

Collaboration and Merger Newsletter 2009



Issue 2 September 2009

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Welcome to NICVA's second Collaboration and Merger Newsletter. We would like this newsletter to be as practical as possible, drawing on the experience of experts in this field or those that have gone through the process to give some key understanding.

In this issue we bring you two success stories on mergers that have taken place this year – FASA and The Fountain Centre – and more unusually a three way merger between Down Community Transport, ACTS Newcastle and Peninsula Community Transport. In addition we have highlighted some of the pros and cons to mergers, which will continue to feature in each issue, along with a reminder of some of the services NICVA can offer if you are thinking about merging or working collaboratively.

Thinking about merger or collaboration?

NICVA can help, via a number of services including:

- One to one meeting with NICVA Chief Executive, Seamus McAleavey, as an independent advisor and intermediary, where necessary.
- Governance support and advice on existing structure, and proposed new structure with partner organisation.
- Training courses including: Problem solving and decision making, conflict handling and negotiation, strategic planning in the recession, marketing your organisation and working in partnership and collaboration training.
- Guide to other resources available on this subject eg NICVA's online Recession Toolkit (www.nicva.org)

Databases are available on the voluntary and community sector, grouped by area of work to help you find other organisations to work collaboratively with.

Starting a conversation on mergers can be the biggest challenge. For advice or assistance please contact Seamus McAleavey at NICVA on 028 9087 7777.

Contribute to the next issue

If you've had any first hand experience of working collaboratively or going through the merger process, we would like to hear from you. Please submit your article or case study to caroline.magee@nicva.org, and we will include it in our next issue or within our online resources on www.nicva.org

Merger between Down Community Transport, Peninsula Community Transport and Accessible Community Travel Services Submitted by Bob Parks, General Manager

The process of merger was initiated in 2007 when Peninsula Community Transport (PACT) in Kircubbin and Down Community Transport (DCT) in Downpatrick started exploratory discussions about the possibility of working and collaborating more closely. The initial reasons were:

- PACT had recently lost its Manager
 - Review of Public Administration made it seem likely (incorrectly as it has turned out) that Ards, North Down and Down District could become a single council area.
 - Economic climate - Merger may be forced upon us later by our funders.
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Both companies had broadly the same culture, aims and objectives and provided a very similar service to community groups in their respective areas, often collaborating with each other over the delivery of that service where areas met and overlapped.

A few months later Accessible Community Travel Services (ACTS) in Newcastle lost their Manager so they too joined PACT and DCT in talks.

During the discussion stages each partner in the proposed merger met to look at the various options:

- Working together?
- Networking and resource sharing?
- Partnership?
- Merger?

It was decided that in our case the real benefit would be to merge. We had funders in common, our policies were broadly similar, combined resources could be used to better effect for service delivery to our membership resulting in better coordination and financial savings. There was also the possibility of centralising some of the administrative tasks with resultant efficiencies and savings.

We consulted with a company specialising in company law. Discussions, on which form the new company should take, followed:

- Should DCT and PACT dissolve and a brand new company be set up
- Should one company remain and the other dissolve?

In the end it was decided that DCT, as the larger of the two, would remain and PACT would dissolve. A revised Constitution was drafted, meaning further work to:

- Close PACT bank accounts and set up with one just bank
- Inform suppliers, funders and members of new account details
- Amend direct debits and standing order mandates
- Consider whether additional signatories would be required for company cheques?

At this point we started the process of informing our members and stakeholders that we were considering a merger culminating in the DCT Annual General Meeting in November at which a Special Resolution was tabled amending the Constitution in readiness for a merger the following April.

Once this had been agreed the new Constitution was sent to HMR&C who confirmed that the company would continue to be recognised as a Charity for tax purposes.

PACT and Age Concern Newcastle then followed with Extraordinary General Meetings of their own, where the membership voted for the merger to go ahead, and on 1st April 2009 DCT, PACT and ACTS joined together as one company.

Other useful points:

- New Board of Directors need to complete Form 296 for Companies Registry.
 - Seek independent advice on roles and responsibilities - and remuneration at each level.
 - Decide on new trading name of organisation, and phase out other names used.
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Merger between FASA and Fountain Centre Submitted by Anne Bill, Executive Director

FASA and Fountain Centre have joined forces to provide Drug/Alcohol and Suicide/Self Harm services across Belfast and North Down and Ards area. There was excellent experience in both agencies: the Fountain Centre was at the Heart of the community and had well established links in the North Down area specifically and FASA brought its expertise in the One Stop Shop Model for those families who are having issues around substance misuse, suicide or self harm.

Particular lessons learned from the process were:

- **The Transfer of Undertakings (Protection of Employment) Regulations (TUPE)** - preserves employees' terms and conditions when a business or undertaking, or part of one, is transferred to a new employer. This was a new concept for both agencies but ensuring we met this legislation has made us look at the best use of human resources and developed skills internally.
- **Identifying Resources, Building Relationships** - Although both organisations had experience and partnership working, following the merger it required hard work promoting and developing new relationships and targeting resources for the new areas of work. Although key staff were identified to enable the merge to take place, more human resources would have made the transition smoother.

- **Multi-Site Management** - Ensuring a quality standard of delivery across all sites and providing the opportunity for staff to work and train across sites as well as within, taking away potential problems for competition, and duplication.

The merger has been embraced by everyone and although there may well be demanding times ahead with regards to working from different sites, it is also exciting to be offering a wider variety of services to many more vulnerable people, whilst also achieving sustainability and best efficient use of resources in these challenging times.

Communication was key! Ensuring staff within both organisations were kept up to date on developments, and also understanding the impact on our clients.

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In July Bill Osborne, Director of VSB, produced a paper on Charity Mergers - Panacea or Placebo. Below is an extract of some of the 'ups' and 'downs' to mergers.

Potential Positives	Potential Negatives
<ul style="list-style-type: none">• Better fit with value base• Better focus on the needs of the end user• Economies of scale\Greater voice for users• Financial stability• Longer term organisational sustainability• Potential for increased staff development / training• Attract staff and volunteers• More effective use of resources• Better / increased fundraising• Increases ability to bid for bigger contracts• Increased involvement and support of volunteers• Stronger governance• Simpler communication and clear message to the general public• More flexibility to respond to public policy and emerging issues• Potential for greater freedom based on a diverse and increased funding base• Creating a new future	<ul style="list-style-type: none">• Do cost - money and time• Are not an easy option• Economies of scale may be elusive• Too much focus on cost cutting• Loss of customer base• Other competitors enter the space created by the merger• Potential conflict and reduced morale among staff, volunteers, Board• Potential loss of funders - not all will fund the new larger organisation and some will limit number of applications for funding• Potential loss of individual donors whose allegiance was to one of the original partners• Potential failure of the merger• Mission drift• Loss of organisational history / culture• Staff changes / reductions



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