

## ABERDEEN CITY COUNCIL

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COMMITTEE	Finance and Resources
DATE	21 <sup>st</sup> June 2012
DIRECTOR	Charlie Penman
TITLE OF REPORT	Grampian Japan Trust
REPORT NUMBER:	ECS/12/035

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### 1. PURPOSE OF REPORT

To report back to Committee on the current status of the request for a loan by the Grampian Japan Trust, agreed at its meeting on 15<sup>th</sup> March 2012.

### 2. RECOMMENDATION(S)

1. Committee notes the current status of the request.
2. Committee agrees to a further report to its next meeting, either confirming that the further information sought has been provided and that the loan has been made, or that the loan offer is withdrawn.

### 3. FINANCIAL IMPLICATIONS

3.1 The Council was approached by the Trustees of the Grampian Japan Trust seeking a loan of up to £15,000 to allow them to dispose of the property known as Thomas Glover House.

3.2 The granting of a loan would be secured on the property and would be repayable by 31 March 2013.

### 4. OTHER IMPLICATIONS

4.1 The main implication in granting the loan to the Trust is that the Council would have a security over the property. If the loan is not repaid then the Council would be able to seek repayment of the loan through the security that it will hold on the property.

## 5. MAIN ISSUES

5.1 The Committee is reminded that Glover House, 79 Balgownie Road, Bridge of Don Aberdeen, AB22 8JS was the family home of Thomas Blake Glover (1838-1911), whose family lived in Bridge of Don from 1849, moving to this house in 1864. Thomas Blake Glover is today revered in Japan as being one of the founders of modern Japan. He had a crucial role in the industrialisation of Japan and in the introduction of Western developments in manufacturing.

5.2 The Grampian Japan Trust was set up in 1996 by Grampian Regional Council with its aims to encourage and sustain the development of cultural and educational links between the North-East of Scotland, Japan and in particular Nagasaki, building on ties first initiated by Thomas Blake Glover. The Trust currently consists of members of both Aberdeen and Aberdeenshire Councils, and the Japan Scotland Society. The Trustees are currently considering their future governance and remit. While this is underway, there is a short term cash flow problem. At present, Councillors May and Reynolds are trustees, were appointed by the Council. The Trustees are, however, responsible for the business of the Trust in their own right.

5.3 Officers reported that their examination of the Trust Deeds and the available financial records had raised a number of issues requiring further clarification, initially including:

- Whether a Minute of Variation is recorded;
- Has the Clydesdale Bank provided an indication of funding guarantees?
- Any feudal burden contained within the Disposition;
- The current list of Trustees;
- A copy of the prevailing Trust Deed;
- Evidence of current borrowing by way of a search;
- A copy of the annual accounts;
- Any OSCR registration;
- Relevant financial information (bank statements, audit certificates etc.).

5.4 Officers reported that the Trust's then financial position was difficult and proposed that the Committee:

- a) Request officers to seek further clarification on the Grampian Japan Trust as set out in paragraph 5.4 of the report (repeated in Section 5.3 above) and subject to this:
- b) Approve a secured loan of up to £15,000 to Grampian Japan Trust subject to:

- the Head of Legal and Democratic Services being satisfied the Council has adequate security over the property known as Thomas Glover House; and
  - The Head of Finance is satisfied that there is no financial risk to the Council and evidence of proper financial stewardship of the Trust;
- c) The Loan is provided for a period of 12 months;
- d) The Director of Education, Culture and Sport report back to the Committee providing details of the final outcome of the above negotiations.

5.5 Since the meeting of the Committee, the Trustees have written on the 14<sup>th</sup> May, through Ledingham Chalmers, to ask that the Council holds the offer open in the meantime. No further information has been provided at this time, including the details necessary to enable officers to confirm that the Council's position is protected. Officers have written to Ledingham Chalmers for clarification as to why the initial request, thought to have a degree of urgency, has now been requested to be extended.

5.6 Given that the Council has still to receive information back from the Trust, officers recommend that the Committee determine how it wishes to proceed at its next meeting, following further enquiries being completed.

## 6. IMPACT

6.1 The City Council will aim to mitigate the cash flow position the Trust now finds itself in such that the loan will allow a smooth transition to allow for the disposal of the property.

## 7. BACKGROUND PAPERS

Report to Finance and Resources Committee, Grampian Japan Trust Loan Request, 15<sup>th</sup> March 2012

## 8. REPORT AUTHOR DETAILS

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