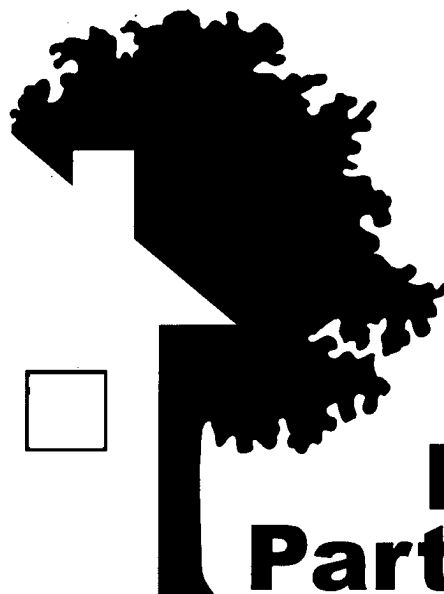


Company Registration Number: 05589014



**Sutton
Housing
Partnership**
Improving Housing Together

Sutton Housing Partnership Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2018



Sutton Housing Partnership Limited

(Company limited by guarantee)

ADMINISTRATION INFORMATION

	Page No.
Administration information	2
Chairman's report	3
Strategic report	6
Directors' report	10
Independent auditor's report to the members	13
Statement of Income and Retained Earnings	16
Statement of Financial Position	17
Statement of Cashflows	18
Notes to the financial accounts	19

Sutton Housing Partnership Limited

(Company limited by guarantee)

ADMINISTRATION INFORMATION

BOARD OF DIRECTORS

Resident board members

Vacant

Council appointed board members

Joyce Melican ¹

David Emmerson ²

Gary Miles ¹

Barry Russell ²

Independent board members

Tracey White ¹

Chair of Audit & Risk Committee

Graeme Bennett ²

Vice Chair, Chair of Performance Committee

Joanna Hills ¹

Peter Walters

Chair

1. Member of the Audit and Risk Committee

2. Member of the Performance Committee

EXECUTIVE MANAGEMENT TEAM

Steve Tucker Interim Chief Executive (to February 2018)

Steve Tucker Managing Director (from March 2018)

Jerry Austin Executive Director (Property)

Julie Kennealy Interim Executive Director (Resources)

Diane Richards Company Secretary

REGISTERED OFFICE

Sutton Gate
1 Carshalton Road
Sutton
Surrey SM1 4LE

SOLICITORS

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

AUDITOR

Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

BANKERS

Barclays Bank PLC
39 Sutton High
Sutton
SM1 1DR

Sutton Housing Partnership Limited

(Company limited by guarantee)

CHAIRMAN'S REPORT

31 March 2018

This annual report for Sutton Housing Partnership (SHP), covers the year 1 April 2017 to 31 March 2018. For over ten years, SHP has worked together with the London Borough of Sutton (LBS) to deliver record levels of investment in the properties we manage, and we continue to achieve high levels of satisfaction with housing services in Sutton.

We were therefore delighted that in June 2017, following the Council's Commissioning Review of Housing Management, the decision was taken to retain SHP as the provider of housing management services for LBS.

We have agreed with LBS this year, through our SHP Prospectus, the new strategic vision and financial model for the coming five years.

In 2017/18, we reviewed our senior management and overhead costs so that we can make the very best use of available resources to continue to meet current and future housing needs in the borough. We began to make the changes to our structure to realise savings and to re-balance expenditure into front line resident facing services.

The Board announced the appointment of our Managing Director on 1st March 2018 (replacing the role of Chief Executive) to lead SHP through and beyond its transformation process. This appointment was made in collaboration with and welcomed by our residents and the Council.

We have developed the SHP Deal with residents, setting out clear rights and responsibilities and mutual obligations between landlord and residents which recognises the contribution and loyalty of residents who keep to their tenancy agreement and are good neighbours. In June 2017, to mark the launch, and inform ongoing priorities, our staff spent a successful and rewarding day visiting residents and had 750 doorstep conversations across the borough.

We are changing the way we work by placing residents at the centre of the business and by modernising our communication and involvement arrangements so that they are more inclusive. We have strengthened co-working and collaboration that is focussed on working with residents and offering inclusive and flexible methods of engagement. These include "Scrutiny Boot Camps," Community Walkabouts, a resident ASB Panel, a "question time" session before our Board Meetings and more use and analysis of customer insight.

The contribution of involved residents has been a constant support to SHP during this year 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 have reinforced our role in making a positive contribution to the Council's core strategic objectives. We are delighted to be working with the Council on a buy-back initiative of leasehold properties, to increase the supply of social housing in the borough. In 2017/18 we acquired 19 properties on behalf of LBS which have now been brought back into the Housing Revenue Account and more importantly have ensured that more families can be housed within the Borough.

The knowledge, experience and commitment of staff has enabled us to deliver services comparable with some of the best housing providers in the UK in recent years. Our staff survey results showed that our staff themselves believed in our new strategic vision and our staff satisfaction with SHP increased to 85% (compared to 59% previously.)

Sutton Housing Partnership Limited

(Company limited by guarantee)

CHAIRMAN'S REPORT

31 March 2018

In 2017, we created our new Home Ownership Services team which has had a positive impact upon leaseholder perceptions and the key to this has been having knowledgeable staff in place who take ownership of customer service requests and make it their responsibility to see them through to a conclusion. Leaseholder satisfaction with overall service has improved by over 6%.

We ensure that SHP plays a pivotal role in enabling households to be successful, sustaining their tenancy and leading healthy and rewarding lives. In October 2017, we launched Sutton Connect, a new housing support service aimed at helping older people to remain living independently in their homes.

Our major works programmes have continued to invest in the homes we manage and we have reached the significant milestone of 100% decency at the end of 2017/18.

We have noted the enduring correlation between resident perception of the quality and effectiveness of the repairs and maintenance service with the wider judgement they make about satisfaction with their landlord. The quality of the repairs service is seen as evidence of landlord commitment to residents and the communities where they live. We commissioned an in depth review of the repairs and maintenance service (client and contractor) and in January 2018 we launched a transformation programme to implement the recommendations made. We have seen some improvements and steadying in our repairs performance and remain focussed on improvements in the coming year (2018/19).

We know that residents expect us to deliver services to them more quickly, and to keep them better informed whilst we do so. We launched our new mobile-friendly website and portal this year to help to achieve this and have increased the proportion of services a resident can access without needing to speak to someone during working hours. This has released resources to increase accessibility to our face-to-face services for those who continue to prefer this form of contact, by opening new estate based hubs across the borough.

The Grenfell Tower tragedy has re-prioritised and re-focussed our views on safety works this year. The whole organisation mobilised to ensure that our fire safety programme has been reviewed, more intrusive fire risk assessments were carried out and a programme of enhanced works above and beyond statutory requirements were put in place. A sprinkler system was commissioned in Balaam House (and will be completed in this coming year).

We continue to work well with all our partners in the borough particularly on the areas of fire prevention, tackling anti-social behaviour and preventing domestic violence.

Governance

We have an improved understanding of the views and priorities of, our shareholder. We have focussed on ensuring that the Board of Directors have the opportunity to work in collaboration and hear the views of residents.

We updated our company articles of association to allow the appointment of Resident Co-optees to the Board.

In the next twelve months, SHP will continue to deliver shared housing priorities, and will model a new, modern approach to housing management.

Sutton Housing Partnership Limited

(Company limited by guarantee)

CHAIRMAN'S REPORT

31 March 2018

All 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.



Peter Walters

Chair of Sutton Housing Partnership Board

15 August 2018

Sutton Housing Partnership Limited

(Company limited by guarantee)

STRATEGIC REPORT

31 March 2018

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
- Intensive housing management services for Older People
- 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

SHP also has overall responsibility for "Right To Buy" (RTB) 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:

- 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 2018

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	2017-18	LBS Target 2020-21
Excellent Customer Service		
Tenant satisfaction with the overall service	84.2%	92%
Leaseholder satisfaction with the overall service	63.9%	70%
Tenant satisfaction with SHP's ability to deal with most recent enquiry	71.7%	-
Leaseholder satisfaction with SHP's ability to deal with most recent enquiry	45.6%	-
Quality Homes & Secure Neighbourhoods		
Percentage of non-decent homes	0.0%	0%
Tenant satisfaction with the overall quality of their home	81.7%	92%
Leaseholder satisfaction with the overall quality of their block	58.8%	70%
Tenant satisfaction with repairs to their home	81.7%	-
Tenant & Leaseholder satisfaction with repairs to communal areas	76.7%	-
Tenant satisfaction with their neighbourhood	85.1%	92%
Leaseholder satisfaction with their neighbourhood	73.5%	80%
Value for Money		
Tenant satisfaction with value for money for their rent	89.6%	96%
Leaseholder satisfaction with value for money for their service charge	52.2%	60%
Reputation for Excellence		
To what extent do agree SHP has a good reputation locally (% agree or strongly agree)	71.0%	-

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 which resulted in our not being able to charge leaseholders for certain major repairs undertaken to their properties during that period. Sutton Housing Partnership recognised its responsibility to the London Borough of Sutton for the loss of income and subsequently made exceptional payments to the London Borough of Sutton, with the bulk of the amount due accounted

Sutton Housing Partnership Limited

(Company limited by guarantee)

STRATEGIC REPORT

31 March 2018

for in 2016/17 and 2017/18. 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 undertook a commissioning review of housing management services which reported its recommendations to the Council in June 2017. The Council chose 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.

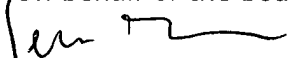
Health and Safety

Risks around compliance with statutory duties, for example around gas servicing, legionella and fire safety, have been managed robustly in 2017-18 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

On behalf of the board



Peter Walters

Chair of Sutton Housing Partnership Board

15 August 2018

Sutton Housing Partnership Limited

(Company limited by guarantee)

DIRECTOR'S REPORT

31 March 2018

The directors present their report and the audited financial statements for the year ended 31 March 2018.

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 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.

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

Audit and Risk Committee

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

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.

Sutton Housing Partnership Limited

(Company limited by guarantee)

DIRECTOR'S REPORT

31 March 2018

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 2018 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 15 November 2017:

- Peter Walters (Independent) – Stood down having served his first term and was re-appointed to a second 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;
- 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

Sutton Housing Partnership Limited

(Company limited by guarantee)

DIRECTOR'S REPORT

31 March 2018

- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

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

CHARITABLE DONATIONS

The company made no charitable donations during the year.

AUDITOR

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

On behalf of the board



Peter Walters

Chair of Sutton Housing Partnership Board

15 August 2018

Sutton Housing Partnership Limited

(Company limited by guarantee)

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

31 March 2018

Opinion

We have audited the financial statements of Sutton Housing Partnership Limited for the year ended 31 March 2018 which comprise the statement of income and retained earnings, the statement of financial position, the statement of cash flows and notes to the financial statements, including a summary of 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 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Who we are reporting to

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.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial

Sutton Housing Partnership Limited

(Company limited by guarantee)

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

31 March 2018

statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 10 and 11, 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 2018

Auditor's responsibilities for the audit of the financial statements

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

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

Grant Thornton UK LLP

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

Date: *21 AUGUST 2018*

Sutton Housing Partnership Limited

(Company limited by guarantee)

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 March 2018

	<i>Notes</i>	2018 £000	2017 £000
Turnover	8	15,924	16,864
Exceptional income	10	600	-
Operating costs	9	(16,372)	(16,558)
Exceptional costs	10	(90)	(445)
OPERATING PROFIT (LOSS)		62	(139)
Interest Receivable	11	3	4
Interest Payable	12	(243)	(281)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(178)	(416)
Tax on profit on ordinary activities	14	(9)	(1)
RETAINED LOSS FOR THE FINANCIAL YEAR		(187)	(417)
OTHER RECOGNISED GAINS / (LOSSES)			
Actuarial gain / (loss) on defined benefit pension scheme		1,109	(853)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		922	(1,270)
RECONCILIATION OF FUNDS			
Members funds brought forward		(8,020)	(6,750)
Members funds carried forward		(7,098)	(8,020)

Excluding FRS102 Pension adjustments the organisation produced a profit after taxation of £731,863 (2017: Loss of £58,334). The profit for the year arises from the company's continuing operations.

The accompanying accounting policies and notes on pages 18 to 29 form part of these financial statements.

Sutton Housing Partnership Limited

(Company limited by guarantee)

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

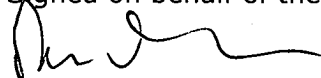
	Notes	2018 £000	2017 £000
FIXED ASSETS			
Intangible fixed assets	15	-	-
Tangible fixed assets	16	<u>229</u>	<u>305</u>
NET FIXED ASSETS		<u>229</u>	<u>305</u>
CURRENT ASSETS			
Debtors	17	612	1,208
Cash at bank and in hand		<u>3,575</u>	<u>2,214</u>
		4,187	3,422
CREDITORS: amounts falling due within one year	18	<u>(2,538)</u>	<u>(2,540)</u>
NET CURRENT ASSETS		<u>1,649</u>	<u>882</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,878	1,187
CREDITORS: amounts falling due after more than one year		<u>-</u>	<u>-</u>
PROVISIONS FOR LIABILITIES	23	<u>(8,976)</u>	<u>(9,207)</u>
NET LIABILITIES INCLUDING PENSION DEFICIT		<u>(7,098)</u>	<u>(8,020)</u>
CAPITAL AND RESERVES			
Profit and loss account		1,878	1,187
Pension reserve	23	<u>(8,976)</u>	<u>(9,207)</u>
MEMBER'S FUNDS		<u>(7,098)</u>	<u>(8,020)</u>

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

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

The financial statements on pages 15 to 29 were approved and authorised for issue by the board on 15 August 2018

Signed on behalf of the Board of Directors:



Peter Walters

Chair of Sutton Housing Partnership Board

15 August 2018

Company registration no: 05589014

Sutton Housing Partnership Limited

(Company limited by guarantee)

STATEMENT OF CASHFLOWS

For the year ended 31 March 2018

	Notes	2018 £000	2017 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit (loss) for the financial year		62	(139)
Adjustments for:			
Depreciation of fixed assets	15, 16	84	90
Interest paid		-	(2)
Interest received		3	4
Decrease / (increase) in trade and other debtors		596	(558)
(Decrease) increase in trade creditors		(10)	294
Difference between pension scheme contributions and amounts charged to the profit and loss account		635	10
Cash from operations		1,370	(301)
Income taxes paid		(1)	(2)
NET CASH GENERATED FROM OPERATING ACTIVITIES		1,369	(303)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of tangible fixed assets		-	
Purchases of tangible fixed assets		(8)	(6)
NET CASH FROM INVESTING ACTIVITIES		(8)	(6)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease obligations		-	(4)
NET CASH USED IN FINANCING ACTIVITIES		-	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,361	(313)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,214	2,527
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		3,575	2,214

The accompanying accounting policies and notes on pages 16 to 30 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 2018

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. The outcomes of the Council's year-long review of housing management provision were announced at its meeting of the Housing, Economics & Business Committee on 13th June 2017 where they agreed that they wish this to continue to be provided by Sutton Housing Partnership. The existing management agreement is next due for review in March 2021.

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. Our 5-year financial plan (2017-2021) has been reviewed and accepted by the Council.

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.

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

3.1 Post Balance Sheet Events

There were no events occurring after 31 March 2018 that would have any bearing on these financial statements.

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:

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

4.2 Leases

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

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 2018. There are no other events outstanding that require provision to be made for any legal or constructive obligations.

4.4 Taxation

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

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

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

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

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 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 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 2018

	2018	2017
	£000	£000
8 ANALYSIS OF TURNOVER		
Management fees	15,464	16,272
Other income	460	592
	<u>15,924</u>	<u>16,864</u>
All turnover is generated within the United Kingdom		
9 PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2018	2017
	£000	£000
This is stated after charging:		
Fees payable to the company's auditor for:		
- Audit fees	33	38
- Tax compliance fees	7	2
	<u>40</u>	<u>40</u>
10 EXTRAORDINARY ITEMS	2018	2017
	£000	£000
Income	600	-
During the year, settlement was reached with a previous contractor which resulted in the return of termination costs paid and expensed in 2015/16.		
Expenditure	90	445
During 2015/16 and 2016/17, Sutton Housing Partnership made payments to the parent, London Borough of Sutton, totalling £778,586.72 in reimbursement for unrecoverable charges to leaseholders. This was the recognition of historic procedural failings that began to emerge in 2015/16 and were clarified in 2016/17. A further payment of £89,972 has been made in 2017/18.		
11 INTEREST RECEIVABLE	2018	2017
	£000	£000
Bank interest received	<u>3</u>	<u>4</u>
12 INTEREST PAYABLE	2018	2017
	£000	£000
Expected return on pension scheme assets	831	920
Interest on pension scheme liabilities	<u>(1,074)</u>	<u>(1,199)</u>
	243	279
Finance lease costs	<u>-</u>	<u>2</u>
	<u>243</u>	<u>281</u>

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

13 DIRECTORS AND EMPLOYEES

	2018	2017
	£000	£000
Staff costs during the year were as follows:		
Wages and salaries	4,968	4,705
Redundancy costs	162	108
Social security costs	520	479
Other pension costs	1,745	1,117
Total employee cost	<u>7,395</u>	<u>6,409</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 £1,110k (2017: £994k)

	2018	2017
	No.	No.
Average number of employees during the year was:		
Executive management team	3	4
Neighbourhood services	45	52
Property services	70	63
Resources (ICT, HR & finance)	30	24
Chief executive	4	5
Total	<u>152</u>	<u>150</u>

	2018	2017
	£000	£000
Key management personnel compensation:		
Wages and salaries	432	646
Social security costs	55	60
Other pension costs	33	61
Total key management compensation:	<u>520</u>	<u>767</u>

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

	2018	2017
	£000	£000
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 2018

14 TAX ON PROFIT ON ORDINARY ACTIVITIES	2018 £000	2017 £000
The tax charge is based on the profit for the year and represents:		
Current Tax:		
UK Corporation tax	9	1
Tax on profit on ordinary activities	9	1

CURRENT TAX RECONCILIATION

The tax assessed for the years differ from the standard rate of corporation tax in the United Kingdom at 19% (2017: 20%). The differences are explained as follows:

Profit (loss) on ordinary activities before tax	(178)	(416)
Tax on ordinary activities at the standard rate of Corporation tax 19% (2017: 20%)	(34)	(83)
Effect of non-trading activities with Member not subject to corporation tax	43	84
Actual current taxation charge	9	1

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 2018

15 INTANGIBLE FIXED ASSETS

	Software	Total
	£000	£000
COST		
As at 1 April 2017	302	302
Additions	-	-
Disposals	-	-
As at 31 March 2018	302	302
DEPRECIATION		
As at 1 April 2017	(302)	(302)
Charge in the year	-	-
As at 31 March 2018	(302)	(302)
NET BOOK VALUE		
As at 31 March 2018	-	-
As at 31 March 2017	-	-

16 TANGIBLE FIXED ASSETS

	Buildings	Motor Vehicles	Equipment furniture plant and machinery	Total
	£000	£000	£000	£000
COST				
As at 1 April 2017	489	225	522	1,236
Additions	-	-	8	8
As at 31 March 2018	489	225	530	1,244
DEPRECIATION				
As at 1 April 2017	(222)	(197)	(512)	(931)
Charge in the year	(60)	(19)	(5)	(84)
As at 31 March 2018	(282)	(216)	(517)	(1,015)
NET BOOK VALUE				
As at 31 March 2018	207	9	13	229
As at 31 March 2017	267	28	10	305

None of the above assets are held under finance leases.

Depreciation charged during the year on leased assets was £nil (2017: £nil)

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

	2018 £000	2017 £000
17 DEBTORS		
Amounts falling due within one year:		
Trade debtors	331	766
Prepayments and accrued income	281	445
Provision for Bad Debt	-	(3)
	<u>612</u>	<u>1,208</u>

Trade debtors include £327,451 (2017: £759,511) due from the London Borough of Sutton. Prepayments and accrued income payable from the London Borough of Sutton of the value of £19,623 (2017: £279,400) includes insurance claims and fees relating to Right To Buy administration work.

	2018 £000	2017 £000
18 CREDITORS		
Amounts falling due within one year:		
Trade creditors	804	1,243
Unpaid pension contributions	96	90
Corporation tax	9	1
Other taxation and social security	363	330
Accruals and deferred income	<u>1,266</u>	<u>876</u>
	<u>2,538</u>	<u>2,540</u>

Trade creditors include £41,933 due to London Borough of Sutton (2017: £67,393). Included within accruals is a liability of £176,185 (2017: £121,373) due to the London Borough of Sutton.

	2018 £000	2017 £000
19 FINANCE LEASE COMMITMENTS		
Obligations under finance leases are secured on the relevant tangible fixed assets. As at 31 March 2018 the company had no future finance lease payments outstanding.	-	-

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

20	OPERATING LEASE COMMITMENTS	2018	2017
		£000	£000
	The company's future minimum operating lease payments are as follows:	1,130	1,046
	In one year or less	283	199
	In more than one year, but no more than five years	847	797
	In more than five years	-	50
		<u>1,130</u>	<u>1,046</u>

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 £222,642 (2017: £200,308)

21 ULTIMATE PARENT UNDERTAKING

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

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 £15,464,058 (2017: £16,272,430) were invoiced to the London Borough of Sutton.

London Borough of Sutton has provided services to the company to the value of £203,456 (2017: £273,771). Within this £163,613 (2017: £221,115) 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 £218,118 (2017: £188,766) 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 £347,074 (2017: £1,038,911) as shown in note 17. The balance is repayable on normal commercial terms and does not bear interest.

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 31st March 2016 which has set the contributions for the period 1st April 2017 to 31st March 2020. The assumptions are updated annually.

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

ASSUMPTIONS AS AT	31 March 2018 % p.a.	31 March 2017 % p.a.	31 March 2016 % p.a.
Rate of inflation			
- RPI	3.3%	3.6%	3.3%
- CPI	2.3%	2.7%	2.4%
Rate of increase in salaries	3.8%	4.2%	4.2%
Rate of increase in pensions	2.3%	2.7%	2.4%
Discount rate	2.6%	2.8%	3.7%

	2018 £000	2017 £000
RECONCILIATION OF DEFINED BENEFIT OBLIGATION		
Opening defined benefit obligation at 1 April	38,535	32,576
Current service cost	1,669	1,031
Past service costs, including curtailments	55	64
Interest cost	1,074	1,199
Contributions by members	296	269
Change in financial assumptions	(1,215)	7,805
Change in demographic assumptions	-	1,105
Experience gain	-	(4,844)
Estimated unfunded benefits paid	(2)	(2)
Estimated benefits paid	(712)	(668)
Closing defined benefit obligation at 31 March	39,700	38,535

RECONCILIATION OF FAIR VALUE OF THE PLAN ASSETS		
Opening fair value of employers assets at 1 April	29,328	24,511
Interest on assets	831	920
Return on assets less interest	(106)	3,431
Other actuarial losses	-	(218)
Administration expenses	(21)	(22)
Contributions by members	296	269
Contributions by the employer	1,110	1,107
Benefits paid	(714)	(670)
Closing fair value of employers assets at 31 March	30,724	29,328

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

23 DEFINED BENEFIT PENSION SCHEME DISCLOSURES CONTINUED

DEFINED BENEFIT COSTS RECOGNISED IN PROFIT OR LOSS	2018 £000	2017 £000
Current service cost	1,724	1,095
Net interest cost	243	279
Administration expenses	21	22
Defined benefit costs recognised in the profit and loss	1,988	1,396

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	Year to 31/03/18 £000	Year to 31/03/17 £000
Return on Fund assets in excess of interest - gain/(loss)	(106)	3,431
Other actuarial losses on assets	-	(218)
Change in financial assumptions	1,215	(7,805)
Change in demographic assumptions	-	(1,105)
Experience gain on defined benefit obligation	-	4,844
Re-measurement of the (defined liability) / net assets	1,109	(853)

	31 March 2018	31 March 2017
LIFE EXPECTANCY FROM AGE 65 (YEARS)		
Retiring today		
- Males	24.5	24.4
- Females	26.1	26.0
Retiring in 20 years		
- Males	26.8	26.6
- Females	28.4	28.3

STATEMENT OF FINANCIAL POSITION	31 March 2018 £000	31 March 2017 £000	31 March 2016 £000
Fair value of fund assets	30,724	29,328	24,511
Present value of defined obligation	(39,657)	(38,491)	(32,539)
Present value of unfunded obligation	(43)	(44)	(37)
Net pension liability	(8,976)	(9,207)	(8,065)

The estimated employer's contributions for the year to 31 March 2019 will be approximately £834,000 (2017: £719,000). 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 2018

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	38,912	39,700	40,503
Projected service cost	1,564	1,600	1,637
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	39,780	39,700	39,620
Projected service cost	1,600	1,600	1,600
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	40,424	39,700	38,990
Projected service cost	1,637	1,600	1,563
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of total obligation	41,144	39,700	38,307
Projected service cost	1,651	1,600	1,551

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.

Sutton Housing Partnership Limited

(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

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