

Grwp yr Economi, y Trysorlys a'r Cyfansoddiad  
Economy, Treasury and Constitution Group

Cyfarwyddwr Cyffredinol - Director General



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref

Mark Isherwood MS  
Chair  
Public Accounts and Public Administration Committee  
Y Senedd/Welsh Parliament  
Cardiff Bay  
Cardiff  
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25 September 2023

Dear Chair

Thank you for your letter of 18 July seeking additional information following my attendance at the Public Accounts and Public Administration Committee on 5 July in relation to Gilestone Farm. My responses to the Committee's questions are set out below.

**1. The administration of the acquisition process.**

*Does the Welsh Government accept that its Ministerial Advice could have been clearer in setting out the underlying rationale for the purchase, the extent of any connection with the Green Man festival, what was deemed novel/contentious, Green Man's planned company arrangements for the new venture, and potential constraints on the site's suitability?*

Officials accept that wording could have been clearer in elements of the written advice, specifically in terms of the relationship between the expansion of the Green Man brand, the associated business and the primary festival. However, the Ministerial Advice provided six options for Ministers to consider, including the option of not progressing with the policy proposal. The MA was sufficiently comprehensive and to support the ministerial decision sought.

*Does the Welsh Government accept that the Ministerial Advice could have considered options for funding the purchase in a different way that would not have required completion by 31 March 2023?*

Any "year-end" expenditure must evidence regulatory compliance, value for money, policy alignment and deliverability, in common with any other transaction within a financial year.

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Given lack of year-end flexibility, it is essential that Welsh Government has projects that can be brought forward, completed at short notice, or slowed down to enable us to deliver the outturn we need given many of the factors we must deal with lie outside of our control. Certainty over budget availability is clearly core to any decision taken.

The MA in question addressed the viable options for addressing the Green Man project, including an option not to proceed.

*In the context of the Welsh Government's Scheme of Delegation, what changes have you made to ensure you are sighted on cases where Ministerial Advice relates to matters deemed novel or contentious?*

The report by Audit Wales on the acquisition of Gilestone Farm was clear that the purchase was procedurally sound and all relevant experts from the Welsh Government had been engaged. The Scheme of Delegation is not something I can unilaterally change as it applies across Welsh Government. I have, however, discussed with my senior management team at our monthly management meetings the need to ensure novel or contentious matters are appropriately raised with me when the need arises.

*How have you been involved with other key decisions and ongoing due diligence activity leading up to the Minister's recent statement?*

The progress of the project continues to be managed within the delegation of the lead Director, and I am regularly informed of developments and consulted where necessary and appropriate. Given the significant interest in the project, and the increasingly multi-faceted nature of the work, we have augmented the assurance mechanisms around the work, including use of the challenge team model previously discussed (in other contexts) with the Committee.

*Would greater transparency from the outset have avoided a significant government business workload relating to the Farm?*

We recognise the importance of transparency, but published information needs to be accurate and shared in a constructive manner, based on final draft proposals and not early-stage discussions.

To ensure that interested parties are receiving factually correct information, we have recently launched a FAQs page on the Welsh Government website and representatives of Green Man have also launched a website to share their vision and plans for the site.

*Why did the Welsh Government not publish any decision reports relating to the Farm since May 2022, notwithstanding broader Ministerial statements?*

In terms of process, we accept that the Decision Report associated with the Ministerial Advice submitted in May 2023 could have been published sooner. However, in practice all the relevant information was published in a far more substantial form via the Economy Minister's Written Statement to the Senedd on 17 May 2023, alongside the FAQs section

on the Welsh Government. There were no Ministerial decisions sought or needed between the original purchase of Gilestone Farm and the 'gateway' decision this May on moving to the next stage of due diligence and commencement of discussions with Green Man around potential lease arrangements.

*How do you respond to the comments in the Auditor General's letter of 19 January 2023, which discussed apparent inconsistencies in the approach to the release of information, in response to Freedom of Information requests?*

Freedom of Information requests are considered on a case by case basis, with appropriate information released reflecting a snapshot in time. Section 43 (2) of the Freedom of Information Act exempts information whose disclosure would, or would be likely to, prejudice the commercial interests of any legal person (an individual, a company, the public authority itself or any other legal entity).

Something that is designated "commercially sensitive" at a single point in time does not necessarily mean that it will be "commercially sensitive" forever. There will therefore always be instances where an exemption is applied at a certain point in time and where that information will later be released as the information is no longer commercially sensitive.

Complaints around Freedom of Information responses are clearly matters for the ICO and we always work closely with the ICO's office where there are lessons to be learnt. To date, we are not aware of any complaints being raised with the ICO in relation to this matter.

*Do you agree that it would have been appropriate to maintain notes of virtual meeting discussions with Green, to support the audit trail (particularly once the prospect of purchasing the Farm was being discussed)?*

Audit Wales found that the Welsh Government audit trail in this case would have been better supported if all the meetings had been recorded. We always seek to learn lessons from projects and programmes and accept this finding, but it does not affect the basic conclusion of Audit Wales that the procedural integrity of the decision taken on Gilestone Farm was sound.

*Has your group, or the Welsh Government more broadly, taken any action to clarify expectations around maintaining records of virtual meetings?*

An internal bulletin on this matter was published recently reminding officials of their responsibilities regarding records management, and the guidance for officials has also been updated.

**2. Costs associated with the ongoing management of the Farm and its current valuation.**

How much has the Welsh Government spent in relation to the ongoing management of the Farm compared with the £57,000 anticipated at the time of the Auditor General's letter and whether there are any updated estimates about future costs?

We will ensure the appropriate management of the site to maintain the value of the asset to the Welsh taxpayer and meet property ownership responsibilities. This will naturally lead to certain costs, as with the management of any property owned by the Welsh Government.

Total costs of management of Gilestone Farm to 31 August 2023 are £46,629.04.

How the Welsh Government's income from the current lease compares with the costs it has incurred during and since the purchase, and the extent of any profit sharing to date (or expected)?

It is difficult to ascertain the expected impact on the public finances until the end of the current Farm Business Tenancy. For example, there is a profit share arrangement on the leisure and tourism side of the business which cannot be determined at present given most of the income is derived during the summer months.

Early indications suggest whilst there may be a small fluctuation either way, the property is currently, in property management terms, "relatively neutral" when it comes to a cost vs income analysis.

What the results from the recent asbestos survey have revealed regarding potential remedial works and its related cost?

The asbestos survey revealed that there was asbestos present in some of the farm buildings as you would expect of buildings of that age and type. Importantly, the advice was not to remove the asbestos but simply to label clearly – work which has been completed.

The cost of the survey and costs associated with implementing the recommendations was £1,478.26. We anticipate some further small costs as a few of the farm buildings were inaccessible when the first survey was undertaken.

Whether the Welsh Government has made any assessment of the impact of recent property price trends on the value of the Farm and, if so, what this indicates?

In June 2023, the Welsh Government asset valuers undertook a valuation of Gilestone Farm and advised that the current freehold asset valuation is £4.25m ex VAT.

The market in general terms (across many sectors) is currently in a state of uncertainty for obvious reasons. For farms, there are few available to purchase, which together with the

general market uncertainty means that there are few recent transactions upon which to base value. Notwithstanding this, the farm is considered a good lowland farm with good opportunities to diversify and has held its value since Welsh Government bought the property.

### **3. Final decisions, contingency plans and overall reflections**

What commitments the Welsh Government can give about how any final decision will be communicated to the local community and to the Senedd?

In the Written Statement of 17 May 2023, the Minister for Economy committed to further consultation with the local community, coordinated through the Community Council and working closely with Powys Council and Bannau Brycheiniog National Park Authority. Once this work and final due diligence has been completed, a full and final options appraisal will be submitted to Ministers for consideration and following a decision an oral statement will be made to Members.

Whether the Welsh Government has given any further consideration to its contingency plans and/or exit strategy if a commercial lease that it finds acceptable cannot be agreed with Green Man; whether that be at all or sufficiently in advance of the end of the current lease for Green Man to mobilise to take on the running of the Farm?

Discussions on the lease agreement are ongoing and are commercially sensitive. Public statements on any elements of these discussions, including contingency plans or exit strategy, could prejudice the outcome of those negotiations.

As a responsible property landlord, Welsh Government proactively manages its property estate to encourage economic development, preserve asset value and to meet its statutory and other ownership responsibilities.

How do you reflect on the length of time the whole process has taken to date compared with initial expectations that it might have been entering into an initial lease agreement with Green Man as soon as the end of October 2022?

The process has undoubtedly taken longer than originally anticipated. This partly reflects the level of interest the matter has generated. For example, Creative Wales has had to support an unprecedented level of government business around this project, summarised below:-

- Senedd Oral Questions – 3
- Senedd Written Questions – 66
- Ministerial Correspondence – 23
- Official-level Correspondence – 72
- FOI Requests – 49

This is in addition to a host of other work associated with the project.

What lessons the Welsh Government has taken from the whole process and how these can be, and are being, shared and applied across government?

Officials have ensured that relevant teams from across Welsh Government are involved in assessing the impact of, and relevance to, other business areas. During this specific process, this has included colleagues from rural affairs, environment, property, Events Wales, and our economic development teams. At Group level we regularly consider lessons identified in Management Committee, as well as with our Audit & Risk Committee. Relevant lessons are also shared and discussed at Welsh Government corporate level, and with/through cross-cutting groups.

#### **4. Other issues**

You told the Committee that the create hub initiative will create “really good, high-paid jobs” in the area. How does the Welsh Government define a “high-paid” job, in this context?

In contextual terms, median gross weekly earnings for employees in the creative industries were £605 in 2022, £7 higher than the median gross weekly earnings in all industries in Wales.

Median gross weekly earnings for Powys shows the average gross weekly earnings in all industries to be £573.

In relation to plans to host weddings on the site:

- What is the calculated demand for additional wedding venues in the area?
- What building or buildings will be used?
- What building conversions will be necessary to establish a wedding venue?

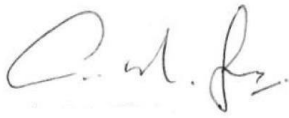
Your evidence noted a series of proposals for diversification – how has the Welsh Government calculated the impact of such initiatives on other local businesses?

Welsh Government has not undertaken its own assessments or calculations associated with either hosting weddings on site or any other diversification proposals. Any information shared with Welsh Government by Green Man is subject to our due diligence, ongoing assessments of the business plan, and commercial discussions around potential lease arrangements. Given these discussions are still ‘live’, we are not in a position to say anything further at this stage.

Since colleagues and I came before the Committee on 5 July, you will have heard that a breeding pair of Ospreys had been sighted on Gilestone Farm. Both Welsh Government and Green Man, in keeping with the importance we each attach to the natural environment and to enhancing biodiversity, have agreed our priority must be the birds' welfare and protection. Both adult birds had left the site as of 14 September, but we hope that they will return to their constructed nest next Spring. My team are currently working with relevant experts to prepare a protection and management plan for the site.

With best wishes.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Slade', written in a cursive style.

**Andrew Slade**  
Director General  
Economy, Treasury and Constitution