



Report to:	Sutton Shareholdings Board	Date:	22 February 2018
Report title:	Sutton Living Review of the Business Plan 2018		
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 Committee		
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:	7 February 2018

1. Summary

1.1 This report presents a review of the Sutton Living Business Plan for 2018/19.

2. Recommendations

The Sutton Shareholdings Board is recommended to:

2.1 Note the review and the goals set out for 2018/19 in the attached Appendix 1, and exempt annexes A Sites and B Risk Register.

3. Background

3.1 Sutton Living Limited produced its first Business Plan in 2015, and last year carried out a review in two parts; January and March 2017. Appendix 1 Review of the Business Plan 2018 consolidates both those reports and updates progress against outcomes, and set goals for 2018/19.

4. Issues

Sutton Living's Objectives

- 4.1 A key objective of Sutton Living Limited is to deliver new housing in the Borough across a range of tenures and, long-term, to contribute to the Council's General Fund through surpluses generated from the housing developed. To do this the Company has to ensure that each scheme provides a commercial return and to have a tight control over budgets and avoid schemes that are not financially viable.
- 4.2 In 2017/18 a focus was on purchasing and developing Council owned land in order to build up a track record and asset base, but progress on acquisitions has been slow, and in some cases Sutton Living has failed to secure opportunities because it could not compete with the private sector where the focus was on short term gains, and where planning constraints were less of an issue.
- 4.3 Sutton Living has taken forward a scheme for 31 units at Wallington Public Hall and a planning application has been submitted for a mixed tenure development.
- 4.4 In July 2017, the development and long-term interest rates were agreed, as was the Loan Agreement with the Council.

Goals for 2018/19

- 4.5 (1) To secure planning consent for Wallington Public Hall, purchase the land from the Council and let a building contract
- (2) To develop a scheme in Alexandra Gardens in partnership with Sutton Housing Partnership
- (3) To seek strategic opportunities by working to become a development partner for the Council's potential Elm Grove Regeneration scheme
- (4) To look at potential alternative private funding sources to reduce reliance on the Council is the only funder, and bring more investment into the Borough
- (5) To hold a mini relaunch of the Company on the start on site for Wallington Public Hall, to raise awareness of Sutton Living and its core objectives, and to develop a future marketing strategy
- (6) To appoint a non-executive director with commercial skills from outside the Council.

Core Development Assumptions

- 4.6 These are listed in Appendix 2 and are the principles on which any scheme will be developed. In addition the Company has purchased development software in order to test the sensitivity of each scheme.



5. Options Considered

- 5.1 The Company cannot place total reliance on either Council land or private sites and has to strike a balance of developing opportunities that provide a satisfactory financial return, and generate long-term surpluses
- 5.2 While the Company is wholly owned by the Council, it has to act independently as well as commercially, and its Directors have a fiduciary duty to ensure that it acts according to its business objectives and remains solvent.

6. Impacts and Implications

Financial

- 6.1 There are limited financial implications arising from this report. No substantial outgoings have yet been made as no land purchases have been made or building contracts let.

Legal

- 6.2 There are no direct legal implications.

7. Appendices and Background Documents

Appendix letter	Title
Appendix 1,2,3	Review of the Business Plan 2018
Annex A	Confidential Sites - exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.
Annex B	Risk Register - exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.

Background documents
Business Plan March 2017

Audit Trail		
Version	Final	Date: 7 February 2018
Consultation with other officers		
Finance	Yes	Sue Hogg
Legal	No	N/A
Equality Impact Assessment required?	No	N/A

This page is intentionally left blank