

Circuit of Wales

Y Pwyllgor Deisebau | 11 Hydref 2016
Petitions Committee | 11 October 2016

Research Briefing:

Petition number: P-05-709

Petition text: We call on the National Assembly for Wales to urge the Welsh Government to expedite the start of work on the Circuit of Wales as quickly as possible in order to help with the regeneration of Blaenau Gwent, the Heads of the Valleys and South Wales generally.

Background

The Heads of the Valleys Development Company was established in 2009 with the purpose of developing and operating the 'Circuit of Wales' race track, a £370m development encompassing 830 acres of Blaenau Gwent.

The Cabinet Secretary's letter to the Petitions Committee on this matter notes that 'the developers have identified that on completion the Circuit could create 170 full-time jobs with a further 1,500 part-time positions'.

Welsh Government action

The Cabinet Secretary's letter also notes that the Welsh Government has been engaged with the company since 2011 and that the company has sought financial support from the Welsh Government at each key stage in the project's development.

According to a May 2016 Welsh Government [response to a Freedom of Information request](#), which sets out the level of financial support the Welsh Government had provided to the project, 'a £2 million grant was paid to the Heads of the Valleys Development Company in 2012 and a £7 million loan guarantee was used to pay external subcontractors and advisors commissioned by the Heads of the Valleys Development Company to deliver financial close'.

The Cabinet Secretary's letter to this committee outlines that earlier this year the Circuit of Wales also 'sought a Welsh Government guarantee to underwrite 100% of a project finance facility provided by Aviva Investors of £357.4 million'. The then Minister for Economy,

Science and Transport, Edwina Hart AM, decided that it would be an ‘unacceptable risk to underwrite the entire investment for the project’.

In April the Circuit of Wales put forward another proposal which would have involved around 83% of the total £370 million cost of the project being underwritten by the Welsh public sector. The Cabinet Secretary states in his letter that, in his view, the project ‘does not currently provide the level of value for money necessary for the amount of public funding being put at risk’. He has urged the developers to revise their bid such that at least 50% of the project should be funded and 50% of the risk underwritten by the private sector. The letter states that the developers ‘have accepted this principle’.

National Assembly for Wales action

On 19 September 2016 the Public Accounts Committee discussed, in private, correspondence between David TC Davies MP and Nick Ramsay AM (as chair of the Committee), and a letter from the Auditor General for Wales. The [Public Accounts Committee webpage](#) states:

The Committee has received correspondence regarding the [Circuit of Wales] project and the Auditor General for Wales has indicated that his staff will undertake an audit on some of the issues raised. On receipt of that report, the Committee will consider whether to undertake an inquiry.

Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.