

Welsh Government made ‘inexplicable decisions’ around Circuit of Wales, says National Assembly committee

Deep concerns have been raised by a National Assembly committee over the Welsh Government’s approach to the Circuit of Wales.

In accepting government ministers were right to consider supporting the building of a new race track near Ebbw Vale, the Public Accounts Committee concluded officials made inexplicable decisions in providing funding for the project, and failed to keep the then Minister for Business, Enterprise, Technology and Science up to date with latest developments.

In total, more than £9 million of public money was spent on the Circuit of Wales by the Welsh Government before it ended its involvement, after refusing to act as guarantor for £210 million in loans - almost half the total cost of the project.

The Committee found that there were a number of errors in the communication from Welsh Government officials to the public over the purchase of a motorcycle company in Buckinghamshire by the Heads of the Valleys Development Company (HoVDC), the company responsible for delivering the project.

A press release issued by a government department denied £300,000 used to buy the firm FTR Moto came from a £2 million property development grant (PDG) given to HoVDC by the Welsh Government. But paperwork seen by the Committee showed not only did officials know about the purchase but agreed it. PDGs are specifically for supporting private sector organisations in the purchase of property. FTR subsequently folded having never relocated to Wales.

It later transpired there was no evidence of the Minister for Business, Enterprise, Technology and Science being informed of the agreement.

The Committee could also find little evidence the Welsh Government thoroughly scrutinised an agreement signed between HoVDC and Aventa Capital Partners, a company brought in to provide specialist services.

Both companies were headed by the same man, Michael Carrick, but officials did not check to see if the arrangement had undergone a satisfactory competitive tendering process, or what specialist services Aventa would provide. A list of services submitted to the Committee differed from the list provided to the Welsh Government, strongly suggesting the information provided to the Committee was prepared retrospectively.

In deciding not to support the Circuit of Wales project the Welsh Government cited an obscure technical accounting matter as a reason for pulling out. But the Committee found

the government had commissioned its own comprehensive due diligence which provided ample reasoning why it should not support the project. This led to public confusion and did little to promote confidence in the Government's ability to handle public money wisely and well.

"The proposed Circuit of Wales was a unique and significant project, which appeared to offer the possibility of regenerating an economically deprived area," said Nick Ramsay AM, Chair of the Public Accounts Committee.

"The Welsh Government was right to explore possibilities of making this project work and, quite properly, it is not this Committee's function to comment on the merits of the Cabinet's eventual decision not to provide the requested public finance support.

"We are deeply concerned, however, at how this project was approached by the Welsh Government. We want Wales to be a first choice for investment and to achieve this, the decision-making processes followed by those charged with the expenditure of taxpayers' money, need to be both coherent and properly documented.

"The Welsh Government made some inexplicable decisions during its initial funding of this project, such as authorising payment for the purchase of a motorcycle company in Buckinghamshire as part of the property development grant intended to buy land in Ebbw Vale.

"It is essential that the Welsh Government demonstrates effective management of Welsh public money and maximises the opportunities for investment in Wales."

The Committee makes 13 recommendations in its report, including:

- That the Welsh Government strengthen their controls to ensure value for public money in relation to understanding relationships between funding recipients and their contractors and suppliers;
- That the funding of the purchase of FTR is utilised as a case study for internal training purposes by the Welsh Government, given the highly unorthodox decisions made at official level, the accompanying lack of documentation and the apparent failure of officials to seek and obtain the requisite approvals from their respective Minister; and
- That all Cabinet Secretaries, Ministers and all Welsh Government Senior Civil Servants are reminded of the requirements within the Ministerial and Civil Service Codes to ensure the accuracy of all information released.