

## APPENDIX A



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Contact:

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Our Ref:

Dear Resident

### **Consultation on merger of Yorkshire Coast Homes Ltd with Coast & Country Housing Ltd**

I am writing to you about a proposal currently being considered by the boards of Yorkshire Coast Homes Ltd ('YCH') and Coast & Country Housing Ltd ('CCH') to merge to form one housing association.

All housing associations currently face significant challenges arising from Government policy and economic pressures generally. YCH and CCH are no exception and the associations both need to make savings in order to continue to provide the high standard of services which our residents have come to expect.

One way in which we can do this is by joining with another housing association to achieve economies of scale by sharing services and the cost of those services.

A merger would mean that the two organisations would merge into one body. This could either happen by one of the associations transferring its assets into the other association (a 'transfer of engagements') or both organisations transferring all their assets and liabilities into a new organisation ('an amalgamation'). At this stage we have not decided which type of merger would work best but we want to make residents aware of the proposal as soon as possible to give you plenty of time to consider and respond to the proposals.

If the merger proceeds, the new organisation will have a new name (this has not yet been decided) but will remain a housing association and a registered provider of social housing just as YCH and CCH are now. It will be regulated by the Homes and Communities Agency and will be subject to the same rules and regulations which govern all housing associations/registered providers (as both YCH and CCH are presently).

Residents would see very little change as a result of the proposal if it proceeds. The name of your landlord would change but your tenancy/lease would continue without any change whatsoever. Your rights would not be affected in any way.

Your rents and service charges would not be affected by the proposal and they would continue to be subject to government policy as they are now.

The CCH and YCH boards believe that the new organisation will be able to achieve significant costs savings which in turn should enable it to deliver improved services to all our residents.

In order for the proposal to proceed, a change will first need to be made to the constitution of YCH. This is because YCH is currently a limited company and it would need to convert to become a community benefit society in order to subsequently merge with CCH. This is a formality to facilitate the merger and would not affect the residents of YCH or any of their legal rights in any way. Most housing associations are now community benefit societies. This reflects their aims and objectives as housing associations and their charitable purposes. If YCH did not convert to become a community benefit society, the merger with CCH could not happen.

Under guidance issued by our regulator, the Homes and Communities Agency, we must consult with residents before any changes like this take place and this letter is the start of that consultation process. It provides you with the opportunity to comment on and raise any questions you may have on the proposed merger. A comment sheet is enclosed. The closing date for comments is 24<sup>th</sup> November 2017. We have also enclosed a set of Frequently Asked Questions (FAQs) which give you more information about the proposal.

The document entitled "Your Questions Answered" gives more information about the proposal and details of how you can contact us to provide us with your comments and feedback as part of this consultation. Please respond no later than 24<sup>th</sup> November 2017, so we can take your observations into account. We will then provide residents with feedback on the comments received and how we have taken the outcome of the consultation into account in coming to our decision.

If you feel you do not have enough information at present to understand what is being discussed, you can telephone: 0345 065 56 56 so we can address your concerns.

Thank you for taking time to read this letter.

Yours sincerely



Owen Ingram

Chief Executive

## **Frequently Asked Questions**

### **Your Questions Answered**

#### **More information about the proposal to merge Yorkshire Coast Homes Ltd with Coast & Country Housing Ltd**

The letter you have received sets out a proposal for Yorkshire Coast Homes Ltd and Coast & Country Housing Ltd to merge into one organisation. We are asking for your views on the proposal. These Questions and Answers give you some typical questions you may have and the answers to them. Please read this document in conjunction with the attached letter.

#### **What is a merger?**

A merger happens when two organisations join together to create one legal entity. For housing associations this normally happens by way of either an amalgamation or a transfer of engagements.

An amalgamation is a merger where the assets and liabilities of each organisation are brought together in a new amalgamated organisation.

A transfer of engagements is a merger where one organisation transfers its assets and liabilities into another organisation and ceases to exist. With a transfer of engagements, there is no change of landlord for the tenants of the organisation "receiving" the transfer but the new organisation quite often changes its name so there is a change of landlord for all residents.

#### **Who are YCH and CCH?**

Yorkshire Coast Homes is a Registered Provider (RP), a not-for-profit housing organisation regulated by the Homes and Communities Agency. We manage 4,394 homes in Scarborough, Whitby, Filey and surrounding areas. These range from four-bedroom houses, to one - or two-bedroom flats, maisonettes, bungalows and sheltered housing complexes for older people. Yorkshire Coast Homes is a Living Wage employer, recognised as a "Leader in Diversity" and strives to reduce inequality within the communities it operates.

Coast & Country is a Community Benefits Society regulated by the Homes and Communities Agency. It is the largest registered housing provider in Redcar and Cleveland. Its current rental housing stock totals over 10,500 properties with estates located in a diverse range of urban areas, seaside resorts and rural villages. Its purpose 'working together to make a difference' is delivered through its three aims to achieve great customer experience, great homes and places and great business delivery.

#### **Why undertake a merger?**

Many housing associations are choosing to collaborate and join together in order to build stronger, more effective organisations which are better placed to face the ever more challenging operating environment. We are currently managing a waiting list of almost 2,000

applicants seeking accommodation and the YCH Board has concluded that, in order to increase our capability for building new homes, we must first secure the resources and develop the partnerships that will make larger scale development possible. By joining with Coast and Country our options for increased new home building, along with the ongoing growth of our service delivery, are greatly improved. We believe that a merger with CCH would be beneficial because:

1. We both operate within the same geographical region, which helps to make us a good strategic match
2. We share a similar culture and way of working
3. We both recognise the benefits of growth
4. We both share a commitment to develop more new homes
5. We also share a commitment to an ongoing development of great customer service

The potential advantages that we have identified include:

- Increased capacity for developing new homes
- Growth of the organisation - with increased influence and security
- Ongoing development of customer and community service
- Increased Value for Money
- No changes to customers' tenancies

Potential disadvantages of a merger:

- Efficiencies identified could mean redundancies for staff
- Potential loss of the name Yorkshire Coast Homes and re-branding exercise required
- Potential for a larger organisation to lose its more local/personal approach
- Potential changes in the way services are delivered as a preferred delivery model is adopted

Yorkshire Coast Homes are also currently reviewing our overall performance and efficiency of service delivery. This means that although we are consulting with our customers and preparing for a merger; we are also working hard to identify cost savings to be the most efficient business we can be, in case we remain as a stand-alone organisation.

### **What changes will I see?**

The merger will create a new organisation which will be your new landlord. The name of the organisation has yet to be decided, but we will let you know before the name is adopted. You will see no change to your tenancy or lease as a result of the merger and the same staff will continue to work with you. Your rent and other charges will not change as a result of the merger.

### **Will my rights be affected?**

The merger will not affect your rights as a tenant or leaseholder. The new organisation will be bound by the terms of your tenancy agreement, or lease, in the same way as your current landlord is. The change will not affect any existing statutory rights you have. If you

currently have the right to buy (either the preserved right to buy or a contractual right to buy), that right will continue unaffected.

### **What are the costs associated with the merger?**

The merger will inevitably involve initial staff time and external advisors' costs; however, we are confident this will be quickly recovered through the savings that a larger, streamlined organisation will achieve. Residents will bear none of the costs of the merger, which will be absorbed by the new organisation, and the savings made in the longer term will mean we are able to improve and add to the services residents benefit from.

### **If the merger happens what will I need to do?**

Nothing. Your tenancy or lease will remain in place and you will not see any change to the services you currently receive.

### **Will my rent or service charge change because of the merger?**

Rents and service charges will not change as a result of the proposed merger; however, would be subject to the normal inflationary increase in the future.

### **Do I need to change how I pay my rent or service charge?**

Not at the moment but, if it goes ahead, we will write to you before the merger completes to explain anything you need to do to change where and how you should pay your rent and service charges. We will give you plenty of notice and make the process as easy as possible to follow. If you owe money at the time the proposed merger goes ahead (rent arrears, court costs, or money for damage or a rechargeable repair), then these debts would stay with you and we will still be able to enforce existing Court Judgements for these arrears.

### **If the merger is approved when is it likely to happen?**

Nothing will happen until we have completed our consultation with our residents and taken their views into account. If approved, the merger will most likely happen in April 2018. We will write to you again to let you know.