

The Light Aircraft Association (LAA) member consultation on a merger between the association and the British Microlight Aircraft Association (BMAA)

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**Purpose of this information paper**

This paper seeks to provide information to LAA members, ahead of an AGM vote on whether they support a potential merger of the association with the BMAA. A working group of LAA Directors and their counterparts within the BMAA has been meeting in recent months to discuss the merger and we now wish to seek members' views before proceeding with more detailed analysis, leading up to a formal merger process during 2020.

This document is therefore being sent out to members of the LAA to provide information as a basis for the vote, which will be held on Sunday 20<sup>th</sup> October 2019 at the LAA AGM, at Sywell Aerodrome, Northamptonshire. NN6 0BN. Details of the day's events and timings will be sent out in the October edition of the Light Aviation magazine.

The motion will invite you to indicate whether you are in favour of, or against, a merger between the two associations. You can do this in a number of ways:-

By voting in person at the LAA AGM.

By a postal vote, using the form in the October edition of Light Aviation magazine, completed and posted to: The Light Aircraft Association, Turweston Aerodrome, Northants NN13 5YD.

or

by nominating a proxy to vote on your behalf, using the form in Light Aviation Magazine.

All postal votes or proxy nominations must be received at LAA HQ before the close of business on Thursday 17<sup>th</sup> October 2019.

In addition, although they will not count as votes, we would be delighted to hear any further comments you may wish to make. These can be sent by email to: [office@laa.uk.com](mailto:office@laa.uk.com), or by post to the LAA HQ address above. Please mark any communications with 'Merger' to help us deal with them more effectively.

**Background**

The LAA and BMAA began discussions on merging the two associations earlier in the summer, following close collaboration on the emerging 600kg light sport aircraft class, due to be the subject of a so-called opt out from EASA regulation.

In addition to this, there were many other areas of alignment between the associations, so a working group was formed to examine both potential benefits and whether there were any areas of concern that might prevent a successful merger from proceeding. The following areas were considered:-

**Membership** - The latest figures show that the LAA has 7,800 members and the BMAA has 4,000 members. There are around 700 members who have joined both associations. This means that the joint membership will total over 11,000, comfortably in excess of five figures. This positions our joint association at a size considerably larger than any other building/flying/pilots association in the UK.

**Size** - An association of this size will be a significant stakeholder in all aviation matters nationally and will be able to broaden the scope of what can be offered to members, improve response to member technical enquiries and provide a broader base to support necessary expenditure. Not only that, it would be the natural home for all manner of pilots and builders whether your passion is for plans built aircraft, factory built 600kg aircraft or flex wing microlights – we all have one aim – aviation!

**Staff** – We have already written to the staff of both associations to assure them that there was no plan to reduce staff indeed with all of the challenges going forward, we would need each and every one of them. The typical number of employees of a new, merged, organisation would be 22.

**Influence** - Our combined association will be able to review vendor arrangements and utilise size to produce best value for money. For example, merchandising and events. Our new organisation becoming the largest GA association would enable better exposure to the regulator and will facilitate more representative and collaborative working with them to the benefit of builders and pilots alike.

**Governance** – The working group, comprising equal numbers of members from both the LAA and BMAA were unanimous in their view that the board of any future combined organisation should also have equal numbers for a period of at least two years following merger. After this time, directors would be nominated and selected by the membership based on merit. It is envisaged that initial board meetings would include all current directors.

**Finance** – Both the LAA and the BMAA are financially sound organisations so therefore a joint association with a combined balance sheet will become far more resilient than two individual organisations. This will benefit members because it will be able to resist many headwinds presented to industry in the form of collapse of significant business partners, legal challenges or acquiring the necessary skill base to continue to upgrade services to members.

**Membership Fees** – The board of the combined organisation would begin a process of harmonization of fees to members, defaulting to the lowest comparable rates as and when financially practicable.

**Trading** – Both organisations have mutual trading status with regards to VAT therefore there would be no changes.

**Engineering** - Within the LAA, our Chief Engineer Francis Donaldson has begun to develop exciting plans for an engineering reorganisation that will tick lots of boxes around areas of expertise, shared knowledge and learning, succession planning and much more. Our combined organisation will be able to develop and sustain the breadth and level of engineering excellence that our members expect.

**Offices** - a combined organisation would operate out of a single site, most probably Turweston, saving property costs whether they be rent, power or rates. The working group agreed that this arrangement would be reviewed in 2 years coincident with the expiry date of our current agreement with Turweston's landlord. Association owned offices used by the BMAA in nearby Deddington would be sold.

**Insurances** - there would be opportunities to combine coverage in areas such as employee and member liabilities, both reducing premiums and potentially adding further cover as benefits to members.

**In Conclusion** - **The conclusion of the working group was that there were no fundamental issues that might prevent a merger. There are potential future member benefits and that it is now an appropriate time to seek member's views.**

### **Work We've Done So Far**

- **Financial information:** The working group has reviewed each other's financial information. The combined organisation would have a turnover of approximately £2m, a gross profit of £1.5m and expenses of £1.425m. There would be cash reserves and investments of just under £2m. There are no long-term liabilities nor debts which would be carried forward by either organisation.
- **Regulation:** Informal discussions have indicated that the CAA would welcome such a merger. Both organisations hold individual A8-26 oversight approvals and a major future workstream would be to integrate the two associations' procedures into a single approved structure. In areas such as licensing administration and supporting flying training, where the BMAA plays a more active role, it is logical that their team will take a future lead.
- **Legal Advice:** Formal legal advice has not yet been sought. However, we have members of the working group with corporate legal experience and, if members indicate a wish to move ahead, the board will then invest in professional legal advice.

**OVER TO YOU – WE LOOK FORWARD TO HEARING YOUR OPINIONS!**