

Company Registration Number: 05589014

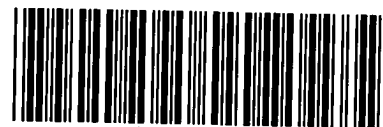


## Sutton Housing Partnership Limited

### REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2017

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# **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

Myra Vashynska <sup>4</sup>

Appointed 1 August 2016

Resigned 24 February 2017

Coral Russell <sup>1,2</sup>

Resigned 14 September 2016

Ruth Scott <sup>1</sup>

Resigned 1 April 2016

#### Council appointed board members

Michael Baldwin <sup>1,3</sup>

Resigned 8 June 2016

John Drage <sup>1,3</sup>

Resigned 8 June 2016

Joyce Melican <sup>1</sup>

Appointed 8 June 2016

David Emmerson <sup>3,4</sup>

Appointed 8 June 2016

Gary Miles <sup>2</sup>

Barry Russell <sup>3,4</sup>

#### Independent board members

Tracey White <sup>1,2</sup>

Graeme Bennett <sup>3,4</sup> (Vice Chair)

Joanna Hills <sup>1</sup>

Appointed 8 June 2016

Peter Walters <sup>2</sup> (Chair)

1. Member of the Audit and Risk Committee

2. Member of the Organisational Development Committee (Disbanded April 2016)

3. Member of the Finance and Performance Committee (Disbanded April 2016)

4. Member of the Performance Committee (Launched December 2016)

### EXECUTIVE MANAGEMENT TEAM

Andrew Taylor Chief Executive & Company Secretary (to 30 November 2016)

Steve Tucker Interim Chief Executive (from 15 November 2016)

Jerry Austin Executive Director (Property)

Joanne Cambra Executive Director (Neighbourhoods) (to 31 January 2017)

Brendan Crossan Executive Director (Resources) (to 7 October 2016)

Julie Kennealy Interim Executive Director (Resources) (from 17 November 2016)

Diane Richards Company Secretary (from 7 December 2016)

### 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  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

### BANKERS

Barclays Bank PLC  
Public Sector Team  
27<sup>th</sup> Floor, 1 Churchill Place  
London  
E14 5HP

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## CHAIRMAN'S REPORT

31 March 2017

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This annual report for Sutton Housing Partnership (SHP), covering the year 1 April 2016 to 31 March 2017, is my third report as chair of the organisation.

This report covers the first year of our Five Year SHP Plan (2016-21) which outlines our aspirations for this period and reaffirms our purpose:

*Working together to deliver homes and communities where residents feel happy and secure.*

*Providing excellent customer service, quality homes in secure neighbourhoods, value for money and building a reputation for excellence remain our strategic priorities.*

In many ways, this has been a year of significant change and transformation, led by our recognition of the need to protect and sustain services available to residents in the context of changes to the government housing and rent policies.

To support this aim, SHP has been participating in the Housing Commissioning Review being conducted by Sutton Council. The review considered six different options for future delivery of Sutton's housing services. The final recommendation has only been made after the end of this financial year (June 2017) and confirms a 're-modelled' Sutton Housing Partnership as the preferred model.

We have begun the re-modelling process during this year – with a key driver to ensure budgets are focussed on protecting resident-facing services. We have reduced our executive management team and have appointed an interim Chief Executive to lead SHP through a transformation process.

We have worked to strengthen collaboration with residents and to place residents at the centre of the business. We have begun setting out new models of working and have established a New Deal for residents to support this. The contribution of involved residents has been a constant support to SHP during this period in shaping and raising standards across our service and we are indebted to these partners – including the Sutton Federation of Tenants & Residents Associations, the Sutton Leaseholders Association and the Residents' Associations, Repairs/Quality Inspectors and forums.

We agreed a new strategic direction for our asset management strategy in collaboration with Sutton Council to ensure we are at the cutting edge of housing practice and are generating solutions to today's housing problems by being cost effective and unlocking new supply of affordable homes including temporary accommodation.

During this year we took action to address an historic issue with the timeliness of invoicing to leaseholders for major works we had undertaken, which resulted in a loss of income. New controls have been implemented to ensure that leaseholders can be fully charged for major works from which they benefit.

Transformation has not taken our focus off monitoring and managing our performance. As we came to the end of the year, we took stock of how we had performed in delivering core housing services. We noted strong performance in our service performance indicators was not always reflected in our resident perception (satisfaction) surveys. Whilst it is disappointing that resident satisfaction decreased slightly during the year, we know from benchmarking that our performance compares well with other London housing organisations (top performer in London for 4 of 6 tenant overall satisfaction indicators).

This does not stop our desire to understand and reverse the satisfaction dip. An external organisation has been appointed to undertake our resident surveys in 2017-18 which will enable us to begin changing the culture of the organisation and how we use resident feedback by contacting dissatisfied residents quickly and understanding what matters most to residents enabling SHP to focus on addressing the things that have the biggest impact on satisfaction.

# **Sutton Housing Partnership Limited**

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## **CHAIRMAN'S REPORT**

**31 March 2017**

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### Repairs and Major Works

In 2016, we appointed Mears, and Smith and Byford, who began contracts to provide responsive repairs, and gas servicing and repairs respectively. We are aware from our customer insight that our performance in delivering repairs continues to be the most important priority for residents.

We are therefore pleased to note that under the new repairs contract which started on in July 2016, delivery of the repairs and voids service has now improved and has been on a generally improving curve at year end. We have continued to robustly manage the contractor to ensure that high performance levels have been maintained and this has resulted in a decrease in average repairs costs.

The high satisfaction levels for repairs are not matched by those for communal repairs and in the coming year, the communal repairs process will be a focus.

Gas servicing performance has continued to improve and the new contract appears to be delivering significant savings against previous budgets.

Our major works programmes have continued and we have made some significant improvements to stock and expect to reach 100% decency at the end of this coming year. The regeneration of Chaucer House was completed in October 2016, with the 1960s block receiving substantial refurbishment. The £13 million milestone project is one of the first of its kind in UK social housing. State-of-the art fire safety systems were installed in the building, including innovative sprinkler systems in every home.

Our Box Bathroom programme was completed during this year, and other works including external fabric repairs, new door entry systems to address ongoing problems with anti-social behaviour and new flooring to improve the appearance of communal areas.

We are improving the safety of our homes through the continuation of the fire door programme, where we are installing new doors adjoining communal halls and walkways which provide a minimum of half hour resistance. We have a stronger focus on improvements to the energy efficiency of the stock which commenced with a stock assessment on the energy efficiency of our properties.

We continue to support Sutton Council (and Sutton Living Ltd) with their new build programme.

We have largely ceased the use of consultants for routine work and we manage planned and major works in-house. We are up-skilling the internal team and these changes have resulted in a reduction in fees from 12.5% to 8.75% in 16/17.

For the fourth continuous year, during this year we were awarded five stars for our health and safety practices by British Safety Council (BSC).

### Health & Wellbeing

During the year we have run a number of successful community projects which have added social value to the wider community. Our Christmas Cracker Smile project was an intergenerational campaign which aimed to reduce isolation and loneliness experienced by some of our tenants and connect generations together. SHP has supported Benhill Residents' Association to partner with the Young Urban Arts Foundation to deliver music production workshops to young tenants to reduce antisocial behaviour by providing diversionary activities to young people from the estate. SHP worked with 75 young people from The Challenge, a National Citizen Service programme to increase community cohesion, and to recruit new resident association members.

We have worked with Sutton Council and the Sutton Federation of Tenants and Residents Association (SFTRA) to review provision of services to older people and

# **Sutton Housing Partnership Limited**

(Company limited by guarantee)

## **CHAIRMAN'S REPORT**

**31 March 2017**

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explore how to safeguard residents during the transition to the new intensive housing management service for older residents.

As an employer, SHP was recognised as Employer of the Year at the 2016 Sutton Business Awards, and we have recently been accredited with the Disability Confident by central government for our ability to recruit and develop disabled staff. A recent partnership with Mencap has seen several learning disabled work experience placements work with various SHP teams. Significant policy changes and the continuing difficult economic climate have heightened our requirement to focus on staff skill, reward and recognition in meeting our priorities.

We continue to work well with our partners in the borough particularly on the areas of fire prevention, tackling anti-social behaviour and preventing domestic violence. SHP has successfully bid and secured funding from the London Fire Brigade Community Safety Investment Fund for a range of Fire Safety and Prevention equipment.

Income officers from SHP continued to work closely to support residents in the changeover to Universal Credit, helping them handle the changes and manage their money as best they could. In the coming year, modernising the way we collect income will be a major focus for improvement

As of July 2016, SHP took on responsibility for the management of the Pastures Gypsy and Traveller site in Sutton. We also began managing the administration of Right to Buy applications.

### Governance

We welcomed four new board members and the opportunity that our two serving councillors gave us for closer relationships with, and an improved understanding of the views and priorities of, our shareholder.

The key focus during this year was to appoint a new interim Chief Executive and Director of Resources and to support the executive team to deliver strong leadership.

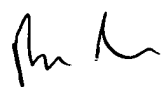
An internal audit review of Risk Management and Governance took place. This has resulted in an updated strategic risk register ensuring that actions are clearly linked to risks allowing more accurate monitoring and greater assurance that the risks the organisation faces are being managed.

We commissioned an external consultant to review the leaseholder charges issues, reviewed the finding and steered the resulting actions which will improve service quality, transparency and accountability.

We have launched a new performance committee to allow for more effective resident involvement within our governance framework.

All the work completed and the improvements made have only been possible through positive and effective working by and with staff, 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.



Peter Walters

Chair of Sutton Housing Partnership Board

16 August 2017

# **Sutton Housing Partnership Limited**

**(Company limited by guarantee)**

## **STRATEGIC REPORT**

**31 March 2017**

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### **REVIEW OF THE BUSINESS**

#### **Principal Activities**

The company was 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:

- Lettings and mutual exchanges
- Rent accounting and arrears control
- Tenancy management
- Making ASBO requests
- Sheltered housing officer service
- Estate management
- Void management
- Leasehold management
- Responsive and cyclical maintenance
- Major repairs and improvements
- Energy efficiency improvements
- Stock condition surveys
- Resident participation
- Communications/consultation with residents
- Complaints/Member enquiries
- Day-to-day management of the Housing Revenue Account

From May 2016, SHP also took overall responsibility for "Right To Buy" (RTB) administration from the Council, and from July 2017 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:

- Temporary accommodation management
- Financial management/returns
- Insurance claims
- Procurement policy
- Initiatives for making best use of the housing stock
- Disabled adaptations
- Meeting the requirements of the Home Energy Conservation Acts
- Addressing anti-social behaviour within the wider community
- Development of the Resident's Compact
- Meeting the wider objectives of sustainable communities, neighbourhood renewal, community safety, diversity etc.

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## STRATEGIC REPORT

31 March 2017

### Performance

Our four long term priorities are identified in our five year Delivery Plan 2016-21. This plan contains a number of key performance indicators (KPIs) agreed with our parent, the London Borough of Sutton, and each of these KPIs has a target over the duration of the Plan. Our performance over the first year of this plan (2016-17) as reflected in the KPI's was:

Key Performance Indicator	2016-17	LBS Target 2020-21
<b>Excellent Customer Service</b>		
Tenant satisfaction with the overall service	87.7%	92%
Leaseholder satisfaction with the overall service	57.8%	70%
Tenant satisfaction with SHP's ability to deal with most recent enquiry	73.8%	-
Leaseholder satisfaction with SHP's ability to deal with most recent enquiry	47.4%	-
<b>Quality Homes &amp; Secure Neighbourhoods</b>		
Percentage of non-decent homes	9.4%	0%
Tenant satisfaction with the overall quality of their home	85.6%	92%
Tenant satisfaction with the overall quality of their block	77.3%	-
Leaseholder satisfaction with the overall quality of their block	59.8%	70%
Tenant satisfaction with repairs to their home	82.4%	-
Tenant satisfaction with repairs to communal areas	73.9%	-
Leaseholder satisfaction with repairs to communal areas	53.2%	-
Tenant satisfaction with their neighbourhood	85.5%	92%
Leaseholder satisfaction with their neighbourhood	69.3%	80%
<b>Value for Money</b>		
Tenant satisfaction with value for money for their rent	88.7%	96%
Leaseholder satisfaction with value for money for their service charge	47.6%	60%
<b>Reputation for Excellence</b>		
To what extent do agree SHP has a good reputation locally (% agree or strongly agree)	79.0%	-

When benchmarking performance against other London social housing providers via HouseMark Ltd, SHP services are broadly comparable to the top two quartiles.

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. This has resulted in our not being able to charge leaseholders for certain major repairs undertaken to their properties



# **Sutton Housing Partnership Limited**

(Company limited by guarantee)

## **STRATEGIC REPORT**

**31 March 2017**

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during that period. Sutton Housing Partnership recognised its responsibility to the London Borough of Sutton for the loss of income and made an accrual for £333,500 in March 2016. The amounts were clarified during 2017 and a payment made to the London Borough of Sutton of £778,587. All costs have been included in the Statement of Income & retained Earnings and referred to in Note 10.

### **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**

### **HRA Strategy**

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

### **Contract Management**

During 2016 we let new long term contracts for our key contracted services (responsive repairs, voids & gas servicing). Lessons learned from previous experience drives a greater internal focus on effective contract management ensuring compliance monitoring, performance and costs. As part of our assurance framework we will commission independent review of the performance and productivity of our contracts as required.

### **Financial**

Council commitment to growth in the HRA requires reductions in our management fee. Careful financial planning over the medium term will be pre-requisite to deliver savings plans.

### **Relationship with the Council**

London Borough of Sutton has undertaken a commissioning review of housing management services which reported its recommendations to the Council in June 2017. The Council has chosen to retain Sutton Housing Partnership for the delivery of housing services but to redefine the organisational structure. Combined with reducing management fees this will mean radical changes to the structure of SHP, working closely with our parent Council to better integrate services where possible and to utilise 'shared services' models developed between LBS and other London boroughs. This will require a stable and strong leadership team, focussed on delivering change.

### **Health and Safety**

Risks around compliance with statutory duties, for example around gas servicing, legionella and fire safety, have been managed robustly in 2016-17 and, although these risks will always be present, it is felt that they are well controlled.

### **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

# **Sutton Housing Partnership Limited**

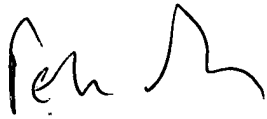
(Company limited by guarantee)

## **STRATEGIC REPORT**

**31 March 2017**

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On behalf of the board



Peter Walters

Chair of Sutton Housing Partnership Board

16 August 2017

# **Sutton Housing Partnership Limited**

(Company limited by guarantee)

## **DIRECTOR'S REPORT**

**31 March 2017**

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The directors present their report and the audited financial statements for the year ended 31 March 2017.

### **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. Significant time has been spent with members on developing them in to a more knowledgeable, experienced and challenging Board.

The work of the Board is supported by a number of committees comprising of the Audit & Risk, Performance and Organisational Development 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.

#### **Performance Committee (previously Finance & Performance Committee)**

This Committee provides additional oversight and scrutiny around the organisation's performance. It meets quarterly to coincide with the production of the balanced score card. The financial responsibilities have been moved to the full Board.

#### **Organisational Development Committee**

This Committee was formed to lead Sutton Housing Partnership Board's scrutiny of and input to the management of human resources (including remuneration and recognition) to reinforce progress towards the organisation's vision. During the course of the year, this committee was disbanded and responsibility moved to the full Board.

# **Sutton Housing Partnership Limited**

(Company limited by guarantee)

## **DIRECTOR'S REPORT**

**31 March 2017**

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The Board delegates the day to day running of the organisation to the Executive Management Team which is made up of the Chief Executive and the Directors of Neighbourhoods, Property and Resources. They are supported by a wider management team.

### **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

At 31 March 2017 there were four resident board member positions vacant.

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 14 September 2016:

- David Emmerson & Joyce Melican (Council) – Having previously been appointed on a casual vacancy basis were appointed for their first terms
- Joanna Hills (Independent) – Having previously been appointed on a casual vacancy basis was appointed for her first term
- Coral Russell (Resident) – Retired
- Myra Vashynska (Resident) – Having previously been appointed on a casual vacancy basis was appointed for her first term

### **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 FRS 102 "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.

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;

# **Sutton Housing Partnership Limited**

(Company limited by guarantee)

## **DIRECTOR'S REPORT**

**31 March 2017**

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- 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 will therefore continue in office.

On behalf of the board



Peter Walters

Chair of Sutton Housing Partnership Board

16 August 2017

# **Sutton Housing Partnership Limited**

(Company limited by guarantee)

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

**31 March 2017**

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We have audited the financial statements of Sutton Housing Partnership Limited for the year ended 31 March 2017 which comprise the statement of income and retained earnings, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 11 and 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

### **Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements

# **Sutton Housing Partnership Limited**

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

**31 March 2017**

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### **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 any material misstatements in the Strategic Report and the Directors' Report.

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

We have nothing to report in respect of the following matters where 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.

Grant Thornton UK LLP

Jennifer Brown  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

Date: 17 AUGUST 2017

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 March 2017

	<i>Notes</i>	<b>2017 £000</b>	<b>2016 £000</b>
Turnover	8	16,864	16,749
Operating costs	9	<u>(16,558)</u>	<u>(16,955)</u>
Exceptional costs	10	<u>(445)</u>	<u>(334)</u>
OPERATING LOSS		(139)	(540)
Interest Receivable	11	4	11
Interest Payable	12	<u>(281)</u>	<u>(317)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(416)	(846)
Tax on profit on ordinary activities	14	<u>(1)</u>	<u>(2)</u>
RETAINED LOSS FOR THE FINANCIAL YEAR		<u>(417)</u>	<u>(848)</u>
OTHER RECOGNISED (LOSSES) / GAINS			
Actuarial (loss) / gain on defined benefit pension scheme		(853)	2,460
RECONCILIATION OF FUNDS			
Members funds brought forward		<u>(6,750)</u>	<u>(8,362)</u>
Members funds carried forward		<u>(8,020)</u>	<u>(6,750)</u>

Excluding FRS102 Pension adjustments the organisation produced a loss after taxation of £58,334 (2016: Loss of £254,800).

The loss for the year arises from the company's continuing operations.

The accompanying accounting policies and notes on pages 19 to 30 form part of these financial statements.



# Sutton Housing Partnership Limited

(Company limited by guarantee)

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 £000	2016 £000
LOSS FOR THE FINANCIAL YEAR		(417)	(848)
PENSION SCHEME GAINS AND LOSSES :			
Actuarial (loss) / gain		(853)	2,460
OTHER GAINS AND LOSSES :			
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		(1,270)	1,612

The accompanying accounting policies and notes on pages 19 to 30 form part of these financial statements

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

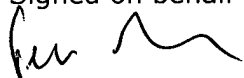
	Notes	£000	2017 £000	£000	2016 £000
FIXED ASSETS					
Intangible fixed assets	15	0		2	
Tangible fixed assets	16	305		387	
NET FIXED ASSETS			305		389
CURRENT ASSETS					
Debtors	17	1,208		650	
Cash at bank and in hand		2,214		2,527	
		3,422		3,177	
CREDITORS: amounts falling due within one year	18	(2,540)		(2,251)	
NET CURRENT ASSETS			882		926
TOTAL ASSETS LESS CURRENT LIABILITIES			1,187		1,315
CREDITORS: amounts falling due after more than one year			-		-
PROVISIONS FOR LIABILITIES	23	(9,207)		(8,065)	
NET LIABILITIES INCLUDING PENSION DEFICIT			(8,020)		(6,750)
CAPITAL AND RESERVES					
Profit and loss account			1,187		1,315
Pension reserve	23	(9,207)		(8,065)	
MEMBER'S FUNDS			(8,020)		(6,750)

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 19 to 30 form part of these financial statements.

The financial statements on pages 15 to 30 were approved and authorised for issue by the board on 12 July 2017

Signed on behalf of the Board of Directors:



Peter Walters

Chair of Sutton Housing Partnership Board

16 August 2017

Company registration no: 05589014

# **Sutton Housing Partnership Limited**

(Company limited by guarantee)

## **STATEMENT OF CASHFLOWS**

**For the year ended 31 March 2017**

	<b>Notes</b>	<b>2017 £000</b>	<b>2016 £000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating loss for the financial year		(139)	(540)
Adjustments for:			
Depreciation of fixed assets	15, 16	90	119
Interest paid		(2)	(5)
Interest received		4	11
Decrease / (increase) in trade and other debtors		(558)	407
Increase / (decrease) in trade creditors		294	(658)
Difference between pension scheme contributions and amounts charged to the profit and loss account		10	178
 Cash from operations		 (301)	 (488)
Income taxes paid		(2)	(2)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>(303)</b>	<b>(490)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the sale of tangible fixed assets			
Purchases of tangible fixed assets		(6)	(57)
 <b>NET CASH FROM INVESTING ACTIVITIES</b>		 (6)	 (57)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of finance lease obligations		(4)	(14)
 <b>NET CASH USED IN FINANCING ACTIVITIES</b>		 (4)	 (14)
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		 (313)	 (561)
 <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		 2,527	 3,088
 <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		 2,214	 2,527

The accompanying accounting policies on and notes pages 14 to 29 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 2017**

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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.

### **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. Over the past year the Council has undertaken a full review of housing management provision and, at its meeting of the Housing, Economics & Business Committee on 13<sup>th</sup> June 2017, decided that they wish this to continue to be provided by Sutton Housing Partnership. The existing management agreement from the Council until March 2021 is expected to be re-written during the coming months to recognise this decision. 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 through a period of contracting management fees caused by the Government policy of reducing social rents.

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.

### **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 disclosed in note 23. There are no other significant judgements and estimations contained within these accounts.

#### **3.1 Post Balance Sheet Events**

There were no events occurring after 31 March 2017 that would have any bearing on these financial statements.

However, further to the termination of the previous repairs and voids contract in December 2014 reported in the March 2015 accounts, and the subsequent adjudication

# **Sutton Housing Partnership Limited**

(Company limited by guarantee)

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2017**

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settlement reported in the March 2016 accounts, in May 2017 the High Court has found in favour of our appeal concerning the validity of the original adjudication. This has raised the possibility of our renegotiating the settlement findings and attempting to reclaim an element of the costs that were taken in to operating costs in 2015/16.

The impact from the Grenfell Tower fire will become known during the coming year. We take the safety of our residents very seriously and continue to work with the London Borough of Sutton and the London Fire Brigade to review safety measures and test buildings materials within our properties. All appropriate actions identified are being undertaken and the costs of these will be absorbed in the 2017/18 budget. We expect further cost pressures to arise in future following the findings of the inquests.

### **4 PRINCIPAL 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:

		To December 2016	From January 2017
Office Refurbishment	-	Over remaining term of lease (to June 2022)	Over remaining term of lease (to June 2022)
Intangible	-	over 3 years	over 5 years
Equipment, plant and machinery	-	over 3 years	over 5 years
Furniture	-	over 5 years	over 10 years
Motor Vehicles	-	over 3 years	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 Provisions for Liabilities**

Provision has been made for untaken holiday allowances as at 31 March 2017. 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

# **Sutton Housing Partnership Limited**

(Company limited by guarantee)

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2017**

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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.

## **5 EMPLOYEE BENEFITS**

Short-term employee benefits and contributions to defined contribution plans 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 total recognised gains and losses.

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 LIQUID RESOURCES**

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

## **7 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.

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

8	ANALYSIS OF TURNOVER	2017 £000	2016 £000
	Management fees	16,272	16,232
	Other income	592	517
		<u>16,864</u>	<u>16,749</u>

All turnover is generated within the United Kingdom

9	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2017 £000	2016 £000
	This is stated after charging:		
	Fees payable to the company's auditor for:		
	- Audit fees	38	17
	- Tax compliance fees	<u>2</u>	<u>-</u>

10	EXTRAORDINARY COSTS	2017 £000	2016 £000
		445	334

During the year, Sutton Housing Partnership made payment to the parent, London Borough of Sutton, the sum of £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. An accrual was made in the prior year accounts for the amount identified at March 2016.

11	INTEREST RECEIVABLE	2017 £000	2016 £000
	Expected return on pension scheme assets	-	-
	Interest on pension scheme liabilities	-	-
		<u>-</u>	<u>-</u>
	Bank interest received	4	11
		<u>4</u>	<u>11</u>

12	INTEREST PAYABLE	2017 £000	2016 £000
	Expected return on pension scheme assets	920	803
	Interest on pension scheme liabilities	<u>(1,199)</u>	<u>(1,115)</u>
		279	312
	Finance lease costs	2	5
		<u>281</u>	<u>317</u>

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

### 13 DIRECTORS AND EMPLOYEES

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Staff costs during the year were as follows:		
Wages and salaries	4,705	4,516
Redundancy costs	108	1
Social security costs	479	349
Other pension costs	1,117	1,237
Total employee cost	<u>6,409</u>	<u>6,103</u>

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 £994k (2016: £994k)

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Average number of employees during the year was:		
Executive management team	4	4
Neighbourhood services	52	63
Property services	63	63
Resources (ICT, HR & finance)	26	24
Chief executive	5	6
Total	<u>150</u>	<u>160</u>

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Key management personnel compensation:		
Wages and salaries	646	430
Social security costs	60	40
Other pension costs	61	74
Total key management compensation:	<u>767</u>	<u>544</u>

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
The directors' aggregate remuneration in respect of qualifying services were:		
Salary	7	7
Pension Contribution:	1	1
Total	<u>8</u>	<u>8</u>

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.



# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

14 TAX ON PROFIT ON ORDINARY ACTIVITIES	2017 £000	2016 £000
The tax charge is based on the profit for the year and represents:		
Current Tax:		
UK Corporation tax	1	2
Tax on profit on ordinary activities	1	2

### CURRENT TAX RECONCILIATION

The tax assessed for the years differ from the standard rate of corporation tax in the United Kingdom at 20% (2016: 20%). The differences are explained as follows:

(Loss)/Profit on ordinary activities before tax	(416)	(846)
Tax on ordinary activities at the standard rate of Corporation tax 20% (2016: 20%)	(83)	(169)
Effect of non-trading activities with Member not subject to corporation tax	84	171
Actual current taxation charge	1	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.

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

### 15 INTANGIBLE FIXED ASSETS

	Software	Total
	£000	£000
<b>COST</b>		
As at 1 April 2016	302	302
Additions	-	-
Disposals	-	-
As at 31 March 2017	302	302
<b>DEPRECIATION</b>		
As at 1 April 2016	(300)	(300)
Charge in the year	(2)	(2)
As at 31 March 2017	(302)	(302)
<b>NET BOOK VALUE</b>		
As at 31 March 2017	0	0
As at 31 March 2016	2	2

### 16 TANGIBLE FIXED ASSETS

	Buildings	Motor Vehicles	Equipment furniture plant and machinery	Total
	£000	£000	£000	£000
<b>COST</b>				
As at 1 April 2016	489	225	516	1,230
Additions	-	-	6	6
As at 31 March 2017	489	225	522	1,236
<b>DEPRECIATION</b>				
As at 1 April 2016	(163)	(173)	(507)	(843)
Charge in the year	(59)	(24)	(5)	(88)
As at 31 March 2017	(222)	(197)	(512)	(931)
<b>NET BOOK VALUE</b>				
As at 31 March 2017	267	28	10	305
As at 31 March 2016	326	52	9	387

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

Included above are assets held under finance leases as follows:

	Leasehold Vehicles £000
<b>Net book value</b>	
31 March 2017	-
31 March 2016	-

Depreciation charged during the year on leased assets was £0 (2016: £6,384)

	2017 £000	2016 £000
<b>17 DEBTORS</b>		
Amounts falling due within one year:		
Trade debtors	766	83
Prepayments and accrued income	430	573
Provision for Bad Debt	(3)	(6)
	<u>1,193</u>	<u>650</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	15	-
	<u>15</u>	<u>-</u>
	<u>1,208</u>	<u>650</u>

Trade debtors include £759,511 (2016: £69,522) due from the London Borough of Sutton. Prepayments and accrued income payable from the London Borough of Sutton the value of £279,400 (2016: £52,000) includes insurance claims and fees relating to Right To Buy administration work.

The 2016 column has been restated to reflect £76,000 trade debtors and £6,000 associated provision as falling due within one year instead of being due after one year.

	2017 £000	2016 £000
<b>18 CREDITORS</b>		
Amounts falling due within one year:		
Trade creditors	1,243	627
Unpaid pension contributions	90	90
Finance lease obligations	-	4
Corporation tax	1	2
Other taxation and social security	330	372
Accruals and deferred income	876	1,156
	<u>2,540</u>	<u>2,251</u>

Trade creditors include £67,393 due to London Borough of Sutton (2016: £37,400). Included within accruals is a liability of £121,373 (2016: £363,842) due to the London Borough of Sutton.

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

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

19	FINANCE LEASE COMMITMENTS	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>
	The company's future minimum finance lease payments are as follows:	-	4
	In one year or less	-	4
	In more than one year, but no more than two years	-	-
		-	4
20	OPERATING LEASE COMMITMENTS	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>
	The company's future minimum operating lease payments are as follows:	1,046	1,245
	In one year or less	199	199
	In more than one year, but no more than five years	797	797
	In more than five years	50	249
		1,046	1,245

Sutton Housing Partnership has a non-cancellable operating lease on our office premises at Sutton Gate. The cost of this lease for the year was £200,308 (2016: £214,055)

### 21 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of the London Borough of Sutton, a local government organisation. No one 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.

### 22 RELATED PARTY TRANSACTIONS

The company has no transactions with key personnel beyond their contractual remuneration including salaries and pensions as per note 13 or reimbursement of business expenses incurred.

Management fees totalling £16,272,430 (2016: £16,232,294) were invoiced to the London Borough of Sutton.

London Borough of Sutton has provided services to the company to the value of £273,771 (2016: £274,457). Within this £221,115 (2016: £217,076) relates to legal, cashiering, 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 £188,766 (2016: £401,242) 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 £1,038,911 (2016: £121,522) as shown in note 17. The balance is repayable on normal commercial terms and does not bear interest.

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

### 23 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 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.

ASSUMPTIONS AS AT	31 March 2017 % p.a.	31 March 2016 % p.a.	31 March 2015 % p.a.
Rate of inflation			
- RPI	3.6%	3.3%	3.3%
- CPI	2.7%	2.4%	2.5%
Rate of increase in salaries	4.2%	4.2%	4.3%
Rate of increase in pensions	2.7%	2.4%	2.5%
Discount rate	2.8%	3.7%	3.4%

	2017 £000	2016 £000
RECONCILIATION OF DEFINED BENEFIT OBLIGATION		
Opening defined benefit obligation at 1 April	32,576	32,873
Current service cost	1,031	1,165
Past service costs, including curtailments	64	46
Interest cost	1,199	1,115
Contributions by members	269	255
Change in financial assumptions	7,805	(2,452)
Change in demographic assumptions	1,105	-
Experience gain	(4,844)	(1)
Estimated unfunded benefits paid	(2)	(2)
Estimated benefits paid	(668)	(423)
Closing defined benefit obligation at 31 March	38,535	32,576

#### RECONCILIATION OF FAIR VALUE OF THE PLAN ASSETS

	2017	2016
Opening fair value of employers assets at 1 April	24,511	23,220
Interest on assets	920	803
Return on assets less interest	3,431	(310)
Other actuarial losses	(218)	-
Administration expenses	(22)	(26)
Contributions by members	269	255
Contributions by the employer	1107	994
Benefits paid	(670)	(425)
Closing fair value of employers assets at 31 March	29,328	24,511

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

### 23 DEFINED BENEFIT PENSION SCHEME DISCLOSURES CONTINUED

DEFINED BENEFIT COSTS RECOGNISED IN PROFIT OR LOSS	2017 £000	2016 £000
Current service cost	1,095	1,211
Net interest cost	279	312
Administration expenses	22	26
Defined benefit costs recognised in the profit and loss	1,396	1,549

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	Year to 31/03/17 £000	Year to 31/03/16 £000
Return on Fund assets in excess of interest - gain/(loss)	3,431	(310)
Other actuarial losses on assets	(218)	-
Change in financial assumptions	(7,805)	2,452
Change in demographic assumptions	(1,105)	-
Experience gain on defined benefit obligation	4,844	1
Changes in effect of asset ceiling	-	-
Re-measurement of the (defined liability) / net assets	(853)	2,143

	31 March 2017	31 March 2016
LIFE EXPECTANCY FROM AGE 65 (YEARS)		
Retiring today		
- Males	24.4	21.8
- Females	26.0	25.1
Retiring in 20 years		
- Males	26.6	23.8
- Females	28.3	27.1

STATEMENT OF FINANCIAL POSITION	31 March 2017 £000	31 March 2016 £000	31 March 2015 £000
Fair value of fund assets	29,328	24,511	23,220
Present value of defined obligation	(38,491)	(32,539)	(32,833)
Present value of unfunded obligation	(44)	(37)	(40)
Net pension liability	(9,207)	(8,065)	(9,653)

The estimated employer's contributions for the year to 31 March 2017 will be approximately £719,000 (2016: £814,000). To address historic underfunding, from 1 April 2014 the employers contribution rate increased incrementally to 22.3%, with an additional annual lump-sum payment of £168,000 (2016: £161,000). A tri-ennial revaluation of the scheme was undertaken as at 31 March 2016 which declared the scheme now fully funded.

# Sutton Housing Partnership Limited

(Company limited by guarantee)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

### 23 DEFINED BENEFIT PENSION SCHEME DISCLOSURES CONTINUED

SENSITIVITY ANALYSIS	£000	£000	£000
Adjustment to Discount Rate	+0.1%	0.0%	-0.1%
Present value of total obligation	37,773	38,535	39,313
Projected service cost	1,405	1,438	1,471
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	38,651	38,535	38,419
Projected service cost	1,439	1,438	1,438
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	39,197	38,535	37,887
Projected service cost	1,471	1,438	1,405
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	39,933	38,535	37,187
Projected service cost	1,484	1,438	1,394

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.

### 24 CONTINGENT LIABILITY / ASSET

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