

Case Study

DTP

Your Housing Group

Demerger

Derwent & Solway Housing Association (D&S) demerged from Your Housing Group before merging with Two Castles Housing Association (TCHA) to form a brand new housing association.

Objective

To establish a business case for D&S to leave YHG and support both organisations through the process.

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 was selected, YHG established a process for managing the changes, engaging with all key stakeholders, including 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.

The whole process was achieved against a tight deadline, but great teamwork from all involved ensured that everything was achieved.

What we achieved

The demerger and subsequent merger took place on 31 July 2017 with all organisations concerned left on 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 organisations have all been very helpful, positive and supportive.



Working with a number of stakeholders, which included YHG, the regulator, funders and other advisors, DTP provided overall project management and other support in what was a complex, but very successful process, which has worked out well for the group and also for D&S and its partner Two Castles. DTP's support was crucial to the positive outcomes that we have achieved and I would be very happy to recommend them for similar projects.

Brian Cronin, Chief Executive

A different perspective