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Sovereign Housing Capital Plc
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Sovereign Network Group's Quarterly Performance Update covering unaudited Q1 results for the financial year 2024/25

Sovereign Housing Association trading as Sovereign Network Group (SNG)

Sovereign Network Group is the sixth largest housing association in the UK in terms of unit size with over 84,000 homes, with a core geographical focus in the South of England and London. SNG rose up to be the second largest housing association builder in 2023/24, with an ambition to develop 25,000 homes over the next 10 years.

2023/24 Audited Full year overview

SNG published its audit annual accounts and annual report on [31st July 2024](#). The group increased its operating surplus to £171.5m (2022/23: £163.1m), and its operating margin to 21.1% (2022/23: 19.5%). Turnover also saw an increase to £707.8m (2022/23: £691.3). As a merged organisation, SNG has a robust, diversified and resilient balance sheet with net assets totalling £2.7bn as at 31 March 2024, and fixed assets totalling £7.3bn (2022/23: £7.0bn), reflecting recent investment in new and existing homes.

Matching its ambition to deliver, SNG increased reinvestment to 7.8% (2023: 5.6%). This was reflected in higher operational costs of £466.6m (2022/23: £432.5). Increased capital investment in maintenance as well as improved data analytics and customer service software, are expected to reduce future costs while delivering better services to customers.

Quarter 1 Performance Update - period to 30 June 2024

Sovereign Network Group's unaudited underlying financial performance in Q1 FY25 shows growth in turnover against the previous quarter. Core lettings turnover also increased year on year owing to additional income from new homes and the rent uplift. However Q1 FY25 retained surplus declined slightly compared to Q1 FY24 as a result of an increase in financing costs.

The development programme produced 317 handovers in the quarter. Q1 FY25 sales are slightly ahead of the overall run rate for the year with 182 sales, which is an increase from the 176 sales in Q4 FY24, and produces a marginal favourable variance on surplus on sales against budget.

£'m	FY25 Q1	FY24 Q4	Variance		FY24 Q1	Variance	
	Qtr Actuals	Qtr Actuals	£m	%	Qtr Actuals	£m	%
Turnover	187.8	180.8	7	3.90%	166.6	21.1	12.70%
Operating Surplus	44.8	27.4	17.3	63.20%	42.7	2	4.70%
Retained Surplus	21.8	4.7	17.1	362.50%	22.4	-0.5	-2.40%

Treasury

As at Q1 FY25, SNG had total long-term facilities of £4,543 million. £3,765 million of facilities were drawn, with £778m of available liquidity facilities and cash and cash equivalents of £55m.

There continues to be significant headroom against Interest Cover and Gearing covenants across all SNG facilities.

Credit ratings

SNG has an A3 (Outlook: Stable) rating with Moody's.

SNG has an A (Outlook: Negative) with S&P.

SNH has an A (Outlook: Negative) with Fitch.

Customer Services

To broaden our understanding of customer satisfaction by contact channel, SNG introduced feedback capabilities on some of our non-voice channels, including our online portal. Analysis of online responses showed that circa 9 in 10 customers were able to complete the task they set out to do online. This led to a 4.7/5 satisfaction rating.

SNG launched a new contractor portal as part of ongoing work to improve how we manage our repairs contractors and their relationships with our customers.

Communities and Sustainability

In Q1 FY25, SNG generated £50m of social value through activity across Community Investment and the wider organisation against a full year target of £100m. Since the beginning of April, we've partnered with 160 community organisations, enabled 182 young people to engage in youth social action through our #iWill Fund, supported customers to achieve 53 jobs, access 619 training courses and provided 434 fuel poverty interventions.

SNG continues to make good progress on improving the thermal efficiency of existing core stock with an overall average RdSAP score of 73.08%.

SNG also published its [Impact and Sustainability Report for FY24](#).

Corporate Affairs

Prior to the general election being called, we maintained our engagement with political stakeholders at all levels. This included those from the then opposition, holding senior level meetings with candidates who are now ministers. Through the election, we worked with our sector bodies to maximise the impact of sector-wide calls for support for housing, which were focused on a long-term rent settlement, as well as planning and land reform. At the Housing '24 conference, SNG arranged the political breakfast event that was well attended, and Mark Washer spoke alongside a panel including experts from the planning, private development, and institutional funding sectors. **ENDS**

For more information, please contact:

Anup Dholakia, Treasury Director, Sovereign Network Group
07920205992

James McLarin, Head of External Affairs, Sovereign Network Group
07776616024

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Note: Figures quoted in the update are based on unaudited management accounts which are subject to review and further adjustments, for example in the areas of pensions, investment property valuation and taxation.

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