

# ESG Report

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE

SEPTEMBER 2021



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and Corporate Finance

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Front cover – Two ladies at the festival: Thamesmead 50th Birthday Festival, Emergency Exit Arts  
Page 19 – Festival images: Thamesmead 50th Birthday Festival, Emergency Exit Arts  
Page 27 – Sunflowers and lake: Paul Elliott - Respected Photography

**SOCIAL**

Social rent subsidy

£477m

**ENVIRONMENTAL**

Average new home SAP rating

86.4 (EPC B)

**GOVERNANCE**

Employees paid the Real Living Wage or London Living Wage

3,000+

Average weekly rent

£120

New homes EPC rating

B or above

CEO to worker pay ratio

8:1

Investment in community activities across the Group

£8m

Amount saved by residents on bills through our energy advice service

£30,000

Employee wellbeing: colleagues who feel proud of the way Peabody is supporting residents throughout the pandemic

88%

Grants distributed to local community groups

£1.25m

New trees planted at Birchmere Park (Thamesmead) last year

4,000

Social value weighting in procurement activities

20%

# INTRODUCTION

As one of London's oldest and largest housing providers, **Peabody's** mission is to help people make the most of their lives, drawing on nearly 160 years of history and expertise.

We do this by developing and delivering reliably good modern services, building and maintaining the best quality developments, working with local communities and building long-term partnerships, and growing and using our position of influence to create positive change.

We have responsibility for over **67,000 homes**, with **155,000 residents** and **16,000 people** who benefit from care and support services. With rents that were £477m lower than the market in 2020/21, and £394m investment in new and existing homes during the year, we are committed to providing top quality social rented housing and investing for the long-term in communities and places across London and the South East.

# A WELCOME FROM OUR DIRECTOR OF TREASURY AND CORPORATE FINANCE

I am pleased to be sharing our first ESG report.

We have been at the forefront of establishing the Sustainability Reporting Standard for Social Housing in 2020 alongside other housing providers, service providers, investors and other leading organisations. This framework makes it easier for lenders and investors to assess the ESG performance of housing providers and provides more opportunity for us all to make a positive social and environmental impact and improve over time.

Developed collaboratively with 18 other housing associations, banks, investors, service providers and impact investing organisations, these sector-wide metrics reflect our commitment to environmental sustainability, stewardship, financial planning, robust governance and commitment to developing our people.

Sustainability runs through everything that we do. It is inextricably linked to our social purpose and community investment, helping people make the most of their lives through providing good quality affordable homes and services for our residents and customers.

## Our Group Strategy for 2021-24

closely aligns with our commitment to environmental, social and governance performance. We have four clear priorities to help us deliver our mission:

- Great customer experience - co-creating thriving communities through a local focus.
- Great social impact - creating resilience and preventing homelessness.
- Great homes and places - investing and maintaining for the long-term.
- Great place to work - establishing diverse, inclusive, engaged and creative teams.

These are underpinned by our values that flow throughout the organisation. We are ambitious, caring, collaborative, empowering and trusted.

In the past year, we have been working hard to become more sustainable as an organisation. We have agreed a 3-year Sustainability Strategy which sets us on the path to becoming net zero carbon in our day-to-day business by 2030, and in our rented properties by 2050.

As this is our first report under the SRS we welcome comments and feedback from all interested parties.

## ANTHONY MARRIOTT

Director of Treasury and Corporate Finance



# AFFORDABILITY AND SECURITY

Over one million households in England are on a social housing waiting list. In London, the impact of the housing crisis is especially stark. Low-income Londoners, including many of our key workers, struggle to find and afford good quality accommodation that would give them the security to make the most of their lives. The Covid-19 pandemic has exacerbated many social inequalities so having a good quality affordable home has never been more important.

**C1: For properties that are subject to the rent regulation regime, report against one or more Affordability Metric:**

**1) Rent compared to median private rental sector (PRS) rent across the Local Authority**

The financial savings we offer to our residents are significant. In 2020/21, for our one and two bedroom social rent homes, which form the majority of homes we have, our residents paid on average 60% less than market rents. Our average weekly rent is £120 a week.

Our low rents provided residents and the taxpayer with a value of £477 million in 2020/21, when rents are compared with the private rental market.

Number of bedrooms	Peabody social rents as a proportion of market rent
1	41%
2	38%
3	33%
4	28%
5	27%
6+	27%
Bedsit	50%
Bedspace	54%

**2) Rent compared to Local Housing Allowance (LHA)**

Local Housing Allowance (LHA) rates are calculated based on average private market rents paid by tenants in a particular broad rental market area and are limited by legislation. LHA is used to calculate the amount of Housing Benefit, or the housing element of Universal Credit, that can be paid to residents. Peabody sets nearly all of its rents significantly below this level.

Number of bedrooms	Peabody social rents as a proportion of LHA
1	50%
2	46%
3	40%
4	35%
5	34%
6+	34%
Bedsit	45%
Bedspace	48%

Our average weekly rent

£120

Completed new homes in 2020/21

1,176

88% were affordable



**C2: Share, and number, of existing homes (homes completed before the last financial year) allocated to: General needs (social rent), Intermediate rent, Affordable rent, Supported Housing, Housing for older people, Low-cost home ownership, Care homes, Private Rented Sector**

We remain deeply committed to providing genuinely affordable homes and this is reflected in the types of homes and supported accommodation schemes we own and manage. More than two thirds (72%) of our homes are let at social or affordable rent.

	Homes	%
General Needs	44,720	66%
Affordable rent	4,478	7%
Intermediate market rent	2,354	3%
Supported housing	1,610	3%
Housing for elderly people	1,048	2%
Low-cost home ownership (shared ownership)	5,441	8%
Private rented sector	715	1%
Other (including leasehold managed, homes owned and managed by others, homes managed on behalf of others and non-social housing)	6,965	10%
<b>TOTAL</b>	<b>67,331</b>	<b>100%</b>



**C3: Share, and number, of new homes (homes that were completed in the last financial year), allocated to: general needs (social rent), intermediate rent, affordable rent, supported housing, housing for older people, low-cost home ownership, care homes, private rented sector**

Our strategic partnership with the Mayor of London commits us to starting 7,000 new homes by 2023 and we are on track to deliver this. This includes an ambitious plan to build at least 1,500 genuinely affordable homes on the former Dagenham Stamping Plant car works site in East London and over 400 social rented (target rent) homes at the Holloway Prison site in Islington.

In 2020/21, we completed 1,176 new homes of which 88% were affordable. We started on site at another 1,228 homes despite the challenges of the Covid-19 pandemic. We won seven awards for our new homes in 2020, including Fish Island Village, Stonelea Gardens and the Reach in West Thamesmead.

In 2021, for the third year in a row, Peabody won a Gold award for customer satisfaction with new homes based on feedback from residents. The awards are run by In House Research, an independent market research company. Over 90% of our residents said they would recommend Peabody to a friend or family member looking for a home like theirs. This commitment to building good quality homes that people are proud to live in speaks to the heart of our social mission.

**New homes built (2020/21)**

Social rent	183
London Affordable rent	357
Intermediate market rent	115
Shared ownership	374
Market rent	3
Market sale	144
<b>Total</b>	<b>1176</b>

**C4: How is the housing provider trying to reduce the effect of fuel poverty on its residents?**

Supporting our residents to stay warm in the winter, use energy efficiently, and help to prevent fuel poverty are priorities for us. As we transition to a low carbon economy, we will support our residents to reduce their carbon footprint and to make cost-effective decisions about their energy use.

As part of our Sustainability Strategy 2021-2024, we are collating our data on energy performance to enable us to make informed investment in improving our homes and energy centres. Using this data, we will prioritise actions on our least energy efficient homes, particularly

by installing more efficient heating and hot water systems as well as solar panels where practicable.

In 2020/21, we contacted over 200 households as part of our Home Energy Advice Service to help them assess whether they were getting the most value for money out of their energy supplier. On average, we helped our residents to save £144 through switching energy suppliers and making other changes at home to reduce energy use. Over the next two years, we will be offering up to 7,000 telephone advice sessions to help more households to reduce their energy costs.

**C5: What % of rental homes have a 3 year fixed tenancy agreement (or longer)?**

Only 2% (or 1,443) of our social rent homes have a 3 year fixed tenancy agreement or longer.

The majority of our social rent homes are lifetime tenancies as we know that for most people living in social housing, the security of their home is key to enabling them to make plans for the future. All new social housing tenants to Peabody are automatically offered a lifetime tenancy. Since 2019 we have converted nearly all our remaining fixed-term tenancies to open ended, lifetime tenancies. The remaining 1,443 fixed term tenancies will be converted to lifetime tenancies when those leases end.

**Stonelea and Thornbury, Waltham Forest**

Stonelea and Thornbury is a 100% affordable scheme in Waltham Forest on a former NHS site. The development has created 79 much-needed new homes, including 36 affordable rent and 43 shared ownership properties. There is a mix of one, two, and three-bedroom flats alongside three and four-bedroom houses.

We have also provided a large communal garden and landscaped courtyard for residents to enjoy, while Langthorne Park is just across the road. All homes have access to private outdoor space, whether it's a garden for ground floor flats and houses, a balcony or a roof terrace.





# BUILDING SAFETY AND QUALITY

## C6: What % of homes with a gas appliance have an in-date, accredited gas safety check?

As at 31 July 2021, all of our domestic homes and communal sites with a gas appliance had an in-date, accredited gas safety check:

- Domestic homes: 100% compliant
- Communal sites: 100% compliant

National lockdowns and restricted access as a result of the Covid-19 pandemic has posed challenges for our teams to access some homes however our compliance rates for gas safety checks have been at 100% or very close to.

## C7: What % of buildings have an in-date and compliant Fire Risk Assessment?

As at the end of March 2021, 98.84% of our buildings had an in-date and compliant Fire Risk Assessment (FRA). Our teams were unable to safely access eight buildings in the financial year due to Covid-19 safety restrictions, however these have since been subsequently checked and are confirmed to be compliant.

Making sure our homes are safe is our absolute priority. In 2020/21 we invested £33 million in building safety work on our existing homes, bringing our cumulative investment in the last three years to £84 million.

In mid-2021 we launched a new £9.5 million fire safety framework for professionals to provide fire safety assessments on our new developments. This will consist of £4 million worth of

fire engineering services, £4 million for external wall investigation and risk assessment services and £1.5 million for external wall risk assessment services on high rise buildings.

As one of the founding members of the Building Safety Charter, we are helping to drive culture change in the sector and improving our approach to fire safety. We were also one of the first organisations to implement the recommendations of the Hackitt Review of Building Regulations and Fire Safety.

## C8: What % of homes meet the Decent Homes Standard?

We continue to maintain an excellent record on the Decent Homes Standard with compliance at 100% and we look forward to the outcomes of the government's review of the Standard to ensure it is what is needed for the social housing sector today.

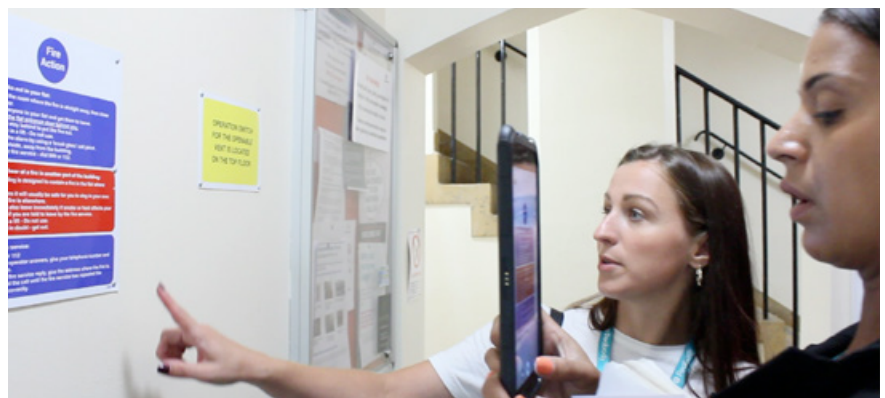
### Investment in building safety

£33m



### Homes meet the Decent Homes Standard

100%



# RESIDENT VOICE

## C9: What arrangements are in place to enable the residents to hold management to account for provision of services?

### Formal working groups

We are committed to ensuring that residents of all tenures have effective and meaningful ways to engage with us, whether that is to influence our decision making or improve our services. We currently have two main resident groups which are supported to provide strategic feedback on our work. Their membership is made up entirely of Peabody residents who volunteer their time to help us improve our services.

- Strategic and Policy Group: focused on reviewing strategies, policies and business planning which impact residents.
- Scrutiny Panel: focused on examining how well Peabody delivers its services to residents and tends to look closely at particular issues each year.

We currently have 18 residents volunteering across both groups and launched a campaign to recruit more members in September 2021. Both groups have access to detailed performance information, business processes and access to members of Peabody’s management team to ensure they can provide the most thorough and robust feedback and review. In addition to these two groups we have a number of other formal and informal resident groups which all help to shape and improve local services.

More than

# 1,000

residents welcomed to virtual meetings

### Resident Board members

We have two Resident Board Members on Peabody’s main Board and residents are also members of our Board sub-committees. These residents help to ensure that the resident perspective is always considered at the highest decision-making levels.



### Engaging online

During the pandemic, we have welcomed more than 1,000 residents to virtual meetings with a range of teams across Peabody to discuss different aspects of our services as well as our wider resident facing strategies. These online meetings have attracted larger, more diverse audiences, including residents who have not previously engaged with Peabody. Although we are beginning to resume face-to-face meetings where it is safe to do so, online meetings will continue to play an important role in our engagement framework.

### How we work together with tenants

We have been developing our new Customer Engagement Strategy, in line with the Together with Tenants charter set out by the National Housing Federation. As part of this, we have committed to creating more opportunities for residents to be involved in designing services and influencing decision making. They will also help us to increase accountability through new impact assessments and to create new ways for residents to get involved digitally. In 2020/21, 1,352 residents were involved in the external research we commissioned for the strategy, which was a representative sample of the Peabody resident population.



## Friendly Families Nursery in Deptford, Lewisham

The Friendly Families Nursery is located in a purpose-built nursery building on Peabody's Vanguard estate in Deptford, Lewisham. The nursery has been co-designed by local parents through a year-long series of play sessions, workshops and co-design activities. The nursery has brought an empty building back into community use.

Two local people are employed full-time, five local people regularly volunteer, 25 local people have gained NVQ level 3 qualifications and 10 local families are currently accessing high quality,

affordable childcare - this number will grow to 26 as the nursery expands. All of these outcomes can be assigned a value using methods such as the HACT Social Value Calculator.

In 2019 a survey of parents who had taken part in play sessions, workshops and co-design sessions at the nursery found that:

- 69.6% agreed that they spend more time with people from a different background

- 91.3% met new people and expanded their social circle
- 95.7% feel more connected to their local areas

These outcomes support the wider mission of Peabody's Community Foundation. Taking a social value approach to the nursery's rent ensures these outcomes, and others, can be captured and tracked in relation to Peabody's wider work. A social value approach allows housing associations to actively prioritise those childcare providers who will deliver the best outcomes for local parents and children.

# RESIDENT VOICE

**C10: How does the housing provider measure Resident Satisfaction and how has Resident Satisfaction changed over the last three years?**

We work very hard to ensure that we provide the best customer service possible. We try and deal with our complaints quickly and more efficiently. Each month, we do monthly surveys with a sample of 2,000 customers via an external research company, asking them about their experience with us as a landlord, their homes and their neighbourhood. We also continue to survey our customers each time they have a transaction with us, ensuring that we are helping our customers in the best way possible.

Overall, our resident satisfaction has been high over the last three years despite recent challenges faced by our repairs service with national lockdowns and restricted access to homes and buildings. Please see table below.

We have recently identified several ways to improve the efficiency and quality of repairs and have already implemented improvements including:

- simplifying the process of raising repairs and
- streamlining calls to the Customer Hub which is our central customer services team for enquiries made by telephone or online.

Our repairs team has also increased the number of post-repair inspections to ensure that we are completing repairs to a high standard. We are aiming to increase satisfaction of last repair to 90% by offering a more flexible and accessible service and completing high quality repairs more quickly.

In July 2021, we proposed the joining together of Peabody and Catalyst. One of significant benefits of the merger will be visible local teams, strengthening our regional structure and local focus to ensure that residents are at the centre of designing our services and offer.

**C11: In the last 12 months, how many complaints have been upheld by the Ombudsman. How have these complaints (or others) resulted in change of practice within the housing provider?**

This year we received 16% fewer stage one complaints which are the beginning of our formal complaints process. Customer satisfaction with complaints handling also increased by 17%. We are ensuring that we respond to all customer complaints in a timely manner, communicating effectively and regularly with our customers. We make full use of

our customer feedback to improve our services and we continue to focus on improving the quality of our responses across all our service areas in line with the Housing Ombudsman Complaint Handling Code.

1% of all complaints logged in 2020/21 were reported to the Housing Ombudsman for determination and of those only 0.06% (three cases) were determined as having outstanding issues. These determinations have highlighted areas for improvement for our teams and resulted in direct changes of practice. Specifically, we have:

- Implemented a new Latent Defects Team which has specialist skills in assessing and delivering solutions involving original contractors. We have also established and grown an External Managing Agent Team that specialise in externally managed issues. Alongside our existing services for residents, these two teams help to ensure that we respond to queries and complaints as quickly possible.
- Introduced a new internal working group for our neighbourhoods, repairs and customer relations teams to enable a more holistic view of complex queries and complaints. By ensuring relevant internal teams are reviewing cases together, we ensure that residents are more fully supported and their queries more efficiently resolved.
- Ensured all relevant team members involved in insurance assessments have completed the necessary training and are applying our Compensation Policy appropriately.

	2020/21	2019/20	2018/19
Satisfaction of last repair	85%	81%	81%
Satisfaction with quality of last repair	90%	89%	80%
Satisfaction with call handling	82%	88%	89%



## Adam fulfills his ambitions

Adam Abubakar has lived in social housing in Waltham Forest his whole life. He moved into his current Peabody home 7 years ago which he now shares with his partner and children. He was the first person in his family to attend university and currently works in business development as a trained Chemical Engineer. His parents still live nearby on the same estate so can spend time with their grandchildren during the week.

"Growing up in this neighbourhood and now living here with my wife and children has really shaped the person I am today. Both me and my parents have always felt secure knowing we

always had our homes in a place that that is familiar to us.

In the 1990s and 2000s the Cathall Estate was regenerated so that the estate is now made up of flats and terraced housing. I live in a terrace house with my family and my parents live in a house very nearby. Having this community around me and the security of our home really set up me to achieve my full potential in my education and career. I hold both a Bachelor and Masters Degree in Chemical Engineering and have enjoyed a career as a technical subject matter expert working with many big companies across the UK.

A few years ago I saw an ad for residents to join one of Peabody's residents group which could provide regular feedback on their strategies and policies. It's been a really rewarding experience being able to work with Peabody to share my perspective as a resident on how they can improve their services. As someone who believes passionately in the value of social housing, I am really glad that I can play a part in helping Peabody to offer the best housing experiences to all of its residents."

# RESIDENT SUPPORT

**C12: What support services does the housing provider offer to its residents. How successful are these services in improving outcomes?**

Community investment is a core part of what Peabody does. Supporting our residents and communities to be healthier, wealthier and happier underpins everything that we do. To achieve our vision, we work towards four goals:

- Building engaged and active communities - helping people make the most of their lives through active citizenship, catalysing supportive networks and community-led projects.
- Boosting incomes - helping people to gain well paid, secure work, progress within employment and reduce their debts
- Developing skills and aspirations - supporting access to, and achievements within education and training, giving people more knowledge about opportunities and boosting their confidence.
- Improving mental and physical health - enabling people to be active and fit, develop their resilience and improve their overall wellbeing.

We work at four levels: direct delivery, indirectly through partnerships with others, mobilising the community and working to achieve changes at a strategic level through our influencing activities.

Throughout the pandemic, we have supported our residents, customers and local communities by moving activities run by our community centres online ensuring critical activities continued. We have one of the largest community foundations in the capital:

- Across the Group, we invested £8 million in our community activities in 2020/21 and strengthened our locally focused partnership approach.
- This year we have distributed £1.25 million in grants to support community organisations during the Covid-19 pandemic.
- We have supported 536 people into jobs and apprenticeships and helped over 490 people to achieve qualifications.

- We have also worked with 850 community and employee volunteers to support a wide range of community activities including emergency support.
- In 2020/21, we supported 2,350 residents whose finances suffered because of the Covid-19 pandemic, helping them avoid unsustainable debt.

As an anchor institution with nearly 160 years of history, experience and expertise, we are very much rooted in the places we work in and the communities we serve. This is why we are continually working with local partners to improve the range and quality of community services available to our residents and customers. We currently have local area plans in Islington, Lambeth and Southwark, working with local authorities and other strategic organisations to develop and provide services to benefit the local community.





## Reading from the Start - thousands of free books

Now in its eighth year of delivery, the Reading from the Start programme has helped parents with children under the age of five to make reading part of their everyday lives by gaining a love of reading. This has resulted in positive impacts on their educational outcomes.

Working with Vinci Facilities and the Dolly Parton Imagination Library, the programme has delivered over 18,500 free books to families living in Peabody homes in Hackney, Waltham Forest and Thamesmead.

As well as children receiving books each month, families are also invited to join fun reading sessions that involve singing songs and rhymes, indoor and outdoor play and storytelling. Families living in Thamesmead and Waltham Forest have also taken part in a home visiting service where they can receive one-to-one support to further improve their children's literacy skills.

Positive outcomes are measured on a range of metrics, including the extent to which:

- Parents have improved confidence and skills in supporting their child's learning and development
- Children show progress in their development, pre-literacy skills and engagement with books
- Barriers to family wellbeing are reduced (for example – alleviated stress , increased household income, parental employment, skills development, support networks)

# PLACEMAKING

**C13: Provide examples or case studies of where the housing provider has been engaged in placemaking or placeshaping activities.**

## **Building affordable homes**

We are committed to building great homes and places for the long term, taking into consideration our residents and local communities. We completed 1,176 new homes in 2020/21 of which 88% were either social rent, London Affordable Rent or shared ownership to help first time buyers get onto the property ladder. We started 1,228 homes on site and are on track to build 7,000 homes by March 2023 as part of our strategic partnership with the Greater London Authority.

## **A low carbon future**

We want to continue to build greener homes and by 2050, our ambition is to become net zero carbon in our new and existing homes and in our day-to-day business by 2030. We will ensure all our new homes are sustainable and easy to maintain and will work with our residents to make greener choices.

## **Improving access to affordable childcare**

Access to high quality and affordable childcare critical for many parents to be able to work and maximise their household income. However, the UK has some of the most expensive nurseries in the world with childcare workers being some of the lowest paid in society. Peabody offers 'social value leases' which include provisions for low-cost childcare services. Six out of 10 nurseries operating in Peabody properties are on a sub-market rent. Our Childcare Training Programme also includes a training offer for our residents to train as childminders and early years professionals.

## **More funding for our communities**

In 2019 we entered into an innovative new funding arrangement with French banking group BNP Paribas which has greatly benefitted our communities.

The £75m sustainability-linked loan has contributed to wide-ranging activities including delivering low-cost homes and provides interest rate savings that we have been able to reinvest into the Peabody Community Foundation. The loan is part of BNP Paribas' programme of responsible investment in the UK social housing sector to generate sustainable returns and add social value.

A key feature of a sustainability-linked loan is that it links the discounts or premiums applied to interest rates to a particular sustainability metric. So, the more we deliver with the loan, the lower the cost of borrowing. In this case, we have benefitted from a lower interest rate margin by delivering an agreed number of accredited childcare qualifications through our Childcare Training Programme. We have invested the savings we make from this back into our communities.

## **Tackling homelessness**

We supported the 'Everyone In' initiative during the pandemic, making homes and services available for rough sleepers and other vulnerable people. The 'Everyone In' campaign aimed to help all rough sleepers off the street within 48 hours. In Essex, we moved rough sleepers into vacant properties and provided essential support for people accommodated by local authorities. As a result, we received a government grant of over £1.4 million to convert shared accommodation into self-contained homes. These supported homes will provide security and stability for people who may otherwise return to the streets.

We have made a series of commitments through our membership of Homes for Cathy, a national alliance of housing associations, charities and local authorities working together to end homelessness. We are also committing properties to Housing First, which offers tenancies alongside intensive personalised support to homeless people with multiple and complex needs.





# LANDSCAPE-LED PLACEMAKING IN THAMESMEAD

**Our work in Thamesmead is a prime example of our placemaking activities. The town sits in two boroughs, the London Borough of Bexley and Royal Borough of Greenwich. Thamesmead is more than 760 hectares in area, approximately the same size as central London and is currently home to 45,000 people.**

A unique characteristic of Thamesmead are its parks, woodlands, lakes and canals which total over 250 hectares in size, 2.5 times the size of the 2012 Olympic Park. This places Thamesmead in a unique position to really lever the benefits of green infrastructure for residents' wellbeing, mitigate the impacts of climate change and enable people to have a closer relationship with nature.

Green spaces include parks, grazing marshes, woodland and nature reserves. The blue spaces are made up of a network of five lakes and seven kilometres of canals crisscrossing one another. The latter is unique to Thamesmead.

We own and manage over 50,000 trees in Thamesmead and the benefits these can bring are now widely recognised. To make the most of these extraordinary assets we have developed a green infrastructure framework, 'Living in the Landscape' which provides a long-term strategic approach that will guide our work in mitigating the impact of climate change and how we will protect, maintain and enhance the natural environment for everyone.

By 2050 our existing landscapes will have been transformed with a focus on climate change mitigation, habitat and active travel. There is a particular emphasis on residents playing a part through gardening, volunteering and co-design of place.



### Turning Thamesmead from 'grey to green'

Working alongside EU research funded project CLEVER Cities, Peabody has been working on the South Thamesmead Garden Estate project. This is focussed on investing in the existing open spaces around South Thamesmead and using local people's knowledge and experiences to co-design and create these spaces with us.

The main focus of the project is Abbey Way (Green chain walk from Southmere to Lesnes Abbey) and Maran Way. We will also be making some smaller changes around Southmere Lake.

To help us co-design the spaces, the South Thamesmead Garden Estate Community Design Collective was established. It's made up of a diverse

group of 11 local residents who are paid and part of the design team. They will have a real say in how our neighbourhoods will look and change.



# LANDSCAPE-LED PLACEMAKING IN THAMESMEAD

The Community Design Collective will not only bring local knowledge but will also share ideas and feedback from the local community. As new designs are developed for green spaces in and around South Thamesmead, the members of the collective will play a vital role in influencing the proposals and have a local stake in the eventual built outcomes.

## Culture Plan

We know that culture is important to create a real sense of belonging and community. In February 2020, we launched our Cultural Infrastructure Plan for Thamesmead. '[A home for culture in London's new town](#)' is a long-term cultural strategy that serves as a blueprint for creating cultural facilities in Thamesmead.

Alongside this, the Thamesmead Community Fund awards grants from £200 to £2,000 to individuals and organisations to deliver cultural or community projects to benefit the Thamesmead community. Eight people from the community act as a panel to decide how the community grants are awarded in Thamesmead and act as ambassadors to promote the funding within the area.





# PEMBURY CHILDREN'S COMMUNITY - PLACEMAKING THROUGH SOCIAL ACTION

**Our 10-year Pembury Children's Community Programme in Hackney is a great example of our work to transform a neighbourhood by working in close collaboration with local communities. At Pembury, we are working in partnership with residents, Hackney Council, schools, health services and local charities to improve the lives of the 1,000 children, young people and families living at the Pembury Estate.**

## Placemaking over the long term

A Children's Community model is a long-term, placed based approach to improving outcomes for children. We commit to working over the long term and are led by the voices of local people living on and around the Pembury Estate. Our work has been widely influential, both in Hackney, where the council is increasingly taking a neighbourhood approach, and nationally where it has been cited as promising practice including by:

- The Early Intervention Foundation (2017)
- The Social Mobility Commission's State of the Nation report (2017)

- The Centre for Equity in Education: Time to stop and think - a report on the state of Equity in the English education system (2020)

The continued strength in its progress has meant that it is now regarded as a model for neighbourhood transformation and place-based working.

## Local residents at the heart of decision making

Building capacity in the local community for mutual support and self-help is central to the Children's Community model at Pembury. Our Resident Steering Group brings 22 local people together to support the development of local groups and activities and inform strategic direction



of the Pembury Children's Community Board. Despite the challenges of the pandemic, they continued to meet online, advised on changing local needs, contributed to our resident newsletters and helped to promote micro grants across the estate.

### Supporting local families through the pandemic

Throughout the Covid-19 pandemic, our local teams worked with mutual aid groups, local schools and the local authority to provide a range of co-ordinated support including:

- food aid, financial and employment advice and bereavement counselling for nearly 500 households on and around Pembury

- wellbeing calls and needs assessments for over 480 households.

Although the number of residents in Hackney claiming Universal Credit increased because of the pandemic, at Pembury 40 households have either raised their income or have reduced debt. Rent arrears at Pembury have gone down further than in any previous year as our local community workers have worked effectively to identify and support residents who were not receiving their full benefits entitlement and making any necessary referrals to other support services.

### Parent Champions

In October 2020 we launched our 'Parent Champions' initiative in partnership with Hackney Council to train a group of parent volunteers to provide support to isolated parents in the community. Four parent champions have successfully completed their training during this year and have begun attending online school events and engaging with parents. Inspired by this success, the council is preparing to expand this initiative across the borough.



# CLIMATE CHANGE

**Our vision is to reduce the impact of climate change on our communities, people and environment. Our Sustainability Strategy 2021-24 sets out how we will meet both our short-term and longer-term goals. We know that we cannot do this alone. We will be working with our residents, suppliers, service providers, government and other organisations to find ways to reduce our carbon emissions and make our activities more sustainable.**

**To us, environmental sustainability means planning intelligent and thoughtful interventions in carbon reduction and green infrastructure to protect people and the planet. We will embrace opportunities to improve the built environment and our open spaces, help drive innovation and the green economy, and support people to make better environmental and economic choices.**

**C14: Distribution of EPC ratings of existing homes (those completed before the last financial year)**

Within the EPC ratings of our rented homes, we have an average SAP rating of 71.7 as at March 2021, improving on our March 2020 average SAP rating of 70.06.

	Number of homes	% of stock
EPC A	222	0.3%
EPC B	7,665	11.9%
EPC C	38,856	60.3%
EPC D	15,992	24.8%
EPC E	1,492	2.3%
EPC F	208	0.3%
EPC G	35	0.1%

Our initial focus is to improve our lower EPC E-G rated estates and street properties. By 2050, we aim to achieve net zero carbon within our rented homes targeting an average B rating and offsetting any residual emissions.

For existing properties, our investment will need to be focused on long term improvements and where a property cannot achieve EPC B, we will look at longer term options for improvement. Working alongside industry experts, we have consulted on a research report led by Grosvenor which examines historic buildings and calls for extensive reformulation to planning policy to deliver improvements to listed buildings to make operational carbon savings.

**C15: Distribution of EPC ratings of new homes (those completed in the last financial year).**

We ensure new homes reach a high SAP rating which will help improve the rating across all our stock and reduce the embodied carbon of our homes. As at March 2021:

- 94% of our new homes are rated EPC B and
- 6% of our new homes are EPC A.

The average SAP rating for our new homes is 86.4.

We are making an active effort to try and get our energy from renewable sources. In the current financial year and for the next two years, we have ensured that our central contracted suppliers for electricity are REGO backed, accounting for 85% of our supplies. Currently all the electricity has produced 0 tonnes of CO<sub>2</sub>.

94%

of new homes are rated EPC B

6%

of new homes are EPC A



## Nevern Square

Nevern Square is a 19th century building in Earl's Court which was originally built as a large single dwelling and converted from a hotel to 17 bedsits in the 1980s. In late 2021, we will be starting work to renovate the inside of the building, making better use of the inner space and adding one more unit, to create 18 new homes in total. As part of this, we will be improving the energy rating of Nevern Square from EPC F and G to EPC C and B, whilst being sympathetic to the heritage of the building. We will be making several improvements including refurbishing the windows, adding in internal wall insulation, and placing Mechanical Ventilation with Heat Recovery (MVHR) and air source heat pumps for heating and hot water.



## Thamesmead Towers

As part of our 30-year plan for the regeneration of Thamesmead, we committed to making improvements to the Thamesmead Towers, 19 towers that sit around Southmere Lake and the local area. We embarked on a four year programme, replacing the single glazed Crittal (steel windows) with double

glazed windows to improve the energy efficiency of the buildings, making it cheaper to heat homes, and helping to reduce damp and condensation. This resulted in an average of 3point SAP increase on average for each flat.

# CLIMATE CHANGE

## GREENHOUSE EMISSIONS

### C16: Scope 1, Scope 2 and Scope 3 green house gas emissions

Scopes are the basis for mandatory Green House Gas Protocol (2001) reporting in the UK.

- Scope 1 covers the Green House Gas emissions we make directly, for example from running our boilers and vehicles
- Scope 2 are the emissions we make indirectly, like when the electricity or energy we buy for heating or cooling buildings is being produced on our behalf
- Scope 3 are all the emissions associated with us but not by us ourselves. For example, when we buy products from suppliers and from its products when customers use them.

Emissions tonnes CO <sub>2</sub> e		
	2019	2020
Scope 1	12,399	13,465

Note: Data for Scope 2 and Scope 3 is being gathered and is under review by external partners.

Scopes 1 and 2 are within our control and that is why we have set out in our Sustainability Strategy to actively manage our emissions. By 2030, we will be net zero carbon on our emissions from our day-to-day business operations. Within our rented homes, we aim to be net zero carbon by 2050 in line with Government targets.

## TAKING ACTION ON ENERGY EFFICIENCY

### C17: What energy efficiency actions has the housing provider undertaken in the last 12 months?

Our Energy Advice service has been running since 2013 and we are now expanding this to service free of charge to all Peabody social housing and leaseholder residents. Last year we helped 213 residents to save approximately £30,000 and an estimated 127,800 kg of carbon emissions.

We have fitted some homes with smart thermostats, giving our residents the ability to control their heating in different parts of their homes and the temperature of their hot water. This has reduced their bills by an average 17% and 158 tonnes of carbon emissions. We have installed 216 Switchee smart heating thermostats since 2018 and have purchased another 120 smart thermostats to be installed.

Currently we are gathering data so that we can prioritise our focus. We are constantly improving our modelling and knowledge of where are and what we need to do to improve. We will be starting with properties that require the most investment to reduce fuel poverty and improve energy efficiency.

## MITIGATING CLIMATE RISK

### C18: How is the housing provider mitigating the following climate risks: increased flood risk, increased risk of homes overheating

Flood risk is regularly monitored and assessed. As most of our homes are based in London, the risk of tidal flooding is minimised, and river flooding is reduced by the Thames Barrier. Our homes that are further down the river in Dagenham and Thamesmead are protected by flood barriers. The Environment Agency is responsible for the ongoing maintenance and upgrades to the barrier.

Risk of surface water flooding is managed by the Local Authorities including the GLA. Peabody is working with the London Climate Change Partnership to ensure we do our part in helping control these risks.

For our new developments, we ensure they have sustainable drainage to help with damage sustained by increased rainfall in urban areas, as mandated by the London Plan's policies for developments. We have retrofitted three estates with Sustainable Drainage Systems in Herne Hill, Islington and Shadwell.

Flood Risk from CROHM Stocl model*		
	No. of homes	% of stock
No risk	36,622	66%
Very low risk	42	0%
Low risk	16,563	30%
Medium risk	715	2%
Not known	1,184	2%

\*Based on the model of 56,000 homes

Most of our homes are in low lying areas of the Thames with flood risk being managed by the Thames Barrier. Though there is a risk of river flooding, this is significantly reduced by the barrier.

**Overheating Risk from CROHM Stocl model\***

	No. of homes	% of stock
Minimal risk	20,830	38%
Slight risk	29,291	53%
Medium risk	4,319	8%
High risk	701	1%
Not known	1,184	2%

\*Based on the model of 56,000 homes

We actively manage overheating risks by improving the energy efficiency of our buildings and assessing homes and buildings on a case-by-case basis. We also follow the standard TM59, the industry standard methodology for the assessment of overheating risk in homes and continue to make improvements.

**ENGAGING OUR RESIDENTS**

**C19: Does the housing provider give residents information about correct ventilation, heating, recycling etc. Please describe how this is done.**

It is important to have a local focus, working with our residents to help them make greener choices and making sure they are a part of the decision-making process and solutions. We provide our residents information about sustainability on our website via our [Residents Handbook](#) and our social media.

We also did a trial around energy billing with our residents, informing them about their relative use and how they performed against their peers. We have taken this learning and we will be working with our largest metering and billing provider on how to inform and change behaviour when it comes to using our heating networks.

We also create videos throughout the year, making information like how to prevent damp and mould more accessible for our residents. All residents on new estates are also provided with a Home Information Pack which provides advice on energy saving, recycling and sustainable transport.

We have also teamed up with sustainability champions iRecycle and Crisis on a project at one of our King's Cross estates, saving 24 tonnes of bulk waste going to landfill whilst providing 148 hours of paid work for people who have been homeless. The initiative collects the waste on a water barge and takes it to Camden, where it is sorted and recycled, providing jobs and reducing carbon emissions as it uses the canal network rather than roads.

In Thamesmead, we have a gardener in residence and a landscape activation manager who engages with school children, educating and encouraging them to grow plants and food and enjoy the natural environment.

We also have a dedicated damp and mould project which looks at how we can proactively tackle the issue by assessing which homes are most likely to be affected, ensuring that residents are given advice according to the risk level of their property. We have launched our own condensation, damp and mould microsite signposting residents to additional support and providing resources. We are also working closely with local authority partners and other services to identify and respond to cases sooner.

# ECOLOGY

**C20: How is the housing provider increasing Green Space and promoting Biodiversity on or near homes**

Biodiversity is important and we want to increase this, particularly on our estates, ensuring there is green space, actively managing our open spaces and ensuring that plants and wildlife are resilient to climate change. Our decision-making is data driven in terms of investing in our open spaces, protecting and maintaining sustainable spaces for the long term, activating areas, and having a resident-centred approach.

**C21: Does the housing provider have a strategy to actively manage and reduce all pollutants? If so, how does the housing provider target and measure performance?**

We know our open spaces play a crucial role in fighting climate change and our Open Spaces Strategy sets out how we will be better utilising our green spaces to capture CO<sub>2</sub> and manage surface water. In Thamesmead, we have been implementing several nature-based solutions to help manage pollutants. Sustainable Urban Drainage (SUDs) will help clean run off water before it reaches our lakes and canals. At Southmere Lake we have installed extensive reedbeds and floating plated islands to help clean the water in the lake and protect it from incoming phosphates and nitrates following heavy rainfall.

We manage over 50,000 trees in Thamesmead and we are measuring their benefits using a data-based specialist system to measure their ability to capture airborne pollutants and we are developing an urban forest strategy to maximise the benefits of this resource.

We are working closely with our residents, providing energy advice and ensuring our residents are using energy efficiently in their homes and reducing their CO<sub>2</sub> usage. We are also looking to annually increase the number of electric vehicle charging points on our estates from the current 55 as of 31 March 2021. As part of our Sustainability Strategy, we aim to ensure all our vehicles are electric by 2030 with the first of these electric vehicles already in use in Thamesmead.

## Greening our Pimlico estates

Our Pimlico estate dates to 1876 and is one of our oldest estates. A volunteer gardening club has existed for years on the estate, with residents from Peabody Avenue and Close working to transform the green spaces. As a result, the gardens encourage residents to connect with nature and live more sustainably. The tropical and colourful planting, fruit trees, flowers and a bug hotel encourage wildlife and produce fruit and vegetables for the community. Over 50 residents volunteer on a regular basis and the club also gives out window boxes, seeds and plants to help people make their own areas greener.

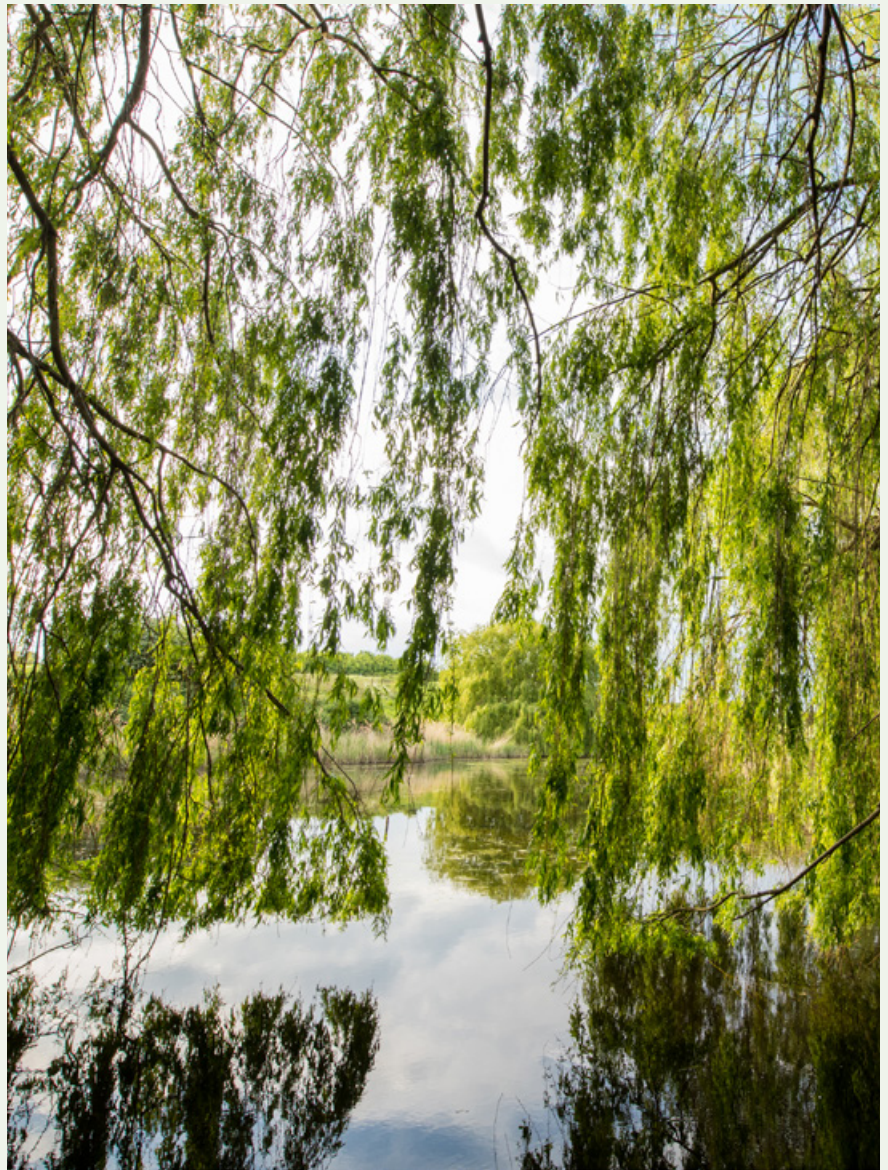


## Managing the Thamesmead landscape

At Thamesmead, we have implemented a green infrastructure framework called 'Living in the Landscape' which sets out five themes including Wilder Thamesmead. This articulates our overarching approach to habitat creation and biodiversity. The 30-year framework details how we can use our green and blue estate to maximise biodiversity through management and habitat creation. As part of this, our Biodiversity Action Plan sets out how we will target a range of species including bats, black poplar, European eel and reed warbler both to protect existing habitat and create new through management and with our new developments. One good example of this will be to create extensive new meadows by managing Thamesmead's grasslands differently and identifying a long-term approach to succession with our extensive tree stock.

### New trees

- 4000 trees planted on Birchmere Park including Oak, Wild cherry, Whitebeam, Small and Large Leaved Limes.
- 20 trees added to Crossways orchard including Discovery Apples, Cox Orange Pippen, Blenheim Orange and Conference Pear
- 9 trees planted at the edge of Southmere Lake
- 12 new trees in Claridge Way Garden



# RESOURCE MANAGEMENT

## **C22: Does the housing provider have a strategy to use or increase the use of responsibly sourced materials for all building works? If so, how does the housing provider target and measure performance?**

When we design our new homes, we take a fabric first approach, ensuring the least amount of energy is used to heat our homes. We investigate the right source of renewable energy to be installed, whether these are air source pumps, ground source heat pumps or mechanical ventilation heat recovery systems. In the future, we plan to invest in geothermal pumps absorbing energy from the Earth to heat or cool our homes.

We are taking the same approach when it comes to sourcing our building materials. Our new homes are much more energy efficient than our older homes and are meeting the requirements of the London Plan which has a higher standard than minimum planning and building regulations requirements. We use FSC Timber in the construction of our new homes and make every effort to ensure our materials come from sustainable sources.

We are also bringing in Whole Lifecycle Carbon Assessments to our new homes, looking at how much carbon is produced from materials, construction and the use of the building during its entire life, including demolition and disposal. We currently have two projects underway, one at Sun Wharf in Lewisham and the other at Vulcan Wharf in Tower Hamlets.

## **C23: Does the housing provider have a strategy for waste management incorporating building materials? If so, how does the housing provider target and measure performance?**

As part of our Sustainability Strategy, we have made commitments to work with our external partners on waste management and recycling including our building materials. We are efficient in the way that we design our new homes, ensuring that we minimise waste at design stage and ensuring that we only order what we use. Approximately 80% of our current schemes in development use one or more of the seven recognised categories of modern methods of construction, ensuring our new homes are built more quickly, reliably and sustainably.

Within the Peabody Design Guide, we endorse efficient designs across several aspects of building and construction. This enables us to limit our construction waste, select the right materials for long-term use, and be flexible and adaptable for changing needs.

Externally, we will continue to work with central, regional and local authorities, resident champions and other partner organisations to deliver sustainability objectives such as improved estate recycling and tackling fuel poverty.

## **C24: Does the housing provider have a strategy for good water management? If so, how does the housing provider target and measure performance?**

We are in the process of consolidating all our utilities to ensure that we can put in place a strategy for water management, both in our homes and in our offices. All our New Homes Guides will include advice about energy, water, waste and sustainable transport.

Our Peabody Design Guide tells our designers and architects the core principles and ambitions that we have when developing our new homes and neighbourhoods. As part of this, we ensure that drinking water use reductions measures are at the forefront of water efficiency strategies. All our homes should be fitted with water efficient fittings that are fit for purpose, achieving a design water consumption target of 105 l/p/d.

Since 2012, we have replaced 34,925 kitchens with tap aerators which reduce water flow from 15 litres per minute to 6 litres per minute. We have also replaced 13,546 toilets with dual flush toilets using only 4-6 litres of water as opposed to the old-style flush systems which use a massive 13 litres per flush.

We have also installed green and blue roofs and podiums in our new schemes supporting good Sustainable Drainage Systems (SuDs) design, directing surface water back into pipes and sewers through to nearby lakes and rivers.



## Recycling interventions on our estates

We have a recycling partnership with Resource London which aims to improve historically low rates of recycling in purpose-built flats across 12 estates. Resource London set up this two year partnership with Peabody and six inner London boroughs to better understand the barriers to recycling for those living in purpose-built flats and discover what practical measures could be taken by housing providers, building managers and service providers to overcome them.

A series of changes were made to the recycling arrangements of the 12 estates, based on research and in consultation with those responsible for managing, and delivering waste and recycling and housing services. Some of the changes included having clean and well-maintained bins and bin areas, adequate collections to prevent overflow, collection of six main recycling materials and clear and visible signage on and above the bins. By making it easier for residents, recycling rates improved by 26% and contamination rates decreased by 24%.

# STRUCTURE AND GOVERNANCE

**Our robust governance and strong leadership ensure that we meet the highest regulatory standards.**

**C25: Is the housing provider registered with a regulator of social housing?**

Yes the Peabody Group includes five Registered Providers. These are:

- Peabody Trust
- Peabody South East Limited
- Peabody Developments Limited
- Charlton Triangle Homes
- Town and Country Housing

**C26: What is the most recent viability and governance regulatory grading?**

On 26 May 2021, the Regulator of Social Housing confirmed that it was reaffirming the highest possible rating for governance and a compliant viability rating for Peabody so that we retain our G1,V2 status following an In Depth Assessment by the Regulator.

Our V2 rating is consistent with our risk appetite for the organisation as determined by our Board. It means that we can continue to best utilise our assets and resources to invest in our existing homes and to build more new homes in line with our Group Business Strategy.

**C27: Which Code of Governance does the housing provider follow, if any?**

During the financial year ending 31 March 2021, Peabody and its principal subsidiaries applied the principles and provisions of the National Housing Federation (NHF) - Promoting board excellence for housing associations 2015 edition - and complied with its provisions. Peabody has adopted the new NHF Code of Governance published in November 2020 with effect from 1 April 2021. Peabody already complies with most of the requirements of the NHF 2020 Code and has identified areas where this is currently not the case. The NHF 2020 Code compliance plan was considered by the Peabody Board in early May 2021 and the Group will work towards compliance over the current financial year.

**C28: Is the housing provider Not-For-Profit? If not, who is the largest shareholder, what is their % of economic ownership and what % of voting rights do they control?**

As a not-for-profit housing provider, Peabody is a registered Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014 and has adopted the National Housing Federation Model Rules 2015 (with amendments) as its constitution.

**C29: Explain how the housing provider's board manages organisational risks**

Our approach to organisational risk is that it can and should be taken to achieve our business objectives if it is justified and actively managed. We monitor, manage and mitigate a range of strategic and operational risks. For example, minimising the likelihood and impact of financial loss, compromised service delivery, damage to our reputation or non-compliance with law or regulation.

The Board is accountable for ensuring an effective system of risk management and internal controls to help us deliver our Group Strategy. To do this, the Board is supported by the Audit and Risk Committee (ARC) and the Executive Team. Our approach to risk management is set out in our Risk Management Policy. Our sound system of internal control is based on the three lines of defence assurance model. Risk is managed to a reasonable level - rather than avoiding all risks - so that we can take a risk-based approach to decision making.

ARC oversees our risk management system as well as our internal control framework and regularly review their effectiveness. All risks and mitigating controls are regularly reviewed via cyclical reports to the Executive Team, ARC as well as reports to the Board. We have ten key risks outlined in the Group Risk Register which are considered regularly by

the Executive Team, ARC and Board. Any recommended changes need to be approved by the Board being implemented.

For further detail about how we manage risk at Peabody, see page 40 of our 2020/21 Annual Report and Accounts: <https://www.peabody.org.uk/annual-report-2021>

**C30: Has the housing provider been subject to any adverse regulatory findings in the last 12 months (e.g. data protection breaches, bribery, money laundering, HSE breaches or notices) - that resulted in enforcement or other equivalent action?**

We have not been subject to any adverse regulatory findings in the last 12 months. However, one of our maintenance providers, Plentific, suffered a cyber-attack in August 2021 which resulted in a data breach. Plentific hold resident contact details as well as information about repairs appointments. They do not hold any financial information or passwords but some resident data was potentially affected.

A full and thorough investigation was carried out to understand how the cyber-attack occurred and to prevent it from happening again. As a precaution, and to allow residents to be on the lookout for any fraudulent emails/texts, we wrote to residents to inform them of this. We have also reported this incident to the Information Commissioner's Office and have been liaising them closely on all necessary action.



# BOARD AND TRUSTEES

## **C31: What are the demographics of the board? And how does this compare to the demographics of the housing providers residents, and the area that they operate in?**

Our Board members bring a broad range of skills, experience and knowledge to their roles, including expertise in finance and business. As at 1 July 2021, the Peabody Board has 10 members of which 30% are women and 20% identify as Black, Asian or Minority Ethnic. The average age of our Board members is 57 years old.

## **C32: What % of the board AND management team have turned over in the last two years?**

In the last two years, 26% of our Board and Executive Team have turned over. The Board, supported by the Group's Nominations and Remuneration Committee regularly reviews Board and Board committee composition.

## **C33: Is there a maximum tenure for a board member? If so, what is it?**

Yes. The Board Recruitment and Succession Policy will be subject to revision under the National Housing Federation 2020 Code compliance plan to reflect the new standard maximum six year tenure. Existing Board and Committee members will continue to serve up to a maximum of nine years in accordance with the provisions of the National Housing Federation Code. All new Board and Committee members appointed with effect from 1 April 2021 will be expected to serve a maximum of six years in line with the Code unless the Board determines that it is in our best interest to extend the final term.

## **C34: What % of the board are non-executive directors?**

90% of our Board are non-executive Board Members.

## **C35: Number of board members on the Audit Committee with recent and relevant financial experience**

Based on a skills self-assessment conducted in December 2020, we found that four of our Audit and Risk Committee members have either relevant professional qualifications or significant experience in these areas. Three of these members are also Peabody Board members. Three of our Audit and Risk Committee members are also members of our Finance and Treasury Committee.

## **C36: Are there any current executives on the Remuneration Committee?**

No. There are five non-executives serving as members of the Nominations and Remuneration Committee.

## **C37: Has a succession plan been provided to the board in the last 12 months?**

Yes. Our succession plan is reviewed twice a year by the Nominations and Remuneration Committee (NRC). Board selection is aligned to our Board Recruitment and Succession Policy. The policy was last reviewed by the NRC in early May 2020 and the revised policy, which was adopted by the Board the same month, supports open and transparent recruitment processes. Selection and appointment is undertaken objectively, based on core skills and competencies, qualification and attributes required. The NRC also considers inclusion of members from diverse backgrounds as well as the balance of skills, experience and knowledge.

The National Housing Federation 2020 Code has been adopted by Peabody and the compliance plan will outline how we will be able to demonstrate Peabody's commitment to Equality, Diversity and Inclusion (see Group Annual Report 2021) – our objective is that: 'Our Board and senior leadership team will be more diverse.' NRC provides oversight of the composition of key decision-making bodies in the Group and assists the Board in making sure that boards and committees remain fit for purpose and are subject to continuous evaluation and review.

## **C38: For how many years has the housing provider's current external audit partner been responsible for auditing the accounts?**

KPMG LLP was appointed as our external audit partner over six years ago in January 2015. The current external audit partner has been responsible for audits for the last six audits. Harry Mears, KPMG Partner, took over responsibility from Chris Wilson following the completion of the external audit of the Financial Statements for the year ended 31 March 2016.

## **C39: When was the last independently-run, board-effectiveness review?**

Independent reviews were conducted in 2019 and 2020. The Board, supported by the Nominations and Remuneration Committee, regularly reviews Board and Board committee composition. They also carry out an annual self-assessment of performance and are independently evaluated in terms of Board effectiveness approximately every three years.

# BOARD AND TRUSTEES

An external evaluation of the Board's effectiveness was undertaken in 2019 by Elaine Sullivan of Manchester Square Partners which is an independent consultancy. Self-assessment evaluations of the effectiveness of the Board, Group committees and principal subsidiary boards were completed in both May 2020 and March 2021. The last review included a separate specific self-assessment of the Board and Committee member skills.

In late 2020 an independent review of Peabody's governance arrangements and associated control framework was undertaken by Mazars LLP. It considered high level elements of governance and compliance culture together with Board and Committee arrangements. Mazars rated Peabody as 'sector leading' for:

- governance framework
- roles, responsibilities and terms of reference
- succession planning
- managing conflicts of interests
- decision making and
- record management

Mazars rated Peabody the next highest grade ('effective') for the areas of skills and competencies, and information provision. Mazars noted that it had reviewed instances of more in-depth Board skills and competency assessments within peer organisations. Their evaluation, which included examples of peer comparison, was considered by the Nominations and Remuneration Committee.

## C40: Are the roles of the chair of the board and CEO held by two different people?

The Chair of the Board is Lord Robert Kerslake who works closely with our CEO Brendan Sarsfield who is due to step down in September 2021. Ian McDermott will join as interim CEO on 1 October 2021.

## C41: How does the housing provider handle conflicts of interest at the board?

Each Board and Committee meeting is opened with a 'declarations of interest' item. Any members with relevant interests are excused from the meeting for the duration of the discussion of that item. The Board maintains the highest standard of probity and conduct and these are reflected and reinforced in our:

- Code of Conduct (applicable to all employees and board members);
- agreements of services or appointment letters signed by the members of the Board and members of subsidiary Boards;
- annual report to the Board on Director's declared interests;
- annual review of Board Declarations of Interest;
- register of Board Members' declared interests and
- arrangements with involved residents.

Where there is an actual or potential conflict of interest, the conflict is declared and arrangements are put in place for the individual not to receive the report(s) or subsequent minutes for the item in question. They also do not participate in the quorum for that part of the meeting and are asked to leave the meeting when relevant discussion takes place.

## Spotlight on Resident Committee Member: Gossica Anichebe

Gossica has been a Peabody resident living in Hackney for over 20 years. She worked at Marks and Spencer in a senior management role focused on customer services for over 18 years so brings with her in-depth knowledge of customer service and improving customer experience. Gossica's lived experiences as a resident and her professional experiences in customer service makes her a valuable addition to our Customer Services Committee. Gossica currently works as a Policy and Programme Manager at Hackney Council.



# STAFF WELLBEING

## C42: Does the housing provider pay the Real Living Wage?

All of our employees are paid at least the Real Living Wage or London Living Wage which is the equivalent for London to reflect the higher costs of living in the capital. As an employer, we value the hard work and dedication of our care and support teams which is why in 2018, we made the important decision to pay all of our care and support employees at least the real Living Wage.

## C43: What is the gender pay gap?

In 2020, we commissioned a specialist HR and reward consultancy to undertake an assessment of our employee demographics and contractual basic pay by gender, ethnicity, disability and age. Through this detailed analysis we found our mean gender pay gap to be 15.2% with a median of 9.6%. These pay gaps reflect the lower paid workforce in our care and support part of the organisation. Our care and support employees are predominantly female which significantly contributes to our gender pay gap.

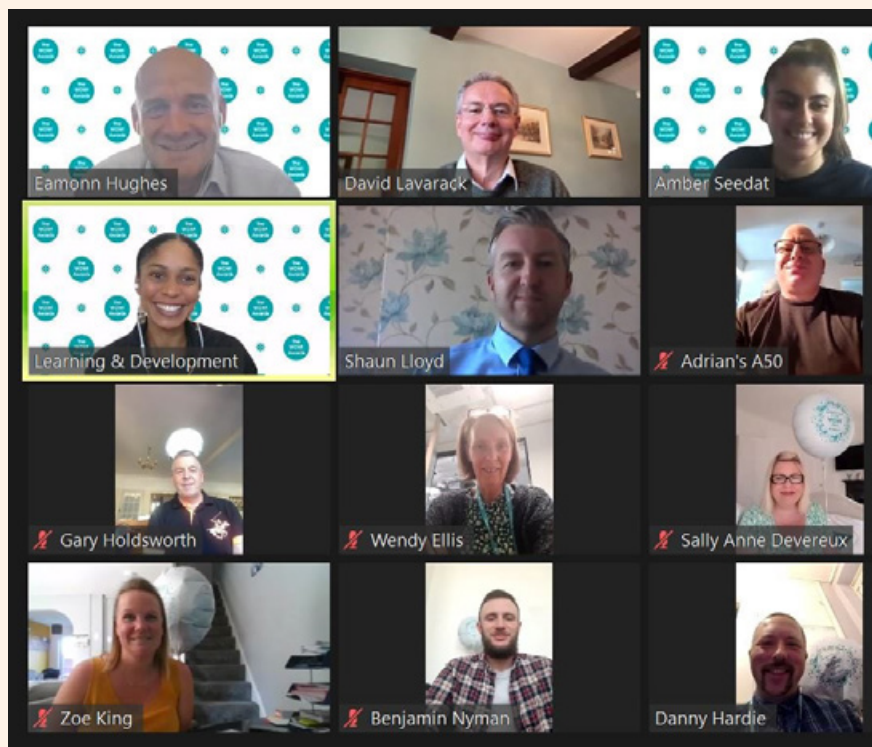
## C44: What is the CEO-worker pay ratio?

Our CEO-worker pay ratio is 8:1. Across the FTSE 350, it is 53:1.

For context, Peabody employs over 3,000 full time employees and provides services to over 155,000 residents in over 67,000 homes. In terms of the scale of our business and the number of employees, we are comparable to a large 350 FTSE company. Our total Group turnover in 20/21 was £630 million.

## C45: How does the housing provider support the physical and mental health of their staff?

We support the physical and mental health of our employees in a multitude of ways. Since the start of the Covid-19 pandemic, we have reacted quickly to ensure that our teams were working safely and had the right tools and technology to work as flexibly as they needed to. We have offered



## Our employees WOW! with their customer service

Peabody employees do amazing things every day to provide great customer service, whether it's for customers or colleagues. Great customer experience is central to the way we do things which is why we encourage all our team members to demonstrate our values - ambitious, caring, collaborative, empowering and trusted - in all their work. Peabody is a member of the WOW! Awards, the UK's only national awards that recognise excellent customer service based purely on customer and colleague nominations. The programme is unique as only customers, whether internal or external, can nominate an employee for an award.

Since joining the WOW! Awards in 2011, Peabody employees across the organisation have received nearly 8000

nominations. Amongst our customer service teams alone, there have been over 1600 nominations by customers and colleagues. Every quarter, an independent WOW! Award panel review nominations to select their Gold Star winners. These employees are recognised for their outstanding customer service. Since the start of the Covid-19 pandemic, we have hosted online ceremonies for colleagues who have won Gold Star awards to recognise their great work.

WOW! Awards also holds an annual ceremony to recognise the 'best of the best' and since 2011 we have received eight national awards which are the highest accolades awarded by WOW. These are selected by an independent judging panel from all nominations received in a particular year.

# STAFF WELLBEING

smartphones and/or tablets or laptops to all employees which has been crucial to enabling our teams to work safely and comfortably wherever they are.

We recognised that some of our employees may have challenging home and personal situations with many employees juggling work and childcare. To better support them, we:

- increased our dependants' leave to help parents who have had to home school
- encouraged flexible working hours and for those employees who were unable to work and
- for employees who were furloughed we topped up their salaries to 100% as we wanted to make sure that no one was out of pocket through no fault of their own.

We have prioritised positive mental health by offering a range of resources to support wellbeing. Our approach has been to do everything we can to support our teams including to:

- Create an online wellbeing hub with a range of resources and links to internal and external wellbeing focused services.
- Provide free membership to two wellbeing apps: Headspace and Unmind. Headspace provided employees with guided meditations while Unmind is a workplace mental health app that enables employees to proactively measure, understand and improve their mental wellbeing.
- Check in with every employee to see how they were coping and made sure that alternative arrangements were made for any colleagues who were struggling.

Recognition was also key, particularly for our frontline workers in care, communities and housing who were working in extremely difficult circumstances. We recognised this with a thank you reward and regularly shared the stories of the tremendous work being delivered by these teams across the organisation and externally. In December 2020 we held a month of festive fun for employees as a thank you, celebrating their work from over the year and helping them to win prizes.

In 2020 we held a wellbeing survey to check how everyone was doing and see what other support we could offer. The results were positive:

- 88% were proud of the work Peabody was doing to support residents throughout the pandemic and
- 86% felt supported by their colleagues.

In mid-2021 we completed an organisation-wide staff survey which also found positive results in relation to staff wellbeing. Over 82% of staff said that they knew about the wellbeing information available to them – this is 8 percentage points higher than the UK average as measured by employee engagement experts, Culture Amp, which conducted our staff survey.

## C46: Average number of sick days taken per employee

In 2020/21, our employees took on average 9.47 sick days which included absence from work due to Covid-19. In 2019/20, the average was 5.79. Our analysis show that the significant increase was due to additional sick days taken for Covid-19 related reasons.

# SUPPLY CHAIN

## C47: How is Social Value creation considered when procuring goods and services?

In early 2021, we changed our approach to Social Value to maximise the social, economic and environmental value we could create across all of our procurement activities. We have developed and implemented a new Social Value Policy and Procedure to ensure consistent application of our new approach. In line with this new policy, our standard contractual tenders for good and services now include a social value question which accounts for 20% of the total tender score. This means that we now measure social value alongside quality and cost.

This new approach ensures that all companies and organisations bidding for our contracts have to give social value serious consideration when putting tenders together. It means that we are doing business with companies who share our values and want to help grow our positive impact while also maximising value for money. Our new policy enables us to work even more closely with our partners and supply chain to create positive benefits for our residents and communities.



## Partnership with Durkan

Our partnership with Durkan in South Thamesmead has generated additional social value and benefits for local residents.

- **Employment, skills and training**  
Providing materials (including PPE) and equipment for training programmes and supporting long-term jobseekers into work on Durkan sites. The project has outperformed requirements in recruiting 12 apprentices and created a further 9 opportunities in collaboration with environmental charity, Groundwork.
- **Enterprise**  
Facilitating procurement opportunities for local businesses. Durkan have presented regularly at Peabody's Thamesmead Business Forums and subsequently commissioned local social enterprises to work on their sites.
- **Education and promoting careers in construction**  
Facilitated site visits for local young people, held career engagement events, and donated forty laptops to local charities and training providers in Thamesmead.
- **Supporting the local community**  
Created a partnership with a local primary school, creating an allotment, log cabin and patio as well as providing books for a new school library. Took part in Peabody fund-raising activity to buy 196 food hampers and 175 toy hampers last Christmas.

# SUPPLY CHAIN

## C48: How is Environmental impact considered when procuring goods and services?

We are conscious of the impact our procurement choices make on people, our organisations and the wider environment. By developing sustainable procurement processes, we will be able to meet our needs for goods, services, works and utilities in a way that achieves value for money, generating benefits not only to Peabody but also to society and the economy, whilst minimising damage to the environment.

Our 'Principles of Sustainable Procurement' statement will ensure that all new contracts have Peabody's sustainable requirements included in the specification and that they monitor their carbon usage. Any of our refurbishment or construction contractors will have to monitor their waste recycling and consider sustainability of refurbishment materials. Within our offices, we will ensure that 60% of our office supplies are sustainably sourced by the end of 2024. We will procure our energy from sustainable sources as far as possible.



## Partnership with VINCI Facilities

In 2013 VINCI was awarded a 10-year contract to work with Peabody and delivering on social value has been central to our work together since the very beginning. Every year, VINCI makes both financial and in-kind contributions that are a percentage of the contract value to support many of the initiatives led by the Peabody Community Foundation, including:

- Reading from the Start, a programme encouraging parents with children under 5 to make reading part of their everyday lives and, in turn, positively impact educational outcomes. Each month children receive a free book and families are able to join reading corner sessions. Now in its 8th year, the programme has seen over 18,500 books sent to families.
- The Ready for School programme which aims to improve school readiness of children from low-income families ensuring they do not start school behind their peers. Based around the community at Peabody's Chingford Hall Estate, Peabody and VINCI are working in partnership with the local primary school, a local children's charity and Waltham Forest council to offer tailored support to local families.
- Positive Steps Thamesmead, a social prescribing programme which removes the need for people to navigate their way around services by adopting a single point of access. Volunteers make referrals into a broad range of community sector advice providers and since launch the programme has supported 3,438 people with 5,206 referrals to partner organisations providing essential advice around immigration, debt, housing, domestic violence and emergency support issues.
- Making a financial contribution to our Small Grants Fund, helping local grassroots organisations to build capacity.
- Supporting the Mason Mile Programme in Thamesmead and encouraging people to get active in their local community.



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Peabody Trust is a charitable community benefit society registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (number 7741) and with the Regulator of Social Housing (number 4878).

