



Policy and Resources Committee

Date: THURSDAY, 7 JUNE 2018
Time: 1.45 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

3. d) **PUBLIC RELATIONS AND ECONOMIC DEVELOPMENT SUB-COMMITTEE MINUTES**

To note the draft public minutes of the Public Relations and Economic Development Sub-Committee meeting held on 29 May 2018.

For Information
(Pages 1 - 8)

20. **LOCAL GOVERNMENT ASSOCIATION MEMBERSHIP**

Report of the Town Clerk.

For Decision
(Pages 9 - 18)

Items received too late for circulation in conjunction with the Agenda.

John Barradell
Town Clerk and Chief Executive

This page is intentionally left blank

PUBLIC RELATIONS AND ECONOMIC DEVELOPMENT SUB (POLICY & RESOURCES) COMMITTEE

Tuesday, 29 May 2018

Minutes of the meeting of the Public Relations and Economic Development Sub (Policy & Resources) Committee held at the Guildhall EC2 at 3.00 pm

Present

Members:

Deputy Catherine McGuinness (Chairman)	Deputy Edward Lord
Sir Mark Boleat	Jeremy Mayhew
Deputy Keith Bottomley	Alderman William Russell
Alderman Peter Estlin	Deputy Tom Sleigh
Christopher Hayward	Alderman Sir David Wootton
Deputy Jamie Ingham Clark	

Officers:

John Barradell	- Town Clerk
Angela Roach	- Assistant Town Clerk
Paul Double	- Remembrancer
Carolyn Dwyer	- Director of Built Environment
Bob Roberts	- Director of Communications
Giles French	- Economic Development Office
Vic Annells	- Mansion House & CCC
Nigel Lefton	- Remembrancers Office
Eugenie de Naurois	- Communications Team
Melissa Richardson	- Communications Team
Peter Cannon	- Communications Team
Simon Hopkins	- Consultant, Communications Team
Heather Barker	- Economic Development Office
Noa Burger	- Economic Development Office
Simon Horner	- Economic Development Office
Sufina Ahmad	- Town Clerk's
Amelia Ehren	- Town Clerk's
Greg Moore	- Town Clerk's
George Fraser	- Town Clerk's
Ed Gilbert	- Town Clerk's
Emma Cunningham	- Town Clerk's

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Simon Duckworth and Tijs Broeke.

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

There were no declarations of interest.

3. **MINUTES**

RESOLVED – That the public minutes and summary of the meeting held on 24 April 2018 be approved as a correct record.

Matters Arising

The Chairman updated Members on the debate at the Policy and Resources Committee concerning the City Corporation's position on Brexit, confirming that the position remained pragmatic and in line with the sector. In addition, the Economic Development Office were organising a roundtable with representatives of trade associations and Members.

4. **ELECTION OF CO-OPTED MEMBERS**

The Committee proceeded to elect four co-opted Members to the Sub Committee in accordance with the terms of reference.

Before the voting commenced, a Member requested consideration be given to the voting system and argued that each successful candidate should receive more than 50% of the vote. This motion was not seconded, and the majority of the Sub-Committee felt that a First Past the Post voting system should be used on this occasion with further consideration given to future years.

A list of seven Members who had expressed interests was read and Andy Mayer, Sophie Fernandes, Anne Fairweather and James Tumbridge were duly elected for the ensuing year.

5. **EDO MONTHLY UPDATE - APRIL 2018**

The Sub-Committee received an update report on the work of the Economic Development Office over the month of April, which covered the hosting of the Commonwealth Business Forum, the City Corporation's engagement with Brexit debates in Parliament, the hosting of City Week, and the Lord Mayor's international visits to Brazil, Chile, Peru, Singapore and Indonesia.

The Chairman updated the Sub-Committee on more recent developments, including her recent visit to Washington & New York, on which a letter to the Chancellor of the Exchequer was being drafted.

A Member asked a question regarding follow-up on visits and delivering against the commitments made. The Assistant Director of Economic Development remarked that additional resource had been focused in this area, where there were now clearly identified key markets and clear outcomes for each visit. Another Member added how, importantly, inward investment visits were taking place and gave an example of the Mayor of Shenzhen visiting London.

Members discussed the recent TheCityUK and EY report on immigration and visas, which had been published the previous week. The Assistant Director of

Economic Development updated Members on the work that would soon be commissioned by the City Corporation to focus on the customer journey for financial and professional services' and technology companies setting up in the City, ensuring that good practices are in place and that the process is as simple as possible.

RESOLVED, that:

- The letter on the US visit from the Chairman of Policy & Resources to the Chancellor of the Exchequer be circulated to Members of the Public Relations and Economic Development Sub Committee for their information;
- The report be noted.

6. COMMUNICATIONS UPDATE

The Sub-Committee received an update report from the Director of Communications. The Director gave an overview of the recent political activities of the City Corporation and updated Members on the increased work concerning London political engagement, following a reorganisation of the Corporate Affairs team.

RESOLVED, that:

- The report be noted.

7. REMEMBRANCERS UPDATE

The Sub-Committee received an update from the Remembrancer on recent parliamentary activity. A report was tabled at the meeting, which set out the City Corporation's engagement on the EU (Withdrawal) Bill and noted the briefings provided to Parliament on the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill, the Automated and Electric Vehicle Bill, and the Data Protection Act, and on other issues of concern to the City.

8. DEVELOPMENT FINANCE

The Sub-Committee considered a report of the Director of Economic Development regarding Development Finance. Members heard how this proposed Steering Group would be joining up existing workstreams and looking at what could be done to secure London as a pre-eminent financial services centre, as well as being the interface between the private and public sector.

Members were broadly supportive of the proposal but had some questions over the financial implications of the work. The Assistant Director of Economic Development advised Members that the funding would be contained within existing budgets.

RESOLVED, that it be recommended to the Policy and Resources Committee to:

- Approve the Economic Development Office's proposal to begin a new programme of work in development finance;
- Approve the Economic Development Office's proposal to establish a High-Level Steering Group to guide, advise and set the direction to the new programme of work in development finance.

9. **PLASTIC FREE CITY**

Members considered a report of the Director of the Built Environment concerning the Plastic Free City campaign tackling reliance on single use plastics.

RESOLVED, that it be recommended to the Policy and Resources Committee to:

- Agree a high-profile project in 2018 with the aim to reduce single use plastics across the City Corporation and wider City of London;
- Support the various workstreams detailed in the report;
- Note the funding approach for the project;
- Agree the branding.

10. **TOWARDS A SUSTAINABLE FUTURE: THE CITY OF LONDON CORPORATION'S RESPONSIBLE BUSINESS STRATEGY, 2018-23**

Members received a joint report of the Chamberlain and the Chief Grants Officer concerning the City Corporation's Responsible Business Strategy, 2018-23.

Members were supportive of the report, and one Member raised the issue that the City Corporation should look at changing all its cars to electric vehicles, to show leadership by example.

RESOLVED, that:

- The report be noted.

11. **CORPORATE VOLUNTEERING STRATEGY, 2018-23**

The Sub-Committee received a report of the Town Clerk concerning the Corporate Volunteering Strategy, 2018-23.

Members were supportive of this paper, although one Member commented that the City Corporation antiquated other local authorities in having a strategy for volunteering. Members did, however, acknowledge that volunteers had been a key part of the organisation for many years.

RESOLVED, that:

- The process and the content of the Corporate Volunteering Strategy be noted.

12. **DIGITAL SKILLS STRATEGY FOR 2018-23**

The Sub-Committee received a joint report of the Director of Community and Children's Services and the Director of Economic Development outlining the Digital Skills Strategy for 2018-23.

Members asked that the work be joined up with the Barbican and, it was clarified that this had been approved by the Education Board.

RESOLVED, that:

- The process for developing the strategy, including the proposed timetable for Member consultation and approval, be noted.

13. PARTY CONFERENCES 2018

Members received a report of the Director of Communications concerning the City Corporation's proposed activity at party conferences later this year.

Members were supportive of the programme and commented that it was pleasing that UK Finance were partnering with the City Corporation.

One Member requested that registration was undertaken as soon as possible in order to receive the "early bird" discounts. The Director of Corporate Affairs assured Members that bookings would now be made shortly, following the election of the four co-opted Members onto this Sub-Committee.

RESOLVED, that:

- The proposed programme for party conferences be noted.

14. DESIGN, BUILT, SUPPORT AND HOSTING FOR NEW WEBSITE

The Sub-Committee received a report of the Director of Communications updating Members on the progress of the City Corporation website project.

A Member enquired into the effectiveness of analytics on the new website, and officers remarked that these would be hard-baked into the requirements stage of the project.

Additionally, a Member asked whether the ambition of the website was to enable the City Corporation's customers to request services (e.g. waste collection) as well as just being an information piece. The response outlined that this would be dealt with as part of the review of Customer Relationship Management (CRM) rather than this website project.

Members also discussed the procurement panel and suggested that the Chairman of the IT Sub Committee take part in this panel to feed in Members' views.

One Member alerted the Director of Communications to the Museum of London's attempt to ensure that images on their advertising indicated the diverse range of stakeholders it reached. The Director of Communications agreed that the images on the City Corporation website would include a diverse range of people, to represent the City Corporation's stakeholders.

RESOLVED, that:

- The report be noted.

15. THE COMMONWEALTH BUSINESS FORUM 2018

The Sub-Committee received a joint report of the Director of Economic Development and the Remembrancer concerning the Commonwealth Business Forum.

The Chairman thanked Duncan Richardson in the Economic Development Office for his work in organising the Forum.

Members fed back that the Commonwealth Banquet had far too many guests not turn up, leaving empty seats at tables, and that the caterers did not perform to the standard expected. One Member asked that Officers be given authority to rearrange seating plans at last minute should drop-outs happen.

RESOLVED, that:

- The report be noted.

16. THE BUSINESS OF TRUST - SIX MONTH UPDATE

The Sub-Committee received a report of the Director of Economic Development concerning the Business of Trust. This report reflected the Sub-Committee's request for more information on this policy area.

RESOLVED, that:

- The report be noted.

17. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE

A question was raised as follows -

Bookings at the Guildhall Club

A Member asked a question regarding the controls in place for hire of the Guildhall Club. This question was prompted following a recent private event organised by a livery company in the Aldermen's Dining Room where a few controversial high-profile guests were in attendance. This was later reported on in the press. The Member specifically asked the Sub-Committee to review the reduction in costs that livery companies benefit from, as well as the appropriateness of the contractors of the Guildhall Club, the Cook and Butler, being the only 'check' on the events held in certain areas of the Guildhall complex.

The question caused much debate amongst Members and the following points were made:

- The charging for events by the Guildhall Club is a matter for the House Committee of the Guildhall Club (and for wider Guildhall events, it is a matter for the Hospitality Working Party);
- The event was a private event and was not intended to be political, nor to provide a platform to a controversial political figure;
- On this occasion, the booking was not made free of charge as the livery company paid for food and the room hire was covered as part of this cost;
- The manager of the Cook and Butler should liaise with the Chairman of the House Committee of the Guildhall Club on this issue;
- It would be very difficult for the City Corporation to vet guest lists for external bookings;
- Comparisons were made with room bookings at Parliament;

- One suggested solution was to enforce that a Member act as sponsor to external events at the Guildhall Club;
- Another suggested approach was that the Remembrancers Office consider further current arrangements for room bookings.

RESOLVED, that:

- A further discussion be held in the confidential part of the meeting.

18. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

19. EXCLUSION OF THE PUBLIC

RESOLVED – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item
20, 22

Paragraph
3, 4

20. NON-PUBLIC MINUTES

The non-public minutes and summary of the meeting held on 24 April were approved.

21. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE

There were no questions.

22. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There was one item of urgent business raised.

The meeting closed at 4.30 pm

Chairman

Contact Officer: Emma Cunnington
emma.cunnington@cityoflondon.gov.uk

This page is intentionally left blank

Committee:	Date:
Policy and Resources Committee Court of Common Council	7 June 2018 21 June 2018
Subject: Local Government Association - Reconstitution	Public
Report of: The Town Clerk	For Decision
Report author: Angela Roach, Assistant Town Clerk and Director of Members Services	

Summary

The Local Government Association (LGA) is the national membership body for over 400 local authorities in England and Wales. It is a politically led, cross-party organisation that works on behalf of councils and the City Corporation by, amongst other things, liaising with national government on matters of mutual interest. It has recently undertaken a comprehensive review of its governance and constitution in order to become more tax efficient, take more advantage of best value and keep member authority subscriptions to a reasonable level. Having considered a number of options which, amongst other things, included seeking charitable status, creating a community interest company and a company limited by guarantee, the Association concluded that its best option would be to change from an unincorporated Association to an incorporated unlimited company. As a result, member authorities of the current LGA are required to formally apply to become members of the new company (also called the Local Government Association (11177145)) which was incorporated on 30 January 2018 and to which the assets and liabilities of the LGA are intended to be transferred.

The LGA is of the view that, in addition to the tax benefits “an unlimited company best replicated current arrangements, enabling it to continue to share assets and liabilities between its member councils according to the proportion of subscriptions paid and allowing it to continue to be treated as local authority by its pension trustees”. The LGA have advised that, on a practical level, there will be no change for member authorities and that local authorities will be better off as the new constitution enables it to maximise the income available to support its work with councils. It has also advised that 10% of the councils, who are current members of the LGA, have yet to apply for membership of the new company. Its overall aim is for all previous members to apply for membership. Further information relating to the incorporation arrangements (an FAQ sheet) is attached as an appendix to this report and the new Articles of Association are available on request.

The City of London Corporation has been a member of the LGA since its inception in 1997. The LGA is a useful source of information and best practice and all Members have access to its services e.g. free or discounted events, leadership training, the receipt of publications and updates on key announcements, etc., The cost of this year’s subscription to the LGA is £12,202, excluding VAT. At present the Chairman of this Committee and Alderman Sir David Wootton represent the City Corporation on the current LGA’s principal governing body, its General Assembly.

The LGA have requested a response in time for the existing LGA's General Assembly of all the membership on 3 July 2018.

Recommendation

Members are asked to recommend to the Court of Common Council that:-

- the City Corporation applies to become a member of the new incorporated body, the Local Government Association (11177145);
- subject to its consent, the Chairman of this Committee (for the time being) or his or her representative and Alderman Sir David Wootton serve as the City Corporation's representatives on the new LGA company's General Assembly and, should they be elected or appointed by the new company, the also serve as Directors of the new company or on any other governance structure it is agreed should be adopted. This is subject to the terms of their authority being made clear so that they act within their remit whilst serving on this outside body; and
- Until such time as the existing unincorporated Local Government Association is dissolved, the Chairman of this Committee (for the time being) or his or her representative and Alderman Sir David Wootton serve as the City Corporation's representatives at the General Assembly or in any other capacity within the Association to which they are elected or appointed.

Main Report

Background

1. The Local Government Association (LGA) is the national membership body for over 400 local authorities in England and Wales. It is a politically led, cross-party organisation that works on behalf of councils and the City Corporation by, amongst other things, liaising with national government on matters of mutual interest. It works to ensure that local government has a strong, credible voice and supports councils in developing policies, driving innovation and improvement, sharing best practice and ensuring that they are promoted accordingly.
2. The LGA has recently undertaken a comprehensive review of its company status. It is currently run as an unincorporated Association. Legally it cannot enter into contracts or own property. As consequence its two properties (Layden House in Farringdon and 18 Smith Square in Westminster) are owned by separately established property companies. In order for the LGA to become more tax efficient, take more advantage of best value and keep subscriptions from member authorities to a reasonable level, the Association has reviewed its company status and constitution. Whilst several options were examined as part of this, e.g. seeking charitable status, creating a community interest company and a company limited by guarantee, the LGA concluded that its best option would be to change from an unincorporated Association to an incorporated, unlimited, company. A new company, also called the Local Government

Association (11177145) (the LGA Company), was incorporated on 30 January 2018.

3. The LGA is of the view that, in addition to the tax benefits “an unlimited company best replicated current arrangements, enabling it to continue to share assets and liabilities between its member councils according to the proportion of subscriptions paid and allowing it to continue to be treated as local authority by its pension trustees”. Establishing a new incorporated, unlimited, company to take on the activities, assets and liabilities of the current LGA, would also enable the Association to convert the two property holding companies to unlimited companies with share capital, and to issue their shares to the new LGA Company. The LGA property would then effectively be transferred without the need to pay capital gains tax or stamp duty. The LGA Company would also be able to form tax and VAT groups with the property holding companies to maximise their tax efficiency.
4. The LGA have advised that on a practical level there will be no change for member authorities and that local authorities will be better off as the new arrangements will enable it to maximise the income available to support its work with councils.
5. It has also advised that 10% of councils, who are current members of the LGA, have yet to apply for membership of the new LGA Company. Its overall aim is for all previous members to apply for membership the new LGA Company given that its ability to lobby and influence successfully is rooted in speaking on behalf of the whole sector. Whilst it is anticipated that a decision to proceed will be conditional on reaching a certain total, currently no threshold for moving forward has been set. The LGA’s Leadership Board is meeting this day to consider this, with the final decision of whether to proceed being taken by the LGA’s General Assembly on 3 July 2018.
6. If a decision is taken to proceed, there will be a transition period (to settle staffing matters e.g. any TUPE arrangements) in the lead-up to the current membership body being closed down and the assets and liabilities of the LGA transferred to the new LGA Company. Services to those authorities who haven’t signed up will cease when the existing LGA is dissolved.
7. Further information relating to the incorporation arrangements (an FAQ sheet) is attached as an Appendix to this report and the new Articles of Association are available on request. The City Corporation has requested some minor amendments to the current Articles to correct some omissions in the drafting as they affect the City’s interests.
8. The City Corporation has been a member of the LGA since its inception in 1997 and the cost of this year’s subscription to the organisation is £12,202, excluding VAT. The Association is a useful source of information and best practice and all members have access to its services e.g. leadership training, the receipt of publications and updates on key announcements and legislation, briefings and seminars, and other free or discounted events.

9. Membership enables the City Corporation to participate in the LGA's democratic process and become more involved with other aspects of its work. The City Corporation is allocated two votes at the current LGA's General Assembly (this is based on population bands ranging from two votes for populations of between 1-100,000 to 17 votes for unitary authorities with a population of 800,001 and over). The Chairman of the Policy and Resources Committee and Alderman Sir David Wootton currently represent the City Corporation on the LGA's principal governing body, the General Assembly. Sir David Wootton is also Chairman of Local Partnerships, a joint venture between HM Treasury and the LGA.
10. Each Member Authority of the new LGA Company will be able to appoint up to four representatives to serve on its General Assembly. A Member Representative must be a democratically elected local representative of that Member Authority. Representatives, should they be elected or appointed by the LGA Company's General Assembly, may also serve as Directors on the new LGA Company's Board of Directors (also to be known as the Leadership Board), or otherwise serve on any other governance structure the LGA Company adopts. The allocation of votes will continue to be based on population bands determined by the LGA Company's Leadership Board and the City Corporation will therefore continue to be allocated two votes.
11. It is proposed that the Chairman of this Committee (for the time being) or his or her representative and Alderman Sir David Wootton serve as the City Corporation's representatives on the LGA Company's General Assembly and, should they be elected or appointed, also serve as Directors on the LGA Company's Leadership Board or on any other governance structure. This is subject to the terms of their authority being made clear so that they act within their remit whilst serving on this outside body. Until such time as the existing unincorporated Local Government Association is dissolved, it is proposed that the Chairman of this Committee (for the time being) or his or her representative and Alderman Sir David Wootton continue to serve as the City Corporation's representatives at the General Assembly or in any other capacity within the Association to which they are elected or appointed.
12. The LGA has confirmed that its insurance company has been fully briefed on the planned governance changes and that Directors and Officers' liability insurance has been in place for the LGA Company from its incorporation. We have been advised that the LGA company should have the same level of cover as that currently in place for the unincorporated LGA. Once the two property companies (referred to earlier) are folded into the new LGA Company structure, insurance levels will be increased as necessary.

Conclusion and Corporate & Strategic Implications

13. The City Corporation is committed to working in partnership to improve local communities, the quality of life, and increase the capacity, of the wider London community. Membership of the new LGA Company, which is intended to replace the existing unincorporated Association, will continue to assist in supporting this as well as the City Corporation's strategic aims to provide:-

- modern, efficient and high quality local services, including policing, within the Square Mile for workers, residents and visitors; and
 - valued services, such as education, employment, culture and leisure, to London and the nation.
14. It also ensures that the City Corporation is kept up-to-date on emerging issues affecting local communities across the nation and allows the City Corporation to shape policies and be aware of best practice.
15. The Chamberlain and Comptroller & City Solicitor's Departments have been consulted and their comments have been incorporated into the Report.

Appendices

- Appendix – Incorporating the LGA - FAQs

Background Papers

- Articles of Association of the Local Government Association (Private Unlimited Company)
- Report to the Court of Common Council on 3 December 2015.

Angela Roach

Assistant Town Clerk and Director of Members Services

T: 020 7332 3685

E: angela.roach@cityoflondon.gov.uk

This page is intentionally left blank

Incorporating the LGA – FAQs

1. Why do we need to change?

The LGA is currently an Unincorporated Association and its Constitution is similar to any voluntary club. In law it cannot enter into contracts or own title to property. Because of this, the LGA's two properties – Layden House in Farringdon 18 Smith Square in Westminster - are owned by separate property companies.

Rationalising the company structure will enable us to be more tax efficient and ensure that as much income as possible is used for the benefit of member councils.

2. Why are we doing this now?

The LGA wants to become more commercial in order to offer best value to member councils and keep subscriptions low. As part of this we are redeveloping 18 Smith Square and Layden House to increase their capital value and to give the LGA a sustainable income stream. However under the current company structure

- Commercial income would go to the property companies and would be taxable.
- The transfer or sale of either building would be subject to capital gains tax.

3. Why is an unlimited company proposed? Why not a limited liability company?

A senior member task group was set up in 2016 to review the LGA's company structures, supported by deputy chief executive Sarah Pickup and advised by leading tax specialists, Crowe Clark Whitehill. The task group considered a wide range of possibilities, including charitable status, limited liability partnership, community interest company, company limited by shares, company limited by guarantee and an unlimited company.

The task group concluded that an unlimited company best replicated the current arrangements, enabling the Association to continue to share assets and liabilities between its member councils according to the proportion of subscriptions paid, to maintain the current covenant allowing it to be treated as local authority by its pension trustees and to form a tax group with the property companies and a VAT group with the property companies and the IDeA company.

The definition of a company for tax grouping purposes specifically excludes limited liability companies and for this reason this option was discounted.

4. What is being proposed?

There are three parts to the proposal:-

- To establish a new incorporated LGA, set up as an unlimited company, to take on the activities, assets and liabilities of the current LGA.
- To convert the property companies to unlimited companies with share capital, and to issue their shares to the new LGA. The two properties can then be transferred to the LGA without the need to pay capital gains tax or stamp duty.
- To form tax and VAT groups between the new LGA and its companies to maximise their tax efficiency.

5. Why is the LGA choosing to replicate the previous governance arrangements rather than move to a more streamlined corporate model?

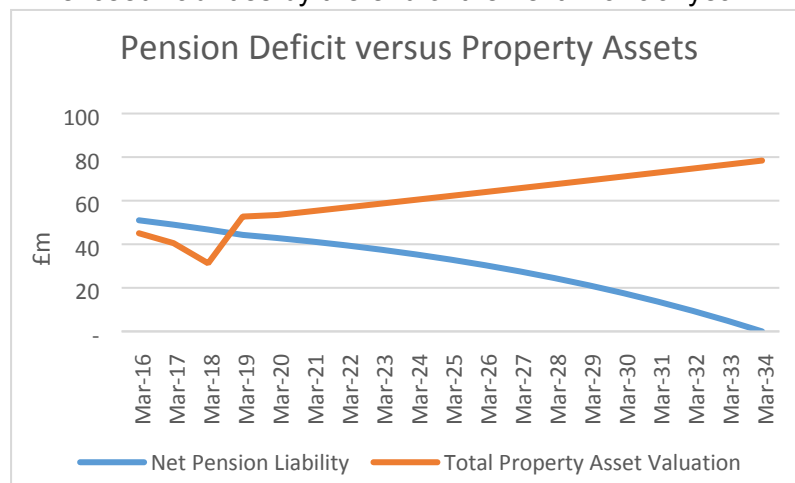
In 2014, the LGA undertook an extensive review of its governance arrangement with a view to creating a more streamlined model. However following extensive consultation, lead members concluded that as a national membership body, ensuring the active engagement of a wide number of members from across the country was more important than creating a streamlined structure. There has been no political appetite since then to revisit this.

6. What will happen to the LGA's assets?

The majority of the LGA's interests – for example its share in Local Partnerships – will be transferred to the new company. The two property companies - LGA Properties Ltd and LGMB - will be converted to unlimited companies with share capital, with the shares issued to the new Incorporated LGA. This will enable the income from the two properties to go straight to the LGA, with consequent benefits for the LGA and its membership.

7. What about its liabilities?

The LGA has a mortgage on 18 Smith Square and this, along with our pension liabilities, will be transferred to the new company. However under current projections, our assets will exceed liabilities by the end of the next financial year.



8. What about my council's liability if the company is unlimited by guarantee?

Under the current Constitution all member councils, both existing and past, must contribute to any deficit if the Association were to be dissolved. Contributions are proportionate to the levels of annual subscription paid. Conversely, member councils would also be entitled to a share of any assets. This will not change under the proposals.

9. Why should the Council sign up to the proviso that it underwrites the Association's costs for five years if it decides to leave?

This replicates the arrangement in the current Constitution of the LGA. It is designed to give stability to the organisation and to protect member authorities from being left with significant costs in the event of a large number of councils leaving the Association.

In renewing its membership each year, each council already signs up to this and has done since the LGA was created in 1997.

10. Should the decision to join the new LGA Company be a member decision or can the Chief Executive signed the application?

From a member council perspective, the risks and benefits of the new LGA company closely resemble those of the incorporated Association, with assets and liabilities continuing to be shared between its member councils according to the proportion of subscriptions paid.

It is of course up to individual councils to decide but many Chief Executives have already signed up to the new LGA, as they have done each year to the unincorporated Association.

11. What does this mean for my council?

Practically, there will be no change for member councils. Our Boards, Fire Services Management Committee, LGA Executive and the Leadership Board will all continue to operate in the same way and we will continue to deliver the same services to our membership.

However the new arrangements will enable us to maximise income available to support our work with councils, whilst keeping subscriptions as low as possible. This means that overall, member councils will be better off under the new arrangements.

12. Who will be the company directors?

The Chairman, Vice and Deputy Chairs of the Association will form the Board of Directors of the new LGA. They are elected annually by the General Assembly.

13. Why couldn't we use the IDeA company instead of creating something new?

The IDeA company is the specified body for receipt of government grant for our improvement activities. There has to be clear segregation between our grant funded work and our political lobbying activity which is central to the LGA.

14. What happens next?

General Assembly approved the change on 4 July 2017 and the new company has been registered with the chairman, vice and deputy chairs as the directors and interim members. The Board met on 7 March to ratify the appointments, followed by the first general meeting of the interim members to adopt the new articles of association.

On 26 February 2018, every member council received an invitation to join the new incorporated company by 31 March 2018, along with their 2018 membership pack. Councils will need to complete and sign a simple form and return it in hard copy to the Chief Executive. A copy of the form is attached.

Councils' 2018/19 subscription will give them membership both of the current unincorporated LGA and the new LGA company.

Assuming that all member councils have signed up to the new LGA, we will invite General Assembly in 2018 to pass a resolution to dissolve the unincorporated Association once all its activities, assets and liabilities have been transferred to the new company. This should give us a seamless transition to the new incorporated LGA.

15. What if we decide not to go ahead?

If an insufficient number of councils apply for membership of the new company, the LGA will continue in its current form. This will mean that the two properties remain in the ownership of the property companies, and we will have to pay tax on all our commercial property income.

16. What happens if I miss the 31 March deadline?

Your 2018/19 subscription gives you membership of both the current and the new LGA. As soon as we receive your completed application you will be admitted as a member of the new company.

17. What happens to the LGA's staff?

All LGA employees will transfer to the new entity once the final decision is taken to dissolve the existing LGA. We will need to ensure that we comply with all employment law requirements as we manage the transfer.

Claire Holloway
Head of Corporate Services
12/3/2018