The opportunities and challenges facing the UK’s housing sector have never been greater. The EU referendum, increasing demographic pressure on housing and social care, deregulation, the impact of welfare reform and the rent reduction have contributed to a shifting landscape for social landlords. Organisations will need strength and flexibility to thrive in this new environment.

Sanctuary has that strength and flexibility, combined with a bold ambition to make a marked contribution to improving housing nationwide. We recognise that now is a time for action and that the country needs organisations which are going to step up to dramatically increase housing supply while looking at new ways to deliver a range of tenures. This plan sets out how we will do just that.

With over 100,000 homes already in management, we are building over 30,000 new homes by 2027. Two thirds of those will be shared ownership or homes for social rent, with the remaining third being older people’s accommodation, care homes or properties for outright sale.

As well as increasing housing supply, we recognise we have a role to play in addressing the UK’s social care challenge.

With an ageing population, families who may live far from one another, the National Living Wage, an NHS that is struggling to cope and local authority funding cuts, social care is facing a perfect storm. To ride that storm, the country needs fresh thinking about the services we offer. Older people need a choice of high quality accommodation and support options, so that they can consider what’s right for them and when. We are actively looking to expand our housing for older people offering, while ensuring that our business model is sustainable. An example of this is our purchase of 35 care homes and a supported living scheme from Embrace Group in June 2017.

During the life of this business plan, Sanctuary will have its 50th anniversary. Our charitable objectives that mattered so deeply to our founders remain our goal today: to provide housing and care to the most vulnerable in society. What that looks like might have changed but our commitment and shared values persist. Our values of ambition, diversity, integrity, quality and sustainability define what we stand for, guide our decision making and show our customers and stakeholders what’s important to us. We expect to be held accountable to our values, just as we hold ourselves to them.

This business plan sets out how we will ensure we stay true to these values, and how, with our 12,000-strong workforce all pulling in the same direction, we will ensure that Sanctuary achieves its bold ambition.

David Bennett
Group Chief Executive
Our mission
- why we are here

Our mission is to remain a market leader in the provision of high quality housing, nursing and residential care, and community services for people in need. Through careful stewardship of resources, we will maximise the benefits of our ethically-based operations providing good quality and value to our customers and stakeholders.

Our values
- how we do business

At the core of our business are Sanctuary’s values. These set the way we conduct ourselves and how we do business. Our values are: ambition, diversity, integrity, quality and sustainability (see diagram on page 5).

Our operating structure
- what our operations do

Our group structure has five operations beneath the Sanctuary Group umbrella – development, affordable housing, care, supported living, and student and market rented (see page 7).

Our plan
- what we will deliver

- New homes - we intend to develop over 30,000 new homes by 2027
- Cost-effective services
- High quality standards across the Group’s diverse range of activities.
Our mission is to remain a market leader in the provision of high quality housing, nursing and residential care, and community services for people in need. Through careful stewardship of resources, we will maximise the benefits of our ethically-based operations providing good quality and value to our customers and stakeholders.

At the core of our business are Sanctuary’s values. These set the way we conduct ourselves and how we do business.
## Group profile

### Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>2017 £m</th>
<th>2021 Forecast £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing assets</td>
<td>5,038</td>
<td>5,938</td>
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<tr>
<td>Loan capital</td>
<td>2,586</td>
<td>2,950</td>
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<tr>
<td>Grant</td>
<td>1,814</td>
<td>1,990</td>
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<td>Reserves</td>
<td>853</td>
<td>1,350</td>
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### Units

<table>
<thead>
<tr>
<th></th>
<th>2017 Number</th>
<th>2021 Forecast Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable housing</td>
<td>79,012</td>
<td>83,769</td>
</tr>
<tr>
<td>Older persons care</td>
<td>3,555</td>
<td>5,692</td>
</tr>
<tr>
<td>Supported living</td>
<td>4,408</td>
<td>4,408</td>
</tr>
<tr>
<td>Student and market rented</td>
<td>12,506</td>
<td>12,506</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>99,481</strong></td>
<td><strong>106,375</strong></td>
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</table>

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>2017 £m</th>
<th>2021 Forecast £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable housing</td>
<td>415</td>
<td>684</td>
</tr>
<tr>
<td>Older persons care</td>
<td>126</td>
<td>191</td>
</tr>
<tr>
<td>Supported living</td>
<td>74</td>
<td>73</td>
</tr>
<tr>
<td>Student and market rented</td>
<td>57</td>
<td>61</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>672</strong></td>
<td><strong>1,009</strong></td>
</tr>
</tbody>
</table>
Development

We take our role in meeting the UK’s housing shortage seriously and we are building more homes than ever before. Our significant development programme will include homes built by our own in-house construction team. Ultimately, we want to build the majority of our new homes, creating training and employment opportunities for our customers along the way.

Affordable housing

We believe everyone should be able to live in a decent home, where they feel safe and secure. We provide a range of high quality affordable homes and support services across England and Scotland, reflecting the needs and aspirations of our customers and delivering services at a competitive cost. We also provide in-house maintenance and reinvestment services across our portfolio of properties.

Care

We are a leading provider of care options for older people, with around 100 welcoming homes operated by highly trained staff. We are committed to keeping kindness at the heart of our care. We help our residents live dignified and fulfilling lives in places where they can explore their passions, learn new things and build lasting friendships. Our well-equipped care homes provide a range of long and short-term care and support, including residential, nursing, intermediate, respite, end-of-life, and specialist dementia care.

Supported living

We provide a range of housing where specialist, tailored support is offered alongside accommodation. This includes support for people with learning and physical disabilities, young people, homelessness and people with mental health problems. We also provide care in people’s homes in our extra care schemes.

Student and market rented

We provide a range of commercial services. These include working with universities and NHS trusts to provide accommodation and facilities management services for students and key workers, managing a portfolio of direct-let student accommodation, as well as overseeing a diverse portfolio of commercial and market rent properties.

Our operating structure

We have a group structure with five operations beneath the Sanctuary Group umbrella. We have structured our business in this way to ensure the operating efficiency of each operation is clearly visible and transparent to our customers, stakeholders and funders.
To sustain a successful organisation, we will:

- build over 30,000 new homes by 2027. Two thirds of those will be shared ownership or homes for social rent, with the remaining third being older people’s accommodation, care homes or properties for outright sale.
- provide cost-effective services. We provide efficient services with reduced management costs while maintaining or improving customer satisfaction levels.
- achieve high quality standards. We will make sure operations across the Group’s diverse range of activities meet high service standard expectations of customers and regulators.

To 2021

The Group has a well-earned reputation as a financially robust and well governed organisation. As a consequence of our careful financial management, public investment has been protected and we have been able to create capacity to subsidise the delivery of social housing, homes for those aspiring to own and be an important benefactor for the communities we serve.

This plan will reinforce that reputation by utilising our resources to develop new housing for rent and for sale; while:

- maintaining and improving key ratios;
- proactively managing a range of risks from sales risk through to welfare reform; and
- ensuring access to competitively priced credit.

We recognise the need to play our role in delivering homes, alleviating need and creating capacity to invest in our assets, people and communities. Such investment has a multiplier effect beyond that initial investment.

We also recognise the need to sustain the investment in our portfolio of homes. This not only maintains the warm, safe housing for our tenants, but ensures our properties continue to meet or exceed housing standards and safeguards the assets for future use. We also recognise that this form of investment brings other wide reaching benefits such as increased energy efficiency, lower fuel bills for tenants, and improved facilities that allow people to remain in their own homes if and when their circumstances change.

Another key role we have delivered in other ways is the ability to protect public investment. Our stakeholders recognise our ability to take on struggling businesses and assets, and turn them around to provide residents with security and improved services. Capabilities like these represent real value, not just for our customers and regulators, but wider communities and the industry at large.

Our performance

We will measure our performance by:
- financial summary (balance sheet)
- number of homes built
- value for money
- cost per unit as per our housing regulators’ metrics.

Our plan to 2021 in detail

Building new homes
- Building homes for people to own and for those in need.

Providing cost-effective services
- Realising the benefits of our technology investment.
- Embedding improved and more efficient ways of working.

Achieving high quality standards
- Supporting struggling businesses and assets.
- Maintaining and improving our properties.
- Listening to our customers and investing in our communities.
- Upholding uncompromisingly high standards of governance and risk management.
Building homes for people to own and for those in need

Our development programme is focused on enabling people who want to own their own home to meet that aspiration, while providing high quality, affordable rent options for those who can’t, or do not want to, buy.

Sanctuary, as one of the biggest developers of new homes in the sector, has invested around £1 billion in developing properties in the last six years.

We have committed to fulfilling a development programme delivering over 30,000 units by 2027, including 2,700 social housing units which will be built without grant and funded out of surplus. As part of this plan we have:

- bid for and won almost £90 million of funding from the Homes and Communities Agency to build 2,265 affordable homes under the 2016–2021 Affordable Homes Programme, taking the largest share of the £1.3 billion allocation.
- negotiated three joint ventures with one of the UK’s leading house building and construction groups in order to develop over 600 properties at several specific sites, including a significant element of affordable housing.
- purchased the iconic former Victoria Infirmary in Glasgow and are now developing it into 380 high quality new homes for sale.
- rolled out a Mid-Market Rent programme delivering hundreds of units to help people on low and modest incomes to rent a home.

As well as outright sale, our development programme will provide affordable home ownership, through the Help to Buy and shared equity products. Our shared ownership properties will be sold through our new brand Sanctuary Homes, while the prestigious executive homes for outright sale will be sold through the Beech Grove Homes brand. We will implement new websites for each of the development brands, enabling innovative digital marketing.

The Group will continue to find ways to increase the positive impact of new developments on local communities. As part of development’s in-house construction venture, we will provide apprenticeships and training, securing required skills and labour and expanding our development expertise. Our expanded construction function will give Sanctuary the flexibility to deliver new developments allowing build programmes to change in conjunction with market conditions, while enabling more cost-effective construction through the removal of external management costs and profit.

Sanctuary Group prioritises the quality of our homes. Good design and construction practice is embedded in the Group’s standards by the use of bespoke design and construction performance specifications across the Group. Both traditional and modern methods of construction are considered where appropriate.
Providing cost-effective services

Realising the benefits of our technology investment

The Group has a track record of supporting the growth and diversity of its operations with strong investment in technology. The current SAP implementation is our biggest investment to date which, coupled with complementary investment in our award-winning data centre and core Microsoft platform, will create the technology foundation for the next 10 years of Group development.

Our SAP implementation is embodied in our enterprise-wide OneSanctuary programme. Rolled out incrementally since 2015, we are now using SAP for finance, procurement, human resources, customer interaction, housing, maintenance and asset management. Now the objective is to realise the efficiencies through optimisation of the system.

The benefits seen fall into three areas – costs, removing barriers to growth and customer service.

Cost savings will be achieved over a period of time through more efficient and more effective ways of working. Significant efficiencies have already been realised with the creation of a Group shared service centre, and a new tiered operating model for the housing operation.

The barrier to growth that technology could have caused has been removed. The Group had to create a new platform to enable its ambition to grow further and it has done that.

From a customer point of view, Sanctuary is continually analysing the outcomes looking to achieve shorter, more effective contacts that record more information, with clearer follow up action.

We are providing our customers with new channels to interact with the Group, including the use of new self-service and other digital features. Key customer interactions will be made available via a range of media, making Sanctuary more accessible to its customers.

Embedding improved and more efficient ways of working

In 2016/2017, a Group shared service centre was successfully established, providing a single point of contact for the delivery of a range of core business support processes relating to human resources, Group financial services, information systems and Group procurement. Work is ongoing to deliver further efficiencies through redesigning standard transactional processes - delivering streamlined services to the Group, reducing operating costs and providing value for money. An integrated Group shared service centre offers efficient and coordinated services to internal customers; based on actual demand and tailored to business need. Processes will be standardised and simplified, resulting in improved user experience and high quality, measurable outputs.

Rationalisation of the Group structure occurred in 2016. Two of the Group’s Scottish housing subsidiaries have been incorporated into Sanctuary Scotland during the year, forming an integrated Scottish operation. Further to this, two of the Group’s English housing subsidiaries have been incorporated into Sanctuary Housing Association. This will allow the Group to realise operational and commercial benefits, develop new governance arrangements and integrate further with Group operations.

Efficiencies in operational processes and staffing are achieved through enhanced procurement of materials and contractors to ensure we provide even greater value for money and secure added value. Reinvesting our surplus income into services and business growth allows us to maintain high standards, develop our services and invest in people and communities.
Achieving high quality standards

Supporting struggling businesses and assets

Sanctuary has led the sector in supporting and adding value to struggling and successful organisations, having taken 28 into the Group during its lifetime. We will continue to offer such opportunities by:

- retaining and improving the Group’s financial capacity.
- responding to opportunities from associations and care home providers seeking to transfer homes.
- ensuring new acquisitions quickly adopt standardised operating models of service.
- focusing internal investment on protecting and enhancing income streams and other non-financial benefits from existing stock portfolios as set out in our Asset Strategy.
- seeking to find solutions to redevelop existing assets when opportunities present or challenges are identified.
- ensuring operating models are geared efficiently to support the expansion of the Group through its development programme and the acquisition of other landlords.

Maintaining and improving our properties

Providing warm, safe housing for our tenants that meets or exceeds housing standards and safeguards is a fundamental part of the Group’s offering. This requires a sustained investment in our portfolio of homes, safeguarding the assets for future use, protecting future revenue streams and maximising return on investment.

Our maintenance operation aims to successfully deliver to time, cost and quality, a rolling programme of reinvestment across the Group’s affordable housing stock to ensure compliance with the Decent Homes Standard, Scottish Housing Quality Standard and Energy Efficiency Standard for Social Housing in order for stock to remain fit for purpose. This is achieved by reviewing the maintenance approach and asset plans, ensuring the properties the Group owns and maintains are meeting customer requirements and maintained in a good state of repair. Failing to ensure assets are properly maintained will undermine the viability of particular schemes.

A maintenance review programme is being implemented, realising savings and other associated benefits to achieve a ‘smarter maintenance’ service, ensuring greater customer benefits and efficiencies.
State-of-the-art technology has been implemented across Sanctuary Maintenance to support ‘first time fix’ for our customers. A new maintenance system enables us to be more responsive, reducing the cost of maintenance and enabling more to be achieved. Maintenance continues to work with the information systems team to ensure the timely delivery of complementary software to support improvements to operations’ efficiency and service. This will include customer self-service, integrated materials management and electronic support planning. Efficiency programmes including service reviews, optimisation of the OneSanctuary programme and integration of contact centres set out to deliver tangible benefits regarding savings in the underlying cost of operations. This will increase the availability of funds to be released for reinvestment in stock, in turn increasing the quality and condition of the homes for housing tenants.

Four in five repairs are now carried out by the internal maintenance service, lowering reliance on external contractors. The Group will increase and develop the in-house delivery of responsive maintenance services, planned improvements and cyclical maintenance, to both reduce costs and maintain satisfaction as set out in our Maintenance Strategy. Operating reviews will be undertaken, such as on maintenance activity and demand, to ensure that the operational activities continue to reflect value for money in their service delivery, while maintaining customer satisfaction. Further Group operations are now supported by the internal maintenance service, with the student operation now using it. We will continue to reinvest in our student properties as part of our planned programme of capital improvements.

The maintenance operation is focused on efficiency, reducing average repairs cost per property while continuing to offer a highly valued service. Average maintenance cost per property is down due to closer control of costs per job, effective scheduling and increased productivity.

The Group will reduce consumption and achieve green outcomes by establishing protocols and ensuring sustainable and green approaches are applied. We will deliver sustainable solutions for Group stock via our reinvestment programmes to increase energy efficiency.
Upholding uncompromisingly high standards of governance and risk management

Sanctuary is governed by a Group Board overseeing all activities undertaken by the organisation and its subsidiaries. The Group Board’s overall purpose is to lead the organisation within a framework of sound governance, continuous improvement and with prudent and effective control, which enables risks to be properly assessed and managed.

The Group Board is specifically responsible for:

- setting the Group’s mission and priorities.
- setting key objectives for the Group, supported by the strategies and priorities that will enable those objectives to be met.
- reviewing the performance of the Group against its business plan, the performance of its peers and its plans for continuous improvement.
- ensuring that obligations to stakeholders are understood and met.
- supporting the executive directors in the management of the business, while monitoring their conduct and scrutinising their performance in delivering agreed targets and objectives.
- reviewing the Group’s use of public funds and ensuring it maintains sound financial management of these and other resources.
- championing value for money and providing a statement in accordance with the regulatory framework.
- approving the business plan, budget, rent policy and, prior to publication, the final accounts.
- ensuring the Board and its committees have the capacity, commitment and experience to control the Group.

The Group Board comprises:

- up to seven non-executive board members elected by shareholders;
- the Group Chief Executive; and
- up to three co-opted members appointed by the Group Board.

Non-executive board member candidates for election to the Group Board are assessed against agreed criteria and supported for election by a Nominations Committee made up of non-executive members. In giving its views on candidates, the Nominations Committee is mindful of regulatory requirements and the need to ensure that the governing body has a wide range of skills, experience and sufficient diversity to be able to maintain effective control of a multi-activity organisation.

The Group Board delegates responsibility for overseeing audit matters to the Group Audit and Risk Committee, while the Group Housing Committee is responsible for reviewing affordable housing performance indicators and policy for the Group’s activity as a landlord in relation to all social housing, including general needs, supported, retirement and extra care services. The Remuneration Committee meets to determine the remuneration of the executive directors, and the Succession Planning Committee plans for and oversees changes in the senior executives.

The Group Board delegates day-to-day management of activities to the Group Chief Executive, who is responsible for ensuring that the organisation has appropriate arrangements in place to meet the Group’s objectives and targets, and that those arrangements reflect the complex needs of the business, including financial performance, capital investment, compliance, growth and business planning.

To this end the Group has an Executive Committee, chaired by the Group Chief Executive, which considers and approves strategic matters affecting the Group (either implementation of strategy direction by the Board or determination of recommendations to the Board); and a Capital Committee, also chaired by the Group Chief Executive, which is responsible for monitoring performance and approving capital projects in furtherance of the Group Business Plan agreed by the Group Board.

Find out more...
To view further details about our Group Board members, please visit www.sanctuary-group.co.uk.
Consultation and review groups

To help the Group continuously improve and to make communications better within the organisation there are a number of consultation and review groups. The main ones are:

National Staff Council

National Staff Council is our main channel of communication and consultation between staff and management. Through elected representatives we provide a formal yet open structure to facilitate this process for all staff within the organisation.

Scrutiny panels

Resident scrutiny plays an integral role in helping the Group deliver its co-regulatory requirements. Residents monitor the delivery of Group service standards (local offers) and, by scrutinising services, residents play an important role in helping the Group to achieve a high standard of performance.

We provide support and training for residents so that they know how to examine performance information, provide an effective challenge, understand the way we are regulated and financed, and provide a residents’ perspective on services received.

Resident scrutiny is led by the National Resident Scrutiny Panel (NRSP) which focuses on Group-wide services at a strategic level. To make sure we maximise the opportunities for residents to be involved in practical scrutiny activity and deliver the best value for money, Sanctuary has adopted a ‘community of interest’ model, whereby groups of interested residents form on a task and finish basis for specific projects. Examples include scrutiny of procurement tenders, and recent scrutiny work reviewing procedures for dealing with anti-social behaviour. These groups can be commissioned by, and report to, the NRSP. Effective scrutiny is reliant on partnership working, through staff understanding residents’ aspirations and concerns and residents being a ‘critical friend’ to Sanctuary.

Equality and Diversity Working Group

The Equality and Diversity Working Group advocates and promotes diversity issues and related best practice across our organisation. Members of the group raise awareness and monitor activity, highlight issues being discussed and act as conduits for the exchange of views, ideas and best practice.