

ABERDEEN CITY COUNCIL

COMMITTEE: Finance and Resources
DATE: 28 January 2010
LEAD OFFICER: Chief Executive
TITLE: Glencraft
REPORT NUMBER: OCE/10/004

1. PURPOSE OF REPORT

This report brings before the Committee an update on the work ongoing to re-establish the Glencraft business and requests authorisation for negotiations to be opened immediately to lease the property at Wellington Road formerly occupied by Glencraft to the new social enterprise “rent-free” for a period of up to a year.

2. RECOMMENDATIONS

- i) That the Committee authorises the Head of Resources Development and Delivery, in liaison with the City Chamberlain and City Solicitor to enter into immediate negotiations to lease the property at Wellington Road formerly occupied by Glencraft to the social enterprise being formed to re-establish the Glencraft business and to report back to the earliest possible Committee on the terms and conditions of the lease; and
- ii) That the Committee agrees that on the basis that the negotiated lease will provide the property to the new social enterprise “rent-free” for a period of up to a year, that the resulting significant loss of £225,000 income from the Enterprise, Planning and Infrastructure draft revenue budget for 2010/2011 be made up from contingencies

3. FINANCIAL IMPLICATIONS

The Enterprise, Planning and Infrastructure draft revenue budget for 2010/2011 includes income of £225,000 generated as rent from the property at Wellington Road formerly occupied by Glencraft. Should the property be made available to the new social enterprise “rent-free”, it is suggested that the loss of income be made up from contingencies. In addition, lease negotiations on such terms will require to meet State Aid requirements and to obtain the appropriate consent from the Scottish Ministers.

4. SERVICE & COMMUNITY IMPACT

The subject matter of the report relates to the Council's role both in supporting social enterprise and in supporting those with disabilities in the City.

5. OTHER IMPLICATIONS

None

6. REPORT

Following the closure of the Glencraft factory in November 2009, the Chief Executive convened a working group comprising representatives of the Scottish Government, Scottish Enterprise, Aberdeen City Council, voluntary sector organisations, trades unions and representatives of the former employees of Glencraft. The twin purposes of the group were to ensure that all necessary arrangements were made for the former employees of Glencraft and to explore opportunities for the establishment of a new social enterprise to continue the Glencraft business.

Working closely with Jobcentre Plus, Community, the Union, local churches and charities support was quickly put in place for the former employees and latterly the group focussed on the possibilities for a new social enterprise to be established.

The Committee will be aware that on Tuesday 5 January the First Minister announced at the former Glencraft factory that work was underway with Robert Keiller and Duncan Skinner of PSN Limited to re-establish the Glencraft business. Since that date Scottish Government and Scottish Enterprise colleagues have been discussing the content of the business plan produced by Mr Keiller and Mr Skinner and assessing the requirements it has for public sector funding and support.

One such requirement within the business plan is the request that in order to assist in re-establishing the Glencraft business the City Council should make available to the new social enterprise "rent-free" for up to a year the property on Wellington Road formerly occupied by Glencraft.

This report requests that the Committee authorises the Head of Resources Development and Delivery, in liaison with the City Chamberlain and City Solicitor, to enter into immediate negotiations to lease the property to the social enterprise being formed to re-establish the Glencraft business and to report back to the earliest possible Committee on the terms and conditions of the lease.

In addition, the Committee is requested to agree that on the basis that the negotiated lease will provide the property to the new social enterprise "rent-free" for a period of up to a year, that the resulting significant loss of £225,000 income from the Enterprise, Planning and Infrastructure draft revenue budget for 2010/2011 is made up from contingencies.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

None