



The Way Forward: Consultation

The purpose of this presentation and the supporting documents are to explain why LALC is considering incorporation.

How does LALC fit with the other CALC's



There are forty-one County Associations of which roughly 45% are unincorporated associations (reducing) and 55% are some form of limited company.



The county associations were set up in most cases before NALC the national association and as a local parish or town council you cannot be a direct member of NALC

NALC's role is distinct from the county groups as it represents all the local parish & town councils to the government and other national organisations, it produces templates, legal advice and guidance notes for the functions of local councils such as standing orders, based on current legislation



The Lancashire Association of Local Council

LALC is the administrative Association for Lancashire (which currently includes Blackburn & Blackpool Unitary Authorities, Lancashire County Council and twelve district councils)

Merseyside Association of Local Councils operates under the umbrella of LALC but operates as a separate association with its own chair and executive.

Greater Manchester members do not have a separate group or work with any of the District Area Committees currently



Lancashire Association of Local Councils: Current structure

- LALC has a small part-time team lead by out Chief Officer Debra Platt and supported by Jessica Dibble
- LALC does not have an office
- LALC currently is managed by an Executive Committee made up of 45 nominated members from the area committees(36) & MALC (9) who delegate some tasks to the Finance & Management (F&M) committee who make recommendations to the executive committee
- The President and Vice President are observers to the Finance & Management and Executive Committees
- The Executive Committee meets quarterly.
- Currently there are 11 District Area Committees
- MALC and Greater Manchester are Metropolitan Boroughs.

Why is LALC considering change

LALC employs staff, enters into contracts, provides professional advice, manages personal data, delivers services to hundreds of councils and manages financial resources.

An Association has no separate legal personality. Responsibilities linked to contracts, employment, data protection and other obligations may therefore fall on individuals acting for LALC.

Our Insurers assure us that the current cover will support any issues raised as long as we are carrying out our constitutional role

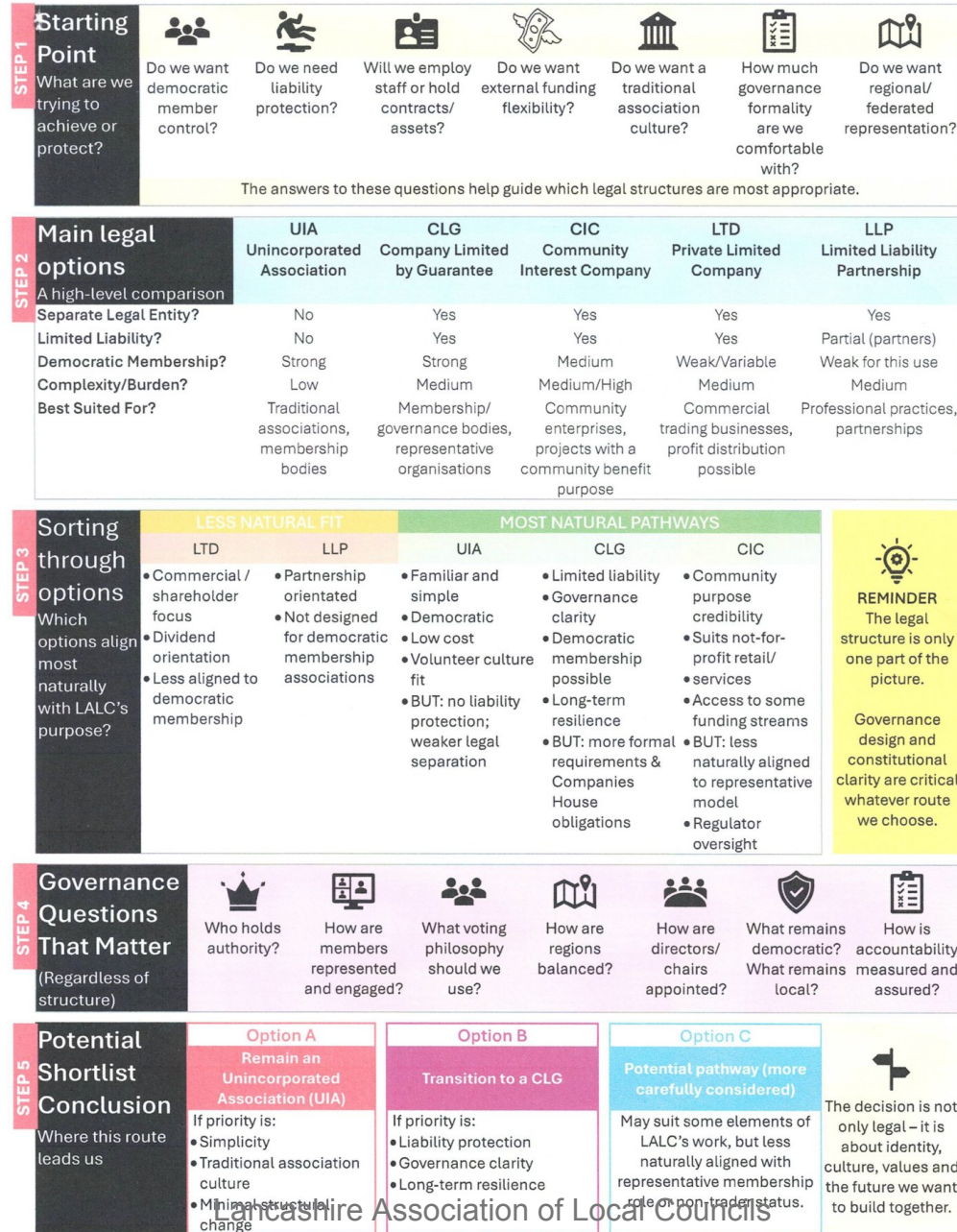
Process so far

The Task & Finish group made up of Executive committee members explored:

- Current insurance position and sought clarification
- Looked at options, produced a comparison document which are in the appendix to pack and are slides 7 & 8
- Legal options were clarified by Tozers

LALC LEGAL STRUCTURE ROUTE MAP

A guide exploring the legal options and identifying the most suitable pathway forward to a shortlist of 3



Courtesy of Cllr
Hampson

LALC STRUCTURE OPTIONS COMPARED

Three legal forms offer different protection and fit. LALC needs to choose who it is and what it needs.

Key Areas	Unincorporated Associations (UIA)	Company Limited by Guarantee (CLG)	Community Interest Company (CIC)
 1. Purpose	 Traditional membership body with no legal personality. Suitable for informal or low-risk activity only.	 Designed for membership bodies, associations and representative organisations. LALC represents councils and members – not a trading business.	 Designed for organisations that trade goods or services. Built for social enterprises, community businesses, training providers, etc.
 2. Governance & Member Control	 Control rests with officers/committee in the constitution. Members' influence depends on how the constitution is written.	 Members are central. Members have voting rights and clear influence over direction and decision-making.	 Directors run the company. Members have limited influence and no day-to-day control.
 3. Liability Protection	 No legal shield. Individuals (officers/committee members) can be personally liable for contracts, staff, GDPR breaches, debts, etc.	 Provides a strong legal shield. Members' liability is limited to a small amount (typically £1).	 Provides protection, but with added complexity. More regulatory conditions and ongoing compliance burden.
 4. Perception & Reputation	 Seen as outdated and less robust. May raise concerns about professionalism and accountability.	 Neutral, professional and sector-aligned. Clearly understood as a not-for-profit membership body.	 Can create the impression of a trading business. Risks perception that LALC is becoming a business or trading off councils.
 5. Regulation & Compliance	 Low regulatory burden. Relies heavily on constitution and good governance.	 Light touch. No regulator beyond Companies House. Straightforward compliance.	 Additional regulatory layer. Regulated by the CIC Regulator with community interest test, asset lock rules and reporting requirements.
 6. Fit with LALC's Current Role	 Historically used, but no longer fits modern expectations. Does not properly support staffing, contracts or modern governance.	 A natural fit. Supports advocacy, representation, support services and coordination – what LALC already does.	 Not a natural fit. Better suited to organisations whose primary purpose is trading or generating income.
 7. Sector Practice	 Some county associations remain unincorporated, but the model is declining.	 The standard emerging model. Many county associations either remain unincorporated or incorporate as CLGs.	 Not the sector norm. Very few county associations use CIC because it does not match their purpose or operating model.

Courtesy of Cllr.
Hampson

So what is a Company Limited by Guarantee (CLG)?

A CLG is designed for organisations such as membership bodies, professional associations, charities and representative organisations.

A CLG:

- Has no member-owned shares
- Limits each member's liability to £1 (the Guarantee)
- Is intended to retain and reinvest any surplus rather than pay it to members
- The CLG itself can employ staff, own assets, hold contracts and enter legal agreements

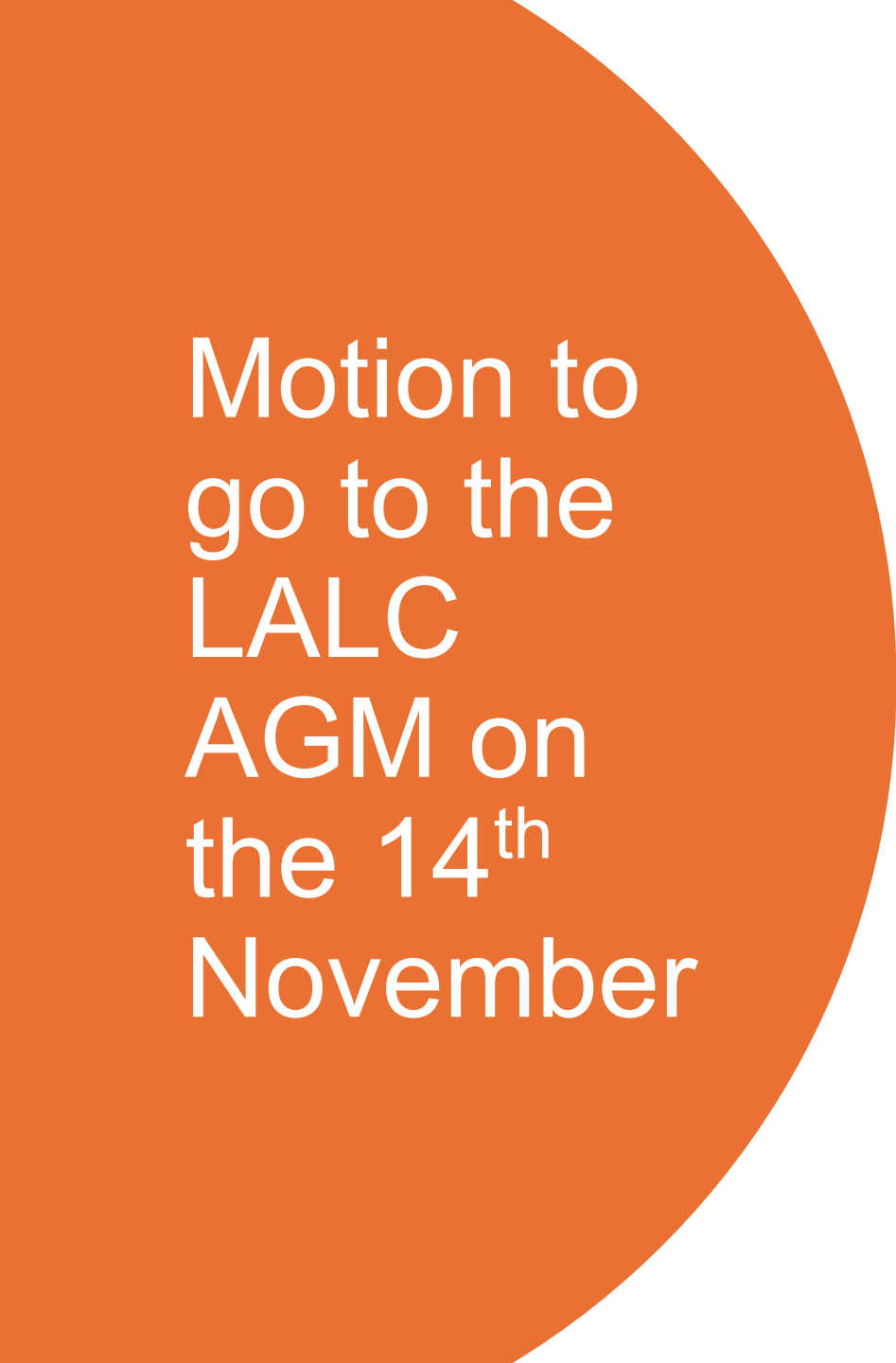
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Current Position

The National Association of Local Councils position was sought and models/options explored with other County Associations

The Executive Committee agreed to progressing the Company Limited by Guarantee option

The Motion agreed by the Executive Committee for November 14th AGM

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Motion to go to the LALC AGM on the 14th November

“That the Association Members agree in Principle to work towards a company limited by guarantee and instruct Tozers to prepare the documentation required.”

This will be followed by an Extraordinary General Meeting in January/February to accept the report and start the processes

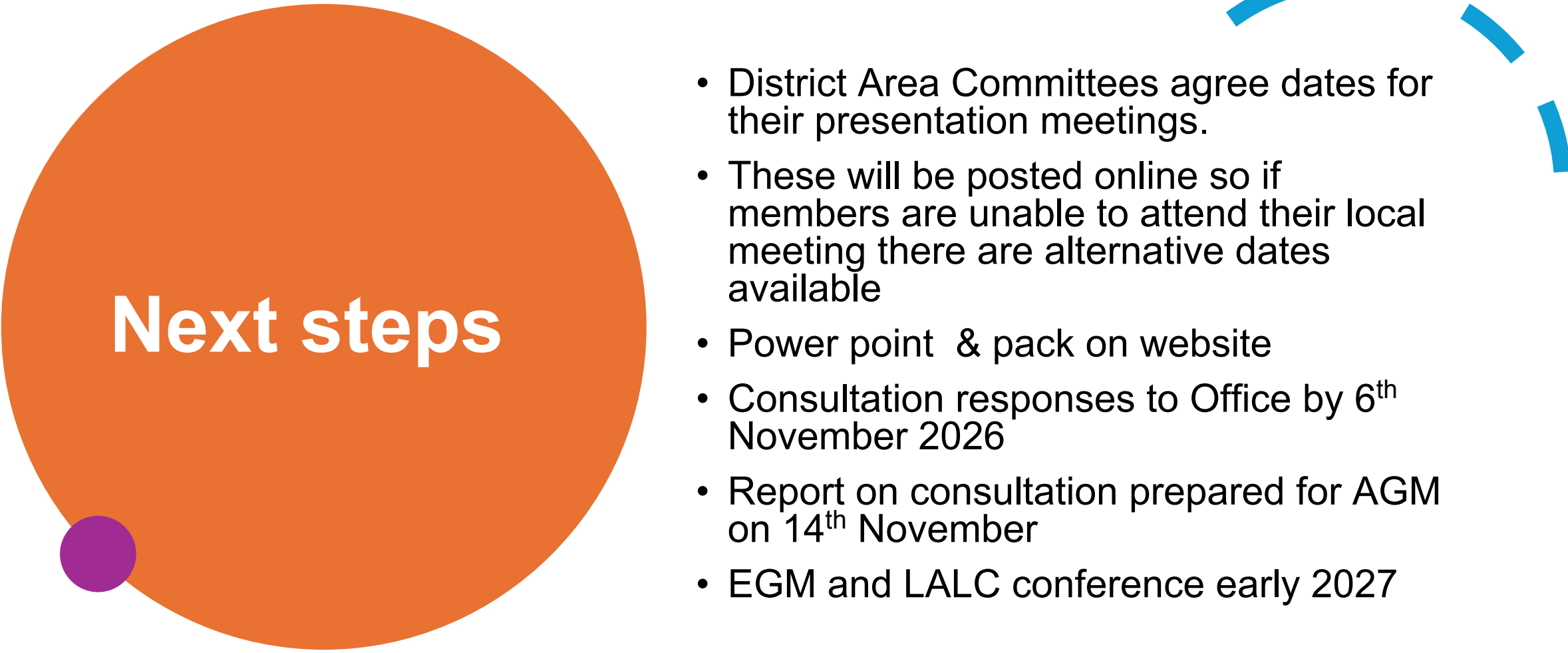
Timeline

- Consultation pack goes out after September 5th Executive Committee meeting
- The District Area Committees are asked to present the pack to their members at a meeting in September or October and report back to the Association officers by 6th November
- The pack and video are put on the website to encourage responses from parishes, towns and individual cllrs
- The motion is debated and voted on at the AGM
- **If agreed** the legal documents are prepared and presented at the EGM at the LALC conference in the new year
- If agreed the company limited by guarantee comes into place for the 1st April 2027
- The processes of TUPE of staff, bank accounts etc commence with the new entity working alongside the association
- The 1st elections to the boards take place in June 2027 (after the Local Government elections in May 2027)

Help is needed from LALC members in developing the future ways of working

- ✓ Agree the composition and size of the Board of Directors
- ✓ Agree how the representation of member councils will be appointed or elected
- ✓ Agree the role of District and emerging Unitary Area Committees
- ✓ Agree what powers will be delegated
powers/responsibilities will be delegated to the Board
- ✓ Agree how will the Board will maintain financial governance and accountability
- ✓ Agree what codes of conduct and declarations of interests the Directors will sign up to





Next steps

- District Area Committees agree dates for their presentation meetings.
- These will be posted online so if members are unable to attend their local meeting there are alternative dates available
- Power point & pack on website
- Consultation responses to Office by 6th November 2026
- Report on consultation prepared for AGM on 14th November
- EGM and LALC conference early 2027