

Core Strategy Matter No. 4

Matter 4: Does the CS provide the most appropriate and sufficiently comprehensive strategy towards the economy with due regard to cross border issues? Is the approach evidenced adequately with due regard to PPS4? Will the approach be effective, particularly with regard to flexibility?

Representor's ID: 026

Policy CS15 Economy

1. Introduction

- 1.1 This statement responds to Initial Matters and Issues to Examine ID/4B published in February 2012. In particular it responds to Question 6 in respect of draft Policy CS15 Economy which asks "*For reasons of effectiveness, should the CS include a specific reference to the role of McLaren within the Borough?*".
- 1.2 It is acknowledged that the Council has proposed to change the final sentence of paragraph 5.125 of the supporting text to Policy CS15 (Proposed Changes to the Core Strategy Publication Document, December 2011). This further representation is based on the text as amended.

2. The McLaren Group Headquarters site

- 2.1 The McLaren Group has occupied its Chertsey Road site (west of the A320) since 2004, following completion of the McLaren Technology Centre (MTC). Planning permission for its corporate headquarters with research, development and automotive production, an associated museum and associated highway works was granted in 1997 following a public inquiry, which followed a call-in by the Secretary of State.
- 2.2 The Secretary of State acknowledged that "*The evidence is that the Company is a key one in Woking's Economic Strategy and is regarded by the Borough Council as a high technology firm engaged in engineering and research and design*". It goes on to say that (even at this time) "*the company is one of the largest employers in Woking and if the expansion takes place, it would become by far the largest employer in the Borough. ... Woking Borough Council have said that the retention of the Company would be the greatest enhancement of the Borough's manufacturing base that would be achieved in the near future*".
- 2.3 In 2009 a new McLaren Production Centre (MPC) together with a new pedestrian link and tunnel, entrance rotunda, hard and soft landscape proposals, vehicular and cycle parking and associated infrastructure and works was approved by Woking Borough Council on land adjoining the MTC. At this time the Council accepted that "*given the economic benefits of the*

proposal which result from McLaren's unique position in the automotive industry and associated research and development and the close alignment of the proposals to the economic growth principles of the SE Plan and emerging national guidance, it is considered that a highly-compelling argument is advanced". The proposals were considered to be key to the health both of the local economy and of the south east region as a whole. The application was strongly supported by Surrey County Council despite being contrary to Green Belt policy. In their consultation response the County Council state that "*in our view, it has been accepted that the McLaren company is of significant national and regional economic benefit, as well as more local benefit to Woking Borough*".

- 2.4 In January 2012 a further outline planning application for the McLaren Applied Technology Centre (MATC) of up to 60,000 sq.m. floorspace, together with hard and soft landscape proposals, earthworks including creation of new lakes, a new vehicular access, an underground circulation tunnel, vehicular and cycle parking, service areas, and associated infrastructure and works including a foul water pumping station and electricity sub-stations on land to the east of the A320 was considered by Woking Borough Council. The Council resolved to grant planning consent subject to the completion of a Section 106 legal agreement. This agreement is currently being finalised and the Secretary of State confirmed on 1 February he would not call-in the application for determination.
- 2.5 The committee report states "*the unique nature of the business activities of McLaren ATC, their national significance and their reliance on synergies derived from the proximity of the MTC and MPC are in themselves considered to be very special circumstances which justify setting aside the Green Belt presumption*".
- 2.6 The profile and international reputation of the McLaren Group is a key element of its importance to Woking and has been key to the special circumstances argument that has justified the above proposals. The group comprises eight subsidiary companies of which five operate from the existing MTC. McLaren Racing is the Formula 1 racing team whilst McLaren Automotive designs and produces high performance road cars. It was created to produce the McLaren F1 road car and subsequently the Mercedes-McLaren SLR cars which remained in production until 2009. This was followed by the MP4-12C which began production in 2011. McLaren Electronic Systems promotes the adoption of highly advanced technologies by all Formula 1 teams and other racing cars such as NASCAR racing and Le Mans. McLaren Marketing services the marketing and media requirements of the group. McLaren Applied Technologies seeks to apply the brand to markets outside of motor sport, exploring and developing commercial opportunities that leverage the technology, assets and brand strength of the McLaren Group and bring them into markets far removed from motorsport such as consumer goods, healthcare, software and sports technology. The subsidiaries are closely inter-related, benefiting from the synergies of the wider group and, being located at the MTC, consolidates them, cutting costs and streamlining the operation.

- 2.7 With each planning application it has been necessary to explain in detail the contribution that McLaren makes to the local economy of Woking, to the wider south east region and to the UK as a whole. This is due in large part to the site's location within the Green Belt. This is frustrating for McLaren, and indeed the Council, as it is widely acknowledged that McLaren makes a significant and valuable contribution to the Borough and beyond. It would be helpful to McLaren and to the Council for an acknowledgement of the important role that the company plays within Woking to be set out within the Core Strategy so that a detailed explanation of its economic contribution does not need to be set out in subsequent planning applications.
- 2.8 The MTC and MPC currently occupy around 50ha MTC hectares. The proposed MATC will occupy a further 23.4 hectares. All of this land lies within the Green Belt, and it is the intention that the development will be known as the McLaren Campus at Woking. It is evident that the development comprises a major physical presence within the Green Belt, although this has been very carefully designed to assimilate with its surroundings and not detract from the Green Belt function.

3. The economic benefits of the McLaren Group within Woking

- 3.1 The McLaren Group has made a significant commitment to Woking through siting its headquarters and other facilities here. It makes a significant contribution to the local economy, currently employing over 1,800 people, with a further 350 people anticipated to be employed at the MATC. It is one of the largest employers in the local area with 58% of employees living in Surrey in 2010 (23% within Woking Borough itself). The development of McLaren's Woking Headquarters not only provides direct employment but also supports a range of indirect and induced employment.
- 3.2 The McLaren Group is at the forefront of British high tech engineering and innovation. It provides significant economic benefits not just at a local level but also at a regional level. The Group capitalises on its ability to translate technological and scientific prowess into viable commercial opportunities, a skill which must be supported if Britain is to become more competitive in the global economy. If McLaren is to continue to build on its success a positive planning policy framework is necessary to support it.
- 3.3 The McLaren Group contributed £31.2million to the UK economy in 1995 and it is estimated that this increased fivefold to £153.9 million in 2009. Since that time, McLaren's total investment in the McLaren Automotive road car programme has totalled £800 million including construction of the MPC, with a further total expenditure of £150 to £200 million expected for the MATC project.
- 3.4 Office for National Statistics (ONS) figures suggest the largest sector of Woking's economy is financial and business services (37.6%). This is significantly higher than the national average of 22% and includes considerable representation from the IT and telecoms sectors, as well as financial services. This makes Woking vulnerable to any further reductions in

employment in the financial sector following the 2007-08 financial crisis and subsequent recession.

- 3.5 The representation of other sectors tends to be at or below the national average. The manufacturing sector, and the public administration, education and health sectors are particularly under-represented, in common with much of the South East, and largely due to the fact Woking has no university education facility or major hospital.
- 3.6 In this respect, the McLaren Headquarters site represents a major contribution to diversifying the economic offer of Woking, making the District's economy and jobs profile more balanced and more competitive, and therefore resilient to further economic downturns. Indeed, one of the opportunities identified for the Borough in the core strategy is for high technology industries to grow to complement existing ones such as McLaren.
- 3.7 The emerging core strategy identifies that unlike some other parts of Surrey, there are relatively few large modern out of town business parks and Woking Town Centre remains the single most important employment location. This clearly presents difficulties for major global companies such as McLaren who do not necessarily fit within traditional urban and town centre locations, and in a Borough which is 60% Green Belt outside of the urban area.
- 3.8 The Council published its draft Economic Development Strategy and Action Plan in January 2012. It recognizes McLaren as Woking's "*most high-profile business and employer*" and hopes that there is potential for inter-related businesses to locate nearby, either within Woking itself or in outlying industrial areas. Actions arising include:
- Actively engage with McLaren to influence the formation of an advanced engineering cluster.
- 3.9 Also of relevance is the Surrey Economic Partnership Strategy which has five main objectives:
- Increase the levels of investment in Surrey's economic infrastructure
 - Increase the innovation and creative capability of Surrey businesses
 - Improve the skills and creativity in Surrey businesses
 - Develop a sustainable business economy
 - Tackle the complex barriers to the growth of business in Surrey.
- 3.10 The McLaren headquarters is supportive of all five objectives, and particularly the promotion of 'open innovation' and problem solving (a sub-objective under the second main objective) and increasing business participation in 'smart economic growth' measures (relating to the fifth main objective).
- 3.11 The present economic context of the public sector spending review and the resulting reduction in business support measures such as those provided by SEEDA, Business Link and the Surrey & NE Hants Innovation and Growth team, means the type and high quality of business support made available and

facilitated through the proposed MATC is currently unlikely to be made possible through any public company or organisation other than McLaren. The McLaren Group has the vision, global business relationships, existing resources and success (made possible through the MTC and MPC) to deliver such an exciting and world-leading facility for Woking Borough.

- 3.12 The McLaren Group is a global brand, a major part of the national motorsport cluster, and is one of the Borough's largest employers. The economic benefit of the various McLaren facilities therefore extends beyond the District to rest of the South East and the country as a whole.
- 3.13 It is expected that the expansion of McLaren's activities and the strengthening of its business operations within Woking Borough will have a strong impact on general business confidence within the area, and send clear messages that Woking is a world-leading place to do business. In turn, McLaren will continue to promote the Borough to its business contacts and the dynamism and vision that the Borough Council has shown in supporting McLaren in its business operations thus far.
- 3.14 An additional benefit which forms part of the MATC proposals is the ability of the MATC to contribute to additional training and skills, not just within the McLaren workforce, but more widely within the Borough through the proposed educational facilities.
- 3.15 The McLaren Group is intrinsically linked to Woking and wishes to remain so for the foreseeable future. This is evidenced by the intention to make a significant investment in the MATC. All of the businesses themselves are intrinsically linked and it is crucial that as the need for further business space arises it is possible to accommodate it at McLaren's Woking site. The Core Strategy should recognise this and provide for it.

4. Conclusion

- 4.1 As set out above the McLaren Group site is unique in terms of its development of advanced technologies, the contribution that it makes to Woking (and the south east and the UK) in economic and employment terms and in terms of its location within the Green Belt. This should be recognised explicitly within the Core Strategy with support given to innovative high technology as a means to diversify and increase the economic potential of the Borough.
- 4.2 Whilst proposed Policy CS15 is considered broadly appropriate we consider that it can be improved as follows to more explicitly recognise the importance of McLaren within Woking. We therefore request that Policy CS15 and its supporting text be amended as follows:

Policy CS15 should include an additional bullet point priority for the Council to *"continue to support the innovative high-technology engineering sector"*.

Policy CS15 should also include an additional paragraph stating *"McLaren's importance to the Borough and the Region is acknowledged and Woking*

Borough Council will continue to work with McLaren to seek to accommodate the Group's specific requirements within the Borough."

Notwithstanding the Council's proposed change to paragraph 5.125 it is considered that a further sentence should be added at the end of paragraph as follows *"The McLaren Group is recognised as a significant employer within the Borough, and as a world-class and innovative, high technology company that has very particular accommodation requirements which can not always be met within existing industrial estates or urban employment sites within the Borough."*