

SPECIAL RESOLUTION: That the Norfolk Association of Local Councils converts from a co-operative society to a company limited by guarantee.

AND

That the services of legal expert Roger Taylor will be employed to carry out the conversion, ensuring all assets are transferred to the new company limited by guarantee.

Two months notice of this special resolution was given at the Norfolk ALC AGM on 4 December 2024. A discussion paper was provided before the AGM which pointed out some of the advantages or disadvantages of each type of structure. An updated summary is attached. In brief it cites reasons such as:

- The co-operative structure is cumbersome and does not support effective management practice of the current Norfolk ALC.
- The requirement to extend democratic activity through area meetings and neighbourhood projects at district level never achieved enthusiastic support.
- The current structure is therefore inefficient and lacks resources to provide a modern and professional service
- The company limited by guarantee still protects our not-for-profit status as no dividends are paid to shareholders; instead any surpluses are invested in the provision of services for members.
- The company limited by guarantee protects members and directors from financial burden due to its limited liability – any debt would fall on the company but not on the directors threatening their own homes or savings, for example
- The company limited by guarantee management structure will continue to reflect its membership through elections from member councils to a board of directors willing to attend meetings and represent views from its member councils.

At the AGM, we were asked to provide a statement from Roger Taylor that this is the correct step for the Norfolk ALC. He writes in an email dated 23 September 2024:

“The current registration of the Association as a Co-operative Society is in our view the incorrect structure for the Association. Whilst the Association may superficially appear to meet the relevant criteria in fact looking at the services that it performs it is outside the criteria for a Co-operative Society. If queries were raised it is possible for the to cancel the registration.

No other County Association is registered as a Co-operative Society . Those that are incorporated are a straightforward Company limited by Guarantee.

In my view the Association has no alternative but to cease to operate as a Co-operative. There will be administration involved in this which cannot be avoided If the present structure is dismantled the Association can either form a new Company limited by Guarantee outside the Co-operative Acts or proceed as an unincorporated organisation.

Yours sincerely

RogerTaylor

Please provide the agreed vote of your Council on the two resolutions.

The following two special resolutions are recommended for approval by the Board of the Norfolk Association of Local Councils on the basis of consultation and expert legal advice received over a 12 month period:

That the Norfolk Association of Local Councils should convert from a co-operative society to a company limited by guarantee.	YES	NO
That Roger Taylor be appointed to carry out the conversion, ensuring all assets are transferred to the new company limited by guarantee.	YES	NO

Please complete and return this form BY FRIDAY 7 MARCH

Name of Council	
Signed on behalf of named Council	
Name of Representative signing for Council	
Title of Representative signing for Council	
Contact telephone	
Contact email address	
Date	

Please return page 2 with your vote and details to:

CountyOfficer@norfolkalc.gov.uk

By **FRIDAY 7 MARCH**

Any questions? Please call Adrian Myers on 07904 043911

Norfolk Association of Local Councils (NALC) – Legal Structure Update

1. Background

In September 2020, NALC was registered as a co-operative society under the Financial Conduct Authority. This structure was adopted to encourage member participation. However, following legal consultation and expert advice, it has been determined that a co-operative structure is unsuitable for NALC's purpose. This was discussed at the 2023 AGM, where members requested more information before making a decision.

2. Issues with the Current Co-operative Structure

While the co-operative structure offers some advantages, such as limited liability and legal stability, significant drawbacks exist:

- Efficiency: Insufficient revenue to support professional staff.
- Participation: Most members do not actively engage in decision-making.
- Conflicts: Diverse member expectations can lead to disputes.
- Privacy Concerns: Members' data can be requested under the Co-operative and Community Benefit Societies Act 2014.
- Restrictive Rules: Requirements for member participation, education, and training are impractical and outdated.

Additionally, no other County Association is registered as a co-operative, making this structure an anomaly.

3. Proposed Alternative: Company Limited by Guarantee

The Board recommends converting to a Company Limited by Guarantee, which is a not-for-profit legal structure offering:

- Limited liability for members and directors (typically £1).
- Defined responsibilities and powers for directors through Articles of Association.
- Modernised governing rules aligned with the Association's aims.

This change will not alter the Board's responsibilities or the transfer of assets. It provides an opportunity to streamline operations and ensure alignment with NALC's purpose.

4. Next Steps

A Special Resolution to convert to a Company Limited by Guarantee was presented at the 2024 AGM on 4th December for discussion.

A postal vote will take place during February 2025 following the required two-month notice period.

For further details or to review the current registration document, please contact the Board.

This decision aims to better align NALC's legal structure with its mission and ensure long-term efficiency and sustainability.

10 January 2025

This document has been approved by the Board of the Norfolk Association of Local Councils