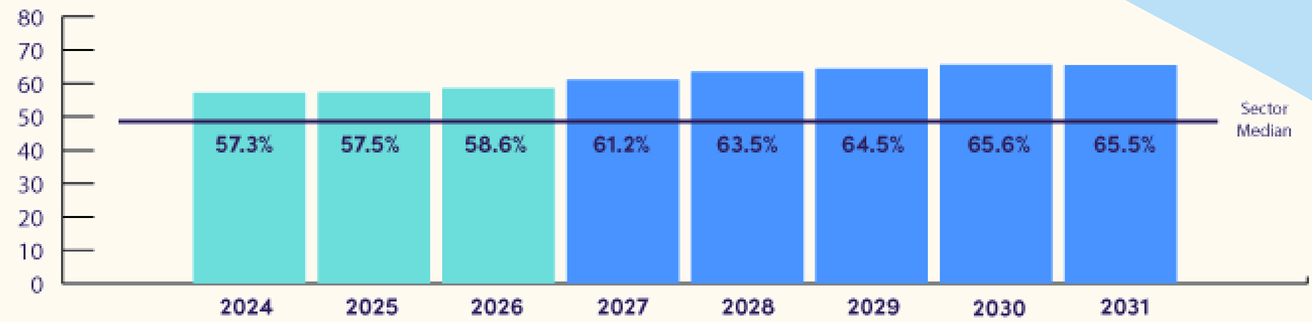
This sets out the number of new social housing and non-social housing homes that have been acquired or developed in the year as a proportion of total social housing homes and non-social housing homes owned at the period end. In terms of delivering new social housing homes, we have outperformed the sector median over the last three years.

We have continued to meet our commitment to deliver new affordable homes and added 81 new homes in 2025/2026. Although this was adrift of the 91 homes planned for the year, we have met our ambition to deliver a three-year average of 100 new homes per year with performance at the end of 2025/2026 of 131 homes.

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 new affordable homes by 2028.

We are not planning to build any homes that are not for social housing needs.

Gearing



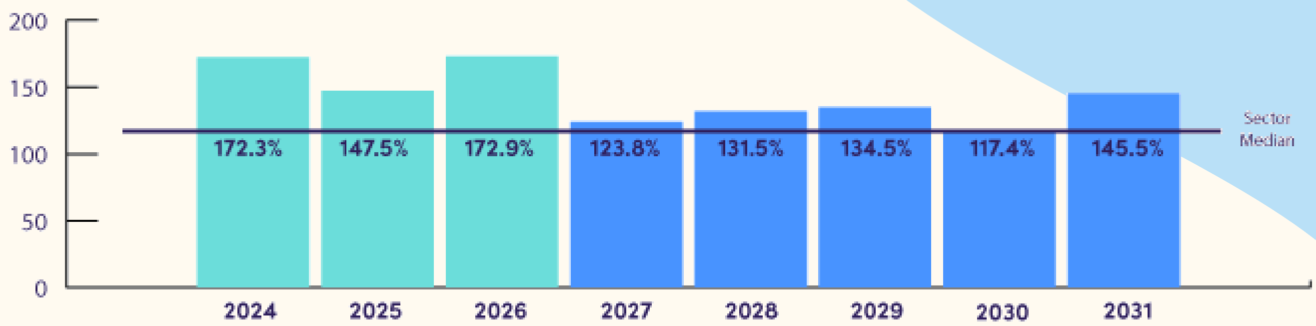
This metric measures net loans (incl. finance lease obligations) as a percentage of the value of housing properties and is an approximate indication of capacity. More highly geared associations may have less capacity to develop further.

It is not uncommon for Large Scale Voluntary Transfer (LSVT) providers, and those that are developing, like Two Rivers to be more highly geared. As with all ratios, the position must 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.

Our gearing ratio does remain higher than the average for the sector, PlaceShapers, and the benchmarking group, but this is indicative of the fact that we have geared up to develop more homes and is relative to the low historical cost on transfer. This also aligns with a core strategic and national objective of increasing the availability of affordable homes.

Overall, our position is better than anticipated due to a lower level of borrowing required. In terms of our ability to continue raising finance for future loans the new funding arrangements permit a higher gearing level and while this ratio is considered, it is likely to be less important than interest and asset cover.

EBITDA MRI interest cover



The EBITDA MRI interest cover measure is a key indicator of the financial health of the organisation, particularly 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.

EBITDA MRI interest cover

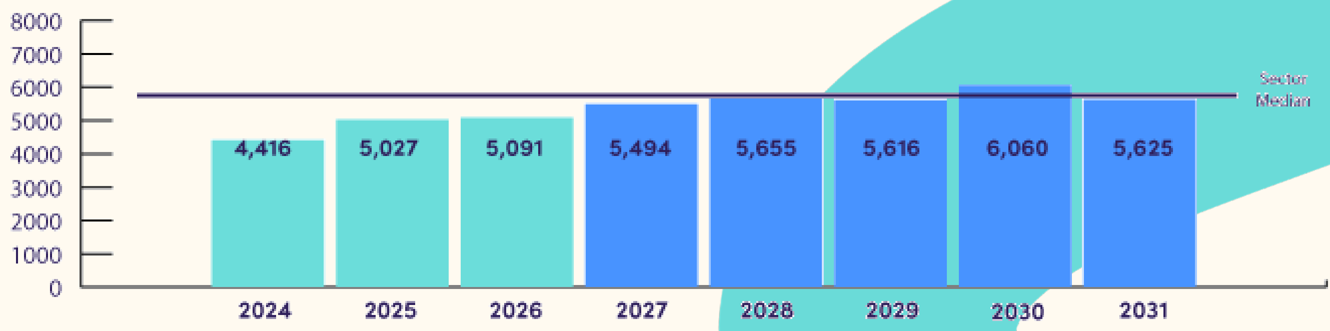
In 2018, the Group Board set the strategic objective to deliver 1,000 new homes by 2028. To support this additional funding was secured, which has resulted in higher interest payable costs. This, combined with higher operating expenditure has driven this indicator down, which is not unique to Two Rivers Housing.

Performance against this metric is in the upper quartile and is above the target for the year, although this has been positively impacted by the break gain on repayment of historic loans.

While the forecast position for this ratio is weaker, it is in line with the tolerances set by the Group Board and supports the strategic objective to invest resources in our housing management and assurance teams as well as continued investment in developing new homes and investment in our existing homes.

For 2025/2026, our performance against this metric is ahead of the 2025 Global Accounts sector upper quartile position as well as 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.

Benchmarking indicates that performance against this metric is in the lower quartile against the national and Placeshapers peer group (£5,576 per unit, £5,506 per unit respectively).

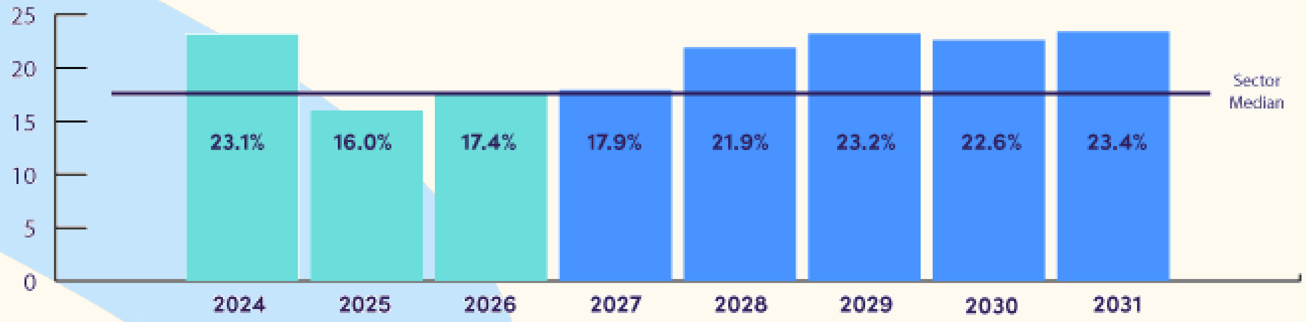
The cost per property is lower than the target of £5,253 for 2025/2026 and has increased just marginally relative to 2024/2025.

A reduction in major repair costs has been offset by higher management costs to reflect the strategic priority to invest in housing management and assurance resources. Our housing management costs are in the mid to upper quartile despite the increased resources to ensure that we can provide better services to our tenants.

Looking ahead, this metric will continue increase steadily as it is linked to the higher levels of investment in management resource and improving the energy performance and quality of our homes.

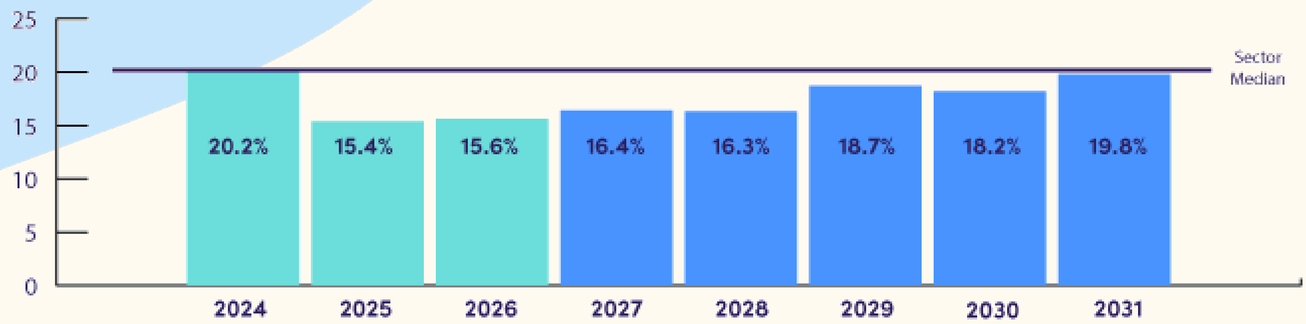
The new Assets, Investment and Development Committee is responsible for overseeing the repairs back log and expenditure to ensure we are delivering an improving service and value for money.

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 must be balanced against the registered provider's core purpose and objectives.

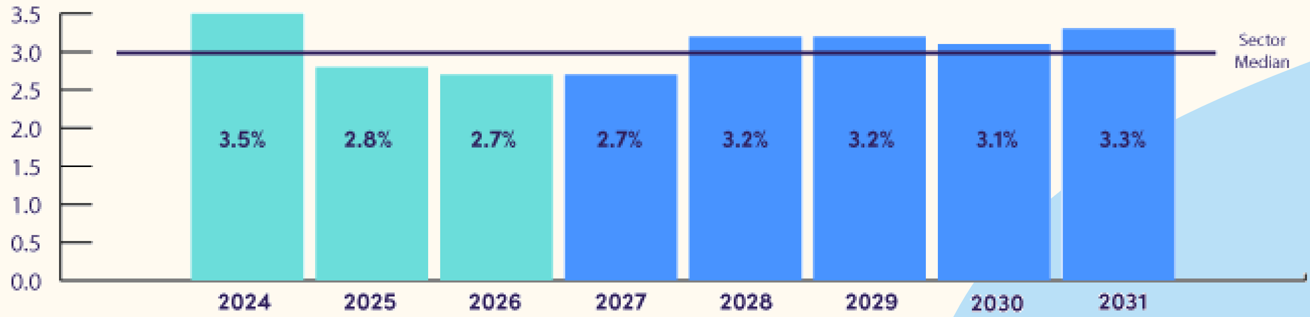
Operating margin – social housing lettings only



Overall operating margin is at 17.4% and is in the mid/lower quartile compared to our peer group and at the lower quartile for the social housing operating margin. Continuing pressure from routine maintenance repairs demand, increased housing management and assurance resource, higher insurance premiums combined with continued high-cost inflation is driving the deterioration in operating margins.

Our rent levels are in the median range for Placeshaper organisations and compared to an upper quartile position of £7,512 which compared to our relatively small size does impacts on our operating margin and EBITDA MRI covenants.

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 are in the median/lower quartile relative to our peer group and national position. Whilst we are below the national group, we have exceeded our 2025/2026 target of 2.5%.

It is worth noting that compared to Placeshapers, our turnover per property is in the median quartile which also impacts this ratio.

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