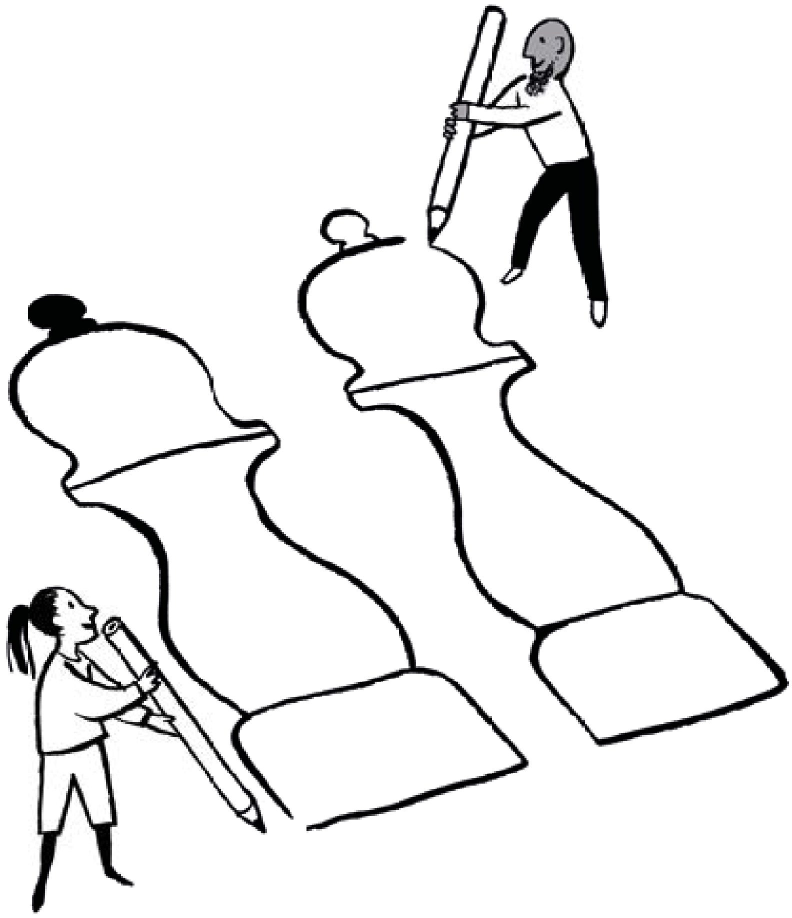
A review of not-for-profit mergers

The Good Merger Index 2022/23



Eastside People

Bringing Change Together

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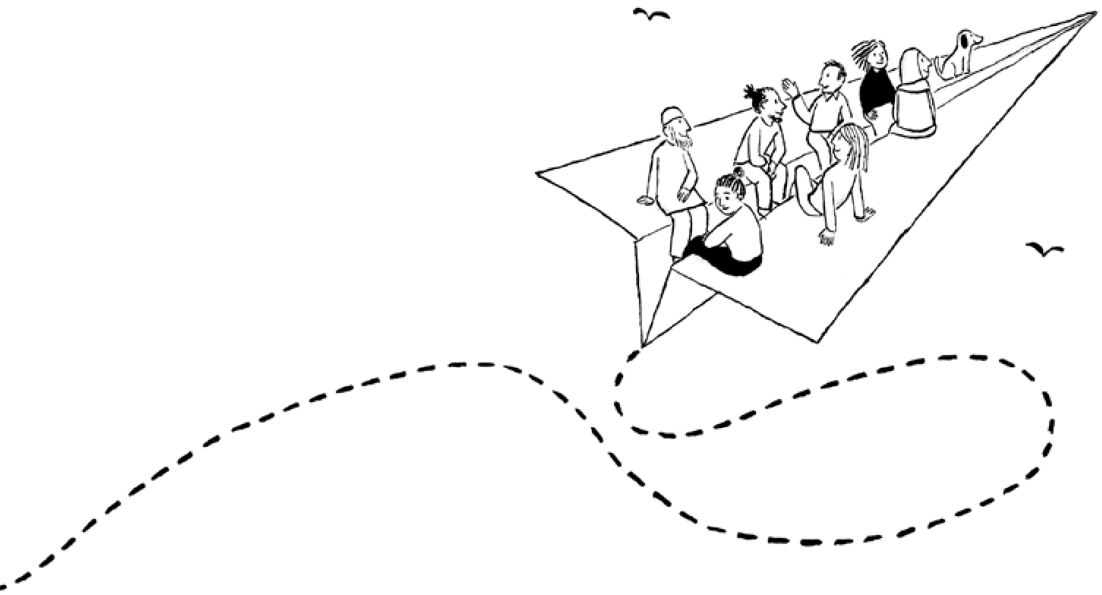


Foreword

Welcome to the 10th edition of the Good Merger Index (GMI). Over the past 10 years, we have been reviewing merger data across the sector, and we have learnt a great deal about mergers and partnerships in the sector.

This report focuses on mergers during 2022/23, which we plan to supplement shortly with further analysis of longitudinal trends of the last decade.

For this report, we have collected data on mergers that occurred during 2022/23 and were completed by 30th April 2023. Please see more detail on our methodology on page 5.

It is important to note that mergers, in most cases, do not happen quickly. Decisions taken to merge may be made a year or more before the completion of the merger. Furthermore, for our analysis, we draw upon financial information from the year prior to the merger. For all these reasons, this report includes mergers which, for the most part, result from conditions and decisions prior to 2022, still very much in the aftermath of the Covid pandemic.

Merger is often a scary word in the not-for-profit sector, but I am on a mission to change that perception. Organisations consider mergers for a multitude of different reasons which include: because they are in financial trouble, see a strategic link with a partner, want to help more beneficiaries more effectively together, or as part of their growth strategy.

There are a lot of reasons why mergers succeed or fail. The positive relationship of the CEO and Chair is a perfect example as is the cultural fit between partners. I would like all CEO and senior leaders in the not-for-profit sector to consider mergers and partnerships in their strategic reviews.

Having worked in the sector for over 25 years, I have seen many challenges. The past year has continued to be a challenge with the triad of falling income, increasing costs (namely to meet salaries and energy costs due to the rising cost of living) and the huge demand for charitable services.

This sector never ceases to amaze me with its ability to overcome the challenges that come its way. What really breaks my heart is witnessing the high-profile closures of Children England, The Cares Trust in the summer and just this past month, another closure at the House of St Barnabas Charity.

I want to end with a plea.

Merger may seem an insurmountable venture but in these challenging times, please do consider how your charitable resources can be maximized. You are very welcome to come to the safe space that is one of our Merger Roundtables to learn more about what is involved in a merger and talk to your fellow CEOs about challenges and potential solutions.

In challenging times, collaboration is the key that can get us through.

Cara Evans
Head of Partnerships and Mergers
Eastside People

Summary

Using our methodology, we report 48 mergers involving 96 organisations. This is a small reduction from a low base and now the lowest activity level since we began our records with the year 2013-14.

As a whole, the data illustrates that the total number of mergers in this period fell by 6% from the previous year and by 37% from 2020-21.

This picture includes lower levels of activity among most types of mergers, especially for medium to large-size organisations, including those aiming to create transformative growth with similar-size partners ("merger of equals").

This change has been less noticeable with the number of takeovers, which has not changed significantly and may, in fact, be seen as normal.

As fewer mergers were undertaken by medium to larger-sized organisations, we also report that approximately £32m of income was collectively transferred from one charity to another which is 78% lower than the average over 10 years of £146m. It should be noted that a merger of equals between two large organisations can make a significant impact on this figure.

The proportion of transferees (receiving organisations) in surplus has remained at a more typical level of 64%. We would normally expect to see that these organisations are generating surpluses and are, therefore, in a suitable position to take on the risk of the merger. This figure was significantly lower in the year 2020-21, and it could now be reasonably inferred that this was a result of the Covid pandemic.

So what is happening?

Overall, we believe that the fall in the number of all mergers combined with the improvement in the financial position of transferors indicate that Covid did not immediately impact the finances of all organisations in the sector.

Similar to other sector studies we now believe that the government's furlough scheme and changes in the behaviour of funders were generally very helpful to the sector. Despite the immensely difficult operating conditions of Covid, our analysis indicates that financial stress was largely well-managed and did not create the pressure, at least immediately, for charities to merge.

It is also worth noting that management time was at a premium during Covid as charity leaders battened down the hatches to survive. This would certainly explain why there have been so few mergers of equals, given these are complex undertakings and usually demand more capacity to implement.

Regardless of the numbers, our case studies (pages 12-16), featuring Keech Hospice Care, Rennie Grove Peace Hospice Care and One YMCA, illustrate the nuances and variations that are possible. They show how not-for-profit leaders have found ways to adapt and merge in order to support their beneficiaries with more effective and efficient services.

What does the future hold?

Mergers data from 2022/23 tells us one story but, as mentioned earlier, we are now at least 18 months further on from the conditions and decisions that will have created those mergers. Since then, all the indications are that conditions will have worsened for society and the sector as a whole. This includes many organisations sadly having to close their doors for good.

At Eastside People, in the past year, we have seen a 70% increase in enquiries and a 30% increase in merger related projects.

This includes both medium and large charities that are seeking transformative growth through merging with relatively equal size partners, as well as organisations that are in distress and in danger of insolvency.

It is hard to predict – and we've certainly been wrong before - but we think that we will see an increase of mergers and partnerships in 2023/24, as more charities consider the benefits of collaboration and are able to find a way forward by working together.

Methodology

Our research objective has been to identify and collect data on mergers that occurred in the year 2022-23. We have analysed that data in the context of the previous nine years of this Index.

Because many mergers are announced in early April each year, we use a 12-month period running from 1st May 2022 to 30th April 2023.

We have included mergers only where we are confident they have been completed. Some mergers, although announced, are not counted because they concluded after April 2023.

Our geographic focus is England and Wales, although we include significant mergers where organisations in this region involve others from outside the region. Most organisations were registered charities and companies limited by guarantee. Our data can include community benefit societies, registered providers and community interest companies. We do not generally include multi-academy trusts (MATs), universities (regulated by the Office for Students) or pure housing association mergers, except when one party is a registered charity.

Identifying mergers is a key challenge for this research, as there is no definitive definition or list of mergers across the social sector, and many mergers that are listed are a result of internal reorganisations. For charities, not all mergers require immediate registration. Other organisations are not recorded in any formal register. Therefore, identifying relevant mergers requires careful investigation of a broad range of information which is not available in a consistent form.

We use two main sources for our research:

Public registries
The Charity Commission maintains a register of mergers, but this only covers situations where one organisation is dissolved. From the Charity Commission register for 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.

Media and organisation websites
We reviewed the charity and housing sector press to find deals at the point of announcement and 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, Financial Conduct Authority (FCA), press releases, organisation websites and our own records.

When assessing income and expenditure for each organisation, we use the most up-to-date figures available at the time of writing. Mergers can significantly skew the income and expenditure of organisations, so we take information for the last available complete year before the year of the merger. Occasionally, charities extend their financial year before the merger so, where this happens, we take the previous 12-month year's figures.

Where finances are occasionally not available (for example, where abbreviated accounts have been submitted to Companies House, excluding income/expenditure), we do not include these organisations in our financial summaries.

[1] Housing Associations, MATs and HE establishments are not regulated by the Charity Commission and are also very large, which would significantly distort the data.

Methodology ctd.

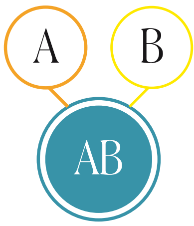
Types of merger

As there is no definitive framework for defining mergers, we use a framework based on Richard Gutch's work in our Good Merger Guide which has been adapted through peer review.

We detail this framework in the appendix on page 17 of this report, but for quick reference, we include brief thumbnails here.

1. MERGER

Two or more organisations join to form a new organisation



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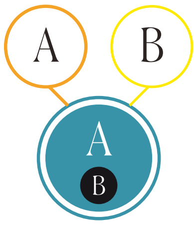
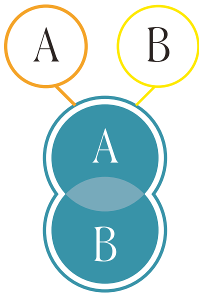
2. TAKEOVER

One organisation transfers its assets and activities to become part of another



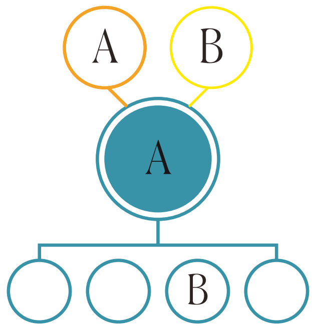
3. SUBSIDIARY MODEL

One organisation becomes a 'wholly owned' subsidiary of another



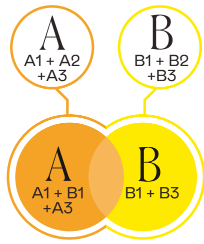
4. GROUP STRUCTURE

Two or more organisations transfer activities and assets to become part of a group



5. SWAPPING SERVICES OR ASSETS

Transfer or swapping of services, and in some cases assets



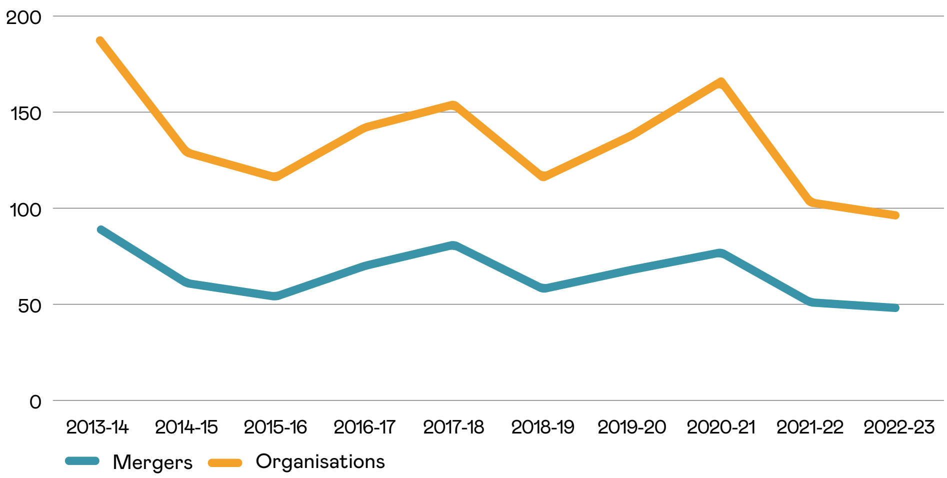
Trends

For the year 2022-23, we have taken the data found and placed it in the context of the previous nine GMI years to help us understand the significance of year-on-year changes.

The second year of low activity

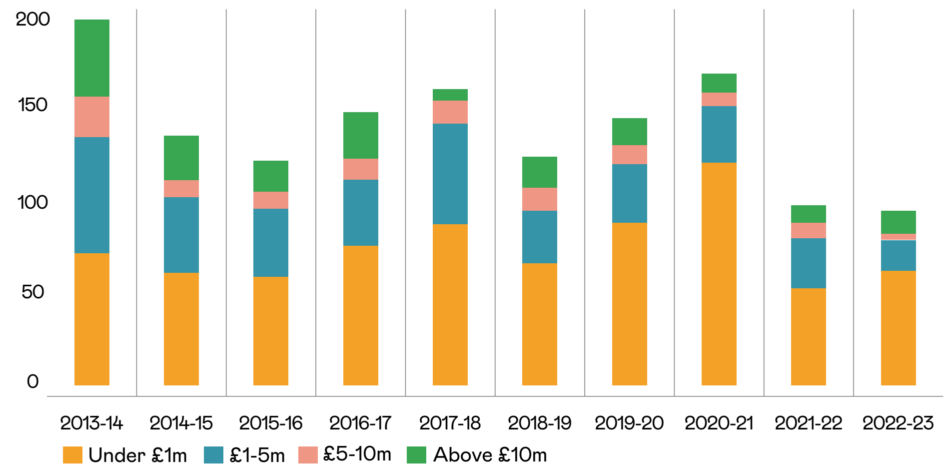
The number of mergers recorded (48) and the total number of organisations involved (96) is the lowest since we started the Good Merger Index.

Merger activity 2022-2023



At the time of writing, there are c169,000 main charities and c14,000 linked charities in England and Wales[2]. Considering the size of the sector, it is perhaps surprising that more mergers don't take place.

Number of organisations involved in merger 2013-2022 by size



The breakdown of mergers by the size of organisations involved shows that, despite a slight rise in the number of mergers involving smaller organisations, there has been a more significant fall in the number of mergers involving larger organisations – lower than any previous year.

The high number of smaller organisations, relative to larger organisations, involved in merger is typical and reflective of the overall makeup of the sector.

[2]https://register-of-charities.charitycommission.gov.uk/sector-data/sector-overview

Trends ctd.

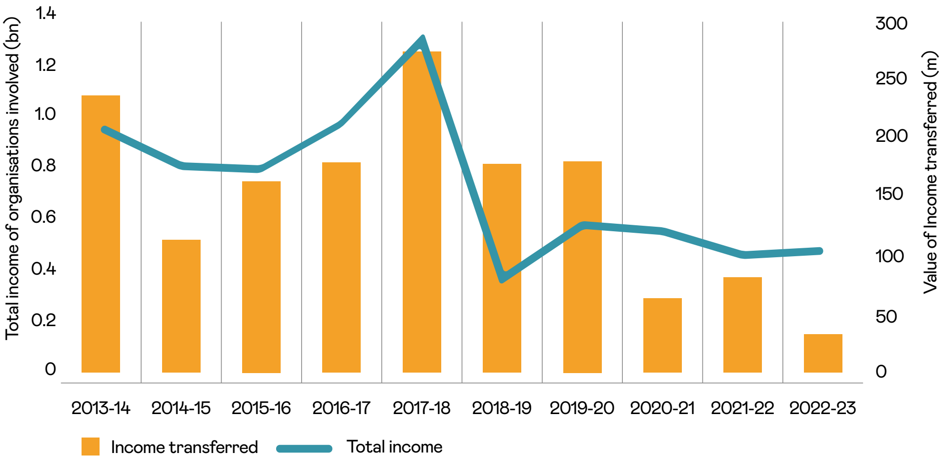
A fall in the value of income transferred

The total income of the organisations involved in mergers was £483 million[3]. This is a rise of £17 million from the previous year.

It may be counter-intuitive that the fall in the number of organisations and mergers against the previous year has resulted in a rise in the income of all organisations involved, however, just one large organisation involved could create a change of this scale.

The more significant fall, of £47m, in the value of deals may be due to the low number of mergers of equals, especially if a low number of larger organisations are involved.

Total income and value of deals per year



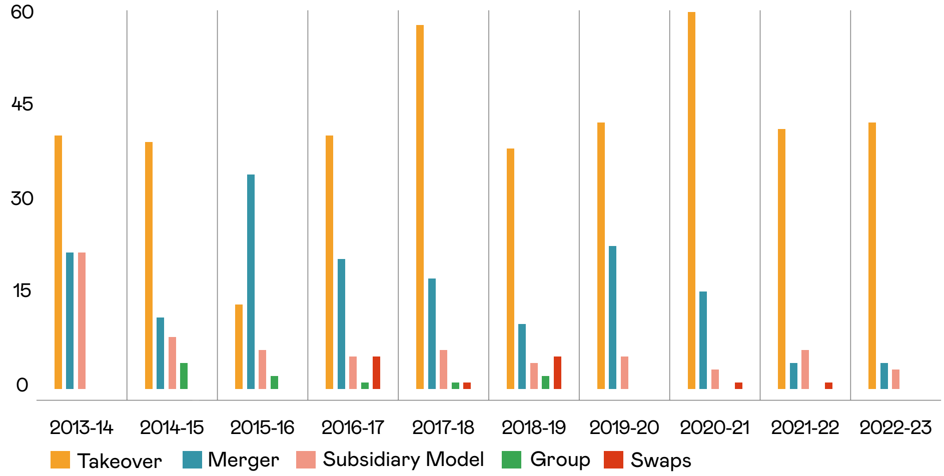
[3]This is the total income of the 900 organisations for which data was available.

Trends ctd.

Takeovers remain dominant

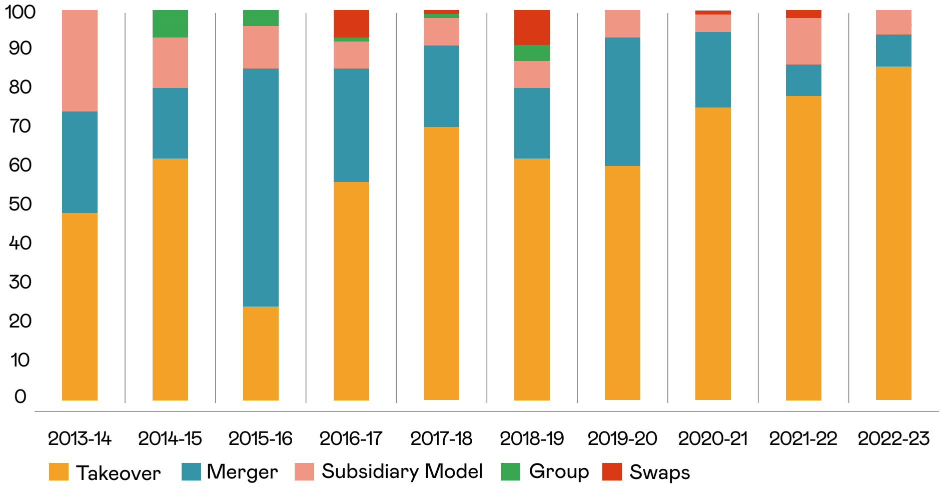
Whilst the quantum of takeovers is much reduced, reflecting lower levels of activity, takeovers still represent the most significant proportion of merger types.

Number of mergers by type 2013-22



Takeovers continue to dominate, as a higher proportion of mergers than in any previous year, which continues a growing trend since before the Covid pandemic.

Proportion of mergers by type



We have seen another year of reduction in the numbers of other types of mergers, with mergers of equals and subsidiary models most notable. Both of these types of merger typically involve larger organisations. The former because they are more complex and costly, and the latter because larger organisations are more likely to adopt smaller organisations as subsidiaries. There may be a correlation between these reductions and the lower number of medium and larger organisations involved this year.

It is tempting to infer that there is a significant shift away from more complex mergers, however, as ever, the numbers involved in any year are very low.

Nevertheless, there were only 4 mergers of equals during 2022-23.

Trends ctd.

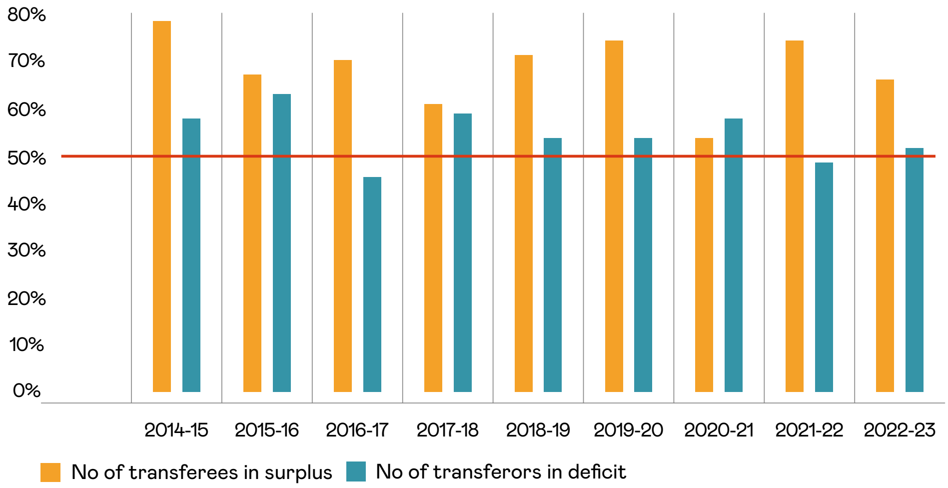
Financial drivers for merger

For this section, 'transferee' organisations are organisations making acquisitions, while 'transferors' are those either being taken over or taking part in a "merger of equals". This is consistent with how we classify income transferred by merger.

By looking at the surplus/deficit of transferees and transferors, we may gain an indication of whether mergers are of "financial necessity" or driven more by a desire for increased impact.

Typically, most transferees tend to be in surplus whilst most transferors tend to be in deficit. In 2022-23 we see this is largely true, although the proportion of transferring organisations in deficit remains relatively low for the second year running.

Financial performance of transferees and transferors



This may be taken as an indication that financial stress has been a less significant factor for organisations seeking merger.

This data also, perhaps, calls into question, the assertion that Covid and the challenging economic conditions that have followed have placed increased financial stress upon organisations. However, these are complex relationships, and it should also be borne in mind that our financial data is drawn from the accounts of organisations in the year prior to merger, which for most is 2021-22.

Trends ctd.

Top 20 mergers

By the amount of income transferred, these were the twenty largest mergers in 2022-23. These mergers represent £ 30,918,000 of income transferred. This is significantly lower than 2021-22 (£77,088,000). A change of this magnitude could be reversed by just a few mergers of equals involving large organisations.

The top 20 mergers represent 98% of the total financial value transferred in mergers this year. This figure is similar to last year, with both being significantly higher than the more typical value of around 90%. Both reflect the reduced number of mergers involving small organisations in the past two years.

	Organisation 1	Organisation/s 2	Type of deal	Income transferred
1	Aster Group Limited	Enham Trust	Subsidiary	10,490,000
2	East Midlands Crossroads - Caring for Carers (Tuvida)	Crossroads Care Cheshire, Manchester & Merseyside Limited	Takeover	4,720,000
3	Foundations - What Works Centre for Children and Families (was What Works for Children's Social Care)	Effective Prevention for Children and Families Ltd (Early Intervention Foundation)	Takeover	2,780,000
4	British Eye Research Foundation (Fight for Sight)	Vision Foundation	Subsidiary	2,210,000
5	One YMCA	Haven First	Subsidiary	2,180,000
6	The King's School Ely	Fairstead House School Trust Ltd	Takeover	1,960,000
7	Twin International Limited	Third Sector Consortia Management (3SC)	Takeover	1,475,000
8	My University Hospitals Sussex (was Brighton & Sussex University Hospitals NHS Trust Charitable Fund)	Western Sussex Hospitals Charity and Related Charities (Love Your Hospital Charity)	Takeover	1,030,000
9	St Elizabeth Hospice	East Coast Hospice	Takeover	520,000
10	Ways to Wellness Foundation	Blue Stone Collaborative	Takeover	517,000
11	The National Society (Church of England and Church in Wales) for the Promotion of Education	The Archbishop of York Youth Trust	Takeover	427,000
12	Mid Cornwall Circuit, The Methodist Church (was Truro Circuit, The Methodist Church)	Newquay Perranporth & St Agnes Methodist Circuit	Merger	401,000
13	YMCA Cheltenham	Family Space in Hesters Way Ltd	Takeover	393,000
14	One Church Leicester	All Nations Church Leicester	Takeover	385,000
15	QVSR Seafarers Centre	Felixstowe And Haven Ports Seafarers Service Port of Bristol Seafarers Centre	Merger	310,000
16	University College School	Frognal Educational Charitable Trust	Takeover	307,000
17	Bedfordshire Rural Communities Charity	Community Action Bedfordshire	Takeover	261,000
18	Ronald McDonald House Charities (UK)	Ronald Mcdonald House Bristol	Takeover	200,000
19	Impact Initiatives	Safety Net - Keeping Children, Young People and Families Safe	Takeover	193,000
20	The Parochial Church Council of the Ecclesiastical Parish of Holy Trinity and Saint Stephen's, Bristol	The Parochial Church Council of the Ecclesiastical Parish of St Stephen w St James & St John The Baptist w St. Michael & St George The Parochial Church Council of the Ecclesiastical Parish of Holy Trinity with St Andrew the Less and St Peter, Clifton, Bristol	Merger	158,000

Notes to the table above:
- Values reflect turnover of transferred organisations where figures were available
- For mergers of equals the combined turnover of all organisations is used

Case study

Keech Hospice Care and Bedford Daycare Hospice Merger

Merger Consultancy:

Liz Searle, Keech Hospice Care CEO discusses the rationale, process & outcome.

Bedford Daycare Hospice is an independent charity which provides holistic day care to adults in north and mid Bedfordshire living with a life-limiting condition. It has a physical hospice site in Linden Road, Bedford.Keech Hospice Care provides care for adults in Luton and south Bedfordshire, and children throughout Bedfordshire, Hertfordshire and Milton Keynes. Its hospice site is in Luton. Care is provided to patients in the hospice, their own homes, hospitals, schools and wherever support is needed the most.

Both hospices were already well-known for the outstanding quality of care they provide. The merged operation was announced on 6th June 2023, and has resulted in a successful merger between Keech Hospice Care & Bedford Daycare Hospice.

The main purposes of the merger where to sustain the future of Bedford Daycare Hospice and to ensure that more people can benefit from the range of services offered by both charities.

Liz Searle, says:

"Merging the two organisations means we can reach and support more patients throughout our community and attract and retain outstanding clinical professionals, staff and volunteers. Both hospices are already well-known for the outstanding quality of care they provide. The merger serves to strengthen and enhance our current range of services and our combined efforts will ensure even more people in our community benefit from them."

A lot of hard work went into making the merger a reality. It wasn't always an easy journey. Once both Board had agreed to merge, the organisations set up a Joint Steering Committee that met regularly. They also developed a Reasons to Believe document which was their guiding light through all the discussions. There was a clear project management process that aligned to all the Board meetings, with regular communications for all the key stakeholders. There was sub plans for key elements and due diligence was completed to give a clear idea of which areas needed to be focused on. All mergers have their challenges, Liz Searle, CEO of Hospice Care said they kept coming back to the Reasons to Believe document to remind themselves why they were doing this and the difference they were hoping to make.

Keech Hospice Care and Bedford Daycare Hospice Merger case study ctd.

Both hospice sites have remained open and in their current locations, and retail stores run by Bedford Daycare Hospice and Keech Hospice Care have continued to operate as normal.

Liz Searle will be CEO and the Keech Hospice board of trustees will comprise representatives across Keech Hospice Care and Bedford Daycare Hospice.

Liz adds:
"One of the main reasons this merger came into being was due to how closely aligned the values of the two hospices are – with high quality patient care at the heart of both. There is great synergy also between our cultures and values, both known for their friendly and welcoming environments. These things will not change. The only change we will experience, which is a positive one, is that our services will grow and be available to more patients and families, where there are gaps. We will need the ongoing support of the community across Bedfordshire to ensure we can realise this ambition."

Having caught up recently with Liz, 6 months on she was pleased to report that everything is going well.

> "There was a presentation by the staff in the former charity talking about the difference the merger had made to them... the care they could give to patients...It was so lovely to hear the difference it had made."
>
> "Now when I see services starting to expand in the local area... I feel great pride...It's so exciting."
>
> Liz Searle, CEO, Keech Hospice Care.

Hear Liz Searle's story in our short video:
https://eastsidepeople.org/case-study/keech-hospice-care-case-study/

Case study

Rennie Grove Hospice Care and Peace Hospice Care

Across the UK there are hundreds of hospices which deliver end-of-life care for hundreds of thousands of people and their families every year. But hospices are facing increasing demand for their services.

Rennie Grove Hospice Care and Peace Hospice Care, in Buckingham and Hertfordshire, were both facing increasing demand for their services. The two organisations already had a history of collaboration, so when the chief executive of Peace Hospice left for a new role in 2020, it was a perfect time for their trustees and senior leaders to start serious discussions about the two organisations' futures and the potential opportunities of a merger.

Stewart Marks, who was then Chief Executive of Rennie Grove, says: "In 2020 when my organisation started to think about merger very seriously, we knew that we were both in exactly the same situation, both hospice charities worked in patches that were aligned with each other, were collaborating in a number of areas, but also coming up against each other in others. It was absolutely the right time for us to start thinking about our sustainability. We recognised that merger was a question that we should not rule out."

A working group was formed to explore how the hospices could collaborate and the group focused on the answers to five key topics:

1. **Was there a shared charitable purpose and vision?**
2. **Would the merger enable the charities to offer an increased number of services?**
3. **Could a merger allow the organisations to access more funding as there would be less competition?**
4. **Would having a larger team all working for the same organisation facilitate growth?**
5. **Could a merger reduce the amount of duplication?**

After a few months, it was agreed that a merger could be a good solution and approval from the trustees was gained. This is when Stewart and his colleagues engaged Eastside People.

Project

The first role was to develop a business case for the merger. Eastside People's John Chadwick identified the benefits and opportunities of combining operations as well as providing financial projections. This, says Stewart, was an important validation of the preliminary work that the working group had carried out.

After that, the merger process began under the guidance of Eastside People's John Gibbons.

John's extensive experience in charity mergers, helped him recognise that this merger was likely to be a success at an early stage.

"The motivation to merge was very well placed, focusing on the benefits to the service users," says John. He adds that the strengths of the two organisations complemented one another well, as did the characters of the trustees and senior management teams, which together provided sound leadership.

Rennie Grove Hospice Care and Peace Hospice Care case study ctd.

Mergers can be enormously complicated, and John devised an 'issues map' which visually highlighted the dozens of key tasks that had to be tackled, including communications, legal and regulatory approvals, due diligence and the creation of a new board and management structure. An accompanying master schedule and project plan enabled all the necessary jobs to be dealt with.

"John steered us through those early governance decisions and meetings. He then supported the chair and trustees with the appointment process for the new Chief Executive job," says Stewart, who was eventually appointed to that role.

"John's expertise and breadth of operational experience were really important," says Stewart.

Solution

Now there is a new legal entity called Rennie Grove Peace Hospice Care, and the two original hospices are its members. As the new organisation consolidates, Stewart is looking forward to fresh opportunities.

The new organisation has grown its catchment area of support and through the merger, Rennie Grove Peace Hospice Care will both vastly extend and improve its range of services, enabling more people to access support and receive the very best care while remaining local.

As one larger charity, it will also have a stronger presence and reach, and can harness these benefits to secure more resources to further enhance its services.

"We need to be prepared for the growing population of people needing end-of-life care. A bigger, more efficient organisation will be able to deliver equality of care across the area, as well as reaching out to different groups of people who haven't engaged with the hospices before."

Stewart Marks, Chief Executive of Rennie Grove, now Chief Executive Rennie Grove Peace Hospice Care.

Case study

One YMCA and Haven First

After a successful and longstanding partnership, One YMCA, a local YMCA serving Hertfordshire, Bedfordshire, and Buckinghamshire and Stevenage-based Housing Association Haven First announced a merger in July 2022.

The objective of the merger was to enable the organisations to provide more services and assistance for people experiencing homelessness in their local area. Joining forces with the larger YMCA gave Haven First a greater platform to create new opportunities in the future and build on their desire to help every homeless person that needs help and support.

Haven First became a subsidiary of One YMCA on August 1st 2022, with the full merger with YMCA completed on 1st April 2023. Haven First's £2 million turnover is invested in 50 employees and volunteers who help vulnerable homeless people across 93 housing units in Stevenage and North Hertfordshire. As a result, the merged organisation will be able to accommodate and support more than 800 homeless people each and every night, making a huge positive impact.

Haven First had been working alongside YMCA for several years, as a fellow housing charity, based in Stevenage, delivering excellent outcomes for hundreds of homeless individuals. The similarities of supported housing delivery, a complementary geography with YMCA, plus the economies of scale and ability to expand services to homeless people all led to Haven First trustees choosing to join forces with YMCA via full merger. Two former Haven First trustees now sit on the YMCA Board and the brand of Haven First and its supported housing schemes remain in place.

"The Haven First brand speaks of welcome, compassion and safety – all things we aspire to in our own housing services. We're delighted by the trust and confidence that the Haven First Trustees have shown in our YMCA and look forward to learning and growing with our new colleagues as we house and then help even more people to belong, contribute and thrive."

Guy Foxell, One YMCA CEO

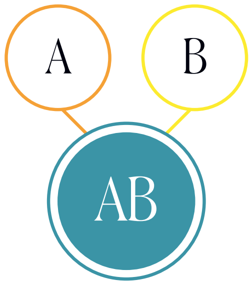
Appendix: Types of merger

There is no definitive objective set of merger definitions so, as with previous years, we use a framework based on Richard Gutch's work in our Good Merger Guide, that has been adapted through peer review.

One of the challenges in 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' 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. Our technical application of these terms should not be interpreted as making a value judgment about the importance of any partners involved in a merger of any type.

1. Merger



or reconstructed as C

SUMMARY

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

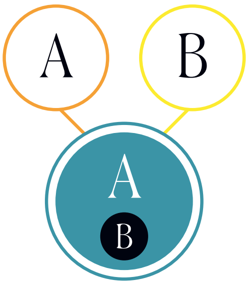
i) Organisation A transferring its assets and activities to Organisation B. Organisation B then establishes a new identity with a new leadership team; or

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 whilst most transferors tend to be in deficit. In 2022-23 we see this is largely true, although the proportion of transferring organisations in deficit remains relatively low for the second year running.

2. Takeover



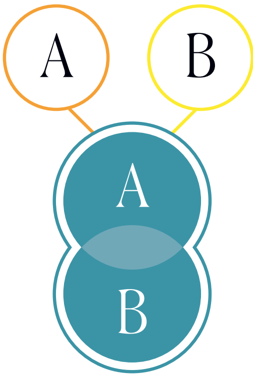
SUMMARY

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.

3. Subsidiary Model



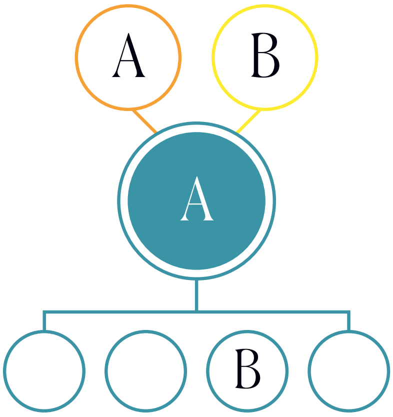
SUMMARY

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 groupwide 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.

4. Group Structure



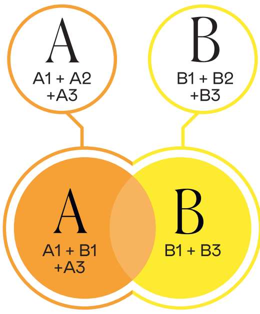
SUMMARY

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.

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.

Acknowledgements
Writer and researcher: Mike Taylor
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About Eastside People

Eastside People is a community of experienced professionals from diverse industries and backgrounds focused on helping social sector leaders to build the capacity and impact of their organisations.

For over a decade we have sought out highly skilled individuals from diverse backgrounds who are passionate about using their skills and knowledge to bring about social change.

These people are committed to advising social sector organisations as consultants, interims and mentors or taking on leadership roles themselves as senior executives and trustees.

We care passionately about results and what gets implemented in the real world recognising that the difference we make is the change that sticks.

We build an evidence base drawing on our own experiences and lessons from almost 2,500 consulting and recruitment projects, so that our clients gain access to better insights about how to make organisational change sustainable.

We are recognised as one of the top social enterprises in the country featuring within the Natwest SE 100 Index of the UK's 100 most impressive social enterprises and have a Foundation which provides an alignment of purpose with the clients we serve.

Find out more at: https://eastsidepeople.org/

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