CHARITY COMMISSION

How to merge or link charities

Checklist for mergers

20 questions trustees need to ask

The merger of charities means two or more separate charities coming together to form one organisation. In such cases, either a new charity is formed to carry on the work or take on the assets of the original charities or one charity assumes control of another.

Purpose of the checklist

This checklist is intended as a simple guide to the typical issues trustees need to think about when considering merging. They should ensure that the merger best meets the needs of the beneficiaries and makes the best use of their charitable resources. They must act prudently in the interests of their charity and in accordance with the governing document and the requirements of charity law and other legislation.

The checklist is suitable for all charities to use. Not all questions will be relevant to every charity. This checklist should be looked at alongside the Charity Commission's guidance Making mergers work: helping you succeed and Collaborative working and mergers: an introduction (CC34).

Considering a merger	
1. Is a merger in the best interests of our charity and its beneficiaries? Will it improve the quality of service we offer by, for example, delivering cost savings, increasing income or making best use of our resources?	☐
2. Is our proposed partner charity/ies compatible in terms of its objects, strategic vision, culture, values, governance arrangements, organisational structures and funding base?	☐
3. Have we approached our stakeholders and beneficiaries for their views? If not, how and when are we going to?	☐
4. What will be the risks and benefits for our charity of a formal merger? Have we considered the wider impacts on our charity?	☐
5. Are there any other forms of collaborative working we could explore that might achieve the same benefits?	☐
6. Have we estimated the full cost of merging? This should include issues such as staff time, rebranding, professional fees, relocation and unanticipated costs.	☐
7. Does our charity have members? If yes, does our governing document require the consent of the members in order to merge?	☐
8. Are we carrying out a due diligence exercise, can we do it in-house or do we need professional advice?	☐

Financial and legal consideration (legal requirement)	
9. Do we have the relevant legal powers to achieve our plan or will we need consent from the commission?	☐
10. Have we decided on a legal structure for the merged charities?	☐
11. Are we taking the appropriate professional advice and in what areas?	☐
12. Are there any employment issues we need to consider? These could include issues such as TUPE (Transfer of Undertakings (Protection of Employment)) requirements, pensions liabilities and compliance with employment law.	☐
13. Are there restrictions on our charity's sources of income? These could include special trusts, restricted funds or permanent endowments.	☐

Planning and communicating	
14. Have we identified an individual to manage the overall process?	☐
15. Do we have a project plan with milestones in place to manage the process?	☐
16. Have we established a project board, committee or group to oversee the project and to link into the respective trustee bodies?	☐
17. What interim governance arrangements should we put in place during the merger process?	☐
18. Have we conducted a stakeholder analysis and established a communications plan that covers all existing and new stakeholders and audiences? This should cover communicating the merger to existing funders and staff.	☐
19. Have we identified the risks associated with merging, such as reputational or operational risks, and put systems in place to mitigate those risks?	☐
20. Have we identified ways to monitor the success of the merger and how it will be evaluated?	☐