

OUR YEAR IN REVIEW

In a year of political instability, where Brexit has dominated the headlines, housing continued to hold its own at the top of the agenda.

Government changed its tone on social housing, recognising that a quality and affordable home, within a flourishing community, is the foundation for a happy, successful life.

It also pledged more investment and gave the sector certainty over future rents. We were one of the first to join Homes England in a new-look Strategic Partnership. But with an uncertain economic outlook and the charity Crisis estimating that four million new social homes are needed over the next 22 years, there is much to be done.

Against this turbulent backdrop, Sovereign has delivered. A £99m surplus, particularly given the ongoing rent reduction demonstrates our financial strength and we remain a well-run, efficient business; consistently achieving excellent ratings from the Regulator of Social Housing (G1/V1) as well as Standard & Poor's (A+) and Moody's (A2).

We also brought our merger integration work to a close, having joined with Spectrum in late 2016. One rationale for bringing the business together was so we could build more. We invested more than £238m to build 1,543 homes last year, which is nearly 30% more than the year before, with nine out of 10 below market rates.

We continue to deliver sector-leading landlord services. Overall arrears stood at just 2%, with arrears for those not impacted by Universal Credit continuing to fall. For those moving to the new welfare system, teams are providing a focused, tailored service. On lettings, turnaround times across all homes averaged just 14.5 days, nearly half the sector average of 28 days.

A major focus continues to be on our contact services, making it as easy as possible for people to get in touch. We're investing heavily in new IT platforms, both in contact and in housing, which impacted performance in the first half of the year. At year end, the service had recovered to hit all targets, but it remains an area of focus.

We spent £93m maintaining and improving existing homes and our property services, brought in-house under a single Sovereign brand, reported excellent results. We invested £16.5m on kitchens, bathrooms and boilers, and the team completed around 190,000 repairs. Importantly, customer satisfaction with repairs was 92% - but we'll continue to work on getting the job done at the first visit wherever possible.

Given the two-year anniversary of the tragic fire at Grenfell Tower, there continues to be a focus on safety and compliance. All homes had a valid gas safety check and we achieved 100% of our fire risk assessment programme. Challenges remain, but we will continue to focus on making sure our homes are safe places to live.

As we look ahead, to provide guidance and challenge, our innovative approach to resident involvement continues to evolve. We are fortunate to have such talented and committed people, who give their expertise to shape our strategy and policies and their time to scrutinise the quality and performance of the services that matter to them.

We know we need to make more of customer feedback and challenge. That's why we've introduced new measures around effort and trust. Overall, levels remain largely positive, but reflect falling customer satisfaction across all services and sectors. We are committed to listening, investing and adapting in order to deliver a great customer experience.



As I draw to a close, I'd like to thank our residents, the Board and committees, and everyone who works for Sovereign, they are fundamental to our success and make the difference, every day. I'd also like to thank Mark Washer, who has made a huge impact in his first year at Sovereign.

Finally, I must pay my respects to Jenny Mannella, a dedicated and respected member of our Resident and Board Partnership, who sadly passed away this year.

Gordon Holdcroft, Chair

As a leading housing association, Sovereign has strong foundations, robust finances and great people, but it also has significant untapped potential.

With a new five-year strategy, investing more and re-imagining solutions to old problems, we aim to grow sustainably and really maximise the social impact of everything we do. We can provide more homes, better homes, with services for people priced out of the housing market. But we want to go further, so we're putting in place plans that will guide us for the next thirty years.

This means rethinking our core service offer. We'll build a truly customer-focused culture, where our residents are at the heart of our services and every decision we take. So we're investing more in our homes and reviewing the standard at which we let our properties. We're trebling our investment in our communities, working alongside our residents to create sustainable and vibrant communities for the long-term. We already take a Housing First approach in a number of areas to tackle homelessness, but we can go further.

We'll grow, not just through merger, but by taking control and creating really great places to live through large strategic sites and more land-led development.



Working in partnership with the public and private sector, we'll create great places and have a say over the tenure, the pace, the design and the environmental standards of future homes. This also helps with challenges around the quality of some new homes.

And we'll create a business model that can stand the test of time. This means continuing to invest and transform our services, but thinking about the IT platforms and technical infrastructure we need for today and tomorrow.

To achieve our ambitions, we want to inspire our people too, giving them the tools to succeed and growing Sovereign's reputation as a great place to work. It is clear that they are up for the challenges ahead.

During my first year, as I've met with government and partners, I've seen the strong reputation and lasting relationships Sovereign has. But I know we can do more, and have an even more influential voice on the issues that matter to our residents, communities and our organisation.

Housing associations have existed for many years, and will play a vital role for decades to come. Therefore, we need to think carefully about the design and the environmental sustainability of the places that we create and the neighbourhoods where we have deep connections. Our services, social action and future development should all contribute to the long-term health and well-being of our residents and neighbours.

As I pass the first anniversary of joining this great business, my overwhelming impression is of an organisation that is ready for this next exciting phase of its development. It is an honour to play a role in its continuing transformation.

Mark Washer, Chief Executive