

Rt Hon Robert Jenrick
Secretary of State for Housing, Communities and Local Government
Ministry of Housing, Communities & Local Government
Fry Building
2 Marsham Street
London
SW1P 4DF

5 May 2020

Dear Secretary of State,

Re: The Car Giant site at Old Oak Common

I am writing to respond to comments made in your letter to the Mayor of London dated 13 March 2020, in your response to the Draft London Plan and to formally request a meeting with your officials to discuss the situation at Old Oak Common.

Specifically, you made two references to Old Oak Common, the first stating:

“Critical strategic sites have stalled, epitomised by your Development Corporation in Old Oak and Park Royal being forced to turn away £250 million of Government funding because of your inability to work successfully with the main landowner.”

Later in the letter you stated the following:

“If you are unable to persuade me that you can deliver the most significant sites, such as Old Oak Common, I will consider all options for ensuring delivery.”

Car Giant is the main landowner being referred to. I therefore felt it both appropriate and important to write to you briefly to explain why the development of our land is not possible, because it is certainly not due to the inability of the OPDC to work with Car Giant.

Car Giant is a business unlike any other in the world. We are a UK success story and in the Guinness Book of Records as the world’s largest independent car dealership. We own and operate from 46 acres of land but our success stems from the two-thirds of the site that the public never see or have access to – our huge Car Processing Plant and the efficiencies of operating from one single site. Occupying nearly one million square feet, the factories range from paint shops to tyre shops, panel beaters, exhausts, windscreens, valet bays, light and heavy engineering, auto electricians, photo studio, plus many more, smaller processing departments.

We employ over 800 full-time staff, with a further 1,200 jobs reliant on our business through the supply chain. We process for sale approximately 1,000 cars a week, every single one of them passing through our Car Processing Plant in what is a hugely complex logistical operation as it is not possible to know the refurbishment journey of each vehicle through the plant until it is inspected upon arrival. We are the envy of the motor industry, are highly profitable and turnover in excess of £500 million per year and also contribute over £25m in local and government taxes each year.



These facts were never properly understood by the OPDC, who simply viewed us as a used car dealership and who never undertook a proper assessment of our business operations, despite them progressing development plans which were entirely dependent on making use of our land.

The reason why development plans for our land fell apart was because they were, and remain, completely unviable to deliver. This stems from the huge costs and complexity of actually relocating Car Giant which were never properly assessed or understood by the OPDC and which consequently was not accounted for in their failed HIF bid.

I set out below the steps that would be required in order to free up our land for development:

1. The relocation of our business would require the purchase of a 45-acre site in the immediate area (in order to maintain our staff and customer base). This land would be in multiple ownership and would certainly require a CPO to complete the land assembly from some owners who would inevitably be unwilling to sell.
2. Such land would already be occupied by multiple different businesses and the leases of those tenants would also need to be bought out. To acquire those leases would certainly require another CPO as those business occupiers would be unwilling to relocate. Even if that could be achieved, many of those businesses would have no-where to relocate to, resulting in substantial loss of employment.
3. Once a vacant position of the entire site is achieved, the existing buildings would need to be cleared, any decontamination works completed and the site made as one.
4. New large-span factory buildings, bespoke to Car Giant, would then need to be built.
5. Once completed, those buildings would then need to be fitted out with tens of millions of pounds of specialist equipment.
6. Car Giant would then be in a position to move in one go, a step essential for the operational business due to the integrated nature of the processing factories, leaving behind a 45-acre vacant site at Old Oak which is bespoke to Car Giant.
7. Further substantial costs would then be required to clear the site and to prepare it for development. The OPDC's own infrastructure plan estimated the cost of opening-up the land and providing essential transport, utilities and services to be in excess of £1bn (in addition to relocation costs).

These steps are all sequential, so any delay to one (for example with a CPO) would impact the others.

All this activity would need to be funded up-front, years and years before any revenue is generated from future development.

Even if all of this could be achieved, once relocated Car Giant would leave behind 45-acres of now vacant land, which would take around 15 years to develop out, creating enormous holding costs for any developer, driving down viability even further.

The finance costs of the relocation alone on such a proposition would be in the order of many hundreds of £millions, even if a lender could be found willing to take that level of risk and over the timescales required. The revenue generated from development would never be able cover these costs, let alone then also pay for substantial contributions towards affordable housing and the provision of new infrastructure for the area.



This task has been made even more impossible by the continued rise in industrial land prices as a result of so much industrial land being lost to residential development, HS2 work sites and the increasing demand for such space, partly due to the rise of e-commerce.

It is also important to understand that the Old Oak North Car Giant site (within the Old Oak Common regeneration area) is a very constrained area of land and consequently very expensive and technically difficult to bring forward. The undulating topography means there are multiple different levels across the site and it is constrained on all sides by wide railways, a high railway embankment running through the centre of the site which cannot be moved from the site and the Grand Union canal. There is also a complete lack of services (electric, gas, water) which would all need to be provided before any development could commence. The cost of bringing forward the site is over £1b, before other payments such as CIL and affordable housing requirements are factored in.

The huge costs of relocating Car Giant would need to be added to the immense costs of bringing the constrained site forward.

This could and should have been understood by the OPDC long before a HIF bid was submitted. The OPDC's business case and submission were fundamentally flawed from the very start and the HIF bid should never have been submitted in the first place. Car Giant made this quite clear in writing to the OPDC from November 2017.

It is telling that when properly assessed by an independent inspector, through the OPDC Local Plan process, they found in favour of what Car Giant had long been saying. In fact, their findings could not have been clearer, or more damning on the approach of the OPDC. Specifically, their report of 17 September 2019 contained the following.

- Commenting on the impossibility of relocating or extinguishing the Car Giant business during the plan period (2018-2038), they stated: *"Car Giant is a highly successful and profitable business with prospects for growth. It employs about 800 people directly and a further 1,200 indirectly. Its extinction simply does not make sense in planning terms, nor does its relocation at an expense which would preclude the likelihood of paying for any contribution to necessary infrastructure or affordable housing"*.
- The Inspector concluded that were the Car Giant site to be developed, it would still not yield enough profit to fund the relocation of Car Giant even it was contributing zero percent affordable housing and nothing to fund transport or other infrastructure, stating: *"I am convinced that site allocation 2 [the Car Giant site] would not be viable and capable of effective delivery within the plan period even if it were relieved of all contributions to affordable housing and infrastructure"*.
- They concluded that development of the Car Giant site *"is unviable and ought to be deleted from the Plan"* and that *"because of its significance within the plan as a whole, its inclusion makes the plan itself unsound"*.

None of the Inspector's conclusions were about how Car Giant and the OPDC were working together. They simply reflected the facts on the ground and for the reasons stated they agreed that there was no possibility of the relocation of Car Giant being achieved at least in the Local Plan period through to 2038.

Quite simply, it makes no logical or financial sense for any public body to seek to relocate Car Giant.



The OPDC has now announced a new approach where their housing targets can be delivered on other land within the OPDC's Old Oak Common area, whilst also supporting the employment and economic benefits of Car Giant continuing in business and expanding production at our current site.

With the threat of a CPO finally removed, we are therefore now able to plan for the significant expansion of our operation, to include a very large dedicated Electric Car Processing and Sales Centre to actively assist and speed up the switch-over from fossil-fuelled to electric vehicles.

The vast majority of Londoners do not buy new cars but buy second-hand. However, at the moment much of the public are reluctant to even consider electric cars because they don't understand them. Car Giant will have an important role to play promoting and demonstrating their benefits, as a whole new generation of vehicles start to enter the car market. We will therefore be able to employ many more hundreds of people in highly skilled work and assist the Government and the Mayor of London's agenda to improve air quality and support the green economy.

This approach is now strongly supported by the OPDC and we look forward to engaging constructively with them, both in supporting residential development on other local sites at Old Oak Common and bringing forward industrial intensification development on our land.

Given the unique role that Car Giant plays in the UK motor industry and the complexity of the issues raised in this letter, I would please like to request that a meeting is arranged between Car Giant and your relevant officials to discuss how Car Giant could support the Government's agenda and the situation at Old Oak in more detail. I would be happy to come to your offices, or to host this at Car Giant if convenient, to include a site tour of the Car Processing Plant.

If your office would like to discuss this further or to arrange a meeting, I can be contacted on 07836 245678 or at gwarren@cargiant.co.uk.

Yours sincerely,



Geoffrey Warren
Proprietor, Car Giant

CC:

- Sadiq Kahn, Mayor of London
- David Bellamy, Chief of Staff, Mayor of London
- Liz Peace, Chair, OPDC
- David Lunts, Interim CEO, OPDC
- Susan Hall, Chair, London Assembly Budget & Performance Committee

