A review of not-for-profit mergers for 2018/19

THE GOOD MERGER INDEX

Eastside Primetimers

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1. FOREWORD

It is a real pleasure to introduce this sixth annual edition of the Good Merger Index, Eastside Primetimers' unique study which seeks to investigate and report on mergers amongst charities and social enterprises.

Throughout the history of the index, we have sought to supplement the raw data about the numbers and types of mergers, with our own experience and analysis about the drivers and barriers to mergers. This year, we also have sought to supplement the data with the insights of charity leaders who have taken their organisations through merger over the last six years providing, we hope, an important view from behind the scenes. We have also talked to colleagues from infrastructure bodies, to get their unique thoughts from an involved but external perspective.

Our main finding, as it has been over the previous five years, remains that the number of mergers in the social sector remains negligible compared to the number of registered charities (around 168,000). Throughout the history of the index, this number has ranged from around 55 to 80, and the number of mergers this year stands at the lower end of this range at 58.

I believe the case studies of previous mergers in this year's index give valuable insights for anybody considering embarking on a merger process and highlight the fact that, while no merger process is the same, many face similar types of challenges. They also highlight the range of benefits mergers may bring, from unlocking more powerful policy and campaigning voices, providing the platform for innovation and enabling digital transformation, to allowing new structures and efficiencies, and so providing more resources to services and beneficiaries.

The insight from sector infrastructure bodies is notable for its consistency. Two issues arose repeatedly from these interviews. First, how important it is for mergers to be embedded in strategy and long-term planning, not as a 'process of last resort' when charities are in financial difficulty. Second, that while there are many ways of analysing and presenting a 'technical' or objective case for or against a merger, charities exist in a world of values, commitment and passion for a cause, and so the emotional element of merger decisions, for supporters, volunteers, staff and, most crucially, trustees, cannot be ignored

The figure of 58 mergers during 2018-19 raises an obvious question: Is this number 'too low?' This is, of course, impossible to answer definitively. However, through EP's work with many hundreds of charities every year, not just in the merger space but as we seek to help charities prosper via their governance, strategy and business planning, we can say two things with a fair degree of certainty:

1) Most charities don't consider, plan, or think about mergers as part of their ongoing strategy, and have little awareness or knowledge about how to plan and progress merger activity, and

2) Merger can bring tremendous benefits to charities and to the beneficiaries they seek to serve

Our hope for the GMI then, is that it at least helps to raise the debate, normalises the idea and makes mergers in the not-for-profit sector less of a taboo subject; allowing boards and senior leaders alike to discuss and debate mergers as a normal and standard tool for developing and improving the work of their charity.

Dave Garratt
Director of Mergers and Governance, Eastside Primetimers

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Executive Summary

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2. EXECUTIVE SUMMARY

Based on our methodology, 2018/2019 saw 58 mergers take place, involving 116 organisations, a very small proportion of the 168,000 registered charities in England and Wales[1]. This figure is at the lower end of the 'normal' range of around 55-75[2] mergers a year that we have seen over the six years of the GMI. There remain significant structural barriers to mergers in the social sector, including a systemic lack of knowledge and awareness of merger processes, limited funds available to support mergers and an absence of motivation or incentive for boards to consider merger unless there is external (usually financial) pressure. The lower figure this year may have been driven by factors including political and economic uncertainty in the UK, and an unwillingness to engage in merger and partnership processes in a challenging, austere environment.

The breakdown of merger activity by size of organisation (54% of organisations merging were under £1m, 23% between £1-5m, 10% between £5-10m and the rest, 14%, over £10m), continues to broadly reflect the voluntary sector 'pyramid', meaning that charities are as likely (or unlikely) to be involved in merger activity, regardless of their size.

The total income of the 116 organisations involved in mergers was £374 million. We estimate that £173.2 million of value was transferred from one organisation to another via merger activity. 94% of this value was concentrated amongst the largest 20 mergers, however, this reflects the difference in scale between the largest and smallest charities in the social sector, not a dominance of larger charities in merger activity.

Merger deals are still dominated by takeovers (63%) and mergers (18%), though asset and service transfers increased from 1% in 2017/18 to 9%, group structure deals to 4% from 1%, and subsidiary models stayed the same at 7%. There was also a 12% drop in the percentage of deals involving federated charities, now representing 14% of deals[3].

Transferring organisations were more likely to be smaller organisations (around 80% had income less than £1 million) and this continues to be a dominant trend in the GMI's history.

Merger Outcomes and Sector Perceptions

For six years this Index has sought to quantify mergers, but less tangible questions have remained about outcomes and what the sector thinks of mergers. Therefore, we have supported the quantitative research findings with a qualitative look at past merger activity, examining processes, challenges and outcomes across five case studies from the past six years. This presents an understanding of mergers from the unique perspective of chief executives, including why and how organisations merged and the outcomes and social impacts delivered. This analysis was supplemented by interviews with three infrastructure body leaders, from organisations that work directly with or represent not-for-profits and therefore have a particular view of the sector's, attitudes, challenges, opportunities and support networks available in merger processes.

There still appears to be a "fear of mergers", with our quantitative findings year-on-year demonstrating that a negligible part of the sector utilises mergers as a strategic tool. Nevertheless, the interviews highlight the importance of strategic planning before, during and after mergers to deliver positive impact to beneficiaries. This has included improvements to policy and campaigning voice, innovation in reaching new beneficiaries, wider geographies of services and strengthened local responsiveness, improved relationships with commissioners, and streamlined back office functions.

Human emotion remains a key issue in merger discussions, particularly given the huge emotional investment that sector staff, trustees and beneficiaries have in their organisations. Leaders and trustees should feel empowered to ask transparent questions about themselves and how mergers may impact them personally, to ensure that processes are not unduly obstructed. The 'right' culture during the continuous and ever-evolving process of a merger is also important. Emotion and culture are hurdles that often need to be appreciated or overcome to achieve mergers, though ultimately these are understandable issues, as emotional commitment is vital to the not-for-profit sector's continued success.

[1] Charity Commission website – 'Sector Overview'. Available at: https://apps.charitycommission.gov.uk/showcharity/registerofcharities/SectorData/SectorOverview.aspx

[2] Although the figure for 2017-18 was 81, this figure was arguably artificially bolstered by the merger of around 10 charities within a single large federated charity structure

[3] This may be in part because activity among federated charities was skewed by one particular federation in 2017/18

CONSOLIDATION SNAPSHOT – 2018/19

69%
of transferee (acquiring) organisations were in financial surplus

52%
of transferors (merging or being acquired) were in deficit

MERGER TYPES IN 2018/19:

‘Mergers of equals’
18%
(21% in 2017/18)

Takeovers
63%
(69% in 2017/18)

Asset/ service swap
9%
(1% in 2017/18)

Subsidiary deals
7%
(7% in 2017/18)

Group Structure
4%
(1% in 2017/18)

The biggest deal was the merger of Breast Cancer Now and Breast Cancer Care, with a combined income of
£46.7m

The second biggest deal was the merger of Humankind and Blenheim CDP with a combined income transferred of
£40.9m

The third largest deal was the formation of the group Inspire North, with a combined income of
£19.1m

2016/17
70
mergers involving 142 organisations

2017/18
81
mergers involving 154 organisations

2018/19
58
mergers involving 116 organisations

The combined income for these 116 organisations was
£374m

These charity and not-for-profit deals involved the transfer of
£173.2m
of income – the top 20 largest deals represented 94% of this amount

SECTOR TRENDS

Health & Social Care broadly
53%

Intermediary
13%

Justice
12%

SIZE BY INCOME OF ORGANISATIONS

Under £1m
54%

£1m-£5m
23%

£5m-£10m
10%

£10m+
14%

Methodology

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3. METHODOLOGY

- This analysis follows on from the previous five years of this Index - our research objective was to identify and collect data on mergers that occurred in the year 2018/2019
- As many mergers are announced in early April, we use a 12-month period for this study running from 1st May 2018 to 30th April 2019. This is consistent with previous editions
- We have tried to count mergers only when they had been completed or when we were confident that they had been. The consequence was that some mergers, although announced, were not counted because they concluded after April 2019.
- Our geographic focus is England and Wales. Most organisations were registered charities and Companies Limited by Guarantee, but our data can include Community Benefit Societies, Registered Providers and Community Interest Companies where relevant. We do not generally include pure housing association mergers, except when one party is a registered charity (e.g. Age UK Walsall leaving its federation to merge into Accord Housing Association in 2018 as "Accord Age Matters").
- A key challenge is to identify mergers, as not all mergers require immediate registration. We use two main sources:
  - **Public registries.** The Charity Commission maintains a register of mergers, but this only covers situations where one organisation is dissolved. From a list of 166 registered within the 12 months, we removed cases where deals happened in the past but were only now being registered, internal reorganisations and tiny organisations with little publicly available information. This excludes some community groups, churches and benevolent funds
  - **Media and organisation websites.** We reviewed the charity and housing sector press to find deals at the point of announcement and also drew on local and specialist publications, social media and charity websites. Many of these transactions had not yet been recorded on the Charity Commission register
- For each deal, we collected financial and non-financial information by referring to the Charity Commission website, Companies House, press releases, organisation websites and Eastside Primetimers' own records. Figures were the most up to date available at the time of writing.
- We use a non-legal framework to classify different types of merger (see 'Types of Mergers' on pages 12 and 13). This framework is based on Richard Gutch's work in the 2012 Good Merger Guide and then was adapted through peer-review.
- One of the challenges for understanding not-for-profit mergers is language. Terms like 'merger' and 'acquisition' are borrowed from the private sector and sometimes do not fit well with this sector. For the sake of this report, we use 'merger' or 'deal' in two ways: firstly, in a general sense to describe any strategic change that involves the exchange of assets and liabilities, and secondly, in a specific way to describe a genuine 'merger of equals' that is defined in detail in our framework.
- We have supported this research through a series of semi-structured interviews to explore the approaches, perceptions and impacts of merger activity from senior leaders in the charity and not-for-profit sector. This involved 8 semi-structured interviews with two sample groups of the charity and not-for-profit industry.
  - 5 interviews with senior leaders of organisations that have merged, described as past case studies, within the sector. This explores the merger process, financial and non-financial motivations and impacts of the merger, the social impact that mergers can have, both positive and negative, on the organisations and beneficiaries involved and explores opportunities and challenges of the mergers. This has also informed our understanding of sector attitudes to mergers and improves our understanding of the trends we have seen in the quantitative data analysis.
  - 3 interviews with senior leaders of infrastructure organisations – defined as those organisations that represent the sector and work directly with charities and not-for-profits, but do not work directly with beneficiaries, including funders. This aims to understand sector trends and attitudes towards mergers at senior management level through organisations that work closely with senior leaders in the not-for-profit sector.

2018/19 Merger Trends

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4.1 TOP 20 MERGERS

By the amount of income notionally transferred, these were the largest 20 charity sector mergers in 2018/19. These mergers represent 94% of the total financial value transferred in mergers that year. This is similar to 2017/18, when it was 92%, demonstrating that the impact of mergers on the structure of the charity sector remains top-heavy.

	Organisation 1	Organisation(s) 2	Type of deal	Size by income transferred[1]
1	Breast Cancer Now	Breast Cancer Care	Merger	**£46,695,000**
2	Humankind	Blenheim CDP	Merger	**£40,859,354**
3	Inspire North	Foundation	Group Structure	**£19,074,150**
4	Save the Children	Humanitarian Leadership Academy	Takeover	**£11,486,630**
5	Jisc	Eduserv	Takeover	**£9,679,640**
6	Fusion	Active Life	Subsidiary	**£5,336,162**
7	Royal Marines Charity	Royal Marines Association	Merger	**£5,064,827**
8	Abbeycroft Leisure	South Suffolk Leisure	Takeover	**£4,336,668**
9	Coram	Beanstalk	Group Structure	**£3,613,189**
10	Derby Hospitals Charity	Burton Hospitals Charity	Merger	**£3,130,000**
11	Family Action	PAC-UK	Takeover	**£2,620,750**
12	The National Benevolent Charity	The Peter Herve Benevolent Institution	Takeover	**£2,235,295**
13	Ipswich Hospital NHS Trust Charitable Funds	Colchester Hospital University NHS Foundation Trust Charitable Fund	Merger	**£2,156,000**
14	The Royal Free Charity	J F Moorhead Trust	Asset/Service Transfer	**£1.8m of trust assets[4]**
15	East Midlands Crossroads - Caring for Carers	Crossroads Care South Central	Takeover	**£1,563,972**
16	The SMA Trust	SMA Support UK	Merger	**£1,312,205**
17	Citizens Advice Liverpool Limited	North Liverpool Citizen's Advice Bureaux	Takeover	**£853,294**
18	Nordoff Robbins	Nordoff Robbins Scotland	Takeover	**£771,883**
19	The South Square Trust	Mrs H L Grimwade Charitable Trust	Takeover	**£688,597**
20	Community Central St Albans	Community Hertsmere	Merger	**£607,056**

[4]"In October 2018 the J F Moorhead Trust merged with the Royal Free Charity. Assets valued at £1.8m, on 31st March 2018, were transferred as a restricted fund, for the purpose of renal research. This is compatible with the Royal Free strategic objective 4, 'invest in medical research and facilities'". Available at Royal Free Charity Annual Report 2017/18 under "Post-balance sheet events".

4.2 FINANCIAL DRIVERS

The next section provides an overview of the financial health of the organisations that engage in merger activity, with the most recent available financial year before their merger using publicly available secondary-source data.

For the purposes of this section, 'transferee' organisations are organisations making acquisitions, while 'transferors' are those either joining a larger structure (i.e. being taken over) or merging with an equivalently-sized organisation in a "merger of equals". This is to give us an approximate picture of whether mergers are undertaken strategically from a position of strength or as a matter of financial urgency.

Our findings this year (below) are consistent with trends we have seen in previous years in which transferees (acquirers) tend to be in a surplus position (69%), while decisions by transferors to be taken over or merge with a similar organisation correlate with just over half being in deficit (52%). In 2018/2019, the average surplus margin for a transferee organisation was 4.2%, while for the average transferor this figure was -14%. There are small changes from the previous Index in 2017/18, where 57% of transferors were in deficit, by an average of -17%, and 59% of transferees in surplus, by an average of 3%. There is a slight improvement in the financial health of transferor organisations engaging in merger activity but there is still a concern over the number of organisations engaging in merger as a "transferor" with financial worries.

The second-highest value merger on this year's index represents an interesting insight into merging as a strategic approach in the medium and long-term. Humankind and Blenheim CDP's merger in the health and social care sector is also united by a shared vision and mission, combining the creative and effective services from Humankind's broad range of health and social care services across the UK with Blenheim's specified approach to drug and alcohol services in London[2 3]. Both organisations were operating with a surplus of around 2% in the financial year before merging, but this proliferation of services by the new organisation, both in scale and sector, aims to deliver greater social impact across the country.

Although this represents charities that are, by the not-for-profit sector's standards very large, their motivations for the long-term advantages of their beneficiaries is an approach that is not scale-specific and if it is deemed appropriate, could be used as an incredibly brave approach for charities of any size. Social impact for beneficiaries, therefore, needs to be at the heart of decision-making for not-for-profit mergers.

However, there is still significant activity within the sector that sees mergers as reactive mergers before financial crisis and insolvency. The Anchorage Trust's precarious financial position exemplifies this problem, and since its creation in 2015 has been in financial difficulties whilst supporting 18 to 30-year old beneficiaries through housing and training in Great Yarmouth, Norfolk. The Benjamin Foundation's takeover over of the Anchorage Trust allows the new organisation to combine its expertise in Norfolk and deliver a high-quality service, with little changes expected to the Anchorage Trust's 19 beneficiaries. This contributes to the sustainability of the service that the organisation was running by joining a more strategic and financially secure organisation.

However, this takeover was shaped by the Anchorage Trust's position of financial weakness, and it certainly will have incurred a penalty of a loss of negotiation power when entering a rescue merger. This clearly highlights the need for charities and social enterprises to prioritise strategic planning and manage the long-term sustainability of the organisation, to ensure that it is delivering the most social impact. This can include collaboration with organisations that may share similar service offerings, geography and age groups, to avoid duplication and to help run an effective service for the local area. Collaboration is not the only option for strategic planning but is something that should be considered more for senior leadership teams looking to the medium and long-term sustainability of the organisation.

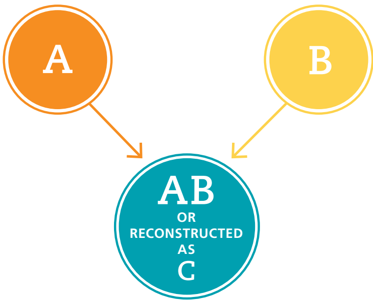
This brings a real challenge as there is a loss of negotiation power during merger discussions to keep the charity running for its beneficiaries. The current climate for charities is incredibly challenging due to funding cuts from local authorities, central government and competitive grant funding, particularly for those with a dependency on winning contracts through commissioning services. Ensuring the long-term sustainability of not-for-profits through effective strategic planning is imperative, and this should include regular conversations at board-level about partnerships and mergers.

[2] https://blenheimcdp.org.uk/news/blenheim-and-humankind-merger/

[3] https://www.thirdsector.co.uk/humankind-blenheim-cdp-merge/management/article/1518924

4.3 TYPES OF MERGER

1 Merger



SUMMARY

Two or more organisations join to form a new organisation either through:

i) Organisation A transferring its assets and activities to Organisation B. Organisation B then establishes a new identity with a new leadership team; or

ii) Organisation A and Organisation B transfer their assets and activities into a new Organisation C and then either dissolve or become dormant (or for housing associations, continuing trading as subsidiaries as part of a group structure)

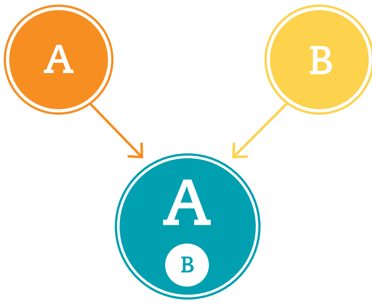
KEY FEATURES

- Often acknowledgement in the new brand identity of two organisations coming together, or a completely neutral new brand is created;
- Evidence that the top executive team for the newly enlarged organisation has a balanced representation from the legacy organisations;
- Governance of the new organisation must be representative of the two merging organisations

2018/19 DATA

18% of all mergers (down from 21% in 2017/18)

2 Takeover



SUMMARY

Organisation B transfers its assets and activities to become part of Organisation A.

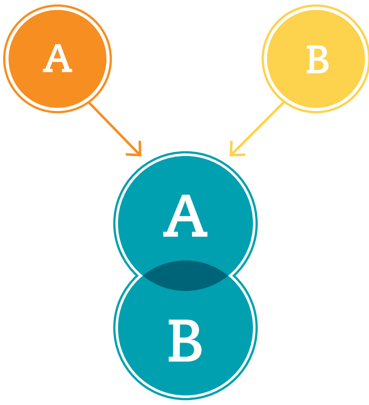
KEY FEATURES

- The transferring organisation is dissolved or exists but remains dormant;
- The identity of the acquired organisation is either lost after the takeover, or is retained but only as a service or project;
- Executives from the acquired organisation do not hold roles at the same level of seniority as they did before;
- The Trustee Board of the acquired organisation is disbanded and stood down

2018/19 DATA

63% of all mergers (down from 69% in 2017/18)

3 Subsidiary Model



SUMMARY

This type of takeover is achieved by Organisation B becoming a 'wholly owned' subsidiary of Organisation A.

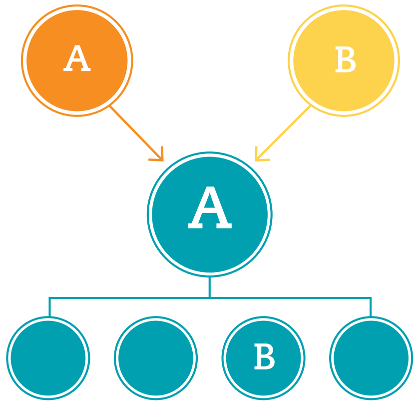
KEY FEATURES

- The transferring organisation retains a separate Board and identity within a group-wide strategy or business plan:
- Job losses at management level are minimised;
- Ultimate control is nevertheless retained by the acquiring organisation;
- Only a minority involvement, if any, of Trustees from Organisation B on the main board of Organisation A;
- Could be a step towards the formation of a group structure

2018/19 DATA

7% of all mergers (same as 2017/18)

4 Group Structure



SUMMARY

Two or more organisations transfer activities and assets to become part of a group and operate as one of a number of wholly-owned subsidiaries. In more developed groups, particularly those in the housing association sector, front line services and accountability is largely pushed down to the subsidiaries and the group company has responsibility for overall management and central services. This is similar to a Conglomerate or Holding Company model in the private sector.

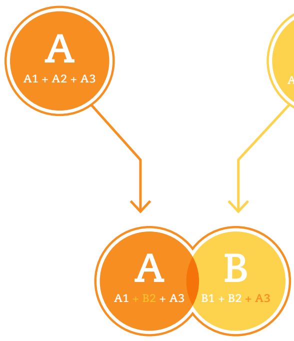
KEY FEATURES

- The parent group owns two or more subsidiaries each with their own governance;
- The identity and brand of the subsidiaries are retained, and distinct to the parent, but with a reference to being part of a larger group;
- There is a group CEO and Chair who have key leadership roles and they devolve executive powers to separate individuals who have responsibility for running the subsidiaries;
- Different models of governance can be created which means that it is possible for Trustees to continue to have a role at the subsidiary level;

2018/19 DATA

4% (up from 1% in2017/18)

5 Swapping services or assets



SUMMARY

The transfer or swapping of services, and in some cases assets, in order to help organisations to achieve a more balanced portfolio of activities, income and cost.

KEY FEATURES

- The identity of the service that is moving is absorbed into the branding of the acquiring organisation;
- Employees will be TUPE'd;
- No impact on legal structures or the Trustees of either organisation

2018/19 DATA

9% (up from 1% in 2017/18)

Learning from Previous Mergers

5

5. LEARNING FROM PREVIOUS MERGERS

In order to build on this year's data, we have supported our quantitative research with a qualitative approach that aims to unlock the real-world experiences of chief executives who have taken their organisations through merger during the time we have been producing this Good Merger Index series. We aim to learn from and understand the processes, challenges and outcomes of these mergers through case studies. In-depth, semi-structured interviews were undertaken with chief executives of six organisations that have participated in merger activity in the last six years.

SRUK

In 2015, the Scleroderma Society and the Raynaud's & Scleroderma Association (RSA) merged to form SRUK (Scleroderma & Raynaud's UK). The new brand, SRUK, was launched in April 2016. Both organisations were advocacy, support and research organisations for their specific conditions, but Raynaud's affects a larger number of people and is a primary symptom of the rarer condition scleroderma. Both organisations therefore aim to support a similar group of beneficiaries, and both were in a similar financial situation and had seen slightly declining incomes. Despite this, there was no competition between the two organisations and subsequently working together has given the new organisation, SRUK, opportunities for strategy, growth, awareness-raising and political voice.

Following the unfortunate passing of RSA founder Anne Mawdsley in 2014, Dame Carol Black brought the trustee boards of the two organisations together. This led to a discussion about whether the Scleroderma Society and RSA should continue to operate separately. Sue Farrington, current Chief Executive of SRUK, described how as president of both organisations, Dame Carol Black "took a lead in contacting people to give [the process] that sense of independence" including major donors, clinicians and researchers. Once these stakeholders had confirmed their support, and the boards saw a way forward, Sue Farrington came to lead the merged process for the new organisation. Work was carried out to understand the potential barriers from other stakeholders, such as internal staff, and work out the best approach to mitigate against these. Sue Farrington set indicators for the success of the merger, placing emphasis on retaining supporters and members, stemming the decline in income, refining services and developing a specific strategy to identify opportunities for growth and development. The legal aspect of the merger was completed in October 2015.

A key challenge was integrating two different sets of processes, systems and cultures from the legacy organisations. Whilst simultaneously trying to build a new brand and deliver services, trying to integrate these systems without losing knowledge or data was a significant undertaking, Sue Farringdon reported, "no matter how large or small you are, the challenges of a merger shouldn't be underestimated". However, this did create an opportunity to "take stock" and make improvements to working practises, including putting a strategy in place. This focussed on a more evidence-based and digital approach to streamlining processes in the organisation and become more innovative.

SRUK's new strategy has been enabled by resources allocated to strategy development as a result of the improved financial performance of the merged organisation. Both charities' income combined was around £400,000 before the merger, and this has now scaled up to £1 million turnover, whilst keeping the same headcount. In contribution to the financial performance, the membership base in April 2016 for the new SRUK was 4,440, which has grown to 9,850 at the time of writing.

Merger Impact Case Study

CONTINUED

These impacts have been empowered by two advocacy and support organisations for interlinked medical conditions coming together and focussing efforts on digital awareness-raising and evidence-based campaigning, to create a voice for those with these medical conditions. Significant market research was conducted by SRUK to understand the priorities of its stakeholders and members, and there has been a shift to including narrative-based stories for more powerful public relations and policy activities, which has seen website numbers grow three-fold from its base in 2016 of 138,000 users. These new "tactics for engagement" have enabled more creativity and innovation, including the development of a simple "Yes or No" Q&A on the website, devised by researchers and scleroderma specialists, to ascertain whether patients suffering from Raynaud's may also have scleroderma. 45,000 people have taken this test already in the last 2 years and is a key part of the awareness raising strategy between the interlinked conditions.

The merger has delivered clear benefits and created real value. By bringing together two organisations with similar missions, SRUK has been able to reach more people, enhance existing services and create new benefits, including a stronger digital offer and a greater focus on awareness raising.

Merger Impact Case Study

RICHMOND FELLOWSHIP

Richmond Fellowship is a national charity, which has been operating for 60 years and supports over 9,000 people living with mental-ill health every year. Richmond Fellowship has been involved in significant merger activity in the last five years and has created a group structure, Recovery Focus, that now pulls together a range of services across mental ill-health, addiction, and domestic violence in order to provide more holistic services ("people don't come in neat packages"). Partners of this group structure include drug, alcohol and gambling addiction charity Aquarius, domestic violence support specialist MyTime and feminism activist organisation DVIP. Richmond Fellowship has also been involved in more formal merger and takeover arrangements with other specialist charities, such as a full integration of Croftlands mental health charity in Cumbria into Richmond Fellowship. This is part of their wider strategy to "thrive and prosper in a contemporary environment".

Derek Caren, Richmond Fellowship Chief Executive and Group Chief Executive of Recovery Focus, describes how they have worked to ensure that organisations that have merged with Richmond Fellowship or joined the Recovery Focus group structure have synergy in the way that they work and are coming from a position of strength, to create a service that is greater than the sum of its parts. They aim to abide by principles that are research, impact and evidence-based, in order to improve services. Caren stresses that the values and behaviours of the organisation are very important and new joiners have often been encouraged to retain the successful brand that has built up in their community. For example, Croftlands was able to retain its branding, despite its full integration in Richmond Fellowship, as its impact and name in the local community was felt to carry weight. Despite cuts to local authority funding that decreased Croftlands' income from £6.5m to £3.5m and initially led Croftlands to look for partnerships, it is now thriving due to the wider and more complex services it can offer, supported by a streamlined set of back office functions from Richmond Fellowship.

However, Derek Caren shared that with many organisations joining the group, culture has been a significant challenge to overcome. This has been addressed partly through knowledge-sharing and collaboration, as organisations joining the structure have been encouraged to share ideas on how to improve services or back-office functions. Moreover, some new organisations have taken the lead on systems and processes if it was found that their systems and structures were better than those already in place. As much as possible, Richmond Fellowship/Recovery Focus has sought to preserve the unique cultures of joining organisations by keeping much of the staff, boards and values that made them successful.

The strategic aim to create an organisation that is on a stronger footing to meet the needs of public sector commissioners and service users has underpinned the creation of the group structure by Richmond Fellowship/Recovery Focus. Derek Caren was keen to "develop the complexity of the service that commissioners are now asking for", as public sector contracts become scarcer, larger and more holistically-focused. The whole group structure, including merged organisations within Richmond Fellowship, covers multiple specialties and geographies, to ensure that the dynamic service offering that they can provide meets the needs of local authorities. Aquarius has benefitted significantly from this and, with access to excellent contract retention and business development teams, has retained all seven of its contracts with local authorities within the last year. It also has significant business development activities as part of the group and separately, to develop its organisation. This collaborative and creative environment, shaped by different types of merger activity, has improved the service offering through knowledge-sharing and collaboration, and created a more dynamic service offering for commissioners.

Merger Impact Case Study

STREET CHILD

Children in Crisis (CiC) merged into Street Child in mid-2018. CiC was formed in the late 1990s and had built to a consistent turnover of around £2-3 million, with an income of £2.2m the year preceding the merger. Street Child, operating with a slightly different corporate structure, had a UK turnover of £3.8m million and was formed in 2008 by current Chief Executive, Tom Dannatt. Both organisations had "virtually identical methods and purpose" with a strong local community reach, supporting local organisations in conflict regions and impoverished communities in Africa and Asia. Street Child had not previously explored merger but taking on CiC came under consideration as it aligned with the organisation's "pragmatic" and growth-driven strategy; to combine resources, improve services and strengthen existing relationships with funders to deliver greater beneficiary impact. Street Child was particularly interested in CiC's programmes in Democratic Republic of the Congo (DR Congo) and Afghanistan, whilst also finding some synergies with their West African programmes.

The existing synergies created discussions around collaborations for delivering services and programmes in West Africa. After progressing these discussions to a formal merger agreement, the boards approved the merger in December 2017, with due diligence completed by April 2018. There were continuing discussions throughout the due diligence process on the formal arrangement of the merger, and it was agreed that Street Child were strategically best-placed to take over CiC to create a stronger organisation delivering greater local impact Tom Dannatt explained the merger was fundamentally about "delivering the mission more effectively". The merger was announced in July 2019, with CiC founder, Sarah Ferguson, publicising the move in the Evening Standard.

In addition to the possible risks around donor retention following the merger, there were challenges to manage the people and culture following the organisations integration. Both organisations had different corporate structures, cultures, attitudes and approaches, and there was a high turnover of CiC staff for the first 100 days. However, this began to settle down in the Autumn of 2018, and by February 2019 there was a "happy team in the right place", Tom Dannatt reported. Dannatt would place significant importance on clarity and honesty about future merger processes with affected staff and stakeholders so that everyone would know the details and impact of merging moving forward, allowing individuals to make informed decisions about the new organisation.

The newly formed organisation has seen significant improvements in service delivery and relationships with funders and local partnership organisations. Since its creation, Street Child had developed strong relationships with the Department for International Development (DfID) and have used this to win grant funding in excess of £1 million for project work that CiC were delivering in DR Congo. Improved service delivery, encouraging knowledge-sharing and collaboration of strategies and models has refined the service and enabled expansion from CIC's work in DR Congo provinces. For CiC's Afghanistan projects, Dannatt suggested that as an "outsider coming in", he was able to make fresh observations to improve the viability of the projects through a strategic period of management and change.

There is a now a focus on working towards longer-term development initiatives, enabled by grant funding secured as a result of combining resources. In Sierra Leone, there has been an integration of the organisations, with Street Child's model continuing but incorporating work with CiC's partners, such as local gender and disability organisation FAWE. This offers a richer programme for beneficiaries in Sierra Leone, and Tom Dannatt believes that "enhanced outcomes need to be at the heart of merger discussions" for the not-for-profit sector, and that there should be discussions about how to improve programmes and services through different types of partnerships at board and senior management level. In July 2019, Street Child announced they had completed subsequent mergers by taking over £3m charity, Build Africa, and £3.3m southern Africa education charity Lessons for Life.

Merger Impact Case Study

YMCA TRINITY

YMCA Trinity was formed from the merger of YMCA Cambridgeshire & Peterborough and YMCA Suffolk. The organisations have a history of mergers, with YMCA Cambridgeshire & Peterborough created as the result of merging other YMCAs and smaller community organisations over 10 years previous. Both organisations had a focus on similar beneficiaries and programmes, such as housing, but YMCA Cambridgeshire and Peterborough developed strong expertise on mental health work (particularly in schools) and YMCA Suffolk were strong on childcare, pre-schools and nurseries. There was an increasing awareness of the importance of strategic planning, particularly given the difficulties experienced by mid-range income charities, and therefore the merging charities set to improve and expand existing services. Both organisations were financially secure and profitable before the merger, with YMCA Cambridgeshire and Peterborough delivering a £5.8 million turnover and YMCA Suffolk turning over £2.9 million. YMCA Trinity now has a £9.7 million income and £3.2 million surplus.

YMCA Trinity Chief Executive, Jonathan Martin, described how the merger started with an aim to "do more work, with more people, in more communities". Discussions between Rowena Kerslake, then YMCA Suffolk CEO and now Deputy CEO of YMCA Trinity, and Jonathan Martin, then leading YMCA Cambridgeshire & Peterborough, began as knowledge-sharing and partnership exploring exercises because of each organisation's specialist work. There was then a need to bring the two boards together and discuss the potential advantages and disadvantages and confront a key question "is this in the best interests of our clients?". Jonathan and Rowena then produced a joint business plan and created indicators of success around improvements in service provision.

The key challenges were around the broad merger geography and how this reinforced the importance of local factors. Jonathan Martin found that the distance covering YMCA Trinity, over 100 miles from Peterborough to Felixstowe, highlighted local community problems in the region more prominently. For example, the highly seasonal employment in Suffolk coastal towns, such as Lowestoft, compared with inner city youth challenges of Ipswich and Peterborough, cannot be tackled in the same way and "some are not transferrable". This reinforced the local elements of community projects and helped both sides to understand localities in more depth, whilst the merger has enabled the sharing of proven and effective skills and methods. Moreover, the distances between the offices of the new entity have encouraged the use of digital methods such as video and telephone conferencing systems, and an outcome-based approach that encourages flexible working and results.

YMCA Trinity report that the merger has seen individual improvements to employee skills, more evidence-based approaches and a greater voice with the region's commissioners. The changes to the organisation have also encouraged new ways of operating and roles have become more specialised. For example, the role of housing managers has changed within the organisation, as previously housing managers oversaw project data, with all having their own methods of recording and collecting data collection, and limited analysis of this data. The role of the housing manager now has data collection removed, to encourage them to focus on building relationships and solving personal challenges for their beneficiaries, whilst data management and analysis is delivered by a newly-appointed, experienced analyst. This new and evidence-based approach relies on using "really interesting impact data" to encourage knowledge-sharing between housing managers and the analyst, learning from success of projects and some healthy competition between the housing managers. This knowledge-sharing culture is now firmly expected, and if someone attends a training course, they are expected to share findings and embed their learnings in the culture of YMCA Trinity. Moreover, additional benefits have come from superior relationships with local authorities. Previously, there were challenges for the separate regions to work with local authorities but now, as a larger organisation, they are a more recognised consultant on plans involving YMCA Trinity services in Suffolk and Cambridgeshire.

Merger Impact Case Study

YMCA ST PAUL'S GROUP

YMCA St Paul's Group has been founded as a result of amalgamation of four local YMCA's based in South-West, East and West of London and Slough, over a three-year period which was finalised in 2018. According to YMCA St Paul's Group Chief Executive, Richard James, the rationale for merging was driven by the desire to improve quality and take "the best bits of each organisation" with significant drivers for change pushing the organisation towards a single new business model. Moreover, inspiration was taken from YMCA New York, which operates as a single entity for the whole city, as this had generated more power and influence over the local authority in New York. YMCA St Paul's Group most recent figures show an income of £25 million, with a £1.1 million surplus.

Key moments of change drove the process as to why each of the YMCAs merged. There has been a general trend of consolidation with federated charities in the UK and the levers of change that have created YMCA St Paul's Group included financial insecurity in the supported housing sector, loss of key assets and a desire to search for more resilience internally for organisations. The catalyst for doing something was a couple of the chief executives leaving their long-term post. The boards of the predecessor organisations decided that there needed to be a reinvention of their business model and these levers of change provided an opportunity to bring together these YMCAs from across London.

The main challenges throughout the merger had been different terms and conditions, culture as well as a plethora of pre-existing IT systems. Richard James described how some of the pre-merger YMCAs had different expectations, with some telling staff "they were not allowed to speak to Board or senior staff members". Richard explained that with four organisations coming together, it would have been difficult to impose one organisations culture on the others, so a new forward-thinking culture is being created that aims to be value-based, built around its key priorities of being honest, excellent, aspirational and inclusive. To monitor progress against this new culture, the Association has engaged the "Great Places to Work" process, which has highlighted areas of current success creating a plan to become a leading organisation within the UK.

I.T. has also been a significant challenge and staff have had to struggle to integrate a new, unified system whilst operating the existing systems across a range of platforms, such as the new housing management system. This has also brought GDPR complexities due to the transfer of information across to one another. This was identified as a risk, and the loss of key personnel during the merger process has meant some long-standing knowledge has been lost, making the integration process harder. Nevertheless, YMCA St. Paul's Group report that coming together, taking a "blank sheet of paper" approach has created an opportunity for a more collaborative, inclusive identity. Looking forward, given that YMCA St Paul's Group covers around 40 sites and 20 London Boroughs, the next building block for future success is the better use of improved digital working, allowing staff to connect across projects, sharing performance processes and data.

Annual savings of over £1M (when compared to the four organisations running as standalone entities) have allowed greater investment in stock, recruitment of highly-skilled executives and workers, as well as implementation of better-quality software solutions. At the same time the Association has targeted 200 new properties by 2024 to help it meet its mission.

Richard James explained that one of his earliest experiences coming into the YMCA was that more time was spent arguing over territorial boundaries than looking at collaborative working and sharing best practice. Coming together as one group, as in New York, has allowed them to move from area-focussed to operational-focussed and evidence-based solutions. In early 2019, the Association reviewed the original Area Director approach and agreed to move to a more functional, operations directorate. This has facilitated knowledge sharing, and employees are encouraged to travel to different sites across London to learn how to improve their services. After two years, and with a new Board Performance Committee in place,

Merger Impact Case Study

CONTINUED

this new approach has seen rental voids fall in underperforming projects to 4% (prior to merger they were closer to 12%), and they are now starting to see the benefits.

Financially, YMCA St. Paul's Group have bettered their first-year budget and are on track to exceed the second year, they have refinanced their debt, improved the quality of their stock, including the redevelopment of their YMCA Wimbledon site. They are also increasing the resource that is going into profile-raising.

Engagement from beneficiaries with YMCA St. Paul's impact surveys is significantly higher, with mystery shopper scores and benchmarked surveys showing satisfaction levels of around 90%. These are small indicators, and Richard James emphasises there is still plenty of progress that the organisation needs to make, but nevertheless shows that the formation of YMCA St. Paul's Group is beginning to deliver greater impact.

Analysis from Sector Infrastructure Bodies

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6. ANALYSIS FROM SECTOR INFRASTRUCTURE BODIES

In the six years of our annual Good Merger Index, we have found the level of merger activity in the charity sector to be small and relatively static, with 2018/19 even seeing a drop to 58 mergers after a usual trend of 60-70 per year. To get to the heart of these trends and to build on our case studies with charity chief executives who have taken their organisations through merger, we also had conversations with several people from key sector infrastructure organisations. The in-depth interviews are with Vicky Browning (Chief Executive of ACEVO), Francis Runacres (Executive Director, Enterprise & Innovation at Arts Council England) and Dan Paskins (Senior Head of Portfolio Development at the National Lottery Community Fund). These interviewees were chosen because they work directly with many not-for-profit organisations and therefore have an excellent oversight of the sector.

Attitudes and Trends

Vicky Browning suggests there are two main approaches in the not-for-profit sector to mergers. The most common is "desperation", where financial insecurity and the core need to maintain services pushes organisations towards reactive mergers, but there are also cases where merger is motivated by the opportunity to "create something bigger than the sum of the parts", pool resources and amplify impact. Browning suggests that "most chief execs would dread the first and should keep an eye out for the second", though our data suggests that in 2018/19, 52% of smaller "transferee" organisations still approached merger from a position of financial deficit. This is not a one-sized-fits-all approach but Browning argues the sector needs to be open to collaboration and think about its level of duplication in services, although it can be difficult to tell exactly the level of duplication that may be occurring.

These thoughts were echoed somewhat by Francis Runacres of the Arts Council England who felt that there can be a "hostility" to mergers in parts of the arts and culture sector, with organisations not recognising them as a potential opportunity and instead as a "sign of weakness". Despite austerity challenges over the last 10 years in the sector, arts and culture organisations have managed to increase income as a general trend. Therefore, this has not created obvious pressure for reactive mergers. Further, he suggests that this is compounded by a "lack of resources to engage in mergers" on the part of organisations.

Many in the sector, such as Dan Paskins, take an "agnostic" view of partnerships and mergers, arguing that from his experience, they have the potential to be successful or unsuccessful based on the context of the collaboration in question. Most important is mission and purpose and ensuring that the deal is not "driven by money or financial crisis, but the best way to serve beneficiaries", he argued. Paskins advised that charities should look at different "mission-money models" and collaboration opportunities that will best align with them.

This year's Good Merger Index shows that there are even fewer mergers than previous years, and although conversations around partnerships are becoming more common and the sector may be becoming more collaborative due to commissioning and financial challenges, Paskins suggests formal merger activity may be low simply because the make-up of the charity sector is so "bottom-heavy", with half of charities under less than £10,000 income.

Vicky Browning noted that ultimately as a nation "we are in a period of quite extraordinary uncertainty", and this could also be a reason why this 2018/19 Index finds fewer mergers than in previous years. While merger conversations may well be happening in the sector, merging is a "significant, resource-intensive and time-consuming process" and may be discouraging particularly risk-averse trustee boards in an unpredictable environment ("one more bit of uncertainty that they cannot cope with"). Mergers can require trustee boards to commit significant amounts of time and energy to conversations around mergers, and the current uncertain political and economic climate may not be helping with longer-term strategic planning.

The complexity of the merger process, uncertainty and the generally bottom-heavy structure of the charity sector could therefore be key reasons behind the sector's difficulty with mergers in general and the drop we see this year. There is certainly a fear of mergers and, while in this report we have case studies outlining the kind of impact they can unlock in both the short and long terms, this still ultimately represents a minority of charity chief executives that are using merger as a strategic tool to deliver greater impact for beneficiaries.

Emotion and Culture

Human emotion and trust are crucial barriers for mergers in the not-for-profit sector and there needs to be a healthier understanding of these dimensions and their impact on mergers. Dan Paskins was clear to make a distinction between the not-for-profit sector and the private sector in their approaches to mergers, and why this can present barriers to partnering and collaborating with other organisations. Private sector mergers have a clear incentive for profit, making it an easier, numerical decision-making process for boards in charge. Whereas charities are defined by their social aims, and trustees and founders may additionally have significant emotional investment in their charities.

Therefore, two sets of trustee boards, senior management teams and chief executives attempting to come together will naturally create challenges and tensions, particularly if one or both organisations are founder-led. The significance of this cannot be underestimated, and in Francis Runacres' words, it is important to "get the people bit right" by being clear and honest about the process at the beginning, so there are no obstructions further along the process due to fears, misconceptions or lack of clarity.

Browning echoed this, arguing "logic will take you so far, but you need to get over the emotional barriers", and she stressed the importance of honesty and clarity as a founder or chief executive about the implications of merger. Browning cited Julia Unwin's 2018 report, Civil Society Futures[7], which argued organisations need to put effort into building and earning trust and ensure they are behaving in line with their values. Trust is a huge component of mergers and they bring into question the compatibility of goals, values, cultures and the structure of the merger itself. Browning believes openness is crucial to these discussions; "talking very openly about how we actually feel, about human emotion, if you were dissolved, tackle the question about who is going to run it – these are not selfish questions, they are honest and human questions". This approach was demonstrated well by the process we saw described with YMCA Trinity, where Jonathan Martin and Rowena Kerslake tackled these questions very early on and created a healthy and open dialogue between the two throughout the process.

Even once organisations have merged and are undergoing operational integration, "the people bit" in terms of culture was mentioned as a key challenge in each of our case studies and became a very central theme throughout the snapshot of interviews we conducted. However, as Vicky Browning observed, there is "no one-size-fits-all approach" to combat cultural concerns when two or more organisations are brought together. As with the human emotion dimension, the importance of being clear and honest about practices and differences through the whole process was stressed in case study interviews, and notably most evident with Tom Dannatt at Street Child, to identify points of difference and common ground.

Runacres believes that "creating a new culture is better", as opposed to transferring one culture of an organisation to the other, in order to avoid any power dynamics dominating the process. However, our case studies have also demonstrated several different approaches charities can take to cultural questions, with Derek Caren encouraging other organisations within the Recovery Focus group to retain autonomy, culture, trustee boards and senior leadership where possible, and Richard James at YMCA St. Paul's Group choosing a new value-based and mission-led culture for the four organisations brought together.

While structural merger has a formalised date, a continuous process of culture and people management are crucial as the merger beds in and the organisation evolves. It should be continually re-evaluated and is often under-estimated by those going through merger processes, and this should be a central component of strategic planning after a merger and discussed at length during merger discussions.

[7]https://civilsocietyfutures.org/wp-content/uploads/sites/6/2018/11/Civil-Society-Futures__The-Story-of-Our-Future.pdf

The Importance of Strategic Planning

A core theme throughout the case studies we have assembled is strategic planning. Whether this is re-organising to an operational structure that specialises in operations and creates more knowledge-sharing (YMCA St. Paul's and YMCA Trinity), improving service provision by combining local and project expertise (Street Child) or creating an improved dialogue with public sector commissioners through a broader service offering (Richmond Fellowship/ Recovery Focus), strategy is at the heart of these organisational decisions both pre-and post-merger. Improved strategic planning in the not-for-profit sector should also lead to a healthier sector with better quality, less reactive mergers, taken from a position of financial strength.

Francis Runacres suggested there are significant benefits that can be gained from a whole range of partnerships, whether from sharing services to full merger. These create opportunities to collect, manage and analyse data to produce evidence-based and impactful decision-making, and encourage innovation through higher quality staff that are specialised in their role and responsibilities. Moreover, collaboration brings a greater voice within communities to empower decision-making in the local area. Runacres used the example of the newly-formed Wiltshire Creative, created by Salisbury Playhouse, Salisbury Arts Centre and Salisbury International Arts Festival in February 2018, which has given arts a more authoritative voice in the area and particularly with the local authorities.

Moreover, there are opportunities for mergers to generate greater impacts from improved services and pooled resources. Speaking from her communications background, Vicky Browning suggested mergers can create more powerful story-telling and narratives that help to illustrate the impact that not-for-profit organisations are delivering, particularly from improved and specialised role functions within organisations. Dan Paskins believed that some of the greatest opportunities can come from streamlined processes, as collaborative back-office arrangements can create "fewer, better-resourced and higher quality back offices", in turn allowing specialist and frontline delivery staff to focus and "do what they are good at doing". SRUK presents an interesting example of these factors. As a former volunteer-led organisation, their first definitive strategy allowed them to create innovative profile-raising medical campaigning and to reach more people. Roles have been freed up in a more streamlined, efficient and larger organisation to deliver greater impact to those suffering from Scleroderma and Raynaud's.

ACEVO aim to support chief executives and leaders in not-for-profits to deliver the greatest impact possible. Therefore, their organisational aim is not to promote mergers per se, but to engage members about how to make the biggest possible difference – this can involve merger, when it is in the best interest of the organisation and its beneficiaries. Browning believes that merger should be "part of a toolbox that should be considered by chief executives" and that conversations about mergers, partnerships and collaborating should be occurring once a year. The question should always revert to "is there a way of us delivering what we do, but better if we are partnering with someone else?". This question was evident in our case studies and something that chief executives regularly referred to during the process.

Sector Support

Partnerships and mergers are resource-intensive, expensive and time-consuming processes. Additionally, Dan Paskins suggested this has been a notoriously difficult and unappealing area for funders to assist with, noting a "lack of tangible outcomes", and there is currently not a dedicated merger fund in the sector.[8] This was reinforced by our own work in 2018 which reviewed the feasibility for funders to come together to establish a merger readiness fund. However, Dan argued that if partnerships and merger discussions were routinely approached in strategic terms, this could make them more "funder-friendly".

The Arts Council's new 2030 strategy, developed with Francis Runacres, has identified a clear need to learn from other sectors and, as a sector body, Arts Council England aim to provide strategic oversight of the sector. The strategy demonstrates the need to provide framework and support mechanisms and for arts and culture organisations to be considering new business models in order to deliver on their economic and social missions. The Arts Council deliberately take a balanced view on merger, feeling that its presence in the sector as a potential option for organisations to consider is a sign of a "healthy ecology" and can help some organisations struggling with static business models. Equally, it must be up to all chief executives and boards to make the best strategic decisions for their own organisations. Runacres stressed that the purpose of mergers should ideally be to improve services in a strategic way, rather than coming as a response to a reduction in government funding for example, and that organisations can draw on mergers in the sector that have already occurred as potential examples of "agents of change".

Although there are clear practical and human barriers for chief executives considering or working through merger, ACEVO aim to help negotiate these barriers through their networks and support systems. Chief executives can utilise ACEVO's network for support and advice from chief executives that have been through mergers and meet with them to help them through the process. Moreover, there is a governance helpline available for all aspects of a chief executive's in-tray, including merger. Finally, chief executives can be supported individually as they go through mergers – even if that means they end up leaving the organisation – through career advice and networking opportunities and progressing their careers.

[8] Eastside Primetimers and Social Spider CIC produced a report with Social Investment Business in June 2018, 'Match Points', exploring the case for a social investor-backed 'merger fund' incorporating both grant and loan finance https://www.sibgroup.org.uk/sites/default/files/files/Match%20Points%20-%20Mergers%20report%20-%20FINAL%2022-06-18.pdf

Conclusion

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7. CONCLUSIONS

The sixth year of the Good Merger Index shows that the number of merger deals, organisations participating in mergers and financial value of the merger market continues to be very small. 116 organisations and 58 deals, represents a negligible number of charities and not-for-profit organisations engaging in merger activity out of the 168,000 charities registered. There remain significant ongoing barriers to merger activity, including resource and time constraints, lack of incentive to consider mergers, disinterest and fear, and it is possible that current issues such as macro-economic and political externalities have exacerbated these existing barriers.

Nevertheless, merger quantity is not as important as the outcomes and quality of what these mergers may mean for the sector's beneficiaries. The quality of mergers is a consistent theme of this Index, but financial rescue, based on our data this year, still appears to be a very common 'push' to merger.

What we have attempted to do is look beyond financial data and explore how mergers can deliver greater impact and value for organisations by learning from those that have already considered it as a strategic tool for long-term sustainability and greater benefit for their beneficiaries. The case studies show the case-sensitive nature of mergers, partnerships and collaboration, but highlight challenges that can be accounted, mitigated or planned for before entering merger discussions such as local differences, culture, IT systems and losses of knowledge.

Human emotion was a very interesting emerging theme from this year's Good Merger Index. Charities have significant emotional investment and it is crucial to their success that they have trustees, staff, volunteers and donors that care about the organisations they lead or support. Merger discussions can create tensions and concerns and so leaders and trustees must be encouraged, and feel empowered, to be open and honest about what it means for them and their organisations. Clarity and honesty can help the process move along so challenges further down the line are limited. This includes encouraging aligned behaviours and values with those joining the newly-formed organisation, throughout the process of integrating organisations culturally, particularly during what is perceived as a takeover.

Our case studies should impress upon trustees and managers the importance of strategic planning, as there is significant potential to be unlocked when pooling resources for greater impact. Strategic planning of mergers can deliver a greater policy and campaigning voice, innovative ways of reaching new audiences, more holistic and creative services, better relationships with commissioners and increasing adaptability in services. This was echoed by our leaders from the sector infrastructure body interviews, who felt additional benefits can be sought if mergers or partnerships are part of a chief executive's "toolbox". These included making mergers more strategic and "funder-friendly", improving sector performance by sharing knowledge and ideas, and creating streamlined, well-resourced and highly capable back office functions.
The attitudes towards mergers in the sector highlights this and there still appears to be a "fear of mergers", demonstrated by the lack of mergers we have seen year-on-year. Mergers are rightly not seen as a solution to all challenges but should be routinely discussed as an option and can be used strategically to improve the health of organisations and the sector.

ABOUT EASTSIDE PRIMETIMERS

Eastside Primetimers is a management consultancy working exclusively for charities and social enterprises. We have a vision for a strong and vibrant UK social sector that supports communities and enables every individual to live to their full potential. Our mission is to provide the broadest range of integrated, high quality consulting services in order to increase the capacity and effectiveness of social sector organisations in the UK

We advise and implement on strategy, governance, mergers, acquisitions, partnerships, investment, contract readiness, social impact and business planning. We provide senior interim staff and recruitment services for senior staff, chairs, and trustees.

Through our Foundation we support senior professionals who are seeking to work with the voluntary sector. We carefully select individuals for their commercial know-how and their passion to make a difference. We call them our 'members' because they are committed to supporting not-for-profits as consultants, interim managers or Board members.

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