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Rt. Hon. Greg Clark MP
Secretary of State for Business, Energy and Industrial Strategy
1 Victoria Street
Westminster
London
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31st January 2019

Dear Secretary of State,

Brexit Overview from the Coast to Capital LEP Board

You have asked LEPs to take a lead at regional level in gathering information on how businesses are impacted by uncertainty around Brexit.

The Coast to Capital Board discussed this issue at its meeting on 22nd January, and I am writing to set out the main themes and evidence that we considered.

Our Board, like the country as a whole, contains a range of views on Brexit, crossing traditional political lines and noted a range of marked and specific impacts on business confidence in our area.

We believe that Government decisions and actions will make a significant difference to the impact that Brexit has on businesses in our area - both to bring the current period of uncertainty to an end, and to support investments which might otherwise not go forward in order to keep the economy on track.

I hope it is informative to share a series of examples of how businesses in our part of the country are responding to the current Brexit climate, in an economy which contains strong companies across a very wide range of business sectors.

These examples reflect the four issues which featured most strongly in our Board discussion. Many businesses are concerned about the **EU workforce** on which our region relies. In some cases, whole sub-sectors of the economy depend on EU workers, for example more than two thirds of posts in the Brighton tourism sector are filled by EU workers. Other sub-sectors - such as the hospitality sector around Gatwick Airport, the glasshouse horticulture industry in West Sussex and public services such as the Croydon University Hospital - are similarly affected. You can see that the proposed £30,000 salary floor for future immigrant workers will be a major issue for employers in these parts of our economy.

In other cases, some of the most specialised and innovative sectors of our regional economy come directly from EU talent - including the digital and tech sector in Brighton, and the University of Sussex's world renowned Quantum Computing team.

Our region is highly connected to the global economy because of our excellent links with London and via Gatwick Airport. There is widespread uncertainty about the UK's future relationship with **international partners**, which underpins trade and investment in our area. There is concern from exporters about how they will be able to access existing markets in the event of an unplanned Brexit, and reported growing anxiety amongst international investors and partners, particularly those from the Far East. For example, a college which has superb and profitable relationships with Japan reports a marked drop in demand, with Japanese students deterred from studying in the UK because of concerns about their safety and welcome in this country. The most recent example being the cancellation of a regular group of 30 students due to visit for three weeks in the Spring. They will go elsewhere this year and the concern is they will not come back.

There is a strong demand for further information on the potential impact that different Brexit scenarios will have on **transport links** in our region. Continued smooth and reliable operation of flights from Gatwick Airport is of course essential both for our region and for the wider UK economy. There is also a question about predicted local road disruption around ports including Portsmouth, Shoreham and Newhaven – as well as the wider impact of Dover on the South East as a whole.

Finally, our discussion noted a number of **wider economic trends** in the region, where the uncertainties of Brexit risk exacerbating separate issues. For example, the housing market is dampened in our area with transactions at a low level, resulting in the knock-on impact in terms of spend associated with house moves being deferred/not happening. Reducing consumer confidence is exacerbating problems in the retail sector, risking accelerating wider challenges to the health of our high streets and town centres. Businesses are uncertain and are deferring investment decisions, and Government has a key role in providing an environment within which these decisions can be made. A further critical point is for the Government to ensure stability on the flow of Government spending. There was concern at the Board that spending departments may pause projects, with procurement teams redeployed to Brexit matters. This would cause great and avoidable disruption.

Coast to Capital remains vigilant and fully focused on these issues around Brexit, and is keen to work closely with Government in addressing them. This work is alongside our discussions on the **Local Industrial Strategy** for our area, which is a key priority for us as we seek to support and catalyse our local economy in the coming years.

I am also writing to James Brokenshire and will be sending a copy of the letters to our Members of Parliament in the Coast to Capital area for information.

Your sincerely,

Tim Waters

Timothy Waters
Chairman

*It was good to see you at N°10 –
a very encouraging visit from a LEP
point of view.*