The Beauty of Collaborations
(and cost effectiveness!)

Examples of UK Practice under a Canadian Model

Session Presenter:

Cathy Elliott, Chief Executive, Community Foundations for Lancashire & Merseyside, UK and Trustee of UK Community Foundations
Definition of Collaboration:
The action of working with someone to produce something.
Creating an alliance, partnership or association.
Co-operating or combining.
Session Overview

Introduction

• The Canadian Spectrum of Collaboration
• Your Thoughts on Collaboration?

Case Studies

• Getting a Collaboration Started: South West Chairs & Chief Execs Forum
• Programmes Collaborations: Merseyside working with Cheshire
• Finance Collaboration: Cheshire’s Finance Back Office from Merseyside
• Investment Collaboration: The South West Investment Committee
• Shared Back Office: Lancashire & Merseyside collaboration from 2009
• Pathway to Merger: Lancashire & Merseyside Merger in 2014

Group Discussion

• Reflections, Q&A and Discussion
• Summary & Final Thoughts
Joint Short Term Project
- Marketing
- Fund development
- Granting
- Community leadership
- Board development

Joint Research
- (e.g. Vital Signs)

Donor Services

Financial Management
- Accounting
- Audit
- FIMS
- Financial/database system information

Investment

IT

Special Events

Governance

Website

Office

Content Source: Community Foundations for Canada, 2011
The Beauty of Collaborations: Your Thoughts

What are the Advantages & Disadvantages of Collaborating??
The Beauty of Collaborations: Getting Started

Case Study: South West Chairs & Chief Executives Forum
The Beauty of Collaborations: Programmes

Case Study:
Merseyside Grants Processing for Cheshire & Lancashire

• Comic Relief 2011 – 2012 Programme;

• Merseyside nominated by UKCF at time as agent, co-ordinating delivery for Cheshire, Lancashire & Merseyside due to Merseyside’s 12 year track record in programme delivery and two Quality Accreditation (QA) audit passes;

• Cheshire launched in January 2012 with no QA (1st QA in Sept’ 2013) and Lancashire launched in 2008 with one QA pass (May 2010);

• Equal representation on panel, local budgets protected & local brands promoted.

2013 Onwards:

• Cheshire running own Comic Relief from 2013 onwards;

• Merseyside delivered for Lancashire due to their close collaboration and now does so jointly with Lancashire due to merger in 2014.
The Beauty of Collaborations: Finance

Case Study: Merseyside’s Finance Back-Office for Cheshire

• In operation since late 2012
• Cheshire employing Merseyside on a consultancy basis
• Merseyside undertakes monthly and annual accounting
• Cheshire’s team of 2.5 staff focus on endowment building and grant-making
The Beauty of Collaborations: Investments

Case Study: Joint Investments

Endowment Pot - £14m
(£3m Devon, £2m Somerset, £9m Wiltshire)

Benchmark used – APCIMS Balanced Index
Target – RPI + 4%

Asset Allocation
• Equities 50 – 80%
• Fixed interest and cash 10 – 40%
• Property 0 - 20%

Some restrictions:
Ethical Policy
Withdrawal Clause
The Beauty of Collaborations: Investments continued...

Performance since inception (benchmark – RPI +4% = 5.97%):

(July 2013)
Smith and Williamson – 6.51%
Ruffer LLP – 22.7%

Fund Management Fees before and after

£14m endowment – average 1.5% = £210k

£10.5m to Smith and Williamson @ .3% fee = £31.5k
£3.5m to Ruffer LLP @ 1% fee = 35k
Total £66.5k

Saving £143.5k in fees !!!!
The Beauty of Collaborations: Shared Back-Office

Case Study: Lancashire & Merseyside from 2009 – 2013

Theme of Close Collaboration
Case Study: Lancashire & Merseyside from 2009 - 2013

The Community Foundations’ Status:
• Merseyside established in 1999 and undertook Lancashire grant-making from 2003 – 2007 as UKCF’s nominated agent;
• Lancashire established in 2007 with a legal back-office agreement with Merseyside in 2008;
• Separate registered charities until March 2014 — Merged in April 2014.

The Boards’ Operations:
• Close collaboration agreed in 2009 & cross-board Group set-up;
• Regular joint away days from 2010 and regular joint board meetings every six months from 2011;
• Joint Board meetings each time from late 2012.
The Beauty of Collaborations: Shared Back-Office cont...

Case Study: Lancashire & Merseyside from 2009 - 2013

The Resourcing Agreement since 2007:
• Lancashire contracted Merseyside’s Finance & Grants Teams to delivery their programmes and funds based on an agreed % fee;
• Lancashire contracted consultancy from Merseyside for marketing and philanthropy development on time basis.

The Staffing Over Time:
• Lancashire & Merseyside have shared a Chief Executive since 2008;
• Merseyside had a full staff team over Grants, Finance & Development until 2011, then acted as one team for two CFs;
• Lancashire had one Development Director until 2011, then jointly;
• Merseyside is the employer, including pensions and benefits.
The Beauty of Collaborations: Pathway to Merger

Case Study: Lancashire & Merseyside Merger in 2014

• Agreement in April 2013;
• Consultation and AGMs in autumn 2013;
• Merger in March/April 2014;
• Board transition planned from October 2013 – October 2014;
• Mutually agreed Governance aims for 2014;
• Local identities to be kept local.
The Beauty of Collaborations: Your Thoughts

Reflections on the Case Studies

Q&A
Joint Short Term Project
• Marketing
• Fund development
• Granting
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Collaboration Opportunities & Challenges:
Group Discussion