

## **MERGING AND DE-MERGING LOCAL PARTIES**

### **Included in this document:**

- How to go about a merging or De-merging of a local party.
- The constitutional provisions for the merging or De-merging of a local party.
- The Legal requirement that must be gone through when merging or De-merging of a local party.
- Acquiring membership list,
- Some helpful hints and tips
- Rules of asset and liability distribution under a merging or De-merging of a local party.

**Local Party meetings will fall into one of the following two types:**

### **1. Less than 10% of the membership of your Local Party is changing**

If less than 10% of the membership are moving into, or out of, your Local Party as a result of the Local Party re-organisation then you should hold your Annual General Meeting (AGM) as usual.

However in order to comply with the accounting regulations set down under the Political Parties Elections and Referendums Act 2000 (PPERA) you will need to pass the following motion:

*Motion:*

- (a) That the current officers (Chair, Secretary, Treasurer, Data Officer and Membership Development Officer) be designated as the Management Committee for the purpose of the approval of its accounts for the year ended 31st December 20XX and the transfer of assets with any departing members.*

### **2. More than 10% of the membership of your Local Party is changing**

If more than 10% of the membership are moving into, or out of, your Local Party as a result of the boundary changes then you will need to hold a two-part meeting. The first part will be your 20XX AGM as usual including the motion set out above.

*Motion:*



*(a) That the current officers (Chair, Secretary, Treasurer, Data Officer and Membership Development Officer) be designated as the Management Committee for the purpose of supervising the winding up of the Local Party, the approval of its accounts for the year ended 31st December 20XX and the transfer of its assets to its successors.*

*(b) That the activities of the Local Party be suspended with effect from 31st December 20XX, and that the Local Party then be dissolved and its assets be transferred to its successors as agreed between the successor local parties or, in default of agreement, as may be directed by the Regional Party.*

*(c) That upon the accounts of the Local Party for the year ended 31st December 20XX being approved by the Management Committee and, if necessary, filed with the Electoral Commission, and upon all the assets of the Local Party being transferred to its successors, the Local Party be dissolved.*

The second part should be your 20XX (the same year) Inaugural General Meeting (IGM) with an agenda as follows:

*1. That the [name of Local Party] be established as a Local Party of the Liberal Democrats in accordance with the Party Constitution and as the successor within its area to [names of predecessor local parties] and their predecessors.*

*2. That the Model Constitution for Local Parties (England) be adopted as the Constitution of the Local Party, subject to such amendments as may be agreed by the meeting (all such amendments being conditional upon approval by the Regional Party)*

*3. Election of Officers and Executive Committee for the year of 20XX*

## **CONSTITUTIONAL PROVISIONS:**

### **England**

All the relevant constitutional clauses for merging and de-merging Local Parties are contained in Article 3 of the English Party Constitution:-

**3.3** Each Local Party shall contain either:

(a) one or more parliamentary constituencies, or



- (b) one or more principal local authority areas, or
- (c) a combination of all or part of a parliamentary constituency and all or part of an adjacent or overlapping principal local authority area.

**3.5** A Local Party may, with the agreement of the Regional Party, divide into new Local Parties, provided that none of them will have less than 30 members. Such division shall require the consent of separate general meetings of the members registered in the area of each proposed new Local Party.

**3.6** Regional Parties shall ensure that new Local Parties are formed whenever it is necessary to replace the existing structure of Local Parties in consequence of changes to the boundaries of parliamentary constituencies or principal local authorities and shall decide on any consequential disputes.

**3.7** A Regional Party may direct that a proposal to form a Local Party under Article 3.3 or to divide one under Article 3.5 shall take effect despite the failure of one of the general meetings to approve it if in the opinion of the Regional Party this is necessary in the interests of the Party as a whole. There shall be a right of appeal to the English Council against any such direction.

## **Scotland**

**D1.** There shall be Local Parties in all parts of Scotland. A Local Party shall only be recognised as such and entitled to the rights granted by this Constitution if it has at least twenty members and has adopted a constitution which satisfies the principles contained in this Constitution and the Federal constitution.

**D2.** A Local Party's boundaries shall be determined and may be revised by the Executive. In exercising this power the Executive shall:

- a. Consult pre-existing Local Parties and members in the area, including in particular those elected to public office at any level;
- b. Give effect, as far as practicable, to any local agreement reached;

c. Take into account the ability of the Local Party to be able to play its part in pursuing the objects of the Party set out in Section A, Clause 4 and the need for it to be an effective campaigning unit, and

d. Take into account the democratic right of members to participate in the affairs of the Party and the Local Party.

**D3.** Except where a local agreement acceptable to the Executive and satisfying the requirements of Clause D2 has been reached, a Local Party shall be formed of the members -

a. in a single Council area or,

b. in the combined areas of two or more Councils, or

c. in a subdivision of a Council area, taking into account Scottish or United Kingdom Parliamentary boundaries.

**D4.** When the membership of a Local Party falls below twenty for a continuous period of six months, the terms of Clauses D1 to D3 shall be applied in redrawing the boundaries of Local Parties in that area.

**D5.** The boundaries of Local Parties may be reviewed from time to time, either on the initiative of the Local Parties or the Executive, and in any such review the terms of Clauses D1 to D3 shall apply.

**D6.** In any Council area where there are less than twenty members and it is not practicable to include those members in a neighbouring Local Party, the Executive shall approve such form of local organisation within the area as commands local support, provided that

a. the selection of a candidate to contest any election on behalf of the Party shall be subject to the Executive's approval;

b. the appointment of office-bearers shall be subject to the Executive's approval;

c. the affairs of the group shall be conducted in a manner which is to the Executive's satisfaction.



**D7.** In the event of a dispute about the boundaries or composition of a Local Party, any affected Local Party or an aggrieved member of it may appeal to the Appeals Tribunal.

### **Wales**

**H3.** Following consultation with the Executive, the members of two or more adjacent Local Parties may decide to form a joint Local Party, provided that a majority of members voting in a ballot in each component Local Party agrees to such arrangement, and references in this Constitution to a Local Party shall apply to such a joint Local Party as if it were a single Local Party, save insofar as it relates to the selection of candidates and to provisions in the Federal Constitution.

**H4.** A Local Party containing two or more constituencies may divide into new Local Parties, provided that none of them will have fewer than thirty members. A division requires the consent of the Executive Committee of the existing Local Party and of a majority of those voting at separate general meetings of the members resident in the area of each proposed new Local Party. Any dispute concerning such a division, and any necessary provisions consequential upon changes of parliamentary boundaries, shall be determined by the National Executive Committee.

**H5.** For the purpose of elections for a local authority comprising a plurality of Local Parties, the Local Parties concerned shall form a joint coordinating committee to co-ordinate campaigning and publicity, and to be responsible for the formulation of policy on local issues for that election with such powers and otherwise on such terms as may be thought fit.

### **Membership Lists**

The membership list for your new Local Party will be based upon the residential address of the member. Membership list must be supplied by HQ. To receive a membership list please contact [membership@libdems.org.uk](mailto:membership@libdems.org.uk).

### **LEGAL REQUIREMENTS:**

#### **NOTIFY HQ**

Always make sure that you notify the Compliance Office and Membership Services in advance of any mergers or de-mergers. This ensures that the correct Local



Parties will be registered with the Electoral Commission and that the membership database can be re-programmed accordingly. **THIS MUST BE DONE BY AUGUST 1<sup>ST</sup> OF THE YEAR YOU WISH TO MERGE/DE-MERGE.**

### **TIMING OF MEGERS**

Mergers and de-mergers of Local Parties should ONLY take place during the annual round of AGMs in October/November each year to begin on the following January 1<sup>st</sup>. This complies with the Party's Financial Scheme as agreed with the Electoral Commission in 2001.

### **SOME HELPFUL HINTS:**

#### **SEPARATE GENERAL MEETINGS**

The requirement to hold separate meetings of the members of each Local Party in clause 3.5 does not mean 'physically' separate meetings especially for a merger. The best way to organise this normally is to hold a joint meeting to hear the arguments in favour of merger and then conduct the ballot using different colour ballot papers for the members of each local party (i.e. each Local Party that is proposed to merge) in order to determine whether you have the necessary majority in each of the predecessor parties. This may also help if it is necessary for the Region to use its power to force a merger, as it will have showed how strong the wishes of the members are across the whole of the proposed new Local Party.

#### **THE 'BARNET' SOLUTION**

Sometimes there can be a resistance to the mergers of Local Parties due to a fear of loss of identity. The solution we came up with that dealt with this in case of the London Borough of Barnet was to allow some temporary constitutional provisions for two years, to have a vice –chair from each of the predecessor parties.

**APPENDIX ONE – RULES FOR ASSET or LIABILITY RE-DISTRIBUTION  
UNDER BOUNDARY LOCAL PARTY BOUNDARY CHANGES**

1. Assets or liabilities will be divided up between the successor Local Parties (LP) in the same proportion as the membership of the existing Local Party. Non-cash assets e.g. stock should be valued at the lower of cost or net realisable value and fixed assets at the value shown in the 2013 annual accounts having allowed for depreciation.

*E.g: Central Bloggshire LP has 120 members, 10 of these members are transferring into Bloggshire East and 5 are transferring into Bloggshire North and the following assets & liabilities*

Balance sheet as at 31 December 2013	£
Fixed asset – 2 year old printer at written down value	250
Cash at bank and in hand	875
Stock – campaign materials	75
Creditors – unpaid printing bill	(120)
Net assets	1,080

*The net assets of £1,080 equates to £9 per member so £90 would transfer to Bloggshire East and £45 to Bloggshire North. In practice this is likely to be a cash transfer but see 3 & 4 below.*

2. If a whole branch which has its own funds either held separately or as part of the LP account is being transferred then the whole of the assets and liabilities of that branch transfer with it. If only part of a branch is transferring then the same principles apply as used in point 1 above.

3. Where more than 75% of the predecessor Local Party is going into the same successor party they shall have the automatic right to buy out any assets and liabilities as shown in points 1 above.
4. Any dispute over division of assets that cannot be resolved by the Local Parties concerned shall be determined by the Regional Party.

## **TAXATION**

If premises or other significant assets fall to be transferred, please note that any such transfer is NOT a deemed disposal for the purposes of corporation tax on chargeable gains (Section 264, Taxation of Chargeable Gains Act 1992), and the related transfer document is exempt from stamp duty (Section 67, Finance Act 2003). This information should be passed on to any solicitors dealing with any formal documents, as almost all will be unaware of these provisions!