
Report to: Cabinet

Date of Meeting: 16 February 2012

Subject: Notice to Withdraw from Local Government Association Membership

Report of: Head of Corporate Legal
Services

Wards Affected: All

Is this a Key Decision? No

Is it included in the Forward Plan?
No

Exempt/Confidential

No

Purpose/Summary

To seek Cabinet's approval to extend the period of notice to withdraw from membership of the Local Government Association (LGA) from 1 April 2012 to 1 April 2013 to enable the Council to continue to receive support from the LGA in respect of joint action on legal claims seeking refunds of past charges for property searches data and in seeking a funding contribution from Central Government.

Recommendation

Cabinet is recommended to agree to extend the period of notice to withdraw from membership of the Local Government Association from 1 April 2012 to 1 April 2013.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity		√	
3	Environmental Sustainability		√	
4	Health and Well-Being		√	
5	Children and Young People		√	
6	Creating Safe Communities		√	
7	Creating Inclusive Communities		√	
8	Improving the Quality of Council Services and Strengthening Local Democracy		√	

Reasons for the Recommendation:

The Council has given notice to withdraw from the LGA on 1 April 2012. However, once the Council ceases to be a member of the LGA it will no longer be able to access the services it currently receives from the LGA.

At present the Council is benefiting from joint action including legal advice in respect of a legal claim by a group of Property Search Companies who are seeking refunds of past charges for property searches data. The LGA is also lobbying the Government, on behalf of its members, for a funding contribution in respect of lost income and repayment of past charges.

If the Council leaves the LGA on 1 April 2012 it will need to make its own arrangements to restore the legal claims and to negotiate with the Government

What will it cost and how will it be financed?

The LGA subscription for 2012/13 would be £47,395.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal - See Report	
Human Resources - Not Applicable	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>
Risk Assessment	
If the Council has to fund its own legal representation in respect of the legal claim the costs could be considerable. Continued participation in the LGA joint action means that the Council will only pay a fraction of the overall legal costs.	

Impact on Service Delivery:

What consultations have taken place on the proposals and when?

The Head of Corporate Finance has been consulted and (FD.1351) and any comments have been incorporated in the report.

Are there any other options available for consideration?

Withdraw from Membership of LGA on 1 April 2012 as previously notified.

Implementation Date for the Decision

Following the expiry of the “call in” period for the Minutes of the Cabinet.

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Background Papers:

Letters from LGA

1.0 Background

- 1.1 On 4 March 2011 the Council gave notice to withdraw from the LGA on 1 April 2012 as a budget saving measure. Thus, at the present time, the Council will cease to be a Member of the LGA on 1 April, 2012. (see letter from LGA dated 2 February 2012 attached as Annex B)
- 1.2 However, the Council has been named as a potential Defendant in respect of a legal claim which is being brought by a group of 172 Property Search Companies against 358 local authorities.
- 1.3 The Property Search Companies are seeking restitution in respect of fees relating to property searches which they claim were unlawful. The amount of the claim has not been quantified but it is likely to be substantial.
- 1.4 The LGA is co-ordinating a response to the legal claim on behalf of its members. They have instructed Solicitors to provide advice and representation. As the costs are being shared between the authorities concerned, the legal costs are a fraction of what each authority would have incurred individually.
- 1.5 The present position with regard to the legal claim by the Property Search Companies is that the proceedings are effectively “on hold” as the parties try to restore the claim through Alternative Dispute Resolution (ADR). This process is likely to continue for the foreseeable future. If the Council leaves the LGA on 1 April 2012 it will have to make its own arrangements to deal with the legal claim. The cost of doing this is likely to be substantial compared with the current arrangements where costs are being shared by all member authorities.
- 1.6 In addition to facilitating legal advice and representation in respect of the legal claim, the LGA is also lobbying central government on behalf of its members for funding in respect of lost income and repayment of property search charges. The Government has already made a contribution but the LGA has persuaded the Government to revisit the contribution once the time scale of the liabilities is known.

Again, if the Council was to leave the LGA on 1 April 2012 it would have to make its own representations to the Government.

2.0 Conclusion

- 2.1 The Council’s subscription to the LGA for 2012/13 would be £47,395.
- 2.2 If the Council was to leave the LGA on 1 April 2012, it would no longer be eligible to receive the legal advice and representation that the LGA is currently providing in relation to the property search legal claims and it would be necessary for the Council to make its own arrangements. The cost of doing so is likely to be substantial and the Council would not be part of the collective action being facilitated by the LGA.

- 2.3 Additionally, if the Council was to leave the LGA on 1 April 2012, it would have to make its own representations to the Government in respect of a funding contribution towards lost income and repayment of past charges. Again, the Council would be outside the collective action being taken by the LGA.
- 2.4. Accordingly, it is recommended that the Cabinet agree to extend the period of notice to withdraw from Membership of the LGA to 1 April, 2013.

