

RS4 - Collaborative Working and Mergers

(Version April 2003)

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Introduction

Some people believe that there are too many charities competing for too few funds and that a significant amount of charitable resource could be saved if more charities pooled their resources and worked together.¹

The charity sector has grown organically and in an unplanned way. Inevitably some areas of activity will see a concentration of charities, whilst in other areas there may be gaps.

The majority of charities are relatively small, local organisations that rely entirely on the unpaid help of their trustees and other volunteers. They may have similar purposes to many other charities but they are all serving different communities. The nature of these charities suggests that there are less likely to be significant areas of overlap, duplication or scope for cost-cutting, although collaborative working can, in some circumstances, still bring benefits for these charities.

It is the much larger, professionally run, charities which, because of their size, tend to face charges of duplication, waste and over-aggressive fund-raising. Whilst there are some clear advantages to be had from a healthy plurality of charities, which are constantly refreshed by new charities pursuing new activities, there are also big benefits of public confidence and support to be had from showing collaborative, as opposed to over-competitive, instincts.

Diversity and independence are important strengths. But for many charities, joint working or merger can make for more effective use of resources in meeting users' needs, and an increase in such activity should be good for public confidence in charity. It is not the Charity Commission's role to push particular charities – they themselves must decide what is in the best interests of their users. But the Commission believes that all charities should consider seriously and imaginatively whether there are ways in which they could do more and better for their users by working together. Examples of good practice in this area range from shared helplines, shared service delivery, combined grant administration and joint marketing or purchasing initiatives, to partial or full mergers.

There are risks involved when entering into any relationship, and proper planning is needed alongside a detailed assessment of likely benefits. This report explores the opportunities and challenges of collaborative working and mergers and makes recommendations to enable well-planned partnerships to flourish.

¹ A survey of public attitudes to the Charity Commission (1999) found that a majority of those questioned felt that there were too many charities.

Executive Summary

Over a fifth (22%) of all charities currently work collaboratively according to our survey, and 5% of charities exist as a result of a merger in the past ten years. 13% of large charities have either merged or actively considered a merger in the last 10 years.² Our casework experience and survey results show that collaborative working can bring a wide range of benefits to charities and their beneficiaries or users. Sharing knowledge (59%), joint service delivery (49%), and sharing resources to increase efficiency (40%) are the most common reasons given for collaboration.³ Charities that work collaboratively are enthusiasts for such arrangements, and are more likely to participate in several collaborations. They are also more likely to be larger charities and grant or contract funded. Conversely, 78% of charities, particularly smaller charities, do not have any collaborative working arrangements with other charities.

Previous research has shown that measuring or demonstrating the benefits of collaboration and mergers is a tricky area, as there are a number of factors which can affect the end result.⁴ However, approximately a third of charities report an improvement as a result of collaboration, with improved service delivery the main area of benefit.

Collaborative working arrangements also show a high degree of diversity, with charities that work in very different areas sharing their skills and experience for mutual benefit. Only a tiny proportion of charities felt that their position had got worse as a result of collaboration.

Our casework experience and the survey show that clarity of expectations and open communication are key factors behind successful collaborations and mergers. Transparent governance arrangements are particularly important for charities working within group structures or national structures with members.

The most common motivations for charities seeking a merger were: to increase efficiency (54%); as a way of rescuing a charity in difficulties (44%); and to prevent duplication or to improve services (42%). Service delivery was again the main area of benefit in a merger, with 44% of charities reporting an improvement. Whilst mergers appear, overall, to have a neutral impact for over one in three charities, very few charities feel they are worse off as a result of a merger.

2 Large charities are defined as those with an income between £250,000 and £999,999 per annum.

3 There could be more than one motive behind a collaborative venture, hence the percentages quoted add up to more than 100%.

4 For example, see the Audit Commission/Housing Corporation (2001) *Group Dynamics: Group Structures and Registered Social Landlords*, London.

Executive Summary

There are few legal barriers to working collaboratively or to seeking a merger and the costs of exploring or participating in such arrangements represent an acceptable use of charitable funds. As the Cabinet Office review *Private Action, Public Benefit* comments, the Charity Commission plays a key and helpful role for trustees and their charities to facilitate collaborative working and mergers when these arrangements are in the interests of the charity or its users.⁵ Consultation with the Charity Commission at an early stage can help to achieve a smooth and efficient process in dealing with the legal and regulatory issues, and help to ensure a successful partnership. This report contains casework examples of our role.

The Charity Commission's casework experience

The key issues the Charity Commission encounters in relation to collaborative working and mergers are where trustees:

- Are seeking guidance on the possibilities of collaborative working or mergers as a means of:
 - improving their efficiency and effectiveness in the services they provide for their beneficiaries or users;
 - addressing financial difficulties; and
 - reducing fundraising or administration costs.
 - Would like to work collaboratively or to enter a merger but do not know which charity or charities to approach.
- Seek the Commission's advice on the process to follow, particularly where complex governance or constitutional arrangements exist, or conversely
 - do not consult the Charity Commission and other relevant regulators in good time to determine whether their assets can be used in a collaboration, or whether authority is required for a merger.
 - Do not establish an appropriate level of contractual agreement to govern the arrangement, or ensure that their charitable assets are used for the proper purpose.
 - Do not establish a shared vision of the merged charity and, as a consequence, differences in culture or mission derail the merger.
 - Ask for guidance on what factors to take into account, including research and appropriate background checks (due diligence exercises) to ascertain the nature and status of the charity or charities with which they are merging.

⁵ Cabinet Office, Strategy Unit, (2002) *Private Action, Public Benefit*.

Executive Summary

Recommendations

Recommendations arising from our data, casework experience and a survey of charities are summarised below.

The Home Office (Active Community Unit) should:

- promote in any forth-coming charity legislation a package of legal measures that will facilitate mergers amongst charities.

Sector professionals and umbrella bodies should:

- consider whether there are areas of charitable activity that could be managed more efficiently. They should also consider whether there are areas of over provision, or duplication of resources which do not serve the interests of beneficiaries or users. The bodies should develop possible solutions to assist those charities such as creating a specialist unit which quantifies and considers ways in which to promote the benefits and reduce the risks of collaborative working and mergers; and
- develop a range of due diligence models for different types and size of merger.

As good practice, trustees should:

- be alive to the potential benefits their charity and its users or beneficiaries might gain from collaborative working arrangements and mergers. They should carry out regular reviews to explore their strategic position and possible partnership arrangements;

- be aware of the key success factors to collaborative working, which include:
 - arrangements which value each party's independence;
 - compatible activities and organisational structures;
 - a clear definition of what each party is responsible and liable for and the extent to which any one party can make binding commitments;
 - agreements which are proportionate to the relative risks and complexity of the collaboration; and
 - a termination clause in formal contracts;
- consider consultation or collaborative working with charities specialising in diversity and equality issues as a way of promoting equal access to services;
- be aware of the key success factors to mergers, which include:
 - a shared vision or mission and understanding of respective cultures and expectations;
 - appropriate research and background checks, and for large-scale mergers, a full disclosure or due diligence exercise;
 - appropriate constitutional arrangements, such as a power to amalgamate, which will enable the charity to work efficiently in the longer term; and
 - setting aside appropriate levels of funding for the merger, with the actual and anticipated costs regularly reviewed.

Executive Summary

Charities using intermediary organisations

- such as an established Non Government Organisation (NGO) or a local charity, in an international collaboration, should draw up a formal agreement setting out the arrangement.

Charities which are part of a group structure are more likely to realise the benefits of the group structure if they:

- have clear and transparent relationships with the other organisations within the group;
- spend their charitable funds in furtherance of their objects and are aware of the limits to which a charity can support a non charitable organisation within a group; and
- have group governance arrangements which enable each subsidiary's trustees to take decisions solely in the interests of their charity and its users or beneficiaries, and in accordance with the overall operational policy determined by the parent company.

Trustees of charities involved in a national structure with members should, as good practice:

- be clear about the characteristics of their distinctive governance structure;
- seek to maximise the benefits which national membership can bring through collaborative working; and
- develop transparency and clear communication within the structure.

The role of the Charity Commission

The role of the Charity Commission is to encourage charities to consider joint working, up to and including merger in appropriate cases, where they can increase efficiency and provide better service to charity users or beneficiaries. We provide extensive advisory and enabling support to charities pursuing a merger, including where necessary relevant authority for charities entering into collaborative arrangements or mergers.

We welcome the recommendation within the Strategy Unit review *Private Action, Public Benefit* that the Charity Commission should provide specific advice to facilitate mergers, and we will seek to expand our capacity for this work. We will also draw upon the findings of this regulatory report and, in discussion with the sector, we will produce specific advice on charity mergers.

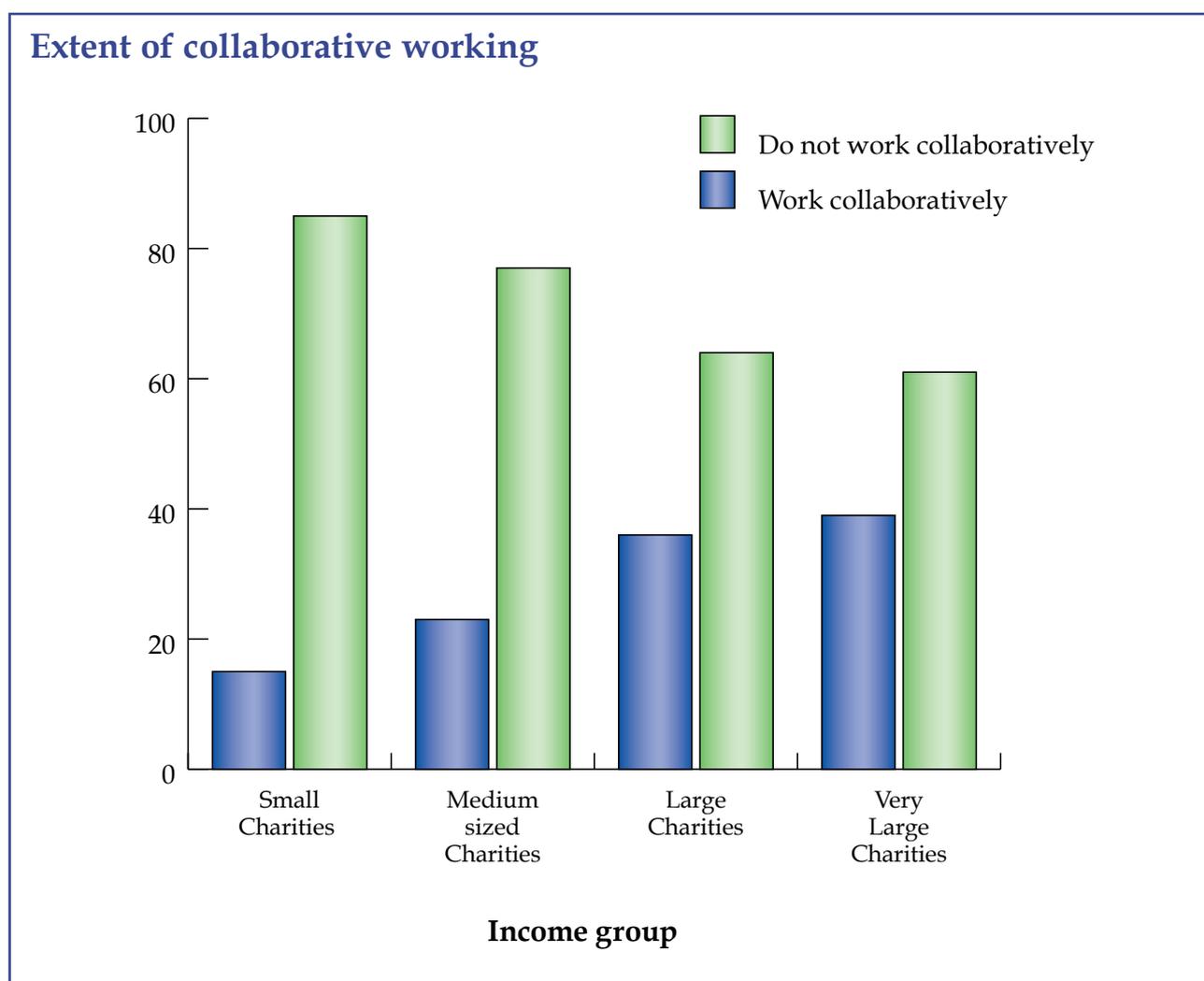
Most collaborative working arrangements which charities enter into require little or no involvement by the Charity Commission, as the arrangements are informal or contractual in nature. Equally, our direct role in a merger may sometimes be limited to amending the register of charities to reflect the new position. The Commission is more likely to become involved where there are legal barriers or constitutional issues to be addressed, or where things go wrong. Inevitably, because of the nature of our involvement, many of the cases quoted in this report are examples of where we have needed to intervene to put right a situation, with fewer examples of good practice. We hope that the report and examples, taken together, provide lessons and suggestions for ensuring a successful collaboration or merger.

Findings - Collaborative working

Extent of collaborative working

Collaborative working between charities is more widespread than might be expected. 22% of surveyed charities reported that they currently work collaboratively with other charities. This translates into a considerably higher number of individual collaborative activities since the survey indicated that many charities (45%) are involved in between two and five collaborative arrangements (see annex A, table 6 for details).

Those most likely to work collaboratively are large and very large charities (36% and 39% respectively) and grant or contract funded charities (see annex A, tables 4 and 5 for details).⁶ Our survey also showed a pattern linking types of collaborative working arrangements and income levels, with 72% of very large charities working together to provide joint service delivery, compared with only 39% of small charities.



⁶ Definitions of the charity sizes referred to in this report can be found in Annex A.

Findings - Collaborative working

Despite a sizeable amount of collaborative activity, 78% of respondents do not currently collaborate and over half of these have never considered it. In view of the generally positive experience that collaboration brings, as described below, there is scope for sector professionals and umbrella bodies to quantify and consider further ways in which to promote the benefits and reduce the risks of collaborative working.

For example, the National Council for Voluntary Organisations in partnership with the Charity Finance Directors' Group, the Association of Chief Executives of Voluntary Organisations and the Charity Commission, has received funding from the Bridge House Trust to explore the possibility of establishing a Collaborative Working Unit to provide information and services for organisations seeking to work jointly with others. Based upon the findings of this regulatory report such a Unit could fulfil a useful role.

- Sector professionals and umbrella bodies should consider whether there are areas of charitable activity that could be managed more efficiently. They should also consider whether there are areas of over provision, or duplication of resources which do not serve the interests of beneficiaries or users. The bodies should develop possible solutions to assist those charities such as creating a specialist unit which quantifies and considers ways in which to promote the benefits and reduce the risks of collaborative working and mergers.

Types and benefits of collaboration

Our survey results show that the most significant successful outcome of collaboration reported by charities was an increase in shared knowledge and information (29%). An improvement in services was ranked second to this and the opportunity to build strong working relationships and support networks between charities was also important. Reductions in costs, increased ability to secure funding and a higher profile were also given as positive results.

Almost half of the charities with collaborations on service delivery noted an improvement in that area, whereas only 1% said it had worsened, which suggests that there is scope for effective joint working in this area.

40% of respondents' most recent collaboration involved sharing resources in order to reduce costs, perhaps reflecting the growing interest by charities in sharing 'back office' functions, and represents an efficient application of charitable funds. This aspect of collaboration was unrelated to income levels, with a mere 4% differential across income bands.

Collaboration to maximise funding opportunities was another motivation reported by surveyed charities. 26% considered that their ability to attract funding had improved as a result of working collaboratively with other charities. 40% felt their ability had not changed and only 5% felt their ability to attract funding had worsened.

Findings - Collaborative working

“When a collaborative working arrangement is successful and has proved itself, it can often attract more funding.”

A Charity Chief Executive

Small charities undertake significantly more joint fundraising activity than very large charities (29% and 18% respectively). This suggests that small charities are responding to greater competition for funding by linking with other charities. Very large charities may be more reluctant to become involved in joint fundraising because of their strong brand identities. However, provided that steps are taken to protect that identity, collaborations *can* provide positive fundraising opportunities. Indeed, where very large charities have been involved in collaborations, 36% reported that their ability to attract funding had improved. This compares with just 11% of small charities that noted an improvement in this area.

The fact that small charities are more likely to engage in collaborative work designed to attract funding but large charities report greater success in that area suggests that there is scope for smaller charities to be better prepared before entering into an arrangement. Trustees should ensure that the benefits of a collaborative working arrangement are clearly defined before they commit to it.

Charities often collaborate to raise awareness. 13% of surveyed charities that had collaborated said that their most recent experience of collaboration included a joint advertising campaign. There was no statistically significant variation in the extent of this aspect of collaboration across different income bands.

Diversity and independence are important strengths, as is a healthy plurality of charities, which are constantly refreshed by new charities pursuing new activities. In the case of many charities, our survey indicates that joint working makes for more effective use of resources in meeting users’ needs, and is a means of avoiding duplication of work and costs.

Our policy with new organisations seeking to register as a charity is therefore to ask them to consider whether it would be better to offer their services to, or combine with, an existing charity to achieve their charitable aims.

- Trustees should be alive to the potential benefits their charity and its users or beneficiaries might gain from collaborative working arrangements. They should carry out regular reviews to explore their strategic position and possible partnership arrangements.

Findings - Collaborative working

Collaborative working and independence

Funding bodies are increasingly exploring ways of making their grants more effective. The Lottery distributors have recently developed strategic plans that include encouraging increased collaboration between charities to gain maximum impact from funding.

Some grant makers offer funding to allow charities to explore the possibility of working together or merging. Collaborative working has also been a criterion for funding in areas where a funding body perceives there to be too many charities with very similar purposes chasing the same funding opportunities.

Trustees must always be clear about the factors that influence their decisions. Whilst the promise of funding can be very tempting, it should not become the sole driver when considering the merits of a proposed collaboration. Equally, charities should beware of maintaining too isolationist a stance, which can leave them out of touch with their sector and might affect the impact of their activities.

When considering funding opportunities which are linked to collaborative working, trustees should think about:

- how the interests of their charity would be maintained via an externally managed collective funding opportunity;
- whether their charity is there just to 'make up the numbers';
- what the relationship will be between their charity and the other charities involved; and
- whether the arrangement compromises or reinforces their interests or priorities.

Strengthening diversity

Charities are increasingly exploring ways to expand their activities in relation to diversity, equality and inclusion. In particular, many charities in black and minority ethnic voluntary and community sectors are developing innovative and inclusive partnership strategies.

The aim of collaborative working arrangements focused on inclusion is to increase access and participation and to enable other charities to develop diversity in their services, bringing together organisations and beneficiaries that have not previously worked together.

"The strength of our collaborative projects with other charities working to increase diversity is that they fulfil important remits in the area of full participation."

A Charity Trustee

Findings - Collaborative working

While it is important for charities working collaboratively to have compatible objects, trustees have reported on the benefits of working with charities undertaking different activities from their own. Likewise, the Charity Commission experience is that charities sharing experience across income boundaries can help to promote strengths and highlight weaknesses.

Innovative collaborative working arrangements can add value to the activities of the participating charities

This case highlights how charities with sympathetic objects but working in very different areas can broaden the impact of their activities.

A large charity with objects to advance education about the environment and a smaller charity working with people affected by substance misuse launched a collaborative arrangement. The aim was to help people using the services of the substance misuse charity and at the same time broaden the inclusiveness of the environmental charity's activities.

The environmental charity wanted to build up a wider range of volunteers than the primarily middle class group which it usually attracted, to ensure that its activities included local organisations and to develop a community resource of volunteers.

Although the arrangement was formally drawn up in a memorandum of understanding, it was mostly expertise, knowledge and abilities that were shared. The arrangement ensured that the environmental charity maintained a diverse and dynamic office atmosphere and beneficial links with the community in which it was based. Each charity attracted volunteers from more diverse backgrounds.

Both charities benefited from the collaborative working arrangement. A wider audience for environmental issues was gained by the larger charity, and the success rate of the smaller charity's rehabilitation programme increased.

The charities won a national award for the innovative collaborative working arrangement.

The arrangement, although considered and formal and supported by a large amount of funding, was very much about the beneficial cultural trade-off between each charity.

Findings - Collaborative working

Charities of different types involved in a collaborative working arrangement can complement each other and produce inventive relationships that enhance the distinctive profiles of the charities involved. They should ensure, however, that such collaborations are within the scope of their objects.

Collaborative working to develop inclusion

A charity working to increase participation in environmental work among ethnic communities established a number of strategic collaborative working arrangements with charities in the environmental sector.

The aim was to enable the charity to maximise the benefit of its activities among a diverse range of organisations.

Wider participation in environmental matters among ethnic communities was achieved. The initiating charity offered partner charities the support and capability they needed to gain the skills to work effectively with ethnic communities in a culturally relevant way.

Each charity gained substantial positive publicity from the initiatives. The arrangements established a groundbreaking way of increasing diversity by bringing together charities that had not worked with each other before.

Findings - Collaborative working

Widening charities' approaches to equality and achieving wider participation can be important factors that make collaborative arrangements successful. The Charity Commission welcomes collaborative working that strengthens diversity.

- Trustees should consider consultation or collaborative working with charities specialising in diversity and equality issues as a way of promoting equal access to services.
- Trustees have a legal obligation to comply with laws against discrimination.⁷

Legal issues: powers and barriers

In principle, there are no legal barriers to charities working collaboratively. Many charities, particularly new ones, have in their governing document a furtherance power that states they may establish and support any charitable association or body.

Charities that do not have this power have an implied power to work collaboratively with other charities. Where trustees feel that they do not have the necessary power, the Charity Commission may be able to give authority. In these circumstances the Charity Commission will need to be satisfied that the proposed arrangement is in the interests of the charity or charities concerned.

In order to exercise their power to work with other charities (either explicit or implied) trustees need to be satisfied that prospective collaborative working arrangements fall within their charity's objects. If unsure, they should take professional advice or seek guidance from the Charity Commission.

- If a charity is unsure whether it can enter into a collaborative working arrangement, it should obtain advice and, where necessary, relevant authority from the Charity Commission.

Learning the lessons: why some collaborations fail

Most collaborations benefit charities in some way. Only 5% of surveyed charities that worked collaboratively considered that the arrangement did not benefit their charity. Irrespective of the type of collaboration that the charities were involved in, the main flash points for failure were:

- a breakdown in communications (29%);
- a lack of clarity in relationships (18%); and
- a lack of initiative in partner charities (18%).

Charity Commission casework shows that problems arise in collaborative working arrangements where charities risk losing full control over income or property, for example where third party management is involved in the day to day running of the organisation.

⁶ Including Disability Discrimination Act 1995, Race Relations Act 1976, Sex Discrimination Act 1975.

Findings - Collaborative working

Ensuring that the charity retains control of its assets

This case illustrates the steps a charity took to protect charity assets in a collaborative working arrangement.

A large charity had raised hundreds of thousands of pounds to build accommodation for its beneficiaries. The charity leased land from the local authority to build on, and planned to delegate management of the facility to another body.

The charity approached the Charity Commission for advice on the proposals. Charity Commission officers confirmed that an order under Section 26 of the Charities Act 1993 would be necessary to delegate management of the accommodation.

The Charity Commission needed to be satisfied that there was minimal risk of the charity losing full control over its assets, as there was a possibility that the management body, rather than the charity, would have the final say in allocating accommodation.

Our staff concluded that the contracts were robust enough to allow the charity to keep control of its assets. The contracts also enabled the management agreement to be ended by either party with due notice if it proved unworkable at any stage.

The charity trustees took appropriate professional advice in drawing up the contract, as they were aware that the charity was using significant assets in the collaborative working arrangement. The trustees' diligence in taking professional advice and seeking authorisation from the Charity Commission ensured that they were taking adequate steps to reduce risk.

The charity is still running effectively and going ahead with its plans to build new facilities, the management of which will be delegated to another body under the terms of a suitable contract.

Trustees contemplating using charity property or assets where they may be at risk of taking benefit or gains away from their charity may need Charity Commission authority and should contact us for guidance. In order to properly exercise their duty of care trustees should therefore properly consider the possible risks involved in collaborative working.

Findings - Collaborative working

Extent of formalisation of collaborative working arrangements

Many of the principles of successful collaborative working apply equally to both small scale, low risk collaborations and detailed or complex arrangements. Trustees should carry out a risk assessment relative to the size and complexity of their proposed arrangement and ensure that the level of formality used is appropriate.

In the majority of cases a formal collaboration will be preferable since this allows charity trustees to manage and allocate risk. Informal collaborations *are* beneficial, however, in certain circumstances where the risks are extremely low.

Informal ways of working together can enable charities of all sizes to explore their strategic position and allow trustees to assess their charity's effectiveness. Informal collaboration may be appropriate where it involves, for example, sharing knowledge, experience or best practice information.

Our casework experience and discussions with charities show that formal, contractual collaborative working arrangements are increasingly common.

Income is a factor in determining the level of formality. Of the charities that had established a single collaborative working arrangement, a high number of small charities (68%) had formalised the arrangement by contract, compared with just 27% of very large charities.

By contrast, very large charities are more likely to place multiple collaborative working arrangements on a formal basis. 61% of large charities formalised multiple arrangements, compared with 26% of small charities involved in up to five collaborative working arrangements.

"Collaborative working arrangements that involve a large number of charities can be like herding cats."

A Charity Chief Executive

65% of charities that work collaboratively are involved in at least one *informal* arrangement. 44% are involved in at least one *formal* arrangement. Many are involved in both, indicating that charities do not take a blanket approach to the level of formality required in collaborative working.

Charities working collaboratively in more than one arrangement are more likely to have effective contracts in place. We found that charities that regularly work collaboratively, either informally or through formal contractual arrangements, gain a clear understanding of the risks involved.

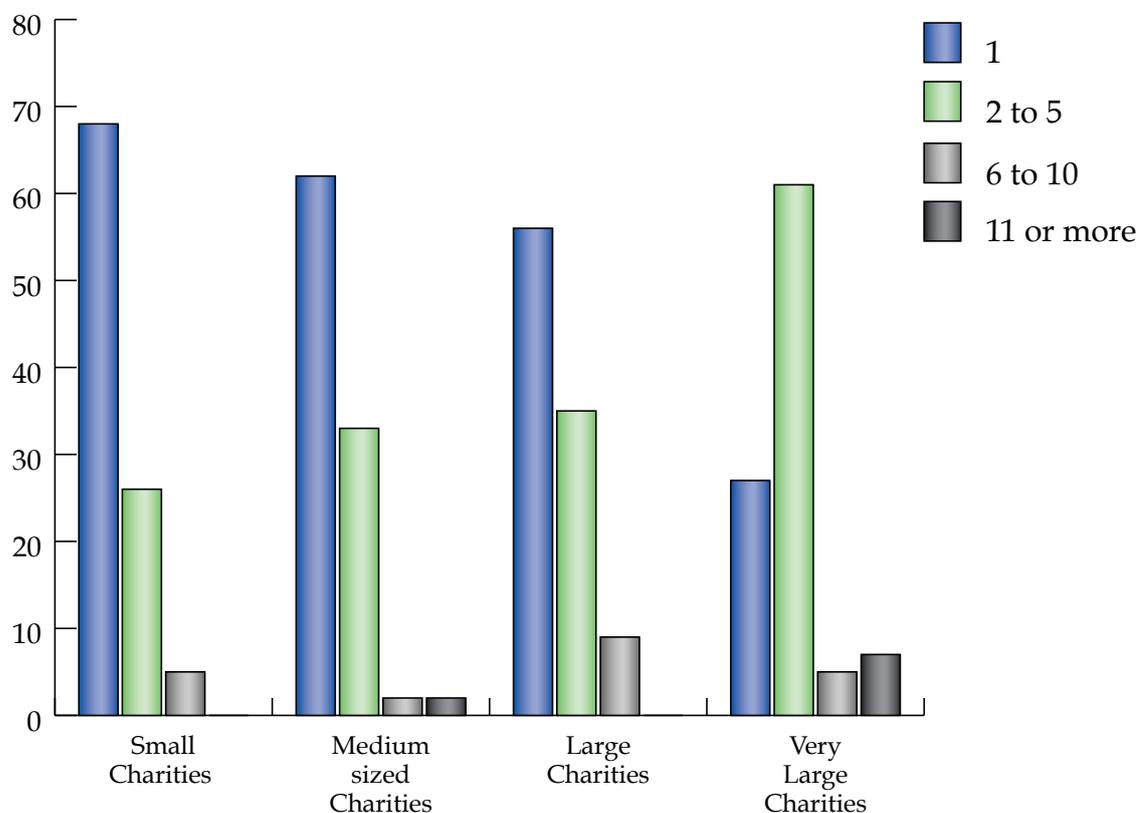
"There is a great deal of goodwill required and preparation must be rigorous if members are to drop their agency hat and wear the collective hat."

A Charity Chief Executive

The Charity Commission booklet *Charities and Contracts (CC 37)*, gives advice to trustees contemplating joint undertakings with other charities and general advice about entering into contracts.

Findings - Collaborative working

Formal arrangements by size of income



Any collaborative working arrangement involves charity assets to a greater or lesser degree. As well as property, income and contracts undertaken, a charity's assets include its brand or reputation, its staff and volunteers and the knowledge and experience it has developed. Establishing an appropriate level of contractual agreement between the parties involved should therefore be a primary concern for trustees.

Formal contracts may mitigate some, largely legal, risks and, if drawn up carefully, may also protect charities from risk to finance and reputation.

The Charity Commission's casework demonstrates that charity assets can be at risk in collaborative working arrangements where the level of contractual agreement is insufficient. The Charity Commission sees a number of cases where trustees have not adequately considered the level of risk they are exposing their charity to or how best to ensure that their charity's assets are protected. Carrying out a simple risk assessment or feasibility study could help to identify any risks and their potential impact.

Findings - Collaborative working

Inadequate contractual arrangements

This case highlights the need for charities to draw up effective contracts to work jointly with another charity or charities.

Two charities jointly undertook to buy and restore a cultural facility. A third charity was registered with the aim of managing the facility.

Adequate agreements for managing the facility were not put in place and a dispute resulted between the two owner charities. The dispute escalated and one of the charities refused to co-operate further.

The Charity Commission asked both charities to agree to mediation, or face further action. One charity refused and the Charity Commission opened an inquiry under Section 8 of the Charities Act 1993. The trustees of the charity that refused to co-operate were suspended and the Charity Commission made orders under Section 18 of the Act and appointed five new trustees.

The co-operating charity had attracted grant funding for the new facility which was withheld pending a resolution of the dispute. Eventually, when the new trustees were in place, the dispute was settled, the grant funding was paid and the charities were able to continue with their plans to run the new facility.

Charities should not enter into collaborative working arrangements without appropriate agreements and contracts in place. Charity property was put at serious risk by the intransigence of one of the parties in the arrangement after the dispute developed and time and resources were deflected away from the charities' usual work. Had there been a formal agreement in place, it would have been legally binding, giving better protection to the charity assets and mitigating the grounds for a lengthy dispute.

There are a number of ways of setting up formal collaborative working arrangements between charities. Trustees can establish contracts, service level agreements or memoranda of understanding. Some charities set up joint venture companies so that they can separate the collaborative working element from the continuing activities of each charity in the arrangement.

The terms of a contract are binding and trustees should ensure that their charity can meet the terms of any contract they enter throughout the term of its existence.

A charity faces the risk of litigation if contract terms are not met.

Trustees will also need to achieve a balance when drawing up collaborative agreements. Agreements should be sufficiently robust to protect each party's interests and take account of the risks, but not so burdensome as to stifle innovation or incur unreasonable administration costs.

Findings - Collaborative working

Small charities that enter into collaborative working arrangements tend to do so with only one other organisation and on a very formal basis. In many cases this is the right approach, but there may be other opportunities for smaller charities to improve their service delivery or share knowledge where a formal agreement is not required as the risks involved are minimal and do not warrant it.

A key message is that it is important to set ground rules but not to overcomplicate the arrangement. Charities have told us how important it is to trust the expertise and knowledge of partner charities to deliver their part of the shared vision and to be clear about the areas of the arrangement where partners know best.

“Previously there was an inherited position of mistrust and a rulebook driven culture. More and more rules were being drawn up to ensure that no member would feel under represented or that one member was being favoured. The current climate is one of communication, openness and transparency rather than too many rules.”

A Charity Chief Executive

Termination of working arrangements

Formal collaborative arrangements can demand ongoing commitment and it is important that agreements for terminating arrangements are drawn up in case circumstances change and the arrangement is no longer viable.

Our survey found that 60% of collaborative working arrangements with formal contracts included a clause for terminating or breaking the arrangement. The presence of a termination clause will help a charity avoid being locked into an unsatisfactory arrangement which may end in a costly dispute.

Where a long-term contract is proposed, trustees should include mechanisms to allow them to review the collaborative working arrangement periodically. Reviews allow the charity to assess changes such as fluctuations in income and any external changes that could affect the charity.

Findings - Collaborative working

A charity was unable to meet its obligations in a joint working arrangement

A charity providing a range of accommodation and support for its beneficiaries entered into an agreement to provide joint service delivery with another charity offering related services. Although the charities had entered into a contract to provide the services, the agreement had not been signed.

One charity then experienced a financial crisis and was unable to meet its contractual obligations to the other charity. The financial crisis led to the dissolution of the charity.

The Charity Commission opened an inquiry under Section 8 of the Charities Act 1993. As a result, the trustees of the remaining charity designed and implemented a set of reporting procedures to effectively monitor and safeguard the future application of the charity's assets.

The trustees took professional advice on the debt due to their charity. It was open to them to pursue the trustees of the other charity, in their personal capacity, for the remaining sums due under the contract. However, with all the risks associated with litigation, they decided not to take this course.

In this case, one of the charities in the arrangement suffered a sudden financial crisis that led to its dissolution. The other was left with debts that had to be written off. When one of the parties in a collaborative working arrangement cannot meet its obligations there will be a knock-on effect on the assets of the remaining parties.

The Charity Commission inquiry found that the objectives behind the contract could have been more effectively realised had a grant been given instead of entering into a contractual arrangement.

Should anything go wrong in a formal working arrangement, issues of liability can have wider implications for the charities involved, with repercussions for their assets and reputation. In all collaborative arrangements, charities should consider what would happen if one of the parties was suddenly unable to meet its obligations. It is important to consider whether the remaining party or parties would be able to continue in the working arrangement.

A formal arrangement may not be appropriate in every case and some objectives will be met more effectively, with less risk, by allocating a grant from one charity to another.

- Trustees should ensure that agreements are proportionate to the relative risks and complexity of the collaboration and include a termination clause in formal contracts.

Findings - Collaborative working

Key considerations for formal collaborations

A charity considering formal collaborative working will find it beneficial to research the suitability of the charity or charities with which they want to work.

Establishing the aims and expected benefits of the arrangement is also an important starting point for any collaboration. A formal collaborative working arrangement can create high expectations in all parties involved and trustees can help manage those expectations by defining what is expected of and by each participant. Trustees and charity staff have told us that it is important to be realistic so that all parties are able to meet their responsibilities in the arrangement.

Where charity assets or property are to be heavily committed to an agreement, or when carrying out joint service delivery, it is doubly important to establish which charity will be responsible for each aspect of the arrangement and to reflect this in any contract.

There is a risk that collaboration may divert resources from existing activities. Collaborative working arrangements can affect other aspects of a charity's operations and trustees need to consider how any arrangement would affect their charity's continuing operations or service delivery. Factors such as how the arrangement would affect existing funding needs and how it would impact on staffing capability should be part of trustees' considerations of proposed arrangements.

Where working collaboratively has been successful, charities have told us that very specific policies were agreed and adhered to by all of the participants to ensure the smooth running of the arrangement (these are sometimes known as procedural agreements).

Policies for the day-to-day management of the arrangement are important to ensure that aims are met, progress is monitored and transparency is established. Regular meetings and status updates enable open and clear communication. Peer review has also proved effective in assessing and evaluating the benefits of the arrangement and addressing any problems.

- Trustees should be aware of key success factors to collaborative working which include:
 - compatible activities and organisational structures; and
 - a clear definition of what each party is responsible and liable for and the extent to which any one party can make binding commitments.

Findings - Collaborative working

Financial collaborative working arrangements

In some cases, the Charity Commission can help charities to work collaboratively by enabling trustees to use investments more effectively or by authorising the production of joint accounts.

Joint investment procedures

The Charity Commission can use its powers to create a pooling scheme, enabling charities with a common body of trustees and similar objects to combine to invest together. This allows trustees who administer more than one charity (some or all of which may be special trusts) to combine funds from any or all of those charities for investment purposes.

Usually trustees who administer more than one trust must keep the investments separate. Pooling schemes enable trustees to identify the actual investments (shares, property, etc) of the trust and the income from, and costs of, those investments at all times whilst allowing collaboration to maximise income and minimise costs. Pooling schemes may also facilitate a more diversified investment approach in the interests of all the participating charities.

Our Operational Guidance, *Pooling Schemes and Pool Charities (OG49)*, is available on the Charity Commission website.

Joint accounting procedures

It is Charity Commission policy to reduce the administrative burden on trustees in relation to reporting and accounting procedures, provided that proper accountability is retained. We therefore encourage the administrative linking of charities where there is a legal choice to do so and where the accounts of the linked charities still give a true and fair view.

The Charity Commission can, in some circumstances, use its powers to give 'uniting directions', easing the burden on charities which would otherwise produce separate accounts. A uniting direction can be made where two or more charities have trusteeship in common, or where linked charities provide the same service, with the effect that they be treated as a single charity for accounting purposes. Uniting directions maintain a clear separation of the charities concerned and each has its own governing document.

The Charity Commission anticipates publishing Operational Guidance in the coming year providing full details about the options and restrictions in this form of collaboration.

Findings - Collaborative working

Property issues and Albemarle Schemes

The Charities Act 1993 enables charities to work together to reduce property costs. Trustees of charities holding property can work collaboratively with other charities by leasing or selling property to them for less than the full market value. Where this is authorised by the trusts of the charity, the disposal can be a way of using the charity's assets to further its charitable purposes. If the trustees have any doubt as to whether the trusts authorise the proposed disposal, they should contact the Charity Commission for advice.

The Charity Commission can help church hall charities by making what is known as an Albemarle Scheme. This enables church halls to be used for other charitable purposes by the local community. An Albemarle Scheme may be made under circumstances where the governing document of a church hall charity does not permit the use of the property for non-church purposes. This type of scheme is appropriate where a church hall is no longer required for exclusively religious and related charitable purposes but the church still needs to use the building.

Under the Albemarle Scheme, the premises are leased to the community charity with reserved use for the church charity. Property issues between charities can be time-consuming and costly, especially where a charity has disposed of its property to another charity when this is not authorised by the trusts of the charity.

Further information on Albemarle Schemes may be found in the Charity Commission publication *Use of Church Halls for Village Hall and Other Charitable Purposes (CC18)*.

International collaborative working arrangements

Working with charities overseas can be an effective way of meeting objects and bringing benefit in an international setting. However, trustees should be particularly vigilant about working with charities based abroad who are not registered in England and Wales since it may carry increased risks which will require an extension to their normal risk management strategies.

Charities can adopt a variety of organisational structures through which to operate their international activities. It is important that charities understand the accounting implications of these structures. Collaborative structures adopted by charities working internationally include:

- a parent charity with a group that may include subsidiaries;
- projects controlled by a charity but managed by local agents or partners; and
- grant funding of autonomous local organisations.

When selecting a partner or partners it is important that the charities make thorough enquiries and that a formal agreement is signed by all parties setting out what is expected from each.

Whilst many of the issues relating to all collaborations (such as maintaining control, setting guiding principles and agreeing roles and responsibilities at the outset) apply to international collaborations, there are also a number of considerations that are unique or which require more prominence in an international setting.

Findings - Collaborative working

These may include, for example, consideration of local laws and customs, supervision logistics and accounting and reporting requirements. It is not the purpose of this report to lay out detailed guidance on this matter. However, a selection of important issues are detailed below. Further information may be found on the Charity Commission website under *Useful Guidelines - Charities Working Internationally*.

Trustees should determine if any contracts governing the arrangement curb their discretion to act in the best interests of their charity. Trustees should not delegate control and management of their charity's assets or remove their ultimate responsibility for deciding what action to take.

Different regulatory frameworks will govern charities based abroad and trustees should ensure that any agreements or contracts they enter into protect their ability to exercise their discretion fully.

Maintaining trustees' discretion to act for their charity when working with other charities internationally

A very large charity with objects to work internationally and with a sister organisation abroad approached the Charity Commission for an opinion in relation to a licence agreement with the overseas body.

The proposed licence allowed the charity to use trademarks under certain conditions and also to act and apply funds in a certain manner.

In the opinion of Charity Commission staff, the licence placed too much restriction on the activities of the charity and curbed the trustees' discretion to act in the best interests of the charity.

The Charity Commission recommended that substantial changes to the licence be negotiated before the trustees agreed to it and, if the trustees decided to sign the agreement without the recommended changes, the prior authority of the Charity Commission would be required.

In asking the Charity Commission for advice, the trustees established that the proposed agreement was not in the best interests of the charity without further amendment.

The charity has since undertaken a number of successful international collaborations.

Findings - Collaborative working

Trustees must also be in a position to ensure that international organisations with which they work operate on a charitable basis and that any funds they commit will be applied for exclusively charitable purposes.

Public confidence in charities can be undermined if, for example, funds raised are not spent in accordance with the charity's objects. Trustees should ensure that income for their charity does not go to sister organisations based abroad with different or non-charitable objects. The Charity Commission booklets, *Charities and Fundraising (CC20)* and *Disaster Appeals, Attorney General's Guidelines (CC40)*, provide guidance in fundraising and applying funds abroad.

When collaborating abroad it is important not to lose sight of the charity's area of benefit, as specified in the governing document, and be able to demonstrate that activities are within the charity's objects.

Trustees should also try to ensure that they are not left liable for any shortfall in funding of their commitments abroad due to changes in currency values. Fluctuations in foreign exchange rates can pose a risk to the effective furtherance of their charity's aims and objects. There are strategies that can help a charity counter foreign exchange risk, these depend on various factors such as the economic conditions in the country concerned and the timing of transactions. They also depend on trustees' view of the level of risk they will accept.

Working collaboratively internationally may also affect charities' position in relation to VAT and tax issues.

The Charity Commission booklet, *Internal Financial Controls for Charities (CC8)*, provides guidance on protecting charities' assets.

- Charities using intermediary organisations such as an established Non Government Organisation (NGO) or a local charity, in an international collaboration, should draw up a formal agreement setting out the arrangement.

Working collaboratively in a group structure

Of the charities we surveyed, a significant proportion (18%) work as part of a group structure. Group structures are common in the charitable housing sector, which is regulated by both the Charity Commission and the Housing Corporation.

The Charity Commission and the Housing Corporation have issued joint guidance, *Guidance for Charitable Registered Social Landlords*, which is available on the Charity Commission website under the supporting charities flag.

Group structures are a distinct form of working together, enabling charities to fulfil common objects over a wide area, or deliver a complex range of related services to their beneficiaries.

Findings - Collaborative working

- A **group structure** is a formal association of separate organisations. This could involve, for example, one charity becoming the subsidiary of another or several charities becoming subsidiaries of a new parent body.

Groups can take many forms and a range of terminology is used to describe the parties involved. However, a group structure is likely to have some or all of the following features:

- The group members act as a collective to deliver a range of services to beneficiaries.
- The arrangement is formalised by a contract, service level agreement or memorandum of understanding.
- The group will often include a separately registered parent organisation with one or more subsidiary charities. The parent may have a relatively high degree of control in the subsidiary's affairs.
- The group may consist of organisations which are both charitable and non charitable.
- All organisations within the group must be incorporated and, as such, will be subject to the Companies Act.
- All organisations within the group will have their own name and distinct objects (although it is likely that these will be similar in some way).
- The group will produce consolidated accounts.

A parent charity can only set up a subsidiary to further charitable purposes or to provide economic or other benefit to the charitable parent.

It can be acceptable for the parent to have the authority to appoint, re-appoint or remove the trustees of the subsidiary charity. These powers can, however, only be exercised in the best interests of the subsidiary charity (which need not be the same as the best interests of the parent). They must not be used to interfere with the day-to-day running of the charity while it is properly carrying out its charitable purposes.

Trustees should be able to demonstrate that working as part of a group structure will improve services to its beneficiaries.

Benefits and pitfalls of group structures

Group structures allow members or subsidiaries to keep their independence, culture and identity. This may be particularly important for fundraising or where a charity has close links to a specific geographical area or community group.

A charity receiving services from another charity within a group may not have to pay VAT for those services. Group VAT registration may be possible if the benefits outweigh the risks. Trustees should seek advice from Customs and Excise in relation to VAT issues and also from the Charity Commission.

Economies of scale are possible within group structures. For example, a parent organisation might provide back office services (for example personnel services) for the subsidiary charities at a lower cost or more efficiently.

Findings - Collaborative working

In principle, charities face no legal obstacles to working as part of a group. However, particular issues can affect the smooth running of the arrangement, and its governance and regulation can be complex.

The Charity Commission needs to be satisfied that charitable funds will not be applied in favour of any non-charitable members of the group. Clear lines of accountability are key to successful group structures.

Because of the complex governance involved in some group structures, the set up and running costs for small to medium sized charities may outweigh the expected savings. One size does not fit all and, when assessing the benefits of a group structure, trustees need to consider how the structure will affect users or beneficiaries. Trustees should also recognise the cultural diversity of potential member organisations.

All subsidiary charities must have an effective constitution and be independent of other bodies. The trustees of each charity must be clearly identifiable and trustees must be fully able to take decisions in the interests of their charity and its users or beneficiaries. Risk management is important and trustees should be aware that they might be personally liable for any losses if they do not discharge their responsibilities to the group.

Problems arise in group structures when responsibility for each charity within the group becomes confused. It is important that complex group structures are managed clearly and transparently, with full regard to the charitable status of members of the group.

Findings - Collaborative working

Complexity in group structures and the level of benefit gained

This case highlights the need for charities to establish the benefit to be gained from working in a group structure.

Two charities working with people with disabilities established a group structure to benefit elderly people. One of the charities owned a number of care homes and leased them to several operating companies. The other charity, with a more restricted area of benefit, also operated care homes, mainly for the elderly.

Both charities were established by a 'not for profit' company, which was in turn established by a county council to run care homes for the elderly. The company gift aided several million pounds to the charities. In addition to this connection, the charities were closely linked through common trustees, some of whom had also been directors of the company.

The Charity Commission's monitoring programme identified concerns about the operation of one of the charities. Following an initial assessment, an inquiry under Section 8 of the Charities Act 1993 was opened. Some of the findings gave cause for concern about another charity and a further inquiry was opened into this charity.

One of the main issues considered in the two inquiries was the apparently low level of charitable activity undertaken directly by the charities. One of the charity's methods of operation (the purchase of care homes which were then leased to separate companies to run) meant that it carried out little direct charitable activity.

Another issue was that trustees could not demonstrate that they played a significant role in matters for which we would expect them to take responsibility.

The Charity Commission worked with the charities to clarify and improve their working practices. As part of this the charities' trustee bodies were strengthened by the appointment of new trustees with broad experience of the care field. Another charity was then registered to replace both charities. Their assets have been transferred to this new charitable company. The trustees are committed to developing a structure to ensure that the charities' assets will be applied more effectively for the beneficiaries.

A restructure of the group will result in more proactive use of the charities' assets and greater involvement of the trustees in decision making.

Findings - Collaborative working

- Charities which are part of a group structure are more likely to realise the benefits of the group structure if:
 - they have clear and transparent relationships with the other organisations within the group;
 - they spend their charitable funds in furtherance of their objects and are aware of the limits to which a charity can support a non charitable organisation within a group; and
 - the group's governance arrangements enable each subsidiary's trustees to take decisions solely in the interests of their charity and its users or beneficiaries, in accordance with the overall operational policy determined by the parent company.

National structure with members

25% of charities that work collaboratively reported that they do so as part of a national structure with members.

- A **national structure with members** exists where a large number of separately registered charities (each with its own trustee body) share a name and objects. (This excludes the common situation where a national charity has regional or local *branches* that are not separately registered, but are part of the administrative machinery of the main charity).

In a national/membership structure the separately registered charities need to co-operate with each other. In the experience of the Charity Commission, problems can arise when the boundaries between the central 'national' body and the 'membership' charities are not clearly defined.

Collaborative working in a national/membership structure allows charities to establish a national presence to achieve their objects and to work in a large number of communities.

- The charities involved may be incorporated or unincorporated associations.
- Commonly a national or parent body (sometimes referred to as an umbrella or intermediary body) guides the charities involved.
- The national body often has an advisory function and may have constitutional rights over the name or brand of the charity.
- In some cases, the national body may place conditions on how the member charities operate in return for using the brand or name. In other cases, no conditions are placed.
- The member charities fundraise separately, apply income in their own area of benefit and produce individual accounts. Since the implementation of the Statement of Recommended Practice (SORP 2000), the Charity Commission no longer accepts individual member charity accounts *and* a total set of accounts for all members and the national body, but requires *either* one or the other. This is to avoid the confusion caused by double counting.

Findings - Collaborative working

Benefits and pitfalls of national structures with members

Our casework shows that problems arise when trustees do not understand the specific distinctions in their organisational structure. Member charities need to be aware of the powers and discretion that the national body has. These may be described in their governing document (often a standard version) or in a binding licence or franchise agreement. The national body in turn has responsibilities to understand fully the level of autonomy enshrined in the member charity's governing document.

A lack of understanding of the relationship between the national and a member body can sometimes lead to a lack of clarity about where the assets, responsibilities and objectives of the national body stop and where the member body begins.

Problems can also arise if there is a breakdown in communication which leads to a difference in policy.

Costly disputes may arise in these circumstances. The ownership of any property or other assets should be clearly identified to prevent misunderstandings over its use. Both responsibility and liability for the maintenance of the property should be clearly defined.

Ensure clarity is maintained in national/membership structures

A national charity delivered part of its services via a network of regional members. The relationship was set out in the national body's governing document.

However, there were ambiguities in the wording and some members were also registered as charities and had their own constitutions. The terms of these constitutions did not sit easily with the national body's view of the relationship.

The whole entity managed very well until a dispute broke out between the national body and one of the members. It was then realised that key issues like accountability and the ownership of property were far from clear and the national body found itself unable to exercise the control it had assumed it had.

Despite assistance from the Charity Commission, the charities were unable to resolve their problems and in the end parted company.

This case illustrates the importance of clarity in the relationship between charities involved in a national/membership structure. It is often the case that the arrangement thrives until a dispute breaks out, when weaknesses in the constitutional arrangement become apparent. These disputes are damaging to all parties and can cause distress to beneficiaries.

Findings - Collaborative working

Confusion and disputes in national/membership structures can lead to charities failing their beneficiaries by not meeting their duty to fulfil their individual objects and discharge their duty of care. Member charities can become disaffected, with both financial and reputation implications. These problems can lead to confusion among beneficiaries.

Our casework often highlights the problems that can arise when bequests are left to charities in national/membership structures where it is not clear whether the bequest is to the national body or to the local member charity. Some of the subtleties and differences in the make up of the structure may not be clear to the general public, who are only aware of the well known profile of an often highly trusted brand.

When charities' national/membership structures dissolve, the issue of where any remaining assets should be applied can cause difficulties. The dissolution clause of a charity may state that assets should be applied to a charity with similar objects working in the same area of benefit, or passed back to the parent body.

Charity Commission guidance, *Reporting and linked charities - registration, reporting and accounting (OG34)* will be published on our website in due course.

- Trustees of charities involved in a national structure with members should, as good practice:
 - be clear about the characteristics of their distinctive governance structure;
 - seek to maximise the benefits national membership can bring through collaborative working; and
 - develop transparency and clear communication within the structure.

Collaborative working as a gateway to merging

Collaborative working can be a gateway to merging, but this is not always the case. Charities that have worked successfully together may not necessarily be suitable partners for a merger.

"Charities can often define themselves better by working collaboratively and a merger becomes neither necessary nor desirable."

A Charity Finance Director

The key factor that trustees should consider is that a merger will affect all aspects of the charities involved, rather than each charity being able to remain as a discrete legal entity, maintaining its independence. Mergers bring comprehensive organisational change that is not a factor in collaborative working.

Findings - Collaborative working

Some charities felt it advantageous to work in collaboration for a period with other charities before embarking on full-scale merger.

Benefits include being able to assess the suitability of a potential merger partner, establish the form that the merger could take and define a vision or outcome for the new charity. However this is not always the case and some charities reported increased difficulties as a result of the period of collaboration.

“Try working alongside another charity for some considerable period of time, before contemplating a merger, so that the work ethos is known to be compatible. We would only consider merging in the future after a period of working alongside another charity.”

A Charity Chief Executive

“Working in alliance before the merger did not help. The arrangement had been informal with the result that the management systems of both charities had become confused. This created problems rather than being a factor in a smooth merger process.”

A Charity Chief Executive

Charities that have merged after a period of collaborative working have told us that timing, levels of openness and consultation with beneficiaries, members and staff are crucial to a smooth merger.

Findings - Charities and merging

The Charity Commission encourages joint working and merging wherever it is in the best interests of charities' beneficiaries and represents the most effective use of charitable funds. However, it is not the Commission's role to push individual charities into a merger and trustees must decide what is in the best interest of their users.

"Merger has been a means to an end and not an end in itself."

A Charity Finance Director

Merging is mentioned in Charity Commission publications relating to the issues charities face when they restructure, dissolve or join assets. However, there is currently no specific publication on charity mergers. This is something the Charity Commission will address in 2003/04, taking account of the Strategy Unit recommendation (4.46). The Strategy Unit has recommended that the Commission establish a dedicated unit to handle mergers. We welcome this recommendation and, in the light of the responses to the consultation exercise, will seek to expand our capacity for this work.

Once charities have merged, the changes are not easily reversed because a new and very different organisation is created. It is difficult and costly to "undo" a merged charity and revert to the original situation. A charity created through a merger may continue to change but no evidence of 'de-merger' activity, whereby the merged parties revert to their original form, has been uncovered in our research.

Extent of mergers

Mergers are not as prevalent within the sector as collaborative working. Whilst only 5% of surveyed charities exist as the result of a merger that was completed in the last ten years, this still equates to 9,000 charities if the figure is extrapolated across the register. These numbers, combined with those who have considered pursuing a merger in the past ten years (11,000), illustrates an extremely active area.

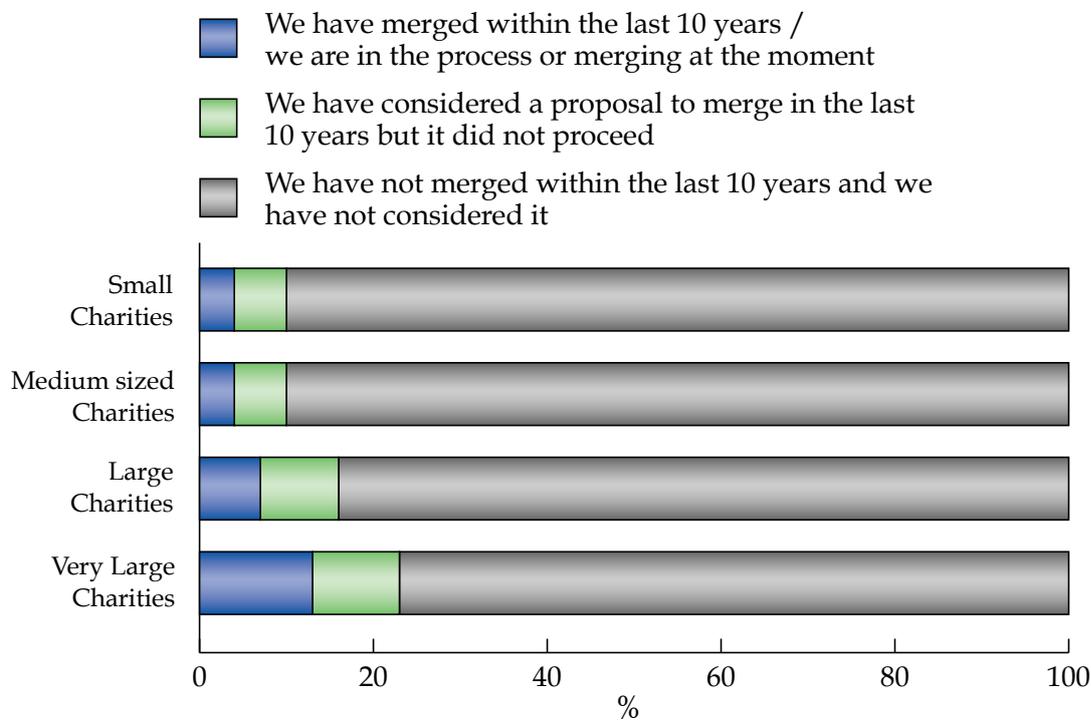
Larger charities are significantly more likely to merge than smaller ones. Of the mergers reported in our survey:

- 14% were initiated by very large charities;
- 6% by large charities;
- 4% by medium sized charities; and
- 4% by small charities.

The survey illustrated that mergers usually involve just two charities (72%). However, almost a quarter (24%) of the mergers reported had involved between 3 and 5 charities.

Findings - Charities and merging

Charities that have merged, by income group



Motivations to merge

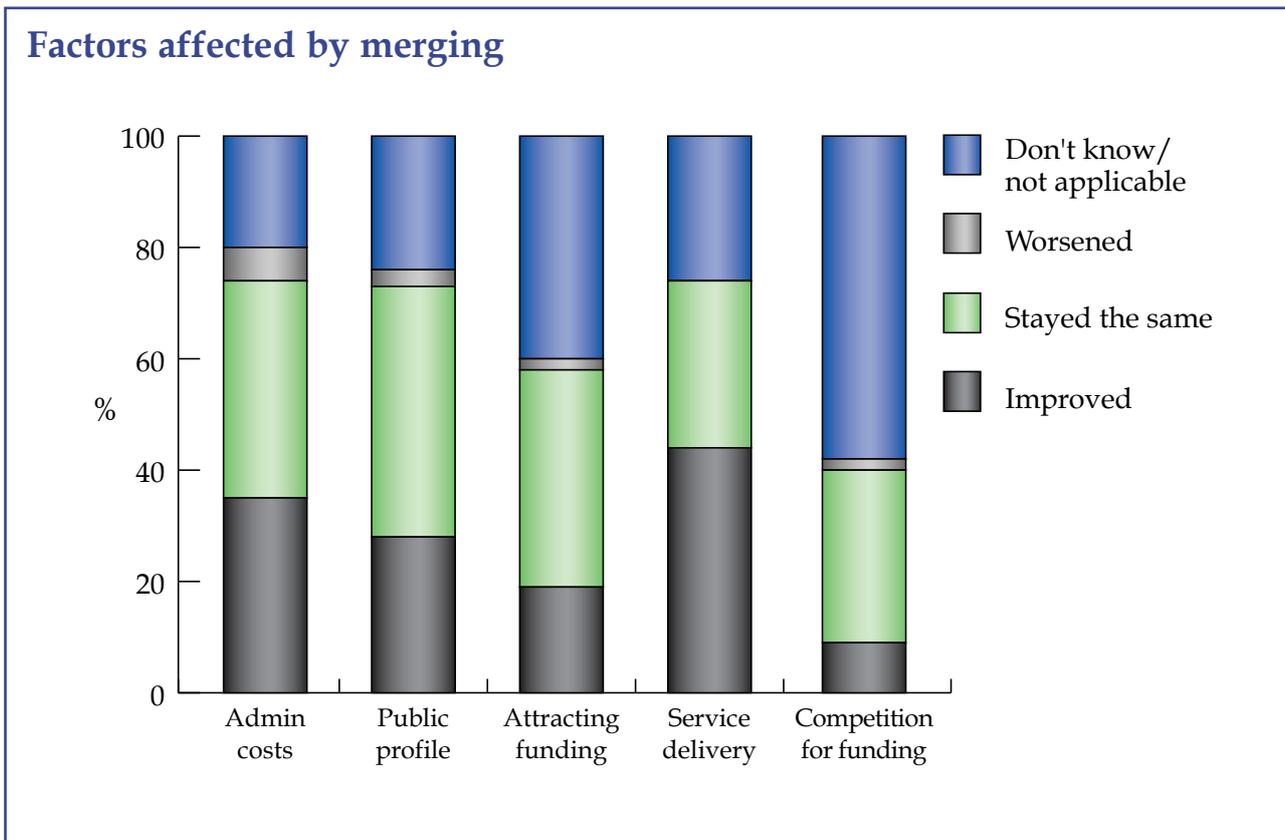
The most common reasons for merging reported were to increase efficiency (54%) and to either prevent duplication of services or provide better services (42%). Judged by these terms, a large proportion of the mergers were a success; 44% of charities reported that service delivery had improved as a result and 35% reported that the merger had cut their administration costs.

There are clearly potential benefits to be gained from merging but these do not apply across the board. All charities are different and trustees considering a merger should assess whether their charity would benefit from it. Many of the surveyed charities did not experience significant improvements after merger. 6% of surveyed charities stated that their administrative costs had

actually *increased* following a merger, but they stayed the same for the majority of charities (39%). 30% reported that the level of service delivery had stayed the same as a result of the merger and only 9% reported that their ability to compete for funding had improved. Considering that a high proportion of mergers are “rescue mergers” then a situation which stays the same may actually be an advance; without the merger the position may have worsened.

These figures demonstrate that common assumptions about reduced overheads and increased ability to raise funds and provide services are not necessarily borne out in practice. Each situation needs to be evaluated on its own merits.

Findings - Charities and merging



Rescue mergers

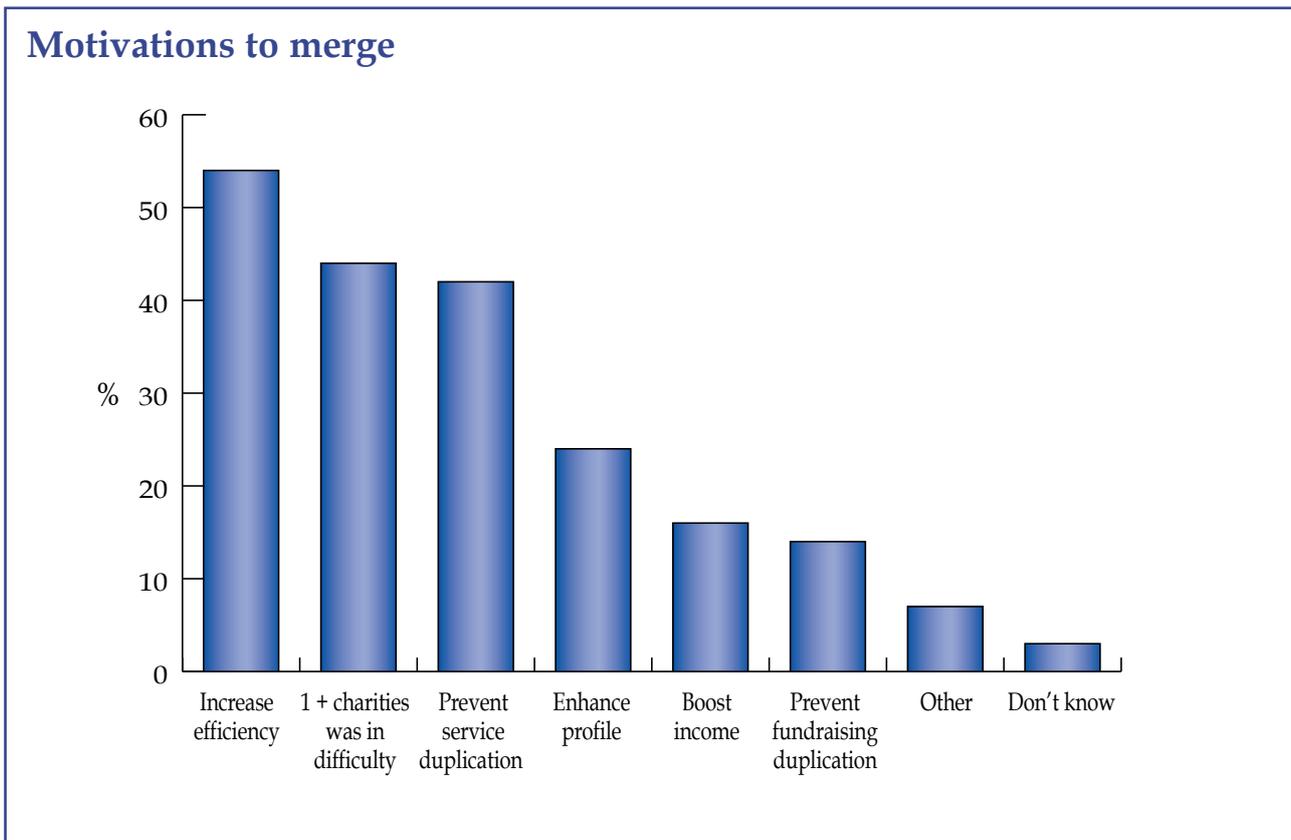
Where a charity is struggling to meet its obligations to its beneficiaries, merging with another charity with similar objects is one way to improve the situation. 44% of the surveyed charities that had merged had done so because one or more of them was in difficulties or could no longer continue alone.

Merging should not be pursued primarily to keep the charity going, it is the position of the users that is important. For example where a charity is struggling to apply its funds because of a lack of demand for its services it should consider merging with a charity that is better placed to achieve its aims. Alternatively there may be better ways for the charity to fulfil its trusts than merging, for example the trusts themselves may need updating, and these should be given due consideration (see details of cy-près on page 41).

Where a merger is initiated to rescue one or more of the parties, trustees must ensure that the merger does not present an unjustifiable risk. See 'Risk management and due diligence' on page 43.

The motivation to merge to increase efficiency did not depend on size of income as much as might be expected. 54% of small charities merged to increase efficiency compared with 52% of very large charities. Larger charities are more likely to have been involved in a merger where a charity has got into difficulties. This is unsurprising since larger charities are better able to absorb the costs of merging with a struggling charity. Small charities represented the highest proportion that merged to prevent duplication, revealing that charities in this income band are sensitive to the problems that duplication presents.

Findings - Charities and merging



The surveyed charities that had considered a merger but had not gone through with it gave a wide range of reasons for their decision. Complexity of the process and lack of a shared vision featured highly among the reasons given.

It is possible that an alternative merger would have been more suitable for these charities. Trustees should not be put off merging on the basis of one experience – all merger situations will be different.

Charities that had not considered merging represented by far the highest proportion of survey respondents (89%). Many of these charities felt that their individual organisational dimensions meant that it was not an option. 45% stated that their profile, objects or services were too specialised to make merging viable. 51% stated that they

could see no benefit in merging and a small number of respondents reported that there were no suitable organisations to merge with. A further 51% of respondents said that they had never been approached with a merger proposition.⁸ For these charities a more pro-active stance may produce suitable partners.

Factors of a successful merger

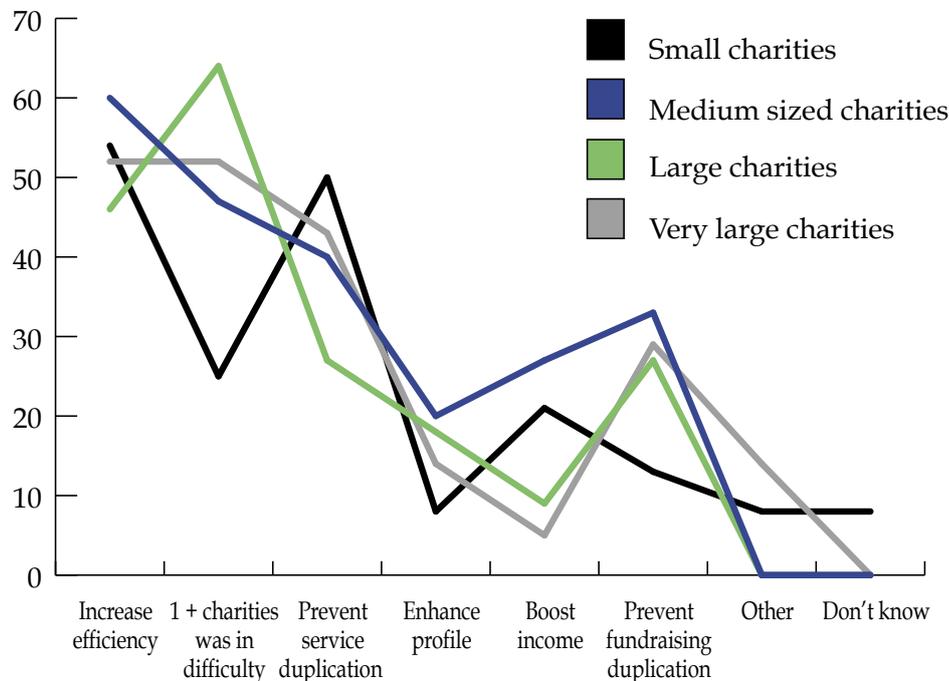
Charities were asked to list the factors they considered important to the success of a merger in which they had been involved. 20% stated that merging had been successful because all parties worked co-operatively and openly, indicating that good communication is a key factor.

It is important for the trustees of merging charities to agree which parties from each charity will carry the merger process to its

⁸ Respondents could give more than one answer.

Findings - Charities and merging

Motivation to merge by income group



conclusion. Communication and negotiation should be conducted in an agreed format and the process managed centrally in a way that represents the interests of all parties.

Conditions that had been placed on mergers included insisting on a wide consultation so that the process and outcome of the merger was clear, and getting confirmation that the work of the smaller charity would continue. These conditions indicate good practice in merging.

"The shared vision should be established at the outset. If you can get to that then you can always hold it up as a banner to keep the merger on track."

A Charity Trustee

Mergers are more successful if the process is clearly explained at the outset. Charities that have been involved in a successful merger reported that it was helpful to address at the start of the process major issues such as the restructured trustee body, the name and brand of the charity and the position of the chief executive.

Charities that have merged successfully also emphasise the need for a united trustee body, which believes in the process, to carry through the merger. This can potentially be problematic, however, because the trustee body is often restructured in the process.

A skills audit of existing trustees can enable the new charity to select those most suitable to achieve its vision. The Charity Commission publication, *Trustee Recruitment, Selection and Induction (RS1)*, discusses some of the issues in this area.

Findings - Charities and merging

Ensure that the process for achieving a merger is agreed and followed by all of the participants

Two charities exploring a merger approached the Charity Commission for advice about an amendment to the objects of one of the charities. The charities proposed to expand the objects of one charity then dissolve the other charity and transfer its assets.

Our staff advised that the proposed amendment was straightforward and explained the steps that the trustees of the receiving charity should take to expand their objects.

Each charity appointed trustees to a merger committee. The trustees introduced a mechanism to allow one or other party to discontinue the merger talks if they concluded that merger would not be of benefit.

Problems arose when trustees outside the merger committee wanted the process to be speeded up.

The situation led to disagreement within the trustee body about how the merger should progress and the merger did not take place.

Cultural integration was a important success factor noted by surveyed charities, but this was only achieved where each party was fully aware of the ethos of the organisations involved. Again, communication is the key.

Good communication and clear statements of intentions and desired outcomes provide beneficiaries, staff, volunteers, members and the wider public with realistic expectations. In high profile mergers, personal and institutional reputations may be at stake, so careful management of the process is critical. Large charities often produce a contract to be agreed by all parties, including an exit clause if certain conditions are not met.

Some trustees commented that speed was important. A slow merger maintains the period of disruption for too long. They added, however, that it was important not to be over ambitious on timing and to be aware that some aspects of the merger could be

implemented later. It is important to strike a balance between letting the merger process drag on and hurrying it though or trying to do everything at once. Careful planning is required to achieve this balance.

Charities reported that mergers usually took between one and two years to complete. Delays commonly came from the length of time needed for members to vote on the merger and discussions about where the charity would be based.

The staffing of the merged charity, its trusteeship, its name and location are all critical factors in ensuring a smooth transition. Some merged charities had increased their staffing level while others had decreased it since the merger. In some cases, staff left because they were either no longer needed or had resigned, mainly because of a change in location of the charity. Where staff levels increased it was

Findings - Charities and merging

largely due to an increase in fundraising or service provision. Trustees should be prepared to manage the staffing situation carefully as it can have a significant impact on morale and on the profile of the charity. There are also complex legal issues involved and trustees should seek professional advice, see page 45.

Timing of the merger, including when and how to announce it, is also important, as is the level of consultation and openness. All this should be agreed at the outset and be appropriate to the individual circumstances of the merger.

Trustees of a number of charities have told us that one of the keys to success in merging is to cut through individual concerns to reach the strategic issues.

Some charities reported that they informed staff early in the merger process, creating expectations. This allowed stakeholders to come to terms with the merger. Informing stakeholders early enables all parties to create a timetable and to set boundaries and dates for completing the process. Mergers are achieved more successfully if regulators, stakeholders and funding bodies are consulted early to establish whether there will be any impact on funding.

This case shows how careful planning can result in a smooth merger

Two charities with similar purposes and areas of benefit approached the Charity Commission for advice about a merger.

Our review visit team arranged to meet the trustees and chief executives to discuss their proposals.

The trustees commissioned a feasibility study to identify any areas of concern to consider.

The Charity Commission informed the trustees that the merger did not require its formal consent because the constitution of each charity contained the power to merge. The trustees were advised on the steps to take and the information they should send us to update the central register.

The merger went ahead smoothly with one charity winding up and transferring its assets to the other. A subsequent Charity Commission review visit showed that the merged charity was continuing to run successfully.

It was appropriate for the feasibility study to be funded by the charities because it ensured that the trustees were aware of any risks in the merger process and so was a safeguard against future funds being lost.

Findings - Charities and merging

Learning the lessons: why some mergers fail

Interviews with trustees and staff of merged charities revealed that a merger is generally perceived as a positive step. They do warn, however, that a proposed merger will probably fail if the vision or outcome of the merger is not fully defined, or is not the guiding principle for proceeding.

Reasons given by survey respondents for a merger not being successful included:

- a slow decision making process;
- loss of focus;
- parties with separate aims; and
- beneficiaries who did not respond well to the changes the merger brought.

Charities reported that mergers are more likely to fail because of issues relating to management of the brand, operations and service provision than because of issues relating to assets, accountancy and legal matters.

The problems encountered by the Charity Commission in casework related to mergers are consistent with those identified by charities in our consultation process. Factors such as different working cultures of the charities involved and lack of unity among trustees in driving the merger forward can derail the process.

Incompatibility of objects, inadequate preparation and problems in managing the merger all contribute to mergers not going ahead. These issues have the potential to damage the reputation of the charities involved and undermine public confidence in them.

Cultural differences derailed a potential merger

A charity learned that a large percentage of its annual funding was to stop and the trustees took the opportunity to evaluate the needs and direction of the organisation. The charity obtained a grant to carry out a merger feasibility study if a suitable partner could be identified.

A number of charities were considered and one was identified as a potential merger partner.

The charities began negotiations and their next step was to agree the process of the merger and the form that it should take.

During negotiation it became clear that differences in working culture between the charities would make a smooth merger process unlikely.

The charities did not agree on the process management of the merger. Each charity acted independently of the other and mistrust developed.

The trustees concluded that it was increasingly improbable that a fully unified ethos for the merged charity could be identified and negotiations were terminated.

Findings - Charities and merging

Trustees of any charity contemplating a merger should consider all aspects of the process carefully, including the less tangible aspects such as organisational culture and internal politics.

Trustees should ensure that their charity's affairs are in order before pursuing a merger as any internal shortcomings may present a barrier. This could include out-of-date membership details, inaccurate or even missing governing documents and accounts or audit provisions that do not reflect the assets and liabilities held by the charity.⁹ The Charity Commission holds up to date copies of the governing documents of all registered charities.

Charities which have carefully planned and implemented their merger still found the process more disruptive than anticipated. Those finding the process particularly traumatic had not fully worked out their expectations in advance.

"Merging has proved to be a big risk process that creates vulnerabilities in its wake."

A Charity Finance Director

- Trustees, when considering a merger, should ensure that the merger is the best means of meeting the objects of their charity.
- All parties should agree from the outset a shared vision or mission and an understanding of respective cultures and expectations.

Forms of merger

Mergers between charities usually take one of the following forms:¹⁰

- Two or more charities decide that the best option would be to combine their assets and resources, so the original charities dissolve (or remain registered as 'shell' charities to receive legacies) and all assets pass to a new charity.
- One or more charities dissolve and transfer their assets to an existing receiving charity.
- Two or more charities are grouped under a single governing document providing for all the assets, with a single body of trustees.

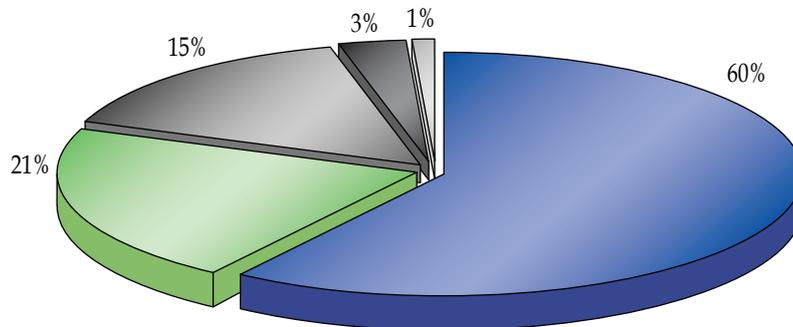
Of the 50,000 cases opened by the Charity Commission in 2000, 4,500 cases related to charities dissolving and passing remaining assets to another charity. Our survey confirmed that this is the most common way for charities to combine assets, resources and activities.

⁹ Warburton J. (2001) Mergers: A legal Good Practice Guide, Charity Law Unit, University of Liverpool

¹⁰ A full definition of mergers is given in Annex B

Findings - Charities and merging

Forms of merger



- One or more charities dissolved and transferred their assets to one of the parties in the merger
- Two or more charities combined their assets and resources with the result that the original charities dissolved (or remained registered as 'shell' charities) and a new, restructured charity was created
- Two or more charities were grouped under a single governing document that provides for all the assets, with a single body of trustees
- Other
- Did not answer

Legal issues: powers and barriers

The majority of charity mergers do not require the consent of the Charity Commission. Cases that do require Charity Commission involvement are those in which the governing document of one or more party contains barriers to the merger. Often, the Charity Commission only gets involved in the process once the merger is complete, at which point one or more of the charities must be removed from the Register of Charities.

A specific power to merge is not generally included in a charity's constitution or trust because a merger is not normally envisaged at this stage and only becomes an option in response to changing circumstances. It is recommended that a power to amalgamate is included in a governing document wherever appropriate to avoid confusion at a later date.

Charities wishing to merge can use a number of legal powers, depending on their individual governing document, and wider powers conferred by the Charities Act 1993. The Charity Commission can offer advice and guidance if existing powers (both constitutional and implied) allowing charities to restructure via a merger are prohibitive or unclear. If necessary the Charity Commission can consider conferring a power to amalgamate under Section 26 of the Charities Act 1993.

Charity law imposes some constraints which mean that the Charity Commission cannot always facilitate a proposed merger. The impact of restructuring on factors such as permanent endowment and specie property are the main obstacles faced by charities wishing to merge.¹¹ In some circumstances,

¹¹ Permanent endowment and specie property are defined in Annex B.

Findings - Charities and merging

Consult the Charity Commission to clarify procedures

This case demonstrates how the Charity Commission can help merging charities to avoid costly procedures.

Two charities initiated a merger by registering a third charity and transferring their assets to the new charity.

The trustees' advisors had stated that the property holdings of each charity needed to be vested in the new charity and that it would be costly to transfer each property on an individual basis.

The Charity Commission agreed to make an order vesting the property in the new charity.

The Charity Commission asked the trustees' advisors to establish whether any of the property had restrictions placed on it that amounted to separate trusts or permanent endowment. If that were the case, the trustees would need to give a period of notice ahead of the order being made. Otherwise, no prior notice would be required.

In this way the Charity Commission ensured that the trustees were aware of any property held on separate trusts and enabled them to avoid the costs of transferring the interests in each property individually.

The merger went smoothly and the new charity has since seen a significant rise in income and has been able to increase the work it carries out.

the Charity Commission can use its powers to help charities deal with these obstacles.

Permanent endowment and specie property can be obstacles to merging where they are held as part of charitable trusts without a dissolution clause in the charity's governing document. In these cases the Charity Commission can establish whether a cy-près occasion under Section 13 of the Charities Act 1993 has arisen. For further information see Charity Commission guidance *Making a Scheme (CC36)*.

Through the cy-près doctrine, the trusts of a charity may be formally modified to allow a possible application which is as near as possible to the provisions of the original trusts. A cy-près occasion arises where the trusts of a charity can no longer function under the terms of the present governing document.

In proposed mergers where a charity would require a scheme, trustees are advised to make a case to the Charity Commission showing why the charity's assets can no longer be applied to further its objects. Charity Commission staff will help trustees to determine whether a cy-près occasion has arisen.

Findings - Charities and merging

Modification of trusts to enable merger

The Charity Commission helped a group of charities facilitate a merger which strengthened their service provision.

The trustees of an almshouse charity asked the Charity Commission if they could amalgamate three separate housing charities. The amalgamation was necessary to access funding and develop services.

The trustees wanted a fourth charity to be amalgamated in the merged charity, but this charity had a further criterion for beneficiaries declared in its trusts. The Charity Commission agreed to make a Scheme under Section 13 (c) of the Charities Act 1993. This would amalgamate the charities with a single name and a single trustee body.

The Charity Commission agreed that the fourth charity could be included in the Scheme with the provision that its property should be assigned to the same class of beneficiaries as before. Priority would be given to the class of beneficiaries declared in the original trusts of each charity when allocating accommodation.

The Charity Commission used the cy-près doctrine to enable charity assets to be more effectively applied. The merger went ahead and the merged charity still operates successfully.

Where one charity is to cease to exist, and pass its assets to another, the trustees should look to the dissolution clause of the governing document, this will set out the destination of the assets of the dissolving charity. In most cases this will be to charities with similar objects. The membership may need to vote on the dissolution.

Some older charities do not have a dissolution clause and these charities may be able to take advantage of Sections 74 and 75 of the Charities Act 1993 which make special provisions for certain small charities to transfer property, modify their trusts or expend their capital with the Charity Commission's agreement.¹²

Trustees that want to dissolve a charity with an income and assets which fall within the thresholds of the Small Charities' provisions as set down in these Sections of the Act but with no dissolution clause should take advice from the Charity Commission. The Charity Commission booklet, *Small Charities: Transfer of Property, Alteration of Trusts, Expenditure of Capital (CC44)*, provides guidance on this issue.

There are usually fewer obstacles to mergers between charitable companies since they often include a wide range of powers in their governing document. Mergers can take place and the Charity Commission will only be involved in removing one or more of them from the Register of Charities.

¹² Section 74 applies to charities with a gross income in their last financial year of £5,000 or less and which do not hold land on trusts for the purposes of the charity. Section 75 applies to charities with a permanent endowment not involving any land and a gross income in their last financial year of £1,000 or less.

Findings - Charities and merging

It is also possible to establish a new charitable company with wider or different objects, or to amend the objects of one of the existing charitable companies, providing the trustees make a suitable case to the Charity Commission under Section 64 of the Charities Act 1993. Charitable companies must also inform Companies House of a change to their objects or of their dissolution.

Charitable companies may not hold permanent endowment because a company's assets may be called on to settle liabilities in the event of insolvency. For this reason, it is not possible to merge a charitable company with a charity holding permanent endowment. However, it is possible for a company to be a trustee of the charity with permanent endowment and hold it on special trust. The charity holding permanent endowment will usually have to remain registered separately and provide separate accounts (although a uniting direction may be possible – see page 20).

- The Home Office (Active Community Unit) should promote in any forthcoming charity legislation a package of legal measures that will facilitate mergers amongst charities.
- Wherever possible, trustees should include a power to amalgamate when drafting a new governing document. This will avoid the confusion that can surround implied powers.
- Charities should check whether proposed mergers require prior authorisation from the Charity Commission and/or other relevant regulators before proceeding. Where charities wish to merge but are restricted by their governing document, trustees should take professional advice or approach the Charity Commission for guidance.

- The Charity Commission will seek to expand its capacity for providing specific advice to facilitate mergers.

Risk management and due diligence

Trustees considering a merger should ensure that all proposed partners carry out an appropriate disclosure or due diligence exercise, proportionate to the size and nature of the merger. Such an exercise should establish the compatibility of their objects, governance, assets held, financial situation and any contracts and staffing arrangements. Due diligence exercises are common among commercial companies that are merging and are important for charities because trustees may not be discharging their duty of care if they merged with a charity that carried liabilities they had not investigated.

“It is as important for the acquired charity to undertake due diligence as it is for the acquiring charity.”

A Charity Company Secretary

A due diligence exercise is a suitable use of charitable funds for all charities involved in a merger. Trustees must ensure that they are acting in the best interests of their charity and cannot, therefore, take on another charity's liabilities without full knowledge of the implications. In many cases, charities use an external consultant to carry out due diligence exercises.

Findings - Charities and merging

The level of due diligence required depends on the income and activities of the charities involved. Some may call for a more rigorous due diligence exercise – for example charities with complex service delivery, or those which have links with affiliated charities, or trading subsidiaries, extensive property holdings and assets, restricted funds or permanent endowment.

A degree of proportionality is important and charities should take professional advice to assess the level of due diligence appropriate for their charity.

Some very large charities involved in high profile mergers have reported that they carried out a due diligence exercise based on a commercial model, which was not entirely suitable to their needs. Commercial models can be useful but do not necessarily meet the requirements of charities because of differences in the way that not-for-profit organisations function. They can therefore involve unwarranted costs.

Identifying the right level of due diligence for charity mergers

Two very large charities that merged undertook a full due diligence exercise based on the commercial model.

The merger proceeded smoothly but it was felt that a more broadly risk based due diligence exercise would have been more suitable. A due diligence exercise that was too focused on financial detail was seen as unnecessary for a merger between appropriately audited charities that had followed the requirements of the Statement of Recommended Practice (*SORP 2000*).

The main factors identified by the charities as a crucial part of a due diligence exercise were issues such as combining systems, policies, data management, staffing and governance.

By taking these factors into account, the merger proceeded successfully and the merged charity continues to operate efficiently.

Findings - Charities and merging

It is important for all trustees to keep on top of their accounting obligations as inadequate annual accounting and reporting by charities can create a barrier to merging. In some cases mergers between or involving charities with lower incomes may require a more comprehensive due diligence exercise, as they may not have been audited. The level of assets involved will need to be balanced against the cost of the exercise.

There is scope for the sector to develop a range of due diligence models, with accompanying checklists for different types and sizes of merger.

Charities should take professional advice and approach the Charity Commission for guidance before proceeding with a merger with a charity that carries liabilities. Charities may wish to absorb certain liabilities to enable the services of a struggling but very active and beneficial charity to continue. Where liabilities are accepted as a condition of receiving assets much in excess of the liabilities, trustees should ensure that they have obtained full disclosure from the charity or charities with which they are merging.

Liabilities are usually transferred by novation agreement (except in cases where the contract can be assigned) which should include indemnities to safeguard the parties in the merger. Novation agreements enable the transfer of contractual obligations to the new or merged organisation, and are drawn up in agreement with the third parties in the contract.

Trustees of an unincorporated body should be particularly careful to avoid exposure to the uninsured liability of a merger partner. Charity trustees that are careful in assessing the true position of the charity or charities they propose to merge with are less likely

to unknowingly take on liabilities and are better placed to demonstrate that they have discharged their duty of care.

If there is a power to amalgamate, the charity has the authority to transfer any charitable undertaking and enter into an appropriate novation agreement. If there is no power to amalgamate then the dissolution clause may permit the transfer of an undertaking. In the majority of cases, the dissolution clause will permit transfer of an undertaking. However, some charities may find their clause restrictive and many charities do not have such a clause in their governing documents.

Further factors that should be considered in the due diligence process include:

- Transfer of Undertakings (Protection of Employment) Regulations 1981 (commonly known as the TUPE Regulations), which provide certain conditions with respect to merging and any legal, economic and social implications for employees. TUPE requires a consultation period and is something on which professional advice should be taken.
- Tax and VAT issues, where guidance from the Inland Revenue and Customs and Excise should be obtained.
- Whether any intellectual property is to be transferred or sold – specialist professional advice should be taken if necessary.
- Data protection, where trustees may need to seek advice from the Information Commissioner.
- Whether the merger will result in the income of the restructured charity exceeding thresholds laid down by the Office of Fair Trading.

Findings - Charities and merging

Many charities draw up agreements detailing the procedure that the merger will follow. These often include mechanisms for one or all of the parties to withdraw from the process if certain conditions are not met.

- All proposed partners in a merger should carry out appropriate research and background checks and for large-scale mergers, a full disclosure or due diligence exercise.
- Sector professionals and umbrella bodies should develop a range of due diligence models for different types and sizes of merger.

Costing the merger

The merger costs represent a proper call on the funds of the charities involved. There is no framework for costing mergers, however, and charities report that costs are not easily anticipated. Some funding bodies provide grants for charities to explore and undertake a merger but in most cases the merger is funded from the charities' resources. Trustees should consider tendering for professional services to help them merge, as they would for any other contracted services.

Some merger costs such as professional fees, staff hours and relocation expenses can be fairly accurately anticipated. Costs of any alterations to services, membership or beneficiary records, information technology and re-branding or advertising can also be calculated in advance. There is also an 'opportunity cost' that needs to be borne in mind; staff dedicated to the merger process will be drawn away from their usual duties.

Charities with a strong brand identity should consider the impact of a merger on donor's brand awareness. Weakening of a brand can result in a reduction in income from fund-raising immediately following a merger.

It may not be possible to plan for every eventuality and mergers can and do fail because of unforeseen costs. A major hidden cost of merging is the continued disruption that can result, including staff redundancies or compensation and the development of new systems and policies.

"A hidden cost of the merger was not doing what you normally do because you are concentrating on the merger. Lots of projects got put on hold or stopped which was a real planning blight. However, merger has brought the benefit that the bigger the problem, the better the resource to cover it."

A Charity Finance Director

Achieving a successful merger can be a demanding process. Charities that have been unable to dedicate the necessary staff and funds have found the process difficult. However, our discussions with charities that have merged show that, on the whole, they did not consider the process prohibitively expensive.

- Trustees should set aside appropriate levels of funding for the merger, with the actual and anticipated costs regularly reviewed.

Annex A: Research techniques

The data used in this report was derived from the Charity Commission's casework archive, meetings with individual and groups of charities, as well as with Charity Commission staff. In addition Martin Hamblin GfK, an independent research company, undertook a postal survey of 3,600 charities in England and Wales.

Survey techniques

The survey sample was stratified by income:

Charity size classification

Small	Income less than £10,000 per annum
Medium	Income £10,000 - £249,999
Large	Income £250,000 - £999,999
Very large	Income £1,000,000 +

The total sample structure was as follows;

Income	No. consulted	No. responded
Under £10,000	1,800	623
£10,000-£ 250,000	1,080	434
£250,000 - £1m	360	171
Over £1m	360	154
	3,600	1,382

Of the 3,600 questionnaires sent out, 1,382 were returned with a response rate of 38%.

Survey findings

Table 1: Profiles of respondents

		%	Number
Size of income	Small	45	623
	Medium	31	434
	Large	12	171
	Very large	11	154
Organisational activities (Main activity)	Service/Support	57	786
	Financial assistance	30	413
	Resource body	4	53
	Research	1	20
	Other	6	77
	Did not answer	2	33
Income source (Main income)	Investments	22	299
	Donors	19	259
	Members	16	217
	Grants	15	200
	Contract	7	100
	Trading subsidiary	2	25
	Other	18	244
	Did not answer	1	38
Length of time in operation	0-5 years	8	103
	6-20 years	35	480
	21-100 years	44	608
	101 years or more	12	171
	Did not answer	1	20
Whether work collaboratively	Yes	22	310
	No	78	1072
	Base, all respondents		1382

Survey findings

Table 2: Main source of income

		%	Number
MAIN Source of income	Investments	22	299
	Donors	19	259
	Grants	15	200
	Members	16	217
	Fees / sales	14	191
	Contract	7	100
	Rent	4	51
	Trading subsidiary	2	25
	Others	- *	2
	Did not answer	3	38
	Base		1382

* - Between 0 and 1

Survey findings

COLLABORATION

Table 3: Whether charities work collaboratively

Does your charity currently work collaboratively with another charity or charities?

	%	Number
Yes	22	310
No	78	1072
Base, all respondents	1382	

Table 4: Whether charities work collaboratively, by size of income

	Size of income			
	Small	Medium	Large	Very large
Whether work collaboratively				
	%	%	%	%
Yes	15	23	36	39
No	85	77	64	61
Base, all	623	434	171	154

Table 5: Whether charities work collaboratively, by main income source

	Main income source						
	Contract	Donors	Grants	Investments	Members	Trading subsidiaries	Other
Whether work collaboratively							
	%	%	%	%	%	%	%
Yes	38	22	33	16	21	24	17
No	62	78	67	84	79	76	83
Base, all	100	259	200	299	217	25*	244

* Note small base

Survey findings

Table 6: Number of separate collaborative arrangements charities are engaged in

	%	Number
Just one	37	116
2-5	45	140
6-10	8	26
11 or more	5	14
Don't know	5	14
Base: all who work collaboratively		310

Table 7: Number of separate collaborative arrangements that are FORMAL

	%	Number
1	51	69
2-5	41	56
6-10	5	7
11 or more	3	4
Base: all who have formal arrangements		136

Table 8: Formal arrangements by size of income

	Size of income			
	Small	Medium	Large	Very large
Number of formal arrangements	%	%	%	%
1	68	62	56	27
2-5	26	33	35	61
6-10	5	2	9	5
11 or more	0	2	0	7
Base: all who have formal arrangements	19	42	34	41

Survey findings

Table 9: Number of separate collaborative arrangements that are INFORMAL

	%	Number
1	50	101
2-5	40	80
6-10	8	16
11 or more	2	4
Base: all who have informal arrangements	201	

Table 10: Number of formal arrangement that have a clause by which the collaborative working arrangement may be terminated

	%	Number
Yes	60	82
No	20	27
Some do, some do not	12	16
Don't know	8	11
Base: all who have formal arrangements	136	

Table 11: Descriptions given of organisations working structure

	%	Number
Not part of any group	56	173
Function as part of a national/ membership structure	25	76
Function as part of a group structure	18	57
Did not answer	1	4
Base: all who work collaboratively	310	

Survey findings

Table 12: Aspects of charities' activities or operations that are included in the most recently initiated collaborative working arrangement*

	%	Number
Sharing knowledge	59	182
Joint service delivery with another charity	49	151
Sharing resources in order to increase efficiency or save costs	40	124
Creating support networks	33	102
Joint fundraising activities	23	70
Joint research projects or feasibility studies	13	40
Joint advertising campaigns	13	40
Sharing accounting functions	13	41
Sharing activity investment	7	21
Others	1	2
Did not state	2	6
Base: all who work collaboratively		310

* Respondents could give more than one answer so table may add up to more than 100%

Survey findings

Table 13: Aspects included in working arrangements, by size of income*

	Size of income			
	Small	Medium	Large	Very large
What aspects included	%	%	%	%
Joint service delivery with another charity	39	42	53	72
Sharing knowledge	54	59	59	65
Creating support networks	23	31	43	42
Joint research projects/feas.studies	9	10	13	23
Joint advertising campaigns	12	12	13	15
Sharing resources in order to increase efficiency/save costs	40	41	38	42
Sharing accounting functions	19	8	10	17
Sharing investment activity	12	5	2	7
Joint fundraising activities	29	16	28	18
Others	0	1	2	0
Did not answer	1	5	0	0
Base: all who work collaboratively	91	98	61	60

* Respondents could give more than one answer so table may add up to more than 100%

Survey findings

Table 14: Whether key aspects of a charity have improved, worsened or stayed the same as a result of the most recent collaborative working arrangement

	Improved	Stayed the same	Worsened	Don't know/not applicable
	%	%	%	%
Admin. costs of the charity	20	53	7	19
The public profile of the charity	32	46	1	20
Ability to attract funding	26	40	5	29
Service delivery	45	34	1	20
Base: all who work collaboratively	310			

Table 15: Whether ability to attract funding for charity changed, by size of income

	Size of income			
	Small	Medium	Large	Very large
	%	%	%	%
Improved	11	27	38	36
Stayed the same	41	41	40	36
Worsened	6	8	2	2
Don't know/Not applicable	41	24	21	27
Base*	82	92	58	59

* All who work collaboratively and answered the question

Survey findings

Table 16: Why the recent collaborative arrangement was of benefit *

Reason	%	Number
Sharing of information/knowledge	29	63
Improved services	20	44
Building working relationships between charities	19	42
Good communication between charities	17	36
Similar objectives/philosophy	15	33
Definition of aims/objectives/visions	15	32
Raised charity profile	11	23
Working together we secured additional funding	10	21
Cost reduction	9	19
Shared administration	9	19
Joint mission	8	17
Wider base to provide help	7	15
Support systems between officers	7	15
Definition of existing strategies	5	11
Improved staff relationships	4	9
Trustees serving on both boards	4	9
Shared accommodation	4	9
Combined fundraising	4	8
Shared banking/insurance/postal charges	3	7
Appointment of someone to head project	2	5
Proper legal contracts	2	5
Base: all who provided reasons		217

* Respondents could give more than one answer so table may add up to more than 100%

Survey findings

Table 17: Why the recent collaborative arrangement was not of benefit

Reason	%	Number
Breakdown in communications	29	5
Lack of clarity in relationship	18	3
Lack of initiative of partners	18	3
Improving facilities for local community was detrimental to our income	6	1
Offer of increased collaboration was turned down	6	1
Base: all who provided reasons		17

Charities that do not have collaborative arrangements

Table 18: Reasons why charities do not work collaboratively with other charities*

Reason	%	Number
Collaborative working has never been considered as an option	55	592
The profile, objects or the services of the charity are too specialised to make collaborative working an option	43	463
We have never been approached by other charities to work collaboratively	41	439
The links with other charities that would make collaborative working an option have not been established	13	143
We have considered working collaboratively but it has not materialised	9	96
Previous collaborative arrangement did not work out and we are cautious about working in this way again	1	14
Other **	4	37
Base: all who do not work collaboratively		1072

* Respondents could give more than one answer so table may add up to more than 100%

** Of those who ticked 'other': 9 charities had already merged or were in the process of merging, and 20 worked co-operatively but not in a formalised way

Survey findings

Table 19: Whether charities work collaboratively, by whether they merged

Whether work collaboratively	Whether merged		
	Have merged within last 10 years	Considered proposal to merge	Have not merged
	%	%	%
Yes	44	60	18
No	56	41	81
Base, all respondents	71	79	1232

MERGERS

Table 20: Charities that have merged, or considered merging with another charity in the last 10 years

Reason	%	Number
Yes, we have merged within the last 10 years / we are in the process of merging at the moment	5	71
We have considered a proposal to merge in the last 10 years but it did not proceed	6	79
We have not merged within the last 10 years and we have not considered it	89	1232
Base: all respondents		1382

Survey findings

Table 21: Whether charities have merged, by size of income

Reason	Size of income			
	Small %	Medium %	Large %	Very large %
Yes, we have merged within the last 10 years / we are in the process of merging at the moment	4	4	6	14
We have considered a proposal to merge in the last 10 years but it did not proceed	5	5	7	10
We have not merged within the last 10 years and we have not considered it	92	92	87	76
Base: all respondents	623	434	171	154

Charities that had merged in the last 10 years

Table 22: The types of merger that occurred

Reason	%	Number
One or more charities dissolved and transferred their assets to an existing receiving charity	59	42
Two or more charities combined their assets and resources with the result that the original charities dissolved (or remained registered as 'shell' charities) and a new, restructured charity was created	21	15
Two or more charities were grouped under a single governing document that provides for all the assets, with a single body of trustees	15	11
Other	3	2
Did not answer	1	1
Base: all who merged within the last 10 years		71

Survey findings

Table 23: Number of charities involved in the merger

Reason	%	Number
Just us and one other	72	51
3-5	24	17
6-10	1	1
11 or more	1	1
Don't know	1	1
Base: all who merged within the last 10 years		71

Table 24: Motivations to merge *

Reason	%	Number
To increase efficiency	54	38
One or more of the charities was in difficulties and could not continue alone	44	31
To prevent duplication of services / to provide better services	42	30
To enhance the charity's profile	24	17
To boost income	16	11
To prevent duplication of fundraising / to boost fundraising	14	10
Other	7	5
Don't know	3	2
Base: all who merged within the last 10 years		71

* Respondents could give more than one answer so table may add up to more than 100%

Survey findings

Table 25: Motivation to merge by size of income *

Reason	Size of income			
	Small %	Medium %	Large %	Very large %
To increase efficiency	54	60	46	52
One or more of the charities was in difficulties and could not continue alone	25	47	64	52
To prevent duplication of services/ to provide better services	50	40	27	43
To enhance the charity's profile	8	20	18	14
To boost income	21	27	9	5
To prevent duplication of fundraising / to boost fundraising	13	33	27	29
Other	8	0	0	14
Don't know	8	0	0	0
Base: all who merged within the last 10 years	24	15	11	21

* Respondents could give more than one answer so table may add up to more than 100%

Table 26: Whether key aspects of a charity have improved, worsened or stayed the same as a result of the merger

	Improved	Stayed the same	Worsened	Don't know/ not applicable
	%	%	%	%
Admin. costs of the charity	35	39	6	20
The public profile of the charity	28	45	3	23
Ability to attract funding	19	39	2	40
Service delivery	44	30	0	25
Competition for funding streams	9	32	2	58
Base: all who have merged	71			

Survey findings

Table 27: Reasons given why the merger has been successful *

Reason	%	Number
Increased efficiency	25	18
Full co-operative working/openness between parties	20	14
Reduction in administration costs	18	13
Good communication with members	13	9
Financial support	11	8
Limited initial change/continued with charities' aims	10	7
Similar objectives/aims/philosophy	9	6
Desire/determination by both parties	9	6
Enhanced services	9	6
Thorough/detailed preparation before merger	7	5
Strong leadership	6	4
Insight/understanding of each others' organisations	3	2
Base: all who thought their merger was successful		50

* Respondents could give more than one answer so table may add up to more than 100%

Charities who considered that their merger was not a success were asked to list up to three things that they thought might have contributed to its lack of effectiveness.

Four charities provided reasons as to why their merger had not been a success, these were as follows:

- Decision process slower
- Loss of focus / no clear statement of intent
- Charities have separate aims
- Current users didn't like change

Survey findings

Charities that did not proceed with a proposed merger:

Table 28: Motivations to merge *

Reason	%	Number
To increase efficiency	71	56
To prevent duplication of services / to provide better services	54	43
To enhance the charity's profile	30	24
To boost income	29	23
One or more of the charities was in difficulties and could not continue alone	23	18
To prevent duplication of fundraising / to boost fundraising	22	17
Other	6	5
Don't know	1	1
Base: all who merged within the last 10 years		79

* Respondents could give more than one answer so table may add up to more than 100%

Survey findings

Table 29: Reasons given why the merger did not proceed *

Reason	%	Number
No benefit/different outlook	20	16
Merger too bureaucratic/complex	15	12
Vision did not match both parties	14	11
Lack of interest	14	11
Complicated paperwork/financial problems	14	11
Lose identity/charity value autonomy	9	7
Charity Commission raised objections/no support	9	7
Clash of functions	5	4
Logistics caused problems	4	3
Not relevant or appropriate	4	3
Overbearing for small charities/unable to find workable match	3	2
Base: all who gave a reason		75

* Respondents could give more than one answer so table may add up to more than 100%

Survey findings

Charities who had not considered merging:

Table 30: Reasons given why charities had not considered merging *

Reason	%	Number
We do not see any benefit in merging	51	630
We have never been approached by other charities to merge	51	625
The profile, objects, or services of the charity are too specialised to make merging a viable option	45	550
The links with other charities that would make merging an option have not been established	17	212
Other **	12	152
Base: all that had not considered merging		1232

* Respondents could give more than one answer so table may add up to more than 100%

** The key 'other' reasons provided by charities were as follows:

- Wished to remain independent (47 charities)
- No suitable other organisations to merge with (16 charities)
- Limited service provided/serve local community (10 charities)
- Funds given to other bodies (6 charities)
- Little in common with other organisations (4 charities)

In addition the Charity Commission commissioned Martin Hamblin GfK to conduct 20-minute teledepth interviews with large and very large charities to further investigate charities' motivations for merging.

In order to qualify for interview, the charities had to:

- Currently provide services/support direct to beneficiaries as a main activity.
- Have merged within the last 10 years.
- Have not given their motivation for merging as 'that one or more of the charities was in difficulty and could not continue alone'.
- Have indicated on the questionnaire that they were happy to be contacted to participate in further research.

The interviews were carried out with three large and seven very large charities in December 2002. The ten charities consulted all merged at different times.

Survey findings

Reasons charities gave for merging

- Providing a more effective and beneficial service to the community.
- Wanting to become one large organisations working for a particular client group.
- Made logistical and financial sense.
- Helping a charity in financial difficulties, thus enabling them to continue providing services.
- Enabling charities that provide complementary services to expand and develop.
- All three large, and four of the seven very large charities stated that some of the original charities involved in the merger were dissolved.
- Most if not all of the services provided by dissolved charities were continued after the merger.
- For most very large charities the smaller charity drove the mergers. In one case the larger charity drove it, and in another, both charities drove it.

Reasons given for driving the mergers through

- Could see the benefits of expansion (larger charity drove merger).
- Made sense for charities doing same job to merge together (larger charity drove merger).
- Would improve ability to raise funds (smaller charity drove merger).
- Financial stringency (smaller charity drove merger).
- Improve efficiency and bring services in line with each other (smaller charity drove merger).
- Help raise awareness of work of charity through expansion (smaller charity drove merger).

Staff issues

- In the majority of cases, trustees initiated the mergers. In only one case did the chief executive initiate the merger.
- Most chief executives were recruited internally. Two were recruited externally. The majority of chief executives had previously worked for one of the pre-merger charities.
- A wide range of staff was employed by charities prior to the mergers.
- For three charities staff levels had increased since the merger, in three cases, the levels had decreased.
- Respondents had different numbers of trustees dependent upon the size of their charity.
- In general, some or all of the existing trustees of pre-merged charities were brought on board after mergers. The exceptions were one charity that had no trustees, and two charities that only brought on board their trustees, not those of the dissolved charities.
- The majority of charities did not bring on board new trustees after the merger.

Survey findings

Reasons given for the increase/decrease in staff levels

- (Where decrease): some staff left due to the merger (were not needed or resigned).
- (Where decrease): mainly due to change in location (staff left as did not want to travel).
- (Where increase): Could provide more services, do more fundraising etc, so could afford to take on more staff.

Timing issues

- Most mergers took 1-2 years.
- Most charities did not think proceedings were held up as mergers continued at the correct pace (i.e. they were not too rushed and people had time to get used to the idea).
- Where charities had experienced a delay, they gave the following reasons:
 - length of time needed for members to vote on merger;
 - held up by individuals or organisations; and
 - discussions relating to where the charity was to be based.

Funding

- Where mergers needed funding, most charities funded the merger themselves.
- The cost to charities of the mergers was generally small, with the vast majority reporting that their merger cost £20,000 or less.

Conditions

- Where trustees of pre-merged charities placed conditions on the merger, these included:
 - Insisting on full consultation so people are informed as to the process and outcome of the merger.
 - Requiring confirmation that the work of smaller charities will continue.
 - Ensuring the aims and objectives of merged charities are consistent.
 - Complying with the trust document.
 - Not selling an existing building for five years.

Naming the merged charity

- In three cases, the new charity took its name from both of the merged charities
- In six cases, the large charity dissolved the smaller charity and the larger charity's name continued
- Four charities put their suggested name to the trustees' vote
- Three charities kept their name and thus a new name did not need to be decided upon.
- The remaining charities either followed existing protocol of previous mergers or members decided on the new name or the old charity name was kept for the purpose of legacies.

Annex B: Glossary of terms

Collaborative working

In this report, collaborative working is defined as when two or more separately registered charities initiate an arrangement to work jointly on a project or venture in order to fulfil their objects whilst remaining as separate organisations. The project or venture may relate to any aspect of the charities' operational activity, including administration, resource sharing and streamlining of costs, service delivery and fundraising activity, or advertising and profile enhancement.

Merger

The transfer or combination of the assets (and liabilities) of two or more separately registered charities, and some or all of the parties restructure or dissolve into an existing charity. In such cases, either a new charity is formed, or one charity assumes control of another.

National structure with members

Exists where a large number of separately registered charities (each with its own trustee body) share a name and objects. (This excludes the common situation where a national charity has regional or local branches that are not separately registered, but are part of the administrative machinery of the main charity).

Group structure

A formal association of separate organisations. This could involve, for example, one or more charities becoming a parent to or subsidiary of another, or several charities becoming subsidiaries of a new parent body.

Uniting direction

A direction made under either s.96 (5) or s.96 (6) of the 1993 Act allowing two or more charities to be linked for all or any of the purposes of that Act. The basis for a uniting direction is different in each case:

for a direction under s.96 (5), the criteria rests on the **purpose** of the charities concerned: one of the charities must be established for any *special purpose of or in connection with another*. Under s.96 (5) we can treat one or more charities as forming part of another whenever both or all of them are identified with the same charitably provided service **and** are administratively interdependent.

for a direction under s.96 (6) the criteria is **common trusteeship**; discretionary emphasis will also be placed on charities having broadly similar purposes.

The purpose of giving a direction is to achieve the administrative linking of charities where it is practical to do so. Where there is a close connection between the purposes and/or administration of two or more charities, we normally wish to encourage the preparation of a single annual report and statement of accounts.

Glossary of terms

Pooling Scheme

A Scheme to establish a particular type of common investment fund whose main characteristic is common trusteeship. (For further details please see the Charity Commission's Operational Guidance OG 49).

Albemarle Scheme

A Scheme normally dealing with church halls being used for other charitable purposes.

Specie property

Specie property is settled on specific charitable trusts. It is land or buildings held by the charity and required to be used for a particular purpose of the charity. This is different from functional property that is used by the charity to further its charitable objects but is not required to be used in this way by the trusts of the charity.

Cy-près doctrine

Through the cy-près doctrine, the trusts of a charity may be formally modified to allow a possible application which is as near as possible to the provisions of the original trusts. A cy-près occasion arises where the trusts of a charity can no longer function under the terms of the present governing document, or can be more effectively used.

Permanent endowment

Property of the charity (including land, buildings, cash or investments) which the trustees may not spend as if it were income. It must be held permanently, sometimes to be used in furthering the charity's purposes, sometimes to produce an income for the charity. The trustees cannot normally spend permanent endowment without our authority.

The terms of the endowment may permit assets within the fund to be sold and reinvested, or may provide that some or all of the assets are retained indefinitely (for example, a particular building).

Annex C: Resources for trustees

Organisations

■ The Charity Commission for England and Wales

Responsibility for charities is split between our three offices. Further information can be obtained from the Commission at:

London

Harmsworth House
13-15 Bouverie Street
London
EC4Y 8DP

Liverpool

2nd Floor
20 Kings Parade
Queens Dock
Liverpool
L3 4DQ

Taunton

Woodfield House
Tangier
Taunton
Somerset
TA1 4BL

Tel: 0870 3330123

Minicom: 0870 3330125

E-mail: webenquiries@charitycommission.gov.uk

Website: www.charitycommission.gov.uk

■ Association of Chief Executives of Voluntary Organisations (ACEVO)

ACEVO provides good practice resources and information on sector issues.

83 Victoria Street

London

SW1H OHW

Tel: 0845 345 8481

Email: info@acevo.org.uk

Website: www.acevo.org.uk

■ Association of Charitable Foundations (ACF)

ACF promotes and supports the work of charitable grant-making trusts and foundations.

2 Plough Yard

Shoreditch High Street

London

EC2A 3LP

Tel: 020 7422 8600

www.acf.org.uk

Resources for trustees

■ Advertising Standards Authority (ASA)

Deals with complaints about printed advertisements and provides free information about promotions established to benefit charities.

Advertising Standards Authority
2 Torrington Place
London
WC1E 7HW

Telephone: 020 7580 5555
E-mail: inquiries@asa.org.uk
Website: www.asa.org.uk

■ Business in the Community (BiTC)

BiTC is a movement of companies committed to continually improving their positive impact on society. BiTC have a wide range of services and information, especially in connection with cause related marketing.

137 Shepherdess Walk
London N1 7RQ

Tel: 0870 600 2482
E-mail: information@bitc.org.uk
Website: www.bitc.org.uk

■ Business Community Connections (BCC)

BCC is a charity dedicated to helping other charities obtain more support from business.

Gainsborough House
2, Sheen Road
Richmond upon Thames
Surrey TW9 1AE

Tel: 020 8973 2390
Email: info@bcconnections.org.uk
Website: www.bcconnections.org.uk

Resources for trustees

■ Charities Aid Foundation (CAF)

CAF helps non-profit organisations in the UK and overseas to increase, manage and administer their resources.

Kings Hill
West Malling
Kent ME19 7TA

Tel: 01732 520000

Website: www.cafonline.org

■ Charity Finance Directors' Group (CFDG)

CFDG provides information for its members and others on a range of issues and specialises in helping charities to manage their accounting, taxation, audit and other finance related functions. Benefits of membership include regular members' meetings, monthly mailings and access to information and services.

Camelford House
87-89 Albert Embankment
London SE1 7TP

Tel: 020 7793 1400

E-mail: info@cfdg.org.uk

Website: www.cfdg.org.uk

■ Charity Trustee Networks

This charity offers mutual support by encouraging and developing self-help trustee network groups providing cost effective, peer to peer consultancy and mentoring.

PO Box 33834
London
N8 9XF

Tel: 0167 254 1781

Email: info@trusteenetworks.org.uk

Resources for trustees

■ Directory of Social Change (DSC)

The Directory promotes positive social change and provides a wide range of resources for trustees.

London

24 Stephenson Way
London
NW1 2DP

Liverpool

Federation House
Hope Street
Liverpool L1 9BW

Tel (books): 020 7209 5151

Tel (training and events): London 020 7209 4949 & Liverpool 0151 708 0117

Website: www.dsc.org.uk

■ Ethnic Minority Foundation (EMF) and the Council of Ethnic Minority Voluntary Organisations (CEMVO)

EMF and CEMVO develop resources for black and minority ethnic organisations, these include networking and training opportunities and a trustee register.

Boardman House
64 Broadway
Stratford
London E15 1NG

Tel: 020 84320 307

Email: enquiries@emf-cemvo.co.uk

Website: www.emf-cemvo.co.uk

■ The Housing Corporation

Maple House
149 Tottenham Court Road
London W1T 7BN

Tel: 020 7393 2000

Email: enquiries@housingcorp.gsx.gov.uk

Website: www.housingcorp.gov.uk

■ HM Customs and Excise

For information relating to VAT queries refer to your local telephone directory for the contact details. General information is available from:

Tel: 0845 0109000

Website: www.hmce.gov.uk

Resources for trustees

■ Inland Revenue (IR)

For information on tax issues relating to charities.

IR Charities
Room 140
St John's House
Merton Road
Bootle

Merseyside L69 9BB
Tel: 0151 472 6036 / 6037 (general enquiries)
Website: www.inlandrevenue.gov.uk

■ Institute of Chartered Secretaries and Administrators (ICSA)

ICSA provides information and good practice guidance on governance issues affecting the sector. They also have a trustee register available to charities needing new trustees.

16 Par Crescent
London W1B 1 AH

Tel: 020 7580 4741
Email: info@icsa.co.uk
Website: www.icsa.org.uk

■ Institute of Fundraising

The Institute of Fundraising aims to promote the highest standards of fund-raising practice.

Market Towers
1 Nine Elms Street
London SW8 5NQ

Tel: 020 7627 3436
E-mail: enquiries@institute-of-fundraising.org.uk
Website: www.institute-of-fundraising.org.uk

Resources for trustees

■ Management Accounting for Non Governmental Organisations (MANGO)

MANGO provides specialist accounting support to humanitarian organisations working in developing countries.

97a St Aldates
Oxford
OX1 1BT

Tel: 01865 433885
Email: info@mang.org.uk
Website: www.mango.org.uk

■ National Association for Councils for Voluntary Service (NACVS)

The NACVS network provides a wide range of information and support for charities.

National Association for Councils for Voluntary Service
3rd Floor Arundel Court
177 Arundel Street
Sheffield S1 2NU

Tel: 0114 278 6636
Email: nacvs@nacvs.org.uk
Website: www.nacvs.org.uk

■ National Council for Voluntary Organisations (NCVO)

Information available on fund-raising and governance issues and a range of general support services.

National Council for Voluntary Organisations
Regent's Wharf
8 All Saints Street
London N1 9RL

Tel: 020 7713 6161
E-mail: ncvo@ncvo-vol.org.uk
Website: www.ncvo-vol.org.uk, www.askncvo.org.uk

Resources for trustees

■ VolResource

This internet only resource for charities offers quick links to useful organisations concerned with the effective running of charities.

Email: info@volresource.org.uk

Website: www.volresource.org.uk

■ Wales Council for Voluntary Action (WCVA)

WCVA supports charities and the voluntary sector in Wales.

Baltic House
Mount Stuart Square
Cardiff Bay
Cardiff CF10 5FH

Tel: 029 20431700

E-mail: enquiries@wcva.org.uk

Website: www.wcva.org.uk

Journals, magazines and newspapers

■ Charity Finance

3 Rectory Grove
London
SW4 0DX

Website: www.charityfinance.co.uk

Subscriptions tel: 020 7819 1200

E-mail: rcoley@charityfinance.co.uk

■ Charities Management

Mitre House Publishing
The Clifton Centre
110 Clifton Street
London EC2A 4HD

Subscriptions tel: 020 7729 6644

Resources for trustees

■ Charity Times

Website: www.charitytimes.com

Subscriptions tel: 020 7426 0496 / 0123

■ Community Affairs Briefing

Provides an overview and round-up of current issues largely through case studies.

Fax: 020 7945 6138

E-mail: mail@corporate-citizenship.co.uk

Website: www.corporate-citizenship.co.uk/publications

■ The Guardian/ Society

The Society section in Wednesday's edition of The Guardian is particularly useful.

Website: www.SocietyGuardian.co.uk

■ Third Sector

Website: www.thirdsector.co.uk

Subscriptions tel: 020 8606 7500

Email: subscriptions@haynet.com

■ Voluntary Sector

Contact NCVO for details - see above.

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