

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Economic Development Overview and Scrutiny Committee

**Date of Committee** 26th July 2005

**Report Title** The Future of the Automotive Industry in Warwickshire

**Summary** Presentations will be made by external speakers on recent events affecting the automotive sector and there will be a discussion on the future prospects for the industry with contributions from invited guests.

**For further information please contact** David S. Williams  
County Economic Development Officer  
Tel. 01926 412401  
davidswilliams@warwickshire.gov.uk

**Would the recommended decision be contrary to the Budget and Policy Framework?** Yes/No

**Background Papers** None

**CONSULTATION ALREADY UNDERTAKEN:-** *Details to be specified*

- Other Committees  .....
- Local Member(s)  .....  
(With brief comments, if appropriate)
- Other Elected Members  Councillor F Barnes )  
Councillor M Jones ) for information  
Councillor R Morris-Jones )
- Cabinet Member  Councillor C Saint – for information  
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)
- Chief Executive  .....
- Legal  I Marriott – comments incorporated
- Finance  .....

- Other Chief Officers  .....
- District Councils  .....
- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  .....

**FINAL DECISION**                      **YES/NO**      *(If 'No' complete Suggested Next Steps)*

**SUGGESTED NEXT STEPS :**

*Details to be specified*

- Further consideration by this Committee  Policy implications to be incorporated in the new Regeneration Strategy to be considered during the Autumn
- To Council  .....
- To Cabinet  .....
- To an O & S Committee  .....
- To an Area Committee  .....
- Further Consultation  .....

**Economic Development Overview and Scrutiny Committee -  
26th July 2005**

**The Future of The Automotive Industry in Warwickshire**

**Report of the Director of Planning, Transport and  
Economic Strategy**

**Recommendation**

The conclusions drawn from the discussions on this topic at the meeting be taken into account in the development of the revised Regeneration Strategy for Warwickshire County Council.

**1. The Theme of The Meeting**

- 1.1 Three speakers have been invited to attend to give presentations about their areas of work related to the automotive sector. They are:-
- i) Dianne Williams - the Chief Officer for Business Link at the Coventry and Warwickshire Chamber and Business Link. She has been closely involved in the actions taken to respond to the collapse of MG Rover in Coventry and Warwickshire.
  - ii) Dr Nick Barter of the Society of Motor Manufacturers and Traders was Launch Director of the new Automotive Academy.
  - iii) Dr Nick Henry is a consultant from Motorsport Research Associates who is involved in a research project commissioned by Warwickshire County Council (WCC) and its partners into the motorsports industries in the sub region.
- 1.2 The presentations will be followed by discussion and inputs are expected from the audience who will not only include Councillors but other invited guests with a special interest in this field.
- 1.3 The theme for this meeting (the future for the automotive sector in Warwickshire) was selected by the Overview and Scrutiny arising out of their concern at the consequences to the local economy of the collapse of MG Rover. The conclusions from the meeting will contribute to shaping the new Regeneration Strategy due to be completed during the autumn.

## **2. Background Briefing**

- 2.1 Automotive engineering and manufacturing in the Coventry and Warwickshire sub-region have been rocked recently by the collapse of MG Rover, the transfer of Jaguar manufacturing to Castle Bromwich and significant job losses at Peugeot. This seems to be the latest phase in the cycle of change that engulfs the motor industry and has been going on since the seventies.
- 2.2 Continuing or accelerated decline in employment in this sector could have serious consequences for the local economy and in recognition the Council has for a number of years pursued economic development policies directed at diversification and modernisation of the local economy.
- 2.3 The automotive sector remains a significant part of the local economy, even though employment has declined and many revered firms of yesteryear have disappeared. Over the years, however, the motor industry proved remarkably resilient and investments such as by Ford at Gaydon, Ricardo at Leamington and by Prodrive at Fen End provide evidence of the prospect of a different sort of motor industry emerging in the sub region in the future.

## **3. Automotive - A Unique Selling Proposition for Warwickshire**

- 3.1 In its investment promotion activities, Warwickshire County Council has always stressed the strength of the sub region in automotive technologies and has seen it as a “Unique Selling Proposition” for the area. The investments referred to above confirm our success in attracting such firms.
- 3.2 Recently, the activities of the Inward Investment team have become even more closely focused on motor sport technologies – a high value added sector and one in which the area has already proved successful. The prospects for this sector could be a key to attracting further investment and the Council and its partners have recently commissioned Motorsport Research Associates to probe the importance of the Motorsport sector to the local economy. We will be expecting the research to reveal prospects for growth and also to identify issues we may need to address.

## **4. The Effect of The MG Rover Collapse on Warwickshire**

- 4.1 Fortunately, very few residents of Coventry and Warwickshire were directly affected by the redundancies from the collapse of MG Rover. A greater concern, however, has been the effect on local suppliers of the collapse of their main customer. First impressions were that local firms were coping well with the consequences but the knock-on effect to the second, third and fourth tier suppliers is still to be understood. Even so, the unemployment claimant count has risen in recent months and this has been attributed to the fall-out from the MG Rover collapse.

## **5. The Skills Issue**

- 5.1 Until the MG Rover collapse, it was normally men in their 50s and 60s who were taking redundancy from contracting automotive companies. This has been seen as characteristic of the aging labour force in the manufacturing companies and despite the best efforts of employers and institutions like Coventry University and Warwickshire College, a shortage of skilled workers is looming as the older workers retire. The shortage of skills could be especially acute in the “crafts” needed by a specialist company like Aston Martin – which is the sector we feel could be most successful in the future.
- 5.2 The evidence suggests retaining competitiveness in volume car manufacture will become increasingly challenging in the face of global competition. Already this has had an obvious impact on the supply chain – the component manufacturers - and the loss of their main customers could also adversely affect the specialist car manufacturers we see as offering a prospect for future growth.
- 5.3 The manufacturers and Government are well aware of the skills shortages and the difficulty of attracting young people into manufacturing. In Warwickshire, Land Rover has set an example by providing the Technology Partnership Centre at Gaydon and has supported the very successful Education Business Partnership programmes there to give school children an insight into manufacturing and technology. The prospect of an Automotive Academy within this part of the West Midlands will be a means of addressing the training and skills needs and an extra inducement for would-be investors in Warwickshire.

## **6. Warwickshire’s Interest In The Automotive Industry**

- 6.1 Local authorities have a responsibility for caring for the local economy and for many years Warwickshire County Council has been active, working with its partners, to support the development and diversification of the local economy. The proposed seminar gives the new Economic Development Overview and Scrutiny Committee the opportunity to inform themselves about the state and prospects of this vital component of the local economy and the conclusions drawn from the seminar will help shape the Council’s new “Regeneration Strategy” which in turn will provide the policy context for future actions by the Council in support of the local economy. The participation of visiting contributors will give the Members a different perspective on the industry and we anticipate the discussions will be lively and wide-ranging.

JOHN DEEGAN  
Director of Planning, Transport and Economic Strategy  
Shire Hall  
Warwick

11th July 2005