



Broadening our horizons: corporate strategy

2023 - 2027



Sage Homes: delivering 30,000 homes by 2030



In our 2018 corporate strategy we set out our ambition to deliver 20,000 affordable homes by 2022. We also wanted to nurture partnerships with developers and housebuilders around the country and set an example of how new funding can enter the housing sector.

I'm delighted to say that we've achieved these ambitions and we've now set our new target – delivering 30,000 homes by 2030. This ambitious target will keep us reaching to the future, making a real impact as we continue growing.

Alison Thain,
Chair of Sage Homes



Sage Homes exists to make good homes affordable for people all over England. This simple mission drives every step we take. By providing good quality homes for both Affordable Rent and Shared Ownership customers, we are addressing an urgent need in the housing sector as well as bringing fresh thinking on how to best help those we serve.

Our new values are 'home for everyone', 'powering positive impact' and 'enterprising to grow'. We are passionate about being an innovative presence in the sector, pushing ourselves and our partners to deliver faster and better. Our new target of having 30,000 homes secured by 2024 and fully delivered by 2030 will make sure we stay focused, helping more people to have a safe, comfortable home they can be proud of.

Mark Sater,
CEO of Sage Homes



Our journey so far



Building a strong foundation

As we near our initial target of securing 20,000 homes, so we look to the future.

We are working with 142 local authorities, we have become a strategic investment partner of Homes England and we have forged strong links with other social landlords. These relationships have helped to make Sage Homes the largest provider of new build affordable homes in England and provide the foundations for the company to continue to invest and build to the new target.

We believe that Sage Homes can bring further high numbers of good quality homes to a sector which urgently needs them. We believe that everyone has the right to a safe, comfortable and environmentally sustainable home. Our purpose

outlines our core motivations for working in housing: providing homes, inspiring change, improving lives.

By providing Affordable Rent and Shared Ownership housing, we create stability for our customers so they can focus on their lives, careers and dreams. A stable home is the first step on the path to success, and we never underestimate the importance of our contribution.



Broadening our reach

To reach our new target of 30,000 homes by 2030, we'll need to grow our business through a variety of ways.

We'll continue delivering homes through section 106, working with partners including Housing Associations and local authorities. As challenges may arise in future, we're also looking to create great relationships with developers, including small to medium enterprises (SMEs). By strengthening our partnerships with house-builders, we will increase off-market transactions allowing us to grow our overall portfolio to meet our target.

We're also planning to form partnerships with local authorities and Housing Associations, allowing them to remove risk from their

development pipeline. Where needed, we will take on the responsibility of managing the homes, providing a quality service to our customers and supporting our growth.

The Boards of our three registered providers have recently been strengthened with diversity and expertise, making sure we have solid governance behind our decision-making. These Boards assess risk, value for money and delivery for our customers, ensuring that Sage Homes meets its obligations to the Regulator for Social Housing. Our work will remain financed by shareholder equity, committed facilities and longer-term debt financing.



Making sure we're sustainable

Environmental and social issues are important to us, our communities and our customers. We're committed to an ambitious, long-term plan to make sure we are sustainable in all our policies, processes and practices.

Environmental

Sage Homes already has an energy-efficient homes portfolio, with 97% of our houses and flats having Energy Performance Certificate ratings of A or B. We recognise the urgency of the climate emergency and want to do even more to understand how we can deliver low carbon properties.

We are:

- working with our partners to trial different combinations of low carbon technology including all electric designs and heat pump technology
- promoting Modern Methods of Construction through a fully modular pilot project.
- trialling solar PV roll out to improve EPC ratings.

We'll apply any learning from these trials, upgrading our EPC C-rated properties to A or B and further decarbonising our homes.

Social

Customers are at the heart of our strategy and we want to increase and start to measure the social value we create in our communities.

By making sure our homes have high energy efficiency, this will have a knock-on effect for our customers, providing lower utility bills. As of autumn 2022, customers in EPC rated A or B homes were already saving around £900 a year compared to the national average EPC D property.* Our financial wellbeing team work with customers to support those in hardship and provide advice on managing money.

Heart of Sage has a mission to create opportunities for our customers and communities. It aims to develop the skills and experience of our customers, colleagues and communities. After formalising Heart of Sage as a charitable community benefits society, we'll develop our grant-giving process to work with grassroots charities and community groups to improve the outcomes of those most in need.

Our colleagues are vital to the delivery and operation of our homes and we want our employees to reflect the diversity of our customers. Our employee experience strategy will evolve our approach to wellbeing and diversity, equality and inclusion. Working with our internal employee panels we'll further enhance our colleagues' experience, building a place where everyone feels valued, and can thrive and grow.



**This is based on Ofgem average energy prices for autumn 2022 and annual average energy consumption figures from National Energy Efficiency Data-Framework (NEED).*

Governance

Our Boards and supporting committees provide robust oversight of all our Registered Providers' activities. Our Customer Scrutiny Panel will continue to look in-depth at our services to our customers. Our ESG Steering Group has representatives from across the whole of Sage to ensure that our strategy is delivered across the business.

We already have strong governance processes in place as we're regulated by the Regulator of Social Housing. We're preparing for our in-depth assessments which we expect to take place in 2023 and are hoping for the highest ratings.

As we develop, we want to get open and transparent disclosure from the house builders we work with, and our supply chain, on their environmental and social impacts. This will include those partners we work with on asset management, making sure we are looking at every part of our business.



The road ahead

Delivering 30,000 homes by 2030 is a challenge, and one we are ready to accept. We're confident we can reach it through developing new and growing relationships.

We are clear-sighted with this target and recognising there are three distinct challenges ahead of us.

Challenge one: increased competition is raising prices. Sites valuable for their location are exceeding previous price expectations.

We're confident that this won't prevent us from reaching our target because we've already gone over our initial target of 20,000 homes. There are plenty more homes being secured – the Homes England Strategic Partnership is expected to release a further 1,750 homes.

In addition to this, we continue to be fully supported by investment businesses who understand the potential Sage Homes has for growth in the housing sector and have two financial bonds as of 2022, making sure we have the capital required.

Challenge two: the Government is considering whether to remove the delivery of homes through section 106.

While the removal of our s106 pipeline could threaten our acquisition strategy, we are very unclear on how radical this reform will actually be. The Government has assured us they remain committed to the delivery of on-site affordable housing.

We are also building up great relationships with housebuilders and other partnerships to make sure we have multiple sources of housing to meet the high demand for new homes.

Challenge three: the new Planning Bill may cause disruption and delays to homes delivery.

We are prepared for this potential disruption as it's unlikely to affect planning consents until 2023 at the earliest. This will allow us to keep acquiring section 106 homes for two to three years.

Supporting the future

Our customers are at the heart of what we do. Everything we do is geared towards delivering and maintaining the best homes possible.

To help us achieve this, our five core pillars keep us focused on the customer above all else, as we grow and face challenges. By underpinning our work, these five pillars will help us deliver 30,000 homes by 2030.



1. Customer focused

The customer is the reason we do what we do. Over the next five years we'll support this pillar by building a deeper and more connected relationship with our customers across all the Sage RPs. Through investment in new technology, we will provide our customers with instant access to the information they need, the services they want and the team who can help them. Through extensive customer engagement and research, we have learnt that customers want to use digital channels more and we will soon be launching new customer portals. These portals will provide instant feedback of customer behaviours and needs helping Sage Homes to learn quickly and adapt.

2. Culture and people

To keep the customer at our heart, we need people and a culture who care. Over the next five years we'll support this pillar by helping our colleagues get closer to our customers. We'll continue to promote diversity and inclusion with thoughtful, tailored activities and take every opportunity to drive a strong Sage Homes culture through our business.



3. Strong governance

We are only as good as the way we manage and understand our business. Over the next five years we'll support this pillar by improving our reporting and analytics, enhancing how the three Boards' work impacts on our business. We will continue to work towards our in-depth assessments (IDA) and focus on a G1/V1 target for all of the Sage Homes RPs.



5. Operate well

Making sure our operations are efficient and effective is key to our business running well. Over the next five years we'll support this pillar by building great relationships with housebuilders, increasing our technology use to improve quality and developing the capability of our data analytics. We'll also increase our focus on the quality of homes we buy, making sure they meet our customers' every need. By focusing on a culture of value for money, we'll also improve our services while reducing our costs.



4. Finance, risk and control

We need to manage financial and risk matters carefully in order to carry out our key work. Over the next five years we'll support this pillar by increasing our self-financing as our funding base changes. This will reduce our need for investor support and make us self-reliant. We will also use technological advances to minimise risk and explore new opportunities for financing, reducing our overall costs.





We're going to deliver 30,000 homes by 2030

Our purpose

Providing homes | Inspiring change | Improving lives

Our mission

We make good homes affordable for people all over England

Our values

Home for everyone | Powering positive impact | Enterprising to grow

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