

Strategic Plan 2010-15



Our 5 aims and what we'll do to achieve them



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Foreword from the Chair



Strategic plans are a statement of intent, setting out vision and direction. They almost always are subject to change during their life. This strategic plan absolutely sets out where we want East Thames Group to be in five years time but is written at a time of huge external uncertainty and significant planned internal change.



Our intent is to continue to focus on our customers and the standard of service we provide to them. Alongside this we intend to remain an independent organisation focussed on east London and Essex, tackling housing and other social issues in areas of high levels of poverty, huge diversity and with a growing population. The area also has significant possibilities offered by being part of a growing city, with large areas of land available for development and with a vibrant and youthful population and with the focus in 2012 provided by the Olympics which is on our doorstep in Stratford.

We see East Thames as an important piece of social capital in these circumstances, a natural partner, a catalyst for change and for unleashing opportunities. In other words the embodiment of our mission statement – to make a positive and lasting contribution to the neighbourhoods in which we work.

However, we are clear that the next five years are not going to be easy and we are already well progressed with a programme of change which is focussed on improving customer services and performance and which will ensure we offer excellent value for money, balancing quality and cost in the decisions we make. We know that achieving these changes is dependent on the skills and dedication of our staff and we remain committed to being an employer of choice.

Our expectation is that over the next five years the change programme will be particularly concerned with our internal services, our finances and will question the way we do things at East Thames - always with the aim of improving our services to current and future residents, local people and partners from the public, private and not for profit sectors.

You will notice that we have two chairs signing of the plan – Bob Chilton standing down having been chair for six years and Tina Tietjan took up the position of the next chair in September 2010. We both felt it was important to demonstrate that this change is being well managed and that this strategic plan is a vision shared by both the outgoing and incoming Chairs.

Bob Chilton
Chair, East Thames Group
(Retiring September 2010)

Tina Tietjan
Chair, East Thames Group
(Appointed September 2010)





Introduction

Our mission is *'to make a positive and lasting contribution to the neighbourhoods in which we work'*. This once again underpins our aspirations for this Strategic Plan and delivering the aims set out in this document will form the basis on which we will measure our success for this five-year period.

It is a challenging time to develop a strategic plan. The impact of the credit crunch and recession creates a level of uncertainty for our residents, other customers and for ourselves as we look into the future. The election of a new government in May 2010 adds to this uncertainty as they settle in and tackle the current economic situation and start to implement their agenda on social policy. We intend to use these challenges to drive us to improve the way we run our business and make the most of the opportunities that come out of the Olympics being held in Stratford and the regeneration and development of large parts of east London and Essex.

However, there are areas of certainty looking into the future. For instance, we are very clear that there will be significant decreases in public investment over the period of the plan. Alongside this the impacts of recession on employment and on the housing market will make our work at East Thames Group even more important in the next five years. The Group is not immune to the external environment and we will need to carefully balance our commitment to improving our services for all our customers, providing high quality homes and a range of programmes to help improve people's life chances, with our intention to remain a viable social business long term.

A range of other external factors will also impact on the group over the next five years. These include the Mayor of London's new housing strategy; the new co-regulatory framework, changes to the benefits system, particularly for people with disabilities; the introduction of personalisation for those people with support needs; advances in technology, specifically in the area of assisted living; and a continuation of an uncertain housing market.

Our mission is to make a positive and lasting contribution to the neighbourhoods in which we work.

While this creates a difficult environment for the Group there are other real opportunities over this period. Firstly, we think that the area will gain hugely from the Olympics. It will help change the perception of east London and especially Stratford; it will provide new homes for local people, initially at the Athletes Village and then over many years as the development of the Olympic Park takes place post Olympics, alongside many other developments down the lower Lea valley. Secondly, we know that the area in which we operate will continue to be a focus for growth, with major opportunities from the Royal Docks and out along the north bank of the Thames Gateway, and through regeneration and brownfield development in the east London boroughs and along the M11 corridor. As a result of these opportunities for housing development we expect to see continuing investment in our area of operation, even in the context of reductions nationally in public funding for new affordable homes.

The development of the Olympic Park has already provided employment opportunities for local people including people who have gone through our employment and training programmes. The creation of the new shopping centre and the development of the Olympic Park post Olympics and other regeneration schemes in the area will continue to provide employment opportunities in construction but also new jobs as a range of commercial floor-space is developed.

We also believe that the new government will continue to focus on issues relating to poverty and on those people with care and support needs and those individuals looking for the opportunity to return to work. We have a track record over many years of innovation in these areas and we would expect to continue to provide a range of services beyond housing management albeit that the services and funding streams might be different. In addition we will place considerable emphasis on the need for these activities to contribute positively to the finances of the Group.

OUR FOCUS

In this context, the focus of this plan is on:

- How we put customers, particularly our current and future residents, at the heart of our work enabling them to drive both the type and quality of services that we deliver. Understanding our customers and how they differ within and across the boroughs in which we work will be critical to our success in the next five years. It will help us plan and deliver our services based on local needs and predicted changes in the demographics of different neighbourhoods. To meet our commitment to delivering good quality services to diverse communities we will ensure that how we measure success includes measures that support our Single Equality Scheme.
- Delivering our aims and outcomes through committed and motivated staff who share our passions and beliefs about the work that we do. Over the lifetime of the plan we must ensure we have the right people, with the right skills and create an environment in which we get the best performance from our people. The development of a Human Resource strategy will be a critical part of delivering our plan.
- Making sure that East Thames is an effective organisation which is financially sound, offers good value for money and which has a long term future. This will involve focussing on making the organisation fit for purpose and financially stable.





OUR AIMS

We have five aims for the five-year period of this plan. They state that by 2015 we will have:

1. Worked with our residents to establish and then to meet agreed standards on housing service delivery and as a result will have improved the services we provide to them.
2. Ensured that we remain an independent organisation valued by our stakeholders and focussing our activities on making a real difference in east London and Essex.
3. Delivered a range of services to our residents and other local people which improve their life chances by providing care and support and by accessing training, employment and a range of community development opportunities.
4. Contributed to the physical regeneration of the areas in which we work and will have provided well designed and cost effective new homes to local people on low and modest incomes.
5. Contributed to the creation of a new and successful community at the Athletes Village and helped to ensure that the 2012 Olympics and its legacy has provided real benefits to local people.

Within this plan we have set out why we believe each aim is critical to the success of the Group and our work. Each one is supported by information about the environment in which we operate, the specific challenges this creates and how we have responded to these. The outcomes which will demonstrate whether we have been successful in the delivery of this plan are also listed for each aim.

At the end of this plan is our five-year financial projection which sets out the financial assumptions we have agreed in producing this plan.

About East Thames

OUR MISSION AND VALUES

Our mission is to make a positive and lasting contribution to the neighbourhoods in which we work.

Having a safe and decent place to live is important for everyone. We are driven by the desire to create better homes, better neighbourhoods and more opportunities for people in east London and Essex.

We have **four core values** which drive everything we do.

1. We will be customer focused
2. We will be ambitious
3. We will be professional
4. We will be leaders

OUR PEOPLE

We are a large employer in east London and Essex with about 800 staff employed by the Group. We are committed to recruiting and retaining people with the right skills, experience and attitude to drive the organisation forward. In return we take pride in offering training and development opportunities for our staff, as well as a rewarding and encouraging environment to work in.

In 2009 we were recognised by winning the UK National Training Award for Large Employers and the Regional Training Award for Large Employers at the Greater London National Training Awards. These awards were for our 'SPARKLE' and 'Happy Customers' training programme

which encouraged staff to learn and display the ideal qualities for good customer service and taking ownership of problems. 'The Happy Customer' has become part of our vocabulary and has increased customer satisfaction by 'going the extra mile'.

We are also committed to working with our partners and stakeholders to continue improving and delivering services that are most needed by the communities in which we work.

ABOUT THE GROUP

- Founded in 1979 as East London Housing Association
- Started with about 2,000 homes
- Now own more than 13,500 homes
- Continued dedication to providing services in east London and Essex
- A member of the G15 group of London's largest 15 housing associations
- Largest provider of foyer accommodation in the UK
- Pioneered the 'Rent Now, Buy Later' product to help people on to the housing ladder
- Award winning developer, including major national awards for Grand Union Place
- Deliver highly rated care schemes and specialist services including Children's Centres.
- Committed to improving people's life chances through training and employment and community development initiatives








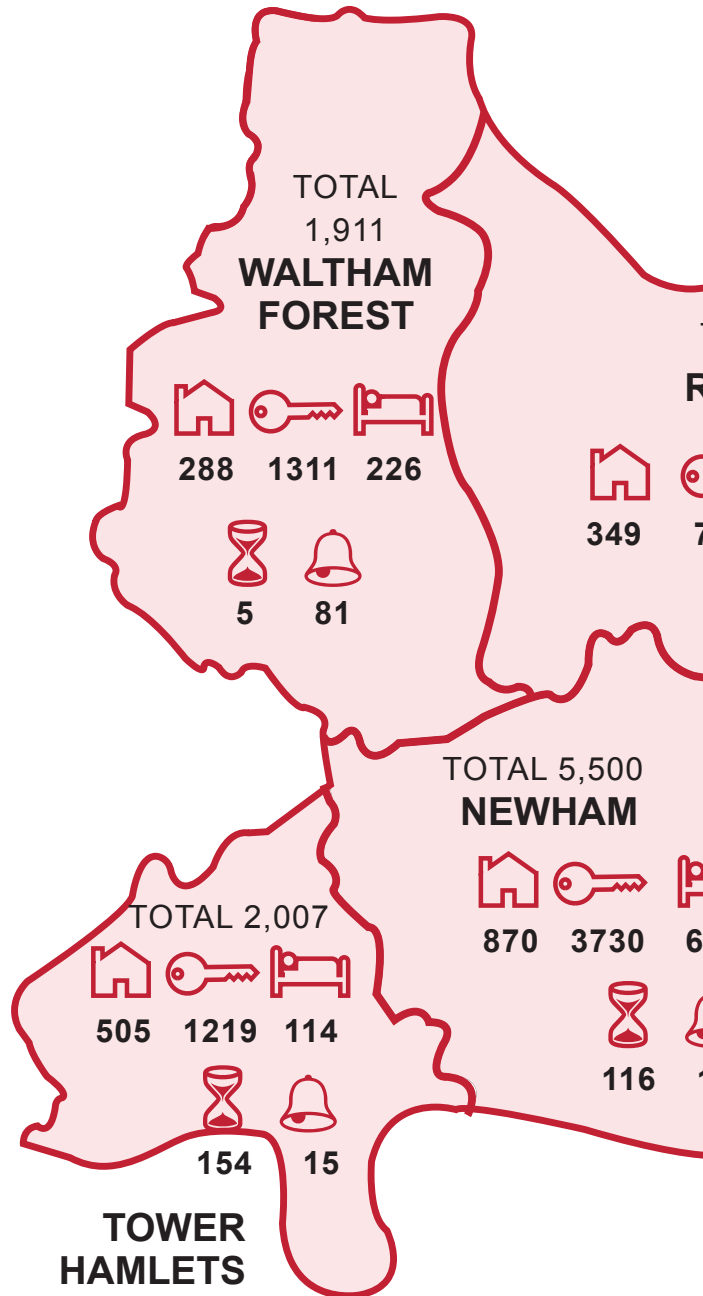


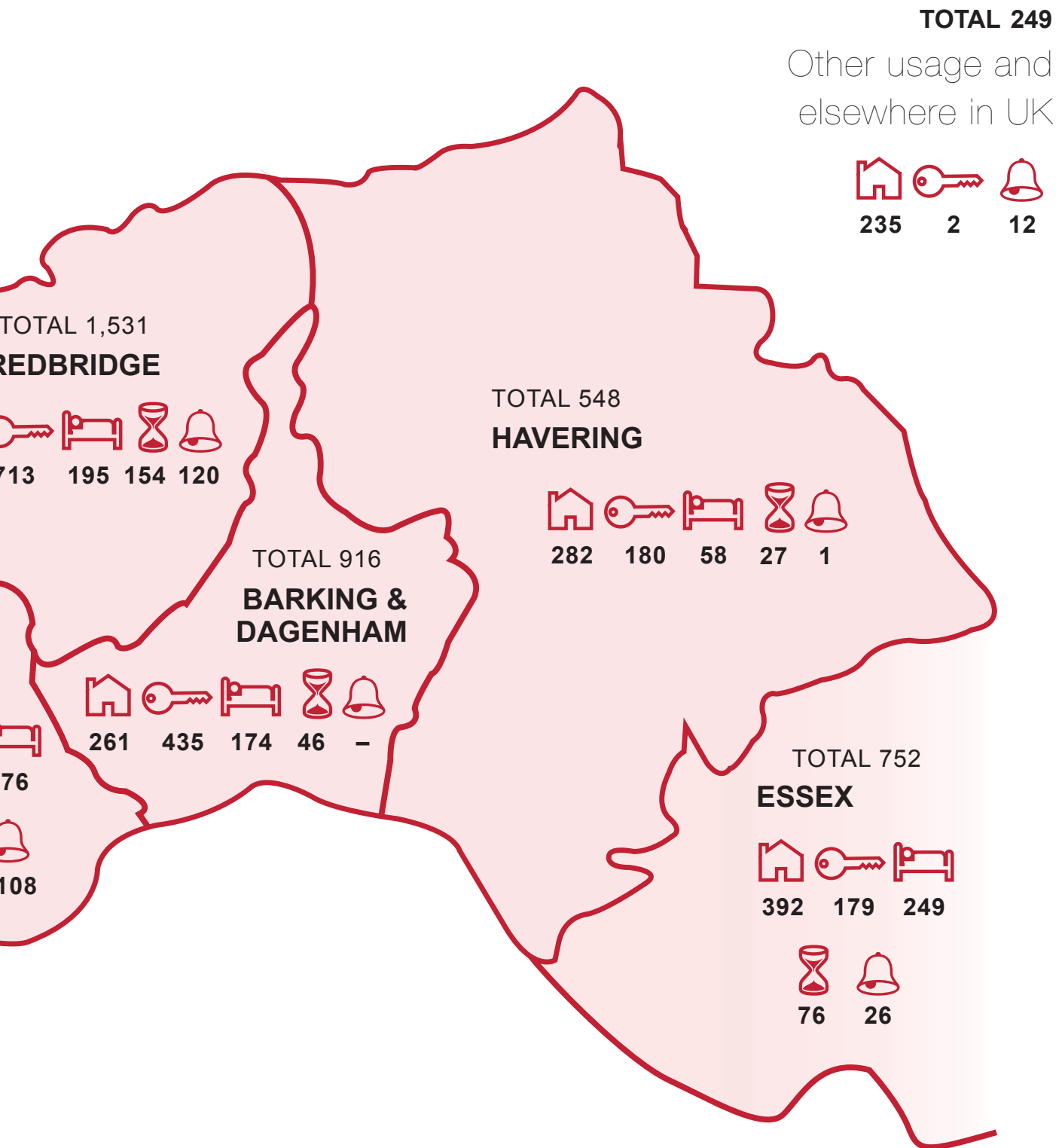
Where we work

Our focus is firmly on east London and Essex, and the map below shows where we work and the housing which we provide.

Stock owned and/or managed, 31 March 2010

	Shared ownership	3,182
	Social rented & key worker	7,769
	Supported housing	1,692
	Rent Now, Buy Later & market rent	578
	Temporary stock	363
	TOTAL	13,584







Our residents and customers

East London has a reputation as an area of lower means relative to the rest of the city, and four of our six operating boroughs register nationally as being highly deprived.

We know that 75% of our residents receive some form of government funded welfare support. Our approach to this is to support people to improve their quality of life through good housing, employment and training programmes and wider social regeneration initiatives.

Understanding our customers and how they differ within and across the boroughs in which we work will be critical to our success in the next five years. It will help us plan and deliver our services based on local needs and predicted changes in the demographics of different neighbourhoods.

We are committed to promoting diversity and equality of opportunity for all staff and residents. To meet this commitment we have a Single Equality Scheme which demonstrates how we will promote equality and eliminate any discrimination based on race, disability and gender.

**National deprivation rank
out of 354 districts**
English Indices of Deprivation 2007

Newham	2nd
Tower Hamlets	3rd
Barking & Dagenham ...	11th
Waltham Forest	15th
Harlow.....	105th
Redbridge	121st
Havering.....	197th
Epping Forest.....	220th

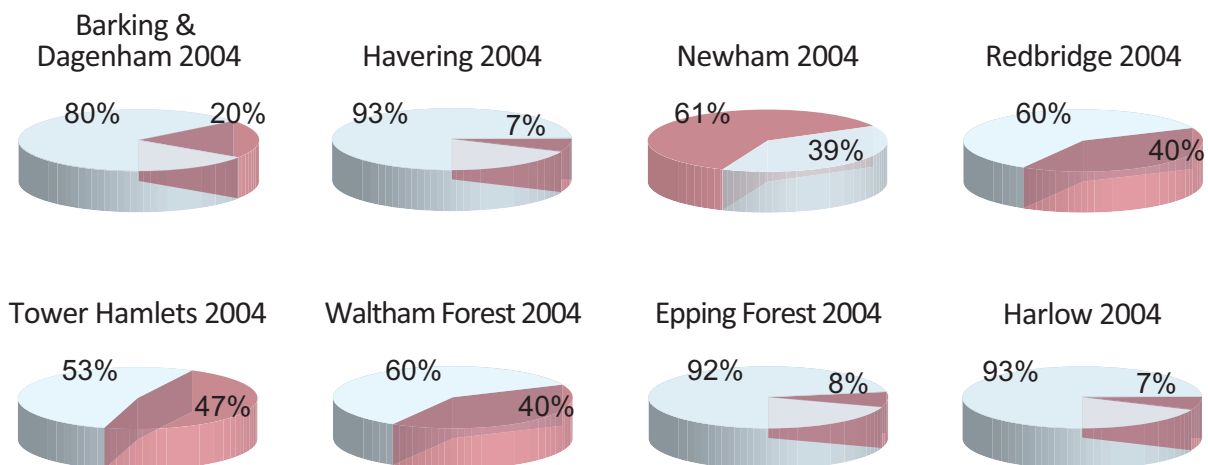
DIVERSITY WHERE WE WORK

The area is also known for its exceptionally diverse communities. In Newham alone more than 100 different languages are spoken.

- The majority of Newham residents (61%) came from non-white backgrounds in 2004
- Nearly 47% of Tower Hamlets residents were from BME backgrounds in 2004, with Asian backgrounds representing 35% of the total population
- At about 5% Essex overall had a much smaller BME population than national levels in 2004, however some areas of Epping Forest and Harlow exceed 13%, indicating concentrated pockets of growing diversity
- The Greater London Authority's ethnicity data is showing a likely increase in BME communities in Newham, Havering, Barking and Dagenham, Redbridge, Tower Hamlets and Waltham Forest by 2016.

ONS ethnicity estimates 2004

White BME





Aim One – Good housing services

By 2015 we will have worked with our residents to establish and then to meet agreed standards on housing service delivery and as a result will have **improved** the **services** we provide to them.

Why this is important to us...

Providing affordable homes and good quality landlord services for our residents in east London and Essex is at the heart of what we do.

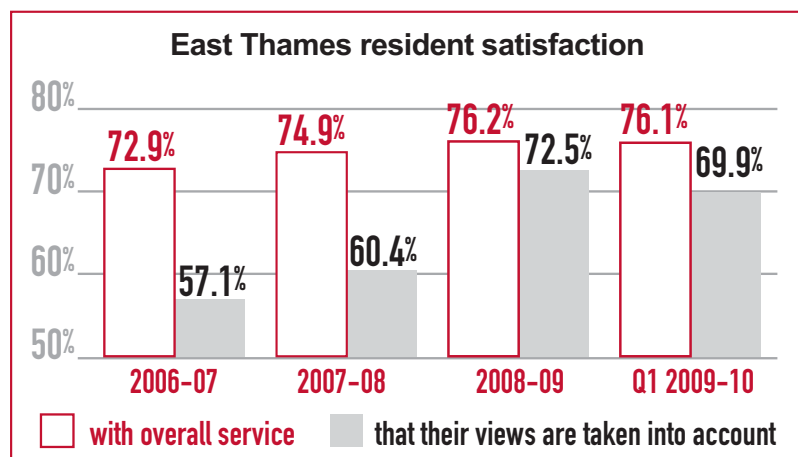
By focusing on the customer experience of what we do we have been able to demonstrate significant improvements in a range of our services. For example, in the past few years we have drastically reduced the re-let time for empty homes and we have improved our customer contact centre which provides a one-stop shop for resident queries and services.

We believe that we have the greatest impact when our existing residents and wherever possible, our future residents, can influence the quality, cost, value and prioritisation of our housing services.

We have enabled our residents over the years to be involved in setting standards in our overall delivery and in local delivery. It is our objective over the course of this plan to improve on our current approach ensuring that a wider cross section of our residents are involved in setting standards and in challenging our performance. We also want to be able to demonstrate how this has helped improve performance and the satisfaction of our residents with our services.

CUSTOMER SATISFACTION

- Overall satisfaction with our service has improved from 72.9% in 2006/07 to 76.1% in 2009/10
- Tenant satisfaction with their views being taken into account has increased from 57.1% to 69.9% in that same timeframe, down slightly from 72.5% in 2008/09.



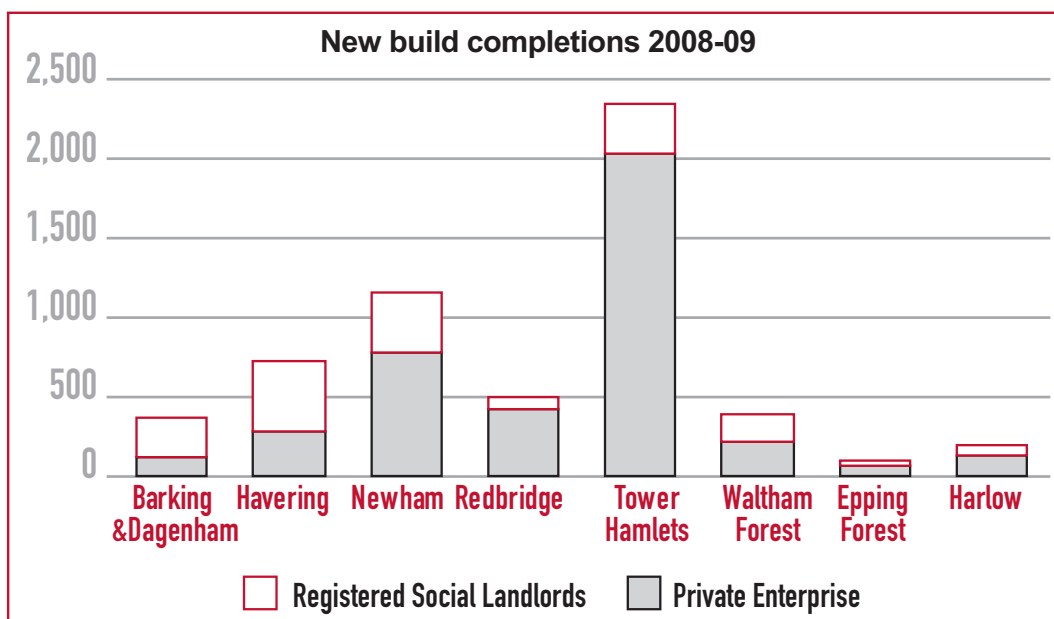
Through our work and by listening to our residents we know what is most important to them – the main three concerns are repairs, overcrowding and anti-social behaviour.

One particular challenge has been providing a good quality reactive repairs service, and meeting the stretching targets we have developed with our residents. We are committed to meeting those targets in the early part of this plan.

We will complete our decent homes programme by the end of 2010 and will continue to invest in our homes through our asset management strategy. This includes making environmental improvements to reduce running costs for our residents and reduce the carbon footprint of our housing stock and where we are able, to access external funding to do this.

The satisfaction of our residents with their home and the services we provide is of fundamental importance to us. While we strive to do as well as we can, we do understand that their satisfaction will also be affected by other factors such as their age and ethnicity, where they live and the deprivation within that area. As we work in areas with high levels of deprivation and diversity and many of our residents are relatively young we know this makes achieving high levels of resident satisfaction difficult.

In this context we will compare ourselves with similar landlords while taking account of good practice from all social landlords and by other service providers.





What we will do to achieve this aim...

If we are successful, by 2015 we will have:

1. Established a set of housing management standards with our residents which take account of the standards set nationally by the Tenant Services Authority (TSA) and specific local offers.
2. Provided residents with timely and meaningful information on our performance against our standards in a way that is accessible, informative and transparent.
3. Improved our performance as a result of being held to account by our residents.
4. Improved the overall satisfaction of our residents with our services.
5. Delivered services which compare favourably with the services of landlords who deliver in similar socio-economic environments.
6. Met the targets we set for improving our homes, including their environmental performance, ensuring that they meet either the Decent Homes standard or a higher standard where this reflects the standard at first letting.



EMPOWERING AND INVOLVING RESIDENTS

Resident involvement is important to us at East Thames because we want to make sure residents have a say and help shape the way we work and the services provided. Some of the ways residents have had an impact in the past include:

- Residents have helped shape our policies, including the anti social behaviour policy and our new approach to and definitions of vulnerability following consultation with them.
- Residents helped select our maintenance partner, Axis, and set the service standards and targets for the service delivery. Residents continue to be involved in monitoring the delivery of the service and deciding areas of service which need improvement.
- Residents were involved in the 2008/09 Neighbourhood Management restructure which led to the recruitment of more neighbourhood managers. Residents were part of the interview panel.
- We want residents to be empowered through taking more responsibility especially around repairs and maintenance and improving their understanding of how money is spent.





Aim Two – A strong business

By 2015 we will have ensured that we remain an **independent** organisation valued by our stake-holders and focusing our activities on making a real difference in east London and Essex.

Why this is important to us...

For the past 30 years we have been committed to east London and Essex, growing our housing stock in these areas and broadening and deepening the services we provide to reflect the needs and aspirations of our residents and local authority partners.

We believe that this tight geographic focus is at the heart of our organisation and we are proud of our local expertise, the relationships we have developed with other local partners and the value we have provided by being so focused.

Although this focus has previously restricted our growth and is likely to continue to do so, it is also what makes us unique and has given us the edge when pitching for new projects and developments in east London and Essex.

We are currently a preferred development partner of all our major local authority partners and have been successful in bidding for care and support work and social and economic regeneration contracts in all our key areas. We have achieved this by developing effective partnerships over many years with local statutory providers, other third sector



organisations and the private sector.

However, by maintaining our focus on east London and Essex and by committing to providing a wider range of services than just housing, we do need to work harder to achieve the economies of scale that some larger housing groups have achieved by expanding their housing portfolio across a wider area and reducing their peripheral services.

At the outset of this strategic plan the

economic environment, the expected reductions in public funding and the less than buoyant housing market which has made mortgage availability difficult for shared owners, makes it a challenging time to maintain and improve our financial viability.

To ensure our independence and financial viability we commenced a major change programme in 2007, with an emphasis on value for money. Over the next five years we will build on this work by improving our business efficiency and effectiveness. Specifically, we will set robust targets around

controlling our overheads and will improve the financial performance of our care and support services, foyers and social and economic development programmes. We will continue to look for growth opportunities, but will do so in a measured and careful way.

We have already strengthened our methodology for assessing the viability of new developments, with tougher financial targets alongside improved design and location standards. We will continue to review this part of our business to ensure it has an overall positive financial impact.

What we will do to achieve this aim...

If we are successful, by 2015 we will have:

1. Complied with financial covenants and operated within a comfortable tolerance level to manage financial and reputational risk.
2. Made a surplus without sales income by year five.
3. Improved our operating margins across the business.
4. Ensured that our overhead costs have reduced as a percentage of turnover.
5. Embedded systematic ways of solving problems and improving processes to make governance and the business more efficient and effective.
6. Analysed the cost of our services and reduced the level of internal gap funding where this is required.
7. Maintained our status as preferred partners for our main local authorities and demonstrated that stakeholders continue to value us as partners.





Aim Three – Improving lives

By 2015 we will have delivered a range of services to our residents and other local people which will improve their life chances by providing care and support and by accessing **training, employment** and a range of community development opportunities.

Why this is important to us...

Providing quality affordable housing is a good start, but a decent house alone does not always meet the needs of our existing residents and other local people, or go far enough in helping people to improve their life chances.

We believe we have built a reputation for going beyond the role of a traditional social landlord and have expertise in providing a range of services which promote social cohesion and improve an individual's skills and life. The range of programmes we provide is rooted in the needs of people who live in east London and Essex. The programmes have flexed and developed over time to reflect changes in those needs.

Over the years this has meant developing care and support services focused on the elderly, those with learning difficulties and mental health problems and women seeking refuge from domestic violence. We are particularly strong at helping move people from dependence to independence and this has underpinned programmes providing short term support to people in their own homes and to programmes aimed at helping children and young people move away from offending behaviour.

We now place more emphasis on tackling drug and alcohol misuse when working with people

with mental health issues and are starting to look at how the 'personalisation' agenda will affect the way we construct and provide care and support services in the future.

34% of our current residents have a limiting long-term illness or disability.

We not only provide accommodation suitable for their specific needs, but also think creatively about how we can contribute to a higher quality of life for those residents, such as running a volunteer programme that involves a befriending scheme for residents.

The growing population of young people in east London and Essex has led to us providing children's services through Sure Start programmes and children's centres and regular activities and programmes for parents and children living on our estates.

We are also the largest provider of foyer accommodation in the UK, providing supported housing for 16-24 year olds who receive safe housing and targeted support to help them into work, education or training and to live independently.

Our programmes also cover business support and office facilities for individuals and community groups wishing to start their own businesses and a very broad array of social and economic regeneration services designed to raise aspirations and encourage community spirit.

Although we have attracted significant funding in the past to support these services, we have also used surpluses generated by the Group to provide funding where external grants have not been available. Our aim over the next five years is to continue providing such services but to reduce this internal subsidy to ensure all services offer value for money in terms of cost and quality.

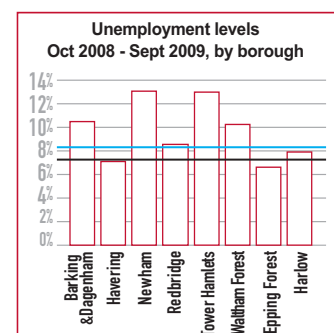
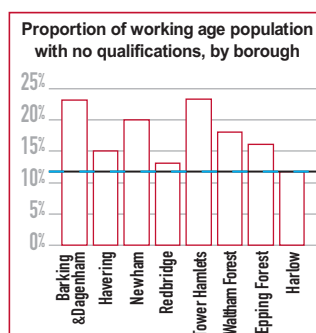


What we will do to achieve this aim...

If we are successful, by 2015 we will have:

1. Established financial and other parameters which will help to assess new business opportunities for care and support and social and economic development to move us to a break even point on these activities.
2. Developed and implemented a model of personalisation which is cost effective and attractive to the client groups which have been targeted.
3. Reviewed our current offer to young people and expanded the use of our foyers to offer both residential services for foyer residents and broader outreach for young people.
4. Extended our services to children where there is demonstrable need and the proposals are financially sound.
5. Continued to ensure our services around

training and employment respond to the needs of our residents and other local people, taking full advantage of the opportunities we can provide as a large local employer and through our supply chain.



Key: **The blue line** represents the London average.

The black line represents the national average.

Source: Office for National Statistics





Aim Four – Quality developments

By 2015 we will have contributed to the physical **regeneration** of the neighbourhoods in which we work and will have provided well designed and cost effective **new homes** to local people on low and modest incomes.

Why this is important to us...

East London and Essex continue to be areas of high housing demand with real affordability issues, with many people priced out of outright home ownership and private rented options. It is also an area where a significant proportion of the housing stock is in poor repair and is seen as undesirable, particularly some of the large local authority estates.

We believe that we have a real role to play in improving the existing housing stock, regenerating neighbourhoods and providing quality new homes that meet the needs of households on low to modest incomes.

We place a huge emphasis on providing homes that will last and which will be valued by their residents. In the past two years we have revised our design guidance, placing increased emphasis on the sustainability of our homes in terms of size, design quality and environmental performance.

Our social cohesion agenda extends to bringing ethnically diverse people together and crossing socio-economic lines as well. As a result, we are fully committed to mixed tenure developments as a means to support cohesion. Our new developments are pepper-potted mixing up different tenures and building all homes to the same standards.

Percentage of households that cannot reasonably afford the average rent of 2-bedroom property in the private rented sector in the borough they live in:

Barking & Dagenham:	55.6%
Havering:	44.7%
Newham:	65.1%
Redbridge:	52.3%
Tower Hamlets:	74.2%
Waltham Forest:	47.5%

Source: Drawn from Hometrack data and CACI's Paycheck Unequalised Income Data 2008

We will continue to develop homes directly and by providing development services to other social landlords and local authorities. We anticipate challenges in the coming years as public investment in new social housing is reduced. We will need to draw on our innovation and our existing good relationships to develop new models and stretch the public resources available.

We will build on our existing partnerships, including with those organisations on our

Specialist Partner Panel, so that the impact that we have on the regeneration of our neighbourhoods and on diverse communities is maximised.

Cost effectiveness is also important to us and we will continue to seek procurement efficiencies and to set financial parameters for our development and regeneration activity which will ensure that it is financially viable.



What we will do to achieve this aim...

If we are successful, by 2015 we will have:

1. Delivered our existing development programme of 3,400 new homes, including 1,379 through Triathlon Homes as part of the Olympic Village. We will continue to expand the programme, taking on new schemes that meet our design, sustainability and quality standards, that are financially viable and included within the business plan that we agree with Boards and our regulator each year.
2. Built 80% of our new government funded homes to at least level 4 of the Code for Sustainable Homes.
3. Completed our programme of refurbishment and building works in Tower Hamlets on the Ocean Estate, refurbishing more than 1200 existing homes and building over 800 new homes.
4. Expanded our development agency services ensuring that they are financially sound.





Aim Five – Olympic opportunities

By 2015 we will have contributed to the creation of a new and successful community at the Athletes Village and helped to ensure that the **2012 Olympics** and its **legacy** has provided real benefits to local people.

Why this is important to us...

The 2012 Olympics offers significant opportunities to reinvigorate the regeneration of east London and particularly the areas around the Olympic site.

As neighbours to the Olympic site we have been active supporters of the Games and its legacy, being involved in the initial bid process and in the subsequent provision of affordable housing on the Athletes Village development.

We believe that our local focus and existing involvement in the area place us as important partners in the continued regeneration of this area both pre and post Olympics.

In mid-2009 we finalised arrangements for a joint venture known as Triathlon, amongst ourselves, First Base and Southern Housing. As part of this joint venture we have purchased more than 1,300 affordable homes on the Athletes Village, which in total will provide more than 2,800 new homes in the area. The homes will be handed over to us to let and sell during the life of this plan, and we will then be the managing landlord for the homes.

As part of Triathlon, we are determined to ensure that the Athletes Village becomes a really successful new community. Our

primary focus will be ensuring the affordable housing is attractive, well maintained and well managed. However, as a major investor in the area we will assert our influence in promoting the success of the entire community, including the private sector housing, and the proposals for future housing on the Olympics site in its Olympic legacy mode.

We are currently in the process of establishing an innovative approach to letting the new homes for affordable rent and for targeting the homes for intermediate rent and low cost home ownership. This places emphasis on creating a balanced community with people moving in having real choice and ensuring that their needs around accessing schooling, support services, health care and employment and training are met.

In addition to the Athletes Village, we are also involved in broader social and economic regeneration activities making sure our residents and other local people have access to the employment training opportunities offered by the large construction programme and the new shopping centre.

What we will do to achieve this aim...

If we are successful, by 2015 we will have:

1. Let all of the new homes at the Athletes Village in line with the agreed lettings plan.
2. Met all of the standards set for the housing management contract on the Athletes Village which East Thames will be delivering.
3. Supported the establishment of the local Community Development Trust on the Athletes Village and assisted its early programmes of work.
4. Maximised opportunities for people going through our training and employment projects to work on the Olympic site and in the services and hospitality industry that will exist post 2012.

Benefits for local people

Employment priority for the games is given to local people, with the five host boroughs offered exclusive job postings for first 48 hours, then extending London wide for an additional 24 hours before being posted nationally through Jobcentre Plus.

750 local people found employment through this route as of January 2010. Women in Construction has helped more than 100 women into a range of jobs on the Olympic Park, provided careers advice to 300 women and entered 80 women into pre-employment training.



The impact of the 2012 Olympics

- **30,000** jobs to be created by the games over the course of construction
- **20%** of current Olympic Park workers live in one of the five host boroughs of Hackney, Newham, Tower Hamlets, Waltham Forest and Greenwich
- **2,500** trainees have passed through the National Skills Academy in Newham
- **£1.5 billion** invested for the Stratford City Shopping Centre—the first major commitment of private sector funding on the back of the 2012 Games
- **15,000** homes set to be created in the area, including 2800 in the Athletes Village
- **10,000** permanent new jobs to be delivered as part of the Olympic legacy
- **270,000** people have registered their interest in volunteering for the 2012 games

Investment

GLA: contributing **£925 million** to the Olympic Delivery Authority to be spent on regeneration, infrastructure and facilities that will benefit the area during and after the games

LDA: contributing **£250 million** towards infrastructure and venues

In addition, **Lottery Funding** will contribute £2.2 billion and **LOCOG** has an Olympic budget of £2 billion derived almost entirely from the private sector





Financial projections



Our financial future

The next five years will be a pivotal period for East Thames and managing our business well and maintaining a strong financial position will be essential. The external landscape is going to be difficult and while we are confident that we will meet the challenges this presents, we do not underestimate the importance of robustly and proactively managing them. Against a backdrop of falling levels of public expenditure will be increasing demand for affordable housing, regeneration and wider support services.

To rise to these challenges we recognise the need to further improve the operating efficiency of the business. Historically, we have benefited from a rising property market which has enabled us to make significant surpluses from the sale of assets. Through these surpluses we have been able to subsidise a wide range of services, some of which would otherwise have made losses.

Over the next five years we will become a business in which core services generate surpluses and non-core services move towards being financially self sustaining. We will achieve this by improving operating margins, through a combination of growth, maximising income streams and reducing overheads. And we will proactively manage our asset base to improve the financial performance of the entire Group.

We are committed to reviewing the way we deliver our services over the next five years and this will be achieved through re-engineering our business processes, streamlining our systems and through maximising our investment in technology.

We plan to remain an active developer and welcome the continued support of our existing lenders. We are also actively exploring new funding sources, which we will progress further over the life of the plan, as we increase our private finance requirement. We currently have one of the lowest average cost of debt within the affordable housing sector. The financial plan contains our current committed development activity and demonstrates that we have the financial space - or headroom - to expand development by a further 150 units a year.

The plan demonstrates that we will continue to comply with all of our financial covenants.

Each year we produce a 30-year financial plan, and the first 5 years of this plan which we produced in June 2010, have been extracted and summarised in the tables contained within this section.

The financial forecasting has been built on assumptions, as set out below, which we believe are prudent and reflective of the anticipated operating and economic environment. In order to effectively manage risk throughout the life of the plan we undertake extensive sensitivity analysis to understand the impact on our financial position if assumptions do change. This allows us to take action to mitigate and manage any risks.

Assumptions

	2011/12	2012 +
RPI	2.50%	2.50%
Real rent inflation	0.50%	0.50%
Real supporting people inflation	0%	0%
Real maintenance inflation	0%	0%
Real salary inflation	1.00%	0%
Real operating cost inflation	0%	0%
Variable cost of new borrowing	4.50%	6.00%





Income and expenditure summary

£000's	Budget 2010/11	Forecast 2011/12	Forecast 2012/13	Forecast 2013/14	Forecast 2014/15
Social housing lettings income					
Rent receivable	57,314	58,761	64,812	71,858	76,103
Charges for supporting services	2,373	2,433	2,494	2,556	2,620
Service charges receivable	5,787	5,863	5,943	6,026	6,112
Rent losses from voids	(1,414)	(1,268)	(1,478)	(1,707)	(1,799)
Total social housing lettings income	64,060	65,789	71,771	78,733	83,036
Other income					
Supporting people contract income	17,086	17,513	17,951	18,400	18,860
Other social housing income	5,720	5,774	5,865	5,959	6,055
Total income	86,866	89,076	95,587	103,092	107,951
Costs					
Management	24,551	24,399	23,214	22,139	21,530
Service costs	5,673	5,827	6,205	6,541	6,744
Support costs	8,424	8,754	8,972	9,195	9,424
Routine maintenance	6,894	7,022	7,452	8,027	8,596
Planned maintenance	3,211	3,291	3,373	3,458	3,544
Major repairs expenditure	1,889	3,335	3,092	2,933	3,054
Depreciation	1,807	2,220	2,782	3,298	3,524
Other costs	17,542	15,413	16,028	17,050	18,144
Total costs	69,991	70,261	71,118	72,641	74,560
Operating Surplus	16,875	18,815	24,469	30,451	33,391
Non social housing income	1,854	1,682	2,709	3,306	2,882
Surplus on property sales	4,267	4,003	4,195	3,185	3,313
Surplus before Interest	22,996	24,500	31,373	36,942	39,586
Net interest payable	(20,024)	(20,012)	(23,243)	(27,191)	(28,638)
Net surplus	2,972	4,488	8,130	9,751	10,948

Balance sheet

£000's	Budget 2010/11	Forecast 2011/12	Forecast 2012/13	Forecast 2013/14	Forecast 2014/15
Housing Assets					
Housing Properties at cost	891,773	1,009,232	1,099,266	1,145,375	1,155,040
Social Housing Grants	(113,245)	(139,732)	(186,779)	(217,172)	(237,264)
Other Capital Grants	(14,255)	(14,255)	(14,255)	(14,255)	(14,255)
Depreciation	(3,168)	(3,580)	(4,555)	(6,044)	(7,758)
Net Book Value of Housing Properties	761,105	851,665	893,677	907,904	895,763
Other Fixed Assets	56,810	55,269	54,258	53,211	52,173
Homebuy Loan	23,754	23,283	22,822	22,369	21,926
Homebuy Grant	(23,754)	(23,283)	(22,822)	(22,369)	(21,926)
Total Fixed Assets	817,915	906,934	947,935	961,115	947,936
Current Assets	25,806	28,797	28,156	26,296	27,290
Current Liabilities	18,769	18,769	18,769	18,769	18,769
Net Current Assets	7,037	10,028	9,387	7,527	8,521
Total Assets Less Current Liabilities	824,952	916,962	957,322	968,642	956,457
Loan Balance	465,933	562,998	607,770	621,978	604,791
Other Long Term Creditors	31,058	30,114	29,096	27,846	26,926
Net Assets	327,961	323,850	320,456	318,818	324,740
Share Capital and Reserves					
Revaluation Reserve	255,827	246,166	233,580	221,129	215,042
Restricted Reserves	761	761	761	761	761
Retained Surplus	71,373	76,923	86,115	96,928	108,937
	327,961	323,850	320,456	318,818	324,740





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