

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 1 MAY 2018

Title of report	CHANGES TO LOCAL GOVERNMENT ASSOCIATION MEMBERSHIP
Key Decision	a) Financial No b) Community No
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Purpose of report	To update Cabinet on changes in status of the LGA and seek Cabinet approval to continue with membership of the organisation.
Reason for decision	The Constitution requires Cabinet to make decisions about the Council joining an unlimited company.
Council priorities	Value for Money.
Implications:	
Financial/Staff	None. The Council currently subscribes to the LGA at an annual cost of £9,099 plus VAT for 2018/19.
Risk Management	Legal advice has been provided on any implications of the changes in the corporate structure of the LGA.
Equalities Impact Screening	N/A.
Human Rights	N/A.
Transformational Government	N/A.
Comments of Head of Paid Service	Report is satisfactory

Comments of Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	As author of the report, the report is satisfactory.
Consultees	None
Background papers	LGA Articles of Association
Recommendations	THAT CABINET AGREE TO THE COUNCIL JOINING THE NEW LGA UNLIMITED COMPANY

1. BACKGROUND

- 1.1 The Council is a member of the Local Government Association (LGA). The LGA is a subscription based membership organisation, comprising 349 English councils, the 22 Welsh councils via the Welsh LGA, 30 fire authorities, 7 national parks and some town / parish councils.
- 1.2 The LGA is a politically led, cross party organisation which works on behalf of councils to provide a range of services from training, leadership programmes, peer challenge, support to councillors and ensuring that local government has a voice within central government.
- 1.3 The LGA was originally established as a unincorporated association. On 4 July 2017, the LGA, General Assembly, passed a resolution to create a new incorporated LGA, set up as an unlimited company.
- 1.4 All members of the LGA are being asked to sign up to the new corporate entity.

2. IMPLICATIONS

- 2.1 The reason for the change in status is financial, it will enable the LGA's property holding companies to benefit from the LGA's preferential tax status by first forming a group of companies and second transferring properties into the new unlimited company. This will allow the LGA to underwrite a pensions deficit that it has, using the values of the properties held by the companies.
- 2.2 The current situation is that, as a member of an unincorporated association, each council is liable for a share of the Association's liabilities if dissolved. This is stated in Section 21 of the LGA's Constitution. Being part of the new unlimited company puts the Council in the same position according to the proposed Articles of Association. The new Articles replicate the current Constitution with amendments to reflect the new underlying corporate structure.

3. GOVERNANCE

- 3.1 Signing up to this changed status amounts to the Council participating in an external corporate entity. The decision to do this is an executive function and therefore Cabinet approval is sought.