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Introduction from the Chief Executive

I am delighted to introduce the Peabody’s 2014–17 business plan. These are exciting times for Peabody, and our achievements over the past year are cause for confidence and optimism as we set out on the next stage of our journey. This journey of transformation, propelled by our enduring mission to make London a city of opportunity for all, means Peabody continues to grow and invest. Over the course of the business plan, we will:

• Deliver 1,000 homes each year.
• By 2015/16, support 1,000 people into employment each year.
• Provide great services to 80,000 residents and even more Londoners, through an enhanced digital offer
• Design and start to deliver an exciting and compelling future for Thamesmead.

Our operating environment remains challenging and uncertain, and this year we'll continue our essential work to support our residents and communities through tough times. Whilst the economic recovery is gathering pace, the financial pressure on our residents remains. Wide-ranging changes to the welfare system are underway, and we are committed to support our residents to respond and adapt through services that span employment and training; welfare benefits and budgeting advice; family support; digital inclusion, and innovative services to engage and support young people. In tough times, the relevance of our ambition to break down the barriers that prevent our residents and communities from reaching their full potential is even greater.

Housing need in London remains acute, widespread and diverse. The recovery in the housing market is fuelling price rises that mean, for an increasing number of people, home ownership is a distant and diminishing aspiration. Waiting lists for social housing continue to grow, and rent increases in the private sector continue to squeeze incomes. Coupled with reduced capital subsidies from the public sector to fund much-needed development, there is a real risk that even more Londoners will be locked out. This would be a tragedy for them, and a tragedy for London.

Peabody’s strong financial position, coupled with our enduring vision and values, means we can make a real contribution to alleviating this need. We’ve made good progress in laying the foundations for our ambitious strategy to grow and invest. This includes welcoming Gallions, a registered provider managing 6,500 homes in South East London, to the Peabody family. This will extend our mission further across London by improving the quality of homes and neighbourhoods for Gallions residents. It also means we can increase our capacity to do more, through economies of scale and using our assets as security to support future growth.
Successfully raising £350 million through a bond issue last year will enable significant acceleration of the Thamesmead regeneration programme and over the next 10 years, we will work with a range of partners to translate our vision of a mixed, economically active and vibrant community into reality.

Our growth ambitions are also demonstrated by a development pipeline that will deliver 1,000 new homes each year from 2014/15. 40% of these will be made available on the private market, with profits used to fund new affordable and social homes.

We acknowledge the challenges inherent in this journey of transformation and growth. This year, we’ll be focussed on ensuring our structures, capability and governance reflect the increasing complexity of a growing organisation. We will also ensure the whole organisation is geared up to deliver our ambitious growth agenda and is equipped to deliver high-quality, responsive services to more than 80,000 people each year. This includes revitalising our processes so that they deliver maximum value-for-money, accessibility and an unswerving commitment to quality. In doing this we will continue to look for new ways to engage, involve and interact with our residents so we fully understand and meet their needs and expectations.

Our vision of an exemplary 21st Century community looks beyond bricks-and-mortar, and over the next three years we will do even more to support our residents and Londoners to achieve their aspirations. By 2015/16 we aim to support 1000 people each year in to employment, and expand our innovative and effective services to support younger and older people.

Peabody’s long history and proud track-record of delivery means we are well-placed to use our collective voice to influence the local and national policy agenda. This year we will do even more to use the strength of our brand, reputation and the insights we gain from delivery to be thought leaders for London’s housing sector. We can only achieve our objectives by working closely with our customers, residents and a wide range of partners across London. I welcome your feedback on our plans, and look forward to working with you to deliver our vision for 21st Century communities into the future.

Best wishes

Stephen Howlett
Chief Executive
2. Building on success, looking to the future

2.1. Our mission

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 and well maintained.

**A real sense of purpose**
Regular endeavour through work, learning, caring for others, personal development or volunteering.

**A strong feeling of belonging**
Active involvement in the neighbourhood and the spirit of togetherness and friendliness that goes with that.

Peabody has been providing homes for Londoners for more than 150 years, and today close to 80,000 people live in a Peabody home. We have a clear vision for the 21st century, establishing principles to underpin our mission for the long-term. In partnership with our residents, supported by experts and thought leaders, we have developed seven core principles to define an exemplary community for the 21st century.

1. An exemplary community is one where people feel they belong.
2. It is a place where people have homes that meet their needs and are suitable for the changing circumstances of life.
3. It is a place where the landlord’s service is tailored to the individual.
4. It is a place where no child is living in poverty.
5. It is a place where all residents are supported in their daily lives and in their longer-term aspirations.
6. An exemplary community feels part of the wider, local area.
7. An exemplary community has a sustainable environment.

These aspirational principles guide the development of our strategic plan. As we move into the next stage of our transformational journey, we will ensure that they remain at the heart of our thinking.
2.2 Our progress so far

We have successfully delivered significant improvements over recent years through a wide-ranging change programme. This has included:

- The creation of an effective multi-tenure housing management model that enables improved co-ordination and increased investment in front-line services.
- Outsourcing our responsive repairs service, achieving greater value for money, improved control of costs and enhanced quality.
- Increasing our joint working with CBHA and welcoming Gallions to the Peabody Group, enabling us to benefit from economies of scale through shared back-office functions and the delivery in partnership of regeneration schemes and new homes.

Our key achievements in 2013/14 include:

Deliver great services and quality homes

- Increased investment in the fabric of our homes through our Quality Homes programme.
- Launched a new website to make it easier for customers to transact and interact with us.
- Established the Resident Scrutiny Panel to improve accountability.

Achieve business excellence

- Implemented a Leadership and Management Programme to strengthen our leadership culture and develop future leaders.
- Introduced cost benefit analysis to the options appraisal process for new developments, to further embed value for money into our organisational culture.

Influential growth

- Welcomed Gallions Housing Association into the Peabody Group, increasing the number of Peabody homes to 27,000.
- Started the redevelopment of St John’s Hill estate in Wandsworth.

Build thriving communities

- Supported residents to set local priorities by establishing Neighbourhood Charters for 7,000 households.
- Supported a total of 414 into employment including 63 into apprenticeships through the Ladder for London campaign.
- Provided support to 20 vulnerable young people on the Pembury estate through the Pembury Pass project.
2.3 The changing shape of Peabody: growing to invest

Our ambitious programme of growth and service improvement is changing the size and structure of the Peabody Group. We are growing our market sale, commercial property and market rent operations to generate new sources of income that enable us to deliver our social purpose. Our aim is to develop around 1,000 new homes each year from 2015 onwards: around 400 of these will be market tenures, and the profit from these will be invested to provide around 600 new affordable tenure homes.

The acquisition of Gallions Housing Association, Trust Thamesmead and Tilfen Land opens up new opportunities, including economies of scale. This will allow us to invest more in front-line services and regeneration and development schemes that extend our mission to more Londoners. This brings new responsibilities and challenges. The successful integration of new members into the Peabody family means our plans, structures, processes and governance need to adapt to meet the needs of a more complex organisation. Bringing 1,000 new homes into management each year demands a step-change in the way we work across the organisation. We will serve more customers, and need to be agile and proactive in understanding and meeting their expectations.

Thamesmead

In January 2014, Peabody formally welcomed Gallions Housing Association into the Peabody Group, followed in April 2014 by the sister organisations of Trust Thamesmead and Tilfen Land. Gallions brings around 6,500 properties to Peabody; Tilfen Land brings a strong portfolio of assets including 103 acres of development land, and Trust Thamesmead provides opportunities to maximise community development skills and capacity.

Thamesmead was built as a new town in the 1960s, and has many of the elements required to make a vibrant and successful neighbourhood. There are plenty of green open spaces and waterways, good schools and improving transport links. Realising this potential will require substantial investment, and Peabody’s size and financial strength will enable us to work with partners including the GLA and Local Authorities to refurbish and improve Thamesmead.

Over the next 10 years we plan to invest at least £225m in regenerating Thamesmead, building 700 new homes, refurbishing existing homes and improving our parks and neighbourhoods. This investment has been funded through a bond issue, and will be delivered without diverting any resources from Peabody’s existing estates and residents.
3. How we will achieve our mission

**Deliver great services and quality homes**

Thriving Peabody communities are about high quality, well-designed homes and open spaces that residents can be proud of and consistently high levels of service in the areas they value. We will maintain clean and safe estates and communal areas, and give people a stake in their communities and opportunities to influence and shape services.

<table>
<thead>
<tr>
<th>Strategic goals</th>
<th>What we will do and achieve in 2014–2017</th>
</tr>
</thead>
</table>
| 1: Be great at the basics – deliver excellent customer-focused services and continuously improve those that our customers and residents value most | • Provide a high-quality repairs and maintenance service, increasing resident satisfaction with last completed repairs from 83.5% in 2014/15 to 88% by 2015/16 and to 90% in 2016/17.  
• Improve the cost-effectiveness and enhance our customers’ experience of interacting and transacting with us by providing an expanded menu of contact options including online self-service, new digital channels and Peabody Direct.  
• Drive continuous improvement in the quality and effectiveness of our services through a rolling programme of detailed service reviews and the implementation of recommendations. |
| 2: Develop a greater understanding of our residents and customers and how they use our services, enabling us to better meet their diverse needs and preferences | • In 2014/15, ensure high-levels of satisfaction with our new homes by implementing a new Customer Care offer to ensure a seamless handover and rapid resolution of issues.  
• Implement a new approach to customer insight that drives improvement in service quality, effectiveness and efficiency.  
• By September 2015, implement a new approach to managing customer complaints that supports us to learn from feedback and to resolve 85% of complaints at first point of contact. |
| 3: Provide good quality homes and open spaces that are environmentally sustainable, clean, safe and meet our residents’ expectations | • Continue to deliver our 10-year Quality Homes programme and ensure 100% of qualifying homes meet the Decent Homes Standard.  
• Continue to deliver our IMPROVE programme to enhance open spaces, achieving 85% resident satisfaction.  
• Improve the management of our community centres, ensuring maximum value for money, accessibility and the provision of activities for all ages and interests. |

**Key Performance Indicators 2014/15**

<table>
<thead>
<tr>
<th>Customer satisfaction with Peabody Direct</th>
<th>Customer satisfaction with last repair</th>
<th>Compliance with the Decent Homes Standard</th>
<th>Rent collection rate</th>
<th>Cost of managing and maintaining homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/15 target: 86%</td>
<td>14/15 target: 83.5%</td>
<td>14/15 target: 100%</td>
<td>14/15 target: 99%</td>
<td>New KPI. We are currently benchmarking our performance against peers and will set a new, ambitious target in 3 months</td>
</tr>
</tbody>
</table>
Achieve business excellence

We will achieve our vision by operating an excellent business which places a real emphasis on constantly looking for ways to improve efficiency across the group and to provide great customer service through first class systems and engaged, skilled and motivated leaders.

<table>
<thead>
<tr>
<th>Strategic goals</th>
<th>What we will do and achieve in 2014–2017</th>
</tr>
</thead>
</table>
| 4: Invest in our people to achieve our objectives | • Secure Investors in People re-accreditation at the silver standard in 2014 and at the gold standard in 2015.  
• Enhance our leadership capability by ensuring all managers complete the Leadership and Management Programme.  
• Increase the proportion of internal promotions into new positions from 35% in 2014/15 to 45% in 2016/17.  
• Implement action plans in response to the 2013 employee survey to increase our engagement score from 83% in 2013/14 to 88% in 2015/16.  
• Provide a modern, fit for purpose working environment for employees and a good quality environment in which to engage with our customers by refurbishing our current headquarters by March 2015 and building a new headquarters at the Triangle site by 2017. |
| 5: Ensure our information systems and processes support continuous improvement in services and efficiency | • Integrate Gallions and Peabody Housing Management and Financial Systems by March 2015.  
• Implement a new website and CRM system that supports delivery of our market sale programme and targets.  
• Embrace the digital-by-default principle in our back-office and information management functions by implementing our corporate strategy, including launching a new Group intranet. |
| 6: Ensure we have the financial strength and optimal business structure to achieve our objectives | • Assess our performance against the HCA’s Value for Money (VFM) Standard, and continuously improve our ability to monitor, evaluate, report and achieve value-for-money so we effectively build capacity for the delivery of future growth and performance.  
• Establish processes that enable us to monitor, report and benchmark savings and benefits realised through investment in improvement initiatives.  
• Ensure our governance framework and culture is robust and recognised to be so by achieving and maintaining G1 rating.  
• Protect income streams against the impact of welfare reform through the provision of information and support to residents. |

Key Performance Indicators 2014/15

<table>
<thead>
<tr>
<th>Voluntary staff turnover</th>
<th>Short-term sickness (average days per employee)</th>
<th>Promotions secured by internal candidates</th>
<th>Group operating margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/15 target: 8.5%</td>
<td>14/15 target: 5</td>
<td>14/15 target: 35%</td>
<td>14/15 target: &gt;28%</td>
</tr>
</tbody>
</table>
Achieve influential growth

Being a Peabody resident is special and we want more people in London to benefit from our activities. We will achieve this by growing through carefully selected strategic partnerships and through an ambitious development programme of around 1,000 homes each year, of which around 60% will be affordable tenures and 40% will be market tenures. We will extend our influence on areas of public policy relevant to our work by sharing our experience of delivery and becoming a stronger voice for London and Londoners.

<table>
<thead>
<tr>
<th>Strategic goals</th>
<th>What we will do and achieve in 2014–2017</th>
</tr>
</thead>
</table>
| 7: Build and manage more homes | • Deliver 1,000 new homes by March 2015 and 2,850 new homes by March 2017. Of these, 930 will be for affordable home ownership, 1,270 will be for affordable and social rent, and 550 will be for market sale.  
• By the end of March 2015, sell 76 homes on the open market and 165 for shared ownership, generating revenues of £38.8 million.  
• Secure the required funding, including from the GLA’s Affordable Homes Programme, to deliver our new homes targets.  
• In partnership with key stakeholders, establish and launch the Thamesmead Future Initiatives plan, including delivery of early projects that capitalise on the arrival of Crossrail in 2018.  
• Establish a market rent offer, which includes securing funding through Round 2 of Build to Rent.  
• Maintain successful delivery of key strategic projects where Peabody is the lead developer, including St. John’s Hill estate, Archway, Southmere Village and Triangle. |
| 8: Shape and influence the national and local agenda | • In 2014/15, develop a strategy that maximises our influence on public policy by using the insight, experience and knowledge we gain through delivery.  
• Forge strong relationships and partnerships and communicate Peabody’s position on national, regional and local issues. |

### Key Performance Indicators 2014/15

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target 2014/15</th>
<th>Target 2014/15 (new programme)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery of new homes in line with plans</td>
<td>1,000 new homes by March 2015</td>
<td>1,000 new homes by March 2015</td>
</tr>
<tr>
<td>Loan Variance (long-term borrowing requirement against forecasted borrowing requirement)</td>
<td>14/15 target: 0%</td>
<td>14/15 target: 6% (current programme)</td>
</tr>
<tr>
<td>Customer satisfaction with new home</td>
<td>14/15 target: 80%</td>
<td>14/15 target: 10% (new programme)</td>
</tr>
<tr>
<td>Development Return on Investment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Build thriving communities

At the heart of our vision are thriving communities with high levels of employment and community involvement, positive educational outcomes and good health. Working on and around estates in some of the most deprived areas of London, we are well placed to reach the most excluded and break down the barriers preventing the fulfilment of individual and collective aspirations in our communities.

<table>
<thead>
<tr>
<th>Strategic goals</th>
<th>What we will do and achieve in 2014–2017</th>
</tr>
</thead>
</table>
| 9: Provide opportunities for people in our communities to get the most out of their lives | • In 2014/15, help 500 people into employment/apprenticeships and 1,060 people into training. By 2015/16, we aim to support 1,000 people into employment per year.  
• In 2014/15, support the participation of 700 young people in education, training, apprenticeships, work experience, volunteering and social enterprise – and increase this to 1,000 by 2015/16.  
• Review our service offer for older people and expand our floating support service to assist 150 residents in 2014/15. In 2015/16, our aim is that 90% of our older residents are satisfied with their support plans.  
• Recruit 400 volunteers and deliver 18,000 hours of community work in 2014/15.  
• Raise £700,000 through fundraising in 2014/15, increasing to £1 million in 2016/17.  
• Deliver our Digital in the Community project to support 80% of residents to get online by April 2015. |
| 10: Create desirable neighbourhoods where people want to live | • Work with residents and neighbourhoods to deliver Neighbourhood Charters across our estates by March 2015, setting local priorities, commitments and targets.  
• Launch a scheme in March 2015 that incentivises residents to contribute to their communities, be good neighbours and meet their responsibilities as tenants. |

Key Performance Indicators 2014/15

<table>
<thead>
<tr>
<th>Number of people supported into employment</th>
<th>Number of volunteers</th>
<th>Fundraising income</th>
<th>% of Peabody residents online</th>
<th>Cost of achieving an employment outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/15 target: 500</td>
<td>14/15 target: 400</td>
<td>14/15 target: £700,000</td>
<td>14/15 target: 80%</td>
<td>14/15 target: £1,180</td>
</tr>
</tbody>
</table>
4. How we manage our business

4.1 Financial health and capacity

Our financial strength is fundamental to the delivery of our mission and goals. Peabody’s financial strength is built on its historical portfolio in central London. We have a relatively low level of grant, reflecting our growth pre-government funding and the acquisition of ex-local authority homes in CBHA, Pembury (a partial transfer in Hackney) and Gallions. The open market value of the assets is estimated to exceed £6bn whereas tenanted value is £3bn. Some 40% of the portfolio is unencumbered.

Turnover across the Group is around £180m. Current group facilities are £1.2bn, with £1bn drawn and additional cash holdings of £230m. Peabody holds a credit rating of A2 with net debt of £28,000 per unit. Our funding capacity was demonstrated in December 2013 with the issue of a £350 million bond to investors, repayable in 40 years. The interest rate is at a premium of just 1.05% over the return that investors require from bonds issued by the UK Government, demonstrating our credit worthiness, low risk and financial strength.

Our 30-year Financial Plan is reviewed each year and provides the context for setting strategic goals. It is tested against a range of scenarios to determine the impact of different economic and business assumptions. Business planning and financial reporting are set within both a prevailing and forecast future macro-economic and operational environment. A significant change to the prevailing macro-economic environment is that of low interest rates and historically relatively low inflation. March 2014 marked the 5th anniversary for a Bank of England base rate of 0.5%.

During this period, registered providers have benefited from low borrowing costs. However, this benefit is off-set in a low inflation environment as future rental growth is linked to inflation. Long term financial planning and future funding arrangements take account of forecast interest and inflation rates and sensitivity analysis is performed to demonstrate the impact of changes to assumed rates and the resilience of the group to movements that may increase future borrowing costs and/or reduce rental growth.

The key principles underpinning our financial plans are:

- Demonstrating and securing the Group’s long term financial sustainability.
- Demonstrating the financial capacity to achieve Business Plan goals.
- Demonstrating capacity to achieve efficiency gains.
- Complying with lender financial covenants.

Our key financial forecasts are:

<table>
<thead>
<tr>
<th>Financial measure - £m</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>224.4</td>
<td>256.9</td>
<td>258.0</td>
</tr>
<tr>
<td>Operating costs</td>
<td>-174.3</td>
<td>-189.9</td>
<td>-194.0</td>
</tr>
<tr>
<td>Operating surplus</td>
<td>50.1</td>
<td>67.0</td>
<td>64.0</td>
</tr>
<tr>
<td>Finance cost</td>
<td>-26.4</td>
<td>-34.9</td>
<td>-37.7</td>
</tr>
<tr>
<td>Property sales</td>
<td>5.7</td>
<td>7.0</td>
<td>14.0</td>
</tr>
<tr>
<td>Net surplus</td>
<td>29.4</td>
<td>39.1</td>
<td>40.3</td>
</tr>
</tbody>
</table>

Our forecasted balance sheet is:

<table>
<thead>
<tr>
<th>£m</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Assets at cost – net book value</td>
<td>1,386</td>
<td>1,552</td>
<td>1,710</td>
</tr>
<tr>
<td>Other Assets</td>
<td>344</td>
<td>352</td>
<td>414</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>-34</td>
<td>-32</td>
<td>-33</td>
</tr>
<tr>
<td>Net Assets less long-term Liabilities</td>
<td>1,697</td>
<td>1,872</td>
<td>2,091</td>
</tr>
</tbody>
</table>

Represented by:

<table>
<thead>
<tr>
<th>£m</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Borrowings</td>
<td>1,197</td>
<td>1,333</td>
<td>1,512</td>
</tr>
<tr>
<td>Reserves</td>
<td>499</td>
<td>539</td>
<td>579</td>
</tr>
<tr>
<td></td>
<td>1,697</td>
<td>1,872</td>
<td>2,091</td>
</tr>
</tbody>
</table>

Peabody is a member of the Local Government Pension Scheme administered by the LPFA. In November 2013, the LPFA adopted a risk-based approach to managing cessation debts that requires members to make payments or provide security towards future cessation liability. Previously this would be triggered when the last active member leaves the scheme. We are working with the LPFA to mitigate the financial risk associated with this new approach.
4.2 Value for money (VfM)

Value for Money means achieving optimal return from available resources and assets in delivering outcomes. Delivering Peabody’s Value for Money (VfM) Strategy is integral to achieving our mission and delivering objectives as it enables us to build future capacity and maximises the available resources to fund future growth and development. The Strategy is updated annually and published on the Peabody website. We are committed to demonstrating how we are meeting the Homes and Communities Agency’s (HCA) Value for Money Standard, and publish an annual self-assessment. The Strategy has four overarching aims:

1. Maximise return on investment for all financial and non-financial assets.
2. A robust VfM culture, ensuring decision-making is focussed on achieving maximum value.
3. Efficient and effective use of resources to derive optimum value.
4. Demonstrate that we are achieving our VfM objectives.

Peabody buys a wide range of goods and services from external providers, and effective procurement and management of contracts is essential to mitigating risk and achieving value for money. Our priorities are to ensure that expenditure is leveraged through a single, rationalised and approved supply base, and that contracts are managed rigorously.

Value for Money: key areas of focus for 2014/15

- Develop a new procurement framework that embeds and promotes our VfM principles in the way we buy goods and manage contracts.
- Maximise opportunities for future efficiencies arising from Gallions Housing Association joining the Peabody Group.
- Ensure our ambitious programme of development and regeneration delivers maximum Return on Investment.
- Protect and optimise our income to secure our long-term financial health.

4.3 Governance and regulation

To support the delivery of its strategy and day-to-day business, Peabody requires a robust and effective Group governance framework, which is perceived to be so by its stakeholders.

It is particularly important that Peabody’s governance arrangements are reviewed and updated to reflect changes in the Group structure, business model, and our external operating and regulatory environment, and to identify and respond to changes in Peabody’s risk profile.

Peabody is regulated by the HCA and includes companies registered with and regulated by the Financial Conduct Authority (FCA), Companies House, and the Charity Commission. It includes not-for-profit and commercial subsidiaries that generate funds for Peabody’s activities.

Our priorities are to ensure a governance structure, framework and culture that:

- Meets the requirements of an expanded Group and evolving business model – in particular an increase in development activity - and reflects changes to the Group’s risk profile.
- Meets changing stakeholder expectations and requirements, including residents, customers, investors and regulators.

Our overarching aim is that Peabody’s governance and financial viability regulatory ratings are at the highest G1 and V1 levels.

The Peabody Group Board is responsible for strategic oversight of the Group, including subsidiary companies. It delegates day-to-day management to the Chief Executive supported by the Executive Team. There are currently three Group committees: Audit and Risk; Nominations and Remunerations; and Finance and investment.
Our main risks and how we are managing them

Thamesmead regeneration
Peabody’s vision for the 10-year regeneration of Thamesmead involves significant investment and ambitious delivery targets, and requires collective action across and beyond the organisation. Failing to meet expectations poses a risk to our financial health and reputation.

Our long-term plan for Thamesmead will set delivery milestones, starting with a comprehensive vision developed in partnership with key stakeholders. Our short-term focus is on the successful integration of Gallions, Trust Thamesmead and Tilfen Land into the Peabody Group.

Welfare reform
Wide-ranging reforms to the welfare system, including implementation of the under-occupation deduction, the Benefits Cap and direct payments of Universal Credit, pose risks to the financial situation of our residents, and therefore to our income streams.

A dedicated team of welfare benefits advisers works with residents to support them through changes to family incomes. Our revenues team works closely with residents, local authorities, DWP and our legal services to ensure prompt rent payment and to minimise arrears.

Building more homes
Bringing 1,000 new homes per year into management represents an unprecedented demand on Peabody’s skills, capacity and resources. This requires concerted planning and collaboration across the organisation to meet financial and funding targets and performance standards. Our financial and development plans are founded on assumptions relating to future sales volumes and associated revenues.

We have strengthened our structures and staffing and reviewed financial and performance monitoring systems to safeguard delivery of our development pipeline. Our assumptions in relation to sales and revenues are prudent, and we conduct rigorous sensitivity analysis to inform planning.

Structures, processes and infrastructure
A changing and growing Group requires robust structures and processes that enable us to deliver efficient, cost-effective and high-quality services. Safe delivery of a complex and interdependent change portfolio, including the successful integration of new members into the Peabody family, is essential if we are to maximise the return on our investment.

We are working to integrate Gallions IT systems and to maximise the capability of our Housing Management System. A new Programme Office will coordinate project delivery and ensure that resources are effectively deployed.

Health and safety
The health and safety of our residents and employees is our primary concern, and we need to ensure we have the right system in place to safeguard this and to ensure we prevent, identify and respond to incidents.

Peabody has robust and comprehensive health and safety systems to safeguard our residents and employees. As Peabody grows, we will ensure that the highest standards are applied across the whole property and land portfolio.
4.4 Our employees

By engaging, motivating and involving our people, we will maximise performance and deliver the highest standards of customer service. We use a variety of methods to inform, consult and involve our employees, including an Employee Council and a regular employee survey.

In the recruitment and development of employees and Board members, Peabody ensures the right skills are in place to deliver the wider range of activities in the new group structure. We have a comprehensive learning and development plan and programme and Investors in People accreditation. All employees are trained in the bespoke Peabody Customer First programme. This year we are launching new elements to re-energise the programme and to support employees to go the extra mile in meeting residents’ expectations.

We will continue to roll out the new Leadership and Management Programme (LaMP) to evolve the leadership culture for the future, building on our current practice by bringing the four management themes of One Peabody, Learning, Empowerment and New Ways to life. The programme explores what we can expect from each other as leaders and managers, and highlights to employees what they can expect from their managers.

The Peabody Behaviours

Customer focussed – we deliver excellent service
Results focussed – we get things done
Collaborative – we work effectively with others
Can Do – we are positive and helpful
Principled – we are trustworthy and fair
Continuously improving – we are always looking to get better

4.5 Involving our residents

Peabody engages residents in shaping and evaluating services. We have a menu of involvement, including scrutiny and consultative panels, local resident and topic-focused groups and resident inspections. We carry out regular satisfaction surveys on our services to obtain feedback on performance. A streamlined involvement structure was implemented in 2013, including a Resident Scrutiny Panel, to strengthen our approach to co-regulation.

4.6 Equality and Diversity

Peabody values diversity and is committed to achieving equality of opportunity for all. Our Equality and Diversity strategy and action plan set out how we will meet statutory and regulatory obligations, as well as raising awareness of diversity issues for employees and customers.

4.7 Health and Safety

Peabody continues to improve its Health and Safety Management System to provide healthy and safe environments for customers, employees contractors and visitors. Internal and external audits and reviews take place to measure our performance and to assess compliance with legal and regulatory obligations. The Group Health and Safety Policy sets out our approach, and our Health and Safety Committee provides an organisation-wide forum for policy development and consultation.

4.8 Environmental Sustainability

Peabody understands the impact it has on the environment. As a social organisation, we recognise our responsibility to protect the environment for our generation and future generations. The Group’s Environmental Sustainability Strategy identifies key themes where we can make the biggest difference:

- Sustainability reporting.
- Climate change mitigation and adaptation.
- Affordable and efficient use of energy.
- Increasing water efficiency.
- Minimising the environmental impact within our supply chain.
- Open spaces management and biodiversity.
- Increasing understanding and awareness of sustainability.
- Reducing and recycling waste.
### 5.1 Summary of Gallions objectives in 2014–17

#### Deliver great services and quality homes

<table>
<thead>
<tr>
<th>KPIs 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provide a first class repairs and maintenance service achieving resident satisfaction with the last repair of 85%.</td>
</tr>
<tr>
<td>• Strengthen customer service with Customer First training for all front-line staff.</td>
</tr>
<tr>
<td>• Integrate our Contact Centre with Peabody Direct and extend opening hours to 8am-8pm, Monday-Friday.</td>
</tr>
<tr>
<td>• Launch a new website to make it easier for customers to access our services.</td>
</tr>
<tr>
<td>• Complete our £20m major refurbishment of The Moorings to replace kitchens, bathrooms, windows and improve communal areas.</td>
</tr>
<tr>
<td>• Commence a comprehensive refurbishment programme of high-rise blocks to improve thermal insulation including new cladding, window replacement in communal areas and environmental improvements.</td>
</tr>
<tr>
<td>• Deliver the first year of the Asset Management Strategy for Gallions.</td>
</tr>
</tbody>
</table>

#### Achieve business excellence

<table>
<thead>
<tr>
<th>KPIs 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ensure our governance framework and culture is robust and fully integrates the Gallions subsidiary into the Peabody Group by March 2015.</td>
</tr>
<tr>
<td>• Integrate the Gallions and Peabody Housing Management and Financial Systems by March 2015.</td>
</tr>
<tr>
<td>• Enhance our leadership capability by ensuring all managers complete the Leadership and Management Programme.</td>
</tr>
<tr>
<td>• Maximise income by collecting 99.5% of rent owed.</td>
</tr>
<tr>
<td>• Protect income against the impact of welfare reform through the provision of information and support to residents.</td>
</tr>
</tbody>
</table>

#### Achieve influential growth

<table>
<thead>
<tr>
<th>KPIs 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Develop and secure the buy-in of stakeholders — including residents, Boroughs and investors — to a compelling vision for the future of Thamesmead.</td>
</tr>
<tr>
<td>• Harness the opportunities afforded by the extension of Crossrail by commencing development around Abbey Wood station.</td>
</tr>
<tr>
<td>• Commence Phase 3 of the Southmere Village scheme to build new homes and shops, and a new library.</td>
</tr>
<tr>
<td>• Secure HCA approval to rent homes on the market to cross-subsidise our social activities and to create more sustainable neighbourhoods.</td>
</tr>
<tr>
<td>• Complete the refurbishment of Parkview Hub to Passivhaus standards as an exemplar of sustainability and fuel efficiency.</td>
</tr>
</tbody>
</table>

#### Build thriving communities

<table>
<thead>
<tr>
<th>KPIs 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Work with residents to develop Neighbourhood Charters across South Thamesmead by March 2015 to tackle local issues and contribute to our Improving Neighbourhoods Strategy.</td>
</tr>
<tr>
<td>• Deliver a number of improvements to the Public Realm including £100k improvements to the Eastern Way Bridge and the GLA-sponsored All London Green Grid Lesnes to Crossways environmental improvements, and the People’s Millions Lottery Wildlife project.</td>
</tr>
<tr>
<td>• Develop a joint service plan with Trust Thamesmead to work collaboratively to achieve our joint objectives for Thamesmead including employment initiatives, community development, youth engagement, fundraising and enterprise.</td>
</tr>
</tbody>
</table>

| Satisfaction with external estate (85%) |

\[ [85\%] ]
### 5.2 Summary of CBHA objectives in 2014–17

#### Deliver great services and quality homes

<table>
<thead>
<tr>
<th>Objective</th>
<th>KPIs 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide a first class repairs and maintenance service, achieving resident</td>
<td>Overall satisfaction with landlord (88%)</td>
</tr>
<tr>
<td>satisfaction with the last repair of 97% in 2014/15.</td>
<td>% customers satisfied with last repair (97%)</td>
</tr>
<tr>
<td>Re-procure new cleaning and pest control services by April 2015.</td>
<td>% of residents online (80%)</td>
</tr>
<tr>
<td>Develop the Welfare Reform Action Plan, and establish an arrangement</td>
<td>Rent collection rate (99%)</td>
</tr>
<tr>
<td>with Waltham Forest Credit Union to benefit residents affected by</td>
<td></td>
</tr>
<tr>
<td>welfare reform.</td>
<td></td>
</tr>
<tr>
<td>Consult with residents to review and refresh the CBHA Customer Service</td>
<td></td>
</tr>
<tr>
<td>Charter.</td>
<td></td>
</tr>
<tr>
<td>Undertake an independent Customer Survey and develop a responsive action</td>
<td></td>
</tr>
<tr>
<td>plan.</td>
<td></td>
</tr>
<tr>
<td>Produce a CBHA Asset Management Strategy and adjust stock reinvestment</td>
<td></td>
</tr>
<tr>
<td>programmes as necessary.</td>
<td></td>
</tr>
<tr>
<td>Develop our Resident Scrutiny Panel to encourage participation from a</td>
<td></td>
</tr>
<tr>
<td>wider cross-section of the community.</td>
<td></td>
</tr>
<tr>
<td>Develop an environmental sustainability strategy, including improved</td>
<td></td>
</tr>
<tr>
<td>energy advice to residents, and retain ISO 14001.</td>
<td></td>
</tr>
</tbody>
</table>

#### Achieve business excellence

<table>
<thead>
<tr>
<th>Objective</th>
<th>KPIs 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure compliance with the IIP Framework and retain Investors in People</td>
<td>Voluntary staff turnover (9.8%)</td>
</tr>
<tr>
<td>(IIP) Gold accreditation.</td>
<td>Short-term sickness (5 days)</td>
</tr>
<tr>
<td>Improve the quality of information on our housing management system to</td>
<td>Operating margin (&lt;46%)</td>
</tr>
<tr>
<td>ensure we deliver the most effective and efficient services to residents.</td>
<td>Interest Cover (420%)</td>
</tr>
<tr>
<td>Implement a VFM strategy and action plan.</td>
<td></td>
</tr>
</tbody>
</table>

#### Achieve influential growth

<table>
<thead>
<tr>
<th>Objective</th>
<th>KPIs 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliver 17 new homes in the London Borough of Waltham Forest (LBWF) by</td>
<td>New homes completed against plan (17 new homes by Mar 2015)</td>
</tr>
<tr>
<td>March 2015. Maximise opportunities arising from preferred partner status</td>
<td>Performance of legacy portfolio compared to budget</td>
</tr>
<tr>
<td>with LBWF to increase the development pipeline of new CBHA homes.</td>
<td></td>
</tr>
<tr>
<td>Set up arrangements for long-term occupation of Legacy Community</td>
<td></td>
</tr>
<tr>
<td>Centres, ensuring the community benefits fully from this resource.</td>
<td></td>
</tr>
<tr>
<td>Take on management responsibility for Legacy Community Centres and</td>
<td></td>
</tr>
<tr>
<td>deliver Business Plans that ensure their long-term sustainability</td>
<td></td>
</tr>
<tr>
<td>using cross-subsidy from commercial properties.</td>
<td></td>
</tr>
</tbody>
</table>

#### Build thriving communities

<table>
<thead>
<tr>
<th>Objective</th>
<th>KPIs 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish a new family support programme.</td>
<td>No. of people supported into work (50)</td>
</tr>
<tr>
<td>Expand the Employment and Training service, including delivery of at</td>
<td>No. of volunteers (10)</td>
</tr>
<tr>
<td>least 3 major events to reduce level of NEETs.</td>
<td></td>
</tr>
<tr>
<td>Deliver the final funded year of the Activate wellbeing programme.</td>
<td></td>
</tr>
<tr>
<td>Secure its long term sustainability through a new project that develops</td>
<td></td>
</tr>
<tr>
<td>community businesses.</td>
<td></td>
</tr>
<tr>
<td>Engage with local partners and stakeholders to increase influence in</td>
<td></td>
</tr>
<tr>
<td>neighbourhoods and community, especially in areas of particular expertise</td>
<td></td>
</tr>
<tr>
<td>(e.g. gang prevention).</td>
<td></td>
</tr>
<tr>
<td>Expand CBHA’s education programmes to deliver in at least 3 new</td>
<td></td>
</tr>
<tr>
<td>establishments by March 2015. Examine the feasibility of delivering an</td>
<td></td>
</tr>
<tr>
<td>education project in-house through Legacy Community Centres.</td>
<td></td>
</tr>
<tr>
<td>Deliver the CBHA Apprenticeship programme.</td>
<td></td>
</tr>
<tr>
<td>Hold at least 1 major celebratory event or Fun Day for CBHA residents</td>
<td></td>
</tr>
<tr>
<td>to encourage community cohesion and support resident involvement.</td>
<td></td>
</tr>
</tbody>
</table>
5.3 Summary of Trust Thamesmead’s objectives

Trust Thamesmead joined Peabody as a subsidiary in April 2014, providing opportunities to maximise community development skills and capacity to deliver significant change to Thamesmead. Trust Thamesmead’s 2014-19 business plan sets out what it plans to do and achieve to contribute to building a thriving 21st century community in Thamesmead that has high levels of employment and community involvement, sound education outcomes and strong community enterprise.

Employment initiatives

• Help unemployed residents to access employment and training by investing in the Building Futures initiative, including strengthened employer engagement, the introduction of a Job Club model, apprenticeship opportunities and pre-employment courses.
• 8,000 clients will be supported over the next 5 years, with 1,650 finding jobs.

Community Development

• Implement a new Community Engagement Strategy, and use findings from engagement with stakeholders to develop additional services.
• In 2014/15, 300 people will receive debt advice; 300 volunteers will be registered; 200 families will be supported by Bexley Family Advice and Greenwich Get Active Programme, and 3,800 people will be engaged.

Youth engagement

• Develop and implement a revised plan that provides significantly more opportunities to young people.
• Establish an advice service to assist young people not in education, employment or training.

Business development, fundraising and enterprise

• Create sustainable income sources and achieve income targets for Sporting Club Thamesmead, The Link and community halls.
• Implement a joint evaluation and impact measurement framework across all programmes.

5.4 Summary of Tilfen Land’s 2014–17 strategy

Tilfen Land is a property investment and development business undertaking asset management and regeneration of land and property in London and the South East. Along with Trust Thamesmead, Tilfen joined the Peabody Group in April 2014 – bringing with it a portfolio that includes 103 acres of development land.

Tilfen will continue to explore new opportunities and will work with Peabody to support the regeneration of Thamesmead. Tilfen will remain London and South East oriented, and will continue to focus on its key skills, including the asset management and development of commercial property. Discussions with Peabody in relation to future strategy continue, and this is likely to include joint work on the Group’s commercial and residential portfolios and a mixed-use acquisition programme.

Tilfen remains an investor/developer. By maintaining a level of core income over the life of the plan, Tilfen will have recurring income to support the business, and the investment portfolio can be used to support the development business with the flexibility to switch resources between investment and development, depending on market conditions.

In relation to Tilfen’s existing portfolio, control of costs will be tightly maintained, income from the investment portfolio will be maximised and development – where there is tenant demand – will be brought forward to create jobs and support the regeneration of Thamesmead. In terms of new business, Tilfen intends to target secondary properties with short-term income where value can be added.
Transforming Peabody

Our Mission

“Making 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.”

Our Objectives

Deliver great services and quality homes

Achieve business excellence

Achieve influential growth

Build thriving communities

2008

Peabody re-brands

21st Century Peabody project launched

Housing Corporation inspection

2009

Responsive repairs service outsourced

Decent Homes: Standard target achieved

Organisational re-structure

New IT strategy

2010

Crown Estate properties acquired

£200m bond issued

1,500 new homes pipeline

2011

Peabody’s 150th anniversary

Peabody Foundation/Community Fund launched

New integrated IT system launched (QL)

Investing in Volunteers Award

2012

Quality Homes Programme launched

Resident Scrutiny Panel established

New website launched

Leadership and Management Programme launched

£350m bond issued

2013

Gallions, Trust Thamesmead and Tiffen Land join the Peabody Group

27,000 Peabody homes Vision for Thamesmead regeneration

2014

Funding from GLA Affordable Homes Programme secured

80% of residents online

Expanded range of digital channels

1,000 new homes delivered

2015

£200m bond issued

£350m bond issued

1,000 people supported into work each year

2016/17

1,500 new homes pipeline

Responsive repairs service outsourced

Decent Homes: Standard target achieved

Organisational re-structure

New IT strategy

Peabody’s 150th anniversary

Peabody Foundation/Community Fund launched

New integrated IT system launched (QL)

Investing in Volunteers Award

27,000 Peabody homes Vision for Thamesmead regeneration

Funding from GLA Affordable Homes Programme secured

80% of residents online

Expanded range of digital channels

1,000 new homes delivered

1,000 people supported into work each year

Overall customer satisfaction

66% 73% 76% 72% 75%

Peabody services provided to 80,000 people each year

1,000 new homes delivered each year

1,000 people supported into work each year