

Y BWRDD GWEITHREDOL
27^{FED} TACHWEDD 2017

GARDD FOTANEG GENEDLAETHOL CYMRU

Y Pwrpas:

Ystyried cymorth ariannol yr Awdurdod ar gyfer yr Ardd yn y dyfodol

YR ARGYMHELLION / PENDERFYNIADAU ALLWEDDOL SYDD EU HANGEN:

1. Ymestyn benthyciad yr Awdurdod i'r Ardd am 2 flynedd arall hyd at 31 Mawrth 2020 ac ystyried a ddylid codi tâl am llog.
2. Caniatáu i'r Ardd barhau i feddiannu'r pedwar ffermdy a thyddyn ar sail tenantiaeth am 2 flynedd arall hyd at 31 Mawrth 2020.

Y RHESYMAU:

I ymestyn y trefniant benthyciad / prydles presennol, sydd yn dod i ben ar 31 Mawrth 2018 am 2 flynedd arall ar yr un amodau â'r trefniadau presennol tra bo opsiynau tymor hwy yn cael eu harchwilio.

Angen ymgynghori â'r Pwyllgor Craffu perthnasol NAC OES

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES

Angen i'r Cyngor wneud penderfyniad NAC OES

Yr Aelod o'r Bwrdd Gweithredol sy'n Gyfrifol am y Portffolio - Y Cynghorydd David Jenkins

Y Gyfarwyddiaeth:

Adnoddau

Enw'r Gyfarwyddwr:

Chris Moore

Awdur yr Adroddiad:

Chris Moore /
Tracey Williams

Swydd:

Cyfarwyddwr Gwasanaethau
Corfforaethol

Cyfarwyddwr Gwasanaethau
Corfforaethol / Cyfrifydd Cynorthwyol

Cyfeiriadau e-bost:

CMoore@sirgar.gov.uk

EXECUTIVE SUMMARY
EXECUTIVE BOARD
27TH NOVEMBER 2017

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 Assembly 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 Gardens 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 Gardens 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 Gardens 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:

- 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 Gardens 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.

Present Position

3. The current arrangement ends on 31st March 2018 and the Garden is not currently in a position to pay the outstanding loan amount of £1.35m.
4. The Gardens have submitted a 5 year business plan, detailing how the Garden proposes to improve its financial sustainability. A range of projects and business development activities have been identified and a number of these are already being implemented. These have already seen a positive impact on the Garden:
 - 2016/17 saw visitor numbers increasing by 20,000 (17%)
 - July 2017 visitor figures were 19,922 which is up 33% on last year and 4% ahead of target
 - Income is up on the previous year by 23%
 - Gross profit has increased on last year by £143k (21%).
5. The Garden has been successful in obtaining funds from various sources including grant funding, sponsorship, social investment finance and commercial loans. They continue to receive financial support from the Welsh Assembly Government, with additional support for specific projects (e.g. new Climate Control System), as well as receiving funding from Carmarthenshire County Council (CCC) (detailed in point 2f above)
6. The £7m Regency Restoration project is fully funded and work has 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.
7. A further development proposal is the Farmhouse Renovation / Conversion Proposal. These farmhouse properties are currently leased from CCC and the current lease term ends on 31st March 2018. The proposal is 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 would require considerable capital expenditure to bring the properties to the required standard but the garden believes that they would be able to obtain the required finance, providing that CCC extend the term of its leases. The Gardens sees this project as a project that would see the long term sustainability of the Gardens and they are positive that the revenue generated from the rental income would allow the repayment of the £1.35m loan.
8. Due to the current loan and lease agreements coming to an end on 31st March 2018, the Gardens are 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.

Conclusions

9. The Garden continues to require support from both the Welsh Assembly Government and the County Council.
10. They currently continue to make use of the farmhouses and are not in the position to repay the loan in the short term.
11. The Regency landscape project is a significant development for the Gardens and will have a significant economic and tourism impact on the County if it progresses from the development phase to the full 5 year project.
12. As with the Regency landscape project, the Farmhouse Renovation project could also have a significant economic and tourism impact on the County. There are questions that need answering and more research needs to be undertaken as to the viability of the project. Further dialogues will take place between CCC and the Gardens over the next 6 months however the current arrangements come to an end on 31st March 2018. It would be beneficial if the current arrangements were extended for another 2 years, with no changes to the terms of the agreements. This would provide sufficient time for more work to be carried out and a decision to be reached.

Recommendations

10. To extend the Authority's loan to the Garden for a further 2 years to 31st March 2020 and consider whether interest becomes chargeable.
11. To allow the Garden continued occupation of the four farmhouses and homesteads on a tenancy basis for a further 2 years to 31st March 2020.

DETAILED REPORT ATTACHED?	NO

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 2 years, no repayments due until the end of the extended term of 31st March 2020

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

**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