

How did Wales lose the Britishvolt gigafactory investment creating 3,000 jobs to the north east of England

It is one of the biggest industrial inward investment projects seen in the UK with a battery cell gigafactory for electric vehicles creating 3,000 direct jobs in Northumberland.

Despite initial scepticism about the start-up firm's ability to raise the finance, Britishvolt has confirmed it has secured £1.7bn in backing, including £100m from the UK Government's Automotive Transformation Fund.

Private backers include real estate investor Tritax and investment group abrdn, with the under construction factory near Blyth scheduled to open in 2023. It has also secured backing from commodities giant Glencore, which will provide the factory with a key ingredient for electric vehicle batteries, cobalt.

[The project](#), alongside a similar gigafactory investment by Nissan also in the north-east at Sunderland, is seen as vital in ensuring the UK economy capitalises on the move away from diesel and petrol powered vehicles in the fight against climate change. Britishvolt said its investment will create a further 4,000 jobs in what it plans to be UK-dominated supply chain.

Of course the project still needs to secure a customer base to sustain the jobs, but it has assembled an impressive team – following the departure of its co-founder and one time chairman Lars Carlstrom who received a four year trading ban

back in the 1990s.

So, what's not to like? Well, from a Wales plc perspective the project was first mooted for St Athan in the Vale of Glamorgan, after Britishvolt had assessed dozens of other potential locations across the UK.

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The fact that Britishvolt's chief executive , Orral Nadjari, was familiar with South Wales and its skills-base, having studied at Cardiff University, certainly helped. The 'human factor' in the decision making process of inward investment projects shouldn't be overlooked despite support packages being dangled by competing locations to attract them being pretty homogenous.



Bro Tathan.

After early stage discussions, the firm entered into a memorandum of understanding (MoU) with the Welsh Government in the summer of 2020 with the aim of building a huge gigafactory – one kilometre long and 500 metre wide – at the Bro Tathan business park at St Athan.

However, it was only a short-lived affair with both parties announcing a 'by mutual consent divorce' in the December of that year, saying that the St Athan site couldn't be delivered to Britishvolt's timeframes. The Welsh Government, when asked if it was satisfied it had done all it could to support Britishvolt, referred to its joint statement at the time.

In it Mr Nadjari, said: "Demand for batteries is accelerating quickly and we need to be in a position to fulfil that demand. We have been going through a period of intense due diligence on two sites and we have concluded that the Bro Tathan option will not meet our timetable for our first gigafactory."

The Welsh Government, in waving 'bon voyage,' added: "We have been working closely with Britishvolt for several months to explore and assist their plans for the establishment of a gigafactory at Bro Tathan.

"Given the ambitious timescales that the company is working to, it has been mutually agreed that Bro Tathan will not be the site of Britishvolt's first gigafactory. While this is disappointing both parties agree on the high quality and potential of the Bro Tathan site and remain open to a joint venture at a later date."

Just a few months later Britishvolt announced it was looking to deliver the same project in Northumberland. Unless I am missing something here, I am not sure that planning resolution and construction timeframes in the north east are quicker than in Wales.

So how much should we read into this 'amicable divorce' and could it really have been a case that Britishvolt were just not 'feeling the love' of the Welsh Government? What is not known is the amount of financial backing, if any, Britishvolt was seeking from the Welsh Government.

However, any amount would have been a relatively small with the focus of securing the bulk of the funding from private sector investors. Any investment from the Welsh Government would have come with risk, but with the upside of seeing thousands of jobs created in a sector with huge growth potential following the closure of the [Ford engine factory in Bridgend](#).

Correspondence obtained by BusinessLive highlight a number of non funding concerns and issues that Britishvolt were looking for the Welsh Government to resolve to progress its St Athan option.

This included wanting the planning boundary expanded to make the site large enough. This required the acquisition of more

land from local landlords. Half the site was deemed to be in flood zone, which also needed to be rectified. While not a devolved matter, the Bro Tathan site would also have required a connection to the National Grid, with the huge energy requirements needs of a gigafactory.

They were also looking for approval for a large scale solar farm to provide a renewable energy source and that the scheme be taken out of Bro Tathan, which is owned by the Welsh Government, and made stand alone in relation to service charges. Highway access concerns to the proposed site were also raised.

It is understood that at a Welsh Government ministerial level, despite the MoU, there was some scepticism over the project. As civil servants take direction from ministers, could this has impacted on levels of engagement with Britishvolt? One person from the private sector, with insight into Welsh Government decision making, said: "Britishvolt did come up in discussions, but there was never a sense it was a top priority, unlike the [Global Centre for Rail Excellence project.](#) "



Alun Cairns

(Image: Daily Post Wales)

Former Welsh Secretary of State and MP for the Vale of Glamorgan, Alun Cairns, believes that Welsh Government could and should have addressed issues raised by Britishvolt to ensure the project didn't 'leak out' of Wales.

As the local MP he maintained a close dialogue with the company, while as Welsh Secretary he had looked to attract investment from the Far East for gigafactory investment into Wales. Deeside had first identified as the most suitable location for such investment.

Based on conversations he had with Britishvolt executives Mr Cairns said: "After signing the MoU they became increasingly frustrated at the lack of engagement by the Welsh Government, specifically when officers dealing with the project went on holiday for the month of August (2020).

"Associated with that was a need for additional land which

they were being expected to just negotiate themselves with local landowners rather than having an almost 'club class' support to help them resolve local challenges and issues. They just felt that the MoU was almost the end of the project rather the beginning.

"At the time Britishvolt were more financiers than developers. They believed they could raise the capital and attractive the engineering skills, but what they needed was the Welsh Government to co-ordinate all these other activities. There was a lack of urgency from Welsh Government officials. In the days of the Welsh Development Agency they would have ensured these types of issues were addressed to support investors."

He said, despite political differences, it also needed the Welsh Government to reach out and work alongside the UK Government.

Mr Cairns added: "There would have been no issue of getting access to the Automotive Transformation Fund. That is UK-wide funding that would have been available to Britishvolt in Wales, but it was more about the quite defensive nature of the Welsh Government over a foreign direct investment project and wanting to control it themselves.

"This was much bigger than that as it was the second largest ever industrial investment project in UK history. When I first got involved I said straight away that the Welsh Government didn't have the capacity or the expertise in order to manage it, but they were not willing to seek support from BEIS (Department for Business, Energy and Industrial Strategy) or No 10. It is fair to say the UK Government felt this was a Welsh Government project so therefore they didn't want to step on their toes."

One requirement for the project, wherever it went in the UK, is securing approval from energy regulator Ofgem for a connection to the National Grid with its huge energy

requirement. This is a not a devolved matter.

Mr Cairns said: "Ofgem (electricity regulator) were saying there was a standard priority list about grid connections, so that needs to be addressed. I told Grant Shapps (Transport Secretary) wherever this goes, this is going to a problem for the construction of any gigafactory in the UK."

There are some very capable officials in the Welsh Government, who have worked with numerous proponents of self billed economy 'game-changing' projects.

There is always a need for a degree of circumspection. Wales has seen a litany of over-hyped projects in the past, from the built white elephant of the semiconductor foundry element of LG's investment in Newport in the 1990s through to the Circuit of Wales and the initial Swansea Bay tidal lagoon project. However, in the case of Britishvolt its ambitious talk now appears to have been vindicated.

Welsh Government ministers and senior civil servants need to reassess if they really did all they could to get the Britishvolt project over the line for Wales. And if not learn the lessons so any investment 'loss' of this magnitude never happens again.

Perhaps there is potential in the future, providing the Welsh Government addresses issues, for Britishvolt to look at a second factory at St Athan. While the now defunct Welsh Development Agency was far from perfect, it knew how to support investors in land assembly and removing pre-planning headaches. It was an exemplar in how strategic public investment oil the wheels for private sector investment at scale.

A review of how the project was handled is being supported by leading adviser in the Welsh industrial property sector, Chris Sutton, who said there is a danger of minimising the positive impact inward investment has on the Welsh economy and

improving productivity levels.

Mr Sutton, who is also a board member of the Cardiff Capital Region's Economic Growth Partnership, said: "Confirmation of funding for the Britishvolt project in the north east of England provides an opportunity for an internal review within Welsh Government to help improve our future performance in foreign direct investment markets.

"Britishvolt hit the headlines in 2020 when the company stated that a Welsh Government-owned land at St Athan in the Vale of Glamorgan was its preferred site, however by 2021 the project had migrated to the site of a former coal-fired power station in Blyth. Why did this happen?

"The question for Welsh Government is whether this decision was specific to the company or, in anyway, a reflection of the 'Wales offer'. A review should determine why the project did not land at St Athan and, if appropriate, where the Wales offer was outgunned. Can we improve our skills package, or sites and premises offer? Is our infrastructure package satisfactory, not least in terms of power and digital. Finally, was this decision a reflection of a different approach from Welsh Government to inward investment or its appetite for risk?

"There's no doubt that Britishvolt project has advanced since 2020, not least with the announcement of full institutional funding through abrdn and Tritax and a supply agreement with Glencore (cobalt), bolstered by support from UK Government's Automotive Transformation Fund. Britishvolt aims to be the first large scale electric vehicle battery factory in the UK.

" However, there will be a need for a small number of additional plants and Wales needs to decide whether it wishes to compete for the next one. My view is that foreign direct investment improves productivity as well as introducing new capital and innovation and we should have a clear plan of

action based around a small number of grade A sites offering the best business environment for grade A inward investors and home grown emerging industries.”

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