

## Report – Policy and Resources Committee

### Report of Urgent Action Taken: Local Government Association Reconstitution

*To be presented on Thursday, 21<sup>st</sup> June 2018*

*To the Right Honourable The Lord Mayor, Aldermen and Commons  
of the City of London in Common Council assembled.*

#### **SUMMARY OF ACTION TAKEN**

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.
2. The LGA has recently undertaken a comprehensive review of its governance and constitution 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 were 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 were intended to be transferred.
3. The LGA was 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 advised that, on a practical level, there would be no change for member authorities and that local authorities would be better off as the new constitution enabled it to maximise the income available to support its work with councils.
4. 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 Policy and Resources Committee and Alderman Sir David Wootton represent the City Corporation on the current LGA’s principal governing body, its General Assembly.

5. 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. The LGA advised that this would not change under the new proposals and that the City Corporation's contribution to any deficit, should the new Association fold, equates to 0.13%. The LGA also confirmed that its insurance company had been fully briefed on the planned governance changes and that Directors' and Officers' liability insurance was in place for the LGA Company from its incorporation.
6. The new LGA was incorporated at the beginning of 2018. The LGA were initially hoping to receive responses to the change by March 2018 but, following a number of points of clarification being sought, subsequently asked for a commitment prior to a meeting of its existing General Assembly on 3 July 2018, where a final decision as to the new arrangements will be taken. In order not to delay this unduly, the approval of the Court was sought under urgency procedures. Arrangements were also required to be made for the City Corporation's representatives to attend this Annual General Assembly in July and the two-day conference which follows on from the meeting. Delaying a decision until the Court next met was likely to have a negative impact on the arrangements.
7. Approval was there for given for:-
  - the City Corporation to apply to become a member of the new incorporated body, the Local Government Association (11177145);
  - the Chairman of Policy and Resources Committee (for the time being) or his or her representative and Alderman Sir David Wootton, to 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, they also serve as Directors of the new company or on any other governance structure it is agreed should be adopted (this to be 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 be dissolved, the Chairman of the Policy Committee (for the time being) or his or her representative and Alderman Sir David Wootton 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.

#### **RECOMMENDATION**

8. We **recommend** that the urgent action taken be noted.

All of which we submit to the judgement of this Honourable Court.

DATED this 12<sup>th</sup> day of June 2018.

SIGNED on behalf of the Committee.

**Catherine McGuinness, Deputy**  
Chairman, Policy and Resources Committee