

Public Accounts and Public Administration Committee

Evidence Paper - Gilestone Farm

Committee Session 14 July 2022

Introduction

For a number of years, the Welsh Government (WG) has been in discussions with Green Man about the potential to support the growth of the festival brand in and for Wales. The Green Man Festival is one of five remaining large independent UK festivals with a social media following of 230,000 and a media reach of 6.9 billion. Green Man has won a number of major festival awards over a number of years including being shortlisted for Best Festival in the World in the recent New Musical Express Awards which took place at the Brixton Academy in March 2022. Green Man is a major employer in mid-Wales, making a significant contribution to the local economy and employing a large number of people both in its main festival business and in an increasing number of related ventures, which place a strong emphasis on sustainable development.

Since 2019, discussions have focussed on the need for Green Man to identify and establish a permanent base in Wales. In doing so, this will secure its future here whilst widening the influence of the Green Man brand by developing new businesses which will include new live experiences. Proposals under discussion have centred around acquiring more land to enable the continued growth of the brand. Doing so would allow Green Man to hold more events, separate from and in addition to the main annual festival at Glanusk, and allow the business to diversify with suitable premises to locate the growing number of related businesses associated with the brand.

A search of WG-owned land was undertaken in 2019, but nothing proved appropriate. Since then, the market has been kept under constant review for suitably sized premises in the best locations to support the ambitions to grow the brand and accommodate the related businesses.

As the Covid pandemic continued, on 1 October 2021, Green Man submitted to WG an outline business plan setting out both an overview of the company's ambitions for a sustainable future, and further details of what future site requirements entailed. The main ambitions set out were to :

- Secure Green Man's long-term future in Wales;
- Provide premises to incubate SMEs;
- Extend community engagement in Wales;
- Create jobs in Wales;
- Enhance Green Man's ability to act as a cultural bridge for Wales;
- Support Green Man's ethical business objectives;
- Run new live and tourism experiences in Wales;
- Grow Green Man's wellness business; and
- Create the first carbon-neutral event site, including the continued farming of the land of any future sites

In February 2022, Green Man notified WG that a suitable agricultural holding in the desired locality would potentially become available. Green Man did not possess the resources to fund the acquisition. This led to the acquisition by WG of the Gilestone Farm property.

Strategic Context

Economic Development

The Green Man Festival currently attracts over 25,000 visitors to the locality and generates an annual £10.37 million (equivalent of 185 jobs) to the regional Welsh Economy annually. Tickets for the 2022 event sold out in just 3 days, ensuring a sold-out event for August 2022 which is expected to exceed the economic outputs noted above.

The creative industries do not just create jobs and wealth – they contribute to the strong *Cymru Wales* brand and help to promote Wales and its culture and talent to the world. As a fast-paced growing industry in Wales, it is important that WG is able to continue to invest in effective interventions and provide support both direct to business and to activities that contribute to the development of a nurturing and supportive environment for the creative sector in Wales.

Culture and Events

The proposed end-use for the site, in becoming an events and tourism destination supports Ministers' aim in the Programme for Government to “do all we can to help our tourism, sports and arts industries recover from the pandemic. Our programme outlines how we will make our local communities more rewarding and vibrant places to live and work in, whilst ensuring we also play our part on the global stage.”

Guiding principles within the current Major Events Strategy for Wales includes a commitment to support ‘Growth’ events which “demonstrate the ambition and potential to evolve and grow to become Major or Signature events for Wales” and to also “create and nurture home-grown events”. Green Man also align with our ambitions in the new strategy, currently being drafted, for events in Wales to be authentic and have a distinct ‘Welshness’ regardless of size, scale or location. Under this priority, Welsh Government has supported a number of festivals and events in Wales, including the provision of financial support.

Welsh Government will shortly launch its new Events Strategy. The full business plan will be assessed against the priorities of the new strategy.

Agriculture

In Sustainable Farming and Our Land (2019) and the Agriculture (Wales) White Paper (2020) we set out how the principles of Sustainable Land Management will provide the long-term framework for future agricultural policy and support.

The outline business plan indicated that development would be undertaken with “the environment at its core”. Information contained within the outline business indicated that the development could support WG’s Sustainable Land Management objectives of:

- producing food in a sustainable manner
- mitigating and adapt to climate change
- maintaining and enhancing the resilience of ecosystems and the benefits they provide
- conserving and enhancing the countryside and cultural resources, promoting public access and engagement with them.

Well-being of Future Generations Act

The proposed end use of the site strongly aligns to the principles in the Well-being of Future Generations Act, in particular the goal of 'a Wales of vibrant culture and thriving Welsh language'. Investment in events at a local, national and global level also supports the following Programme for Government well-being objectives:

- Build an economy based on the principles of fair work, sustainability and the industries and services of the future.
- Push towards a million Welsh speakers, and enable our tourism, sports and arts industries to thrive.
- Make our cities, towns and villages even better places in which to live and work.
- Embed our response to the climate and nature emergency in everything we do.

The Green Man Brand

The annual Green Man Festival is held at the Glanusk estate, which is close to Gilestone Farm, and which currently attracts over 25,000 visitors to the locality and generates an annual £10.37 million (equivalent of 185 jobs) to the regional Welsh Economy. The Green Man Festival is already a major success in the calendar of events held in Wales and will remain at Glanusk under any future development. The full business plan submitted by Green Man seeks to harness the potential to expand the company and the brand further and to enhance its reputation in the UK Festival arena. Ms Fiona Stewart of Green Man, whose corporate business is registered as Plant Pot Ltd (PPL), currently operates the Green Man event. A separate company, CwningarLtd, has been established by Fiona Stewart for this development.

The Green Man festival is one of five remaining large outdoor independent festivals in the UK. PPL has outlined there have been numerous approaches by various corporations to buy the brand in which case it could end up in moving from Wales. However, Green Man has been in discussion with WG for a number of years and it is our view that supporting Green Man to this site would secure its future in Wales.

The Green Man brand offers significant additional benefits to the *Cymru Wales* brand, both domestically and internationally. The combined social media audience for Green Man is circa 230k, an engaged audience which exceeds that of most other Wales-based events and venues.

In addition to the commercial activities, the Green Man Trust, the charitable arm of Green Man, has supported 10,000 individuals since it started 14 years ago, raised

£18,000.00 for the victims of flooding in Powys. During the past year Green Man Trust has also donated £16,000.00 to food banks in Wales.

Powys County Council is supportive in principle of the proposal to continue to build on its ambition to position the locality as the 'events county' in Wales.

Subject Property

The Subject Property is Gilestone Farm, which located in Talybont-on-Usk. The property comprises a Grade II listed farmhouse and other associated farm buildings within 241 acres of arable, pasture and woodland. The freehold interest in the property was purchased by WG in March 2022 from the previous owners, namely, Charles Weston and CWW Farming Ltd (a company wholly owned by Charles Weston).

At present around 126 acres of the farm is predominately used for agricultural use including cereal production, some grassland for silage and grazing land for animals. The farmhouse itself along with the four lodges and three tents are used for self-catering holiday lets. The remaining farm buildings on the site are used by small local traders including carpenters, electricians, a landscape gardener, a tree surgeon and a market gardener.

The farm also hosts a small number of weddings over the year and has recently hosted a running event and a small camping event for a local school.

The property was purchased by WG on 31st March 2022 for £4.25m (no VAT to be charged) which was slightly below the market value independently certified by our consultant surveyors [Knight Frank] at £4.35m (ex VAT). As part of the overall transaction, the previous owner has leased back the Subject Property from WG to end-October 2022 at a peppercorn rent in order to maintain and manage the property, harvest existing crops and honour existing bookings. The Lessee is also required to appropriately yield up the property at the end of the term and to ensure that all necessary Tenancies at Will are in place. The peppercorn rent has been independently certified as reflecting value for money in these circumstances. Officials are working on management arrangements for the farm and the wider property from end of October without prejudice to the outcome of the ongoing discussions with Green Man.

There have been claims made on social media around potential of "tax avoidance" around the purchase of the property. As a Crown Body, Welsh Government does not pay Land Transaction Tax (LTT). Were the property to be sold by Welsh Government at a later date, then the purchaser of the property would be liable for LTT at the point of purchase. At no point would the Welsh Government purchasing the property affect the LTT implications for any future purchaser.

Welsh Government Considerations

There are two distinct aspects to WG's consideration of this matter, namely the acquisition of Gilestone Farm by the WG and its subsequent use.

In relation to the first, advice was put to Ministers in accordance with the process and guidance followed by WG for the proposed acquisition of any property.

In respect of the second, Ms Fiona Stewart of Green Man, whose corporate business for the Gilestone Farm property is registered as CwningarLtd (CL), has, as required, developed a full Business Plan that was submitted to WG on 29 June 2022. The aim of the plan is to provide the rationale and basis upon which the expanded activities and related business activities (food and drink and tourism) and retained agricultural uses will be financed, operated and expanded in due course. The Plan aims to explore the aim of making the event the first carbon neutral event in the UK and with a focus on decarbonisation and encouraging the use of tree planting in association with the National Forest. Green Man have provided assurances that the land would continue to be farmed and information on these plans has been included in the full business plan.

This Plan, which is commercially sensitive, is currently undergoing full due diligence and assessment by WG officials in line with normal practice and will include an assessment of the agricultural future of the property. Only after this process, which will involve appropriate consultation with relevant interested parties, has concluded and advice put to Ministers can a decision be made on whether Gilestone Farm, now a WG-owned property, is a suitable asset to support the aims and ambitions set out in the plan.

Any future leasing or purchasing transactions with CL would be in accordance with the guiding principles set out in Managing Welsh Public Money, our own governance processes and our Corporate Asset Management Strategy. Initial terms discussed with CL remain subject to approval and 'subject to contract'.

In the event that the Plan does not meet WG requirements or CL does not enter into a prospective lease or purchase of the property, WG will be able to market the property for either sale or letting in the open market. In the event of any sale by WG, it will be able to recover the market value at that time. On the basis of the current valuation WG's initial investment in the site would be substantially recovered (after accounting for purchase, holding and disposal costs).