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|--|---|--------------|---------------|
| <b>Report to:</b>                      | Sutton Shareholdings Board  | <b>Date:</b> | 1 May 2019    |
| <b>Report title:</b>                   | Sutton Living Interim Review of the Business Plan 2019  |              |               |
| <b>Report from:</b>                    | Mary Morrissey, Strategic Director, Environment, Housing and Regeneration   |              |               |
| <b>Ward/Areas affected:</b>            | Borough wide  |              |               |
| <b>Chair of Committee/Lead Member:</b> | Councillor Sunita Gordon, Chair of Sutton Shareholdings Board and Councillor Jayne McCoy, Chair of Housing, Economy and Business Committee                              |              |               |
| <b>Author(s)/Contact Number(s):</b>    | Simon Latham, Assistant Director, Housing, Planning and Regeneration<br>020 8770 4006   |              |               |
| <b>Corporate Plan Priorities:</b>      | <ul style="list-style-type: none"> <li>● Being Active</li> <li>● Making Informed Choices</li> <li>● Living Well Independently</li> <li>● Keeping People Safe</li> </ul> |              |               |
| <b>Open/Exempt:</b>                    | Open with the exception of Annex A (Confidential Sites List) which is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.                 |              |               |
| <b>Signed:</b>                         |    | <b>Date:</b> | 17 April 2019 |

## 1. Summary

- 1.1 This report presents the interim review of the Sutton Living Business Plan for 2019/20.

## 2. Recommendations

The Sutton Shareholdings Board is recommended to:

- 2.1 Note the review and approve the goals set out for 2019/20 in the attached Appendix 1.

## 3. Background

- 3.1 Sutton Living Limited produced its first Business Plan in 2015, and each year subsequently, evaluating the attainment of goals in the previous year, and setting them for the next year. This report is interim as a review of the Company's aims and objectives and its business objective is currently in progress. A further report will be submitted to the next Shareholdings Board.

#### **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. The Company and its directors are tasked to act in a financially prudent way and ultimately Sutton Living has to return a profit. While its first scheme of 31 units is about to go on site, this and the next three schemes anticipated concentrate on retaining units for rent, and will build up a significant debt burden. It is recognised by the directors that the Company has to balance its programme with sales both of affordable units and outright sales to build up surpluses and reduce its debt.
- 4.2 As part of a wider review of Council subsidiaries, a review of the business aims and objectives is currently being undertaken by 31ten Consulting and its findings will be reported to the next meeting of the Shareholdings Board.
- 4.3 The Business Plan is appended as Appendix 1, along with the core development assumptions in Appendix 2. A confidential sites list is appended as Annex A.

#### **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 no direct financial implications arising from this report. Detailed investment and financial viability appraisals will be undertaken before a decision is taken to proceed with any of the proposed sites.

##### Legal

- 6.2 Early ongoing legal support should be sought in respect of the various projects and property transactions being proposed and / or undertaken by Sutton Living Limited.

## 7. Appendices and Background Documents

| Appendix letter | Title  |
|-----------------|--|
| Appendix 1      | Interim Review of the Business Plan 2019/20  |
| Appendix 2      | Summary of Business Plan Assumptions   |
| Appendix 3      | Strengths/Weaknesses/Opportunities/Threats   |
| Annex A         | Confidential Sites - exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. |

| Background documents     |
|--------------------------|
| Business Plan March 2018 |

| Audit Trail                          |       |                     |
|--------------------------------------|-------|---------------------|
| Version                              | Final | Date: 17 April 2019 |
| Consultation with other officers     |       |                     |
| Finance                              | Yes   | Joseph Stockwell    |
| Legal                                | Yes   | Rowenna Warburton   |
| Equality Impact Assessment required? | No    | N/A                 |

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