



RBH Merger and Constitutional Partnerships Code



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Author/Reviser/Owner	Gareth Swarbrick/Nickie Hallard
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Introduction

RBH wishes to develop the strategic approach which would be taken in the event that the organisation is presented with potential constitutional partnership opportunities in the future. Such opportunities could arise from within or outside of the social housing sector.

This brief document outlines the requirements from a constitutional partnership which should be considered in determining RBH’s approach.

It should be noted that whilst RBH is not actively seeking out such partnerships at this time, RBH are open to considering opportunities that would enable us to enhance delivery of the Societies purpose and as such this issue will be kept under regular review to ensure we have the most appropriate structures to maximise delivery of our Corporate Strategy. This will include any opportunities that arise for a potential acquisition of another body by RBH.

Partnership requirements

Criteria	Considerations from partnership
Values and culture	<ul style="list-style-type: none"> • A place-shaping ethos • A commitment to allowing RBH to retain its mutuality • Aligned strategic aspirations – there should be a strategic fit with RBH’s corporate objectives • Each organisation should ideally already be known to each other, possibly through previous joint working

Criteria	Considerations from partnership
Financial capacity	<ul style="list-style-type: none"> • A minimum of V2 regulatory status, ideally V1, but acknowledging that place-based partners are more likely to be V2 (<i>Note: this criterion would only apply to social housing registered providers</i>) • Combined business plans must add to the overall capacity of the partnership to deliver more homes, undertake more regeneration and/or deliver more services/improve outcomes for Rochdale borough residents • A complementary stock portfolio which will be subject to risk evaluation • Retention of similar or better target operating margins as RBH • Reduced management costs over time • Combined business plans must be subject to and able to withstand robust stress and resilience testing • Partnership must not dilute RBH's overall financial standing
Customer service	<ul style="list-style-type: none"> • Partner must demonstrate a customer-focused approach • Partner should ideally bring at least similar levels of performance and customer satisfaction as RBH demonstrates, and ideally new/innovative ideas and ways of working • All aspects of RBH's core landlord role and responsibilities to customers must be protected and service standards sustained or improved • There must be a commitment to listen and engage with tenants and customers, including a commitment to consult with customers should any partnership discussions be taken forward • The partnership must commit to meeting the needs of vulnerable customers as well as supporting aspiration

Criteria	Considerations from partnership
Employment & skills	<ul style="list-style-type: none"> • Partner must be fully committed to local economic development in line with RBH's Corporate Strategy • Partnership should provide opportunities for growth in this area
Geography	<ul style="list-style-type: none"> • Rochdale must remain a key geographical focus of the partnership • RBH must remain an anchor institution within Rochdale • Respective geographies of each organisation should be complementary to each other and provide a sustainable mix of affordability and financial values
Enhance local and regional reputation	<ul style="list-style-type: none"> • Must have alignment or complementary strategic aims • Must demonstrate understanding of local and regional positioning • Scope of partner activity should be focused on achieving positive local or regional outcomes
Capacity to build new homes & invest in communities	<ul style="list-style-type: none"> • Partnership should deliver positive value and net additional units in excess of those in the current combined programme of each party • Must deliver firm commitments to growth in RBH area of operation including affordable homes for rent and sale • Would increase our capacity to meet our commitments to improving quality of place and quality of life in Rochdale town centre set out in the College Bank and Lower Falinge Masterplan • Would increase our capacity for land acquisition and remediation for residential development with a focus on Rochdale town centre

Criteria	Considerations from partnership
<p>Employees</p>	<ul style="list-style-type: none"> • Partner must value and listen to employees, as evidenced for example in employee engagement surveys • There must be a commitment to investment in learning and growth for employees • Strategies should exist which support smart working • Remuneration packages should be based on an up to date approach • Any impact on senior (and other) RBH employees and board members must be undertaken through a fair, equitable and transparent process
<p>Partnership process</p>	<ul style="list-style-type: none"> • A Statement of Intent signed by the Chair of RBH, the Chair of RBH's Representative Body the Chair of the prospective partner must be in place before significant resources are committed • A budget for the partnership process must be agreed and in place before proceeding

Five stage partnership process

If a partnership opportunity arises, RBH will adopt a five stage process of evaluation and assessment, as follows:

Stage One – IF RBH INITIATE APPROACH Initial consideration (indicative timescale of 3 months from initial contact)

- If the CEO and Chair believe there is an opportunity worth exploring (based upon all or most of the partnership criteria in the table above seeming to be met), then an initial meeting should be requested with their counterparts in the other organisation
- If the CEO and Chair believe that there is merit in progressing the proposals further, then RBH should provide a written expression of interest (EOI) which should be approved by the Board
- At this stage, the Representative Body's Chair would be informed of the proposal (Note: any decision to proceed is a RBH Board decision, but the Representative Body should be involved in the development of the proposal. If the strategic partnership would result in an expansion in areas of activity or geography for RBH then consideration of the Representative Body's role in approval of this will also need to be taken into consideration). At this stage however discussions should not go wider than the Representative Body's Chair.
- As a minimum, this EOI should include a headline vision for the partnership, plus financial, strategic and tactical information to allow both Boards to recognise their organisation's future role, opportunities and constraints, and potential impacts for key stakeholder groups
- Any proposals at this stage would be confidential to the two organisations
- Following the Board discussion of the EOI, if both parties wish to proceed further, then the proposals move to Stage Two below. If the opportunity is rejected by the other party the reasons should be sought (which could be financial, strategic and/or tactical) and should be shared with the Board and the Chair of the Representative Body.
- The Board also needs to consider at this point whether it is content to progress discussions with one organisation only, whether it requires additional evidence to support this approach, or whether it wishes other prospective partners to be approached.

Stage One – IF APPROACH RECEIVED FROM AN EXTERNAL PARTY Initial consideration (indicative timescale of 3 months from initial contact)

- Any expression of interest to either employees or Board members is notified to the CEO who informs the Chair

- If the CEO and Chair believe this is an opportunity worth exploring (based upon all or most of the partnership criteria in the table above seeming to be met), then an initial meeting should be held with their counterparts in the other organisation
- If the CEO and Chair believe that there is merit in progressing the proposals further, then the prospective partner organisation should be asked to provide a written expression of interest (EOI) which should then be shared with the Board
- At this stage, the Representative Body's Chair would be informed of the proposal (Note: any decision to proceed is a RBH Board decision, but the Representative Body should be involved in the development of the proposal. If the strategic partnership would result in an expansion in areas of activity or geography for RBH then consideration of the Representative Body's role in approval of this will also need to be taken into consideration). At this stage however discussions should not go wider than the Representative Body's Chair.
- As a minimum, this EOI should include a headline vision for the partnership, plus financial, strategic and tactical information to allow the Board to recognise their organisation's future role, opportunities and constraints, and potential impacts for key stakeholder groups
- Any proposals at this stage would be confidential to the two organisations
- If the CEO and Chair do not believe that the proposal (at pre-EOI stage) should be progressed, this should be reported to the Board explaining the reasons why
- Following the Board discussion of the EOI, if it wishes to proceed further, then the proposals move to Stage Two below. If an opportunity is rejected by RBH, the other party should be informed in writing, with a clear explanation of the reasons (which could be financial, strategic and/or tactical)
- The Board also needs to consider at this point whether it is content to progress discussions with one organisation only, whether it requires additional evidence to support this approach, or whether it wishes other prospective partners to be approached.

Stage Two - Development of a Statement of Intent (indicative timescale up to 3 months)

- The RBH Board will undertake an assessment of its skills and experience to ensure that they are sufficient to make a full and informed decision, and agree what level of independent advice it requires to support its decision-making process
- A non-disclosure and exclusivity agreement will be signed to protect both parties
- An initial budget will be agreed for this phase of the project
- A Joint Project Team (executives) and Joint Steering Group (board and Representative Body members) will be set up to develop a joint Statement of Intent. This will set out (in outline but in sufficient detail for the respective boards to establish

whether agreement is likely to be reached on the issues) an initial statement of vision/values, the key benefits to both organisations, governance, employment, financial matters including funding, legal structures (including how these could preserve the present and future integrity of RBH's current mutual constitution and the principles underlying it), risk assessment, key stakeholders, consultation proposals, due diligence proposals and the proposed timetable

- When completed the Statement of Intent will be presented to the Boards of both organisations and RBH's Representative Body, together with a draft project plan, for them to consider whether to proceed to the next stage.

Stage Three – Full Business Case, Due Diligence and Consultation (indicative timescale 3 months)

- Should the decision be to proceed, then a full business case will be developed and independent due diligence exercise (financial and legal) undertaken
- Both boards and RBH's Representative Body will be asked to consider and sign off a full business case which will develop the proposals in the Statement of Intent and include clear targets and outcomes.
- Both boards will be asked to consider the independent due diligence reports and provide full disclosure and representation
- A plan for formal member, tenant, employee and other stakeholder consultation will be developed.

Stage Four – Formal Consultation (indicative timescale 3 months)

- The formal process to consult with members, tenants, employees and stakeholders should be undertaken leading to a Special Members Meeting.

Stage Five – Implementation (indicative timescale 6 to 9 months)

- The Boards will approve a joint delivery plan developed by the Joint Project Team and Joint Steering Group
- Both Boards will monitor progress of the delivery plan and receive regular updates on activity
- At this stage, shadow governance arrangements may be put in place depending upon the legal and governance structure proposed for the partnership.