

Anatomy of a merger – the Cumbria experience

How the county's five district CVS became one



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Contents

Context: the County of Cumbria	1
The CVS	2
The background to merger	3
The mechanics of merger	5
Personnel	6
Governance	7
The role of trustees	8
Operations	9
The drivers for merger	9
Key success factors	11
Summary of key learning points	12
Thanks	13

On 22 March 2007, Cumbria Council for Voluntary Service came into being. Its creation has been the subject of almost three years' dedicated development work and the culmination of a collaboration which started over 15 years ago. What is remarkable about Cumbria CVS is that it represents the first merger of all the district CVS in one county into a single delivery agency. What follows is an overview of the process and the drivers and critical success factors that underpinned it. This overview does not attempt to deal with the detail or the mechanics of merger which are well documented elsewhere. It is written as a case study to provide guidance and inspiration for other local infrastructure organisations for which merger might present similar opportunities.

Context: the County of Cumbria

The County of Cumbria, situated in the North West region of England, has a population of approximately 489,000 people, 7% of the regional total. It covers an area of 6,824 square kilometres, approximately four times the geographical area of Greater London, making it the second largest shire county area in England after North Yorkshire. It is currently (May 2007) administered as a non metropolitan, two-tier local authority area by Cumbria County Council and the six district/ borough councils of Allerdale, Barrow, Carlisle, Copeland, Eden and South Lakeland. In addition, there are some 269 parish councils established across the county. In January 2007, Cumbria County Council published its bid for Unitary Status¹ which is currently at the public consultation stage.

The two largest population centres of the City of Carlisle (105,000) and Barrow-in-Furness (72,000) account for approximately 35% of Cumbria's



¹ 'One Council, One Vision, One Voice' published by Cumbria County Council, 10 January 2007

population with Kendal (27,500), Whitehaven (25,500) and Workington (25,000) between them accounting for a further 15%.

Cumbria is a county of contrasts. It combines some of the most spectacular landscape in the UK, attractive, characterful towns and cities with pockets of multiple deprivation and industrial decline. The county's apparent relative affluence (it scores 81st out of 149 English counties in terms of average social deprivation indices where '1' is the most deprived²) masks pockets of some of the highest levels of deprivation in England. The Borough of Barrow, for example, ranks 29th out of 354 local authorities in England³ (where '1' is the most deprived). Cumbria is the only county in England with an economy in decline, with the Gross Domestic Product per head measuring 20% below the national average⁴.

The geography of Cumbria, dissected by the Lakeland Fells, exacerbates the relative isolation of the districts, not helped by a poor public transport network resulting in relatively little movement between populations. It has been described as "living around the rim of a hat with the mountains in the middle". County-wide networking presents particular logistical difficulties resulting in high mileages and long travel times. The isolation of the smaller rural communities makes equitable access to services a significant challenge.

2 Source: National Statistics Indices of Deprivation Summaries (Revised 2004)

3 *ibid*

4 Community Strategy for Cumbria ('Cumbria Today') published 2004, sourced from the European Commission (Sub Regions in Decline)

The CVS

Prior to merger, the voluntary and community sector in Cumbria was served by five Councils for Voluntary Service (CVS) and a county-wide Rural Community Council (RCC). The five CVS are (*income figures and staffing complements are rounded and based on the 2005/06 financial year*):

Barrow CVS: Based in Barrow-in-Furness at the tip of the Furness peninsula on the north-western edge of Morecambe Bay, Barrow CVS was established in 1995, has an income of approximately £375,000, 350 member organisations and seven Full Time Equivalent (FTE) staff.

Carlisle CVS: Established in 1904, originally as a social welfare organisation funded by local philanthropists. It covers the City and District of Carlisle, has an annual income of approximately £244,000, 130 member organisations and seven FTE staff.

Eden CVS: Established in 2000 and covers the local authority district of Eden in the mid-eastern area of Cumbria. Based in Redhills, just outside Penrith, it has an annual income of £388,000 and has 147 organisations in membership and eight FTE staff.

South Lakeland CVS: Based in Kendal, was established 30 years ago and covers the local authority district of South Lakeland. It has an income of £70,000 per annum with 120 organisations in membership and three FTE staff. It also acts as the accountable body for the Cumbria Children's Fund which had an income of £1,241,000 in 2006/07.

West Cumbria CVS: Spread across three bases in Whitehaven, Maryport and Millom and established in 1998, West Cumbria CVS covers the districts of Allerdale and Copeland. Its annual income is £1 million and it has 270 member organisations and 18 FTE staff.

CVS by Approximate Income

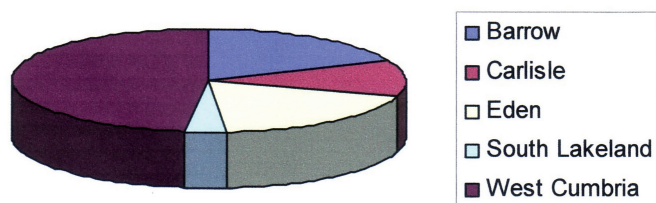


Figure 1: CVS Income Comparisons

NB The South Lakeland proportion does not include Children's Fund income.

The background to merger

The Cumbrian CVS have had a history of collaborative working stretching back many years before the idea of formal merger was first mooted. In response to a changing social and political climate, the chief officers of the five CVS and Voluntary Action Cumbria (VAC), together with other voluntary sector development agencies⁵, came together in 1989 on an informal basis to discuss issues of mutual concern and interest, establishing the Cumbrian Local Development Agencies Forum (CLDAF).

As opportunities for joint working arose, an individual CVS would act as the accountable body to draw down funding and take on the employer function. As this was a less than satisfactory arrangement, putting an inequitable burden on the lead CVS, in 2003 it was agreed to formalise CLDAF into the Cumbria Association of Councils for Voluntary Service (CACVS), a guarantee company registered with the Charity Commission, with the five CVS and VAC as members. The board was made up of the chairs from the six organisations with aims to:

- share and develop new ideas for the voluntary and community sector
- work to strengthen the voluntary and community sector in Cumbria
- speak with one voice on issues of concern to the voluntary and community sector in Cumbria
- be the lead agency in liaising with the voluntary and community sector across the county on issues of general concern
- act as a clearing house for county-wide issues and projects
- act as accountable body for ChangeUp.

The new organisation created a single corporate entity for CVS in the county and with it, a vehicle to receive funding and manage joint projects. Crucially, it provided the vehicle to act as the accountable body for the ChangeUp programme, which was to become a key catalyst of the merger. It was also an incremental step on the merger ladder in that each district CVS amended its constitution to expand its area of benefit to enable county-wide work.

CACVS provided its members with the opportunity to demonstrate their ability to manage and deliver successfully on a county-wide scale. Examples included the Cumbrian Voluntary Sector Training Project, providing custom-built training and support across the county, and the development of a multi-sector proposal for delivering the Children's Fund in Cumbria. The new joint working arrangements enabled the CVS to create a critical mass able to draw in funding beyond the scope of any district CVS operating in isolation. It was also to become a testing ground for merger, fostering closer relationships between chief officers and chairs and building mutual trust and respect. CACVS enabled the individual district CVS to liaise and

⁵ Now known as voluntary and community sector local infrastructure organisations

network more effectively and provide accountable representation at a county level to regional and national bodies.

The announcement of the ChangeUp programme in 2004 with its aims of modernising infrastructure to meet the needs of frontline voluntary and community organisations “to maximum efficiency”, was the next key milestone towards merger. In December 2004, it was agreed that CACVS would act as the Lead Body for ChangeUp in Cumbria, developing infrastructure support and, among other things, looking at longer term development and sustainability. ChangeUp enabled the commissioning in late 2005 of a review of infrastructure provision in Cumbria culminating in the publication of a report by NTS Consultants in spring 2006⁶. The NTS brief was to consider all aspects of the CVS and the RCC and the local, regional and national context within which they work, and to make recommendations for change and development.

NTS identified three possible options:

- ‘steady as she goes’ – continue to function as separate CVS using CACVS as the central representation for the county;
- ‘half-way house’ – move toward more centralised administrative functions managed by a Cumbria-wide organisation which employs a central team of people and manages premises while retaining independent CVS entities in districts round the county;
- ‘single legal entity’ – become a single, centrally managed, Cumbria-wide organisation with central administration and delivery mechanisms while retaining a network of local offices in the

districts of Cumbria. All staff would be employed by this organisation, assets transferred to it and each district CVS dissolved.

The consultants recommended the third option (single legal entity) highlighting six main strengths:

- Clear management reporting lines and effective management support structure.
- An efficient strategic management and decision-making structure.
- An efficient platform for establishing a clear marketing strategy.
- Meets needs and expectations of central and regional government.
- Provides a clear conduit for national and regional funding.
- Allows local presence while maximising opportunities for cross-Cumbria efficiencies.

There was however a potential weakness in the single entity option: a risk of losing funding directed at local bodies, and of some funding to Cumbria being capped because of single body funding limits. To militate against this, NTS proposed to create the single legal entity, but retain the legal district entities as ‘shells’ with no staff and a minimum number of trustees. Their function would be purely to receive funding, and then commission the local and central offices of the county-wide organisation to do the work the funding was donated to support. The shells could also, if necessary, retain ownership of local assets.

Whilst this recommendation initially found favour, following discussions with legal advisors and the Charity Commission it was concluded that the perceived level of funding risk identified by NTS was not high enough to justify the complexities

⁶ Report on the future options for CVS Cumbria (Tim O’Connor and Mike Berners-Lee, NTS-Group 2006)

of retaining the 'shell' entities. Indeed, early experience has demonstrated that far from being a risk, the single county-wide model creates opportunities for bringing in funding that in total exceeds the sum of what the district CVS could bring in their own right. The merger proposal has not, to date, disenfranchised any district-level funding, affirming that early fears were unfounded.

By September 2006 therefore, the decision was taken to grasp the nettle of working towards full merger and recommend the eventual dissolution of each district CVS following the formation of a new, single county-wide body with local service level delivery points.

Throughout the discussions, Voluntary Action Cumbria, the Rural Community Council for the county, had been an active member of CACVS, commensurate with its county development role and support for partnership working. Despite continuing to support the principle of a single, county-wide CVS, VAC declined the opportunity to be part of the new merged body. VAC's position is to retain its distinction as a Rural Community Council from that of a CVS, serving primarily as a rural (as opposed to voluntary sector) development agency. VAC considers its core objectives could be diluted as part of a single county-wide CVS that has different, albeit complementary aims and will continue to work closely with the new body whilst retaining its specialist rural development function. That said, VAC was a key partner in the merger process. Alongside the district CVS chairs and chief officers, it invested many hours in innumerable CACVS management team and monthly board meetings over an extended period of time.

On 22 March 2007, Cumbria Council for Voluntary Service (CCVS) came into being as a company

limited by guarantee. Approval for charitable status is pending but is not expected to present difficulties. Completing the full merger will involve each individual CVS asking its members (present and voting) to approve the transfer of assets to the new county agency and the subsequent dissolution of the district CVS, a process which is expected to be completed by September 2007.

The mechanics of merger

From the NTS consultants' report to the creation of Cumbria CVS has taken almost two years of intensive and time-consuming work. The task is not yet complete, but it is anticipated that the dissolution of the five district CVS and the transfer of assets will be completed by September 2007.

A merger on this scale is a complicated task which cannot feasibly be effected without specialist legal advice. It is underpinned by the principles of what is known in the corporate world as 'due diligence', i.e. the steps organisations take to assure themselves that a merger is in the best interests of their organisations and beneficiaries. Charity trustees have a legal obligation to act prudently and must consider carefully the financial, legal, strategic and operational elements of the merger and, in particular, ensure that any potential risks have been identified before entering into a formal agreement. The National Council for Voluntary Organisations (NCVO) has published guidance⁷ which defines the due diligence process and outlines the basic principles.

Using funding from the ChangeUp programme, CACVS commissioned London-based solicitors

⁷ "Due Diligence Demystified - What it is and how you manage it" published November 2006 by NCVO (Collaborative Working Unit) ISBN 0-7199-1691-7

Russell-Cooke⁸ to advise on the legal issues arising out of the planned merger and to guide the process required in terms of transfer of employment, contracts and assets. Barrow CVS has engaged its own locally based solicitors to advise its trustees on the implications of the merger, a course of action it feels has given its trustees and staff greater confidence through the negotiations, particularly in terms of employees' rights under TUPE regulations (see Personnel section). Carlisle has also sought independent legal advice on the transfer of its assets.

Personnel

The Transfer of Undertakings (Protection of Employment) Regulations (TUPE regulations) preserve employees' terms and conditions when a business or undertaking is transferred to a new employer. The Regulations have the effect that employees employed by the district CVS who transfer across to Cumbria CVS automatically become employees of the new employer on the same terms and conditions. It is as if their contracts of employment had originally been made with the new employer. Thus employees' continuity of employment is preserved, as are their terms and conditions of employment under their contracts of employment.

“The single most important factor was the strength of personal relationships. We wouldn't have been able to move forward if the relationships were not strong.” CVS Chief Officer

One of the first tasks for the CACVS trustees was to draw up the job description and person specification for the Cumbria CVS Chief Officer

⁸ The Charity Team at Russell-Cooke are nationally recognised experts in Charity Law. Shivaji Shiva, the partner who leads on the merger for Russell-Cooke is also Secretary of the Charity Law Association <http://www.russell-cooke.co.uk>

post and invite interest from the existing district chief officers. In TUPE terms, the group of five chief officers are regarded as a 'ring fenced pool' which means there is a position in the new organisation that two or more transferred employees identify as the same, or very similar, to their existing role. Under these circumstances, the post is open to competition from each of the staff members in the pool. As it happened, only one of the district CVS chief officers, Karen Bowen from Eden CVS, expressed an interest in the new post, and, with the full confidence of her colleagues, was appointed as the Cumbria CVS Chief Officer designate with effect from September 2006. Karen's old role at Eden has been taken on by a member of the Eden CVS staff on a part-time basis with two other staff being given additional responsibility allowances for sharing some of the chief officer's responsibilities.

The remaining chief officers have accepted appointments to the newly created roles of Locality Managers and have agreed to a harmonisation of their terms and conditions. Under TUPE principles, no one is worse off as a result of the harmonisation and the CACVS trustees have adopted a principle of bringing all staff terms and conditions up to the best practice standard across the district CVS. In addition to taking overall responsibility for operations in each respective district, the Locality Manager's role also includes responsibility and strategic lead county wide for some areas of work which have been defined as:

- Governance and Performance Improvement
- Public Relations and Marketing
- Volunteering
- Funding and Information
- Community Representation

- Training
- Human Resources
- Information and Communication Technology

These strategic lead themes have developed over time and are constantly under review, demonstrating the need for flexibility throughout the process.

The new Locality Manager posts will not come into effect until the merger is completed, but in the meantime the chief officers have taken on board the strategic lead work associated with their respective briefs. It should be noted that the merger process has demanded a considerable additional workload and time commitment from the chief officers which it has not been possible for them to recover. Progress on the merger has therefore been dependent on a significant amount of goodwill on the part of staff, driven by a desire to see the project succeed.

By February 2007, a staffing structure for the new organisation had been drafted by a personnel sub-committee made up of three CACVS trustees and the Chief Officer designate. It has been possible under the new structure to create a role for all existing staff, though some roles will change and some will require more flexibility in terms of location with the possibility of reduced hours in the short term. Following circulation of the new staffing structure, job descriptions have been drawn up and consultation with staff over an agreed recruitment process started in April 2007. New posts will be advertised internally in the first instance, and then if not filled, advertised externally. Existing project funded staff and hosted staff will not be affected by changes to the staffing structure and it is expected that they will continue to work on their current projects in their current locations until

that funding ceases or is renewed as appropriate. The personnel sub-committee has been advised, and its actions indemnified by Peninsula Business Services⁹ in drawing up the new harmonised terms and conditions.

Governance

The Memorandum and Association (the governing instrument) of the new body was based on a model used by CACVS' solicitors. It was refined in consultation with the district CVS in a process informed by the Charity Law Association¹⁰ model constitution and the model used by the CVS.

“If you have a strong partnership or co-operative culture, you can build on it and people are attracted towards it. We've had some good brains that have developed a culture attracting people of like mind.”
CVS Chief Officer

A key debate in drawing up the constitution concerned the make-up of the new board. On legal advice, it was agreed not to seek geographical representation on the board of the new organisation, but instead to appoint on the basis of expertise and experience to ensure an appropriate skill mix. It is the intention of the new board to carry out a skills audit to help identify any specific gaps which could inform future co-options. In the first year, the interim board will be made up of the chairs of the five district CVS plus

⁹ Peninsula is a private sector company offering HR support, advice and indemnities. Discounted services have been brokered on behalf of their members by NAVCA <http://www.navca.org.uk/services/deals/Peninsula.htm>

¹⁰ The Charity Law Association was established at the end of 1992 with the aim of enabling those who advise on or use charity law to meet together, to exchange ideas and intelligence and to use their experience and expertise for the benefit of the charity sector, including the development of model constitutions. www.charitylawassociation.org.uk

seven co-opted trustees to fill identified gaps in skills and experience. At the first Annual General Meeting, a new board will be elected by the Cumbria CVS members, but significantly there will not be places allocated on the basis of district-level representation.

This was a significant and testing decision in terms of the robustness of the merger. The board members of the respective CVS have a legal duty as charity trustees to safeguard the interests of their beneficiaries. Carlisle, for example, owns the freehold of its office base thanks to a gift from a generous benefactor in 1953. Carlisle's trustees had to be satisfied that transferring this asset across to the new organisation would be in the interests of voluntary and community organisations in Carlisle. It would be theoretically possible to impose restrictions compelling the new organisation to retain the use of the building exclusively for the use of its Carlisle beneficiaries. Acting on legal advice however, the trustees chose instead to place on record the intention of the building's original benefactor, on the basis that to restrict the use of the premises in law could restrict the new organisation's ability to use its assets flexibly, which in turn could act against the interests of the Carlisle beneficiaries.

This is just one example of a range of issues that became, and continue to be, the subject of debate as trustees and their chief officers quite correctly strive to ensure the interests of each district will not be undermined by the merger. Indeed, the key driver is to improve infrastructure service provision by better use of resources. To ensure the particular needs of each district are not wholly subsumed into the county agenda, it was agreed each district will convene a local Advisory Forum. Whilst not part of the formal governance structure, these forums will enable district issues to be surfaced and picked

up by both the new organisation's Board and the Cumbria Third Sector Forum.¹¹

Once the new constitution is finalised, invitation to membership of Cumbria CVS will be invited. There will be a single class of membership, but members will be invited to affiliate to one of the five district areas in order to ensure they continue to receive information dedicated to their district as well as county. In the event that an organisation chooses not to affiliate, or if it has a county-wide brief, then it will be treated as affiliated to a county-wide 'district'.

The role of trustees

Even with all the best efforts of the CVS chief officers and their legal advisors, progress towards merger could not have been made without the significant contribution of the district CVS chairs and their respective trustee boards with whom the final decisions lay. Like their chief officers, the chairs had gained experience in collaborative working across the county and developed mutual trust and understanding from their involvement in CLDAF and latterly, as trustees of CACVS. Trustees however had not necessarily had the advantage of experiencing collaboration at that level and their support could not be taken for granted.

Convincing their trustee colleagues of the merits of merger was not always an easy task, particularly amongst longer serving members whose affinity with their respective districts is deeply rooted. Trustees were being asked to give up a district-level autonomy that in some cases had stretched

¹¹ The Third Sector Forum is a vehicle whereby a broad range of voluntary, community and faith groups in Cumbria can comment on issues of concern or organise representation via a series of specialist reference groups

back over many years. Some were unable to accept the concept of a county-wide organisation and feared that their district would suffer if resources were dissipated across Cumbria, despite reassurances to the contrary. In some cases, the decision of the trustee board to support the merger was a majority, rather than a consensus decision which was regrettable, if not inevitable.

In the same way that continuity of chief officers was an important factor in the mix, so too was the continuity of the district chairs. The Chair of the new body, Jessica Riddle (Chair of Carlisle CVS) had the confidence of her peers to carry the leadership role from CACVS (for which she also served as chair) to Cumbria CVS. This provided much welcomed stability to the merger and an important anchor for the project. At least two of the chairs had intended to resign their positions earlier in the process, but remained in office to see the merger through.

The creation of the new Cumbria CVS board with its seven co-opted members has provided a welcome relief to the district CVS chairs who carried the responsibility of trusteeship through the two-year plus development phase. A family bereavement led to the withdrawal of the West Cumbria CVS Chair in the middle of the process, leaving a board of just four trustees to steer through the merger. The level of additional contribution made by the chairs to the merger, whilst striving to keep their district CVS trustees on board, was vital to the success of the merger and cannot be overestimated.

Operations

In terms of service delivery, ensuring equitable access across the region is a paramount consideration. As things stand, the quality of

service delivery and the availability of specialist skills is dependent on the funding and expertise available to each district-level CVS, and these vary considerably. The merger provides the opportunity to harmonise service delivery across the county in areas such as organisational development, funding advice and training, by developing more generic skills amongst staff in each of the district service points. The economy of scale also provides the opportunity to make expertise available in more specialist fields across the new organisation. It is the intention to preserve the existing network of CVS offices as district service points.

An early product of collaboration and ChangeUp funding has been the introduction of a unified ITC system and database. Each office has been equipped with a broadband connection to link with Carlisle City Council's Computer Centre that will host the new county-wide system and a voluntary sector web portal. New servers and equipment will be installed in each district office. With the system operational, a new database system will be going live, linked to each office to provide equal access to shared data across the county.

The drivers for merger

The key driver for merger has been the desire to provide stronger, efficient, more equitable and accessible delivery of voluntary and community sector infrastructure support services across Cumbria and to maximise opportunities for funding.

“What’s kept me positive through occasions when it has been difficult, is trying to focus on the whole object of the exercise, to strengthen and maintain local service delivery.” CVS Chief Officer

The Cumbria CVS established a track record in collaboration as early as the first informal gathering

of chief officers in 1989 and the establishment of CLDAF. The opportunities presented by closer collaborative working became evident, particularly since the government made clear its intentions with the publication of the ChangeUp Strategy in 2004. The strategy indicated, “It is envisaged that at regional, sub-regional and local levels infrastructure should gradually coalesce into geographic hubs of activity with services sharing premises, back office facilities or merging depending on needs.”¹² This coincided with a clear signal of intent from Cumbria County Council of its desire to contract with a single infrastructure organisation. Similar signals of intent came from the Learning and Skills Council and other regional bodies, which collectively acted as the catalyst that fuelled the original driver for equitable service provision.

The joint working experience through CACVS highlighted difficulties as well as advantages. From a governance perspective, the process could be cumbersome, as individual CVS representatives would have to refer major issues back to their respective boards which, because of unsynchronised meeting timetables, could delay important decisions. Other difficulties included the logistics of financial management (“cheque books flying all over the county”) and differing terms and conditions of employees. These frustrations demonstrated the potential advantages of a single governance structure and further fuelled the argument for merger, particularly given the tight deadlines presented during the ChangeUp bidding process.

The merger can best be described as an evolutionary rather than a developmental process.

¹² From “ChangeUp - Capacity Building and Infrastructure Framework for the Voluntary and Community Sector” published by the Home Office, 2004

It would be wrong to conclude that the recently changing funding climate was the sole driver towards merger. The Cumbria CVS became practised in collaborative working over a long period of time in response to the particular challenges presented by the area. ChangeUp provided the resources and the policy framework with which to move forward. Because of its history of collaborative working and shared vision, the Cumbrian CVS were extremely well placed to exploit the opportunities ChangeUp presented and were able to evolve successfully to suit the social and political environment they found themselves in.

This has been more recently demonstrated by Cumbria’s success in the first stage of Round 1 BASIS¹³ bids. The Cumbrian CVS have submitted four bids for support, interlinked to provide a range of core support services through the new merged CVS. The Big Lottery Fund has recognised the strength in this approach and put all four bids forward to the next stage, a success rate unparalleled anywhere else in the country. The evidence is that where district bids have been put forward for BASIS support without reference to the county agenda, they have been rejected. The Northern Rock Foundation, which has had a track record in funding infrastructure support work in Cumbria, has similarly expressed its support for the merger and its willingness to look favourably at future funding proposals.

It should be noted that cost savings have not been a driver for the merger. That said, it is anticipated that the merger will result in economies of scale on purchasing and savings on backroom and administration costs. Such cost savings are

¹³ BASIS (Building and Sustaining Infrastructure Services) is the first Big Lottery Fund programme to focus solely on developing voluntary and community sector infrastructure. The scheme aims to fund a more expert, consistently available and sustainable set of support services for front line voluntary and community organisations across England.

expected to grow as the impact of improved efficiency is felt, and this will enable further investment in infrastructure services. Income is expected to grow as the new county CVS finds itself able to tap into resources that would not have been available to individual district CVS. Early fears that funders might not fund a county-wide body at the same aggregate level as the five district CVS (because of the imposition of a single organisation ‘cap’) have proven unfounded. Particularly encouraging has been the successful negotiation of a three-year service level agreement with the County Council which has guaranteed the aggregate CVS funding level for at least the next two years.

Key success factors

The single most critical success factor in the Cumbria merger has been the ability of the chief officers and trustees to stand back from the district level agenda, see the bigger picture, and work together successfully towards a common goal. This has required a significant leap of faith and an exceptional level of trust. Reconciling the differing agendas of districts with such diverse profiles as those found across Cumbria is an achievement not to be underestimated. It is clear that the temperament of the five chief officers and their willingness to strive towards consensus has been an essential component of the merger. Without that quality of working relationship, the merger on a county-wide scale would have stalled, probably irrevocably. Independently facilitated away days have been credited with helping to galvanise the relationships.

“Once we’d agreed the original idea, we realised, when getting down to the nitty gritty detail of who does what and how, that perceptions are very different. “Is that what you meant...? It’s not what I meant!”” CVS Chief Officer

One of the original architects of the merger, David Jones of South Lakeland CVS, tragically died in the middle of the merger process and Barrow CVS experienced two changes of chief officer in a relatively short period of time. These events were potentially destabilising to the process and for a time, Barrow withdrew in order to concentrate on its own immediate priorities. The leadership impetus during this period was carried by the chief officers in the north of the county and Lorraine Smyth from VAC, keeping the merger agenda on track as South Lakeland and Barrow brought their new chief officers up to speed. This collegiate leadership approach with the ability of all the key officers to keep up the momentum through adversity was crucial. So much is dependent on the quality of working relationships and the trust earned over time, and therefore continuity of personnel and flexibility of attitude are key success factors.

The previous experience of collaborative working and managing joint projects has served to develop relationships and build up trust. This incremental evolution from informal collaboration to full merger over a significant period of time (as shown in figure 2) is also cited as a key success factor, analogous to the slow development of fertile soil in which the seeds of partnership can flourish.

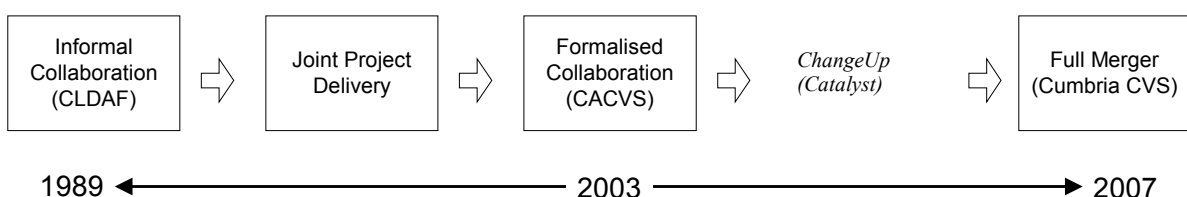


Figure 2: Evolution of Merger

The value of clarity of communication cannot be overstated. Individual CVS have kept members informed of progress through their respective newsletters and since May 2006, a regular bulletin has been produced keeping staff updated on discussions. Communication is a two-way process and it is important this is maintained between chief officers, staff teams, trustees and members, each listening carefully to the concerns of others and taking their considerations on board. Taking the time to clarify each step in the process is also important to ensure that there is a common understanding of terms that can, in the complexity of the agenda, be ambiguous and generate different perceptions.

Summary of key learning points

There is a view that the Cumbria CVS had no choice but to merge because of the political and funding climate, particularly with Cumbria County Council pushing forward with its unitary status bid. Whilst the writing does appear to be on the wall, that doesn't mean to say everyone will read it. The Cumbrian merger demonstrates that it is possible to reconcile the interests of diverse, individual districts with the wider county or sub-regional agenda. The district CVS have shown leadership and the ability to manage change on their own terms. They have avoided the potential nightmare of competing CVS in which the sector as a whole would have almost inevitably lost out.

The success, to date, of the Cumbrian merger has, to a large extent, been the result of a particular configuration of both internal and external factors, not all of which are replicable elsewhere. This is true of any change management situation. But there are lessons to be learned. The key learning points from Cumbria are summarised below:

- The calibre of the chief officers, their collective commitment to the vision and the quality of their working relationships have been critical to the success of the merger.
- The quality and clarity of communication (two way) between chief officers, staff, trustees and members needs to be sustained throughout the process.
- The process has demanded a significant investment in terms of officer and CVS trustee time. Continuity and stability of personnel, both chairs and chief officers, are strengths and also potential risk factors if too much responsibility is placed on the shoulders of too few. The option to co-opt in specialist expertise from other sectors shouldn't be discounted.
- This level of change management requires decisive and objective decision making at chief officer and chair level, often under pressure of tight deadlines and sometimes in unknown territory. Parochial attitudes can damage progress and the ability to stand back and see the bigger picture is essential. Strong leadership is a critical success factor.
- Economies of scale and increased efficiency will result in cost savings on purchasing and administrative functions that can be used for improved infrastructure services.
- As a county-wide organisation, the new CVS will be able to attract funding that would not have been available to individual district CVS.
- NCVO guidance on due diligence provides a useful framework and sets out the scope for collaborative working and merger.
- Merger is not a measure to be taken lightly, or quickly. Small incremental steps over a period of time create stronger foundations for sustainable mergers.

- Collaborating on pilot projects is a good precursor to merger and serves to highlight potential difficulties and build up trust between key players.
- Appropriate legal advice is essential from practitioners with a track record in charity governance, due diligence and TUPE regulations.
- Board places should not be allocated on the basis of geographical representation, but be open for members to elect based on skills and experience.
- The establishment of Local Advisory Forums serves to ensure that individual district priorities and issues are not subsumed by the county agenda.
- It is clear that collaboration on a sub-regional level is attractive to both statutory and independent charitable funders though this should not in itself be the single dominant driver. It is important that if organisations choose to merge, they do so on their own terms

and that their respective beneficiaries are not compromised in the pursuance of someone else's agenda

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