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Jake Morgan

Director of Community Services

Carmarthenshire County Council,

County Hall,

Carmarthen SA31 1JP

5 January 2017

Dear Jake,

### **Closed Road Circuit – Carmarthenshire**

#### **Background**

Welsh Cycling and Carmarthenshire have been in discussions over the last 10 months regarding the provision of a Closed Road Circuit (CRC in Carmarthenshire. This would form part of the facility requirements for Welsh Cycling and would contribute to Carmarthenshire's Cycling strategy.

Initial site visits were made to Pembrey Country park and Ffos las race course and due to no incline and the availability of additional facilities it was felt that Ffos las offered the best technical CRC and the best supporting facilities i.e. car parking, meeting rooms , storage , office area .

Discussions with Ffos las led to the design and costing of a facility that met British Cycling national standards and was within Carmarthenshire's budget. Welsh Cycling then moved to discussions around ongoing financial arrangements with Ffos las, which resulted in an offer of them receiving a guaranteed income of £16,000 pa from Welsh Cycling, and any income up to £35,000 pa after which profit would be split 50:50. In addition Welsh Cycling took advice on VAT and it was found that this would need to be added to the £16-35,000 – which ultimately would mean 20% increase in the original costs to participants.

As part of the procurement process Welsh Cycling undertook an independent review of expressions of interest and revisited pembrey, where officers identified an area not previously considered which was felt to meet the technical requirements. A draft plan was submitted to CCC to request that this site also be costed.

Initial estimates and the recent site visit show that costs of build for Pembrey (like for like for the circuit) would be competitive.

Welsh Cycling have also spoken with Welsh athletics and Welsh Triathlon, both NGBs would be pleased to use a Closed Road Circuit

## Analysis

Welsh Cycling then considered all of the information as per the table below and concluded that:

Area	Ffos Las	Pembrey
Technical	National level facility with incline	New site identified would allow the circuit to meet national level technical standards and have an incline
Finance	<p>Costs of use at Ffoslas would be a guaranteed annual £16,000 to Ffoslas plus costs to Welsh Cycling of Circa £6,000 =£22,000 ( any additional income* <i>income not Surplus</i> up to a total of £35, 000 would go to FL , with a 50:50 share on anything over £35k) .</p> <p><i>Ffoslas have since indicated potential private sponsorship support for the above costs, however, this isn't confirmed and could equally apply to Pembrey if pursued</i></p> <p>Hiring of additional facilities to the circuit and bike storage would be at additional cost.</p>	<p>No rental for circuit to CCC but any <u>surplus</u> would be required to be reinvested back into cycling in Carmarthenshire.</p> <p>It is anticipated that this would be in the region of £16-£20,000 as a conservative fig. after meeting costs i.e. grass cutting , building maintenance</p> <p>Breakdown of income and anticipated numbers available</p>

	VAT would need to be paid across to FL on 'rental' element which would need to be recovered by increasing costs to participants	VAT – our understanding is that as no money will be passed to CCC no VAT would be payable therefore this would not need to be recovered through costs to participants – <b>if this option progresses it would be very important for CCC to discuss with our accountant the best way of approaching the VAT on construction and after use</b>
Links to Cycling strategy	Commercial operator	Similar outcomes to develop cycling  National cycle network on site
Additional facilities	Car parking, meeting rooms, storage, office area.  Camping provision would need to be created	Camping already in place  Parking provision on site at a minimal cost  Access to meeting rooms through ski centre. Changing via arrangement with football or refurbishment of existing building
Potential growth	Potential to develop an excellent MTB facility  Potential to create a BMX facility  Potential to introduce camping facilities	Cyclo cross and MTB events already run on the site  Potential to create a BMX facility  'club house' / storage /changing can be developed further (potential changing at Ski Centre / Football changing rooms as interim)

Risk	They could go bankrupt	Unlikely to go bankrupt
	Limited use 12 days a year	Possible limited use 1 day a year
	Risk of not securing £16k a year	
Legal	Agreement required with FL - could be more complicated due to financial agreement and access for race days	Agreement required with CCC would be more straight forward, on the basis of a full repair and maintenance lease.

So in conclusion, if the construction costs continue to be favourable for Pembrey, this would now be our preference due to

- Financial implications i.e. being able to reinvest money back into the sport
- VAT , that we would not have to add 20% to participant costs
- Compatibility with the philosophy of developing cycling
- Risk to Welsh Cycling

Should you have any queries please let me know

Yours Sincerely

Anne

**Anne Adams-King**  
Chief Executive Officer | Prif Swyddog Gweithredol