


Report to:	Sutton Shareholdings Board	Date:	14 June 2017
Report title:	Sutton Living Performance Update		
Report from:	Mary Morrissey, Strategic Director – Environment, Housing and Regeneration		
Ward/Areas affected:	Borough wide		
Chair of Committee/Lead Member:	Councillor Simon Wales, Chair of Sutton Shareholdings Board and Councillor Jayne McCoy, Chair of Housing, Economy and Business		
Author(s)/Contact Number(s):	Mike Kirk, Interim Managing Director, 020 8770 6653		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • An Open Council • A Green Council • A Fair Council • A Smart Council 		
Open/Exempt:	Open with the exception of Appendix A (Risk Register) which is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.		
Signed:		Date:	31 May 2017

1. Summary

1.1 This report presents for comment the performance update for Sutton Living Limited.

2. Recommendations

The Sutton Shareholding Board is recommended to:

2.1 Note the performance update set out in section 3 and actions proposed to deliver projects by the Company.

3. Background

3.1 The background are previous performance updates relating to progress on the acquisition of various sites for development by Sutton Living Limited, and operations relating to the Company

4. Issues

Lodge Place Site

4.1 The site acquisition of Lodge Place, a privately-owned site in Sutton Town Centre, is now unlikely to take place. Having reviewed the terms of the acquisition and the control the owners wanted over the future development the terms are not those Sutton Living could recommend to



the Board of Sutton Living. Moreover, the owners have now indicated that because of earlier delays in proceeding with site acquisition they want a higher offer for the land. The loss of this development opportunity puts more focus on acquiring and developing council owned sites.

Wallington Public Hall

- 4.2 The concept design for Wallington Public Hall site has been completed and will now be developed into a planning application and submitted once final terms for the land sale have been agreed by the Council. The intention is to employ a planning consultant to secure the most beneficial planning approval for Company. The next stage will be to submit a business case to the September meeting of the Shareholdings Board as the value of the project will be more than £5 million. Consideration of the planning application once validated may take up to 3 months as it will be considered a major application, so at this stage the project will still be between 18 months and two years away before units are completed and handed over for occupation.

Individual Sutton owned properties

- 4.3 To bring forward units into management to derive some earlier income into the company, Sutton Living has commissioned surveys for the conversion of former Council offices into residential at Rosehill Court, St Helier, as well as two former park premises at Grange Lodge, Beddington, and Quarry Cottage, Cheam.

General Matters

- 4.4 As reported to the last Shareholdings Board, the Company considered applying for grant subsidy from the GLA as part of the new Affordable Housing Programme, but Directors concluded the funding requirements relating to future obligations for Right to Buy could affect scheme and business plan viability and do not propose going ahead at this stage. The matter, however, will be kept under review.
- 4.5 The Company is currently awaiting a loan facility from the Council to progress purchases and developments. The interest rate is still to be confirmed and it is important that this is set at a realistic level otherwise projects will not be viable.
- 4.6 There are minor changes to the confidential Sutton Living Risk Register to that reported to Sutton Shareholdings Board on 8 March 2017. These primarily relate to raising potential risk relating to schemes as the Company moves towards the implementation of projects. A new risk relating to market competitors has been added.

5. Options Considered

- 5.1 In reviewing its options for site acquisition and development, all schemes have to comply with the agreed Business Plan assumptions, loan repayment terms, adequate provision for management and maintenance costs, voids and bad debts, otherwise schemes will not be taken forward.
- 5.2 The seeking of development finance and other grants and subsidy will be assessed on their impact on the Company's Business Model

6. Impacts and Implications

Financial

- 6.1 There are no direct financial implications arising from this report as the Company has no financial performance to report at this stage, having yet to draw down any loan finance or working capital for either the acquisition or development programmes. Costs of early consultancy tasks are still being met by the Council and will be recharged to the company once the loan facility is in place.

Legal

- 6.2 There are no direct legal implications.

7. Appendices and Background Documents

Appendix letter	Title
A	Risk Register - Exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.

Background documents
None

Audit Trail		
Version	Final	Date: 31 May 2017
Consultation with other officers		
Finance	Yes	Sue Hogg
Legal	No	N/A
Equality Impact Assessment required?	No	N/A

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