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Mr Darren Millar AM  
Chair of the Public Accounts Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff CF99 1NA

Date: 26 March 2015  
Our ref: HVT/2300/fgb  
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Dear Darren

## **WELSH GOVERNMENT LAND ACQUISITIONS – M4 RELIEF ROAD**

On 10 November 2014 you emailed me regarding the M4 relief road. The review has taken longer than Wales Audit Office staff had anticipated due in part to the time taken to clarify and understand some of the underlying data, but I am now able to respond substantively.

In your email you asked me to consider undertaking a value for money review of the land acquisitions along the 'black route'; and the decision making process regarding the route of a future M4 relief road.

I have determined not to undertake a value for money review of the land acquisitions, or to review the decision making process regarding the route. Part of my reasoning for not reviewing these areas is the Public Accounts Committee's current inquiry into the value for money of motorway and trunk road investment, which affords the Committee the opportunity to explore some of these issues with the Welsh Government directly, whether specifically in relation to the M4 or more generally.

However, as advised to you in my letter of 26 February 2015, the financial audit team for the Welsh Government has looked into this issue with regard to the Welsh Government's accounting records, and I am now able to respond to you with their findings.

Firstly, I would like to confirm that:

- In 1995 the then Welsh Office announced the then preferred route for the relief road and served a statutory notice (known as a 'TR111'). The statutory notice invokes statutory blight rules.
- The statutory notice remains extant although, as I am sure you know, since 1995 aspects of the route have undergone further consideration and public consultation.

- More recently, the Welsh Government's options have included routes classified as the 'black', 'red' and 'purple' routes. After public consultation between 23 September 2013 and 16 December 2013 on these routes, on 16 July 2014 the Welsh Government announced the black route as the preferred option. The financial audit review considered any acquisitions that are situated along all three routes.

I can confirm my understanding that:

- Between October 1980 and March 2013 the Welsh Government (or predecessor bodies) acquired 22 acquisitions, details of which are appended to this letter. Most of these properties were acquired before devolution and some were acquired before the 1995 statutory notice. Such properties were therefore inherited by the Welsh Government from predecessor bodies.
- You will note from the appendix that the value of these 22 acquisitions is some £24 million. You will also note that seven of the 22 properties have been sold for a total sales price of some £2 million and a collective profit (against the purchase price paid) of some £83,000. The Welsh Government therefore currently owns 15 of the 22 acquisitions.
- The Welsh Government is in the process of finalising the acquisition of two domestic properties along the route, which its officials expect to complete soon. These properties are not included within the appended properties as they are not yet acquired.
- In terms of the overall cost of the relief road, the *Welsh Government's Wales Infrastructure Investment Plan [Project Pipeline Update December 2014]* sets out a total planned investment of £1 billion.

Turning briefly to the application process for blight, my understanding is that at the stage of considering whether to accept an application for a blight purchase [*\* see the link below*]:

- The Welsh Government instructs the Valuation Office Agency (VOA) to consider the valuation impact of a road scheme on the individual property, in order to determine the devaluation percentage and to comment on whether the property has been marketed at a fair value. This process is a 'desk based' valuation exercise undertaken by the VOA at that stage.

[\\*https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/402894/Your\\_property\\_and\\_blight\\_4.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/402894/Your_property_and_blight_4.pdf)

- If the blight application is accepted, the Welsh Government then instructs the VOA to negotiate with the seller's agent a fair open market value for the property (based on a 'no scheme world'). This process takes into consideration an internal inspection and building survey results.

I hope that you find this reply helpful. I have not asked Wales Audit Office staff to undertake any further audit work on the relief road, beyond the audit work that they plan to undertake as part of the audit of the Welsh Government's 2014 15 Consolidated Resource Account

Yours sincerely



**HUW VAUGHAN THOMAS**  
**AUDITOR GENERAL FOR WALES**

Enc: *Appendix: M4 Relief Road Properties*

APPENDIX: M4 RELIEF ROAD - PROPERTIES

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Description of property	Price paid/ Valuation (1) £	Date of acquisition (if known)	Reason for acquisition/inherited (3)	Sale price £	Surplus/ (deficit) on sale (4) £
Longhouse Farm, Coedkernew	720,000	13/11/2006	Re TR111	-	-
Land at the Stud Farm	315,000	27/01/2000	Re TR111	450,000	135,000
Undy House, Undy, Magor	660,000	17/08/2007	Re TR111	-	-
Woodland House, Magor	1,107,000	02/08/2007	Re TR111	-	-
Old Cottage, Knollbury, Magor	130,000	31/03/1995	Re TR111	-	-
Horseshoe Cottage, Knollbury, Magor	132,500	16/01/1998	Re TR111	-	-
Barecroft House, Barecroft Common, Magor	158,500	10/05/1996	Re TR111	-	-
Cae-Glas and the Annex, Nash Road, Newport	300,000	20/12/2006	Re TR111	-	-
Greenfield House, Nash Road, Newport	300,000	23/03/2007	Re TR111	-	-
Berry Hill Farm <sup>2</sup>	1,050,000 (1)	29/11/1996	Inherited	-	-
Wentloog, Newport <sup>2</sup>	30,000 (1)	27/03/1997	Inherited	-	-
Queensway Meadows (including Tatton Farm), Newport	2,170,000 (1)	13-Oct-1980, 5-Jan-1981, 31-Mar-1981, 5-Jan-1982, 31-Mar-1994 & 31-Mar-2000	Inherited	-	-
Site at Marshfield	6,250	27/03/1997	Inherited	-	-
Former LG site, includes Hynix & P&T <sup>2</sup>	13,000,000 (1)	30/09/2004	Other	-	-
Land south of the former LG site	4,100,000 (1)	Unknown (2)	Other	-	-
Lower Lakes Farm, Nash	170,000	31/01/1995	Re TR111	135,000	-35,000
Pye Corner House, Nash	120,000	17/04/1996	Re TR111	178,000	58,000
Ysgwbor Newydd, Coedkernew	220,000	05/09/1996	Re TR111	361,000	141,000
Moorbarn House, Nash	192,500	16/12/1996	Re TR111	167,000	-25,500
The Maerdy, Coedkernew	680,000	23/04/2003	Re TR111	605,000	-75,000
Rose Cottage, Undy	360,000	28/05/2010	Re TR111	244,735	-115,265
Land at Traston Road	500,000	28/03/2013	Other	-	-
<b>Total</b>	<b>24,173,000</b>			<b>2,140,735</b>	<b>83,235</b>

**Footnotes:**

- 1 The domestic dwellings acquired are disclosed at the price paid. The other properties acquired, including those inherited from predecessor bodies, are set out at their current valuation; information regarding the price paid was not available at the time of the audit review.
- 2 Confirmation is still being sought from the Welsh Government regarding the date of acquisition of the former LG site and associated properties.
- 3 There are three reasons for acquisition:
  - Re TR111 - an application received from seller for blight/ discretionary purchase relating to previous M4 Relief Road;
  - Inherited - property inherited from predecessor body; and
  - Other - property which Welsh Government has confirmed was acquired for economic development purposes.
- 4 Surplus / deficit against the purchase price.