

How the grand Britishvolt scheme turned sour – and what happens next

It is oddly fitting – with the benefit of hindsight – that it was Kwasi Kwarteng who turned up to a site in Northumberland last year to give the green light to a project that promised to bring thousands of jobs to the county and put it at the forefront of the net zero revolution.

Knowing what we do now about the man who would briefly be Chancellor, many of us might have treated his words with a bit more skepticism. But when the then Business Secretary hailed the Britishvolt project for its “world beating technology” and pledged multimillion-pound Government support – which in turn opened the door to £1.7bn in private backing – it seemed the impossible had been achieved.

Doubts had surrounded the Britishvolt project since it was first announced at the end of 2020. It was described as being the largest single investment in the North East since the opening of the Nissan plant at Sunderland 40 years earlier, but the comparison was not hugely helpful. Analysts pointed out that Nissan was, in the 1980s, a company of 50 years standing, with operations around the world and had both the resources and the experience to build a massive car plant.

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Britishvolt, by comparison, was a start-up that was less than a year old, and which had no customers and no product. Losing its co-founder within weeks of its launch when a historic fraud conviction in his native Sweden came to light hardly helped its reputation. The hope was always that, in a time when many business orthodoxies have been upended and disruptive technology firms can quickly become global players,

Britishvolt would follow the likes of Tesla or Uber in rapidly becoming a global player.

And Britishvolt also had a lot going for it. It was promising to produce batteries for electric vehicles at a time when net-zero targets and post-Brexit trading arrangements meant that the UK would have to have a number of battery plants if it wanted any future for its automotive industry. Investors around the world were looking to back ambitious green projects and, most of all, it had, at Cambois, what was universally agreed to be the best site in the UK on which to build a battery gigafactory.



Business secretary Kwasi Kwarteng and Britishvolt executive

chairman Peter Rolton (centre) at the company's site in Northumberland

(Image: handout from Britishvolt)

When Mr Kwarteng visited the site last January, he wasn't the only one wanting to be a part of the Britishvolt story. Labour and Conservative politicians put their differences aside for the day to celebrate the company's success, and some of the world's largest financial institutions were also present. Within weeks, Britishvolt had made a number of big announcements: initial agreements with sports car manufacturers Aston Martin and Lotus to investigate battery supply; a partnership with three local universities on research; a deal with a local supplier hinting at the potential benefits in the North East supply chain.

The doubts over the project's viability never fully went away, however, not helped when local people began to notice that work on the site had effectively ground to a halt over the summer. Not long afterwards Wansbeck MP Ian Lavery – in whose constituency the site lies – used Prime Minister's Questions to reveal that Britishvolt had not received any of the £100m promised by the Government. Though then PM Boris Johnson assured him the funding was on its way, the company admitted in October that it was in emergency talks over its future. Workers agreed a temporary pay cut, executives waved their pay and short term funding was found from an existing investor, but that only delayed the inevitable. On Tuesday, administrators were appointed and the most of the firm's 230 staff were made redundant.

The immediate aftermath of Britishvolt's demise has been recriminations. Shadow business secretary Jonathan Reynolds said the UK was set to "miss out on one of the greatest economic opportunities this country has ever had" while the Unite union said the Government was guilty of "a total abdication of leadership" over the UK's electric car battery manufacture sector. Parliament's cross-party business committee has launched an inquiry into UK electric vehicle

battery production over concerns that the country is falling behind the rest of the world.

But there is also hope that the project can be revived with a different company involved. Northumberland County Council revealed after Britishvolt's administration that it has an option to buy back the site and make it available to another battery producer. The council has had a number of inquiries about the Cambois site and its strengths – access to renewable energy; good rail, road and port links; a large, flat site ready for immediate development – make it hugely attractive.

Perhaps the biggest mis-step was that moment this time last year when the Government gave such public backing to Britishvolt. Mr Kwarteng insisted at the time that the Government had a “pretty rigorous programme when it comes to investment” but said he was “satisfied, as were my colleagues across Government, that this is a really good use of taxpayers’ money that can bring in billions of pounds of investment.”

Given the Government's reluctance ever since then to release funding until Britishvolt met certain targets, that judgement seems to have been flawed. At the very least, it has set the project back a year. The Government funding would be only a small part of the money required to finance the gigafactory but is crucial in persuading private investors that the project is safe. That £100m is said to still be available if a suitable firm can be found to take on the project.

But despite being a project that promised up to 8,000 jobs for the North East, the gigafactory has somehow become more than the sum of its parts. Bringing that many jobs to a deprived, Red Wall area meant the Government was eager to hold it up as an example of its levelling up agenda; its failure allowed critics to point out the shortcomings of that policy. The project has also shown how hard it will be for the Government to meet its net zero targets without much greater commitment.

With so much riding on it, it's fair to bet that the story of the Cambois site still has some way to run, with or without Britishvolt.

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