

**Motorsport Coventry, Solihull and Warwickshire:  
A Study of the Motorsport Industry in the CSW  
Region**

Final Report submitted by MRA

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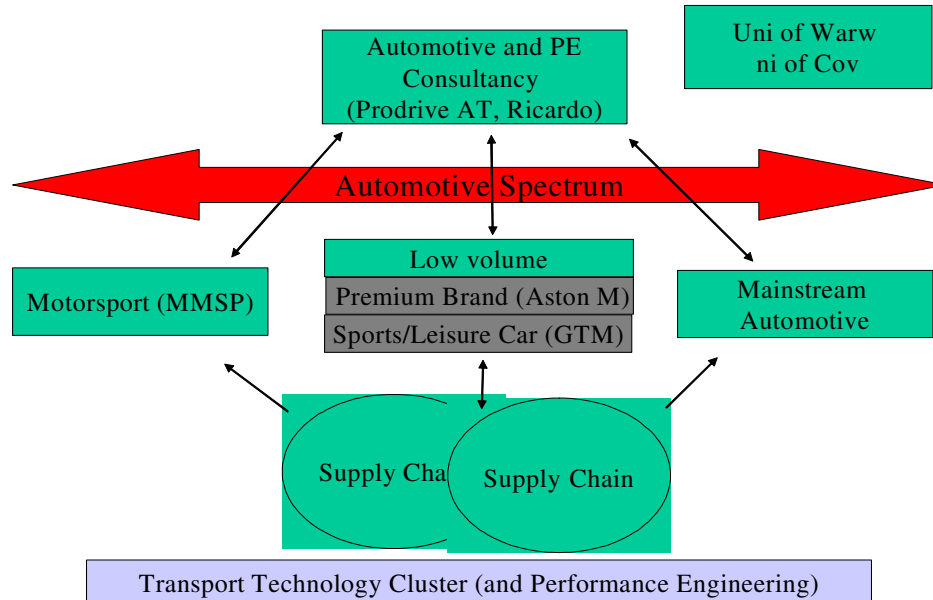
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## EXECUTIVE SUMMARY

It is only within the last decade that the activities of motorsport and performance engineering have been, firstly, identified and assessed as an economic activity and, secondly, recognised as a world class strength of UK knowledge-driven manufacturing. The UK is now recognised to possess the world's premier motorsport cluster, Motorsport Valley, which dominates the global production of racing cars and has been estimated to be worth some £4.6 billion and employ nearly 40,000 FTEs, including over 25,000 engineers. CSW motorsport sits within Motorsport Valley

Figure ES1 provides a graphical depiction of the CSW Motorsport and Performance Engineering Sector. The sub-region's industry comprises **a unique hub of performance engineering activity** comprising a spectrum of world class motorsport and premium brand roadcar production and their associated supply chains, straddled by the very best private and public sector automotive and performance engineering research and consultancy.

**Figure ES1: The CSW Motorsport and Performance Engineering Sector**



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The CSW Motorsport and Performance Engineering industry is estimated to comprise around **250 companies** generating an annual turnover value of approximately **£0.615 billion** and employing some **4,300 FTEs**.

A **top 10 motorsport region** of the UK, the industry in the sub-region comprises:

- 1 in 3 of the UK-based WRC constructors
- a world class concentration of automotive and performance engineering consultancy companies
- an industry engaged world class university R&D and training infrastructure
- 3 low volume roadcar manufacturers
- a world class share of the international motorsport supply chain (including a presence in engine building)
- the premier UK short circuit stock car and speedway venue
- 2 national race and 3 rally events
- Europe's major motorsport exhibition events
- motorsport tourism, based particularly upon its location for several leading automotive museums and collections

CSW has some world class presence in motorsport but its strength lies in its breadth of activity across the automotive spectrum which includes low volume car production and the automotive and performance engineering activity which has grown in the region to service this automotive breadth. This distinctive characteristic has been further strengthened by major public and private investment in research infrastructure in the regional universities geared to the industry. Finally, CSW has acquired its own position of strength through motorsport exhibition and related trade activities and a collection of automotive museums.

In sum, CSW motorsport takes its own unique (and complementary role) as the Performance Engineering Gateway to Motorsport Valley.

**Recommendation 1:** The Study confirms the concentration of a world class set of knowledge-driven manufacturing activities in the sub-region which should be supported as part of the strategic priority of modernisation and diversification of the regional economy (and within the strategic remit of High Technology Corridor and Regeneration Zone policy).

**Recommendation 2:** The CSW sub-region gains advantage from its location within the UK's Motorsport Valley cluster and should continue to contribute to, and draw from, this programme of activity (including cross-regional activity).

**Recommendation 3:** Within the global brand of Motorsport Valley, it is recommended that CSW develop its USP to investors as the 'Performance Engineering Gateway' of the Valley.

**Recommendation 4:** That regional and sub-regional authorities continue to invest in, and develop, the world class R&D and training collaborations and partnerships between the automotive, motorsport and performance engineering industries, MIRA, and the region's higher and further education systems as part of the sub-region's USP.

**Recommendation 5:** That the 'Gateway' metaphor also be developed through the unique opportunity that CSW possesses as the European centre for motorsport exhibition events and the location for a range of motorsport institutions.

**Recommendation 6:** Inward investment activity directed towards the industry should seek to target 'constructors', low volume and niche roadcar manufacturers, and their associated suppliers. Relatedly, the Study confirms the strategic interest the sub-region should take in the proposed Niche Vehicle Automotive Park.

**Recommendation 7:** The potential remains for further SME development focussed on supply chain management and, especially, export pathways.

**Recommendation 8:** That further investigation be undertaken of the broader potential for performance engineering across sectors and, especially, cross-sectoral relationships with target sectors within the CSW and AWM regions such as aerospace, ICT and medical technologies.

**Recommendation 9:** Ensure property provision meets the needs of the sector (both new firm formation/university spin-offs and expansion activities)

**Recommendation 10:** Continued strategic alignment with, and engagement in, national and regional initiatives for education and skills provision (for example, Motorsport Academy and Learning Grid) to meet the skills needs of the motorsport and performance engineering sector and continue the development of a skilled workforce fit for purpose in the knowledge economy.

**Recommendation 11:** Investigation of the development of a Motorsport Tourism 'offer' by the CSW region (which could comprise an additional 'Gateway' activity).

**Recommendation 12:** That policy towards the motorsport industry recognise the importance of the 'sport' to the health of the industry and develop strategic recognition of the needs and concerns of venues and participants in the region.

# **1 INTRODUCTION**

## **1.1 The CSW Sub-Region**

CSW is located in the West Midlands of the UK. Comprising the local authority areas of Coventry, Solihull and Warwickshire, the sub-region is bounded by the M42 to the West and the M1 to the East, and stretches from Shipston on Stour in the South, to Rugby in the East, Atherstone in the North and to the edge of Birmingham to the West.

The Coventry-Solihull-Warwickshire sub-region is home to more than one million people, its population has grown by 28,000 in the last 10 years, and the sub-region is now equivalent in population size to Birmingham. Unemployment rates are well below regional and national averages and its economy is widely recognised as the most dynamic in the West Midlands; the region now argues that its performance should be benchmarked against other successful parts of the UK (especially the South East) and Europe rather than the rest of the Region.

Over the last thirty years, and particularly in the last decade, employment in the sub-region's traditional manufacturing base has declined. Yet whilst manufacturing's share of employment now stands at less than 20% it continues to remain above the national average (although below the regional average). Manufacturing employment is expected to continue to decline and is being replaced by new sectors such as Finance and Business Services (whose share of total employment sits considerably above the regional average). Indeed, employment in distribution or in the public sector, education and health now exceeds the number of people employed in manufacturing in Coventry, Solihull and Warwickshire.

More broadly, the knowledge economy has been identified at a national level as a key policy framework for economic growth, competitiveness and employment in the UK. Human capital – knowledge, skills and other attributes – has become central to economic development. Examples of knowledge-driven services include telecommunications, computer and information services and finance. Knowledge-intensive manufacturing industries include pharmaceuticals, ICT goods production, aerospace, precision instruments, and electrical engineering. CSW has above regional average employment in these sectors, recent inward investment successes, and strengths in hi-tech industries and higher value added manufacturing which are supported by the R&D base of the region's higher education institutions (University of Warwick and Coventry University).

## **1.2 This Report**

Historically, automotive engineering and manufacturing has been a major economic activity within Coventry, Solihull and Warwickshire and the broader West Midlands region. Recent blows to the industry, including the collapse of MG Rover and significant job losses at Peugeot, are symptomatic of the volatile 'ups and downs' experienced over preceding decades by this sector. Whilst the automotive sector remains a significant component of the CSW local economy, recent investments by companies such as Prodrive and Ricardo have reflected inward investment activities

centred on knowledge-driven activities such as automotive technologies and, in particular, motorsport and performance engineering.

This document reports on a study of 'Motorsport CSW' – the motorsport and performance engineering industry in Coventry, Solihull and Warwickshire – undertaken in 2005 on behalf of the Coventry, Solihull and Warwickshire local authorities.

### **1.3 Aims and Objectives**

The Study will:

- profile the motorsport and performance engineering industry in the CSW region
- outline the contribution of the motorsport and performance engineering industry to the CSW economy
- improve understanding of the current capabilities of local organisations and their ability to respond to changes in the industry
- identify gaps in capacity among private sector and public sector agencies
- better inform local policy development within regional strategic frameworks
- provide a database of motorsport organisations in the CSW region for use in business development, networking and international trade marketing.

The Report is structured as follows:

- Section 2 defines the motorsport and performance engineering sector for the purposes of the Study
- Section 3 applies this definition to provide an outline of the scale and scope of the motorsport and performance engineering sector in the CSW sub-region
- Section 4 provides further industry statistics on CSW motorsport including turnover, employment, exports and customer and supplier linkages
- Section 5 investigates the business environment for motorsport activity in CSW including the labour market and skills, R & D infrastructure, and broader infrastructure including land and transport
- Section 6 undertakes a SWOT analysis of CSW motorsport and performance engineering
- Section 7 compares CSW motorsport with a neighbouring sub-region recognised for its strong motorsport industry, namely Northamptonshire
- Section 8 outlines key national and regional strategies that provide the strategic framework for the development of CSW motorsport
- Section 9 draws on the SWOT and strategic framework to provide Recommendations for the future development of the motorsport and performance engineering industry in CSW





Appendices 1-4 provide additional material including Study Method, Motorsport Glossary, Benchmarking of CSW Motorsport for the year 2000, and 10 Case Studies of CSW motorsport and performance engineering businesses.