

Form follows function - things to think about

How should an RP review its structure? What's the best way of meeting your objectives? How do we put residents at the heart of decision making?

Section 1: Introduction

The government is pushing on two fronts – it wants to see greater efficiency amongst RPs and it wants to boost housebuilding by RPs making better use of their balance sheets (this is a hallmark of the government – a similar push is on in the water industry).

There is a risk that the knee jerk answer is merger to meet these two objectives – but what evidence is out there to back this up? It may also be worth countering the myth that RPs are sitting around passively waiting for merger bids – that's not true.

Our toolkit suggests that RPs do things in a balanced way – first decide on the strategic objectives then look at the organisational vehicle for delivering on these – we don't start out by saying that merger is the right or wrong answer instead it is an option to be considered when it makes sense to do so – the organisational form should be led by your thinking about the functions you wish to perform.

Crucially, the organisations that support this toolkit are committed to making sure that tenants and potential tenants are at the heart of the process.

It may be worth citing evidence that mergers have not been a magic wand in other sectors or housing – but there is a risk that we could appear biased.

Section 2: Our principles and how to apply these to a review

This will bring in views from the [Residents' Network](#) / [TPAS](#) work and our interviews with RPs in the project.

At an earlier meeting the RPs came up with a range of suggested principles, eg, transparency, accountability to stakeholders and tenants, proportionality (don't spend all your time debating merger bids), appropriate fit between organisations that come together (to avoid being jilted at the altar or paying for an expensive divorce), local impact (don't take money out of the area) and realism (over the level of savings and gains).

The agreed principles will be applied to the process we will set out – it could look like this:

- Setting organisational objectives that are a show stopper if not met
- Understanding the financial capacity of your RP on a stand-alone basis
- Understanding the level of work that must be done to your existing homes
- Understanding and responding to the wishes and concerns of existing residents
- Setting out the gap between what you need/want to do and what you can afford
- How to pick an organisational option to plug any gaps impartially
- Ways of informing and involving residents in the process throughout.

Section 3: The RP strategy document

One of the key outcomes of the project will be to design a template that RPs can use to develop their own tailored document/strategy (based on the principles that they want to adopt and the tools they have used). This will be essential. The HCA will be asking for one and it is important to ensure that all individual RP strategies are compliant with what the regulator wants.

Tools, case studies and sources of advice

Possibles for inclusion in the toolkit or as an online resource:

- Scottish tenant ballots on transfer/groups structure collapse – Sanctuary and Wheatley
- Distress transfer – Sanctuary/Cosmopolitan and others they have rescued
- Mutuals – Merthyr and negotiated cuts to services agreed with residents to make ends meet
- Sovereign/Spectrum – live case
- Learning from abortive mergers – Network/Catalyst
- South Yorkshire – merger and acquisition opportunities, when to say yes and when to say no
- CHP- involving tenants in merger debates
- Academic research on mergers/city code
- Global Accounts – size and cost not strongly related (bring in HCA regression analysis)
- EDF power station in Somerset interesting – unions examining business case – depending on 23/6 a European approach could be suitable.