

Business Plan

2009 - 12

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Introduction

We are modernising our services and bringing the perceptions of the organisation in line with the breadth of the work we do. As part of this we have created a powerful new mission built on George Peabody's ambition to give disadvantaged people the opportunities they needed to live a good life.

Founded in 1862 as the Peabody Donation Fund, we are now one of London's oldest and largest charitable housing associations with over 18,500 properties across the capital. We work with government and a whole range of voluntary, private and public sector partners to bring services to our residents and others in communities where we work.

Though times have changed since George Peabody's day, his beliefs still prevail at the heart of everything we do as captured in our new mission statement.

Our mission is to make London a city of opportunity for all by ensuring as many people as possible have a good home, a real sense of purpose and a strong feeling of belonging:

- A good home: a place that is safe, warm, clean, light, well maintained and evokes personal pride.
- A real sense of purpose: regular endeavour through work, learning, caring for others, personal development or volunteering. Pursuits that people look forward to because it makes them feel valued.
- A strong feeling of belonging: active involvement in the neighbourhood and the spirit of togetherness and friendliness that goes with it.

Opportunity is a platform that takes us beyond homes into personal community development and it's these three things together that we want Peabody to be famous for.

The Context In Which We Operate

The global economic downturn continues to have a significant impact on the housing sector. New build programmes have slowed; funds have become more expensive; sales have fallen; and the social housing model, reliant upon cross-subsidy, has not withstood these pressures. This has jeopardised the government's pledge to build three million new homes by 2020, to meet essential housing needs.

The economic backdrop also creates a difficult environment for our residents and customers throughout the plan period. They face an increased cost of living, rising levels of unemployment and greater economic uncertainty.

This environment also, however, presents opportunities for well-managed and financially-strong housing providers.

Our regulatory landscape has undergone the most significant change for many years. The Housing and Regeneration Act 2008 has created two new bodies:

- Homes and Communities Agency (HCA), which provides funding for affordable housing, brings land back into productive use and improves quality of life by raising standards for the physical and social environment.
- Tenant Services Authority (TSA), a new regulator for providers of affordable housing. The TSA will place more emphasis on tenants, strive to increase choice and challenge providers to improve services and performance. The TSA will have more extensive powers and is working towards a new set of regulatory standards.

The London housing agenda will be led by the new Conservative Mayor, Boris Johnson. His draft housing strategy outlines plans for delivering 30,000 new socially-rented homes in London between 2008 and 2011. Greater prominence and power is given to Local Authorities, with which individual borough-based housing investment targets will be agreed. This, combined with the introduction of Comprehensive Area Assessments, will place renewed importance on our strategic partnerships and relationships with Local Authorities.

With ambitious targets for reducing carbon emissions, the desire for 'greener' homes and environmental improvements in housing continues to feature strongly at national and regional policy level.

London faces a changing demographic profile and steady increases in the youth and elderly population will shape the services provided by the sector.

Business Drivers

Informed by our mission and the changing market context, two business drivers will shape the focus and emphasis of Peabody's activities over the next three years.

Putting our customers first

Customers tell us every day what we need to do to raise our game in all the conversations and correspondence we have with them. We believe that the way to improve customer service is to listen, understand and do what is important for them. This means having a workforce that is professional and competent and the interpersonal skills to deliver high quality services to our customers. It also means having systems that assist in the development of a deeper knowledge of our customers and their needs to support profiling and more informed business decisions.

We aim to continually improve the quality, cost effectiveness, and range of services we provide. Our focus will be to support those living in London who can most benefit from the expertise and services which Peabody offers. This means those who:

- are unable to afford a home and are willing (or able with appropriate support) to live harmoniously alongside other residents
- would like to take advantage of the employment initiatives, youth programmes and community activities we provide

Maintaining strong financial capacity

The current economic environment is challenging for our sector and especially for our residents and other customers both in terms of their aspirations for home ownership and access to employment.

Peabody is a strong and financially sound organisation. We will continue to strengthen our financial capacity by continuously improving our efficiency and operational effectiveness.

We will ensure the long term viability of the organisation and seek to generate increased capacity for growth:

- in those service areas that our residents most value and communities most need
- in the provision of new homes

We will use our financial capacity and strength to take advantage of growth opportunities in homes and services where these are in the long term interests of our residents and customers.

Business Plan Objectives

This plan builds on the 2008/11 plan and we have distilled the business objectives required to deliver against our purpose into four priority areas:

- excellent customer services
- thriving communities
- desirable homes
- a first-class organisation

Success in executing our objectives over the next three years will be measured through:

- feedback from our customers achieving a 10% increase in satisfaction
- feedback from our stakeholders: achieving a reputation for listening and acting
- peer group benchmarking: achieving top quartile performance
- assessment by regulator: achieving recognised improvement since our last audit

Peabody Behaviours

The way in which we achieve our objectives is just as important as the objectives themselves. Peabody behaviours apply to staff at every level:

- customer focused -- delivers excellent customer service
- results focused -- get things done
- collaborative -- works effectively with others
- can do -- positive and helpful
- principled -- trustworthy and fair
- continuously improving -- always looking to get better

These behaviours form an integral part of the assessment of performance and will guide the way in which we deliver this plan. For those responsible for the direction and development of others, we have designed a set of Management Expectations, grouped into four categories:

- leads a Team
- manages People
- manages Delivery
- manages Change

This will form part of the performance assessment of managers. Through comprehensive customer care training commissioned from Mary Gobar International in 2008/9, we are now entering the next phase of our journey towards service excellence.

Excellent Customer Services

We are committed to improving customer satisfaction with both the quality and accessibility of the services we provide; offering more choice and opportunities for greater involvement. Putting our customers at the heart of the organisation means:

- making sure we understand their diverse needs;
- always listening and, wherever possible, acting on their feedback;
- treating them with respect; and
- shaping services to meet their priorities.

A more effective and integrated approach to neighbourhood management will be at the centre of our approach to improving services for customers, underpinned by an efficient and effective contact centre and improved resident communication. Delivering an efficient and customer focussed maintenance service underpins our drive for service excellence. An effective customer relationship management system will help us to achieve our ambitions for excellence.

We have set four goals against which we will measure our delivery of excellent customer services.

Goal 1

To achieve excellent customer service as measured by achieving 76% resident satisfaction with overall service by 2012

- achieve 95% resident satisfaction with their last repair by 31/03/12
- 75% of customer satisfaction with the service received from Peabody Direct by 30/03/10
- the level of repeat calls to Peabody Direct reduced to 30% by 30/03/10
- expand and develop a range of initiatives to reward excellence in customer service by 31/03/10

Goal 2

Create desirable sustainable communities where people want to live, as measured by G15 upper quartile performance residents satisfied with their neighbourhood as a place to live by 2012

- implement the Neighbourhood Management Model through the establishment of 6 regional hubs and by having 85% of agreed estate action plans in place by 31/03/10
- maintain and improve the delivery of landscape and tree management, achieving an average rating of 3.5 out of 5 across all estates by 31/03/10
- achieve 50% resident satisfaction with anti- social behaviour resolution by 31/03/10

Goal 3

Involve customers in the design, tailoring, monitoring and evaluation of services as measured by 70% satisfied their views are being taken into account

- improve the quality and range of satisfaction performance reporting to customers
- 75% of customers satisfied with their views are taken into account by 31/03/11
- through our formal involvement structures, support our customers in meeting their aspirations for their neighbourhoods and communities

Goal 4

Deliver an effective complaints handling service and using complaints' information to drive service improvements,

- resolve 90% of complaints to the satisfaction of our customers at Stage 1
- resolve 80% of complaints to the satisfaction of our customers at Stage 2

Thriving Communities

Both through direct delivery and working extensively with partner organisations, we continue to develop innovative approaches to creating thriving communities. Our areas of work encompass youth provision, employment and training initiatives, supported housing (and other support for vulnerable people) and community development and engagement activities.

We are determined to ensure equality of opportunity for our residents and communities in terms of access to employment, involvement in civil society and access to statutory and voluntary sector services.

We will continue to deliver programmes and services of the highest quality, reflecting our commitment to putting our customers first and continuing to create opportunities. Delivery of our plans will be measured through five core goals.

Goal 1

To create and support opportunities for young people in our communities to be engaged in civic life and offer a range of educational, cultural and leisure activities

- implement the new youth strategy that focuses on key central London boroughs and detached youth work for older children
- deliver the Big Lottery-funded Youth4Youth project with 160 young people making a positive contribution by 31/03/12
- introduce more externally accredited qualifications for young people

Goal 2

To shape and influence the national and local agenda concerning strong and prosperous communities

- proactively manage relationships with key external stakeholders, including MPs, the London Development Agency, local authorities and central government
- building on the C21st Peabody Community research, lead the debate on issues concerning poverty, affordable housing and sustainable communities through the publication of quarterly stakeholder briefings
- be at the heart of partnership working participating and contributing to local plans and objectives

Goal 3

To assist residents and other customers into employment and training opportunities

- establish flagship initiatives in Southwark and Westminster and continue to expand provision in Hackney and Waltham Forest
- deliver existing and establish new core funded project streams to enable sustainability
- assist over 1250 people into jobs and 3,100 into training during the business plan period

Goal 4

To create opportunities for people in our communities at different stages in their lives

- develop and support Cultural Olympiad initiatives targeted at residents as part of the Olympics 2012 activities
- for 21st Century Peabody Community, develop the physical vision for our estates by 31/03/10
- deliver and expand the Link Age programme as a model for support to older people
- create more volunteering opportunities
- deliver Big Lottery Activate London achieving 32,500 beneficiaries by 31/03/12

Goal 5

Deliver an excellent housing management service to sheltered and supported housing residents

- achieve 100% A grades in Quality Assessment Framework reviews by 31/03/12
- increase customer involvement and feedback mechanisms to improve service delivery measured by 90% customer satisfaction with community services by 31/03/11

Desirable Homes

We aim to provide customers with good quality homes that meet their expectations. There are two elements to this: maintaining and improving existing homes and developing and building new homes.

Over the recent past the emphasis has been on improving the service provided to customers and quality of maintenance of our existing homes. This is being achieved through implementing a comprehensive strategy to improve the way we handle reactive repairs and through three major stock investment programmes:

- Decent – a programme of internal works to bring homes up to a decent homes standard including kitchen renewals, electrical rewires and central heating installation.
- Sound – a programme of cyclical decorations and repairs to the external fabric and internal common areas, including components such as roofs and windows.
- Improve – a programme of improvements to estate open spaces and installation of door entry systems focusing on some 40 of Peabody's mainly older estates.

All our homes will meet the Decent Homes Standard by December 2010. Our long term investment programmes will ensure they continue to meet or exceed this standard. Our Green Champions and the Sustainability Working Group will communicate and champion the Environmental Sustainability Strategy. Peabody has entered into a development partnership with Guinness Trust to facilitate access to development funding and enable Peabody to expand its development activities during the plan period.

Our delivery plan comprises four goals.

Goal 1

Implement a Maintenance Strategy to achieve a responsive and right first time maintenance service for residents in a way that meets their individual needs

- improve first time fix rates for responsive repairs service to 75% by 31/03/10
- 95% of PMP repair appointments kept by 31/03/10

Goal 2

To deliver our Asset Management Strategy, providing good quality, well maintained homes

- fully meet Decent Homes Standard by December 2010
- develop and implement a security strategy by 31/3/10
- deliver Sound and Improve projects to budget and programme
- deliver the digital TV upgrade programme to budget and agreed timescales
- redefine our lettable standard to achieve 92% satisfaction with new homes by 31/03/10

Goal 3

Maximise the potential for new homes, responding to development opportunities

- secure planning permission and tender the contract for the regeneration of our Clapham Estate by 30/03/11
- define and implement strategic development objectives that enable us to take advantage of opportunities in a changing financial environment
- provide a responsive aids and adaptations service for residents that meets their needs

Goal 4

Develop and implement our Sustainability Strategy, reducing our impact on the environment

- implement the Peabody Environmental Sustainability Action Plan by 31/03/10
- as part of our drive towards providing homes for a C21st Peabody, improve energy efficiency and deliver affordable warmth to residents
- implement an open space management plan that meets biodiversity and climate change objectives by 31/03/10
- over the life of this business plan, reduce our CO2 emissions by 10% for our business only activities

First Class Organisation

We are committed to being a first class organisation that promotes and enables efficient and effective delivery of Peabody's key aims. At Peabody, our first class organisation will:

- have the best people with shared values and a clear sense of direction
- conduct its business efficiently and manage its finances and exposure to risk
- have the capacity and capability to take advantage of opportunities and to grow
- facilitate collaborative working to achieve coherent outcomes
- engage effectively with all its stakeholders
- comply with the law and regulations

Our delivery plan comprises five goals

Goal 1

Ensure we attract, develop, motivate and retain a high performing and diverse workforce to enable delivery of our business objective

- develop and implement a Senior Management Development Programme by 31/03/10
- implement a new pay and grading structure, supported by updated and consistent employment contracts by 31/03/11
- implement a redesigned recruitment process, including job-specific assessment centres, in order to achieve 30% reduction in the average time to recruit by 31/03/10
- embed the Customer First training through delivering more effective monthly 1:1 coaching sessions measured by the staff survey 31/03/11

Goal 2

Ensure we have the financial strength to achieve our objectives, be well governed and well managed

- throughout the plan, achieve appropriate surplus sufficient to take advantage of change and deliver services valued by our customers
- optimise the scale and profile of our investment programme
- deliver an ongoing programme of service/process reviews to deliver measurable improvements in customer service and cost reduction

Goal 3

Ensure our IT systems are fit for purpose in order to support the delivery of the business plan

- deliver rollout of the customer contact management system to all staff by 31/03/10
- deliver implementation of an electronic document management system by 31/03/11
- deliver work flow management systems to achieve an increase in operating efficiency by 31/03/11

Goal 4

Use our financial capacity and strength to take advantage of growth opportunities where these are in the long term interests of our residents and customers.

- optimise potential for procurement efficiencies, taking advantage of the market
- create capacity and infrastructure to enable growth

Goal 5

Develop and implement a comprehensive health and safety management system to ensure compliance with all legal and regulatory obligations

- roll out an integrated health and safety training programme by 31/03/10
- promotion of a positive health and safety culture throughout the business plan period
- become recognised by our peers and stakeholders as a leader in the sector for the high quality of our fire, safety and health standards in our homes and workplaces

How We Manage Our Business

Governance and regulation

Peabody is regulated by the TSA, the HCA and Charity Commission with whom it is registered and is therefore required to comply with the TSA's Regulatory Code and other requirements, together with those of the HCA and Charity Commission. The TSA assesses Peabody's performance by means of annual assessments against three main criteria - viable, properly governed and properly managed. At the start of 2009, the TSA's regulatory judgement for Peabody confirms we are compliant in all three areas.

The Audit Commission inspected Peabody in a July 2006 and awarded "one star with promising prospects for improvement."

The Board is the incorporated body of trustees of the charity and as such is the ultimate governing body of Peabody. The 12 Board members are charity trustees and meet six times each year, all giving their time voluntarily. The Board includes two Members who are residents who use their experience to bring a resident's perspective to discussions and decisions.

A board development and appraisal programme was introduced in 2005/06 and will continue to be provided for new and existing Board members to meet the changing needs of the business.

Peabody is managed by an Executive Team led by the Chief Executive and supported by directors of Customer Services, Property, Community Services, Finance and Corporate Services. All members of the Executive Team attend board meetings. The Executive Officers meet on a fortnightly basis under the chairmanship of the Chief Executive in order to manage Peabody's affairs within the framework set by the Board.

Peabody complies with the fundamental aspects of the National Housing Federation's code of governance.

Committees

Peabody's Board is supported by five committees which are comprised of members of the Board and co-opted members. Each of these committees has clear terms of reference setting out their remits and delegated authority.

The Audit and Risk Committee is responsible for overseeing internal and external audit and control and risk management. The Finance Committee oversees and reports to the Board on Peabody's financial performance, treasury matters and financial statements. The Resident and Community Committee is responsible for overseeing the provision of services to Peabody's current and prospective residents and other customers. The Property Committee is responsible for overseeing effective asset management and the control and delivery of development and investment programmes. The Nominations and Remuneration Committee advises the board on appointments to the board and committees, remuneration issues, including senior staff salaries, and key human resource policies.

Subsidiary Entities' Boards

The Board of Trustees of CBHA (a company registered as a charity and a housing association) consists of two Peabody Trust Board members and three Peabody Trust Executive Officers as nominated by the Peabody Trust Board of Governors. These are supported by a range of functional committees and the local Board.

The principal non charitable Entities within the Peabody Group each have a Board of Directors comprising two Peabody Board Members and two Peabody Executive Officers in order that, in line with the TSA guidance and other good practice, these boards should not replicate the main governing body.

Risk Management

The main risks faced by Peabody are considered by the Leadership Team (which consists of the Executive Team and Assistant Directors) and the Board. Peabody has taken steps to ensure that it identifies factors that may affect future performance. Peabody's Risk and Risk Management Strategy identifies the key risks facing Peabody and develops strategies for monitoring and mitigating them. An official Risk Committee, which meets quarterly, also plays an active part in embedding a culture of risk awareness and risk management amongst staff.

The Internal Audit function plays a critical role in providing assurance to the Board of Governors, particularly through regular reporting to the Audit and Risk Committee, on the integrity of Peabody internal control environment.

Business Continuity

Peabody's risk management strategy includes a separate Business Continuity Plan.

Health and Safety

Work is underway to develop and implement a comprehensive health and safety strategy and management system to ensure compliance with all legal and regulatory obligations. This will be measured by audit of legal compliance.

Customer and employee involvement and diversity

Peabody has developed policies for customer and employee involvement and diversity.

Customers

Peabody has a Resident Involvement Strategy that promotes the involvement of all sections of the community. Peabody has a formal structure for resident involvement at strategic and operational levels. A revised structure was put in place during 2008 which introduces a Resident Review Panel whose membership will commission inspections from a newly formed resident inspection team and informs Peabody's improvement plans. Strategic representation is achieved through the Tenant Liaison Committee, which is made up of residents nominated by Regional Forums and members of the Diversity and Homeowners' Forum. All customer facing policy and procedures are reviewed by the Diversity Panel.

Peabody has a direct relationship with over 50 Resident Associations and other community groups. It established a Sheltered Housing Forum and a Youth Council in 2006/07. Peabody also has a Customer Panel to provide a range of opportunities for individuals to be involved, which is composed of 200 residents.

Employees

Peabody considers that employee involvement is essential for its success and uses a variety of methods to inform, consult and involve its employees, which includes a Staff Consultation Group and a Staff Forum. Union representation is recognised through the Joint Negotiating Committee (JNC).

Peabody has a comprehensive staff learning and development policy and has Investors in People accreditation.

Diversity

Peabody values diversity and is committed to achieving equality of opportunity. Peabody's Valuing Diversity Strategy and Action Plan are informed by the recommendations of the TSA's Race and Cultural Diversity visit and the Regulatory Code. Peabody has established both residents and staff Diversity Forums to champion our valuing diversity programme and act as a sounding board to plan future improvements.

Peabody recognises its ability responsibility to meet the diverse needs of both individuals and communities through its diverse workforce, which reflects local populations with the necessary skills to enable Peabody to achieve its service objectives. Peabody makes efforts to extend its commitment through its governance structures and through its use of suppliers and contractors. Applications for employment from disabled persons are given fair and full consideration, having regard to their particular skills and abilities. In the event of employees becoming disabled, every effort is made to retain them in continued employment within Peabody.

Value for money

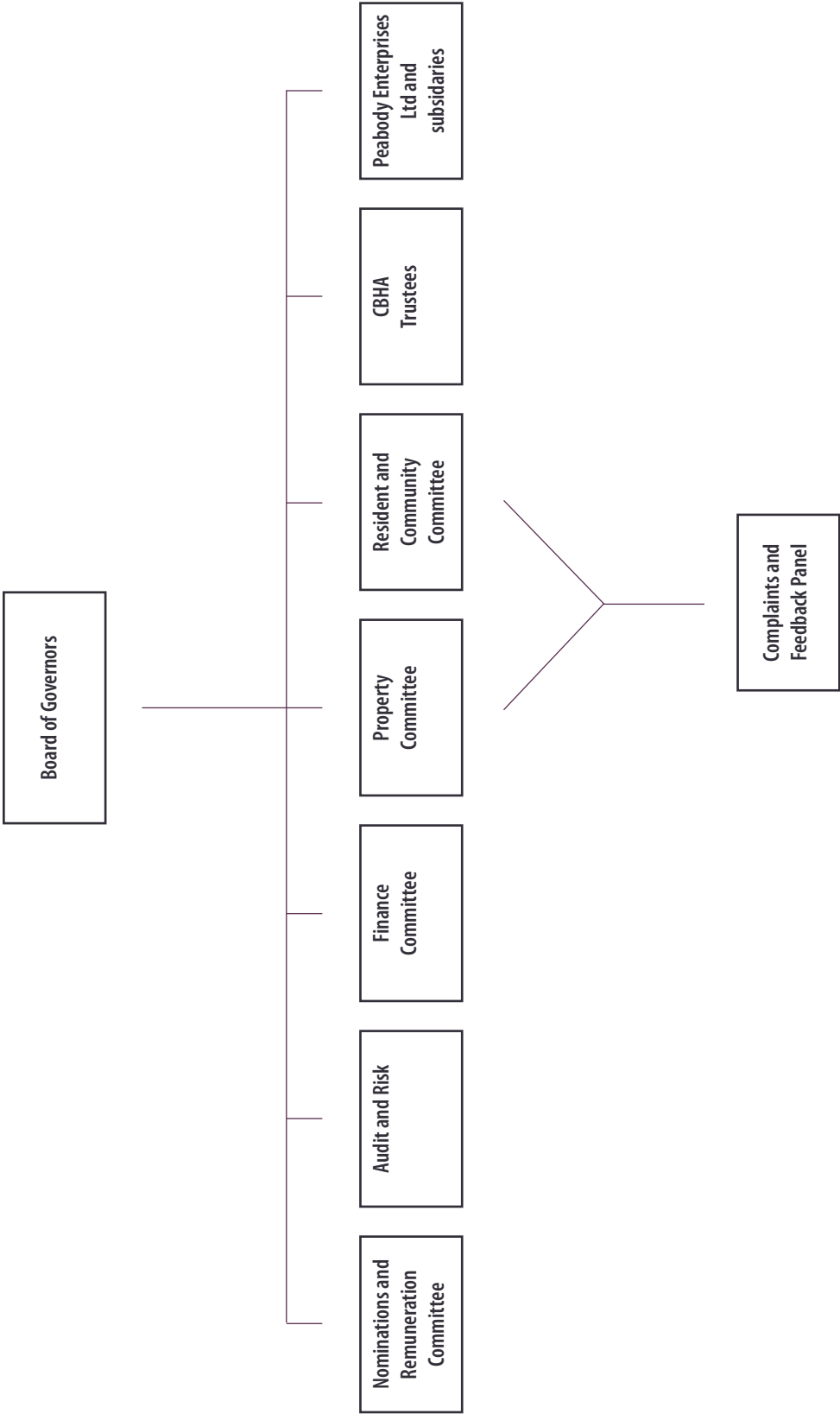
Peabody has a Value For Money Strategy with an objective to ensure that Peabody derives optimum value from its resources and provide efficient and high quality services to residents and other stakeholders in support the delivery of the Business Plan. The Strategy sets challenging but achievable VFM targets that are aligned with the Government's objectives to attain efficiencies through business re-engineering, smart procurement and better asset management. Peabody intends to deliver its targets by:

- continuously examining and challenging its own performance and methods of delivery to ensure the most efficient and effective use of available resources; and
- to ensure a value focused culture throughout the organisation, extending responsibility for delivering VFM beyond senior management and technical experts to all staff.

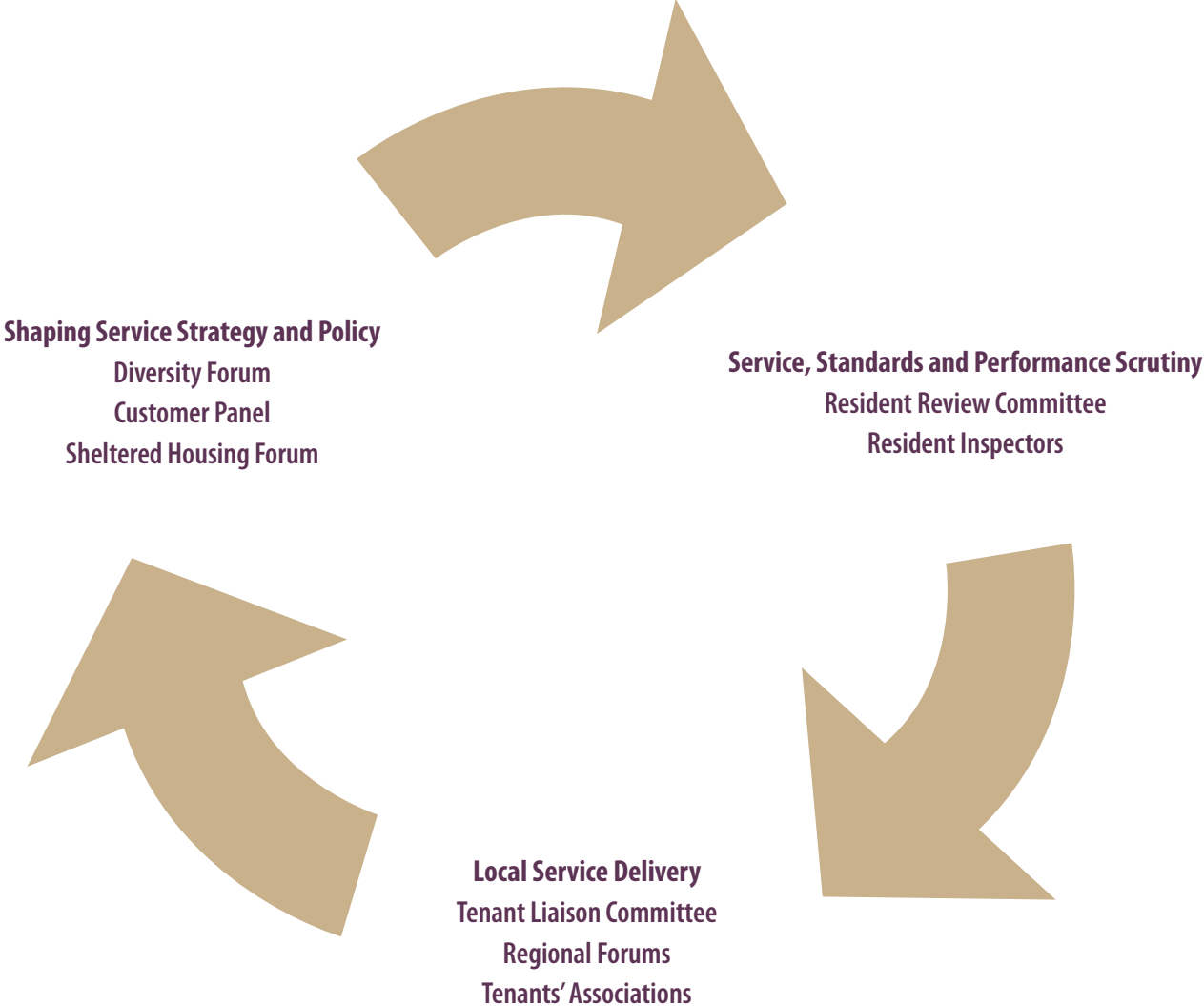
Peabody's approach to VFM brings together four key strands of activity which exist in their own right, but when operating in conjunction with one another create an enhanced focus delivering value. The activities are:

- Financial Strategy – a viable sustainable long term financial plan, and exercise of sound financial planning and budgeting
- Procurement Strategy - the strategic and efficient procurement of all necessary resources
- Business Improvement Strategy - a rolling programme of formal business improvement initiatives targeted at key customer services and engaging customers in the development of plans for improvement
- Performance Strategy - benchmarking and evaluation performance against peers, and identifying and analysing own performance trends and learning from these

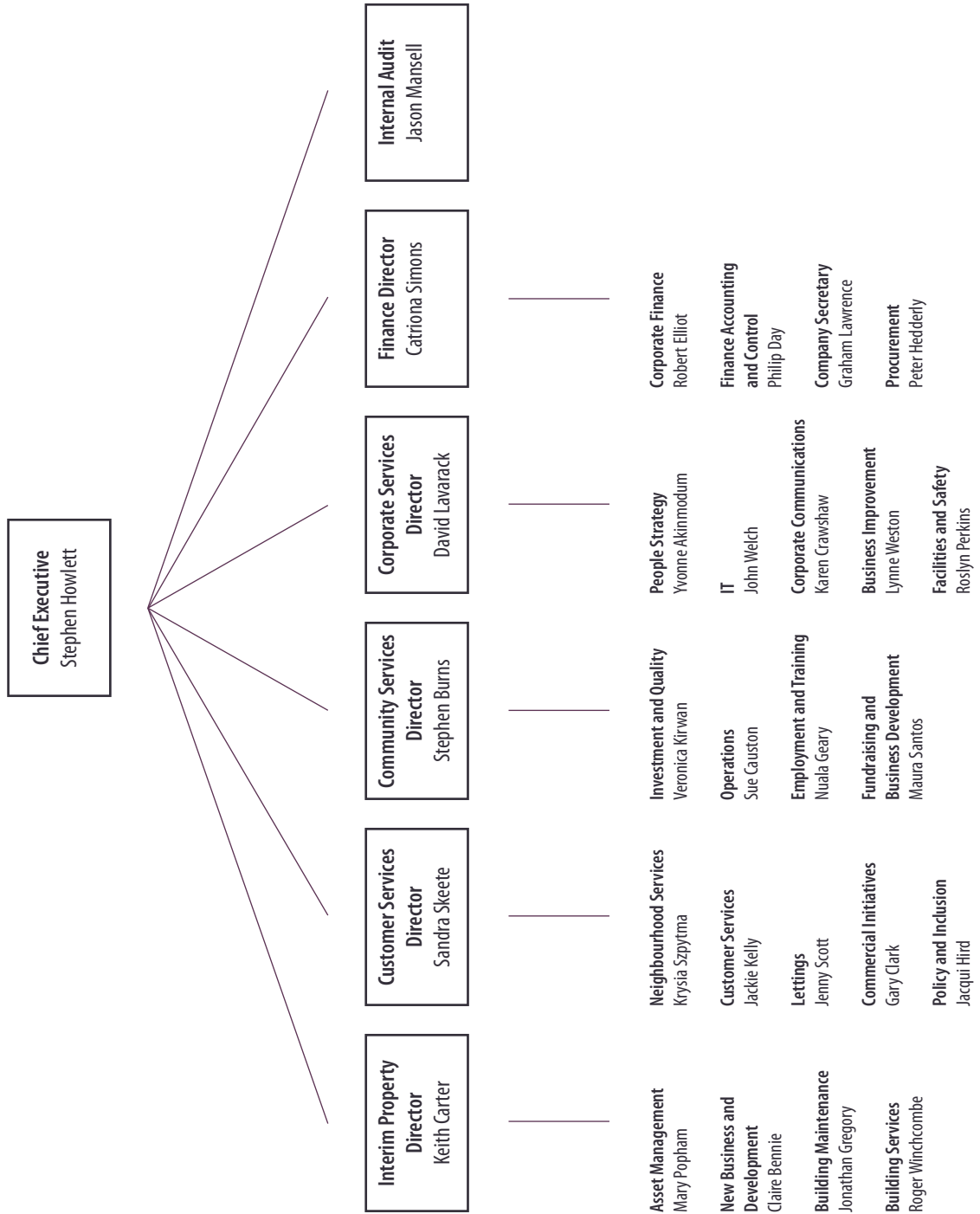
Appendix A: Governance Structure



Appendix B: Resident Involvement Framework



Appendix C: Outline Organisational Structure



Appendix D: Key Performance Indicators (KPIs)

Excellent Customer Service

Performance Indicator	National Benchmark (top quartile)	G15 Benchmark (top quartile)	Target 2009-10	Target 2010-11	Target 2011-12
Resident satisfaction with the overall service provided	85.0%	72.2%	70.0%	74.0%	76.0%
Resident satisfaction with views taken into account	67.0%	56.1%	60.0%	65.0%	70.0%
Satisfaction with the lettable standard of new homes	N/A	N/A	92.0%	93.0%	94.0%
Shared owner satisfaction with the overall service provided	69.8%	56.0%	50.0%	55.0%	60.0%
Percentage of shared owners satisfied with the sales process	76.0%	68.6%	70.0%	73.0%	76.0%
Satisfaction with ASB-handling	N/A	N/A	50.0%	55.0%	60.0%
Satisfaction with the last completed repair	82.4%	67.3%	85.0%	90.0%	95.0%
Percentage of repairs appointments kept by PMP	N/A	N/A	95.0%	96.0%	96.5%
Percentage of calls answered (Peabody Direct only)	N/A	N/A	90.0%	95.0%	95.0%
Percentage of repairs calls that are repeat repair calls (Peabody Direct only)	N/A	N/A	30.0%	25.0%	20.0%
Satisfaction with call-handling (Peabody Direct only)	N/A	N/A	75.0%	80.0%	85.0%
Percentage of complaints resolved at stage 1	N/A	92.9%	90.0%	91.0%	92.0%

Thriving Communities

Performance Indicator	National Benchmark (top quartile)	G15 Benchmark (top quartile)	Target 2009-10	Target 2010-11	Target 2011-12
Number of people into jobs	N/A	N/A	350	400	500
Number of people accessing training opportunities	N/A	N/A	900	1,000	1,200
Number of young people making a positive contribution and learning skills for adulthood in Youth4Youth project	N/A	N/A	250	300	350
Number of older people benefiting from Linkage Plus outreach services	N/A	N/A	1,800	2,430	N/A
Number of Activate London beneficiaries	N/A	N/A	13,543	12,043	9,614
Percentage of residents in older persons housing satisfied with the overall services provided	N/A	N/A	86%	90%	N/A

Appendix D: Key Performance Indicators (KPIs)

Desirable Homes

Performance Indicator	National Benchmark (top quartile)	G15 Benchmark (top quartile)	Target 2009-10	Target 2010-11	Target 2011-12
Percentage of all social housing rental dwellings vacant but available to let	1.2%	1.4%	0.55%	0.50%	0.45%
Percentage of all social housing rental dwellings vacant but unavailable to let	combined	combined	0.92%	0.90%	0.85%
Average days to re-let a social housing dwelling	26.0	36.0	40	36	32
Percentage of emergency repairs completed within target	N/A	96.8%	98.00%	99.00%	99.25%
Percentage of urgent repairs completed within target	N/A	95.7%	95.5%	96.0%	96.5%
Percentage of routine repairs completed within target	N/A	94.8%	92.0%	95.0%	96.0%
Percentage of communal repairs completed within target	N/A	N/A	90.0%	92.0%	93.0%
Emergency/urgent repairs as a % of all repairs	N/A	37.3%	40.0%	38.0%	36.0%
Responsive repair cost per property	N/A	£419	£610	£600	£575
Responsive repairs costs as a % of all revenues repair costs	N/A	N/A	64.8%	64.8%	64.8%
Percentage of properties with a valid gas safety certificate	N/A	99.3%	100%	100%	100%
Average SAP rating of all General Needs self-contained dwellings	72.3	70.0	63.25	63.5	63.75
Percentage of properties failing to meet the DECENT Homes Standard	1.8%	3.1%	5.0%	0.0%	0.0%

Appendix D: Key Performance Indicators (KPIs)

First Class Organisation

Performance Indicator	National Benchmark (top quartile)	G15 Benchmark (top quartile)	Target 2009-10	Target 2010-11	Target 2011-12
Social housing rent collected as a % of rent due (excluding arrears b/f)	N/A	101.4%	100.6%	101.0%	100.5%
Current tenant arrears	1.5%	5.9%	5.8%	5.0%	4.7%
Former tenant arrears (including write-offs)	N/A	1.2%	2.8%	2.6%	2.4%
Shared owner and leaseholder rent and service charge arrears	2.3%	3.6%	9.5%	8.5%	7.0%
Operating margin	N/A	N/A	20.0%	19.0%	18.0%
Interest cover	N/A	N/A	120.0%	120.0%	120.0%
Disposals proceeds	N/A	N/A	£8.6m	£8.9m	£6.0m
Overhead/central costs as a % of total operating costs	N/A	12.1%	13.0%	13.0%	13.0%
Management cost per property	N/A	N/A	£1,057	£1,064	£1,069
Voluntary staff turnover as a % of staff in post	N/A	N/A	14.0%	13.0%	12.0%
Staff attendance level	95.9%	96.1%	96.5%	96.5%	96.5%
Percentage of permanent staff	N/A	N/A	83.0%	85.0%	87.0%

Appendix E: Long Term Financial Plan

Continuing to build its financial strength is one Peabody's key Business Plan goals. We want to ensure that we have the capacity to deliver services valued by our customers, grow our service offerings and provide more and better quality homes in London. We recognise that in a challenging economic environment financial resilience is key and the delivery of efficiencies an important aspect of enhancing our strength.

Peabody's Financial Plan projects performance over a 30 year period and is the financial planning tool used to ensure delivery of the Business Plan aim that Peabody's resources are focussed on its strategic priorities. Key amongst these priorities continue to be the delivery of excellent customer services including responsive repairs and the Asset Management Strategy.

The Financial Plan forecasts cash flows, the performance of the income and expenditure account and the balance sheet position over the 30 year period. Sensitivity analysis is performed to determine the impact of economic factors and business scenarios on the Financial Plan and to ensure that the business can withstand changes in the operating environment.

The Financial Plan establishes rigorous financial planning targets to ensure that Peabody has the capacity to meet existing goals and future aspirations. It is based on the following key principles of financial strategy:

Key Principles Of The Financial Strategy

- To ensure compliance with financial covenants
- To ensure the long term financial sustainability of the organisation
- To achieve efficiency gains without compromising service quality
- To return an operating surplus after the cost of financing in each year of the plan
- To generate resources for investment in existing and new homes
- To ensure that new homes make a positive financial contribution to the organisation over the financial plan period

The Financial Plan is based on a set of financial assumptions that reflect the external and internal operating environment.

Appendix E: Long Term Financial Plan

KEY FINANCIAL ASSUMPTIONS

	2009/10	2010/11	2011/12
Rental Inflation	5.5%	nil	nil
Inflation on underlying costs and efficiencies	nil	0.7%	1.7%
Variable interest rate	2.5%	2.5%	4.0%

SUMMARY INCOME AND EXPENDITURE ACCOUNT

	2009/10	2010/11	2011/12
	£m	£m	£m
Rental income	96.8	96.5	97.0
Operating costs	(77.2)	(77.8)	(79.1)
Operating surplus	19.6	18.7	17.9
Net cost of financing	(16.1)	(14.7)	(17.2)
Operating surplus after financing	3.5	4.0	0.7
Surplus on sale of properties	6.5	8.0	5.8
Total surplus	10.0	12.0	6.5