

CASE STUDY

The merger of Community Impact Bucks

December 2010

Background

The merger of Community Impact Bucks in April 2010 brought together four local support and development organisations to provide Buckinghamshire's communities and voluntary organisations with support, community development, voice and volunteering services.

The partners to the merger were

- The Priory Centre covering the Wycombe district;
- Vale Volunteers covering the Aylesbury Vale district;
- Voluntary Action Chiltern & South Bucks covering the Chiltern and South Bucks districts;
- Buckinghamshire Community Action (BCA), the county's Rural Community Council which also performed a range of support and development activities.

In recent years, these four local support and development organisations had been working collaboratively as the "Voluntary Impact Bucks" (VIB) consortium. Together the organisations had successfully delivered countywide commissioned services to local voluntary organisations and community groups on behalf of county and district councils, along with other contracts from funders such as the BIG Lottery.

While the consortium worked well at first, particularly in securing a countywide contract, a number of limitations to the informal nature of the consortium became increasingly apparent. Following an external feasibility study, the organisations decided to merge in order to deliver a more coherent countywide service and gain financial benefits of scale. The study highlighted the complementary nature of the different services provided by the four organisations, and brought out the need for reshaping services in the light of local need, expectations of key stakeholders and the changing funding environment for the voluntary and community sector in Buckinghamshire.

Activities

The merger process took the four organisations through a number of stages:

- (a) Two away days with VIB members were held in August and December 2008 to assess the future. This led to an agreement to engage an independent consultant to review the whole situation.
- (b) The independent feasibility study was undertaken in April 2009 and included interviews with officers and trustees of all the organisations along with key external stakeholders and with frontline organisations. The feasibility study considered several options, of which full merger was just one.
- (c) In July 2009, a facilitated workshop with all trustees of all the organisations was held and agreed to investigate a merger.
- (d) A steering group was set up to conduct a detailed investigation of the merger. Project management of this role was undertaken by one of the four chief executives. A detailed report was prepared outlining how to make the merger work, including staffing, legal, governance and financial aspects.

- (e) The report was considered by all four boards and all agreed to proceed with merger in September 2009.
- (f) The steering group continued to oversee the implementation of the merger and the same chief executive continued project managing the process and implementing the proposals set out in the report. All chief executives met monthly at the start and then weekly to oversee the work. Legal advisers were appointed in October 2009 and due diligence investigations were undertaken in November 2009. Trustees from all four organisations put themselves forward to form a shadow board which started meeting in November 2009. This meant that the steering group could be disbanded in December 2009.
- (g) The governance arrangements for the merged organisation were agreed by the shadow board in January 2010 and approved by EGMs of each organisation in February 2010. At the same time, work on the new organisational structure had been taking place, and the structure was put out to staff consultation in February 2010.
- (h) The new company was in place and staff were transferred on 1 April 2010.

Benefits

After only nine months as a merged organisation, Community Impact Bucks is already benefiting from strategic and operational improvements.

Community Impact Bucks has been able to increase its impact and improve its own performance as a merged organisation. It has found that it has greater influence over external stakeholders and its reputation is stronger than before. This is principally because the statutory sector finds it easy to engage with a single organisation that represents the voluntary, community and rural sector. Already Community Impact Bucks has got involved with the county council about the Big Society in Buckinghamshire and a countywide community transport scheme. This level of engagement would not have happened prior to the merger. And benefits are noticeable on an operational level too. Community Impact Bucks' single countywide volunteer centre now enables volunteers to be matched with a broader selection of opportunities.

Community Impact Bucks is also benefitting from increased operational efficiencies. A single management structure makes decision-making, governance and management more straightforward than in a partnership. Community Impact Bucks has more control over the outputs and outcomes that they are delivering and reporting on.

Community Impact Bucks has been able to reduce its overhead costs and benefit from efficiencies savings. The four offices have been consolidated into two bases in Berton and Denham. A third office in Wycombe is now run as a voluntary organisations' hub, and earns a small amount of income through renting space. As separate organisations, three of the four organisations had been dipping into reserves to cover the increasing demand for services. As the merged Community Impact Bucks, the organisation's expenditure now balances its income.

Challenges

Community Impact Bucks has faced challenges both during the merger process and in starting to work as a single merged organisation.

Making decisions about the structure and operations of the merged organisation were not always straight forward. What should the merged trustee board and staffing structure look like? How to manage the recruitment of the new chief officer and senior team fairly? And there was the difficult task of managing staff redundancies for the posts that were no longer needed in the new structure. These decisions required discussion and time, and there often were no right and wrong answers.

Some practical issues caused real difficulties in the merger process. Limited staff capacity was an issue in all of the organisations. This meant that development activity was undertaken mainly by the chief officers, with other staff getting involved only at a late stage in the merger.

There were also technical problems of pension schemes. In BCA, staff members were in the local authority pension scheme, which meant that that the organisation could not change its legal status without incurring a significant pensions debt. To avoid triggering the pension debt, BCA changed its name and governing documents to provide the legal foundations for Community Impact Bucks. The other three organisations transferred their assets into Community Impact Bucks and dissolved themselves.

Establishing a single IT system across Community Impact Bucks has cost more than expected and is still not fully effective. Connectivity has been a big difficulty and partly remains. Whilst it was easy to set up new email addresses and a new website, it has been more difficult to get full access to the network from every location. This has needed considerable investment of money and time to get working. Community Impact Bucks also has yet to establish a common database and management reporting system.

Learning

Chair of Community Impact Bucks, Mike Coote, reflects on the main points that they learned from the merger.

- The success of the merger was down to the fact that the majority of trustees and the staff team all wanted the merger to happen, hence obstacles were swept aside. Until the majority are on side then there will always be “objections” that slow things down.
- Communication is paramount throughout the merger process. Staff and stakeholder engagement was essential to avoid speculation and nervousness and keep relationships on the right track. One key activity in the merger process was the development of a new mission, values and objectives for the merged organisation. By involving staff as well as trustees in developing the direction for the merged organisation, staff members got behind the merger. In the Community Impact Bucks merger, we should have involved staff earlier,

and we would recommend that other organisations aim to involve staff as early as possible in the process.

- Once the commitment to merge has been agreed, a fast implementation will help to shorten the inevitable confusion and uncertainty that the change undoubtedly throws up. The sooner the merger can be effected, the quicker the organisation's focus can return to delivering high quality services to local voluntary organisations and community groups.
- It was extremely useful that the staff of the four organisations already worked well together and understood each others' motivations. There was a history of collaborating which meant there was common ground between the organisations and a reasonable level of knowledge of the way each organisation worked. Despite this, the cultural differences turned out to be deeper than expected, and these are still becoming apparent nine months on. Differences take time to work through, and cannot all be predicted at the outset. The key is to recognise that unexpected differences will emerge and be ready to address them as quickly as possible.

Where next?

Following the merger in April 2010, all is going reasonably well for Community Impact Bucks. The new chief officer has been appointed through external recruitment and is now building the bridges and exploiting synergies between the once separate teams.

The next challenge for the organisation is to adjust to the inevitable increasing demand and decreasing funding available through the economic downturn. But Community Impact Bucks has positioned itself well to continue to serve local voluntary organisations and community groups in the new financial climate.

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