

City of Edinburgh Council

10am, Thursday 30 May 2019

Albion Equity Ltd – Disposition of Council’s Preference Shares – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

The Council is asked to ratify the decision of the Finance and Resources Committee of 23 May 2019 approving the disposition of the Council’s preference shares in Albion Equity Ltd.

Laurence Rockey

Head of Strategy and Communications

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Referral Report

Albion Equity Ltd – Disposition of Council’s Preference Shares – referral from the Finance and Resources Committee

2. Terms of Referral

- 2.1 On 23 May 2019, the Finance and Resources Committee considered the attached report by the Executive Director of Resources seeking approval to redeem the Council’s shares to facilitate necessary investment in the Norton Park Conference Centre which was owned by the Albion Trust and contribute positively to the ongoing success of this valued community resource.
- 2.2 The Council’s preference shareholding also retained modest attendant rights with regard to the company’s decision-making processes but there was no Council representation on the Trust’s board.
- 2.3 It was proposed to approve the Trust’s request but with a stipulation that the premises, and the Trust’s wider activities, continued to prioritise support to the third sector and the wider local community through the provision of affordable and accessible office and accommodation facilities.
- 2.4 The Finance and Resources Committee agreed:
 - 2.4.1 To approve disposition of the Council’s preference shares in Albion Equity Ltd.
 - 2.4.2 To refer the report to the Council for ratification.

3. Background Reading/ External References

Minute of the Finance and Resources Committee of 23 May 2019

4. Appendices

Appendix 1 – report by the Executive Director of Resources

Finance and Resources Committee

10.00am, Thursday, 23 May 2019

Albion Equity Ltd - Disposition of Council's Preference Shares

Executive/routine Executive
Wards
Council Commitments

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 approve disposition of the Council's preference shares in Albion Equity Ltd; and
 - 1.1.2 refer the report to the City of Edinburgh Council for ratification.

Stephen S Moir

Executive Director of Resources

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Albion Equity Ltd - Disposition of Council's Preference Shares

2. Executive Summary

- 2.1 The Council currently holds 350,000 £1 preference shares in Albion Equity Limited which, through its operating company Albion Trust Management Limited, operates the Norton Park and Conference Centre. Following an approach from the Trustees, it is recommended that the Committee grant the request to redeem the Council's shares to facilitate necessary investment in the Centre and contribute positively to the on-going success of this valued community resource.

3. Background

- 3.1 On 30 March 1995, ownership of the former Norton Park Annexe transferred from the Council to the Albion Trust in exchange for receipt by the Council of 350,000 £1 preference shares in Albion Equity Limited. The Albion Trust subsequently converted the property into office accommodation for the voluntary sector, opening in 1998, with twenty current third sector tenants collectively employing around 350 staff. This accommodation has since been supplemented by the creation in the former St Mungo's Church building of a conference centre including a modern auditorium, training suite and eight meeting/breakout rooms. The Norton Park and Conference Centre is run on a social enterprise basis, with any profits ploughed back into the community. On this basis, it is considered that the Council's initial support has played a significant role in the on-going success of the facility.

4. Main report

- 4.1 Following discussions with the Office of the Scottish Charity Regulator (OSCR), the Trustees approached the Council in February 2019 with a view to redeeming the Council's preference shares at their book value of £350,000. After twenty years of operating the shared premises, the building fabric needs to be renewed, with a consequent programme of refurbishment put in place to address this. Phased redecoration will be followed by electrical upgrading, stonework repairs and some internal reconfiguration, with a significant associated cost, with the intention that this work be taken forward by the newly-established Norton Park Scottish Charitable Incorporated Organisation (SCIO). Redemption of the Council's preference shares at this time would unencumber the buildings and add to the Trust's security, allowing the work to be completed by the SCIO under a long-term lease.

- 4.2 Following receipt of the request, the Trust's articles of association have been reviewed to inform consideration of the rights attached to the Council's existing preference shareholding. These shares do not entitle the Council to any annual financial return, albeit in the event of return of assets, either by liquidation or otherwise, preference shareholders would, by extension, receive payment before ordinary shareholders. The Council's preference shareholding also retains modest attendant rights with regard to the company's decision-making processes but there is no Council representation on the Trust's board.
- 4.3 In view of the above, it is recommended that the Council approve the Trust's request but with a stipulation that the premises, and the Trust's wider activities, continue to prioritise support to the third sector and the wider local community through the provision of affordable and accessible office and accommodation facilities.

5. Next Steps

- 5.1 Should members of the Committee approve this recommendation, the request will be referred to Council on 30 May 2019 for ratification and the terms of the share redemption finalised with the Trust.

6. Financial impact

- 6.1 Redemption of the Council's preference shares will result in a one-off General Fund capital receipt of £350,000 in 2019/20. As the Council's shareholding has no attendant financial rights, there is no offsetting loss of income in the current or future years.

7. Stakeholder/Community Impact

- 7.1 Approval of the Trust's request should contribute positively both to the on-going availability of a valued local community resource and to the wider sustainability of the third sector within the city through the provision of affordable and accessible office and conference accommodation.

8. Background reading/external references

None

9. Appendices

None