

# Enabling conversations: joint working in a changing landscape

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NAVCA and ACRE have produced this resource as part of a project supporting the VCFSE sector and forming unitary and strategic authorities to work together through devolution and local government reorganisation.

## Introduction

VCFSE organisations of all types often benefit from working together through partnerships, collaborations or merger. The project has explored the different ways that local infrastructure organisations [NAVCA members] and rural community support charities [ACRE members] work together, identifying seven key lessons that can apply to all VCFSE organisations as well as NAVCA and ACRE members. These lessons – learned through enabling conversations – also apply to all areas undergoing local government reorganisation, the introduction of new or relatively new strategic authorities [devolution] and other areas where there are not current changes to local governance.

## Key Lessons Learned

1. Most fundamentally, boundaries in local government are shifting radically and whatever form it takes, some changes in the ways of working by NAVCA and ACRE members and the wider VCFSE sector are likely to be needed. It will be necessary to build new and different relationships with commissioners and decision makers, as the places where decisions are made will all change.
2. LGR will be disruptive and resilience will be needed to navigate this. There is a strong case for sharing intelligence and organisations coming together to navigate and negotiate with new (and larger) public sector bodies.
3. Services specifically, may well be commissioned over larger areas and at a different scale by newly created Strategic Authorities and alignment to this in some form will be necessary.
4. Current funding arrangements including grants are likely to change during the transition. There is a need to work together to help make the case for continuing VCFSE sector grants. In these negotiations it has previously proved important to have fewer, coherent voices and positions within those organisations representing and speaking up for the wider VCFSE sector.
5. The VCFSE sector will be better able to navigate these changes and potential disruption around funding if it is speaking with one voice, deploying similar arguments and not unnecessarily competing for the same resources, contracts and connections.

6. Cost saving for local authorities is a key driver of LGR. That is a perfectly understandable and sensible priority given challenges in public finances, but it does reinforce the need to demonstrate outcomes, impact and value for money. There is no 'right answer' to this, but as a minimum, evidence of focused dialogue and looking carefully at ways to work together will be essential, as will demonstration of outcomes, and high standards of delivery alongside value for money.

7. The VCFSE sector has a vital role in maintaining consultation and engagement with communities and ensuring that this does not get lost in the creation of larger local government structures. A collaborative, evidence based voice will carry more weight in making the case for the VCFSE's role in this.

Alongside LGR and further devolution, there are major changes to the organisation of Integrated Care Boards, and the implementation of neighbourhood health services, which have significant implications for the VCFSE and local infrastructure sector.

## New ways of working - new partnerships

Collaboration, partnership, shared services and mergers are options that all VCFSE (Voluntary, Community, Faith and Social Enterprise) organisations have increasingly had to consider. This has been driven by several things.

1. A long term challenging economic environment:
  - a scarcity of grant funding
  - ongoing pressure on charitable giving and other sources of income
  - long term reductions and pressures on public spending
  - identifying closer working as a way to remain sustainable and relevant.
2. A perception (not always fair) that there are 'too many' organisations within the VCFSE sector and that duplication is a widespread issue requiring attention.
3. Proactive, positive conversations across the VCFSE sector around the potential to serve communities better through coming together in various ways.

4. Changes to the external operating landscape such as reorganisation of health systems, LGR and devolution and other public sector changes, which are a key driver in many places. As a result, many organisations are now exploring ways to work more closely together.

Mergers often dominate the discussion and particularly attract attention where people sense that there may be controversy. Merger is indeed one possible route and is the right choice in many places. However, this is only one of many possible options for closer working and even within what is labelled as a merger, there are several different options and possibilities.

## What forms can joint working take?

Joint working can broadly be characterised as a spectrum from 'conversation to merger'. There are several ways in which collaborations between LIOs and rural community support organisations can form (see resource [Exploring cross boundary collaboration](#)), including:

- informal local collaborations
- partnerships
- special purpose vehicles
- group structures
- merger
- regional 'Councils of Voluntary Organisations'

This spectrum covers a range of activity and, generally speaking, becomes more formal with specific legal and contractual requirements needed the further along the spectrum this work progresses.

This is not a neat, linear or inevitable process. Some organisations will proceed through these stages in an orderly way, others will go some way along the spectrum and may go backwards and forwards along it, and others will jump over stages or do things in a completely different order. Organisations do not necessarily know at the outset how far or how quickly they'll need to move as this may change and evolve over time.

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This is no bad thing: the crucial consideration is what is right for the organisations involved and what best places them to deliver their outcomes for stakeholders.

## Key lessons

If joint working was easy, we'd all be doing it already. It is important to think carefully about the right ways of working for your organisation and also to reflect on lessons learned from those with experience.

We would really recommend accessing some of the further resources highlighted below – both video interviews and a wealth of written resources. Some of the key lessons identified are listed below.

1. You need to be mindful of the external context that you are operating in, but that the right 'fit' should be your primary driver and not just responding to events. This includes LGR and other changes to local government structures and systems.
2. Joint working takes time and resource – you may well start to realise the benefits of these new approaches quite quickly, but it will not be immediate, and it will need time, patience and very likely financial investment to get there.
3. Depending on the model chosen, this may never save money or time – it might be that it is worth pursuing because it adds value or opens up new opportunities, but cost savings are not inevitable.
4. These processes are rarely quick and can range from months to several years to complete. Starting as early as you can is important – both because it reduces pressure but also, crucially because the most successful collaborations have been built on already established dialogue and working relationships.
5. There will be politics to navigate – in some cases these are relatively straightforward processes, but usually there are not:

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- Bringing together 'unequal' organisations e.g. size / turnover / track record can be challenging and needs to be navigated;
- Try to be clear from the start about shared expectations around pace, time commitment and 'who does what'. This relates both to the strategic level – e.g. geographic boundaries, who leads service areas, and also to the practical and pragmatic – who is going to do what in terms of the work required to get this new way of working off the ground;
- Be honest about any red lines or non-negotiable things – with yourself, trustees and partner organisations;
- The right fit between organisations is essential. This is a bit subjective, but we're talking here about things like shared values, similar approaches to working, compatible priorities and an appetite for change and risk that doesn't need to be a perfect match but does at the very least need an honest conversation;

Organisations that have been in competition previously, and where relationships may have been strained may now need to come together.

6. Trustees play a key and unique role in these processes and should be engaged throughout. For Trustees themselves, please remember that staff will likely be experiencing concerns and stress, and may be under additional pressure including increased workload.

7. Ultimately, staff at every level of the organisation will make this endeavour a success (or not). Staff should be engaged throughout, staff teams from across the relevant organisations brought together whenever possible. You may need to be prepared to deal with people wanting to leave and a prolonged period where turnover is higher, and very difficult processes including redundancy may be necessary.

8. You are not obliged to progress all the way through the process to full merger if this is not the right option. Ultimately, you may need to stop the process, step back or walk away from it altogether.

9. The processes of change do not happen automatically and need to be led and driven. Identify the right people to lead on different areas and at different times. The skills and attributes to lead a process of change and uncertainty, to bring energy and enthusiasm, tackle difficult issues around people's jobs and those to 'put things back together' are not the same and you need to draw on people accordingly.

10. Finally, do not lose sight of why you started this process – to be effective and to deliver in the best way you can for local communities.

## What are the benefits?

There are several benefits to closer collaboration, including merger. Where conditions and arrangements are right the benefits include:

- greater voice
- economies of scale
- expanded geographic reach
- diversified income
- broader service areas
- increased talent pool
- service innovation.

We recommend a series of resources produced by [Eastside](#). These cover many areas, and open with the benefits of merging (where the conditions and arrangements are right) – though we also think many of these benefits also apply to many other forms of joint working.

## What type of mergers are there?

The Good Merger Guide (2014) remains a very valuable resource, download a copy [here](#). It identifies three primary models of mergers:

- unified / full merger;
- unified takeover;
- group structure.

This guide further, helpfully identifies broad stages in the merger process:

- exploration (which can be long term)
- planning and delivery
- implementation.

The guide also acknowledges that mergers can be expensive and do not necessarily follow a set, clear process. It also explicitly acknowledges that mergers do not always save money – and you need to be very clear about the value for money case for merger before embarking upon detailed conversations.

Resources from [Eastside](#) break down types of merger into five broad types:

- takeover (the most common)
- merger of equals (rare)
- group structure
- subsidiary model
- asset swap.

As this guidance and our experience tells us, all have advantages and challenges and all carry different levels of risk.

## What makes a successful merger?

Five key ingredients are key to success:

- Shared values and goals;
- Committing enough time, resource and energy to the process and planning in detail – to the ‘end point’ on the journey (wherever that is) and beyond – thinking about whether, for example, new governance models will be needed;
- This will include issues around what legal form or structures the organisation or collaboration will take. This may well need to change and evolve over time;
- Keeping focused on the end goal, even when times are tough;
- Leadership – which can come from different people and in different forms as you move through the process;
- Keeping focus on people and being empathetic.

Many of these are also identified in the Good Merger Guide:

- trust
- energy
- shared vision

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- Organisational fit and business case
- Top level buy-in
- Leadership, planning and management
- Openness about risks and red lines
- Stakeholder communications
- External input and advice.

The Guide also identifies key barriers, which resonate strongly with what this project has found:

- where there are cultural differences
- a fear of losing identity / local identity
- egos – particularly from senior staff or chairs of trustees
- poor planning
- opposition to the concept – from one or more sources
- cost
- a previous failed integration
- poor appointments to key roles
- ‘late joiners’ that then have to catch up.

Many of these risks can be mitigated – but need to be acknowledged and openly discussed for this to be achievable. The Eastside resources specifically highlight the importance of [feasibility work](#) – this could take the form of a specific study but at the very least must include high quality planning and dialogue to identify risks and how they can be managed or, without wanting to sound defeatist if they outweigh the potential benefits and/or cannot be mitigated under current plans.

## Hear from voices that have already collaborated

Four videos are available:

[Merger and collaboration for LIOs: building trust and relationships](#) – Staffordshire

[Forming Black Country Together CIO: a vehicle for collaboration](#) – West Midlands

[A journey from shared office services to collaboration and merger](#) – Lincolnshire

[Collaboration in complex environments: Five LIOs working in partnership](#) - West Yorkshire

## Sources of more information

This topic has been written about extensively and there are many excellent resources to access and to find out more.

1. [NAVCA resources](#)
2. [Cranfield](#)
3. [Eastside resources](#) (multiple resources here, including seven merger related topics)
4. [Good Merger Guide](#) (download here)
5. [Good Merger Index](#)

## Find out more

### For forming unitary and strategic authorities

To find out more about how you can work with the VCFSE sector and how local infrastructure can help you to do this, [contact your local NAVCA member](#) and, for rural issues, [contact your local ACRE member](#).

### For VCFSE organisations

To get more support on local government reorganisation and devolution, [contact your local NAVCA member](#) and, for rural issues, [contact your local ACRE member](#).