

April 2021

Strategic Asset Management

Our ambitious plans for the future



Introduction

Sovereign's core mission is to be a leading landlord, providing great service to our customers. The quality of a home affects every aspect of a person's life, and to deliver on our mission all our homes must be high quality.



We build homes to last that are adaptable, sustainable, and enjoyable to live in.

To make great places to live so that we can serve our communities, we need to build new homes of a high standard too. That means investing in great new homes and maintaining the homes we own.

Unlike most developers, once we finish a development we don't walk away. That means that when our properties are no longer meeting our standards we need to regenerate or rebuild. As a landlord with over 60,000 properties the assessment and re-evaluation of our stock is an ongoing process, year on year, building, regenerating and replacing homes to maintain high standards.

Since Sovereign emerged as a housing association nearly 30 years ago, we have grown in scale and ambition. In 1997 we acquired our 10,000th home. Over the last 15 years we have joined up with other housing associations, broadening our geography and building up our assets. In all that time we have never stopped building, regenerating and replacing homes.

But as we look to the next 30 years, we need to start thinking about how we manage our assets in a more strategic way. From that ambition flows our new Strategic Asset Management plan, which will see Sovereign build nearly 2,000 homes a year and raise the standards in every single home we own.

Left:

Sustainable energy was part of our design requirement at Victory Oak, Ringwood, Hampshire

The Homes and Place Standard

To deliver this ambition we have developed a new standard against which we will measure our property – the Homes and Place Standard.



Top right:
Low carbon, energy efficient homes at Springfield Meadows, Southmoor, Oxfordshire

Right:
Beautifully designed living spaces at Calder Close, Southampton, Hampshire



All of Sovereign's homes will be zero carbon by 2050.

This Standard promotes affordable homes of all tenures, which enhance wellbeing for people in every stage of life. It will ensure that our homes are built to last, adaptable, sustainable, and enjoyable to live in.







The Standard will be our guide. The Strategic Asset Management plan will be how we deliver it. And our objective is that by 2050 every home will meet that standard and that Sovereign will be carbon neutral. This is a plan that will improve our homes, build new sustainable homes and places, and play a key part in reducing the carbon footprint of social housing in the South of England. This plan is bigger in scope, ambition and impact than any we have delivered before.

Our strategy 2021 - 2050

The challenge

How are we going to grow the amount of affordable housing we can offer while making sure that all the housing we have meets an acceptable standard, and that all of our residents live in a great home, in a great place?

 Approximately 1000 homes

-  Homes and Place Standard met
-  Homes and Place Standard partially met
-  Homes and Place Standard not met
-  Divested assets
-  Retained and improved assets
-  Regeneration assets


Core Homes let at sub-market rents

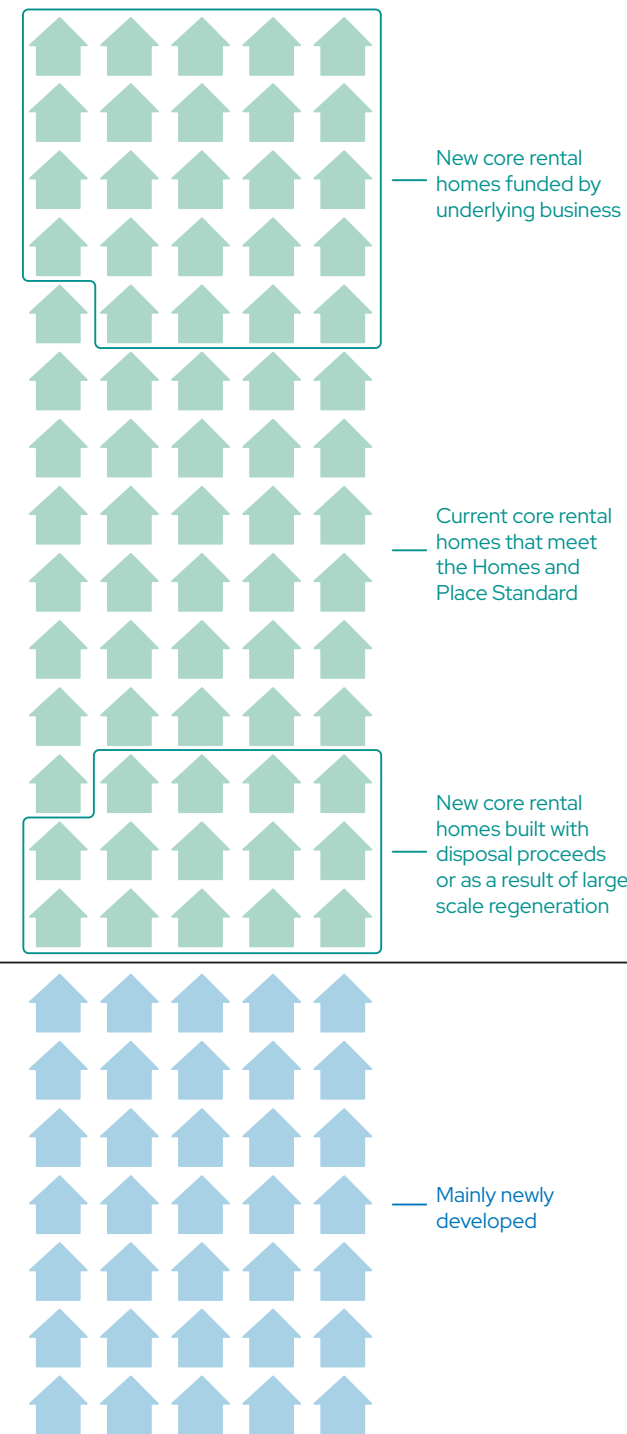
Non core Other tenures e.g. shared ownership, market rent etc.

2021



2050


£££
funds to replace or refurbish core stock





The Challenge

The traditional approach to asset management is too limiting.

Replacing homes here and there, as and when, might have worked in the past. But our customers expect and deserve quality homes, and we have a duty to improve our overall sustainability and reduce our carbon footprint.

Left:
Aerial view of Kersey Crescent, Newbury, Berkshire, before these ageing properties were redeveloped into desirable homes



Every single pound we make is reinvested in new developments or regenerating communities.

Left:
A typical example of properties that are ideal for redevelopment

The age of our stock is another factor – we need to make tough decisions about whether some of our properties can be regenerated or whether replacing them will deliver better long-term quality for our customers.

We will fund this through the surpluses we generate – every pound we make in sales and rent is reinvested in new properties and regeneration. In some cases we will sell assets we no longer need, such as commercial holdings or garages. And in some cases we will sell homes on the open market, creating opportunities for new homeowners and giving us the resources to invest in new homes for customers. Because we invest in the communities where we operate, wherever possible we will sell homes to owner-occupiers, prioritising first-time buyers.

Strategic Asset Management plans on this scale don't have clear start and finish dates. This plan is a signpost, not a finishing post. But by 2050 we will have significantly more homes and customers than we do now.



Left:
And after redevelopment, a green, tranquil, people-centred environment

Talking to our customers and communities

We are now grading all our homes against the new Homes and Place Standard. We expect to complete that work this summer, and we will then start detailed conversations with local authorities, the regulator, lenders and ratings agencies.

In some cases, conversations on specific projects are already underway. As with any complex property transaction we have to follow a prescribed planning process – that means we can't say everything to everyone all at once. We know that lots of people will have questions about the impact that the Strategic Asset Management plan has on them, in our business, in the community and amongst our stakeholders. But above all we know that our customers will want to know how this will affect them and their homes. We expect that the vast majority of the properties we sell will be sold as they are vacated – very few customers will have to move home. But communication of specific plans will need to be sensitive and timely.



Left:
Talking to our customers and adding social value are essential

Below:
Construction of carbon-zero homes in progress

We co-create our plans with customers and partners to ensure we deliver social value.

Just as customers will want to be kept fully informed of the impact that the Strategic Asset Management plan will have on them, local authorities, MPs and community leaders will want confidence that their local areas will continue to have the homes they need.

In any given area our plan will seek to meet local need, adding social value and creating great homes and places. For some schemes there will be a time lag as we sell, replace and build; over the life of the plan we will be steadily increasing the number of affordable homes available.





Above: Our new development complements existing homes at Wilkins Court, Henley-on-Thames, Oxfordshire

Next steps

For Sovereign the Strategic Asset Management plan represents a step-change in the way we invest in and develop our homes.

It is the culmination of many years' work building up a strong asset base, a solid credit rating and a reputation as a trusted partner and quality landlord. But it is also a major undertaking, signalling a new phase in the life of Sovereign. For those of us who work here these are exciting times.

Delivering a project on this scale will bring challenges – there will be bumps in the road. But in 2050, when we look back on the years after the pandemic we will be looking back with confidence and pride that Sovereign had the strength and the vision to embrace the challenge of housing our customers, the resources and the talent to deliver a massive programme of development and regeneration, and the single-mindedness to create sustainable homes for the next generation – a generation that will live to see the start of the 22nd century.

We are investing for the next generation with sustainable growth and low carbon developments.

To find out more about Sovereign's Strategic Asset Management plan, please contact:

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Above: Sustainable energy sources supply homes at Blackberry Hill, Bristol