

Collaboration and Merger

Shropshire Compact Briefing



Shropshire Compact

What is collaborative working?

Collaborative working is when two or more organisations work together to better fulfill their purposes. Collaboration can range from informal networks and partnerships to consortium contracts and legally binding agreements. Collaboration can also result in merger when two organisations see the need to combine as one. This briefing sheet highlights some of the key elements of collaboration and merger but also includes links to other sources of information.

Why collaborate?

There has always been a strong culture of collaboration within Shropshire's Voluntary, Community and Social Enterprise (VCSE) sector and the 16 Forums of Interest that make up Shropshire's VCS Assembly demonstrate a local commitment to joint working (see Compact Briefing Sheet on Forums of Interest). However over recent years, interest in collaborative working has been growing due to a number of influencing factors including:

- A move away from long standing grant funding to openly advertised contracts.
- Increased competition for funding or services.
- A reduction in the number of funding and contract opportunities available.
- A decline in small contract opportunities and a rise in large scale contracts.
- Streamlining of procurement processes – moving towards single point of contracting rather than multiple contracts.
- The need for more efficient use of resources.
- A reduction in charitable donations and giving.
- The development of new opportunities.

The Charity Commission's 'Hallmark of an effective Charity' encourages charities to:

“Consider whether collaborations and partnerships (including the possibility of a merger) with other organisations could improve efficiency, the use of funds and the better delivery of benefits and services to beneficiaries”.

Forms of collaboration

A) A simple informal arrangement

Two or more organisations may work together to deliver joint events, shared advertising, shared office facilities or just share ideas and deliver joint projects. Usually this is achieved quickly at little, if any additional cost.

B) A formal arrangement

Organisations may enter into a contractual arrangement, perhaps with a prime contractor working with a sub-contractor. The Prime or lead will take responsibility or contract delivery and liaise with the commissioning body. This model will require investment in ensuring the appropriate responsibilities and expectations are clear and an agreement is in place.

C) Joining or forming a Consortium.

Many organisations are now choosing to join a consortium. A consortium is where two or more organisations come together and pool their resources to achieve a common goal.

D) A joint venture

A joint venture is often a medium to longer term initiative. These arrangements are typically a partnership of equals. Joint ventures can also be helpful when considering more formal joint

deliver across sectors such as VCSE and public sector joint ventures or joint ventures with the private sector.

E) Merger

Collaboration can lead to merger. A merger is where two or more organisations formally combine to form one organisation. This can be the most complex and highest risk form of collaboration and may require robust legal and professional advice.

Potential benefits of collaboration

- Stronger, united voice.
- Mutual support between organisations.
- Knowledge, good practice and information sharing.
- Capacity to replicate success.
- More integrated or co-ordinated approach to beneficiary needs.
- Wider geographical reach or access to new beneficiary groups.
- Financial savings and better use of existing resources.
- New or improved services.
- Competitive advantage.
- Sharing the risk in new and untested projects.

Potential risks of collaboration

- Outcomes do not always justify the time and resources invested.
- Loss of flexibility in working practices.
- Complexity in decision-making and loss of autonomy.
- Diverting energy and resources away from core aims - mission drift.
- Damage to or dilution of organisational brand and reputation, especially if collaboration is unsuccessful.
- Change may cause confusion among beneficiaries and stakeholders.

Top tips

- Carefully consider the reasons for collaboration and how this fits with your overall strategy and business plan. What opportunities could the collaboration bring?
- Develop your knowledge of the organisations you hope to collaborate with.
- Consider whether efficiencies can be made by combining/sharing functions (e.g. back office systems and support, accommodation etc).
- Consider the risks and how those risks may be successfully overcome.
- Take volunteer, stakeholder and beneficiary needs and views into consideration.
- Try to determine the outcome(s) of the collaboration and likely success.
- Assess the impact on service delivery and the organisation's ability to manage change.
- Determine any financial requirements and benefits such as fundraising. Ensure decisions are not driven too much by potential financial gain.
- Determine the form of collaboration that could work best for your organisation.
- Leadership, communication and planning are often cited as critical success factors.
- Evaluate the impact of the collaboration and learn lessons for the future.

A local example

Shropshire Providers Consortium (SPC) is a Community Interest Company (CIC) established to support VCSE organisations in working together to attract funding and win contract opportunities. The consortium pools the experience, skills and knowledge of its members to deliver seamless services for clients and customers, creating a more defined public profile for Shropshire's VCS sector and enabling organisations to work as one. Membership is open to members of Shropshire VCS Assembly (the VCS Assembly is free to join for VCSE organisations working in Shropshire – see <http://vcsvoice.org/home/become-a-member/>).

To find out more about SPC visit:

 **Website:** <http://shropshireprovidersconsortium.co.uk/>

 **Email:** julie.tustin@spconsortium.org.uk  **Telephone:** 01743 253941

To find out more about VCSE collaborations contact the Shropshire VCS Assembly:

 **Email:** VCSAssembly@shropshire.gov.uk  **Telephone:** 01743 252740

For more information on collaboration and merger

The Charity Commission has produced a number of guidance documents that provide more detailed information about collaboration and mergers. Links to key documents are included below:

Collaborative working and mergers

<https://www.gov.uk/government/publications/collaborative-working-and-mergers-an-introduction-cc34/collaborative-working-and-mergers-an-introduction>

Choosing to collaborate

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/351573/Choosing_to_collaborate.pdf

Making mergers work

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/351567/Making_mergers_work.pdf

The Shropshire Compact

For more information about the Shropshire Compact use the details below:

 **Website:** <http://vcsvoice.org/the-compact/>

 **Email:** VCSAssembly@shropshire.gov.uk  **Telephone:** 01743 252740

