

CABINET

14 MARCH 2022

NATIONAL BOTANIC GARDEN OF WALES

Recommendations / key decisions required:

1. To extend the Authority's interest free loan to the Garden for a further 6 months to 31st March 2022 (including the option agreement on the farmhouse).
2. To allow the Garden to continued occupation of three of the four farmhouses on a tenancy basis for a further 6 months to 31st March 2022.
3. To note the expected repayment of the Loan before the 31st March 2022

Reasons:

To extend the existing loan / lease arrangements, which came to an end on 30 September 2021 by a further 6 months on the same conditions as existing agreements whilst the National Botanical Gardens finalise the structure for the repayment of the loan.

Relevant scrutiny committee to be consulted NO

Cabinet Decision Required YES

Council Decision Required NO

CABINET MEMBER PORTFOLIO HOLDER:-

Cllr D M Jenkins – Cabinet Member for Resources

Directorate: Corporate Services

Name of Director: Chris Moore

Report Author: Chris Moore

Designations:

Director of Corporate Services

Tel:

Email addresses:

Tel No. 01267 224120; E Mail:

CMoore@carmarthenshire.gov.uk

EXECUTIVE SUMMARY

CABINET 14 MARCH 2022

NATIONAL BOTANIC GARDEN OF WALES

History

- 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.
- Relevant to today's discussions are the following previous resolutions:
 - **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.
 - **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)
 - **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.

- **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
 - 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.
 - **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.

○ **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 detailing how the Garden proposed to improve its financial sustainability.
- 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.
- 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.

○ **On the 19th October 2020 the Executive Board resolved:**

- 1. To extend the Authority's interest free loan to the Garden for a further 18 months from 1st April 2020 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

This decision was based on the following information:

- The Garden was not currently in a position to pay the outstanding loan amount of £1.35m
- the Garden was 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.
- The Garden presented the Council with a Five Year Business Plan progress review which summarised rapid visitor growth in the recent period.

- The Regency Parkland Restoration project was well underway with the opening of the project in likely 2020.
- The Tyfu'r Dyfodol/Growing the Future 2 project was underway with a 5 year funding package of £2.3m.
- The British Bird of Prey Centre had opened and was contributing to attracting visitors to the Gardens and a schools education programme had been developed.
- The renovation of the farmhouses continued to be a proposal within the Business Plan when future investment was available, which would then provide additional income source to the gardens.
- Farm diversification and Horticultural consultancy was being developed to support further income generation.
- It was also identified that Covid 19 had affected the operations of the Garden as it has for most businesses and organisations, with the Garden having been closed for a period of time. It was however noted that visitors had, when possible, continued to come to the Garden, reflecting the confidence they feel in enjoying the facilities in an outdoor safe and secure environment
- The Garden has also been engaged in dialogue with the Welsh Government who were supportive of working up a proposal with the Gardens to find a sustainable solution to the ongoing long term future of the Garden.

Present Position

As referred to above the Gardens in 2020, had engaged dialogue with Welsh Government in respect of finding a sustainable solution to the ongoing long term future of the Gardens. This dialogue has continued throughout the current period of the loan and is still ongoing, although it has been delayed at times due to the Covid response priorities.

To allow the Garden to further develop, the Garden and Welsh Government are keen to obtain the freehold interest of the farmhouses back.

In 2005 when the Loan Agreement was originally signed there was also a Conditional option agreement signed, which provided for the farmhouses known as Gorswen, Alltgoch, Pantwgan and Bryncrwys to be transferred (freehold) to the NBGW subject to the repayment of the whole of the loan. The total loan currently being £1,350,000. At the time this Loan was subject to interest but this was amended by way of deed in 2012 to make the loan interest free from the start.

Over recent months County Council Officers have worked with officers of WG and the Gardens to develop a plan to resolve this position. Through a support package from Welsh Government it is likely that the Gardens will be able to repay the loan to the County Council in full by the 31st March 2022., which it is then expected will allow the Gardens to activate the Conditional Option Agreement.

This conditional option agreement can only be exercised once i.e. NBGW must pay the whole of the loan to the Council whereupon the freehold of the farmhouses as mentioned above would be transferred to them. NBGW cannot exercise the option more than once e.g. they cannot repay half the loan and expect say 2 of the properties to be transferred- it is all or nothing agreement.

The current term of the loan and option was until the 30 September 2021 and has not been formally extended whilst dialogue on options of repayment with both WG and the Gardens has taken place. Now that an acceptable conclusion is being proposed Cabinet is being asked to formally extend the loan to the 31 March 2022, so that this option agreement can be activated.

Conclusions

- The Garden has an opportunity with WG support to repay the loan in full and reclaim the freehold interest in the farmhouses.
- The County Council is required to formally extend the loan and option on the farmhouses a further 6 months to 31 March 2022 which will then facilitate the opportunity for the loan repayment in full.

Recommendations

1. To extend the Authority's interest free loan to the Garden for a further 6 months to 31st March 2022 (including the option agreement on the farmhouse)
2. To allow the Garden to continued occupation of three of the four farmhouses on a tenancy basis for a further 6 months to 31st March 2022.
3. To note the expected repayment of the Loan in full before the 31st March 2022

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 significant 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 extension for another 6 months, as previously agreed on an interest free. It is expected that the loan will be repaid in full by the 31st March 2022.

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. At the point of repayment of the loan the freehold interest in the Farmhouses - Gorswen, Alltgoch, Pantwgan and Bryncrwys would revert to NBGW.

The NBGW would be entitled to sell the farmhouses should they wish too.

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

CABINET HOLDER AWARE/CONSULTED

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