



Merging support providers in Warwickshire brings efficiencies without losing local presence

Four Councils for Voluntary Service (CVSs) and two volunteer centres in Warwickshire merged to create a more streamlined and sustainable county-wide organisation that retains links to grassroots members

Warwickshire Community and Voluntary Action (WCAVA) was formed in April 2008 from a merger of three district and borough-based CVSs and two volunteer centres, with an additional CVS joining in March 2009. The merger, part-funded by Capacitybuilders, has created an organisation that is more financially sustainable than the separate CVSs and volunteer centre structure it replaced. In part this is because the new structure is better placed to win county-wide service contracts and funding. The merger has also allowed the CVSs to shift staff from back office functions to frontline delivery helping kick-start a step change in support services in Warwickshire.



Warwickshire CAVA, winners of the Coventry and Warwickshire Employer of Choice Awards 2009

What Capacitybuilders funding was received?

Coventry and Warwickshire Infrastructure Consortium (CWIC) received £70,000 from the Consortia Development Fund in 2007 for the CAVA merger. CWIC is also in receipt of a three year Consortia Development Grant of £147,000, whose headline objective is that by 2011 the consortia is a 'strategic, credible and influential' partnership 'able to strengthen the third sector locally and regionally.'

What was the money used for?

The original idea was to merge the five district CVSs and five volunteer centres in Warwickshire into one single organisation to support Third Sector Organisations (TSOs) and volunteering in the county. The aim was to shift the focus of staff time from back office functions to frontline delivery and to improve strategic engagement with funders. In this way CVSs felt support services in Warwickshire would be made more sustainable in the long-term.

The majority of the £70,000 grant paid for consultants to produce a report outlining the main weaknesses of the current CVSs in Warwickshire, where they needed to improve, and options for their future development. The remainder helped to fund the secondment of a Merger Implementation Manager from a district CVS to oversee and implement the merger. A grant from the County Council also supported this process.

Why did the partners opt for this model?

Financial sustainability was the most powerful driver for the merger. Some of the partners had made losses in the three years prior to merger and all shared common financial challenges. They were all over-reliant on short-term project funding (such as provision of community transport) to subsidise their support services, which distracted them from their core mission and was felt to be an insecure source of income. The CVSs also relied heavily on county council core funding and recognised

that support services would eventually be tendered out competitively on a county-wide basis. Losing this tender represented the single biggest risk to all the CVS' financial sustainability.

Related to this, some statutory agencies found it difficult and resource intensive to engage with five separate CVS organisations. Warwickshire County Council, as the main statutory funder in the county, expressed a clear preference for a single county-wide CVS organisation. Forming this organisation, it was felt, would give the CVSs, and the third sector as a whole, a single voice in the county and improve engagement with statutory agencies.

The Chief Officers of the district CVSs also wanted to reduce duplication of back office functions. The five CVSs each had their own administrative staff, Chief Officers, finance officers and HR/admin officers. The Chief Officers felt they could make efficiency savings by centralising administration and management within a single organisation.

The Chief Officers also felt that improvements could be made to their support services. Services in each district had grown up 'organically', reflecting a combination of demand from local organisations and staff skills. Services therefore varied from district to district, and members faced a 'postcode lottery' in what was available in their area. There was also concern about the quality of services. The consultants' survey of TSOs in Warwickshire found that only 40% of frontline organisations were satisfied with existing CVS services. The Chief Officers felt the merger could help them make a 'step change' in the consistency and quality of support services across the county.

What was involved in setting up the merger?

The consultants' report had provided three possible new models for the CVSs, including full merger. Chief Officers and many of the CVS' trustees, as well as the county council, felt that this was the best way forward. However, in gaining agreement to implement the merger, they had to address significant risks (see table for summary).

The merger was agreed in November 2007, by which point the consultants had produced a full business plan for the new organisation, including a projected budget. The merger was planned for April 2008, and in the intervening five months one of the Chief Officers was seconded to manage the implementation of the merger.

A shadow board was also set up bringing together trustees from the five CVSs and volunteer centres. This provided the buy-in from the individual CVSs, but also brought their collective skills and experience to the creation of WCAVA.

“It wouldn’t have happened without the establishment of the shadow board; that was the secret.”

Chief Officers consulted extensively with trustees and staff in their own organisations on their concerns about the merger. Many were concerned that the new organisation would centralise services and be unresponsive to members in each district. The Chief Officers were able to win over the majority of staff and trustees by demonstrating the benefits the new organisation would have for sustainability, such as more efficient ‘back office’ functions and a greater capacity to secure county-wide public sector contracts. They were also able to structure the new organisation in a way that addressed these concerns by retaining local offices and staff and creating Member Committees in each district.

One of the conditions for participating in the merger for the CVSs was that each had a “break even budget” so that income covered costs. All were able to achieve this, putting WCAVA on a stable financial footing.

Before the merger was completed, one CVS – Stratford – decided to withdraw, predominantly out of a concern for loss of local presence and identity. WCAVA has partially been able to address this problem by retaining a close working relationship with Stratford CVS. Nuneaton and North Warwickshire Volunteer Centres had also withdrawn at an earlier stage, but this posed a less serious threat to the merger.

In April 2008 the merger went ahead between three CVSs and two volunteer centres, the fourth CVS – North Warwickshire – joining later, in March 2009. No staff members were made redundant; instead, internal recruitment took place, with some staff being retrained for new roles.

What are the benefits of the merger?

The merger has transformed the structure of support services in Warwickshire and brought a range of benefits. WCAVA is now more efficient, sustainable and focused on its core mission than before.

The merger brought efficiency savings by centralizing back office functions, which has reduced duplication of roles in administration and management. This has allowed WCAVA to shift staff resources from back office to frontline services. Administrative staff freed up by the merger were recruited internally to more frontline posts, receiving training to ensure they had the skills to provide support to TSOs. In some CVSs the balance between frontline and back office staff had been 40:60 prior to the merge; in WCAVA the balance is now 80:20. As a result, some districts have benefited from an increase in the numbers of frontline staff based in their district.

WCAVA has retained support service staff and offices in every district, helping address concerns that a countywide CVS would lose touch with local members. WCAVA created a new post of Locality Manager who leads on delivering services to local groups, and has good local knowledge of TSOs and local strategic priorities in their district.

The boards of trustees in each district were replaced by a single WCAVA Board of Trustees. To address concerns about a lack of local influence over support services, local Member Committees were established in each district. These committees are member-led and therefore provide more member scrutiny and overview than having a Board of Trustees for each district CVS. Two members of each Member Committee also sit on the WCAVA Board of Trustees, providing representation from all four districts.

WCAVA has also achieved a step change in the standard and consistency of support services in Warwickshire, providing a countywide package of support services. Members of WCAVA have access to the same services regardless of their district and no longer face a ‘postcode lottery’. Further, while there was previously inconsistency between the level of statutory funding received by different areas, WCAVA now provides greater consistency, allocating funds and resources to districts from a centralised budget.

KEY RISK	RESPONSE
Loss of local third sector voice and influence over services	Member Committees in each district
Loss of local presence	Locally-based staff and offices
Financial problems of individual CVSs inherited by CAVA	Requirement on CVSs to ‘balance the books’ before joining
Staff and trustees don’t buy into merger	Explained benefits of merger and address concerns
Merger seen as something driven by some chief officers or trustees	Hire external consultant to provide independent advice
Lack of capacity and skills to implement merger	Secondment of ‘Merger Implementation Manager’ and establishment of shadow board

In addition, TSOs can now access more specialist county-wide support services. Some of these new services have been developed by WCAVA, such as new training on tendering and procurement. Other new services are based on those previously delivered by individual district CVSs that have now been rolled out countywide. For instance, North Warwickshire CVS's Community Accountancy Service is now being expanded to cover the whole county.

Prior to the merger, local TSOs judged the separate CVS structure to be achieving 40% of the NAVCA Performance Standard. An audit after the merger - in autumn 2009 - made WCAVA the first CVS in Warwickshire to achieve a NAVCA Quality Award. This was the first time any NAVCA member that operates multiple local offices across several districts has received the award.

The use of ICT and communication have both improved since the merger. WCAVA has dramatically improved the information it provides about funding through the creation of an e-portal. WCAVA now sends out E-Grapevine, its weekly e-zine, to in excess of 1,500 subscribers.

How has the merger supported sustainability?

At least two of the district CVSs were facing serious financial instability if they didn't merge, and all of the CVSs had faced long-term risks to their core grant funding. The merger has helped these CVSs stabilize their finances. One of the CVSs in particular was running a £50,000 deficit on entering WCAVA, which they were covering using ring-fenced reserves. The merger has helped this CVS reduce its overheads and increase its income, and in just 18 months it has gone from running a £50,000 deficit to having 'balanced books'.

WCAVA is also now much better placed to secure countywide funding and contracts. As a single body

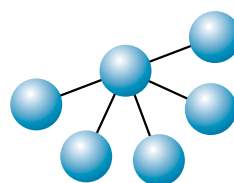
for the county, it is capable of leading on the delivery of contracts and projects for support services across Warwickshire. This has already helped attract funding from various sources, including the Learning and Skills Council, BIG Lottery Fund, and Capacitybuilders.

WCAVA has also begun diversifying its income sources through charging for the Community Accountancy Service and for advice and support from its HR manager.

By reducing costs, increasing income and improving services, they have made support services more financially sustainable in the long-term.

Key learning points

- A history of collaborative working between district CVSs over seven years prior to the merger meant WCAVA built on existing relationships between them
- Demonstrating demand for a step change in support services through a survey of members helped strengthen the case for a merger
- Consultation with staff and trustees prior to and during the merger gave chief officers the chance to 'make the case' for merger. It also gave staff and trustees the opportunity to voice concerns, which chief officers then addressed in their plans
- Consultation with statutory agencies prior to and during the merger helped clarify whether and why they felt merger would be beneficial
- Allocating a senior officer to implement the merger provided the staff resources to manage a complex and risky process
- Creating a shadow board to support the merger over the 5 months prior to its official creation increased 'buy-in' from the trustees of the district CVSs and provided the new organisation with trustees' invaluable skills and experience



SHARED INTELLIGENCE