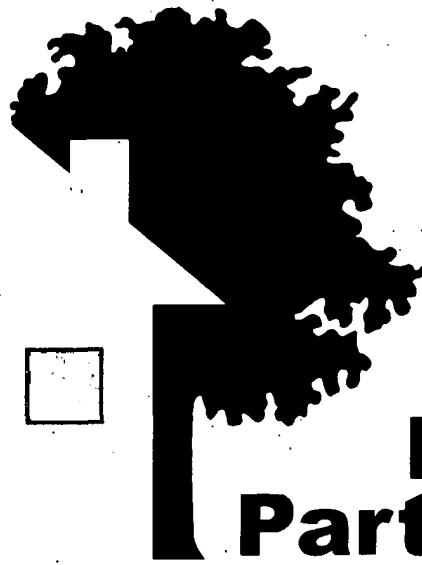


Company Registration Number: 05589014



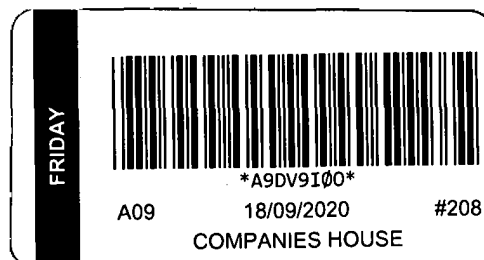
# **Sutton Housing Partnership**

*Improving Housing Together*

**SUTTON HOUSING PARTNERSHIP LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2020**



## **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

### **ADMINISTRATION INFORMATION**

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## **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

### **ADMINISTRATION INFORMATION**

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#### **BOARD OF DIRECTORS**

##### Resident board members

Jan Winning <sup>2</sup>

##### Council appointed board members

David Emmerson <sup>2</sup>

Marlene Heron <sup>2</sup>

Gary Miles <sup>1</sup>

Barry Russell <sup>2</sup>

(from August 2019)

Chair of the Performance Committee (from May 2019)

##### Independent board members

Tracey White <sup>1</sup>

Joanna Hills <sup>1</sup>

Diane Pearson <sup>1</sup>

Sir Steve Bullock

Chair of Audit & Risk Committee  
(until February 2020)

Chair

1. Member of the Audit and Risk Committee

2. Member of the Performance Committee

#### **EXECUTIVE MANAGEMENT TEAM**

Steve Tucker

Catherine Charlton

Richard Ennis

Adam Barrett

Sue Hogg

Diane Richards

Managing Director

Operations Director

Interim Finance & Corporate Services Director (to July 2019)

Finance & Corporate Services Director (from July 2019 to December 2019)

Finance & Corporate Services Director (from January 2020) and Company Secretary (from March 2020)

Company Secretary (until March 2020)

#### **REGISTERED OFFICE**

Sutton Gate  
1 Carshalton Road  
Sutton  
Surrey SM1 4LE

#### **SOLICITORS**

Trowers & Hamlin LLP  
Sceptre Court  
40 Tower Hill  
London EC3N 4DX

#### **AUDITOR**

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

#### **BANKERS**

Barclays Bank PLC  
39 Sutton High  
Sutton  
SM1 1DR

## **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

### **CHAIRMAN'S REPORT**

**31 March 2020**

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This annual report for Sutton Housing Partnership (SHP), covers the year 1 April 2019 to 31 March 2020.

In 2019/20, SHP has continued to concentrate on investing in and developing the new operating models that support the SHP New Deal. Key objectives during the year have also included bringing the repairs and grass cutting service in-house by 1st April 2020.

The three-year SHP New Deal Programme was approved by the Board in 2019/20, to support the continued improvement of services for residents, the development of Phase Two of the operating model across all services, improved ICT infrastructure and quality business processes. To deliver our Northgate First Strategy, SHP signed a new 5-year contract with Northgate in March 2020, which will provide SHP with critical new modules including CRM, contractor, mobile and scheduler, to reconfigure existing modules and to implement Northgate analytics. Whilst there were some delays experienced in progressing the ICT work stream, other elements of the New Deal not dependent on ICT were progressed, these include the Review of External Services, insourcing the grass cutting service, setting up the Domestic Abuse Housing Alliance [DAHA] project across SHP and Encompass.

A notable achievement of the New Deal Programme was being awarded the Customer Service Excellence Award on the 24th March, the second day of COVID-19 lockdown. To build on this achievement we have developed an improvement plan and will be scheduling an annual inspection in March 2021.

Our commitment to deliver place-based services continued with the opening of two new community hubs, one at Circle Library and at Shanklin Village. We are looking to enhance the service offer at Circle and have been working with engaged residents to help design the future improvements. In January we started to deliver services in partnership with Community Action Sutton, at Hill House, and this partnership will continue in 2020/21 to support place-based provision of housing and other services to tackle social isolation, food poverty etc.

2019/20 saw the successful Health and Wellbeing pilot at Shearing and Lovett Drive with the objective of collaborating with the voluntary sector to deliver activities for local residents with the focus on keeping active, leading health lifestyles and reducing social isolation for older residents. The aim was also to encourage improved and sustainable communities. Activities delivered during the course of the pilot project aimed to improve confidence, coordination, memory and overall health, and we launched a soup club to support healthy food. We are rolling this programme out to more residents in 2020/21 including general needs, and early involvement in the Early Years Programme will see similar programmes for children and young people on our estates.

In 2019/20 Housing Managers started a programme of "Every Visit Matters", to meet all our tenants over a two-year timescale. This will further support our vision for promoting mutual trust and confidence in our relationship with residents, a key feature of our New Deal service offer, and to connect households with opportunities either directly with SHP or through our partners. The visits have helped to identify some residents that would not have

## **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

### **CHAIRMAN'S REPORT**

**31 March 2020**

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contacted us directly and we have been able to work in partnership with other agencies to support interventions and sustain tenancies.

Resident engagement and co-production of services remains one of our key priorities, and in 2019/20 there were a number of opportunities for residents to become engaged through estate walkabouts, resident Scrutiny Boot Camp, and through our refreshed Performance Committee. Resident attendance at Performance Committee meetings increased during this period and our new approach to present the committee with an overview of a specific service, and our plans to improve the service for residents was well received.

SHP has continued to work well across our partnership network, the Sutton Housing Group meets bi-annually and we have increased participation from other landlords in the borough and other partners such as St Mungo's, the police, London Fire Brigade, Encompass and our colleagues at LBS Insight.

SHP has raised its profile on a number of strategic Boards and groups, including the Sutton Safeguarding Adults Board, and the Sutton Safeguarding Children Board with involvement in developing services and contributing to a greater co-ordinated approach for safeguarding. Steve Tucker is the chair of the Domestic Abuse Strategic Board, and we have set up a quarterly Regeneration Board with LBS colleagues to support regeneration in the Borough.

We have implemented key recommendations for the Independent Living Service following the HQN quality assurance review and working very closely with LBS on piloting the 'Mysense' sensor technology to help support and maintain independence at our schemes.

SHP is making an important contribution to the Council's objective of expanding housing supply within the Housing Revenue Account via Right to Buy buybacks and new build initiatives. We have worked with the Council to "buy back" 31 houses into Sutton social housing this year.

The management fee has been increased for 2020/21 to £16.2m following a benchmarking exercise undertaken in 2019/20 to establish what should be spent on providing a repairs service. This has enabled the repairs and management cost budgets to be increased to reflect actual costs. There continues to be significant organisational change taking place across the business which is required to improve efficiency and performance which has continued to improve incrementally and we are pleased that SHP's performance compares favourably when benchmarked against other housing providers. SHP will now produce an annual five-year Medium Term Financial Strategy on a rolling annual basis.

In July 2019, Mears Ltd gave notice of its intention to withdraw from the contract for repairs due to commercial sustainability. On 1 April 2020, 32 Mears staff members TUPE'd to SHP. During the nine months preceding the transfer the KPI outturn was relatively stable. Phase Two of the Rethinking Repairs Programme is well underway, the ability to directly influence the culture & behaviour of the new team and improve customer experience is now solely owned and managed by SHP. Within the next 12 to 15 months the repairs service is expected to deliver the improved customer experience sought by residents & LBS.

## **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

### **CHAIRMAN'S REPORT**

**31 March 2020**

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In 2019/20 we continued to focus upon delivering fire safety priorities at SHP, this included the fire door replacement programme, and the works to Chaucer House as examples. All Fire Risk Assessments were carried out and are available on the SHP website. We have a prioritised schedule of all remedial work that is managed as part of our overall compliance responsibilities and monitored through the Operational and Strategic Fire Safety Group. Regular fire safety campaigns are undertaken to cement the important partnership in place with residents who are now directly represented on the Group.

2019/20 saw a number of critical staff changes with several important appointments made at Service Head level. The position of Director of Finance and Corporate Services has proven difficult to fill and the individual appointed in July 2019 left at the end of the year and was replaced in early 2020. The Company Secretary also left the organisation after a lengthy period in the role. In 2020 we will be working on the development of our new People Strategy and this will include succession planning for business-critical roles.

Finally, in the latter part of 2019/20 like many other public service organisations, we faced new challenges with having to operate in completely new circumstances in response to the global COVID-19 pandemic. In response, SHP continued to deliver key essential services to residents such as repairs, compliance testing and contact calls to our most vulnerable residents. Void refurbishment has also continued, enabling homeless families to be rehoused during the crisis. SHP was also active with other support needs for Sutton residents, such as delivering food parcels and offering furniture removal services for the homeless.

**Governance:** As a Board we have continued to improve our understanding of the views and priorities of our shareholder and of residents. We have focussed on ensuring that the Board of Directors has the opportunity to work in collaboration with and hear the views of residents.

Throughout 2019/20, all of the work completed, and the improvements made have only been possible through positive and effective working by and with staff, SHP Board members, residents and our partners, especially the London Borough of Sutton. This was especially the case towards the latter part of the year as we coordinated our response to COVID-19.

We reviewed our company articles of association to allow for holding virtual Board meetings and for voting by members present in person, and by other means. We continue to promote public attendance at our Board meetings, and we are developing new ways to engage with residents, including via social media and text surveys.

Over the next 12 months, SHP will continue to refine the new ways of working that evolved from the arrival of COVID-19 and continue to follow the principles that guided our approach and:

- Maintain Vital Services to Residents and Keeping Communities Safe
- Support the NHS and the Council who are leading the fight locally
- Look After Vulnerable Residents
- Work Together with our partners to connect people to available support and develop resilience.

## **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

### **CHAIRMAN'S REPORT**

**31 March 2020**

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I would therefore like to take the opportunity to thank the many people and organisations that work with us in such a committed and positive way.

*Sir Steve Bullock*

Sir Steve Bullock

Chair of Sutton Housing Partnership Board

19 August 2020

## **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

### **STRATEGIC REPORT**

**31 March 2020**

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## **REVIEW OF THE BUSINESS**

### **Principal Activities**

The company was initially established by the Council to be the vehicle for the delivery of the Government's decent homes target and the provision of excellent housing management services to our residents.

The specific functions delegated to Sutton Housing Partnership by the Council in the Management Agreement are:

- Housing Management Policy
- Asset Management
- HRA Business Planning
- New Tenancy Management
- Repairs and Maintenance
- Void and empty property management
- Tenancy Management
- Estate Management
- Older People Housing
- Leasehold Management
- Finance and Accounting, including Rent collection and Recovery of arrears
- Procurement of contracts
- Resident Involvement
- Other assets including Garages
- Property Acquisitions

SHP also has delegated responsibility for the "Right To Buy" (RTB) scheme, the Council's Acquisition programme, administration and the management of the local traveller's site "The Pastures".

In addition, Sutton Housing Partnership and the Council share some other housing functions. These are:

- Housing strategy
- HRA Business Plan
- Commissioning and performance management
- Housing Policy
- Housing regeneration
- Housing development
- Housing related support
- HRA commercial sites and properties



## Sutton Housing Partnership Limited

(Company limited by guarantee)

### STRATEGIC REPORT

31 March 2020

#### Performance

Our priorities are identified in our Annual Delivery Plan 2019-20. This plan contains a number of key performance indicators (KPIs) agreed with our parent organisation, the London Borough of Sutton, and each of these KPIs has an annual and long term target shown in the Plan. Our performance over the last year (2019-20) as reflected in the KPIs was:

Key Performance Indicator	2019-20	LBS Target 2023-24	Housemark Upper Quartile
<b>Excellent Customer Service</b>			
Tenant satisfaction with the overall service	80.5%	88.0%	82.0%
Leaseholder satisfaction with the overall service	62.7%	66.5%	54.5%\
<b>Quality Homes &amp; Secure Neighbourhoods</b>			
Tenant satisfaction with the overall quality of their home	79.6%	86.5%	77.6%
Leaseholder satisfaction with the overall quality of their block	61.1%	75.0%	72.7%
Tenant satisfaction with their most recent repair	86.0%	96.0%	94.9%
Tenant & Leaseholder satisfaction with repairs to communal areas	77.1%	85.0%	-
Tenant satisfaction with their neighbourhood	81.2%	88.0%	83.9%
Leaseholder satisfaction with their neighbourhood	73.3%	75.5%	74.0%
<b>Value for Money</b>			
Tenant satisfaction with value for money for their rent	88.8%	90.0%	90.0%
Leaseholder satisfaction with value for money for their service charge	39.8%	50.0%	47.0%
<b>Reputation for Excellence</b>			
Resident satisfaction that SHP staff can be relied on to do what they say they will	62.6%	-	-

When benchmarking performance against other London social housing providers via HouseMark Ltd, SHP services are broadly comparable.

A failure to undertake adequate and suitable consultation with leaseholders of Council properties in 2012/13 came to light in the early part of 2016 which resulted in our not being able to charge leaseholders for certain major repairs undertaken to their properties during that period. Sutton Housing Partnership recognised its responsibility to the London Borough of Sutton for the loss of income and subsequently made exceptional payments to the London Borough of Sutton. The 2019/20 Income & Retained Earnings Statement includes the final payment of £89,972.

## **Sutton Housing Partnership Limited**

(Company limited by guarantee)

### **STRATEGIC REPORT**

**31 March 2020**

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#### **Trends & Factors Likely To Affect Future Performance**

SHP is not a quoted company, therefore the requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 s.414C items 7 and 8 do not apply.

#### **PRINCIPAL RISKS FACED BY THE ORGANISATION**

##### **Health and Safety**

Fire safety and emergency disaster planning have been managed robustly, we have participated with the Council's annual exercises, we continue to embed government guidelines, good practice and learning from previous experience.

SHP has introduced two key governance meetings to monitor fire safety at an operational and strategic level, involving our partners in the London Fire Brigade, LB Sutton and resident representatives. The People and Place teams have been supporting reducing the fire safety risk by making referrals to LFB for person centred fire risk assessments, proactively managing tenancies with hoarding issues, and with the External Services ensuring communal areas are cleared.

A new Health and Safety Management System was overhauled in 2018/19, and is reviewed regularly or sooner if there are any changes to regulations. All compliance policy reviews will be completed in 2020. Health and Safety risks will always be present, but we have put in place robust monitoring procedures alongside the review of the Compliance dashboard and contractor management.

SHP has recruited to the post of Health & Safety Advisor to provide additional assurance and support to all delivery teams.

##### **Contract Management**

To strengthen our risk management regarding the delivery of key corporate services, supporting our staff and delivering residents services we have an arrangement with Sutton and Kingston Councils to share HR & Communications Services. We are progressing with plans to extend our shared service to accommodate ICT, this is programmed to complete in 20/21.

The transfer of the repairs service to an in-house delivery team provides SHP with the opportunity to own and manage the whole of the repairs experience for our residents.

SHP has a complete suite of financial KPI's that enables early intervention and implementing mitigation action, where required.

##### **Financial**

The Council has agreed an increase in our management fee to reflect the actual costs of management and maintenance. Notwithstanding this, careful financial planning over the medium term will be a pre-requisite to deliver efficiencies especially in regards to the economic impact arising from the Coronavirus pandemic and to any implications from the UK's post-Brexit relationship with the EU

##### **New Deal Programme Delivery**

Our new deal programme is key to the delivery of our priorities and our strategy. The New Deal focuses on mitigating key risks in regards to our people & culture, our infrastructure & tools and our digital maturity.

##### **HRA Strategy**

The London Borough of Sutton has a strategic direction for its Housing Revenue Account. This is predicated on maintaining income streams through increasing the number of dwellings available to rent through its New Build and Acquisition programmes. Any impediment to these plans could result in a negative impact on our management fee.

## **Sutton Housing Partnership Limited**

(Company limited by guarantee)

### **STRATEGIC REPORT**

**31 March 2020**

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#### **Relationship with the Council**

We entered into a new 10 year Management Agreement with the London Borough of Sutton, with effect from 1 April 2019. We have continued to have a very productive relationship with our stakeholder and the Board has received very positive feedback on the organisation's exceptional performance during the COVID-19 pandemic.

#### **Risk Management**

Our risk registers and activity around managing these risks is considered at all meetings of the Audit & Risk Committee, a sub-committee of the Board.

On behalf of the board

*Sir Steve Bullock*

Sir Steve Bullock  
Chair of Sutton Housing Partnership Board  
19 August 2020

## **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

### **DIRECTOR'S REPORT**

**31 March 2020**

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The directors present their report and the audited financial statements for the year ended 31 March 2020

### **INCORPORATION**

The company was incorporated on 11 October 2005.

### **CONSTITUTION**

The company is incorporated as a private company limited by guarantee under the Companies Act 1985. As such it has no share capital.

The company's sole member is London Borough of Sutton.

### **MATTERS COVERED IN THE STRATEGIC REPORT**

Information on review of the business and the principal risks faced by the organisation has been included within the Strategic Report.

### **GOVERNANCE**

The primary responsibility of the Board is to agree the organisation's priorities and plans and to oversee the effective implementation of these plans. The Board also plays a fundamental role in identifying the strategic risks facing the organisation and monitoring that these risks are mitigated through effective management.

The SHP Board is constitutionally made up of 4 resident members (3 tenants, 1 leaseholder), 4 independent members and 4 Council nominees.

The full Board meets four times a year and the Board and all its members operate in accordance with a Code of Governance that is fully compliant with the National Housing Federation (NHF) Code of Governance.

The Board delegates the day to day running of the organisation to the Executive Management Team which is made up of the Managing Director, the Operations Director and the Finance & Corporate Services Director. They are supported by a wider management team.

The work of the Board is supported by two sub-committees comprising the Audit & Risk and Performance Committees. These Committees are chaired by Board members and have up to five Board members sitting on each. They meet on a regular basis and the Committee Chairs provide reports to each full Board meeting.

### **Audit and Risk Committee**

This Committee was set up to independently contribute to the Sutton Housing Partnership Board's overall process for ensuring that there are effective internal control and risk management arrangements in place.

## **Sutton Housing Partnership Limited**

(Company limited by guarantee)

### **DIRECTOR'S REPORT**

**31 March 2020**

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#### **Performance Committee**

This Committee is comprised of a mix of Board and resident members and provides additional oversight and scrutiny around the organisation's performance. It is a public Committee and encourages resident observers for added transparency and scrutiny. It meets quarterly to coincide with the production of the performance report. This committee monitors performance and improvement against targets.

#### **DIRECTORS**

Under the Memorandum and Articles of Association, the directors, all of whom are non-executive, represent the local community. A full Board complement comprises of:

- 4 London Borough of Sutton nominees
- 4 London Borough of Sutton tenants, including 1 leaseholder
- 4 Independent members

As of 31 March 2020 there were three resident board member positions vacant. In 2018-19 we introduced 2 resident co-opted members to our Board to ensure our residents voices are heard at the strategic level.

The directors who served during the year are shown on Page 1. All directors, except where indicated, served throughout the year and subsequently.

#### **RETIREMENT PROVISIONS**

In accordance with the Articles of Association, at the Annual General Meeting on 13 November 2019:

- New Board member, Councillor Marlene Heron (Council), having previously been appointed on a casual vacancy basis was appointed to serve her first term.
- Jo Hills (Independent) - Stood down and was immediately reappointed for a second three year term.
- David Emmerson (Council) - Stood down and was immediately reappointed for a second three year term.
- Joyce Melican (Council) - retired.

During the year outside of the AGM, in February 2020, Board Member Jo Hills (Independent) stood down.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period.

## **Sutton Housing Partnership Limited**

(Company limited by guarantee)

### **DIRECTOR'S REPORT**

**31 March 2020**

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In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **CHARITABLE DONATIONS**

The company made no charitable donations during the year.

### **AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

On behalf of the board

*Sir Steve Bullock*

Sir Steve Bullock  
Chair of Sutton Housing Partnership Board  
19 August 2020

## **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUTTON HOUSING PARTNERSHIP LIMITED**

**31 March 2020**

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Independent auditor's report to the members of Sutton Housing Partnership Limited

#### **Opinion**

We have audited the financial statements of Sutton Housing Partnership Limited (the 'company') for the year ended 31 March 2020, which comprise Statement of Income and Retained Earnings; Statement of Financial Position, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macroeconomic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

## **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUTTON HOUSING PARTNERSHIP LIMITED**

**31 March 2020**

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- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in pages 2 to 13 of the Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or



## **Sutton Housing Partnership Limited**

(Company limited by guarantee)

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUTTON HOUSING PARTNERSHIP LIMITED**

**31 March 2020**

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- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on pages 12-13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Grant Thornton UK LLP*

Stephen Dean  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
Date: 19/8/2020

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 March 2020

	Notes	2020 £000	2019 £000
Turnover	8	15,445	16,036
Exceptional income	11	-	-
Operating costs	10	(16,226)	(17,405)
Exceptional costs	11	(90)	(90)
<b>OPERATING LOSS</b>		<b>(871)</b>	<b>(1,459)</b>
Interest Receivable	12	8	11
Interest Payable	13	(202)	(231)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(1,065)</b>	<b>(1,679)</b>
Tax on profit on ordinary activities	15	(8)	(6)
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>		<b>(1,073)</b>	<b>(1,685)</b>
<b>OTHER RECOGNISED GAINS</b>			
Actuarial gain on defined benefit pension scheme (see note 25)		2,004	2,192
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<b>931</b>	<b>507</b>
<b>RECONCILIATION OF FUNDS</b>			
Members funds brought forward		(6,591)	(7,098)
Members funds carried forward		(5,660)	(6,591)

Excluding FRS102 Pension adjustments the organisation produced a surplus after taxation of £200,191 (2019: Loss of £59,459). The profit for the year arises from the company's continuing operations.

The accompanying accounting policies and notes on pages 21 to 29 form part of these financial statements.

**Sutton Housing Partnership Limited****(Company limited by guarantee)****STATEMENT OF FINANCIAL POSITION****As at 31 March 2020**

	Notes	2020 £000	2019 £000
<b>FIXED ASSETS</b>			
Intangible fixed assets	16	-	-
Tangible fixed assets	17	<u>254</u>	<u>321</u>
<b>NET FIXED ASSETS</b>		<u>254</u>	<u>321</u>
<b>CURRENT ASSETS</b>			
Debtors	18	573	472
Cash at bank and in hand		<u>2,866</u>	<u>3213</u>
		3,439	3685
<b>CREDITORS: amounts falling due within one year</b>	19	<u>(1,576)</u>	<u>(2126)</u>
<b>NET CURRENT ASSETS</b>		<u>1,863</u>	<u>1559</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,117	1880
<b>CREDITORS: amounts falling due after more than one year</b>		<u>(4)</u>	<u>(6)</u>
<b>PROVISIONS FOR LIABILITIES</b>	25	<u>(7,773)</u>	<u>(8465)</u>
<b>NET LIABILITIES INCLUDING PENSION DEFICIT</b>		<u>(5,660)</u>	<u>(6591)</u>
<b>CAPITAL AND RESERVES</b>			
Profit and loss account		2,113	1874
Pension reserve	25	<u>(7,773)</u>	<u>(8465)</u>
<b>MEMBER'S FUNDS</b>		<u>(5,660)</u>	<u>(6591)</u>

The member derives no financial interest from its shareholding and accordingly all capital and reserves are classed as non-equity.

The accompanying accounting policies and notes on pages 20 to 31 form part of these financial statements.

The financial statements on pages 17 to 31 were approved and authorised for issue by the board on xx August 2020.

Signed on behalf of the Board of Directors:

*Sir Steve Bullock*  
 Sir Steve Bullock  
 Chair of Sutton Housing Partnership Board  
 19 August 2020  
 Company registration no: 05589014

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## STATEMENT OF CASHFLOWS

For the year ended 31 March 2020

	Notes	2020 £000	2019 £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating loss for the financial year		(871)	(1459)
Adjustments for:			
Depreciation of fixed assets	17	99	89
Interest paid		-	-
Interest received	12	8	11
(Increase)/ decrease in trade and other debtors	18	(100)	140
Decrease in trade creditors	19	(552)	(406)
Difference between pension scheme contributions and amounts charged to the profit and loss account	25	1,110	1451
Cash from operations		(306)	(174)
Income taxes paid		(6)	(6)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>(312)</b>	<b>(180)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the sale of tangible fixed assets		-	4
Purchases of tangible fixed assets		(32)	(185)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(32)</b>	<b>(181)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of finance lease obligations		(3)	(1)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(3)</b>	<b>(1)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(347)</b>	<b>(362)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>3,213</b>	<b>3575</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>2,866</b>	<b>3213</b>

The accompanying accounting policies and notes on pages 20 to 31 form part of these financial statements.

## **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2020**

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#### **1 COMPANY INFORMATION**

Sutton Housing Partnership (SHP) is an Arm's Length Management Organisation or 'ALMO' set up by Sutton Council. The company is limited by guarantee and the liability of the member to contribute to any deficiency is £1. The member has no rights to the income or assets of the company.

The registered office is Sutton Gate, 1 Carshalton Road, Sutton, Surrey, SM1 4LE, United Kingdom.

#### **2 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis where stipulated within the requirements of FRS102.

The financial statements are presented in Sterling (£).

##### **2.1 Going Concern**

Sutton Housing Partnership has an agreed income stream in the form of its management fee from the London Borough of Sutton. In March 2019 LBS agreed to extend the management agreement for 10 years, this took effect from 1 April 2019.

Sutton Housing Partnership is monitoring the additional costs that it is incurring as a result of COVID-19. An additional £70,000 of costs are anticipated in 2020/21. This cost can be contained within the existing budgets and reserves of the organisation. The reserves were increased by £250,000 in 2020/21 and the underspend against budget in 2019/20 has further contributed to reserves available in 2020/21.

Income from rents is monitored closely and Housing Managers have been contacting tenants that report financial difficulties as a result of COVID-19 and signposting them to available support. Arrears have fallen slightly in 2020/21 as at the end of July but this position is closely monitored. Rental Income is retained by the Council, Sutton Housing Partnership receives its funding by way of a management fee that is fixed for the year.

SHP is working closely with the Council to create a re-energised business plan for their Housing Revenue Account (HRA) that will generate sufficient income to support both the Council's aspirations and to fund on-going management and maintenance requirements. The management and directors of Sutton Housing Partnership are committed to streamline and modernise the business in order to continue to deliver high quality services. Work is underway in 2020/21 to develop the five year financial strategy and VFM strategy which alongside the New Deal Programme will identify funding to support these plans.

The net liability reported in the Balance Sheet has arisen due to the pension deficit, which is not expected to unwind for a number of years.

The directors therefore have no reason to believe that the company would not be able to meet its liabilities over the next 12 months and have prepared the accounts on the going concern basis.

## Sutton Housing Partnership Limited

(Company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

#### 3 SIGNIFICANT JUDGEMENTS AND ESTIMATES

Preparation of the financial statements requires management to make significant judgements and estimates. These are the actuarial estimations for pension assets and obligations covering life expectancy, future interest rates and yields and future salary inflation rates. These estimations are shown below.

	31 March 2020	31 March 2019
LIFE EXPECTANCY FROM AGE 65 (YEARS)		
Retiring today		
- Males	21.8	23.4
- Females	24.4	24.8
Retiring in 20 years		
- Males	23.2	25.0
- Females	25.8	26.6

ASSUMPTIONS AS AT	31 March 2020 % p.a.	31 March 2019 % p.a.	31 March 2018 % p.a.
Rate of inflation			
- RPI	2.7%	3.4%	3.3%
- CPI	1.9%	2.4%	2.3%
Rate of increase in salaries	2.9%	3.9%	3.8%
Rate of increase in pensions	1.9%	2.4%	2.3%
Discount rate	2.4%	2.4%	2.6%

There are no other significant judgements and estimations contained within these accounts.

#### 4. ACCOUNTING POLICIES

##### 4.1 Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible and intangible fixed assets at rates calculated to write down the cost less estimated residual value over their expected useful lives, using the straight-line method. The rates applicable are:

Office Refurbishment	-	Over remaining term of lease (to June 2022)
Intangible	-	over 5 years
Equipment, plant and machinery	-	over 5 years
Furniture	-	over 10 years
Motor Vehicles	-	over 5 years

##### 4.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to Sutton Housing Partnership. All other leases are classified as operating leases.

## **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2020**

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Where an asset is acquired under a finance lease, the asset is capitalised and the corresponding liability to the finance company is included under obligations under finance leases. Finance lease instalments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account in such a way as to give a reasonably constant charge on the outstanding liability over the period of the contract.

#### **4.3 Provisions for Liabilities**

A provision £69,802 has been made for untaken holiday allowances as at 31 March 2020. There are no other events outstanding that require provision to be made for any legal or constructive obligations.

#### **4.4 Taxation**

A tax charge is recognised in the accounts for tax payable in respect of the taxable profit using relevant UK Corporation Tax rates applicable at the reporting date.

Deferred taxation liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are only recognised if it is considered that there is a reasonable expectation that they will be recoverable in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### **4.5 Turnover**

Turnover represents property management fees and associated income and is stated net of Value Added Tax. Management fees are included within turnover on a time apportioned basis. Associated income is included in turnover on the basis of work done.

### **4 EMPLOYEE BENEFITS**

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year. The interest cost and expected return on assets are included within other finance costs. Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the statement of comprehensive income.

Defined benefit schemes are funded, with the assets held separately from the company in separate trustee-administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at

## Sutton Housing Partnership Limited

(Company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency.

#### 5 LIQUID RESOURCES

Liquid resources represent balances on deposit with Barclays Bank PLC that are readily available to the company.

#### 6 FINANCIAL INSTRUMENTS

The company only has financial instruments of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

8 ANALYSIS OF TURNOVER	2020 £000	2019 £000
Management fees	14,679	15508
Other income	766	528
	<u>15,445</u>	<u>16036</u>

All turnover is generated within the United Kingdom

9 PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2020 £000	2019 £000
This is stated after charging:		
Fees payable to the company's auditor for:		
- Audit fees	35	34
- Tax compliance fees	<u>5</u>	<u>3</u>

10 OPERATING COSTS	2020 £000	2019 £000
	(16,226)	(17,405)

11 EXTRAORDINARY ITEMS	2020 £000	2019 £000
Expenditure	90	90

During 2015/16 and 2016/17, Sutton Housing Partnership made payments to the parent, London Borough of Sutton, totalling £778,586.72 in reimbursement for unrecoverable charges to leaseholders. This was the recognition of historic procedural failings that began to emerge in 2015/16 and were clarified in 2016/17. The payment of £89,972 in 2019/20 is the final instalment of this reimbursement.



# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

	2020 £000	2019 £000
12 INTEREST RECEIVABLE		
Bank interest received	8	11

	2020 £000	2019 £000
13 INTEREST PAYABLE		
Expected return on pension scheme assets	795	782
Interest on pension scheme liabilities	(997)	(1,013)
	(202)	(231)

	2020 £000	2019 £000
14 DIRECTORS AND EMPLOYEES		
Staff costs during the year were as follows:		
Wages and salaries	4,505	4,638
Redundancy costs	0	243
Social security costs	462	483
Other pension costs	1,898	2,135
Total employee cost	6,865	7,499

The company is an admitted member of the London Borough of Sutton local government superannuation scheme, a funded defined benefit scheme. Pension payments recognised as an expense during the year amount to £788k (2019: £684k)

	2020 No.	2019 No.
Average number of employees during the year was:		
Executive management team	3	2
Operations	113	-
Neighbourhood services	-	42
Property services	-	76
Resources (ICT, HR, Finance & Governance)	17	20
Chief Executives Office	2	4
Total	135	144

	2020 £000	2019 £000
Key management personnel remuneration:		
Wages and salaries	374	306
Social security costs	48	38
Other pension costs	61	34
Total key management compensation	483	378

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

The key management personnel are considered to be those members of the Executive Management Team, which is the Chief Executive and two others.

The directors' aggregate remuneration in respect of qualifying services were:

	2020 £000	2019 £000
Salary	7	7
Pension Contribution:	-	1
Total	7	8

Directors are considered to be Board members only. Remuneration is only paid to the Chair of the Board.

None of the other directors received any remuneration or taxable benefits and none were members of the pension scheme.

### 15 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2020 £000	2019 £000
The tax charge is based on the profit for the year and represents:		
Current Tax:		
UK Corporation tax	8	6
Tax on profit on ordinary activities	8	6

### CURRENT TAX RECONCILIATION

The tax assessed for the years differ from the standard rate of corporation tax in the United Kingdom at 19% (2019: 19%). The differences are explained as follows:

Loss on ordinary activities before tax	(1,065)	(1679)
Tax on ordinary activities at the standard rate of Corporation tax 19% (2019: 19%)	(202)	(319)
Effect of non-trading activities with Member not subject to corporation tax	210	325
Actual current taxation charge	8	6

The company is a wholly owned subsidiary of the London Borough of Sutton and the majority of income is derived from services provided to the Council. HM Revenue and Customs have confirmed that transactions between ALMOs and their Councils do not amount to trading and, accordingly, any surplus or deficit arising thereon is outside the scope of corporation tax. Accordingly no tax charge/credit has been recognised in the accounts except on trading outside of this arrangement and interest earned on balances.

The taxable trading activity relates to the Sutton Connect which is a contract with the London Borough of Sutton which is outside of the management agreement

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 16 INTANGIBLE FIXED ASSETS

	Software £000	Total £000
<b>COST</b>		
As at 1 April 2019	302	302
Additions	-	-
Disposals	-	-
As at 31 March 2020	302	302
<b>DEPRECIATION</b>		
As at 1 April 2019	(302)	(302)
Charge in the year	-	-
As at 31 March 2020	(302)	(302)
<b>NET BOOK VALUE</b>		
As at 31 March 2020	-	-
As at 31 March 2019	-	-

### 17 TANGIBLE FIXED ASSETS

	Buildings £000	Motor Vehicles £000	Equipment furniture plant and machinery £000	Total £000
<b>COST</b>				
As at 1 April 2019	591	209	533	1333
Additions	-	24	8	32
Disposals	-	-	-	-
As at 31 March 2020	591	233	541	1,365
<b>DEPRECIATION</b>				
As at 1 April 2019	(353)	(209)	(450)	(1,012)
Charge in the year	(85)	(2)	(12)	(99)
Adjustment-derecognised assets	-	-	-	-
As at 31 March 2020	(438)	(211)	(462)	(1,111)
<b>NET BOOK VALUE</b>				
As at 31 March 2020	153	22	79	254
As at 31 March 2019	267	28	10	305

## Sutton Housing Partnership Limited

(Company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

New vehicles and equipment were purchased for the insourcing of the grass cutting service from 1 April 2020. We also have use of a pressure washer that is held under a Finance Lease. The value of this asset at the end of the financial year was £6k.

18	DEBTORS	2020 £000	2019 £000
	Amounts falling due within one year:		
	Trade debtors	61	63
	Prepayments and accrued income	512	409
		<u>573</u>	<u>472</u>

Trade debtors include £44,881 (2019: £53,329) due from the London Borough of Sutton. Prepayments and accrued income payable from the London Borough of Sutton to the value of £349,432 (2019: £291,519) includes excess payments on insurance claims and fees relating to Right To Buy administration work.

19	CREDITORS	2020 £000	2019 £000
	Amounts falling due within one year:		
	Trade creditors	513	532
	Unpaid pension contributions	99	74
	Finance lease obligations	2	2
	Corporation tax	6	6
	Other taxation and social security	420	347
	Accruals and deferred income	536	1165
		<u>1,576</u>	<u>2126</u>

Trade creditors include £43,557 due to London Borough of Sutton (2019: £131,215). Included within accruals is a liability of £72,834 (2019: £65,000) due to the London Borough of Sutton.

20	CREDITORS: amounts falling due after more than one year	2019 £000	2019 £000
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	Amounts falling due under finance lease contracts	4	6
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Obligations under finance leases are secured on the relevant tangible fixed assets.

#### FINANCE LEASE COMMITMENTS

21		2020 £000	2019 £000
	The company's future minimum finance lease payments are as follows:		
	In one year or less	2	2
	In more than one year, but no more than two years	2	2
	In more than two years, but no more than five years	2	4
		<u>6</u>	<u>8</u>

This is a 4-year lease for equipment which commenced in January 2019. There is no commitment to purchase the equipment at the end of the lease period.

## Sutton Housing Partnership Limited

(Company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

22 OPERATING LEASE COMMITMENTS	2020 £000	2019 £000
The company's future minimum operating lease payments are as follows:	628	918
In one year or less	313	282
In more than one year, but no more than five years	468	636
In more than five years	125	-
	<u>906</u>	<u>918</u>

Sutton Housing Partnership has a non-cancellable operating lease on our office premises at Sutton Gate. During the year we entered into a further lease for a community hub office at a local library. The cost of these leases for the year was £344,047 (2019: £291,783)

### 23 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of the London Borough of Sutton, a local government organisation. No single party controls the company as, under the memorandum and articles of association, London Borough of Sutton can only appoint one third of the board, with the balance of directors being drawn from council tenants (including leaseholders) and members of the wider community.

### 24 RELATED PARTY TRANSACTIONS

The company has no transactions with key personnel beyond their contractual remuneration including salaries and pensions as per note 14 or reimbursement of business expenses incurred.

Management fees totalling £14,679,169 (2019: £15,507,818) were invoiced to the London Borough of Sutton.

London Borough of Sutton has provided services to the company to the value of £474,528 (2019: £282,758). Within this £389,989 (2019: £157,292) relates to ICT, communications, HR, 'out of hours' response & insurance services under service level agreements. Other transactions with London Borough of Sutton include premises rates and council services including fees for removal of abandoned vehicles, training, staff car parking plus recharges for external solicitor and court costs.

The balance owed to London Borough of Sutton as at the year-end was £116,391 (2019: £196,215) as shown in note 18 including settlement of recharged supplier costs. The balance owing from the London Borough of Sutton as at the year-end was £389,989 (2019: £344,848) as shown in note 19. The balance is repayable on normal commercial terms and does not bear interest.

### 25 DEFINED BENEFIT PENSION SCHEME DISCLOSURES

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

The company is an admitted member of the London Borough of Sutton local government superannuation scheme, a funded defined benefit scheme. A full actuarial valuation was undertaken as at 31<sup>st</sup> March 2016 which has set the contributions for the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2020. The assumptions are updated annually.

The impact of the McCloud/Sargent judgement has been considered in the preparation of these statements. The actuary has used analysis provided by the Government Actuary Department and the assumptions and results of FRS102 disclosures to assess the potential impact on our pension liability.

ASSUMPTIONS AS AT	31 March 2020 % p.a.	31 March 2019 % p.a.	31 March 2018 % p.a.
Rate of inflation			
- RPI	2.7%	3.4%	3.3%
- CPI	1.9%	2.4%	2.3%
Rate of increase in salaries	2.9%	3.9%	3.8%
Rate of increase in pensions	1.9%	2.4%	2.3%
Discount rate	2.4%	2.4%	2.6%

	2020 £000	2019 £000
RECONCILIATION OF DEFINED BENEFIT OBLIGATION		
Opening defined benefit obligation at 1 April	41,641	39,700
Current service cost	1,528	1,503
Past service costs, including curtailments	337	610
Interest cost	997	1,013
Contributions by members	281	277
Change in financial assumptions	(4,076)	2,008
Change in demographic assumptions	(1,219)	(2,434)
Experience gain	966	-
Estimated unfunded benefits paid	(2)	(2)
Estimated benefits paid	(1,166)	(1,034)
Closing defined benefit obligation at 31 March	39,287	41,641

RECONCILIATION OF FAIR VALUE OF THE PLAN ASSETS		
Opening fair value of employers assets at 1 April	33,176	30,724
Interest on assets	795	783
Return on assets less interest	(2,264)	1,766
Other actuarial losses	(61)	-
Administration expenses	(33)	(22)
Contributions by members	281	277
Contributions by the employer	788	684
Benefits paid	(1,168)	(1,036)
Closing fair value of employers assets at 31 March	31,514	33,176

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

### 25 DEFINED BENEFIT PENSION SCHEME DISCLOSURES CONTINUED

DEFINED BENEFIT COSTS RECOGNISED IN PROFIT OR LOSS	2020 £000	2019 £000
Service cost	1,865	2113
Net interest cost	202	230
Administration expenses	33	22
Defined benefit costs recognised in the profit and loss	2,100	2,365

The current year service costs includes £337k for the McCloud adjustment in 2018/19.

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	Year to 31/03/20 £000	Year to 31/03/19 £000
Return on Fund assets in excess of interest – (loss)/gain	(2,264)	1,766
Other actuarial losses on assets	(61)	-
Change in financial assumptions	4,076	(2,008)
Change in demographic assumptions	1,219	2,434
Experience gain on defined benefit obligation	(966)	-
Re-measurement of the (defined liability) / net assets	2,004	2,192

	31 March 2020	31 March 2019
LIFE EXPECTANCY FROM AGE 65 (YEARS)		
Retiring today		
- Males	21.8	23.4
- Females	24.4	24.8
Retiring in 20 years		
- Males	23.2	25.0
- Females	25.8	26.6

STATEMENT OF FINANCIAL POSITION	31 March 2019 £000	31 March 2019 £000	31 March 2018 £000
Fair value of fund assets	31,514	33,176	30,724
Present value of defined obligation	(39,251)	(41,600)	(39,657)
Present value of unfunded obligation	(36)	(41)	(43)
Net pension liability	(7,773)	(8,465)	(8,976)

The triennial revaluation was carried out in 2019 and recommended that employer's contributions remain at 20% to move to a fully funded scheme by the target date of 31 March 2035. The estimated employer's contributions for the year to 31 March 2021 will

## Sutton Housing Partnership Limited

(Company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2020

be approximately £786,000 (2019: £784,000). The next triennial revaluation of the scheme will be carried out in 2022.

SENSITIVITY ANALYSIS	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	38,497	39,287	40,095
Projected service cost	1,325	1,359	1,394
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	39,337	39,287	39,238
Projected service cost	1,492	1,492	1,492
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	40,047	39,287	38,543
Projected service cost	1,394	1,359	1,325
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	40,699	39,287	37,926
Projected service cost	1,401	1,359	1,319

For the adjustment to the mortality age rating assumption, we are essentially assuming a member has the mortality of someone a year older or a year younger, for example, under +1 year we assume that a member with a 25 year life expectancy is actually expected to live for 26 years.

## 26 CONTINGENT LIABILITY / ASSET

There are no known events giving rise to a contingent liability or asset.

## 27 POST BALANCE SHEET EVENTS

There were no events occurring after 31 March 2020 that would have any bearing on these financial statements.

The Repairs and Grounds Maintenance Teams were transferred into Sutton Housing Partnership on 1<sup>st</sup> April 2020. The Repairs team were TUPE'd in following the previous contractor giving notice to terminate the contract. The Grounds Maintenance Team were brought in house to join with the existing estate based teams to enhance the service as part of the New Deal Programme. Both transfers have proved successful with reported increases in resident satisfaction.