

## **SDR MERGER – YOUR UPDATED QUESTIONS AND ANSWERS**



South Devon Rural Housing Association's proposed merger with Places for People has now been agreed by both Boards and the formal announcement of the decision was made on 14 February. Before the decision was ratified, SDR's Senior Team gave careful consideration to the feedback received from tenants through our seven-week consultation exercise. Through that process, a number of comments were recorded and a good number of questions asked.

Those issues and questions have been processed and the answers appear in [Section 4](#) of this document. You may wish to look through the Q&As and common themes here, starting with Section 1 below.

Or you may wish to scroll down and jump straight to Section 4, where you will find answers to a selection of questions which have been bunched together in groups for easy access.

We hope this document will give you confidence that we will keep you in the loop as each stage of the merger integration process progresses.

### **SECTION 1 – PERSONAL IMPACT**

#### ***Why did SDR announce the merger proposal only a few days before the Christmas holiday?***

It is common practice with any change in business structures for the process to be formalised in time for the start of the next financial year – or by 31<sup>st</sup> March.

For the merger to be officially completed by the end of March 2024, various critical steps must be taken. A key step is the consultation process, giving tenants, stakeholders and shareholders an opportunity to provide their views on the proposal.

This consultation must be concluded by early February to incorporate feedback and enable both parties to manage the complex aspects of the merger if it were to proceed. Considering the timeline, announcing the merger on December 20<sup>th</sup> provides a little over seven weeks for consultation, reduced to six weeks when excluding the 10-day Christmas and New Year break.

#### ***Could I lose my home as a result of this merger?***

No. You have legal rights and protection as a social housing tenant, as set out by the Social Housing Regulator. These rights remain unaffected by this merger, so please be assured that you will not lose your home as a result of the merger.

***Would this merger affect my Tenancy Agreement?***

Your tenancy agreement with SDR would remain the same. The tenancy right you enjoy would not be affected by the merger. Places for People, like SDR, are a regulated social housing provider, so they have to adhere to the same rules.

Most of our residents are Assured Tenants. Under these tenancy agreements, you have a lifetime legal right to stay in your home – providing you continue to meet the conditions of your tenancy.

Some exemptions will continue to apply as they do now. Some tenancy agreements are for a fixed period of time e.g. 12 months, or other periods stated on the Tenancy Agreement. Changes to fixed-term tenancies cannot legally be made as a result of any merger.

***Will my rent and service charges increase?***

Your rents will remain at their current levels and will only go up once a year in line with Government regulations or what is set out in your tenancy agreement. These rules apply to both SDR and Places for People.

Service charges are also reviewed on a yearly basis. Your service charge covers the direct cost of services we provide to your home and/or estate. You will continue to receive a breakdown of these costs with your rent increase notification as you do now.

***Would the merger affect my Welfare Benefits or Entitlements?***

Your Welfare Benefits and Entitlements would not be affected by the merger. They would only change if your own personal circumstances change.

***What is SDRHA committing to me and my tenancy if this merger goes ahead?***

We will continue to provide housing and repairs services to SDR residents. These services should improve as a result of increased resourcing that would result from the merger.

We will continue to invest in the safety, warmth and security of your homes.

SDRHA customers would continue to have a voice and be heard at local, regional and national level.

***What would happen to SDR's main offices in Totnes?***

We would continue to maintain an office presence in the area. Tenants would benefit from a continuing local base, backed by central teams.

***Will there be staff changes?***

In the short term, there will be no change for SDR employees. Both the Board and Senior Team will remain in place and, with the support of the Places for People group, will continue to have oversight of our finances and governance. This means that you will still deal with the same people as you do now. As the merger progresses, there will be a gradual integration of SDR functions within the larger organisation – things like Human Resources, Finance and Information Technology for example.

***Will the merger with a large organisation mean that we lose local accountability?***

Our services will continue to be delivered in the same way and we will continue to listen to your views and reflect these in our future plans. We chose Places for People as a potential merger partner, in part, because they are committed to more locally responsive and accountable services. SDRHA customers will continue to have a voice on local matters as well as a voice regionally and nationally.

You can read more about customer engagement by clicking on Places for People's *Customer Annual Report* at: [Customer Annual Report 2023 - Places for People](#)

***How will services be delivered?***

All services like repairs reporting, paying rent and service charges or raising issues with our customer services team or Housing Team will continue to be delivered by existing staff from existing offices.

***Will I have the right to buy my home?***

'Right to Buy' does not apply to the vast majority of housing association homes. There is a 'right to acquire' for homes built after 1989 which offers a discount on the market value. For more information please contact [info@southdevonrural.com](mailto:info@southdevonrural.com)

***Will I be able to move into a Places for People home?***

There may be a possibility in the future, but at this stage moving home options will be the same as they are now. If you want to find a new home you can look for a mutual exchange – which means you swap homes with another tenant. This can be anywhere in the UK through the Home Swapper service and requires landlord permission. <https://www.homeswapper.co.uk/>

SDR does not hold its own waiting list or housing register. We work across several local authority areas, using choice based lettings system (Devon Home Choice) and existing residents can apply to be considered for an alternative property via Devon Home Choice.

<https://www.devonhomechoice.com/>

***Will SDR still deliver the Repairs Service?***

We will continue to oversee repairs and will work with our existing suppliers and contractors where we already have a contract in place.

***What will happen to my home and security in the long term?***

Your security is protected by your tenancy or lease agreement and by the fact that Places for People is regulated by the Social Housing Regulator and so must meet regulatory standards, which include the quality of homes and services.

## **SECTION 2 – GENERAL INFORMATION**

***What is a merger?***

A merger happens when two or more organisations join together to create one new organisation, or when one smaller organisation joins a larger one as a subsidiary company within a Group. If an organisation joins as a subsidiary (as is the case for SDR) it continues to operate as a company, and can also access resources provided by the group (e.g. finance, people, technology etc.).

***Why is SDR proposing to merge with a larger housing provider?***

Since 1958, SDR's single purpose has been to provide safe, affordable homes and quality services to our residents. Community is at the heart of everything.

We have managed to move with the times and to grow our organisation and expand our property portfolio steadily, despite the many challenges we have met along the way.

We have invested significantly in the safety of our existing homes, built new ones, and provided places that people over 55 and those with learning or mobility difficulties can call home.

We have long since recognised how partnership working can make it easier for us to provide the affordable homes and living space that people in this region desperately need – now more than ever. A number of recent changes in wider society, along with new Government policies, are challenging us to develop and invest even more in our future.

The Grenfell fire (2017) has brought much-needed focus for reform in building safety and a new code of governance for housing associations. A new Government framework and Tenancy Standard will set out and reinforce how landlords must listen and be equipped to take action as a result of feedback from residents.

The population is ageing rapidly, and by 2038 1 in 4 people in the UK will be over 65. It's vital that housing associations such as SDR are ready to respond with homes, services and technology to support a wide range of resident needs.

While we remain financially stable, we face funding challenges like so many individuals, families and organisations in the UK. We're also living through a global climate crisis where all homes need to be net carbon neutral by 2050. Meeting these challenges will have considerable financial impacts on smaller housing associations such as SDR.

Against this background, we believe we will become stronger by joining with a larger organisation and so will be more able to meet these new challenges.

## SECTION 3 – PARTNER INFORMATION

### ***Why have you chosen Places for People as a potential merger partner?***

Once SDR's Board decided to look into the idea of a merger, a number of potential partners were considered and a short list prepared. We engaged with each of these and sought which one offered the best match in terms of sharing our business ethos and enabling SDR to continue its work in the region.

As this exercise progressed, it became clear that Places for People (*PfP*) ticked each of our boxes on a corporate level and that their management team were people we could happily work with.

### ***What is 'in it' for Places for People?***

Places for People owns and manages 140,000 homes across England and Scotland. And while they build a lot of houses in the South West, they have a limited presence in terms of their affordable Communities. Places for People exists to be the UK's leading social enterprise and to be a force for good. They want to change lives by creating and supporting thriving communities. They believe that SDR is an organisation they can add value to, and SDR's customers are customers they can support.

### ***What do PfP offer that makes them a good partnership choice?***

First, *PfP* puts Community at the heart of everything – just like we do. As a much larger organisation with far greater resources at its disposal, *PfP* offers all the advantages brought by economies of scale, but especially access to funding streams that would support vital expansion in the South West.

This partnership would also offer both immediate and longer-term enhancements to the service that SDR's customers receive – for example a contact centre with 24/7 accessibility.

Benefits would also include access to all services *PfP* customers receive and, more importantly, new customer service initiatives coming soon.

Recent examples are the inclusion of Home MOTs with the annual gas service, to check for issues relating to damp and mould, overcrowding, and safeguarding.

***Can you name some of the enhancements that PfP brings to the table?***

- Access to a wide range of financial support for customers including a money and home energy advice service, a Cost of Living Fund providing rent relief, a furniture and white goods project, vouchers for essentials like food and fuel and support for food banks and pantries.
- Community Funding for local customer led projects to meet specific local needs.
- Wellbeing, digital inclusion and employment projects.
- Local customer engagement, Regional Customer Forums and a National Customer Group, supported by an expert team.
- Customers are supported by local teams in a regional structure, ensuring colleagues have local knowledge and visibility and can form long and effective connections with customers and communities.
- Regional teams are supported by central teams: Finance, Risk, Health and Safety, Human Resources, Technology, Communications, Legal and Places Impact.
- Other support teams in Communities include the Early Tenancy Support project, a Sustaining Tenancies and Risk support team. And also dedicated complaints management with the central Customer Focus team.
- Responsive Property Management and Maintenance with a commitment to invest more in improving existing customers' homes.
- Dedicated anti-social behaviour services and support, including mediation.

***How would Places for People make a difference to SDR's prospects?***

PfP has an impressive new homes development programme in the pipeline, with a good number located in the South West of England, the region where SDR is keen to increase the number of new homes for customers.

The current list includes:

**IKEA Way, Exeter, Devon**

Number of new homes = 184

Start on site = March 2023

**Exmouth Junction, Exeter, Devon**

Number of new homes = 165

Start on site = March 2023

**Winkleigh, Devon**

Section 106 Agreement with Allison Homes

Number of new homes = 17

Start on site = December 2022

**North Tawton, Devon**

Section 106 Agreement with Allison Homes

Number of new homes = 26

Start on site = January 2023

In the wider South West, Places for People have an interest in these other housing developments:

**Bridgwater** – 51 homes at a site called “The Foundry”; started on site March 2023 by Persimmon Homes.

**Truro** – Higher Newham Farm starting on site January 2024; 121 homes of affordable rent and SO, built by Vistry and within their scheme for a further 121 market sale units.

**Yate, Gloucestershire** – 40 affordable rented homes, due for occupation in March 24.

A key objective of the partnership would be to further grow the number of affordable homes in our area through development. SDR would provide the presence and regional capability to support this growth for the benefit of the community we serve.

***How will any extra investment forthcoming from Places for People be used?***

The extra financial confidence we will gain from the merger will allow us to make faster progress with planned improvements to our existing homes. We will be discussing our own new homes prospects with Places for People, who also have their own plans for expanding the housing offering in our catchment area. Once we have greater clarity about future plans, we will share this with residents.

***Why did SDR choose Places for People? What was the process?***

The Board wanted to secure significant additional investment in residents' homes, support the continued building of new affordable homes in our local communities and achieve financial security for the long term, and to join an organisation which reflected SDR's long-held values and ambitions. After considering a number of possible partners, we produced a short list and this was finally whittled down to Places for People as ticking all our boxes and being a good mutual match.

***What is 'in it' for Places for People?***

Places for People own and manage thousands of homes across England and Scotland. But they have a limited presence in the South West of England. The partnership with SDR gives them an instant boost in assets in the region, with the promise of more to come through mutual working.

We will also bring into the group the value of our housing stock, which further strengthens Pfp's long-term financial capacity.

***What is the structure of Places for People and how do they 'make their money'?***

Places for People Group Limited is a leading Social Enterprise, a Company Limited by Guarantee, and the parent of the Group. SDR is a Community Benefit Society. A company limited by guarantee and a community benefit society are, to all intents and purposes, the same. Both are 'not for profit', and invest any profits back into the business. The objectives of both organisations are for social purposes. Just like SDR, Places for People is also registered under the Housing and Regeneration Act 2008, which means it is regulated by the Regulator of Social Housing.

<https://find-and-update.company-information.service.gov.uk/company/03777037/filing-history>

They also have a group charity called 'The Places Foundation', which provides grants and social investment to 'improve the lives of People and Communities that have experienced disadvantage and are furthest from the labour market'.

<https://register-of-charities.charitycommission.gov.uk/charity-search/-/charity-details/505813/full-print>

The Company Structure Chart includes a number of different companies that provide specialist and/or commercial services to the Group. Commercial activity provides additional income to the Group to supplement rental income and deliver on its social purpose to serve residents and communities. Click the link below to view or download the company structure chart:

[https://www.placesforpeople.co.uk/media/gpimqzsk/gscm\\_master\\_for\\_web\\_100102023.pdf](https://www.placesforpeople.co.uk/media/gpimqzsk/gscm_master_for_web_100102023.pdf)

## SECTION 4 – ISSUES RAISED DURING MERGER CONSULTATION

*Those tenants who responded to the chance to have their say about the merger in our seven-week consultation exercise made a number of comments and asked some important questions that we wanted to answer as soon as possible.*

*A good many of the issues raised were in fact covered in our comprehensive Merger Special newsletter, sent to everyone shortly before Christmas, and in the original Q&A section of this website, which are in Sections 1 to 3 above.*

*Below we have bunched together some of the questions you asked which may not have been fully covered by our earlier efforts. We have put some issues together in groups because the question may have been phrased slightly differently, but the answer is the same. There are also a few fresh questions, to which we also provide answers here.*

### Supplementary Questions:

#### CHOICE OF PARTNER

- ***Why not merge with another Housing Association?***
- ***Was PfP the only organisation approached?***
- ***Wonder why you didn't put this to tenants before you made this decision?***

Once SDR's Board decided to look into the idea of a merger, a number of potential partners were considered and a short list prepared – all were Housing Associations, as is Places for People. We engaged with each of these and sought which one offered the best match in terms of sharing our business ethos and enabling SDR to continue its work in the region. As this exercise progressed, it became clear that Places for People (PfP) ticked each of our boxes on a corporate level and that their management team were people we could happily work with. Since PfP was chosen as our preferred partner, the link-up has been subject to a thorough due diligence process and monitored by both legal and financial professionals, as well as a seven-week consultation process with tenants, informed by a comprehensive information pack and opportunities for them to discuss the idea face-to-face with senior SDR people. The final decision to recommend the merger to SDR's shareholders wasn't taken until after the SDR board had reviewed all the due diligence information and reviewed all the questions and comments from the residents' consultation.

#### CONSULTATION AND COMMUNICATION

- ***Who is seeing results of survey? Anyone of importance?***
- ***Does anyone read these questionnaires?***
- ***Would there be an opportunity for a meeting to get questions answered in person?***
- ***What actually will happen in the months and years to come is something we, as tenants need to be made aware of through the housing association***

The results of the consultation were collated and analysed by staff at SDR's offices in Dartington, overseen by Chief Executive, Christine Candlish. Her report on the feedback was presented to the SDR Board and your feedback was carefully considered before Board Members discussed whether to recommend to SDR shareholders that the merger should go ahead. The analysis of your feedback has been uploaded to our website at: [Feedback-from-Resident-Consultation-on-PfP-Merger-for-web-NS-150224.docx \(live.com\)](#)

With regard to getting questions answered in person, the consultation period that ended on 7 February included a number of options for personal contact – either in a room or over Zoom. These were listed in the *Merger Special* newsletter, but take-up was small. As the integration process progresses, we will provide further opportunities for people to ask questions or comment via various channels, including meeting in person where possible. Further information about how the merger is progressing and what this will mean for you will be shared with you as the picture becomes clearer.

## EFFECT ON TENANTS

- ***What benefit will there be to existing SDR Properties and Tenants?***
- ***How will the merger benefit the tenants?***
- ***Will the merger bring a positive or negative impact?***

First, *PfP* puts Community at the heart of everything – just like we do. As a much larger organisation with far greater resources at its disposal, *PfP* offers all the advantages brought by economies of scale, but especially access to funding streams that would support vital expansion of new social housing in the South West alongside more investment in our existing stock.

This partnership would also offer both immediate and longer-term enhancements to the service that SDR's customers receive – for example a dedicated contact centre with 24/7 accessibility, backed up by a local presence. In other words, the best of both worlds.

Benefits would also include access to all services *PfP* customers receive and, more importantly, new customer service initiatives coming soon.

Recent examples are the inclusion of Home MOTs with the annual gas service, to check for issues relating to damp and mould, overcrowding, and safeguarding.

## RATIONALE FOR MERGER

- ***Was this purely financial?***
- ***Does a merger happen when a HA overreaches their capacity on a functional as well as an economical level?***
- ***If there are problems, will the merger solve these?***
- ***The financial clout and expertise the company have must surely benefit SDR***
- ***I understand from the newsletter that services would improve as a result of the merger, but don't fully understand why or how this would happen.***

In the months leading up to the decision to look into a merger, SDR's leadership team were aware that a combination of factors, some local, some national and some global, were restricting income, whilst utility and other costs were rising and interest rates on borrowing were going up.

These elements together led the SDR Board and Management to conclude that SDR's financial viability could be at risk in the medium to longer term, unless we became partners with a larger, like-minded organisation. We are confident that the extra resources and economies of scale offered by Places for People will benefit SDR, whilst we bring benefits to the table too – such as a strong regional presence and good relationships with local authorities and other stakeholders.

The *Merger Special* newsletter contained a raft of information about Places for People, much of it spelling out how we believe this partnership would be beneficial for SDR tenants.

Here is a list of some of the enhancements that we quoted in the newsletter:

+ Dedicated complaints management with the Customer Focus team + Effortless Lettings Process + Responsive Property Management and Maintenance + Local, knowledgeable, trusted Housing Officers + Dedicated ASB services, including mediation + Regional and National Customer Group framework + Access to a wide range of support services + Energy-efficient home improvements, recycling programmes, green spaces + A dedicated contact centre with 24/7 accessibility, backed up by a local presence.

## FINANCIAL ISSUES

- ***How much is the merger costing?***

We do appreciate your interest in understanding the financial aspects of our merger. Whilst we want to be as open as possible about all aspects of the merger, some of the costs involved are commercially sensitive, which means that it's unfortunately not possible to give any detailed costings.

Despite it being challenging to divulge the exact costs, we want to assure you that the decision to merge has been made with careful consideration of both immediate and long-term financial impacts. Our primary goal is to enhance our capacity to serve our tenants better, achieve greater efficiency, and ensure the sustainability of our services in the long term.

The merger involves various one-time costs associated with integration, legal fees, and restructuring. However, these are viewed as investments into the future of our combined organisation, which will enable us to utilise economies of scale and provide a broader range of services to our tenants. By joining forces, we're not only aiming to enhance our operational efficiency but also to improve the quality and availability of housing options.

We are committed to financial transparency and ensuring that the merger will ultimately benefit our tenants and stakeholders. As we move forward, we will continue to seek ways to optimise our resources and deliver value to our communities.

## TENANCIES AND RENTS

- ***PfP talk a lot about 'affordable' housing & rent; isn't this different to the social housing remit?***
- ***Will type of tenancies offered change?***
- ***Will we still be classed as social tenants?***
- ***Will rents increase to affordable homes rent level?***

Affordable housing is a generic term, widely used in the media to describe homes that are more likely to be accessible to people on low incomes. Social housing is one type of affordable housing on offer and is usually managed by local authorities or housing associations.

Your tenancy agreement with SDR would remain the same. The tenancy rights you enjoy would not be affected by the merger. Places for People, like SDR, are a regulated social housing provider, so they have to adhere to the same rules.

Most of our residents are Assured Tenants. Under these tenancy agreements, you have a lifetime legal right to stay in your home – providing you continue to meet the conditions of your tenancy.

Some exemptions will continue to apply as they do now. Some tenancy agreements are for a fixed period of time e.g. 5 years, or other periods stated on the Tenancy Agreement. Changes to fixed-term tenancies cannot legally be made as a result of any merger.

Your rents are protected by the Regulator of Social Housing, meaning the same rules over how rents are set and increased, apply to both SDR and Places for People as both are Registered Providers of Social Housing (better known as housing associations).

Service charges are also reviewed on a yearly basis. Your service charge covers the direct cost of services we provide to your home and/or estate such as cleaning or grounds maintenance for example. You will continue to receive a breakdown of these costs with your rent increase notification as you do now.

## EASE OF PURCHASING

- *Will it make it easier to purchase our property if that was possible?*
- *Will it benefit young adults of current families access a home other than privately renting?*

‘Right to Buy’ does not apply to the vast majority of housing association homes. There is a ‘right to acquire’ for homes built after 1989 which offers a discount on the market value of the property.

The ethos of both SDR and PfP is to make the option of a decent home accessible to as many individuals and families as possible. Enabling people on low incomes to afford their own home is a complex procedure, with a variety of options that can be tailored to individual needs. It’s fair to say that the driving force behind this collaboration is enabling both partners to offer the best possible housing options for everyone.

## REPAIRS AND IMPROVEMENTS

- *Will repairs be better managed / done more promptly?*
- *Maybe someone will do the jobs a bit quicker*
- *Concerns about length of time to get repairs sorted*
- *Will we still get the same level of service?*
- *Will more money be available for outstanding works? i.e. Exterior painting*
- *When are you going to action the issues with your properties?*
- *Hoping for improvements with repairs*
- *Just hope they do better in dealing with the mould and damp in the houses. Our last landlords were better and they told us SDR would be better; the jury is out.*

We will continue to provide housing services and repairs services to SDR residents. These services should improve as a result of increased resourcing that would result from the merger. We will continue to invest in the safety, warmth and security of our buildings. We will continue making provision for residents to engage with us and we will take action on day-to-day issues.

This partnership would also offer both immediate and longer-term enhancements to the service that SDR’s customers receive.

For example, PfP invite their customers to join their new national and local panels. By volunteering to become an involved customer, you will join others from across the country to represent customer views on issues like fire safety, involvement and complaints.

Benefits would also include access to all services PfP customers receive and, more importantly, new customer service initiatives coming on-stream. Recent examples are the inclusion of Home MOTs with the annual gas service, to check for issues relating to damp and mould, overcrowding, and safeguarding.

## DOES BIGGER MEAN BETTER?

- *More difficulties in getting a response to tenants' problems?*
- *Will someone still be available to talk to on the end of the phone?*
- *When are you going to listen to your tenants?*
- *Will the merger mean a change in staff and repairs?*
- *Hopefully all positive, but I hope it won't lose that personal touch.*
- *Bigger is not always better in my view and very concerned that PFP is not a Housing Association.*

PfP are a social enterprise made up of complementary companies in placemaking, regeneration and development, investment management, property management and leisure.

Places for People Homes Limited, one of Places for People Group Limited's companies, is a housing association that is responsible for the majority of Places for People Group Limited's homes across the country.

Our services will continue to be delivered in the same way by the same local team of staff from our office in Totnes and we will continue to work to listen to your views and reflect these in improvement plans. We chose Places for People, in part, because they are committed to more locally responsive and accountable services.

We are confident that the extra resources and economies of scale offered by Places for People will benefit SDR, whilst we bring benefits to the table too – such as a strong regional presence and good relationships with local authorities and other stakeholders.

- *What research has been done to explore PfP's tenants' experience? Especially how repairs are responded to.*
- *I was not impressed by what I found out about PfP online.*
- *Many negative comments about PfP on Trustpilot.*
- *Looking at PfP reports on website seems to show delays in repairs.*

As part of the short-listing process, all potential partners were checked thoroughly on a number of different criteria, including performance levels and customer satisfaction. Since Places for People were selected by SDR as our preferred prospective partner, there has been an exhaustive two-way due diligence process, which complies with industry standards for this type of merger.

SDR's Board and Management are confident that Places for People has robust customer service procedures that can only serve to enhance our ability to give an ever-improving repair and maintenance offering to our tenants.

Whilst both partners have now formally agreed to a link-up, that due diligence process will continue as we enter into an integration period whereby working practices and technologies become more closely aligned.

For 2022/23:

- 80.9% of PfP residents were satisfied with their services
- 86% were satisfied with the repairs and maintenance service

Social media platforms and review websites only provide a very partial view of what people think of an organisation so we would urge residents to rely on the independently validated survey results published by PfP.

## MISCELLANEOUS ISSUES

- *When are we having a charger installed for electric cars?*

This is not currently a high priority, especially as there is a growing network of on-street public charging points across the country and our region. Individuals may be able to have a home charger fitted at their own expense, subject to the power supply and domestic electrical system being suitable and also subject to permission from us as landlords. Whether it might become a more likely offering in the future depends on a number of factors, not least Government advice and grant aid.