APPENDIX 4.10
(referred to in paragraphs 2.171 and 4.119)

The UK motorsport industry

1. This appendix briefly describes the motorsport industry in the UK. A large and successful industry has developed in the UK to service the needs of motor sport, for example the production and maintenance of racing vehicles, and services such as promotion. The most recent and complete survey of the motorsport industry is the MIA 2000 survey,[1] which identified 2,573 motorsport engineering firms. Their turnover on motorsport engineering was estimated at £2.9 billion, with a total employment of approximately 25,000. The survey found that around three-quarters of the firms were under 20 years old. The sector has experienced major growth in both turnover and employment in the last decade. The industry was found to be clustered in the South Eastern Regional Development Agency region (32 per cent of firms), the West Midlands and Eastern regions (14 per cent of firms each) and the East Midlands region (13 per cent of firms). This area is commonly referred to in the industry as ‘motorsport valley’, containing a cluster of high-technology, low-volume manufacturing firms. Clusters provide mutual benefits for firms as they can find support services, supplies, technology and testing facilities and customers nearby, there is opportunity for the exchange of ideas and information and there is a common resource of a skilled and experienced workforce.

2. We were told that the centre of motorsport valley was around Northamptonshire, Oxfordshire and adjoining regions in the South Midlands, and that Silverstone provided a hub for this cluster. There are several Formula One teams located close to Silverstone and Northamptonshire has the equal highest percentage of motorsport engineering firms of any county (equal with London and the West Midlands), but the MIA 2000 survey does not show adjacent counties to have a higher density of firms than many other counties in the South-East.

3. The MIA survey also looked at 1,757 firms involved in motorsport services: media-related activities such as television production, journals and advertising, promotion, circuit activities such as driving schools and staging competitive events, hospitality, insurance, banking and financial services, travel and employment agencies, and retailing. The value of these motorsport-related activities was estimated at between £1.4 and £1.7 billion. Employment was estimated at 13,500.

4. Apart from seven Formula One teams, we were told about several examples of successful UK-based companies: two successful gear-box companies (Hewland Engineering and XTRAC); three engine manufacturers (Cosworth Engineering, Ilmor Engineering (which makes the Mercedes Formula One engines used by the McLaren team) and Judd Engines); and Lola and Reynard, which supply monocoques for Formula 3000, the American CART series (as do Penske) and other formulae. We were told the industry had attracted considerable inward investment and acquisition: for example, Mercedes Benz acquired 40 per cent of McLaren and Ilmor; Renault acquired the Benetton Formula One team; Ford acquired Pi Research (a Cambridge electronics company), the Stewart Formula One team (now the Jaguar team), and Cosworth Racing; and Panoz purchased Van Diemen (a company based near the Snetterton circuit that is the world’s largest producer of racing cars by number).

[1]See paragraph 4.67.