
COMMITTEE	Finance Policy and Resources
DATE	7 June 2016
DIRECTOR	Pete Leonard
TITLE OF REPORT	Update on Thomas Blake Glover House
REPORT NUMBER	eg CHI/16/123
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 This report provides members with an update on the actions being taken in order to determine potential future uses of Thomas Blake Glover House and maximise benefit for the public pound, as agreed at a meeting of the Finance Policy and Resources Committee on 15 September 2015.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:
- a) notes the content of the report;
 - b) agrees that further work is needed on the funding of the recommended option appraisal put forward by the consultants in relation to Thomas Blake Glover House;
 - c) instructs officers to report back to a future meeting of the Committee with the financial implications of the report.

3. FINANCIAL IMPLICATIONS

- 3.1 Aberdeen City Council has appointed a consultant to carry out a study to provide an indication of the feasibility of Thomas Blake Glover House for a number of potential uses, the demand for these, and likely costs involved.
- 3.2 A consortium, led by MKA Associates in association with Hoskins Architects and Graham and Sibbald, was appointed following a tendering exercise to carry out this work. The contract awarded is within the £25,000 limit set by members at the September 2015 meeting of the Finance Policy and Resources Committee.
- 3.3 The consultants have been instructed to carry out three distinct pieces of work as part of the feasibility study:
- Part 1: Condition Survey

- a. A detailed condition survey of Glover House;
- b. An assessment of the repair and remedial work required, including but not limited to any necessary structural repairs;
- c. A detailed breakdown of the likely cost of remedial works. Any identified emergency work should be separately listed.
- d. Any planning, land or other restrictions which could affect any identified works.

Part 2: Options Appraisal

- a. An assessment of possible end uses for the building and site, including discussions with key stakeholders – eg education, tourism, other;
- b. A summary of the principal alterations required to adapt the building and site for these uses, with an assessment of the likely cost;
- c. The preparation of outline proposals for the preferred end use for consideration to enable agreement in principle to be reached with key stakeholders;
- d. Identification of the likely sources of funds for the project and preliminary discussions with principal funders to ascertain their conditions, timescales, and likelihood of assistance;
- e. Confirmation of the long-term financial viability of the proposed end use;
- f. A financial assessment of the work required, including a rudimentary cash flow statement for the capital phase, showing an approximate working capital requirement, its cost and security.
- g. An implementation strategy, setting out the next work steps, who is responsible for which actions, the cost of the work involved, and how it will be funded.

Part 3: Business Plan

- a. Preparation of a detailed business and operational plan for the proposed end use. The plan will be used to support future grant applications and demonstrate the business case for the proposed development. It will need to include, as a minimum:
- b. An assessment of demand in the area for the facility;
- c. An analysis of the benefit to the community from the proposed project;
- d. Identification of the potential audience for the facility, incorporating additional revenue generating ideas;
- e. A detailed one-year activity programme addressing the requirements of identified client groups;
- f. A five year profit and loss projection, cash flow and balance sheet;
- g. Recommendations for the management and staffing structure.
- h. Ongoing operational costs, including maintenance.

- 3.4 Parts 1 and 2 are nearing completing and, following a consultation exercise, stakeholder workshop, and scoring exercise, the consultants have identified three preferred options for the property. These options

and the possible uses they present for Thomas Blake Glover House are explained in detail in Appendix One, and are outlined in brief below.

- Option 1: Refine, Reconfigure and Refurbish Glover House £300,000;
- Option 2: Regime, Reconfigure and Refurbish Glover House and Outhouses, £840,000;
- Option 3: Refine, Reconfigure and Refurbish Glover House, Outhouses and New Build, £1,710,000 with a fundraising target set at £2million.

3.5 Option 3, which incorporates Options 1 and 2, has been identified as the recommended preferred option. This option could be presented as a phased approach, enabling the proposal to expand as market demand dictates, while being governed by an overall masterplan. The consultants have been asked to develop a business case which outlines potential external funding sources.

3.6 The scoring process used to identify the preferred options is also explained in full in Appendix One.

3.7 The condition survey (Appendix 2) has identified external and internal works, with an approximate cost of £140,000. These costs are included within the costs set out for each of the options outlined above. Funding of these repairs will be secured from the £155,000 previously approved budget.

4. OTHER IMPLICATIONS

4.1 Separate to the feasibility study work, it became apparent to officers that additional works were required to address safety matters and improve the gardens.

4.2 Two 'dangerous' trees have been removed from the site and further tree works are required. Garden and tree work, have been instructed in addition to the ongoing programme of grounds/garden maintenance.

4.3 Outbuildings and a gate in the boundary wall at the bottom of the garden have been boarded up to prevent access. A full cost for these works has not yet been ascertained, but is expected to be circa £200.

4.4 Council officers have raised concerns about the safety of the largest outbuilding and a condition report has identified issues which require to be addressed. Actions to mitigate this risk have been identified and are being costed.

RELATIONSHIPS WITH JAPAN AND MITSUBISHI

4.5 Japan continues to be a priority market for international trade development, particularly in the renewable energy sector, following on from the opening of Scotland House in Nagasaki; a hub to allow Scottish companies to access the burgeoning renewable energy

markets in Japan. An annual report on the delivery of the Aberdeen Japan Strategy was submitted to the Finance Policy and Resources Committee on 16 February 2016. In the meantime, Economic Development officers are continuing to host visiting Japanese business and civic delegations and work with local companies and partner organisations to explore the opportunities for collaboration..

- 4.6 In addition to the successful hydrogen technology development, led by Aberdeen City Council, which has already attracted significant interest from large Japanese companies, notably Toyota, Honda, Panasonic and Hitachi, Scottish Enterprise is working directly with the Japanese Government and key Japanese industrialists. The focus of interest centres around Japan's over-dependence on nuclear power and the need to establish an oil and gas industry. Aberdeen-based companies are very well placed to assist Japanese companies in the development of an oil and gas industry.
- 4.7 As outlined below in the Background/Main Issues of this report, Mitsubishi gifted Glover House to Grampian Regional Council in 1996. Mitsubishi is a continually expanding international company .It is Japan's largest general trading company with more than 200 bases of operations in approximately 80 countries worldwide. Together with its more than 500 group companies, Mitsubishi employs a multinational workforce of approximately 54,000 people.
- 4.9 Mitsubishi is very keen to see Glover House remain in public ownership and be used to facilitate greater cultural exchange between Aberdeen and Japan.

5. BACKGROUND/MAIN ISSUES

- 5.1 Glover House, formerly known as Braehead House, is located at 79 Balgownie Road, Bridge of Don, Aberdeen and was the family home of Thomas Blake Glover (1838-1911), born in Commerce Street, Fraserburgh, whose family lived in Bridge of Don from 1849, moving to this house in 1864.
- 5.2 This was to be the Glover family home for the next 25 years and although Thomas Blake Glover had been in Japan since 1859, he stayed at the house during visits home. His father died there on 16 May 1878 and the house was kept on by his mother until her death there on 27 August 1887.
- 5.3 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.
- 5.4 He established himself as an import/export merchant, quickly building up a successful business. Through his ship-broker brothers in Aberdeen he supplied the first three ships for the Japanese navy. He also went on to supply the first railway, the first mint and started the

first industrialised mines. Most significantly, he established a patent slip dock at Kosgue which would later be taken over by his close friend Yataro Iwasaki – the founder of the then fledgling Mitsubishi Company.

- 5.5 In 1908 Glover received the Order of the Rising Sun, Japan's highest honour-never before awarded to a foreigner. He died, aged 73 in 1911 and is buried in Nagasaki.
- 5.6 The Grampian Japan Trust was set up in 1996 by Grampian Regional Council and latterly consisted of members of Aberdeen City Council and the Japan Scotland Society.
- 5.7 In 1997 Aberdeen City Council sold Glover House to the Grampian Japan Trust for £1, which in turn sold it to Mitsubishi for c£250,000, and Mitsubishi sold it straight back to the Grampian-Japan Trust for £1.
- 5.8 At the time of the sale a trust deed was put in place to regulate the work of the Grampian Japan Trust and new restrictions/provisions were included in the titles to Glover House. These title provisions envisaged that the Grampian Japan Trust would use Glover House as a Grampian Japan Centre for a variety of cultural, community and education projects and if this was no longer possible then the property was to be transferred to a different body to continue these aims.
- 5.9 The injection of £250,000 by Mitsubishi Heavy Industries along with the funding from both Councils were provided to meet the development/renovation and running costs of the property and the delivery of a programmed of activities to meet the aims of the Trust.
- 5.10 The development of the property aimed to deliver a visitor/education centre reflecting a typical Victorian" middle class" dwelling as it may have looked during the period when the Glover family were resident.
- 5.11 Costs of delivering the renovation significantly exceeded the budgeted amount and as a result the Trust was unable to provide the marketing or staffing resource necessary to establish the property as a visitor/educational or corporate hospitality venue.
- 5.12 As a result of this shortfall in Trust funding; financial support and staffing resource for the management of displays, maintenance and upkeep of the property was met by Aberdeen City and Aberdeenshire Councils. The pressure on local authority budgets led to this support being withdrawn in part from financial year 2010/11 and entirely in financial year 2011/12.
- 5.13 In November 2012 the Council discussed the possibility with the Trust of considering transferring the ownership of the property to the Council rather than attempting to sell it on the open market.
- 5.14 Glover House Trustees Ltd, which was incorporated on 14 April 2015, is now the sole trustee of the Trust and has assumed responsibility for

Glover House in accordance with the conditions and purposes of the Grampian Japan Trust.

- 5.15 The responsibility for operating the building has been passed to the Council.

6. IMPACT

Corporate

Smarter Living (Quality of Life)

- We aspire to be recognised as a City of Culture, a place of excellence for culture and arts by promoting Aberdeen as a cultural centre hosting high quality diverse cultural events for the whole community and beyond.

Smarter Economy (Competitiveness)

- We will work with partners to promote the city as a place to invest, live, work and visit.

Community Plan

- Work with other organisations, agencies and groups, including Visit Scotland and Visit Aberdeen, to encourage tourism and the provision of facilities for tourists, particularly from Japan.

7. BACKGROUND PAPERS

Appendix One: Glover House Feasibility Study Draft Report

Appendix Two: Graham and Sibbald Building Survey Report April 2016

Finance Policy and Resources Committee 15 September 2015 “Update on the Future of Thomas Glover House”

Thomas Blake Glover’s Story and Trail (www.aagm.co.uk)

These background papers are available on request for members to inspect.

8. REPORT AUTHOR DETAILS

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