

LGA Membership Subscriptions

Purpose of Report

For decision.

Summary

This paper seeks the Leadership Board's agreement to the levels of LGA membership subscriptions for the year commencing on 1 April 2012.

Recommendation

Members are asked to approve the subscription proposals set out in this report.

Action

Director of Finance and Resources.

Contact officer: Stephen Jones
Position: Director of Finance and Resources
Phone no: 020 7664 3171
E-mail: Stephen.Jones@local.gov.uk

LGA Membership Subscriptions

Background

1. The LGA Leadership Board has the responsibility for setting the level of membership subscriptions, based on recommendations from the Resources Panel.
2. The current overall strategy is one of progressive reductions in the subscription level, amounting to around 20% over the period 2010-11 to 2013-14. In the first year for which this strategy applies, 2011-12, an overall subscription reduction on 2010-11 of almost 13% was delivered. Following discussion at the Resources Panel, this report proposes a further reduction of more than 7%, enabling the target reduction to be met one year early.
3. These reductions follow the major reform of the subscription structure introduced for 2010-11, in which subscriptions overall were also significantly reduced.

The issues

4. For 2012-13 the Resources Panel has reviewed a range of issues affecting subscriptions. These cover:
 - 4.1 changes to the basic subscription structure;
 - 4.2 the discount allowed to Metropolitan Districts, London Boroughs and the City;
 - 4.3 the new discount authorised for non-metropolitan unitary authorities; and
 - 4.4 subscription levels for Fire and Rescue authorities.

The basic subscription structure

5. The Resources Panel's view is that the basic subscription structure is operating effectively and that no major changes to it are required. The 2.5% prompt payment discount, introduced last year for authorities paying their subscriptions before 30 June, has been a success and was taken up by all authorities. It is therefore proposed that it be retained.
6. The Panel recommend that the basic subscription levels are reduced so as to deliver broadly equivalent levels of benefit to each type of authority. The main reductions proposed are from £11,600 to £11,000 for Shire Districts; and from

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£85,750 to £82,000 for Single Tier and County Councils. It is also proposed to increase the discount that applies for Counties in two-tier areas, from £36,000 to £37,000; and to reduce the maximum subscription from £120,000 to £112,500.

Discount for Metropolitan Districts, London Boroughs and the City

7. When the LGA was formed, the Association of Metropolitan Authorities (AMA) provided financial assistance for the purchase of our Smith Square premises. This takes the form of an interest-free loan of £6.2m, repayable if the property is sold. In return, the LGA has an obligation to allow a discount to former members of the AMA on the LGA membership subscription. This discount is required to be increased every five years in line with RPI inflation, and so it will increase on 1 April 2012 from £6,700 to £7,965.

New discount for non-metropolitan unitary authorities

8. Earlier this year, the Leadership Board reviewed the arrangements under which the LGA received a distribution of some £2.7m from the liquidation of ADC. Trustees Ltd, the company that held the property of the former Association of District Councils. It was agreed that, for each of the years 2011 to 2020, a payment of £217,945 p.a, should be made to support the District Councils Network. The Leadership Board also authorised the Resources Panel to make proposals for an additional subscription discount to benefit non-metropolitan unitary authorities that were formed out of District Councils previously in membership of the Association of District Councils.
9. The Resources Panel have considered this matter and propose a subscription discount of 1.5% for non-metropolitan unitary authorities, to be applied before the prompt payment discount. This discount costs £36,124 and represents a return of approximately 4% on the share of funds received in the A.D.C. Trustees Ltd liquidation.

Subscription levels for Fire and Rescue authorities (FRAs)

10. When the subscription structure was overhauled for 2010-11, only minor changes were made to the structure for single service fire and rescue authorities. Further review has suggested that it would be sensible to unify the current disparate subscription formulae applying to Metropolitan FRAs and other single service FRAs. The Resources Panel therefore recommends that in future, for all single service Fire and Rescue Authorities, the subscription should comprise a basic amount of £9,950, subject to a supplement of £3.00 per 1,000 population over 1 million and a discount of £7.25 per 1,000 population below 1 million. This simplification benefits all FRAs but in particular the Metropolitan FRAs.

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Membership

11. In the course of this year, Torrington District Council, King's Lynn and West Norfolk Borough Council and North Somerset Council have returned to LGA membership. This will increase subscription income by around £60,000 for next year.
12. Against that, nineteen authorities are currently on notice to leave. If every authority exercised its notice, the loss of income would be just over £600,000. However, on the basis of contact with authorities on notice, officers' present view is that the risk of loss of membership income amounts to no more than £300,000. Work is ongoing to encourage all these authorities to withdraw or roll over their notice.

Recommendation

13. Members are recommended to approve the subscription structure set out in the **Annex** to this report. A detailed Table setting out proposed subscriptions authority by authority will be circulated separately.

Financial implications

14. At the proposed subscription levels, membership subscription income will amount to £10.045m for 2012-13 compared with £10.886m for 2011-12. Both these figures are net of all applicable discounts. The Resources Panel regard this as a sustainable level of income for the future and consider the potential loss of membership income from future withdrawals to be a manageable risk.

Recommended LGA Subscriptions for 2012-13

Type of authority	Subscription
Shire District	A basic subscription of £11,000, subject to a discount of £100 for every 1,000 population below 105,000
Single Tier and County Councils	A basic subscription of £82,000, subject to: <ul style="list-style-type: none"> • a supplement of £80 for every 1,000 population above 400,000 • a discount of £200 for every 1,000 population below 400,000 • an additional discount of £37,000 for smaller counties in two-tier areas – withdrawn at £250 per 1,000 population above 850,000 • a maximum subscription of £112,500 • a normal minimum subscription of £22,000; but • in the cases of the Isles of Scilly and Rutland County Council, subscriptions calculated so as to give an average per resident equal to that for other non-metropolitan unitary authorities.
Welsh LGA	A corporate subscription of 40% the average per resident subscription for non-metropolitan unitary authorities calculated as above, multiplied by the population of Wales.
Non-metropolitan unitary Councils	An additional discount of 1.5% of the subscription calculated as above and: <ul style="list-style-type: none"> • continuing transitional protection for two non-metropolitan unitary authorities that would otherwise pay higher subscriptions than in 2011–12, covering the additional amount that would otherwise be payable in the absence of the new 1.5% discount
Metropolitan District Councils, London Boroughs and the City Corporation	An increase in the financing discount from £6,700 to £7,965
Fire authorities	A basic subscription of £9,950 subject to: <ul style="list-style-type: none"> • a supplement of £3.00 for every 1,000 population over 1 million • a discount of £7.25 for every 1,000 population below 1 million
Police authorities	A flat rate subscription at the same level as the basic subscription for Shire Districts
Transport authorities	A flat rate subscription of £30,500
National Park authorities	Flat rate subscriptions of between £239 and £2,006
Town and Parish councils	A flat rate subscription of 20% of the basic subscription for a Shire District
All authorities	A prompt payment discount of 2.5% on subscriptions paid on or before 30 June 2012

References to populations are to Office of National Statistics 2010 Mid Year Estimates.