



Pacific House
Hazelwick Avenue
Three Bridges
Crawley
RH10 1EX
01293 305965
coast2capital.org.uk

Robert Jenrick
Secretary of State for Housing, Communities and Local Government

18 June 2020

Dear Secretary of State,

Thank you for your letter of 10 June.

The Coast to Capital LEP area is one of the worst affected regions as a result of the restrictions needed to control the COVID pandemic. I am pleased to respond with a clear and deliverable plan for an economic stimulus to drive local recovery, which will address the region's decline and avoid the need for much greater support in future.

Our plan requires an initial investment of £40m, delivering interventions in terms of driving innovation, skills development and green growth across our region.

As a region with a strong business base, we are seeking to use these to retain and increase private sector investment in our economy. One project would deliver a game-changing new innovation centre in Crawley which will bring high quality jobs and business growth to a town which many see as the worst affected by the COVID crisis. The proposal would create an environment within which SMEs could scale and link into the global supply chain of one of the UK's biggest businesses. Another project would support the construction of one of the first hydrogen-vehicle testing facilities in the country, unlocking more than £10m private funding from a £400,000 investment.

Our portfolio also includes a series of structural and strategic interventions with Universities, Colleges and local authorities to help our region meet its potential through the development of our public infrastructure.

The Coast to Capital economy

Before the crisis, it was already clear that our regional economy was falling behind the levels of output and productivity seen in London and most parts of the South East: our labour productivity peaked in 1999, we have lost 15% of our business space since

2013 and local house prices command the highest multiple of local salaries in England – with increasing numbers of people having to commute to London for higher wages.

In spite of this, the region's innovative and resilient economy continued to support notable business successes in a diverse range of sectors: including aviation, advanced manufacturing, tourism and leisure, viticulture and horticulture. Our regional economy reached £50bn in 2017, providing very high levels of employment and excellent connectivity with global markets both for exports and inward investment. The region's competitive advantage came from our range of high quality service businesses in all sectors, excellent international connectivity and strong cultural and leisure offer.

The impact of COVID

Unfortunately, the impact of COVID has proven to be particularly targeted on these areas of economic strength, meaning that our economy appears to be among the worst affected in the country:

- Restrictions on **air travel** and the long-term restructuring of the aviation sector will profoundly impact our area. Gatwick airport is our largest economic site, indirectly supporting up to 60,000 jobs and generating £5bn in the wider UK economy. The airport's own capital investment programme has delivered more than £200m each year into the regional economy over the last decade, and the connectivity that the airport brings has driven inward investment into the region. As traffic at Gatwick has declined by more than 99% since the beginning of lockdown, the economic impact is likely to be acute. The Centre for Cities predicts that Crawley, for example, is likely to be the place most exposed to the crisis in the country with as many as 53,000 jobs there classified as vulnerable. 100,000 people have already been furloughed in the districts and boroughs around the airport – reflecting dependency there on jobs in airlines, aviation supply and maintenance, transport, retail, hotels and other sectors related to Gatwick. The principal airlines serving Gatwick are already threatening large scale redundancies.
- Restrictions on movement, social distancing and enforced closures are also dramatically affecting the **leisure, retail, hospitality and tourism sectors** which drive the economy across the region - particularly in Brighton, and in towns across Surrey and Sussex. In all of these sectors, businesses are looking for support so that they can adapt to the new operating environment. The specialisation of our region in arts, culture and events means that we are likely to bear a large part of the forecast £4.7bn national economic hit on that sector and the 400,000 jobs which are expected to be lost across the country.
- More broadly, we are still waiting to understand wider impacts that the crisis may have on the business environment in our region. One issue is the preponderance of **small businesses**, particularly those run on a sole-Director basis in the region. Our concern – shared by the business representative organisations – is that many of these will not prove resilient enough to survive

the lockdown. Another issue is whether **commuting to London** will return to previous levels and the impact that this will have on incomes and employment levels in towns such as Horsham, Haywards Heath, Reigate and Dorking where equivalent local employment opportunities can be very limited.

Driving growth in our region

The attached table illustrates the range of exceptional, additional shovel-ready schemes which the region can deliver to help the regional economy to grow, and which meet your stated priorities.

In terms of your priorities, our goal is to **drive up economic growth and jobs** by maximising the potential of all sectors in our economy including hi-tech, horticulture, viticulture, tourism and creative & digital industries.

Our projects will allow us to increase the low levels of spend on R&D in our area and boost innovation activity. Our bid contains a series of ambitious and deliverable bids relating to digital infrastructure, skills and innovation. There is also a strong green growth component, reflecting the region's expertise in natural capital, energy and transport projects.

Our key proposal is for an **Innovation Centre** in Crawley, led by Thales, a global specialist in advanced technology systems, in partnership with the LEP, local partners and other businesses. This aspirational project would attract investment and innovators into the region, enabling new ideas to be brought to market. The centre would create a unique environment within which SMEs can innovate and scale. The Innovation Centre would leverage value from the diversity of the local economy and stimulate new growth and innovation in new high-value technologies, in particular advanced engineering and digital. It would stimulate pre-competitive R&D co-operation with university teams, attracting academic, post-graduate and post-doctoral research expertise into the Crawley area to boost innovation output.

Structural change and innovation in the economy

Coast to Capital's strategic priority is to diversify and build resilience in our economy, supporting growth across all of our major sectors and reducing reliance on Gatwick and commuting as our major sources of employment. We have identified three priority areas through which the Government can support this objective by accelerating work to stimulate demand and growth here:

- Accelerating delivery of the proposed Network Rail **investment in the Brighton Mainline** at Croydon, Reigate and other key parts of the local network. This major infrastructure scheme will deliver significant more capacity and reliability to the most congested railway in the country, on which our region relies. It will help to stimulate the market for business space along this corridor delivering more jobs in our region through development around railway stations.

- Creating an **appropriate development vehicle** focused on the area around Gatwick, where the planning environment is incredibly complex. A strategic vehicle – similar to those in place at HS2 stations – would help to ensure that appropriate infrastructure was put in place to help the region meet its potential for development around a major transport hub. The region’s town centres have suffered from significant market failure – as new business space has not come forward to replace that lost through the permitted development regime. We believe that the region would benefit from a Government-backed development vehicle to help underpin private sector investment in planned regional developments – such as major science and business parks planned in Burgess Hill, Horley and Horsham, and in Crawley, where there is significant scope for economic growth.
- Supporting the recovery of the **aviation sector**, which underpins much of regional economy and our competitive advantage. We strongly support further measures to retain jobs in this sector, to help get people flying again and to support the sector move to a more sustainable footing.

I am copying this letter to Leaders of Local Authorities in our area, and to our Members of Parliament.

Yours sincerely

A handwritten signature in black ink that reads "Tim Wates". The signature is written in a cursive, slightly informal style.

Timothy Wates