

EXECUTIVE SUMMARY
Executive Board
19/10/20

SUBJECT
National Botanic Garden of Wales

History

1. The County Council have a long history of support for the Garden going back to the project's inception in the 1990's, including both direct financial support and working in strategic partnership with various bodies including the Welsh Government and the Millennium Commission to secure a viable and long term future for the Garden.
2. Relevant to today's discussions are the following previous resolutions:
 - a. On the **19th September 2005** the Executive Board resolved:
 - To request the Garden to release their leasehold interest in the farmhouses which along with the necessary consents and resolutions from interested parties would give the Authority unencumbered freehold possession. In return the Authority would advance the Garden £900,000 which would be repaid when the farmhouses were sold.
 - b. On the **20th February 2007** the Executive Board resolved:
 - That the Council's existing loan to the National Botanic Garden of Wales be increased by the sum detailed within the Director of Resources report on the same terms and conditions as the existing loan. (The additional being £450,000)
 - c. On the **3rd March 2008** following discussions with WAG the Executive Board resolved:
 - To convert the £1.35m loan (plus interest) to the National Botanic Garden into a grant. (The loan being written down over a two year period as each farmhouse was sold)
 - To provide £50,000 p.a. revenue grant in cash (£30k) and in kind (£20k) for a three year period

This was in response to a revised funding package from WAG of £1.9m capital and three year funding of £550k p.a.
 - d. On **31st January 2011** Executive Board considered a report where it was identified that the Garden for operational reasons continued to occupy the farmhouses and this coupled with the economic climate affecting asset values had meant that no disposals of the farmhouses have taken place, therefore as a consequence the loan granted to the Garden remained in place.

It was also noted that Welsh Government had commissioned a review of the funding and governance arrangements at the Garden, which concluded that the facility is not financially sustainable without external funding and that this position was likely to remain for the foreseeable future.

The Authority was also informed that Welsh Ministers had agreed a funding package for the Garden for three years (2011/12 – 2013/14) subject to the County Council agreeing an extension of its own financial support. It was therefore resolved:

- To extend the Authority's interest free loan to the Garden for a further period of three years
 - To allow the Garden continued occupation of three of the four farmhouses on a tenancy basis
 - To provide £60,000 per annum revenue cash grant to the Garden for a further three years
- e. Welsh Government subsequently made a further award of grant to the Botanical Garden for the year 2014/15 and again this award was made dependant on the continued support of the County Council for a further year. A revenue grant of £70k was provided by the County Council with occupation of the farmhouses and an extension of the loan also being provided for a further 1 year.
- f. On the **15th June 2015** the Executive Board resolved:
- To extend the Authority's interest free loan to the Garden for a further 3 years to 31st March 2018
 - To allow the Garden continued occupation of the four farmhouses and homesteads on a tenancy basis for a further 3 years to 31st March 2018
 - To provide £70,000 revenue cash grant to the Garden for 2015/16 subject to condition below
 - To approve, subject to condition below, a forward commitment of revenue cash grant for the 2016/17 and 2017/18 on a sliding scale basis of £50,000 for 2016/17 and £30,000 for 2017/18 subject to discussions with Welsh Government regarding its funding commitment
 - To support the restoration Regency Landscape project to the value of £50,000
 - That Councillor D.M. Jenkins, Executive Board Member with responsibility for Resources, be nominated to serve as the Authority's representative on the Garden's Board of Trustees.

Condition: That the Garden be requested to consider introducing an all-year round discount on admission charges for Carmarthenshire residents in view of the support provided by the Council.

g. On the **27th November 2017** the Executive Board resolved:

- To extend the Authority's interest free loan to the Garden for a further 2 years to 31st March 2020
- To allow the Garden continued occupation of three of the four farmhouses on a tenancy basis for a further 2 years to 31st March 2020
- That the Garden be informed that the Council expected interest to be charged on the loan from 1st April 2020
- That the Executive Board undertake a visit to the Garden

This decision was based on the following information provided by the Garden: A 5 year business plan was submitted detailing how the Garden proposed to improve its financial sustainability. A range of projects and business development activities were identified and a number of these were already being implemented, which were already having a positive impact on the Garden.

The Garden had been successful in obtaining funds from various sources including grant funding, sponsorship, social investment finance and commercial loans and continued to receive financial support from the Welsh Government.

The £7m Regency Restoration project was fully funded and work had commenced, with the Heritage Lottery Fund backing the project to the value of £3.55m. This is a transformational project for the Garden and will bring substantial benefits in tourism, conservation, heritage, and reputation to the County. It will also deliver substantial increases in volunteering and skills-development opportunities with particular focus on young people and heritage.

A further development proposal was the Farmhouse Renovation / Conversion Proposal. The proposal was to renovate these buildings and use them for student accommodation and holiday lets. This would allow the Garden to offer a wider range of educational and other residential courses to students within Wales, UK and Internationally. This project required considerable capital expenditure to bring the properties to the required standard but the Garden believed that they would be able to obtain the required finance, providing that CCC extend the term of its leases.

Present Position

1. The current arrangement ended on 31st March 2020 and the Garden is not currently in a position to pay the outstanding loan amount of £1.35m.
2. Due to the current loan and lease agreements coming to an end on 31st March 2020, the Garden is looking for a longer term loan repayment model and a sufficient extension on the lease agreement to allow them to raise funds and carry out the renovation work.
3. The Garden has presented the Council with a Five Year Business Plan progress review which summarises the following:

- a. The Botanic Garden has seen rapid visitor growth in recent years:

		% growth since 15/16
2015/16	114,000	
Year 1 (2016/17)	134,383	18%
Year 2 (2017/18)	161,750	42%
Year 3 (2018/19)	163,403	43%
Year 4 (2019/20)	Est 167,000	46%

- b. Regency Parkland Restoration

The funding package for the project was secured and permission to proceed secured from HLF and other funders in 2017. The main construction contract was awarded, and work began in 2018. Major works are scheduled for completion in 2020, with an official opening scheduled for early summer 2020.

- c. Tyfu'r Dyfodol / Growing the Future 2

Funding of £2.3m, over five years, was signed off in September 2017. The project is ongoing and delivering excellent results, across a number of core mission activities of the Garden. An important recharge element of the project brings funds into the organisation and the project is trialling various programmes that could become income generators for the Garden in the future.

- d. British Bird of Prey Centre

A partnership with a private company (Pembrokeshire Falconry), the BBPC opened on June 1st 2017, and was officially opened by the Minister for Tourism a few weeks later. The centre, with its own marketing activities, now contributes to attracting visitors to the Garden and the schools education programme.

- e. Renovating farmhouses to self-catering accommodation: The farmhouses are currently on a short term lease from CCC. The lease was extended in 2017 by CCC who requested funded proposals before agreeing to a long-term (25 years+) to facilitate this project. Renovation of the farmhouses will create two premium self-catering properties (Allt Goch & Bryncrwyys), with likely year-round appeal to visitors, as well as improved and expanded student/ apprentice/ volunteer accommodation at Pantwgan. Linking revenue from the renovated properties to repayment of the CCC loan has restricted access to funding for the project and further discussion is ongoing to identify ways to deliver this project.

- f. Farm diversification: Management of the farm was brought back in-house in 2017, primarily to improve management of the ground for the benefit of the NNR. The Farm Manager is now part of the horticulture department, sitting within the Parks & Estates team. This ensures better support for the Farm Manager, improved H&S and better alignment with the aims of a botanic garden and the NNR.

- g. Horticultural consultancy: Two commercial projects are underway to propagate rare/endangered plants for reintroduction to the wild as part of statutory restoration activities that must be undertaken by construction companies. These will generate income for the Garden, but also demonstrate to statutory authorities

that the specialist skills to undertake such restoration projects exist in Wales, increasing the likelihood that planning conditions specifying this work will become more common in the future.

4. Covid 19 has affected the operations of the Garden as it has for most businesses and organisations, the Garden having been closed to the public for over three months from late March. Visitors have however continued to come to the Garden following it's reopening in July, reflecting the confidence they feel in enjoying the facilities in an outdoor safe and secure environment.
5. The Garden has also been engaged in dialogue with the Welsh Government who are supportive of working up a proposal with the Gardens to find a sustainable solution to the ongoing long term future of the Garden.

Conclusions

1. The Garden continues to require support from both the Welsh Government and the County Council.
2. It currently continues to make use of the farmhouses and is not in the position to repay the loan in the short term.
3. The approach for the extension of the loan will necessitate a more detailed liaison with Welsh Government to allow a resolution to be sought between Welsh Government, the Council and the Garden to find a sustainable solution to repay the loan.

Recommendations

1. To extend the Authority's interest free loan to the Garden for a further 18 months to 30th September 2021.
2. To allow the Garden continued occupation of three of the four farmhouses on a tenancy basis for a further 18 months to 30th September 2021.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: C Moore

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	YES	YES	NONE	NONE	NONE	YES

1. Policy, Crime & Disorder and Equalities

The National Botanic Garden of Wales is a facility of potentially global significance that is important to the image, tourism and economy of Carmarthenshire. The viability of the Garden has been under threat in previous years and the County Council has previously joined in a strategic partnership with other public sector organisations to provide funding and support. Despite its previous financial and operational difficulties the National Botanic Garden continues to be one of the most visited attractions in Wales, currently drawing around 147,000 visitors to a facility in Carmarthenshire with potential to increase this number in future years. Closure of the Garden would have a significantly damaging effect on the economy and image of the County and undermine the Council's efforts, together with its partners, to develop the local tourism industry.

2. Legal

Previous reports to Council have established the legal basis of the Authority's direct contributions to NBGW as being the general power of wellbeing conferred by the Local Government Act 2000.

Agreement to extend the loan facility will require amendments to existing legal agreements.

3. Finance

Loan repayment extended for another 18 months, no repayments due until the end of the extended term of 30th September 2021.

4. Physical Assets

The proposal would require the County Council to hold on to the freehold of the four farmhouses during the extended loan period. The Garden would also be entitled to occupy three of the farmhouses during this period.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: C Moore

Director of Corporate Services

- 1. Scrutiny Committee** Not Applicable – Strategic issue
2. Local Member(s) Not Applicable – Strategic issue
3. Community / Town Council Not Applicable – Strategic issue
4. Relevant Partners

Welsh Assembly Government have been kept fully informed of Council's proposals

- 5. Staff Side Representatives and other Organisations** Not Applicable

**EXECUTIVE BOARD PORTFOLIO
 HOLDER(S) AWARE/CONSULTED**

Include any observations here

YES

**Section 100D Local Government Act, 1972 – Access to Information
 List of Background Papers used in the preparation of this report:**

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Correspondence from NBGW	NBGW	Head of Financial Services
Report and minutes of Executive Board – 19 th September 2005	Executive Board	County Hall
Report and minutes of Executive Board – 20 th February 2007	Executive Board	County Hall
Report and minutes of Executive Board – 3 rd March 2008	Executive Board	County Hall
Report and minutes of Executive Board – 31 st January 2011	Executive Board	County Hall
Report and minutes of Executive Board – 15 th June 2015	Executive Board	County Hall
Report and minutes of Executive Board – 27 th November 2017	Executive Board	County Hall