

Case Study

DTP

Rochdale Boroughwide Housing

Fixed Rate Loan Restructure

Rochdale Boroughwide Housing (RBH) is the UK's first tenant and employee co-owned mutual housing society, with over 13,500 homes throughout the local area.

Objective

Analysis undertaken by DTP as part of the annual treasury strategy report showed that RBH was over hedged in the three years ended March 2021.

It therefore had potential to save money by reducing the amount currently fixed and extending the term of some of the existing fixed rate loans to 2025.

What we did

We prepared a report for the board that provided a range of alternative scenarios based on the hedging capacity of the business plan for the client to select the most appropriate solution. The analysis was undertaken in Brixx based on the results of interest rate swap calculations that DTP extracted from Reuters FIPA.

We presented a report for the board with a firm recommendation using plain English to explain a complex subject. The board agreed to proceed and delegated the execution of the transaction to a specified person to transact with the bank by phone. DTP joined the call and was able to benchmark the rates offered by the bank.

What we achieved

RBH was able to lock in significant interest savings in the short term by breaking a fixed rate loan and, by restructuring another loan, also lowered the cost of borrowing on 50% of its remaining fixed rate debt for an extended period.



This re-structuring has significantly lowered RBH's interest costs. This puts the society in a much stronger position to deliver regeneration in Rochdale town centre over the next 10 years.

Nickie Hallard, Director of Resources and Deputy Chief Executive

A different perspective