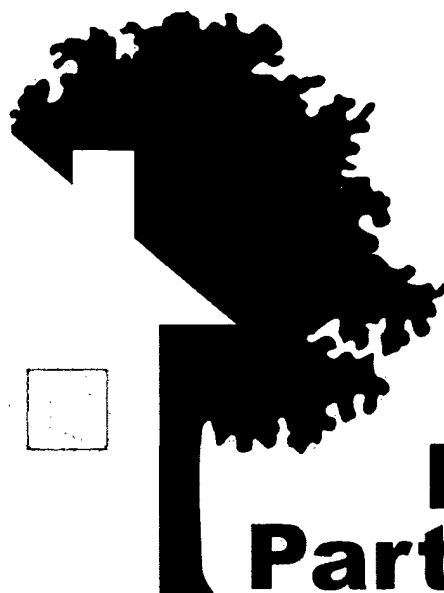


Company Registration Number: 05589014



**Sutton
Housing
Partnership**

Improving Housing Together

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2022



Sutton Housing Partnership Limited

(Company limited by guarantee)

ADMINISTRATION INFORMATION

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Sutton Housing Partnership Limited

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ADMINISTRATION INFORMATION

BOARD OF DIRECTORS

Resident board members

Jan Winning ²

Council appointed board members

Marlene Heron ²

Barry Lewis ²

Gary Miles ¹

Barry Russell ²

Chair of the Performance Committee

Independent board members

Tracey White ¹

Until November 2021

Chair of Audit & Risk Committee

Rachelle Beltran ¹

From November 2021

Chair of Audit & Risk Committee

Anne-Britt Karunaratne ²

From November 2021

Vice Chair

Diane Pearson ¹

Sir Steve Bullock

Chair

1. Member of the Audit and Risk Committee

2. Member of the Performance Committee

EXECUTIVE MANAGEMENT TEAM

Steve Tucker

Managing Director

Catherine Charlton

Operations Director

Sue Hogg

Finance & Corporate Services Director and
Company Secretary

Vincent Roche

Interim Director, Asset Investment &
Sustainability
From 1st April 2022

REGISTERED OFFICE

Sutton Gate
1 Carshalton Road
Sutton
Surrey SM1 4LE

SOLICITORS

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

AUDITOR

Bishop Fleming LLP
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth PL4 0BN

BANKERS

Barclays Bank PLC
39 Sutton High
Sutton
SM1 1DR

Sutton Housing Partnership Limited

(Company limited by guarantee)

CHAIRMAN'S REPORT

31 March 2022

This annual report for Sutton Housing Partnership (SHP), covers the year 1 April 2021 to 31 March 2022.

Following a period of pandemic-related isolation, community engagement and confidence is being carefully rebuilt and we are working with partners to connect residents to opportunities and activities which strengthen resilience and autonomy.

Unemployment and dependency on benefits for those in work has increased in more precarious job sectors and there is pressure upon household budgets from inflation and rising energy costs in particular. In order to help residents to face up to these pressures we are expanding our work on promoting financial inclusion and connecting residents to practical assistance so that they can sustain their tenancies.

SHP delivered a number of its principal commitments set out in the 2021/24 Delivery Plan, including:

- **Keeping people safe in their homes:** completion of full stock condition survey; all Fire Risk Assessments, normally undertaken on a three year cycle, were completed in the last year; clear and safe communal spaces policy; new processes to ensure we are tackling domestic abuse in the best way.
- **Rethinking repairs:** handyperson scheme for our vulnerable residents; step by step DIY repairs videos; new supply chain for works and materials; resident feedback is that the service is better and we have extended opening and access hours and improved our emergency out of hours service
- **Collaborative working with residents:** Community Walkabouts have restarted; repairs focus group is meeting regularly to oversee changes to the service; our resident engagement review launched and Place Based working is ensuring that SHP understands and is addressing local resident priorities.
- **Digital access and engagement:** significant increase in online accounts and provision of training for tenants through our partners; new SHP Facebook forum, community broadband offer and holding tech and tea events for residents to get help to carry out day to day functions online
- **Improving communities:** smaller patches and more Housing Managers; improved response to and resident satisfaction with how we tackle ASB; our Independent Living and Sutton Connect services are very popular with tenants; furniture rental scheme; we are holding regular Ward Councillor briefings
- **Organisational culture:** flexible working model improved work life balance & increased productivity; professional training launched through Chartered Institute of Housing; staff turnover has reduced; positive feedback from new staff on working at SHP; virtual Staff Conference in June focus on wellbeing
- **Covid recovery:** Community Investment Programme connecting residents to jobs, health and wellbeing and financial inclusion; Food Shop and support for vulnerable families; supporting regeneration and new affordable housing supply; every home a platform for families to achieve their ambitions

We also completed the second year of our three-year SHP New Deal Programme to support the continued improvement of services for residents. This saw the completion of Phase

Sutton Housing Partnership Limited

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CHAIRMAN'S REPORT

31 March 2022

Two of the operating model across all services and the delivery of improved ICT infrastructure and quality business processes.

A principal driver of our performance and delivery has been the period of sustained stability in leadership and management focus following the significant changes made in 2017/18. This has grown staff confidence and trust in the direction and ambition of the organisation and understanding of the operating model and their role within it.

In this financial year SHP continued with its partnership with the Chartered Institute of Housing (CIH) which is designed to equip housing management staff with the professional judgement, insight and knowledge they will need in order to work successfully in collaboration with residents in delivering exceptional housing services and connecting people to opportunities. The CIH led programme has been designed specifically around the SHP New Deal and reflects the stage that SHP has reached in its implementation including areas like tackling anti-social behaviour where we still need to improve. Our primary purpose as a landlord is to provide good homes in thriving communities which equip residents to take positive action to improve their lives e.g. by finding work, improving their health and getting the most out of education. Our job is to encourage and inspire residents to unlock their potential, find their purpose and get the most out of life, and to create communities where this happens.

In 2021/22 we also continued to focus upon delivering fire safety priorities at SHP, The following has been undertaken to help ensure compliance with the new Fire Safety Act and Building Safety Act:

- Clear and Safe Communal Spaces Policy applicable to blocks of flats, approved by SHP and London Borough of Sutton's Housing, Environment and Business Committee.
- Electrical, Gas, Water Hygiene and Lift Safety compliance policies reviewed by SHP as per the standard policy review cycle.
- Completion of a Fire Risk Assessment, (FRA) programme on all of SHP's 324 blocks of flats in 1 year, (usually a 3 year programme), providing up to date information on actions required to enhance fire safety in these blocks.
- Procurement of additional fire safety contractors to carry out works resulting from this enhanced FRA programme.
- £3 million capital investment in fire safety works, ensuring our homes are safe.
- An external wall system, (EWS) survey contractor procured to carry out assessments on the external cladding of applicable blocks. 3 EWS surveys were carried out in 2021/22 with completion of the remaining 5 targeted for 2022/23.
- Fire Safety training programme for our Repairs and Estates services, with 90% and 97% of colleagues having completed respectively.

SHP was successful in the annual review of its Customer Service Excellence accreditation following the conclusion of an independent assessment on 25 March 2020. This award recognises the huge improvements made to our resident facing services through the feedback from, and insight of residents themselves.

Sutton Housing Partnership Limited

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CHAIRMAN'S REPORT

31 March 2022

The Sutton Federation Tenant Resident Association (SFTRA) and Sutton Leaseholder Association (SLA) continue to support the Organisation to consult and involve residents, which has proven successful. In addition, the surveys, calls made to residents following repairs, plus the range of social media activities and the Big Door Knock survey event involving all Staff that have been introduced to engage and involve residents demonstrates that consultation is integral to continually improving the services. One example of this consultation is the formation of the Resident Repairs Focus Group that can help mould the service and be a critical friend to the service.

The Board set up a task and finish group in the year to scrutinise the "buy back property project" this is a new supply initiative being led by the Council to transfer existing properties into a separate Council-owned company and to secure a further 100 properties moving forward. SHP may be responsible for managing these properties on behalf of the Council owned company.

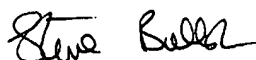
The Board approved its Medium Term Financial Strategy in February 2022. Whilst the budget is balanced in 2022/23 there will be a need to find savings and efficiencies moving forward to remain financially viable and secure funding for future service development proposals. The Value For Money Programme Board meets regularly to progress the action plan put in place to deliver these savings.

Governance: As a Board we have continued to improve our understanding of the views and priorities of our shareholder and of our 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. We continue to promote public attendance at our Board meetings, and we have developed new ways to engage with residents, including via social media and text surveys. We have also ensured that SHP is compliant with the Housing Ombudsman Complaint Handling Code published in July 2020, and have published our self-assessment against the Code.

The Board reviews its Code of Governance on an annual basis. The Code of Governance underwent a significant review during 2020 in response to the National Housing Federation (NHF) issuing its first revised code of governance in 5 years. The recommended changes were incorporated into the 2020/21 version and no further changes to content were made for 2021/22.

Throughout 2021/22, 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.

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
Chair of Sutton Housing Partnership Board
28 September 2022

Sutton Housing Partnership Limited

(Company limited by guarantee)

STRATEGIC REPORT

31 March 2022

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

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STRATEGIC REPORT

31 March 2022

Financial Performance

Excluding the FRS102 Pension adjustments the organisation produced a surplus after taxation of £63k (2021: surplus of £359k). The loss for the year arises from the company's continuing operations.

Performance

Our priorities are identified in our three year Delivery Plan 2021-24. 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 (2021-22) as reflected in the KPIs was:

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STRATEGIC REPORT

31 March 2022

Key Performance Indicator	2021-22	LBS Target 2021-22	HouseMark Upper Quartile 2020-21
Excellent Customer Service			
Tenant satisfaction with the overall service	72.5%	87.0%	76.3%
Leaseholder satisfaction with the overall service	60.8%	65.0%	52.3%
Quality Homes & Secure Neighbourhoods			
Tenant satisfaction with the overall quality of their home	72.8%	86.0%	76.1%
Leaseholder satisfaction with the overall quality of their block	54.0%	70.0%	72.6%
Tenant satisfaction with their most recent repair	83.6%	90.0%	87.4%
Tenant & Leaseholder satisfaction with repairs to communal areas	68.3%	85.0%	-
Tenant satisfaction with their neighbourhood	79.5%	86.0%	81.8%
Leaseholder satisfaction with their neighbourhood	73.6%	75.5%	75.1%
Value for Money			
Tenant satisfaction with value for money for their rent	84.2%	90.0%	80.3%
Leaseholder satisfaction with value for money for their service charge	36.7%	47.0%	36.8%
Reputation for Excellence			
Tenant satisfaction with the way SHP keeps them informed	83.1%	90.0%	-

When benchmarking performance against 105 other social housing providers in London via HouseMark Ltd, SHP services are broadly comparable. 5 out of 5 measures for tenant satisfaction are in the top quartile of performance for London.

Sutton Housing Partnership Limited

(Company limited by guarantee)

STRATEGIC REPORT

31 March 2022

PRINCIPAL RISKS FACED BY THE ORGANISATION

Health and Safety

Fire safety, building safety and emergency disaster planning have been managed robustly and we continue to embed government guidelines, good practice and learning from previous experience.

SHP has 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.

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's Health and Safety Policy was reviewed in 2020 as part of the creation of the new health and safety management system. SHP's Health and Safety Policy is a critical tool that ensures SHP achieves compliance and effectively manages risks by detailing what we intend to achieve, who is responsible and how this will be achieved.

In addition, key achievements during 21/22 include:

- Accidents and Incidents:
 - A new procedure was developed and approved by SHP's Executive Management Team and Health and Safety Committee in December 2021.
 - Improved Accident and Incident reporting, aimed at organisational learning to mitigate risks.
- Covid 19 Safe working practices - a continuation from 2020/21 subject to regular review, taking account of Government guidance.
- Officer Personal Safety - devices issued to officers involved in lone working. Usage is monitored by SHP's Health and Safety Manager and has increased significantly throughout the year with quarterly reports to SHP's Health and Safety Committee.
- Training programme:
 - "Introduction to Health & Safety", mandatory e-learning training to all officers with 94% completion rate.
 - Enhanced training programmes for Repairs and Estates services.
 - 3.10 Further bespoke training provided, e.g. timber fire door installation, repair and maintenance.

The SHP Business Continuity Plan was also reviewed and updated in November 2021.

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, Procurement, ICT & Communications Services.

Fraud

SHP is alert to the risk of fraud across the areas of its business and has appropriate policies and procedures in place to mitigate this. Where there is a suspicion of fraud it will be fully investigated and appropriate action taken.

Sutton Housing Partnership Limited

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STRATEGIC REPORT

31 March 2022

Financial

In November 2020 the Board agreed a five year medium term financial strategy (MTFS). The strategy was reviewed in November 2021 to reflect the dynamic nature of housing and the issues relating to the financing of it through the Housing Revenue Account. The MTFS forms a key part of SHP's integrated planning process, which will link operational planning with financial and resource planning, to ensure that all resources are aligned to our priorities. The MTFS describes the financial direction of the organisation and outlines the financial pressures over the next 5 years.

SHP 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. In 2021-2022 we completed the third year of the programme, which included the launch of a number of key modules including, Assets, Risk, Mobile, Scheduler, Mobile, Contractor portal, and the DAHA support module.

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.

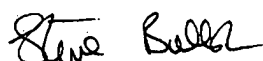
Relationship with the Council

We have continued to have a very productive relationship with our stakeholder and the Board has received very positive feedback on the organisation's performance during the recovery period following 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. The Audit & Risk Committee also considered the Directorate Risk Registers; this provides members with an opportunity to reflect on the natural synergy between strategic risks which are then mapped across at an operational level to both operational registers. The Strategic Risk Register is also presented to all Board Members for review and discussion to provide assurance.

On behalf of the Board



Sir Steve Bullock
Chair of Sutton Housing Partnership Board
28 September 2022

Sutton Housing Partnership Limited

(Company limited by guarantee)

DIRECTOR'S REPORT

31 March 2022

The directors present their report and the audited financial statements for the year ended 31 March 2022.

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. Additionally there are 2 co-opted Board members from recognised resident associations. Resident recruitment to the SHP Board is ongoing and a targeted recruitment campaign will take place during 2022/23 to attract a more diverse group of skilled residents and boost the prestige of the resident voice. In addition, we will also source a development package for residents who might be interested in joining the Board or Performance Committee.

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 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, the Finance & Corporate Services Director and the Director of Assets and Sustainability. 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 Performance Committee Chair provides a verbal report to each full Board meeting and the Board receives the minutes of the Audit and Risk Committee meeting and the Audit & Risk Chair provides a verbal update.

Task and Finish Group meetings are set up to consider strategic issues when they occur, during 2021/22 meetings were set up to consider the Council's affordable Housing project and SHP's input into this.

Sutton Housing Partnership Limited

(Company limited by guarantee)

DIRECTOR'S REPORT

31 March 2022

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.

Performance Committee

This Committee includes a mix of Board and resident members and provides additional oversight and scrutiny around the organisation's performance, including compliance with the Regulator of Social Housing's Consumer Standards. 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 2022 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 2. 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 23 November 2021:

- Gary Miles (Council nominee) - Stood down and was immediately reappointed for a final three year term.
- Jan Winning (Resident member)- Stood down and was immediately reappointed for a second three year term.
- New Board member, Rachelle Beltran (Independent and Chair of the Audit & Risk Committee), having previously been appointed on a casual vacancy basis was appointed to serve her first term.
- Tracey White (Independent) - Stood down after serving nine years on the Board.
- Anne-Britt Karunaratne - Was appointed as the Vice Chair of the Board.

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").

Sutton Housing Partnership Limited

(Company limited by guarantee)

DIRECTOR'S REPORT

31 March 2022

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.

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.

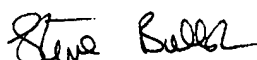
CHARITABLE DONATIONS

The company made no cash charitable donations during the year.

AUDITOR

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

On behalf of the board



Sir Steve Bullock
Chair of Sutton Housing Partnership Board
28 September 2022

Sutton Housing Partnership Limited

(Company limited by guarantee)

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

31 March 2022

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 2022 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including 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 2022, 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Sutton Housing Partnership Limited

(Company limited by guarantee)

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

31 March 2022

Other information

The other information comprises the information included in the Report and Financial Statement ('Annual Report'), other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

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 and the directors' report.

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
- 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

As explained more fully in the Directors' Responsibilities Statement, 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.

Sutton Housing Partnership Limited

(Company limited by guarantee)

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

31 March 2022

Auditor 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment, business performance and key drivers for directors' remuneration and performance targets;
- We have considered the results of enquiries with management in relation to their own identification and assessment of the risk of irregularities within the entity;
- We have reviewed the company's documentation of their policies and procedures relating to:
 - Identifying, evaluation and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks of fraud or noncompliance with laws and regulations;
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut off and significant estimates such as the pension assumptions used in valuing the year-end pension deficit. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation. In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or avoid a material penalty, including landlord health and safety laws and regulations covering fire risks, gas safety, water hygiene, electrical safety and asbestos.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;

Sutton Housing Partnership Limited

(Company limited by guarantee)

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

31 March 2022

- Enquiring of management in relation to actual and potential claims or litigations or areas of non-compliance with laws and regulations;
- Performing detailed testing in relation to the recognition of revenue, with a particular focus around year-end cut off, including the agreement of year end balances with the London Borough of Sutton;
- Performing a benchmarking summary of the assumptions used by the actuary and comparing to local government pension schemes across various counties and across different actuaries;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities is available on the FRC's website at: 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.



Nathan Coughlin FCA (Senior statutory auditor) for and on behalf of

Bishop Fleming LLP

Chartered Accountants and Statutory Auditors

Salt Quay House

4 North East Quay, Sutton Harbour

Plymouth

PL4 0BN

Date: 20 December 2022

Sutton Housing Partnership Limited

(Company limited by guarantee)

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 March 2022

	<i>Notes</i>	2022 £000	2021 £000
Turnover	7	17,945	17,746
Operating costs		<u>(19,681)</u>	<u>(18,240)</u>
OPERATING LOSS		(1,736)	(494)
Interest Receivable	9	-	-
Interest Payable	10	<u>(256)</u>	<u>(171)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,992)	(665)
Tax on profit on ordinary activities	12	<u>(2)</u>	<u>(2)</u>
RETAINED LOSS FOR THE FINANCIAL YEAR		<u>(1,994)</u>	<u>(667)</u>
OTHER RECOGNISED GAINS / (LOSSES)			
Actuarial gain / (loss) on defined benefit scheme	22	5,189	(3,064)
RECONCILIATION OF FUNDS			
Members funds brought forward		<u>(9,391)</u>	<u>(5,660)</u>
Members funds carried forward		<u>(6,196)</u>	<u>(9,391)</u>

The accompanying accounting policies and notes on pages 21 to 35 form part of these financial statement

Sutton Housing Partnership Limited

(Company limited by guarantee)

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2022

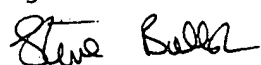
	Notes	2022		2,021	
		£000	£000	£000	£000
FIXED ASSETS					
Intangible Fixed Assets	13	-		-	
Tangible fixed assets	14	83		157	
			83		157
CURRENT ASSETS					
Debtors	15	1,934		2,183	
Cash at bank and in hand		2,128		2,202	
		4,062		4,385	
CREDITORS: amounts falling due within one year	16	(1,554)		(2,052)	
NET CURRENT ASSETS			2,508		2,333
TOTAL ASSETS LESS CURRENT LIABILITIES			2,591		2,490
CREDITORS: amounts falling due after more than one year	17		(40)		(2)
PROVISIONS FOR LIABILITIES	22		(8,747)		(11,879)
NET LIABILITIES INCLUDING PENSION DEFICIT			(6,196)		(9,391)
CAPITAL AND RESERVES					
Profit and loss account			2,551		2,488
Pension reserve	22		(8,747)		(11,879)
MEMBER'S FUNDS			(6,196)		(9,391)

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 21 to 35 form part of these financial statements.

The financial statements on pages 18 to 35 were approved and authorised for issue by the board on 28th September 2022.

Signed on behalf of the Board of Directors:



Sir Steve Bullock
Chair of Sutton Housing Partnership Board
28th September 2022
Company registration no: 05589014

Sutton Housing Partnership Limited

(Company limited by guarantee)

STATEMENT OF CASHFLOWS

For the year ended 31 March 2022

	<i>Notes</i>	2022 £000	2021 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss for the financial year		(1,736)	(494)
Adjustments for:			
- Depreciation of fixed assets	14	75	102
- Interest paid		(1)	(1)
- Interest received		-	-
- Decrease / (increase) in trade and other debtors	15	249	(1,610)
- Increase / (decrease) in trade & other creditors	16	(459)	479
- Difference between pension scheme contributions and amounts charged to the profit and loss account		<u>1,802</u>	<u>872</u>
Cash from operations		(70)	(652)
Income taxes paid	12	<u>(2)</u>	<u>(2)</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES		(72)	(654)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds/Loss from the sale of fixed assets		-	-
Purchases of intangible fixed assets	13	-	-
Purchases of tangible fixed assets	14	<u>-</u>	<u>(6)</u>
NET CASH FROM INVESTING ACTIVITIES		-	(6)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance leases	18	<u>(2)</u>	<u>(3)</u>
NET CASH USED IN FINANCING ACTIVITIES		(2)	(2)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(74)	(662)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			
		2,202	2,866
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
		<u>2,128</u>	<u>2,202</u>

The accompanying accounting policies and notes on pages 21 to 35 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 2022

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.

There has been a slight improvement in the reserves position (£63k) due to the underlying surplus for 2021/22 and the long term cash flow forecast shows there are sufficient funds to meet operating expenses.

Income from rents is monitored closely and Housing Managers have been contacting tenants that report financial difficulties as a result of COVID-19 and the cost of living crisis, signposting them to available support. Arrears have increased slightly in 2021/22 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. Our five year Financial strategy and VFM strategy, alongside the New Deal Programme will identify funding to support these plans.

The net liability reported in the Statement of Financial Position 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 2022

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

Preparation of the financial statements requires management to make significant judgements and estimates. These are the actuarial estimates 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 2022	31 March 2021
LIFE EXPECTANCY FROM AGE 65 (YEARS)		
Retiring today		
- Males	21.4	21.6
- Females	24.1	24.3
Retiring in 20 years		
- Males	22.9	22.9
- Females	25.8	25.7

ASSUMPTIONS AS AT	31 March 2022 % p.a.	31 March 2021 % p.a.	31 March 2020 % p.a.
Rate of inflation			
- RPI	3.85%	3.20%	2.7%
- CPI	3.30%	2.85%	1.90%
Rate of increase in salaries	4.20%	3.85%	2.90%
Rate of increase in pensions	3.20%	2.85%	1.90%
Discount rate	2.70%	2.00%	2.35%

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:

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

Office Refurbishment	-	Over remaining term of lease (to June 2022)
IT Software	-	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.

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 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.

4.4 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.

5. EMPLOYEE BENEFITS

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

An accrual of £89,256 has been made for untaken holiday allowances as at 31 March 2022.

Sutton Housing Partnership Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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 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.

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.

	2022	2021
	£000	£000
7 ANALYSIS OF TURNOVER		
Management fees	16,949	16,870
Other income	996	876
	<u>17,945</u>	<u>17,746</u>

All turnover is generated within the United Kingdom

	2022	2021
	£000	£000
8 PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		
This is stated after charging:		
Fees payable to the company's auditor for:		
- Audit fees	23	50
- Tax compliance fees	2	-

Sutton Housing Partnership Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2022 £000	2021 £000
9 INTEREST RECEIVABLE		
Bank interest received	-	-

	2022 £000	2021 £000
10 INTEREST PAYABLE		
Expected return on pension scheme assets	797	739
Interest on pension scheme liabilities	(1,052)	(909)
	(255)	(170)
Finance lease cost	(1)	(1)
Total interest payable	(256)	(171)

	2022 £000	2021 £000
11 DIRECTORS AND EMPLOYEES		
Staff costs during the year were as follows:		
Wages and salaries	6,319	6,098
Redundancy costs	-	28
Social security costs	651	617
Pension Costs - current service cost	2,941	1,943
Total employee cost	9,911	8,686

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 £1,201k (2021: £1,126k)

	2022 No.	2021 No.
Average number of employees during the year was:		
Executive management team	3	3
Operations	163	160
Resources (ICT, HR, Finance & Governance)	15	15
Chief Executives Office	4	3
Total	185	181

Sutton Housing Partnership Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2022	2021
	£000	£000
Key management personnel remuneration:		
Wages and salaries	362	342
Social security costs	45	44
Other pension costs	70	68
	<hr/>	<hr/>
Total key management compensation	477	454

The key management personnel are considered to be those members of the Executive Management Team, which during this financial year was the Managing Director, Operations Director and Finance & Corporate Services Director.

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

	2022	2021
	£000	£000
Salary	10	7
Pension Contribution:	-	-
	<hr/>	<hr/>
Total	10	7

Directors are considered to be Board members only. Remuneration is paid to the Chair of the Board, Vice Chair and the Chairs of the Audit and Risk committee and Performance committee.

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

12	TAX ON PROFIT ON ORDINARY ACTIVITIES	2022	2021
		£000	£000

The tax charge is based on the profit for the year and represents:

Current Tax:		
UK Corporation tax	2	2
Tax on profit on ordinary activities	2	2

Sutton Housing Partnership Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

CURRENT TAX RECONCILIATION

The tax assessed for the years differ from the standard rate of corporation tax in the United Kingdom at 19% (2021: 19%). The differences are explained as follows:

Loss on ordinary activities before tax	(1,992)	(665)
Tax on ordinary activities at the standard rate of Corporation tax 19% (2021: 19%)	(378)	(126)
Effect of non-trading activities with Member not subject to corporation tax	<u>380</u>	<u>129</u>
Actual current taxation charge	2	2

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. However, this contract was moved into our main management agreement in July 2021.

Sutton Housing Partnership Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

13 INTANGIBLE FIXED ASSETS

	Software £000	Total £000
COST		
As at 1 April 2021	302	302
Additions	-	-
Disposals	-	-
As at 31 March 2022	<u>302</u>	<u>302</u>
DEPRECIATION		
As at 1 April 2021	(302)	(302)
Charge in the year	-	-
As at 31 March 2022	<u>(302)</u>	<u>(302)</u>
NET BOOK VALUE		
As at 31 March 2022	<u>-</u>	<u>-</u>
As at 31 March 2021	-	-

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

14 TANGIBLE FIXED ASSETS

	Buildings	Motor Vehicles	Equipment furniture plant and machinery	Total
	£000	£000	£000	£000
COST				
As at 1 April 2021	597	217	404	1,218
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2022	597	217	404	1,218
DEPRECIATION				
As at 1 April 2021	(524)	(200)	(337)	(1,060)
Charge in the year	(58)	(4)	(12)	(75)
As at 31 March 2022	(582)	(204)	(349)	(1,135)
NET BOOK VALUE				
As at 31 March 2022	15	13	55	83
As at 31 March 2021	73	17	68	157

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 £4k.

Sutton Housing Partnership Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

15	DEBTORS	2022 £000	2021 £000
	Amounts falling due within one year:		
	Trade debtors	1,146	1,226
	Prepayments and accrued income	789	958
	Provision for Bad Debts	(1)	(1)
		<u>1,934</u>	<u>2,183</u>

Trade debtors include £1,126.8k (2021: £1,175k) due from the London Borough of Sutton. Prepayments and accrued income payable from the London Borough of Sutton to the value of £267.4k (2021: £407.1k) includes excess payments on insurance claims and fees relating to Right To Buy administration work.

16	CREDITORS	2022 £000	2021 £000
	Amounts falling due within one year:		
	Trade creditors	230	650
	Unpaid pension contributions	159	129
	Finance lease obligations	2	2
	Corporation tax	2	2
	Other taxation and social security	414	363
	Accruals and deferred income	<u>747</u>	<u>906</u>
		1,554	2,052

Trade creditors include £0 due to London Borough of Sutton (2021: £0). Included within accruals is a liability of £126,573 (2021: £70,521) due to the London Borough of Sutton.

17	CREDITORS: amounts falling due after more than one year	2022 £000	2021 £000
	Amounts falling due under finance lease contracts	-	2
	Accruals and deferred income	<u>40</u>	<u>-</u>
		40	2

Obligations under finance leases are secured on the relevant tangible fixed assets.

Sutton Housing Partnership Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

18 FINANCE LEASE COMMITMENTS

	2022 £000	2021 £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
In more than two years, but no more than five years	-	-
	<u>2</u>	<u>4</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.

19 OPERATING LEASE COMMITMENTS

	2022 £000	2021 £000
The company's future minimum operating lease payments are as follows:	281	598
In one year or less	101	313
In more than one year, but no more than five years	120	191
In more than five years	60	95
	<u>281</u>	<u>598</u>

Sutton Housing Partnership has a non-cancellable operating lease on our office premises at Sutton Gate and also at the Circle Library, Carshalton. The cost of these leases for the year was £346,247 (2021: £353,776). The lease on the Sutton Gate office ended on 19th June 2022 and we are negotiating the heads of terms for the new lease.

20 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of the London Borough of Sutton, Civic Offices, St Nicholas Way, Sutton SM1 1EA, a local government organisation. No single party controls the company as, under the memorandum and articles of association, the 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.

Sutton Housing Partnership Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

21 RELATED PARTY TRANSACTIONS

The company has no transactions with key personnel beyond their contractual remuneration including salaries and pensions as per note 11 or reimbursement of business expenses incurred.

Management fees totalling £16,949,000 (2021: £16,870,000) were invoiced to the London Borough of Sutton.

London Borough of Sutton has provided services to the company to the value of £1,113.9k (2021: £1,114.8k). Within this £791,700 (2021: £997,907) relates to ICT, communications, HR, 'out of hours' response & insurance services under service level agreements. Other transactions with the London Borough of Sutton include premises rates and council services including fees for training, staff car parking plus recharges for external solicitor and court costs.

The balance owed to the London Borough of Sutton as at the year-end was £126,573 (2021: £70,521) as shown in note 16 including settlement of recharged supplier costs. The balance owing from the London Borough of Sutton as at the year-end was £1,394.2k (2021: £1,582.9k) as shown in note 15. The balance is repayable on normal commercial terms and does not bear interest.

22 DEFINED BENEFIT PENSION SCHEME DISCLOSURES

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 31st March 2019 which has set the contributions for the period 1st April 2020 to 31st March 2023. 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 2022 % p.a.	31 March 2021 % p.a.	31 March 2020 % p.a.
Rate of inflation			
- RPI	3.85%	3.20%	2.7%
- CPI	3.30%	2.85%	1.90%
Rate of increase in salaries	4.20%	3.85%	2.90%
Rate of increase in pensions	3.20%	2.85%	1.90%
Discount rate	2.70%	2.00%	2.35%

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2022	2021
	£000	£000
RECONCILIATION OF DEFINED BENEFIT OBLIGATION		
Opening defined benefit obligation at 1 April	51,446	39,287
Current service cost	2,941	1,943
Past service costs, including curtailments	-	-
Interest cost	1,052	909
Contributions by members	428	395
Change in financial assumptions	(3,284)	11,552
Change in demographic assumptions	57	(424)
Experience (gain)/loss	74	(555)
Estimated unfunded benefits paid	-	(2)
Administration Expenses	62	-
Estimated benefits paid	<u>(1,048)</u>	<u>(1,659)</u>

Closing defined benefit obligation at 31 March	51,728	51,446
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RECONCILIATION OF FAIR VALUE OF THE PLAN ASSETS

Opening fair value of employers assets at 1 April	39,567	31,514
Interest on assets	797	739
Return on assets less interest	2,036	7,509
Administration expenses	-	(55)
Contributions by members	428	395
Contributions by the employer	1,201	1,126
Benefits paid	<u>(1,048)</u>	<u>(1,661)</u>

Closing fair value of employers assets at 31 March	42,981	39,567
--	--------	--------

	2022	2021
	£000	£000
DEFINED BENEFIT COSTS RECOGNISED IN PROFIT OR LOSS		
Service cost	2,941	1,943
Net interest cost	255	170
Administration expenses	<u>62</u>	<u>55</u>
Defined benefit costs recognised in the profit and loss	3,258	2,168

Sutton Housing Partnership Limited

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

22 DEFINED BENEFIT PENSION SCHEME DISCLOSURES CONTINUED

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	2022 £000	2021 £000
Return on Fund assets in excess of interest – gain/(loss)	2,036	7,509
Change in financial assumptions	3,284	(11,552)
Change in demographic assumptions	(57)	424
Experience gain/(loss) on defined benefit obligation	(74)	555
Total re-measurement gains / (losses)	5,189	(3,064)

	31 March 2022	31 March 2021
LIFE EXPECTANCY FROM AGE 65 (YEARS)		
Retiring today		
- Males	21.4	21.6
- Females	24.1	24.3
Retiring in 20 years		
- Males	22.9	22.9
- Females	25.8	25.7

STATEMENT OF FINANCIAL POSITION	31 March 2022 £000	31 March 2021 £000	31 March 2020 £000
Fair value of fund assets	42,981	39,567	31,514
Present value of defined obligation	(51,728)	(51,407)	(39,251)
Present value of unfunded obligation	-	(39)	(36)
Net pension liability	(8,747)	(11,879)	(7,773)

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 2023 will be approximately £1,123k (2021: £1,124k). The next triennial revaluation of the scheme will be carried out in 2022.

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

SENSITIVITY ANALYSIS

The sensitivity regarding the principal assumptions used to measure the scheme obligations are set out below

Change in assumptions at 31 March 2022	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	907
1 year increase in member life expectancy	4%	2,069
0.1% increase in the Salary Interest Rate	0%	61
0.1% increase in the Pension Increase Rate (CPI)	2%	839

The adjustment to the life expectancy assumptions assumes a member has the life expectancy of someone a year older or a year younger, for example, under +1 year it is assumed that a member with a 25 year life expectancy is actually expected to live for 26 years.

23 CONTINGENT LIABILITY / ASSET

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

24 POST BALANCE SHEET EVENTS

Sutton Housing Partnership is currently finalising a new 5 year operating lease with the Landlord for its Sutton Gate offices. Heads of Terms have been agreed and the annual value of the lease will be £282,500 per annum with only half rent payable in the first year.