

## Brighter Places

### Assistance with developing new consolidated long-term financial plan for merger of Solon South West and United Communities Housing Associations

Brighter Places is a Registered Provider with more than 3,200 affordable and social rental homes located in Bristol and the surrounding area, with plans to build a further 800 homes by 2026.



#### Objective

The project was for DTP to support the merger team from both Solon and United Communities in the consolidation of the two organisations' long term financial plans. This was with a view to assisting in the detail sent out to the Regulator, funders and boards including the new merged board. As part of this, we were required to run stress tests on the new plan and at all points we were involved in supporting the team in coming up with solutions for the merger as part of the wider working group that was set up.

#### What we did

Working with the Finance Directors from United Communities and Solon South West, we reviewed their current plans and then put them into a merged consolidated plan allowing for any additional costs associated with the merger and then future savings.

As one of the organisations was on the Brixx software tool and the other was on a spreadsheet mode, we first had to decide, alongside the client, which platform would be best for the consolidated plan. The decision was to put both onto Brixx and, therefore, we had to initially convert Solon South West's plan into Brixx and agree this with their Finance Director.

Once we were happy that we had adequately put the model into Brixx and reflected the business at that time, we then ran three consolidated plans to show the effect of the merger on the new business. The various models were a straight adding of the two models, there was a model that eradicated dual

senior posts, and the final model was the intended merged plan with all additional costs and savings. These were shared with the senior team and the boards to show the effects of the merger and, once all were satisfied, they were shared with both the Regulator and existing funders.

When all parties were satisfied with the models, we were requested to run stress tests on the main merged plan to show the effects of risks on the business (to put together the risks DTP ran sessions with the board on their responsibilities relating to risks, stress testing and mitigations which ascertained the tests) and this information was also shared with all stakeholders.

As the merger process lasted more than a year, we were requested to run various iterations of the plan based around new budgeting and annual updates and each time we ran the stress tests.

At all points within the project we liaised with senior officers, the merger working group, funding advisors and the legal team.

#### Outcome

The two organisations realised their goal of merger and Brighter Places started trading in April 2021. The long-term plan for the new merged business was successfully used to populate the FFR in the June of 2021.

We also have the privilege of working with the new business in a retainer capacity on the Brixx model and are currently working with the finance team on training and creation of the new 2022/23 long term financial plan.

*Andy and the team did a great job in bringing their sector experience and technical skills to support the management team and board through the process of establishing a combined view of the two entities and then further refining to reflect the operations and strategic objectives of Brighter Places. Communications were clear and informed, always available and willing to challenge and provide insight. Overall, the DTP team provided a great outcome whilst delivering value for money.*

**Anna Klimczack, Chief Executive, and Grant Giles, Finance Director, Brighter Places**