

Case Study

DTP

Castles And Coasts Housing Association

Demerger and merger

Castles and Coasts Housing Association (CCHA) is a new housing association formed through the merger of Two Castles Housing Association (TCHA) and Derwent & Solway Housing Association (D&S). The latter association was a subsidiary of Your Housing Group (YHG).

Objective

To establish a business case for D&S to leave YHG, find a suitable partner and support the demerger and new merger.

What we did

We started the process off by advising the board of D&S, with the support of YHG. The process saw DTP performing detailed financial modelling to determine how D&S' business plan might look were it to separate from YHG.

A number of significant challenges were found to present potential problems, but these were eventually overcome through detailed engagement with YHG itself, the association's funders and The Pensions Trust. Having satisfied YHG that the association had a potentially viable future, with a partner, outside the group, through the provision of a viable business case, YHG agreed that D&S could approach other organisations, with a view to finding a suitable merger partner, with whom to develop a detailed business case for merger.

A process was developed for this purpose and the board of D&S was able to make an informed judgement about the most suitable partner, with DTP's technical advice and support. Once the partner, TCHA, was selected, a process

was established for managing the process, engaging with all key stakeholders, including YHG, the regulator, the local authority, residents and staff.

DTP provided project management support and detailed advice on governance, financial planning and on all funding related matters.

The process involved weekly project meetings, overseeing the project plan for merger, transitional planning and risk management.

A Joint Steering Group, with membership from TCHA and D&S, oversaw the process, from a governance and risk perspective. Eventually, a Shadow Board was established to oversee the latter part of the merger process and to make key decisions, all of which were subsequently ratified by the new board, following registration with the Financial Conduct Authority (FCA).

The whole process was achieved against a tight deadline, but great teamwork from all involved (YHG, D&S and TCHA) ensured that everything was achieved.

What we achieved

The merger took place on 31 July 2017 and the new organisation has a sound footing, both in terms of governance and of financial viability.

The regulator has been closely involved throughout the process and the funders for the new organisation have all been very helpful, positive and supportive.



The depth of knowledge and the approach provided by DTP throughout our merger process was absolutely invaluable. Ours was a more complex merger in that it was a de-merger and re-merger transacted simultaneously. We would not have achieved all of this in the timescale we did, without the support of Andy Roskell and Adrian Jolliffe, in particular. I would not hesitate to recommend DTP.

Stephanie Murphy, Chief Executive