



# VIEWS

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## Finding the perfect social housing partner this Valentine's Day – *Sam McGrady, Director, DTP*



Romance may not be dead in the 21st century, but it has certainly embraced the digital age. If you're looking for love this Valentine's Day there is no end of internet dating sites or mobile phone apps designed to find you a perfect match. Yet on February 14th this year, millions of us will choose the old-fashioned method of expressing our feelings – by handwriting a message in a card filled with love hearts. Some things never go out of fashion.

Sadly no one has built an algorithm yet which can match registered providers of social housing with their true love. Many are out there looking for a partnership, but finding a mutually compatible organisation isn't easy. Like all the best relationships, it takes hard work and commitment. And it's vital you look beyond the head rush of a whirlwind romance and think of the long-term benefits of being together.

Providers certainly face lots of external pressure to get together right now. Government pressure on providers to build more homes and deliver value for money gains is relentless. And, like it or not, alternative structures, different operating models and mergers must be on your agenda.

But unlike the world of romance, the head needs to rule the heart when it comes to finding a partner organisation. The last thing you should trust is your feelings; what's needed is a cool assessment of the facts.

So instead of rushing head long into an unsuitable relationship, first take a step back and ask yourself what your own priorities are as an organisation – around issues such as growth ambitions, development targets, community investment, financial resilience, and the type of homes you want to build and where you want to build them. You may have set those priorities a long time ago, but taking a fresh look at them from time to time is always worthwhile.

Next, ask yourself a simple question: are we better off alone, or would joining forces give us a better chance of meeting these objectives?

If the answer is yes to a partnership, start to think about what you are looking for in a partner, focusing first on essential criteria (the things which you can't compromise on) and also desirable criteria (those which would be attractive but not necessarily essential).

If it's essential a partner organisation operates in a particular geographical area, or if scale is important, then this can help you narrow down your target list.

While there's no equivalent of match.com, finding information about potential mutually compatible partners is often easier than you might think. You might already know a fair bit about an organisation you are considering partnering with, but much more information is generally publicly available on websites (such as accounts, corporate plans etc).

Although the process should be led by your board, a smaller working party or steering group might be a good idea at this stage. An external adviser might also be helpful to lead and guide the board, to ensure focus, sticking to timescales and to advise on communications.

Start with a long list, from which you aim to choose a short list of organisations which are most likely to meet your agreed criteria. A desktop analysis is your starting point: looking at considerations such as stock location, organisational size, type of stock (eg general needs, housing for older people, supported housing), financial indicators, growth plans, community focus, regulatory judgement, values and culture, and appetite for partnership. There may be other considerations which might help the board to decide whether the partner can deliver its stated criteria.

Again, it's about digging into those corporate plans, as well as statutory accounts, performance information, and tenants' newsletters, and using what you already know, to establish the facts. Local knowledge and consultant expertise might also help you.

At this stage, it's about eliminating those who don't meet the grade. Does their corporate plan tell you they are actively seeking merger partners to enable growth? Do their development, new build and acquisition targets chime with yours? Do they have a G1 V1 rating from the regulator? Are they committed to investing in services above and beyond housing, such as community activities for residents? It's personal to you, but these are the types of questions you might want answers to.

Having picked your shortlist, it's time to invite them to respond in writing to a formal invitation to 'express an interest' in partnership. It's important to provide information and context so that they fully understand the background to your organisation, your drivers for partnership and the criteria upon which a judgement will be made.

Set out a timeline for the process, which will usually involve some form of interview and presentation, and also submit a request for information regarding financial and other performance. Remember, it's about them providing evidence that they meet your criteria. Delve into their accounts/business plan to look for evidence of strong financial status; look at their development plans to establish their growth criteria; and ask for case studies (on community investment activities, for example).

Next, make a formal assessment of these submissions, including the additional information, before setting tailored questions for exploration during the interview process. At interview, your prospective partners will be invited to present their submissions. Then it's time for your board to make its assessment, based on its views of the potential partners' ability to meet your criteria.

If, after all this, you decide you're a match made in heaven then the next step is to establish a clear process for partnership, with gateways and milestones along the way. The first important step will be to jointly prepare a 'statement of intent', a (non-legal) document setting out your aspirations. This should reflect the views of both parties and any commitments that have been made so far. If both boards, having reflected on the statement, agree that it meets their expectations, then the process of formally bringing the partners together can begin in earnest.

If you've got this far think of it as an engagement – with the long road to the wedding day still to come. Happy Valentines!