

### **Written evidence submitted by Coventry City Council**

Electrification represents both an existential threat, and a profound opportunity, for the UK's automotive industry and associated supply chain. In the West Midlands, and in Coventry and Warwickshire in particular, this will be most keenly felt.

Our region's automotive sector employs around 46,500 people, supporting an estimated £3.2bn in GVA. Around one third of all cars produced in the UK come from West Midlands production lines, as well as 25% of engines.

In Coventry and Warwickshire, we have already been investing in an electric future. The local partnership has delivered the UK Battery Industrialisation Centre (UKBIC), supporting world-leading innovation at Warwick Manufacturing Group, or supporting OEMs including Jaguar Land Rover, Lotus, Aston Martin Lagonda, and London EV Company.

However, if we are to protect our existing automotive sector and create the new, green jobs of the future, we must secure battery manufacturing in our region. Coventry City Council and Coventry Airport Ltd have formed an exciting joint venture partnership to bring forward plans for a Gigafactory at Coventry Airport.

This is being undertaken at risk by both parties because we understand how critical this is to our future economic success. Now, we need the Government to work with us to develop the opportunity and attract the investor we need.

Enclosed is evidence from Coventry City Council to support the Committee's inquiry. We hope this is valuable and would welcome the opportunity to discuss our approach with members in more detail.

Yours sincerely,

**Cllr Jim O'Boyle**  
**Cabinet Member for Jobs & Regeneration**  
**Coventry City Council**

## **Environmental Audit Committee – call for evidence**

### **Technological Innovations and Climate Change: Battery Electric Vehicles**

#### **Evidence from Coventry City Council**

##### **A once in a generation opportunity**

Electrification represents the biggest change to the automotive sector since the internal combustion engine. The changes to the sector will be seismic with no new petrol and diesel engines to be produced by 2030, driven by Government policy to reach Net Zero.

This is both an existential threat to the UK's automotive sector, and a once in a century opportunity to take the global lead in automotive technology. Securing a Gigafactory in the UK is critical to this strategy. According to the Faraday Institution, without a Gigafactory to produce batteries and support wider electric vehicle manufacturing, the UK automotive sector will miss out on 105,000 jobs by 2040.

For the West Midlands, which is reliant on automotive production for jobs and economic growth securing a Gigafactory is fundamental to our prospects. It is critical that the Government recognises the scale of the opportunity and backs the West Midlands so it can become globally competitive and attract the Gigafactory investment required.

##### **The West Midlands: the obvious location for a UK Gigafactory**

If the UK is to lead the world in green technology, whilst protecting and creating automotive jobs, we must secure investment in a Gigafactory.

The West Midlands is already the home of the UK automotive sector, with a powerful and mature automotive cluster. Within the region, Coventry and Warwickshire is emerging as a recognised centre of excellence for battery technology. We are home to Jaguar Land Rover's global headquarters, WMG, LEVC, Lotus Engineering, and the UK Battery Industrialisation Centre (UKBIC).

Coventry Airport, sitting at the heart of this cluster, has been identified as the preferred site for a West Midlands Gigafactory. A Joint Venture partnership between Coventry City Council and Coventry Airport Ltd has been created to bring forward a planning application for the site and are in discussions with potential investors.

If the UK is to secure a Gigafactory for battery production, the West Midlands is the obvious location to channel Government investment to make it happen.

##### **Locating a Gigafactory in the UK: creating the right eco-system**

According to the Faraday Institution, the UK is likely to need up to eight Gigafactories to meet national demand for battery manufacturing. Choosing where to support the location of a Gigafactory is critical to maximising its economic and industrial impact.

When identifying potential areas to locate a Gigafactory, the Government should consider the following:

- 1) **Access to a customer:** batteries are expensive and difficult to transport. Being close to their customer is important for manufacturers and investors.
- 2) **Access to skills and supply chain:** Manufacturing batteries is highly skilled work and the ability to utilise or up-skill a local workforce is critical.
- 3) **Access to research and development:** The battery industry is going through a period of rapid change and development. It is important that a Gigafactory can access cutting edge thinking and research.
- 4) **Access to power:** A Gigafactory uses large amounts of power and it is vital this is reliable and stable.

The West Midlands is the beating heart of the UK automotive sector and is home to a powerful automotive cluster. Major manufacturers include Jaguar Land Rover, Aston Martin Lagonda, Lotus, London EV Company, and BMW.

The region has a skilled workforce, and a mature automotive supply chain. There is an exciting opportunity to invest in up-skilling the existing workforce to deliver the needs of a Gigafactory and electrification.

Within the West Midlands, Coventry and Warwickshire has emerged as a centre of excellence in battery technology. The region is home to the UK Battery Industrialisation Centre (UKBIC), as well as Warwick Manufacturing Group, which are delivering the UK's most cutting-edge battery research.

In Coventry Airport, the West Midlands partnership has identified a site which is available and can deliver the land, infrastructure, and power supply needs for a Gigafactory. The site and region are ideal locations for a UK Gigafactory, and we would urge the Government to continue to invest in creating the perfect eco-system in the West Midlands to attract an investor.

#### **Investment: delivering the right incentives**

As part of the 10-point plan for a Green Industrial Revolution, the Government has made £500m available to support the development of Gigafactories in the UK. However, this is unlikely to be enough of an investment to deliver more than one, or possibly two, gigafactories.

The Government has also stipulated that bids for funding should be submitted by a Gigafactory investor. This does not offer investors the certainty they need to make commercial decisions on total investments which are likely to be more the £2bn.

Instead, we would urge the Government to consider allowing bids from local partnerships to secure funding in advance of an investor being identified. This would make potential sites

more attractive to investors and allow for a Gigafactory to become operational much more rapidly.

However, in addition to the £500m which has been made available, we would also encourage the Government to invest heavily in creating the right skills and supply chain to attract an investor.

This could include utilising existing programmes such as the Apprenticeship Levy or designing new schemes which could support the transition to electrification for those jobs most likely to be displaced by emerging technologies.

A Gigafactory investment will be required before the full transition of the supply chain can take place. However, the Government can create the foundations of a comprehensive electrification skills strategy which can be rapidly scaled to support a Gigafactory investment and make the UK one of the most attractive locations in the world for battery manufacturing.

In Asia, the incentives being offered to battery manufacturers is much more significant and valuable. Whilst we recognise that in Europe such incentives are difficult to match, we would urge the Government to go further than current proposals to ensure the UK remains globally competitive.

### **Collaborating with local and combined authorities**

It is vital that the UK Government work with councils and devolved authorities to secure investment in a Gigafactory. Local authorities understand their supply chains and ecosystems in granular detail and are best placed to implement and deliver Government investment and policy.

The local partnership in Coventry and Warwickshire, for example, has invested around £455m to create the perfect environment for a Gigafactory. This includes major infrastructure investment, as well as investment in the UK Battery Industrialisation Centre.

We would also encourage the Government to look at a range of other options to secure the UK's first Gigafactory, potentially working with local authorities. This could include an equity finance model utilising a state-backed joint venture with a potential investor. This is a similar model used to deliver the UK Battery Industrialisation Centre in Coventry.

A Gigafactory would be unique and the first of its kind in the UK so we urge the Government to think creatively about how this can be supported and incentivised.

### **Conclusion**

The transition to electric vehicles represents an existential threat to the UK automotive sector. Unless we act now, we risk for all time losing out on the jobs and economic growth such manufacturing brings. Without a UK Gigafactory, over time we will lose our automotive sector to those countries and regions which can provide battery supply.

The West Midlands is the only region of the UK which can provide the advanced eco-system and supply chain needed to attract a Gigafactory investor. We are home to several potential battery customers, including the UK's largest car maker, Jaguar Land Rover.

A local partnership has formed to support the Government deliver a Gigafactory but we now urge them to go further and faster so the UK can remain globally competitive.

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