



CASE STUDY

The merger of 3VA

November 2010

Background

3VA is the result of a merger of two local support and development organisations covering the three districts of Eastbourne, Wealden and Lewes, the western half of the county of East Sussex. 3VA legally came into being on 1 November 2009.

After the closure of Wealdon Federation of Voluntary Organisations in 2006, the local support and development organisations in the neighbouring districts of Eastbourne (EAVS) and Lewes (SDCVS) began to work together to offer some support to voluntary organisations in Wealden. This led naturally to both organisations reflecting that the best way forward for all three districts may be as a single organisation.

The two organisations also recognised that there would be other benefits of a merger.

- A larger organisation would be more financially sustainable;
- A larger organisation would be better able to attract funds than a single district organisation;
- Sharing good practice between the two organisations should lead to a 'best of both worlds' support to the local voluntary and community sector;
- A merger would give a louder voice for the local voluntary and community sector;
- Back office efficiencies would enable the organisation to allocate a greater proportion of resources to supporting local organisations and groups.

Activities

EAVS and SDCVS began the process of merger in April 2008 with a joint Board meeting. Trustees of both organisations separately and jointly decided that the possibilities for merger should be investigated. A formal collaboration agreement for the Wealdon district was explored as an option, but ruled out as less effective for delivery or more costly than a full merger.

A joint task group was set up with equal representation from the two organisations, with a mandate to consider the issues that could be expected to arise from a possible merger.

One of the key issues that the task group discussed was the most appropriate legal process for making the single organisation. Because of the existence of a Pensions Trust pension scheme, they decided on the following process:

1. Rename EAVS as 3VA;
2. Enable members of EAVS and SDCVS to automatically be members of 3VA;
3. Transfer the assets and staff of SDCVS to 3VA.

The task group recognised that they needed to make sure that the merger had the support of their members and funders. Consultations with the funding agencies took place in September 2008, three months prior to the opening of public consultations in December, to make sure funders would have no objections to the merger.

A full public consultation took place over 14 weeks between December 2008 and March 2009. A full consultation document was provided to all members of the two organisations to allow them to express their views on the merger. At the end of the 14 week period, both organisations held general meetings, and members from both of the organisations voted in favour of the merger.

The task group evolved into a shadow board and ensured that due diligence and other final legal preparations were carried out.

Finally, on 28 October, three AGMs were held on the same evening:

- At the EAVS AGM, the organisation was renamed 3VA from 1 November 2009, with all members of EAVS becoming members of 3VA.
- At the SDCVS AGM, the organisation was wound up from 1 November 2009 and members, assets and staff were transferred to the re-named EAVS.
- And at the 3VA AGM, all the members elected a new board of trustees to take effect from 1 November 2009.

During the merger process, both organisations had to manage the tricky juggling act of preparing for change as well as maintaining full levels of support to local voluntary organisations and community groups. Staff were kept up to date with progress throughout the merger process, and were also represented on the joint task group. They were also given assurances that they would be consulted on any changes made to the organisational structure or their terms of employment.

Benefits

3VA has found that many of its aspirations for the merger are starting to be realised. In terms of service delivery, they have noticed the following improvements:

- A combined organisation has enabled the development of a much clearer and more coherent organisational structure which maximises resources for local voluntary organisations and community groups.
- A new integrated IT system has improved internal and external communications and brought benefits to both staff and local voluntary organisations and community groups.
- Local voluntary organisations and community groups have already benefitted from the merger, especially in the Wealden district which 3VA is better able to cover.

3VA expects service improvements to continue:

- They are now working to develop more consistent service standards and delivery across the three districts.
- They have greater experience of managing organisational change which will enable them to better support other organisations going through major changes.

Financially, 3VA has identified three main benefits:

- Funders have greater confidence in the new organisation
- 3VA has a more efficient administrative function
- 3VA has greater capacity to deliver larger projects supporting the voluntary sector and thereby a greater capacity to attract resources over time.

Challenges

The main challenges of the 3VA merger were about keeping stakeholders on board.

Staff were concerned about such significant change, worried about redundancies, and felt attached to the old organisations and ways of working. The organisations took a number of steps to minimise anxiety. They kept staff informed from the beginning, involved them in the planning, giving staff representatives positions on the joint task group, and making sure they were aware of their legal rights and protections under TUPE. This helped to minimise the staff concerns and enable them to continue delivering support to local groups throughout the merger process; however the process was still difficult on some staff members, with morale suffering as a result.

There were also concerns raised among member organisations in relation to the possible loss of local support services. It was felt that there may be a reduction in face-to-face, personal services, and a certain loss of local identity. These concerns were addressed by making a firm commitment that services would continue to be delivered locally. As a merged organisation, 3VA has been able to keep that commitment and is now delivering locally based support services to the voluntary and community sector.

Learning

There has been lots of positive learning from the 3VA merger. Chief officer, Adam Chugg, feels that a number of factors helped make the merger a success:

- The merger built organically on existing collaborative work to deliver services in Wealdon. The two organisations had a track record of working well together, and this helped to build trust and confidence in one another.
- Good, consistent communication was vital - with staff, with member organisations and the wider voluntary and community sector and with funders. Holding extensive consultations early ensured that possible challenges were anticipated before the formal preparations for merger began.
- Engaging funder support at an early stage helped raise the credibility of the need for merger in the eyes of member organisations and the public, and assured funders that the new organisation would well-placed to deliver better and wider-ranging services than its predecessors.
- The creation of the joint task group gave joint ownership of the merger process from the beginning. Any concerns that one organisation was taking over the other were addressed by how the task group ran. For instance, each organisation took it in turns to

chair the task group so that neither organisation could dominate discussions.

- Strong commitment to the merger from both trustees and management in the merging organisations is a must. Leaders needed to be clear about why the merger was happening and to be able to explain these reasons to others. The commitment also meant continuing to drive the process and resolving issues as they emerge. The firm belief that a merger would, in time, produce real benefits to the local voluntary and community sector was instrumental in keeping up momentum during these negotiations.
- It's important not to underestimate the amount of work that needs to go into the preparations for merger. The work involved can be viewed as an investment in the long term future of support services for the VCS and merger can deliver savings in time – but the process of preparation and implementation is likely to need additional resources for that period, not fewer.

After the merger

The legal merger process is the first stage in the integration of organisations and services. Following the merger, work needs to focus next on unifying the organisation.

In their first year, 3VA has:

- Moved to an organisational structure with two divisions: Development and Resources, maximising resources for front line support and enabling delivery staff to work closely together.
- Implemented a new shared, remote access IT system so that all staff across the three districts can access the same information and liaise easily.
- Completed a three year strategic and business plan.
- Rebranded itself as the new organisation.
- Kept funders and voluntary sector members up to date with developments.
- Held a number of pan-district events, showcasing the benefits that a single organisation can bring.

Contact

3VA is happy to share experiences and offer support to other groups considering a merger. NAVCA provides support for member organisations with collaborative work and mergers.

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We provide our members with networking opportunities, specialist advice, support, policy information and training. NAVCA is a vital bridge between local groups and national government.

Our specialist teams take a lead on the issues that matter most to local support and development organisations. We influence national and local government policy to strengthen local voluntary and community action.

Membership is open to all local support and development organisations.

For more details about the full range of ways that NAVCA can help you please go to www.navca.org.uk or call us on 0114 278 6636.

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