

Constitution of the Local Government Association

Proposed revised Articles 23 and 24 of the Constitution

- 23.0 **Resignation of Member Councils**
- 23.1 Any member authority of the Association wishing to terminate its membership shall give not less than twelve months' notice, in writing, to the Chief Executive to expire on 31 March in any year. At the expiration of the period of notice the member authority shall cease to be a member of the Association and shall become a past member.
- 23.2 Any member authority upon ceasing to be a member of the Association and becoming a past member, shall
- 23.2.1 forfeit all right to and claims upon the Association and its property and funds;
- 23.2.2 lose any entitlement whatsoever to any share in the assets of the Association whether on a dissolution or otherwise (save in so far as these Articles provide for the assets of the Association to be set off against the liabilities of the Association to determine the "net liabilities");
- 23.3 Any past member authority shall remain liable for its share of the net liabilities of the Association for a period of five years from the date when the member authority ceased to be a member of the Association and shall discharge its share of the net liabilities of the Association on a dissolution calculated in accordance with Article 24.
- 24.0 **Dissolution**
- 24.1 If at any meeting of the General Assembly a motion for the dissolution of the Association shall be passed by at least two-thirds of members from full member authorities present with at least two-thirds of such authorities represented at the meeting, the LGA Executive shall thereupon proceed to realise the assets of the Association, to pay the liabilities of the Association and to make arrangements whereby the member authorities (both existing and past) shall discharge the Association's net liabilities.
- 24.2 On the completion of such arrangements, the remaining assets of the Association (if any) shall be distributed to member authorities in membership at the date of dissolution (referred to herein as "existing

members”) in the proportion which the total annual subscriptions paid or payable by each existing member to the Association in the last ten accounting periods prior to the date when the motion for dissolution was passed bears to the total subscriptions paid by all existing members in the same period. The Association shall thereupon be dissolved.

24.3 In the event that the Association’s assets should prove to be insufficient to discharge its liabilities member authorities (both existing and past) shall contribute such additional sum as is required to eliminate the deficiency.

24.3.1 Every member authority (both existing and past) shall contribute towards any deficiency in the proportion to which the annual subscription which the authority was liable to pay in its last year of membership (which in the case of existing members shall be the full accounting year immediately before the accounting year in which the motion of dissolution was passed, and in the case of past members shall be the accounting year at the end of which its membership ceased) bears to the total amount of subscriptions, as so determined, payable by all member authorities (both existing and past).

24.4 The provisions set out in Articles 24.2 and 24.3 do not apply where dissolution is effected for the purpose of reconstitution or merger.

24.5 For the purposes of Articles 23 and 24

24.5.1 the liabilities of the Association shall include without prejudice to the general meaning of “liabilities” the following:

24.5.1.1. Any sums which are or may in the future become due and payable by the Association under the terms of any lease, licence, mortgage, debenture, loan, guarantee, indemnity or any other agreement or arrangement to which the Association is a party and pursuant to which the Association is or becomes indebted

24.5.1.2. Any sums which are or may in the future become due and payable by the Association or by its members or any one or more of them

a) to an administering authority for the purposes of the local government pension scheme regulations for the time being in force

b) in respect of the Association’s liability to pay the amount of any unfunded pension costs rechargeable to the Association. The amount of such unfunded pension costs shall be determined by an Actuary acting as an expert and appointed by the Association and the determination shall be conclusive.

24.5.1.3 Any sums which are or may in the future become due and payable to officers and/or employees of the Association including salary, wages, redundancy, compensation for loss of office or employment or any other

benefits (including early retirement packages) to which such officer or employee is or becomes entitled by reason of law or in circumstances where the Association is dissolved, in accordance with the policy of the Association existing at the date of the passing of the motion for dissolution.

- 24.5.1.4 Any sums (whether by way of damages or otherwise) which are or may in the future become due and payable in respect of any liability in law whether in contract, tort or otherwise.
- 24.5.2 A sum may become due in the future in whatever circumstance including on the dissolution of the Association.
- 24.5.3 Net liabilities shall mean the assets of the Association less “the liabilities” of the Association.
- 24.5.4 “The assets of the Association” shall include all legal and equitable interests in any asset whatsoever including fixed, current, tangible and intangible assets.
- 24.6 In the event of a dispute between an existing or past member authority and the Association as to the amount which an authority should contribute or receive under this article the matter shall be referred to arbitration.
- 24.7 Any arbitration shall be conducted in accordance with the Arbitration Rules of the Chartered Institute of Arbitrators. The Arbitrator shall be appointed by the President for the time being of the Institute of Chartered Accountants of England and Wales. In the event that the Arbitrator issues a determination providing that a member or former member authority is liable to contribute a specified sum under this article the authority shall pay the monies which the Arbitrator determines it ought to pay within seven days of the issue of the award.
- 24.8 The terms of articles 23 and 24 which exist as at 12 December 2005 shall apply to all members who have resigned from the Association on or before that date. The terms of clauses 23 and 24 which exist as at 13 December 2005 shall apply to all members who are members on or who join the Association after 13 December 2005, notwithstanding that such a member may have given notice to resign from the Association prior to that date.