



Mergers: member experiences

MAGS LIGHTBODY, LIGHTBODY CONSULTANCY

SFHA FINANCE CONFERENCE – 16 NOVEMBER 2021

History of transfers/ group structures

- Large scale voluntary transfer (LSVTs)
- Small stock transfers
- RSL to RSL group structures/ transfers
- Introductions of tenant ballots
- SHR powers to direct a transfer of all or part of an RSLs assets

The Common Drivers for Strategic Partnerships

- Rarely efficiency or the proactive consideration of the best interest of tenants!
- Options appraisal should be a regular undertaking (every 3 years with each new 3 year Business Plan)

.....in reality, drivers are commonly:

- Senior officer leaving resulting in strategic options appraisal (note that some OAs do result in a valid decision to stay independent)
- Crisis – governance, financial, tenant safety
- SHR engagement/ intervention resulting in strategic options appraisal
- Board/Committee changes and/ or interim leadership, supporting fresh thinking

Strategic partnership options & key pros and cons

- Independence
- Shared services
- Group structure
- Merger
- Transfer of Engagements

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Partnerships/ transfers

Savings and costs

SAVINGS (most recurring over 30 years)

- ✓ Employee costs
- ✓ Corporate/ Back office
- ✓ External support/ consultancy
- ✓ Governance
- ✓ Procurement
- ✓ Modernisation/ digital

COSTS (mostly one off)

- Consultants/ advisers (transfer support, due diligence, legal support, HR advice, ITA, ballot)
- Lender consents – fees, terms
- Pension transfer

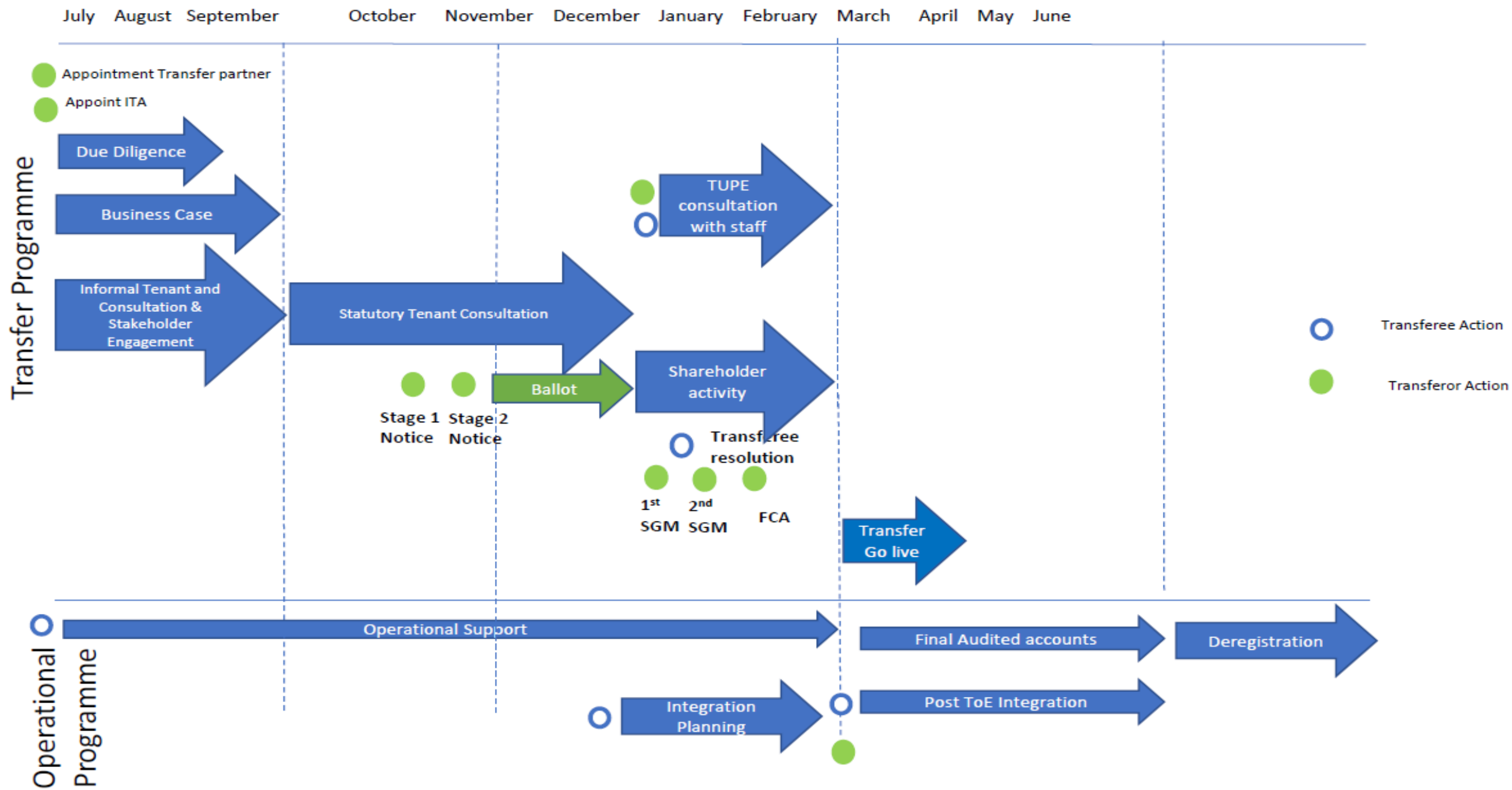


Use savings to do **more** for tenants and ...and still **preserve** what matters to them

- Improve rent affordability
- More investment in homes and the environment
- Improve estate management and customer service
- Offer wider role services to meet local need
- Keep local service delivery and staff team
- Strong community voice
- Expand housing choice and options



High Level ToE Timeline



Results from recent partnership ballots



	Gentoo/ West of Scotland (uncoupling)	Cairn/ ANCHO (Group)	Caledonia / Antonine (ToE)	Hanover / Arklet	Trust/ Wishaw & District (ToE)	Wheatley/ DGHP (Group)	Caledonia/ Bellsyre (TOE)	Hillcrest/ Huntershall (ToE)	Sanctuary / Thistle (ToE/ Directed)	Pineview/ Kendoon (ToE)	Link/ Weslo (ToE)	Kingdom/ Fairfield (ToE)
Turnout	42%	60.80%	79%	59%	73.30%	75.30%	41.70%	74.80%	70.10%	54.60%	63.40%	74.70%
Yes vote	97%	94.20%	99%	98%	97.30%	95.50%	97.20%	92.00%	92.40%	88.50%	96.70%	95.40%

Things to think about

- Be clear on why you are doing it (both sides)
- Articulate your partnership/ transfer priorities
- Consider the route to partnership (ToE v Group Structure)
- Consider what method you use to find a partner (competition v direct contact)
- Make sure you have a compelling offer (for tenants, service users, staff and key stakeholders)
- Should be a WIN/ WIN both sides
- ***Explore the art of the possible – you owe it to your tenants***

