

Appointment brief

Committee Member – Treasury
Committee Member – Audit and Risk

September 2020

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Our vision is to be the leading landlord across the south of England, providing good quality, affordable homes and services within successful, sustainable communities.



Sovereign – An overview

Sovereign is one of the largest housing associations in the UK. We have almost 60,000 homes with around 140,000 residents, in 59 local authority areas across the south of England. Our homes are located in many and varied places, from cities to the seaside, in rural communities and small market towns.

Our geographical spread makes us different from other housing associations. We have the knowledge and ability to forge close local relationships but we also enjoy national reach and the sway that comes with it. With deep connections to our communities, we're also one of the largest providers of new and much-needed affordable homes in the sector.

We're driven by our social purpose and want to create extraordinary spaces and places where people love to live, and deliver more homes and excellent services for our customers, who are at the heart of everything we do.

We have 2,000 employees and we invest in our people to bring out the best in them so they can deliver what our customers truly need.

Every penny we make is reinvested in our homes and services. We combine our financial and organisational strength, along with funding from government, banking and capital markets, to maximise our social impact.

And we have great relationships, at local and national level, with increasing influence on the issues that matter to our residents, our communities and our business.

Our fantastic people, good reputation and strong financial and organisational foundations mean we can do even more as we work towards achieving our ambitious five-year strategy.

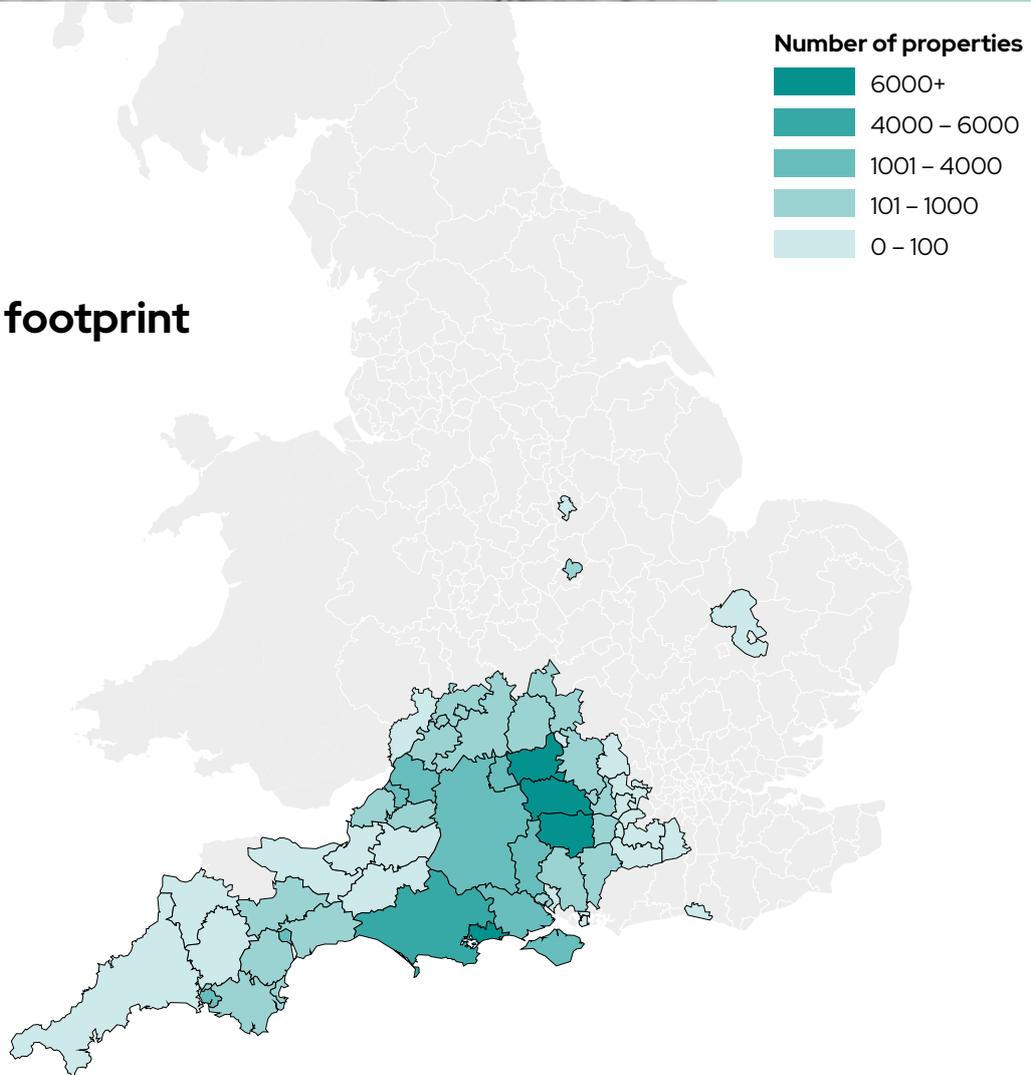
We recognise there's a significant shortage of affordable housing, particularly in the areas where we operate, and we have a significant programme of building new homes. We aim to build about 10,000 homes over the next five years, with around 85% being for affordable tenures.

In the future, we'll take control through more land-led development; giving us a greater say over the tenure, the pace, the design and the standards of our homes. We're also co-creating a standard with our customers to make sure our existing homes are safe, secure and places that people are proud to call home.



**We're an ambitious business
for social purpose**

Our current footprint



Our Strategic Partnership with Homes England, a £229m deal with Crest Nicholson at Harry Stoke near Bristol, and our innovative joint venture with West Berkshire Council show the scale of our ambition.

As well as more homes, we want to make better places for the long-term too so we're trebling our investment in our communities to £3.5m a year, working alongside our residents and neighbours to help people fulfil their aspirations.

We want to be a leader in excellent customer services, listening and involving our residents as we continue to transform how we work. We'll also invest in IT platforms and digital solutions that will help people do business with us, simply and quickly.

This also means changing how we work. We have a brand-new head office in Basingstoke, and construction set to start on a new operational hub for West Berkshire soon. We want to think differently and work flexibly so we can spend more time on the things that matter.

Residents will remain at the heart of what we do, today and tomorrow

Highlights of 2019/2020

1,773

Sovereign completed
1,773 homes
(2019: 1,543) **+14.9%**

59,517

There are 59,517 homes
in management
(2019: 57,742) **+3.1%**

£411.2m

Turnover for the year
was £411.2m
(2019: £402.1m) **+2.3%**

£135.9m

Operating surplus for the
year was £135.9m
(2019: £149.4m) **-9.1%**

23.5%

Net margin on sales
was 23.5%
(2019: 23.9%)

£79.3

The surplus for the
year was £79.3m
(2019: £98.9m) **-19.8%**

Performance

- Sovereign's operational and financial performance exceeded budgeted expectations for 2019/20, achieving a surplus of £79.3m for the year that was £2.8m favourable to budget.
- The reduction in operating surplus from the same period last year is driven by our increased focus and investment in our existing homes and our commitment to invest in digital and technology transformation.
- During the twelve months to March 2020, we completed 1,773 new homes, of which 1,702 (95.9%) were affordable housing tenures. We invested £368m (2019: £270m) developing new homes. We're delighted that we were able to complete this many homes and increase our delivery year-on-year, despite poor site conditions due to the severe storms in January and February and then the early impact of COVID19 site closures in March.
- We had a very strong year in sales, completing 648 (2019: 486) shared ownership first tranche sales (vs 19/20 budget 525) and a further 16 open market sales in the 12 months to March. We achieved a net margin on sales (including asset disposals) of 23.5%.
- Our interest expense was £57.4m, which is £5.5m lower than budget, principally driven by lower variable interest rates and lower fixed rates achieved on the bond issuance during the year.
- Housing fixed assets stand at £3.9bn, up from £3.7bn at 31 March 2019.
- Sovereign remains in a strong financial position, with net assets of £1.8bn and available cash and committed liquidity facilities of £650m at the end of March 2020, providing sufficient liquidity to support our short term future development plans. Our liquidity position was further improved with the issuance of £125m retained bonds in April 2020 (at a then sector record breaking all-in price of 1.974%) and by access to £175m Bank of England Covid Corporate Financing Facility (CCFF) agreed in May 2020.
- Sovereign is part of a group that published a white paper aiming to deliver a framework for housing associations to report on their Environmental, Social and Governance credentials. This group includes representatives from housing associations, investors, banks and lawyers.

COVID – responding to customers’ changing needs

Once Covid-19 began to take a grip throughout the country we immediately made a promise: no one would be evicted from a Sovereign home because of financial difficulties brought about by this virus. We didn’t wait to be told.

It was part of our message to our customers: we are here for you; we will keep you safe; we are by your side.

We knew that keeping in touch with people was vital. That’s why we called 10,000 elderly and vulnerable residents in the first week and we have continued a cycle of welfare calls for those who need it – around 1,000 calls a week.

We’ve brought forward £200k of funding, helping charities to assist vulnerable people with food packages and medication runs during isolation. We’ve changed our provision for those at risk of domestic abuse – creating a partnership with domestic abuse charity WomanKind.

Key workers are at the fore front of all our minds. We provide homes for thousands of people who have been working on the front line during Covid 19. That’s why we suspended car parking payments and a rent increase for those living in our NHS keyworker properties.

We’ve made fuel vouchers available to those who need them and safely renovated void properties, making them ready for families in need.

Throughout this crisis we have continued to provide essential services for our customers, like gas checks and fire and safety works. In accordance with government and safety guidelines we continued to work on empty homes and we also housed four long term homeless people through our Housing First provision.

We have run various stress test scenario’s and are confident that we have the financial strength to sustain business operations through lockdown and recovery, despite the significant level of unpredictability of variables.

Sovereign’s Values

Our values support our vision, shape our culture and describe what makes us different. They guide the way we make decisions and work with our customers, colleagues and stakeholders. Values show us what’s important, how we should behave and inspire us to be the best we can be.

Our values are:



Accountable

We take personal responsibility and are trusted to do the right thing



Adaptable

We embrace change, think ahead and find new ways of delivering a better customer experience



Drive to deliver

We work with energy, enthusiasm and passion to get things done and we do what we say we will



Together

We collaborate with colleagues and partners so everybody benefits

Mark Washer
Chief Executive

“To deliver our ambition, we’ll continue to invest in our current employees, as well as attracting the brightest and the best. These are exciting times ahead.”



Our People Proposition: We’re Sovereign, we’re inspiring people

Sovereign is a dynamic, growing business, passionate about creating a great employee experience so the best people will want to come and work for us – and stay. We’re committed to rewarding and celebrating the great contributions our people make, and to building an environment where employees are engaged, valued and passionate about what they do. And we’re developing all of our people so they can contribute more and advance their careers.

Why are we inspiringly different?

We’re a business with a strong commercial brain and a beating social heart. A place where people can bring their whole selves to work, and experience a whole world of opportunity. That’s inspiring.

Shape the future

We’re a strong, growing and sustainable business. A business that’s leading the sector and leading the conversation in a vital industry. A business that’s using its power and influence to make a real difference to people’s lives. If you can think commercially and share our commitment to excellence and growth, you’ll find us a secure place where you can shape our future – and yours.

**We’re inspiring great futures.
We’re inspiring people.**

Feel good

We’ve a strong purpose beyond all else that means our work not only does good, it feels good too – we’re making a huge difference to people’s lives. Not simply providing affordable homes, we’re shaping places where people want to live now and in the future. Share our purpose, and you’ll share the satisfaction of doing something that really matters.

**We’re inspiring incredible work.
We’re inspiring people.**

Be yourself

We’re a team of strong, talented, positive and passionate people who make it all happen. We care about each other, we care about those around us, and we care about the wide-reaching effects of what we do. Be part of our close community, share our values and you’ll find we’re people who value you for who you are and appreciate you for the great work you do.

**We’re inspiring each other.
We’re inspiring people.**

Achieve more

We all have the opportunity to be more, to do more. To make an impact: on our own lives, the lives of the people we work with, and the residents we work for. We’re creating the workplace of the future, where we can all be supported to achieve incredible things. Give us your talent, energy and heart, and we’ll give you the recognition and reward you deserve.

**We’re inspiring our best careers.
We’re inspiring people.**

The opportunity

Sovereign's board provides the leadership, strategic direction and scrutiny to enable Sovereign to achieve its social purpose, while growing sustainably.

To provide insight and challenge, the board is supported by a committee structure comprising board members and independent specialists, covering Audit and Risk, Remuneration, Treasury, Property Services and Investment. Although these are committee roles, ideally we're looking for people who will be happy to be front of mind in Sovereign's thinking around succession planning for full board member roles as they arise, and in particular for the roles of Chair of the Audit and Risk Committee and Chair of the Treasury Committee.

Purpose of Committee posts

To add value to Sovereign's business by contributing experience, expertise and insight to determine strategy, direction and control in the interests of tenants, stakeholders and the wider community.

Purpose - Audit and Risk Committee

The Audit and Risk Committee's responsibilities include:

- proactively reviewing Sovereign's internal control systems and risk management processes, ensuring they're consistent with the board's risk appetite
- identifying and monitoring existing and emerging strategic risks to the business, through knowledge of the sector and external environments and horizon scanning
- reviewing the financial and value-for-money statements, recommending them to the board for approval or advising of any areas of concern.

The committee is accountable to the Sovereign board and provides regular assurance to the board, including an annual statement of assurance to support the approval of the Annual Report and group financial statements.

Purpose - Treasury Committee

The Treasury Committee's responsibilities include:

- governing Sovereign's treasury activities, including monitoring relationships with financial advisors, and proactively monitoring the treasury risks and related matters
- taking into account the external environment and its impact on Sovereign and adjusting treasury strategies and plans, as needed.

The committee is accountable to the board and provides regular assurance on treasury matters to the Audit and Risk Committee and the board.

Key responsibilities

Audit and risk committee members

Risk management

- Review and recommend to the board for approval the Risk Management Framework, including the risk register, ensuring it is up to date and reflects key risks facing the business
- Review and recommend to the board for approval reports on the adequacy and effectiveness of Sovereign's internal financial controls, internal control and risk management systems and risk assessment processes, ensuring they are consistent with Sovereign's overall risk appetite
- Inform the board on Sovereign's overall risk appetite, tolerance and strategy, taking account of the current and prospective economic and financial environment
- Review and recommend to the board for approval, compliance with the Regulatory Governance and Financial Viability Standard, including gaining assurance over the robustness and accuracy of the assets and liabilities register
- Review and recommend to the board, for approval, all policies associated with whistleblowing and preventing and detecting fraud and bribery, as well as noting reports on any alleged instances of fraud, theft, whistleblowing or bribery.

Financial

- Review and recommend to the board for approval all material proposed changes to the financial regulations, including a comprehensive review at least every three years
- Review and recommend to the board for approval the annual financial statements and the statements to be included in the Annual Report concerning value for money, internal controls and risk management
- Annually review the stress testing policy, making any recommendations for amendment to the Treasury Committee.

Audit

- Approve the Internal Audit Framework, including the Strategic Internal Audit Programme and Operational Annual Internal Audit Work Programme and noting the Annual Internal Audit Report on the adequacy and effectiveness of Sovereign's system of risk management and internal control
- Review, on behalf of the board, the effectiveness of Sovereign's internal audit function and make recommendations for improvement, if required
- Note the results of the internal audit work on a periodic basis and review and monitor management's responses to findings and recommendations, ensuring corrective action is taken if issues are not addressed promptly
- Oversee, review and recommend to the board, where appropriate, all matters relating to the appointment and performance of Sovereign's external auditor, including the effectiveness of the audit process
- Approve the management letter and management's response to the auditor's findings and recommendations.

Other

- Approve the insurance arrangements for Sovereign, including annual policy renewals.
- Receive the annual procurement compliance report, ensuring appropriate actions are taken where necessary.

Key responsibilities

Treasury committee members

- Approve Sovereign's Treasury Management Policy and review Sovereign's Financial Standard, making recommendations to the board on any proposed changes
- Approve the Annual Treasury Plan and any performance targets
- Make recommendations to the board on:
 - bond issues and new borrowings
 - the repayment, refinancing or restatement of any existing borrowings
 - entry into any derivative master agreement
 - any fundamental changes to the Treasury strategy
- Approve adjustments to the existing portfolio to comply with a change in Sovereign's overall strategy
- Review and recommend to the board the treasury assumptions to be used in financial projections, including business plans
- Monitor medium and long-term cash flow forecasting and recommend to the board the associated funding strategy, to ensure that Sovereign has appropriate access to funding
- Consider the funding and/or treasury implications of any new alliance, partnership or structural change, making recommendations to the Board, as appropriate.
- Define key performance indicators for assessing financial viability from the perspective of lender covenants, credit rating agency measures, the ability to repay existing facilities and the ability to continue to borrow at levels required to support the business plan, all within the context of the Financial Standard measures set by the board
- Appoint treasury advisers and review their performance
- Review treasury risks to ensure they are appropriately managed and mitigated
- Consider the appropriate stress tests to be performed on the treasury risks.

Person specification

Key criteria – Audit and risk committee member

- Senior executive leadership experience in a complex commercial or public body
- Experience at a senior level of financial strategy and management, risk management and internal control systems (preferably within a complex group setting)
- Experience of business planning and of analysing a broad range of financial information and making strategic decisions
- A deep and demonstrable understanding of financial accounting principles within a complex group structure
- Experience of working with internal and external auditors and of gaining assurance that effective controls and procedures are in place
- Holds a relevant professional financial qualification eg ACCA
- Up-to-date knowledge of relevant legislation and regulation
- Strategic understanding of the role of information technology (IT) in business improvement
- Knowledge and understanding of corporate structures and corporate governance
- Experience of working at board/ committee level and familiar with the operation of a business at board/ committee level
- Able to assimilate, analyse and critically evaluate complex information, and reach unbiased, logical conclusions.

Key criteria – Treasury committee member

- Senior executive leadership experience in a complex commercial or public body
- Experience at a senior level in financial strategy and treasury management (preferably within a complex group setting)
- Experience of treasury management in a complex, highly regulated organisation, including cash management and cashflow forecasting, debt and capital markets and negotiating treasury-related activities
- Holds a relevant professional treasury qualification e.g. ACT
- Strategic financial and business planning
- Up-to-date knowledge of relevant legislation and regulation
- Knowledge and understanding of corporate structures and corporate governance
- Experience of working at board/ committee level and familiar with the operation of a business at board/ committee level
- Able to assimilate, analyse and critically evaluate complex information, and reach unbiased, logical conclusions.

Personal qualities and other skills – both roles

- Embraces new ideas and approaches, and able to devise creative solutions to complex problems
- Eager to challenge and question, and unafraid to probe deeply and be a sole voice
- Works well in a team, working collaboratively and recognising different skills.

Terms of appointment

Although these are committee roles, ideally we're looking for people who will be happy to be front of mind in Sovereign's thinking around succession planning for full board member roles as they arise, and in particular for the roles of Chair of the Audit and Risk Committee and Chair of the Treasury Committee.

Remuneration, Term, Location

- Sovereign's head office is in Basingstoke (43 minutes by train from London Waterloo)
- Committee members are currently remunerated at £5,000 per year
- Committee members are appointed for an initial three-year term, renewable for a further three-year term. After this, committee members may be invited to serve up to three further 1-year terms.

Time commitment

- We're seeking people who are committed to our organisation and demonstrate a willingness to engage internally and externally beyond scheduled committee meetings, and understand relevant emerging trends in the sector
- The time commitment for both roles is estimated to be around one day a month.

Additional information

Committee members will:

- Be able to attend the agreed programme of committee meetings, plus occasional other meetings and events each year
- Not work for or be involved with any organisation that would consistently produce a conflict of interest - this includes making an annual declaration of interests
- Undertake an annual appraisal
- Be prepared to undertake training, as agreed with the Chief Executive, Company Secretary, Board Chair or Committee Chair, as appropriate
- Carry out the role in the context of and in compliance with Sovereign's Equality and Diversity Policy.

How to apply

Saxton Bampfylde Ltd is acting as an employment agency advisor to Sovereign on this appointment.

Candidates should apply for this role through our website at www.saxbam.com/appointments using code **JAH AED**. Click on the 'apply' button and follow the instructions to upload a CV and cover letter, and complete the online equal opportunities monitoring* form.

The closing date for applications is noon on **2 October 2020**

* The equal opportunities monitoring online form will not be shared with anyone involved in assessing your application. Please complete as part of the application process.

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